

31



Days to **Improve** Your Financial Life

by Philip Taylor

Design and Layout by Philip Taylor and [Ryan Yates](#)

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About

I want to help you improve your financial life. Therefore, over the next 31 days I'll be sharing my best tips to help you improve your financial life. Each post (below) will contain a short, actionable tip, followed by some related resources.

While I can't promise you'll be rich or completely debt free by the end of the 31 days, I can assure you that if you take action on the 31 tips, your financial life will be much better off this year than last.

I'm hoping mine improve as well. So let's do this!

Day 1: Save \$1,000

Everyone should have at least an extra \$1,000 saved up. Having at least a \$1,000 cushion in your finances can do a lot for your feelings of security. It's also evidence that you are capable of living within your means, and (possibly more importantly) holding on to your savings.

Do this today: Open up a separate savings account and have \$100 *automatically* deposited into the account each paycheck (or each month). After just ten deposits, you'll have that \$1,000 saved and you didn't even have to think about it beyond that one time you setup the automatic deposit. You'll be less likely to touch the money because it's in a separate place. Out of sight, out of mind.

If \$100 is too much. Try \$50 and do it for 20 periods. Either way, pick a number, separate, and automate. This is the most guaranteed way that I've found to saving \$1,000.

Want to get to \$1,000 quicker? Consider selling some things you don't use anymore and stashing that money in the account. Or, you could ask friends, family, or neighbors if there are any odd jobs you could do for them to earn quick cash for the savings account.

Resources:

[2 Reasons People Aren't Saving Enough Online Savings Accounts](#)
[The Automatic Millionaire](#) by David Bach

Day 2: Sell Your Excess Stuff

Yesterday I mentioned that to save your \$1,000 a bit quicker, you might want to sell some of your excess stuff (you know, the valuable things you have lying around the house that you never use anymore).

Mrs. PT and I started doing this yesterday. We're selling an old DVD player that we no longer need, my old table saw, and some more things. So far I've made close to \$100. In just 1 day! I'd be willing to bet there are some valuable things that you have that you're willing to part with to give your savings account a quick boost. What's great about doing this now (on day 2) is that it puts you in the right mindset to make better spending decisions later.

Do this today: Walk around your house and make a list of this things that you want to sell. Take pictures (I use my iPhone and quickly upload them using the

craigslist.org app). List the items for sale online at significant discounts (think quick sale!).

Craigslist.org is best for big items, tools, and generic household items. Be sure to meet people somewhere other than your home to make the exchange. Use eBay.com for collectibles and clothes. Use Amazon.com for books and DVDs. Finally, consider Gazelle.com for your old electronics and cell phones.

The stuff you don't sell in a week should just be given away for free or donated. Once you've collected your cash, deposit it quickly into your new savings account so that you keep the money instead of spending it on new stuff. After all, your goal is more savings, not more stuff. Repeat your search for excess stuff once every few months so you can keep the junk moving out, and the extra money coming in.

Resources:

[Making Money from Junk](#)

[How to Have a Garage Sale](#)

[Sell Your Crap](#) by Adam Baker

Day 3: Adjust Your 401K

Most of us have a 401K (either through our employer, or we've setup an [individual 401K](#) because we're self-employed). I contend that the 401K is one of the best tools we've been given to reach our maximum potential when it comes to retirement savings.

The new year is a great time to adjust your 401K, both to the *amount* (or percentage of income) you are contributing, and to the *type* of individual funds or investing products to which you are contributing.

Do this today: Access your 401K account (either online at work or by talking to your HR department). Make a positive adjustment to your 401K contribution percentage. If you're not contributing anything, then start...at least enough to get the company matching contribution. If you're currently contributing 5% of your income, bump it up to 7%. If you're currently contributing 10%, consider bumping it up to 12%.

You get the point. Push yourself to contribute more. Whenever I've done this in the past I've found that I'm able to stick with it and I don't really miss the money. Why contribute more? Well, you'll save more money on current year taxes, and more importantly, you'll have more stashed away for retirement, which means you can retire earlier or you'll have more income in retirement.

