



How to Obtain Financial Stability

Having your finances under control and becoming stable and financially successful requires the development of good financial habits. Below are tips in obtaining financial stability.

1. Change Your Mindset Towards Money

- For many low-income workers, the hardest part of breaking the cycle of poverty is changing their mindset towards money. The environment you were raised in strongly influences your attitudes toward money.

- **To start changing your mindset towards money, ask yourself these questions:**
 - *What money habits did you inherit from your parents or caregivers and how did they handle money?*
 - *What triggers you to spend your money*
 - *What are your money beliefs?*
 - *What small steps can you take on improving your mindset?*
 - *Financial situations are temporary. If you start changing your thinking pattern about money, you'll start understanding it's something you can change. There are some places available in your local community that may be able to assist such as United Way, public libraries, schools, some churches, food pantries and community centers.*

2. Eliminate Unhealthy Financial Traditions

- Learn some new skills to replace the skills you have learned from those around you that have not been effective. Repetition is the mother of skill. Beware who you learn from and pay attention to their spending habits.

3. Avoid Predatory Payday Lending

- It might be tempting to use a payday loan, but the result may not be a good one. You can get caught in the cycle of paying that loan back for years with high interest rates.

4. Have a Savings Account

- This should be a top priority for long term financial stability. You can have a set amount automatically transferred from your checking account to your savings every payday. This ensures you will have available funds for the future, as well as emergencies.

5. Invest in Your Future

- Thinking about your retirement plan is important. If you think you can plan for retirement later, do it now. The growth of your investments over time is a great idea if you start in your 20s. Start by increasing your 401(k) to the maximum of your company's match if that's available at your company.

6. Pay Bills Immediately or Automatically

- One good habit is to pay bills as soon as they come in. Try to get your bills to be paid through automatic deduction if possible, so you don't have to worry about them every month and will prevent late fees.

7. Create a Budget

- A budget helps you figure out long-term and short-term financial goals that you want to work towards. Budgeting forces you to save money, keep track of your progress and makes you more aware of your spending habits. You will gain control of your money and prevent unnecessary debt. Budgeting may sound easy, but may not be feasible for everyone's financial situation. Overcoming poverty can be challenging, but it can be achieved.

• Some Helpful Tools:

- Use this worksheet to see how much money you spend every month:
 - https://www.consumer.gov/sites/www.consumer.gov/files/pdf-1020-make-budget-worksheet_form.pdf
- Want to learn how to decrease your debt? The DEBT Snowball spreadsheet will walk you through how to track and decrease it:
 - <http://lifeandmyfinances.com/2016/12/how-the-debt-snowball-really-works-free-tool-included/>

