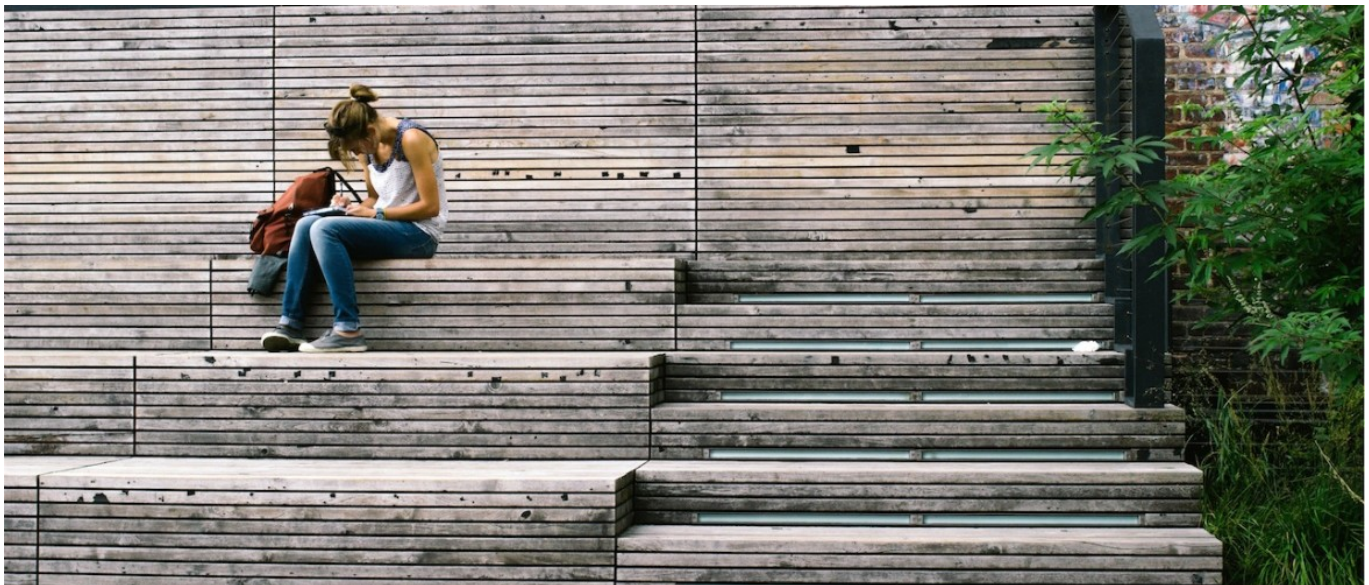


BLOG (/BLOG) / HOW DO I BECOME FINANCIALLY LITERATE?

# How Do I Become Financially Literate?

*By Sarah Pascarella (/blog/author/sarahpascarella?page=3) on 4/8/2017*



*What does financial literacy actually mean? Our financial advisors share ways Grownups can become financially literate.*

At heart, financial literacy is all about you: your life, your money, your goals. It's about focusing on your priorities—and planning to go after them in a way that makes sense for you. We sat down with our financial planning team to get a sense of how Grownups can get started this month.

### **Financial Literacy Tip 1: Start with the Basics**

First things first: Take stock of your priorities, goals, and resources. And when you do so, keep motivation and sustainability in mind, so you'll keep going and won't let things fall by the wayside.

Our financial planners recommend a thorough review of your roadmap: your 401k or employer-sponsored retirement plans, any brokerage accounts, 529 plans, and determine whether your investments still make sense. Will your investments still work for when you want to leverage them? Do any investment-related fees still fit your budget?

“Keep goals small, simple, and do-able,” says Rachel Rabinovich, CFP®. “Start tracking spending to see where you might be overspending. Commit to saving even a small amount of money each month for an emergency fund or other goal through automated savings. If you have credit card debt, direct extra cash toward paying off highest interest first. Check your credit report and make sure there are no mistakes and see if there are areas to be improved on.”

“As you review your spending, challenge yourself to eliminate something from your budget in order to save more toward your goals,” says Ariel Anderson, CFP®. “Say ‘I’m not going to spend money on dining out or buying coffee during the week, and instead I’ll make coffee at home in the morning and pack a lunch. Be realistic and pick something you’ll actually be able to stick with.’”

### **Financial Literacy Tip 2: Invest in What Matters**

This month and beyond, our financial planning team always recommends investing in yourself: review your spending plan, current salary, and what you could be earning. Can you increase your income—and thus contribute more toward your goals?

“If you are already saving in a 401k, increase your contribution by a percent or two when you get your annual increase,” says Rabinovich. “If you don’t have a retirement plan, you can contribute to a Traditional IRA or Roth IRA until April 15.”

Practical planning can go a long way, too. Looking ahead to next year, says Rabinovich, “do your taxes as early as possible. If you’re getting a refund, you will want to have that money in your pocket and not with the IRS, and if you owe, you have time to pull money together by starting early. You’ll also want to review your beneficiaries and general estate plan on a yearly basis.”

### **Financial Literacy Tip 3: Check In Regularly**

“Try not to put your financial plan on auto-pilot; as your circumstances change it’s important to take note of your evolving priorities,” says Anderson. “At one point, my main goal was to travel, and now I’m eagerly saving toward a down payment on a house. It’s expected that your goals will change over time. A little self-reflection now and then will make sure you’re saving toward the things you value most. Be specific about what these things are—how much might they cost and when would you like to achieve them? This can help you put a plan in place to get there.”

“Track your spending on a regular basis with an app,” says Rabinovich. It will keep your habits top of mind, even once Financial Literacy Month wraps up.

If you set some goals for yourself, really dive into the thought process behind those goals and think about *why* you value them. You may find that some no longer apply to the life you’re pursuing. And if you find that you still value them—but have the risk of falling off track—you have that “why” to keep you going.

Jot things down, keep a journal, use an app. “Take a temperature check. If you’re stressed about your finances, dive in and pinpoint what it is that’s keeping you up at night. Sometimes ripping off the proverbial Band-Aid is the worst part. On the flip side, if you feel great, use it as momentum to encourage good habits,” says Anderson.

And financial literacy isn’t just a one-time thing. Long-term changes tend to come through small, actionable goals. So get started, and keep at it!



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*A lifelong traveler and bookworm, Sarah spends her days thinking of new ways to explore and tell stories.*

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