Now take a moment to look at the mix of investments you have within your 401K. Are you satisfied with the way your money is spread between the different funds? Are you too heavily invested in stock funds? Should you be in more bonds and cash? Are your fund expense ratios too high? Could you use the convenience of a target date fund? If you're not sure of what mix of investments you should have, make an appointment (today) to speak with your plan administrator to discuss your options. Ultimately though, the answers to these questions will depend on you and your preferences. Educate yourself on your options and keep asking "why?" until you can make an educated choice.

Resources:

[7 Retirement Savings Excuses You Can Overcome](#)

[See How Well Your 401K Plan Ranks](#)

[How to Choose Funds in Your 401K](#) by Oblivious Investor

Day 4: Review (and Fix) Your Credit Report

In a few days we'll be covering getting rid of debt. Before we can have that conversation, we need to review what's on our three credit reports to get an understanding of our current credit situation.

We can also use this review to make corrections if necessary. It's not uncommon for your credit reports to contain errors or fraud, and these issues can pop up at any time. So it's a good idea to review your credit reports at least once a year, if only for this purpose.

Do this today: Visit www.annualcreditreport.com. It's the only place to review your three credit reports for free each year. Print your reports and perform a thorough review.

Your credit report review should contain a search for things that shouldn't be on your reports that are, and mistakes (e.g. mis-spellings). You should also review your reports for debts that should be on your report but aren't, as you want to get credit for your complete credit history.

Once you've identified the corrections needed, take steps to reach out to the three credit bureaus to have the errors fixed (see resources below). The process is somewhat cumbersome, but totally worth it since your future financial life could depend on a good credit file.

Before we close out this day, be sure to use the credit reports to make a list of your outstanding debts. We'll use this list when we tackle getting out of debt in a few days.

Resources:

[Common Credit Report Errors](#)

[How to Fix Credit Report Errors and ID Theft](#)

[FTC's Guide to Disputing Errors](#)

Day 5: Get to Know Your Monthly Expenses

No matter the income level, financial success comes from consistently living below one's means. Today we're laying the groundwork for becoming a better spender. We're going to be doing a review of our monthly expenses.

This process will give you a sense of part the "big picture". It will also give you the information needed to create an emergency fund, simple budget (if needed), and help you in automating your bill pay process (if you so desire).

Do this today: Using online banking information, make a list of your monthly expenses. Where appropriate, group some expenses into larger categories. If you don't pay your bills with a check or credit card, and instead use cash, break out all of your last months bills to help you in making your list. Your list should include the name of the expense, how much it is, and when it's due.

Be sure to include both fixed (e.g. rent) and variable expenses (e.g. groceries). For variable expenses simply make a conservative estimate. Also, be sure to account for annual expenses (e.g. insurance) by including the amount divided by twelve.

This doesn't require complicated spreadsheets and software. All you need is a pencil and paper. In fact, I almost prefer this method since it requires you to physically write down your expenses. Writing is great for bringing awareness and

for memorization. Also, you can then take your piece of paper and post it somewhere where you will see it often.

However, if you want to get geeky with it, consider using the free spreadsheet I've linked to below, or using a service like [Mint.com](https://www.mint.com), which will help you to quickly categorize the spending in your account.

Resources:

[Spreadsheet for Tracking Monthly Expenses](#)

[How I Automate My Bills](#)

[Don't Get Nickel and Dimed](#) by Deliver Away Debt

Day 6: Reduce Your Debt

Earlier this week we used our credit report to discover exactly what debts we have. Now it's time to tackle one of the biggest new year's resolutions: reducing that debt.

Whether it's debt on a credit card, a car loan, student loans, or your mortgage, owing money to someone else is a pain in the you-know-what. Most people get into debt because they ran into a tough time financially. If the bleeding has stopped, meaning you've been able to get out of your tough situation, then you are probably looking at that mountain of debt and want to see your it eradicated. It's not going to happen on it's own. Unfortunately we don't get a bailout. So let's examine how to create a simple plan to execute towards getting rid of unwanted debt.

Do this today: Take your list of debts and prioritize them by interest rate, amount, or level of emotional attachment. Start aggressively attacking the first debt on your list. Each month, plan to pay as much as you can afford on the highest

priority debt, and pay the minimum payment on the other debts. Once you pay off the first debt, move to the next, and so on. This snowball approach works because you build momentum as you knock each debt down successively.

Just like when we discussed saving \$1,000 on day one, there are some things you can do to speed up this process: taking on an extra job, selling your extra stuff, etc. Consider using a free online service like [ReadyForZero](#) to help organize and automate your debt reduction effort.

Resources:

[10 Tips to Help You Reduce Your Credit Card Debt](#)

[23 Powerful Tips and Tools to Eliminate Debt](#) by Dough Roller

[Debt and Credit: The Only Guide You Need](#) by Financial Mentor

[The Total Money Makeover](#) by Dave Ramsey

Day 7: Know Your Assets (and Net Worth)

Earlier in the series I had you list your expenses and your debts. Thankfully that's not all we have in our financial portfolio, right? Wouldn't that be a bummer? Today we'll complete our financial picture by listing our assets. This will allow us to calculate our personal net worth (assets minus liabilities). It will also give us a sense of what we need to insure, secure, or include in our last will and testament.

Do this today: Break out the old pen and paper or spreadsheet and start listing your assets: cash, bank accounts, investing and retirement accounts, your house if you own it, other real estate, your car(s) and other vehicles, jewelry and collectibles, expensive art or furniture, etc.

To get an accurate value for your home use something like [Zillow.com](https://www.zillow.com). To value your car(s) and other vehicles, use [Edmunds.com](https://www.edmunds.com). Use conservative estimates on other items.

Once you have this list totalled, you can subtract your debts and you'll know your personal net worth. Is it positive? Do you foresee it heading in a positive direction in the future? Keep this in mind when we set goals next week.

As you look at your list, ask your self if all of your assets are insured or secured in some way. You bank accounts should be protected by FDIC. How about your retirement assets? Are they protected by diversity and proper asset allocation? If you're not sure, makes plans to find out. What about assets like jewelry and art? Do you need to insure them? If you do, make a note that you need to run an insurance quote.

Finally, create a home asset inventory. Take a video camera and make a sweep through your house video-taping the stuff in each room. Be sure to upload the video to the cloud or burn a copy to CD and place in your safe. This will be useful for insurance purposes in the case of a fire or burglary.

Resources:

[My Personal Net Worth Reports](#)

[How to Track Your Net Worth](#)

[Apps for Taking Home Inventory](#) by NYTimes.com

Day 8: Feed Your Financial Brain

I'm proud of this series I've got going here, but it's far from a comprehensive guide to all things personal finance. I write on this subject everyday and I'm still learning things.

Over the last 5 years of running this blog, one thing has remained constant: there is always something new to learn and discover – some unique financial situation which I’ve yet to consider. That’s how it is. You can’t just memorize a few rules of thumb and move on with your life (well, I guess you could, but I wouldn’t expect much financial success or security).

Proper money management is a language you never stop learning. That’s why it’s important to regularly consume information to help you in your journey.

Do this today: Pick up a good book (hard, soft, kindle, or audio) about personal finance, subscribe to a related podcast or blog, sign up for a money management course, or start listening to Dave Ramsey or Clark Howard each day.

Feed your brain real financial knowledge on a routine basis, not just the puff pieces you get from the big news outlets. You don’t have to go all-out, but you should be consistently investing in a little financial education and growing. Commit today to learn something new each week of 2012.

Resources:

[Best Personal Finance Books](#)

[The MoneyGirl Quick and Dirty Tips Podcast](#)

[Wise Bread Top 100 Personal Finance Blogs](#)

[Does This Get Easier? How to Get Ahead](#)

Day 9: Save for Emergencies, Travel, a New Home, Etc.

On day one of this series I challenged you to save your first \$1,000. If you already have that much saved or if you're ready to start taking on some other challenges, consider creating a savings plan for all of life's short-term future cash flow needs (i.e. everything but retirement and college expenses).

Nothing disheartens you quicker than an emergency that drains all of your cash and forces you to go into debt. And nothing can leave a pit in your stomach like coming home from a vacation knowing you financed the whole thing on credit and have no way to pay it off quickly. There's a solution to these problems: savings. Don't be a grasshopper. Be like [the ant who considered the future](#) when living out his daily life.

The best place to start in my opinion is by creating an emergency fund. This is money set aside to be used if, and only if, you experience a household emergency like a job loss, a major car or house repair, major medical expenses, etc.

This fund usually consists of three to six months worth of expenses (use your list of monthly expenses from day 5), and is usually held in a separate savings account. But don't stop with the emergency fund. Use the idea of saving money in advance to help you set aside money for other things.

Do this today: Make a list of all your future cash needs. Here are some ideas: emergency fund, a vacation, house down payment, Christmas gifts, annual bill payments like insurance or taxes, a new car, etc.

Now do the same thing you did in day one and start automatically contributing money each month to separate savings account designed to hold money for each goal. This works because you've designated a separate place to hold the

money and because you're moving the money automatically each month. No discipline required. See my post below on creating multiple savings accounts.

Resources:

[Building an Emergency Fund](#)

[How to Setup Multiple Savings Accounts](#)

[Targeted Savings Accounts](#) by Wealth Informatics

Day 10: Create Goals for Your Money

You might be wondering why we didn't kick this series off with goal setting. That would have been fine. But we're doing this in really small steps and before you set goals it's important to know where you are financially (i.e. know your net worth, know your expenses, etc.). Hopefully over the last nine days you've been able to look closely at your financial life and developed a mindset to create some goals for your money.

Goals have been powerful in my life. Mrs. PT and I have set savings and debt reduction goals throughout our marriage. In short, we're no longer in debt and we've been able to save for a home and the beginnings of a solid retirement. I think [SMART goals](#) are the way to go versus the more arbitrary goals like "save more" and "have less debt". You should take time to really spell out your goals so that you'll know it when you hit them.

Do this today: Look back through the last 9 days and write down all of the little goals you've set for yourself. Did you decide to save \$1,000. Did you decide to get rid of your debt?

After you've written those down, take a moment to ensure they are SMART goals. This means they should be specific, measurable, attainable, relevant, and

timely. Now take a moment to think about other financial goals that you have that we haven't covered yet. Write those down as well and ensure they are SMART. Nothing is too big or too small here. We'll prioritize later.

An example goals might look like this: I plan to save \$1,000 by June 1, 2012 by saving \$100 from my paycheck each month for 5 months and earning the remaining \$500 by working odd jobs or selling things. Another example might be, I plan to have 1 million dollars in my 401K by the time I'm 65. For more examples, be sure to check out the resources below or [see our goals](#).

Once you have your list of goals, take a moment to think about priority. Will you be able to do them all simultaneously? Will one need to be achieved before you can start on another? If so, designate that in your list of goals. It might also be useful to separate your short-term goals and your long-term goals. Lastly, don't think of these goals as set-it-and-forget-it. You'll need to occasionally re-evaluate where you are with your goals, considering possible life-changes and new desires.

Resources:

[How to Set Financial Goals](#) by One Money Design

[4 Reasons You Should Set Big Goals](#) by Watson, Inc.

[Setting Financial Planning Goals](#) by Good Financial Cents

Day 11: Plan a Money Date With...

Today we accomplish two things: healthy communication with our significant other and accountability to reach our money goals. There's something here for everyone.

I realize that not everyone is going to come at this thing like I do. Mrs. PT and I share everything, keep all our money in [joint accounts](#) and actually compliment

each other style-wise. Although sometimes I'm guilty of plowing ahead with money plans without fully vetting them with her.

Some of you may keep your finances separate from your spouse. Some of you may share everything like we do and struggle with the one-partner-controls-everything situation. I contend that whether you have joint finances or separate, things are cool as long as at some point you are sitting down with your spouse to get on the same page. If you are joined legally, and joined in some of your obligations, then it's prudent to know what's going on with your spouses' money.

Similarly, if you are single, you don't have a default accountability partner to discuss your money issues. You may be working in a silo with your money. You may not have the good compass that comes from checking yourself against a trusted partner.

Do this today: Schedule an hour to meet with your significant other about your money goals. Talk about days 1-10 of this series. Seek input from them about what they want to be doing with money. They may have come with their own list of goals.

If they aren't as savvy about the finances as you are then explain to them the money moves you are making so that they can get on-board with the family finances. Make them a cheat sheet of your financial picture so they have something to refer to when you are not around (consider adding credentials for your online financial accounts to this sheet).

If you are single, plan to go over your money goals with a trusted friend or family member. If you are nearing retirement, or if you have over \$250,000 in your retirement plan, consider meeting with a fee-only certified financial planner to ensure you are heading in the right direction.

Have fun with these discussion. Make them about creating a bright future. The bottom line is to have that discussion about where you are at, discuss dreams and plans for where you want to be, and then talk about the actions you are taking to get there.

Resources:

[My Wife Spends Too Much Money](#)

[6 Ways to Argue Less About Money](#)

[How to Talk to Your Spouse About Money](#) by Get Rich Slowly

Day 12: Get (or Renew) Life Insurance

If you earn an income and someone else (e.g. spouse, kids, etc.) depends on that steady stream of income to survive both now and for years to come, then you should probably consider life insurance.

Why? Because if you're gone (tough to think about, I know), your dependents will be left without that income source.

Since most people don't have \$500,000 already stashed away in a "what if" account, it's wise to get life insurance.

Do this today: If you don't have life insurance, and the policy that you get through work isn't enough, then buy some. Calculate how much you need, get quotes for someone your age and health, and then take the steps to buy.

Most people after having kids just need a simple, term life insurance policy for around 20 years. Most people do not need whole life insurance or insurance that mixes investment products with insurance. If someone suggest anything other than term life, ask a ton of questions until you are comfortable with why you need this product.

If you already have life insurance, but have recently lost weight or stopped smoking, consider renewing your policy. Life insurance rates can fluctuate enough in your favor such that a new policy might outdo your current one. Run some quotes and see. Never cancel your old policy before you lock down a new one.

Resources:

[Why I Bought a \\$500k 20-Year Term Life Insurance Policy](#)

[How Much Life Insurance Do You Need](#) by Money Smarts Blog

[5 Tips to Get Cheap Term Life Insurance](#) by Wealth Pilgrim

Day 13: Trim Your Expenses

Today's challenge is all about taking that list of expenses that we developed earlier and looking for ways to eliminate and reduce. This is one of the fastest ways to improve your financial situation. Are there expenses on your list that you do not need? Are they simply wants? Additionally, are there expenses on your list in which you are paying a premium. Could you find a cheaper alternative that is just as nice?

Do this today: Take your list of expenses and label them as needs vs wants. If something is a want, think about eliminating that expense, if only for the short term. Now look at all of your expenses and decide if there are any that you could possibly pay less for. Call up your service providers and cut and reduce expenses accordingly.

This process isn't about making yourself into a miser. It's about spending wisely and within your means so that you can achieve those goals we just set a bit faster. Increased savings and debt reduction will happen much faster if your

expenses are reduced to needs and a few wants vs needs and a bunch of wants. Good luck!

Resources:

[How to Optimize Your Spending](#)

[Income vs Expense: Where to Put Your Focus](#)

[The Frugalist's Expense Reduction Guide](#) by Moolanomy

Day 14: Create a Simple Budget

When you were going through your list of expenses yesterday you probably noticed this: some expenses can't be reduced simply by calling your service provider.

I'm referring to those expenses that are necessary, but can vary from month to month. Examples include groceries and household goods, clothes, and my big nemesis, dining out and entertainment.

What I do when I feel like I'm spending too much in these categories is create a simple, selective budget to get this spending back under my control. All with the goal of living more within my means so I can reach my other financial goals.

Do this today: Determine the expenses that fall into these variable categories. Decide to reduce those by 20%, 30%, or whatever percentage you feel is attainable. Put your simple budget down on paper and start following it this month.

If you spend with a credit or debit card, be sure to watch your spending on at least a weekly basis to see how you're doing against your budgeted amount. If you use cash, then withdraw your new budgeted amount at the beginning of the month and only spend the cash that you have.

When you reach your budgeted amount, stop spending until the next month. I like this budgeting method because it's not too complex and it focuses on your areas of weakness. If you're tracking with a service like [Mint.com](https://www.mint.com) check out their built-in budgeting tool.

Resources:

[Budgeting and Easier Smarter Way](#)
[4 Reasons Why Your Budget Failed](#)
[10 Online Budgeting Tools](#) by Dough Roller

Day 15: Organize and Protect Your Financial Records

Getting your financial records in order helps you in your efforts to improve your financial life. Having your financial records organized and in one spot brings clarity and allows you to quickly find documents for reference. Properly protecting your records means you won't be starting over if a fire or other incident leaves you in a bad spot. The bottom line is that having your financial records in order is a sign that you've got your finances in order as well.

Do this today: Do a search online for a list of financial records you need to keep. See the resources below as well. Take your list and start organizing your financial records into both physical and online folders, as well as a safe. For the longest time I used a simple accordion style folder and it helped me stay organized.

If you don't have a small, fireproof safe, go buy one. In short, important financial documents you need for the long-term (marriage and birth certificates, will, titles, social security cards, etc.) should be kept in your safe. Remember that video we took on day 7? That should also go in your safe.

All short-term records can be kept in either your physical folders or digitized and kept on your PC, plus some backup service like [Dropbox.com](https://www.dropbox.com).

Resources:

[Use Manilla.com to Store Your Statements](#)

[The 25 Documents You Need Before You Die](#) by The Wall Street Journal

[What Financial Paperwork Should I Keep and How Long](#) by The Wisdom Journal

Day 16: Reduce Your Interest Rates

Previously in our series we developed a plan to get out of debt. While you are executing that plan it's wise to get your interest rates as low as possible, reducing the amount of interest you ultimately end up paying.

Mortgage and credit card debt are two common places to start your interest rate deduction efforts. Mortgage rates can be reduced by doing a refinance. Credit card interest rates can be reduced simply by calling and asking for a lower rate or transferring your balance to a card with a lower interest rate.

Do this today: If you've got a mortgage, haven't refinanced in a couple of years, and plan on staying in the home for at least 5 more years, get a refinance quote and see if you can reduce your rate.

If you have credit card debt, call your credit card company and ask for a rate reduction. Finally, consider performing a balance transfer to either a new credit card or to a peer lending loan. See the resources below for more information on how and if you should execute the plans.

Resources:

[How to Do a 0% Balance Transfer](#)

[My Refinance Experience](#)

[Reviews of Successful Rate Reductions](#) at NegotiateMyRate.com

Day 17: Shop Smart with Lists and Coupons

So far in this series our discussion on spending has revolved around the elimination of unnecessary spending and the reduction of needed spending by budgeting and other methods (e.g. lowering your electric bill by switching providers).

Today I want to zero in on a specific type of spending: household goods, groceries, and clothes. This type of spending is mostly necessary, but it can vary greatly each month depending on the types of products you buy and strategies you use to make your purchases.

We talked about making a simple budget on day 14. You may have decided to start budgeting for these items. Great. But don't think just because you budgeted a reduced amount of spending in these areas it automatically means you'll get less stuff.

You can apply the simple strategies of list making and couponing to help you stay in budget and get more with less.

Do this today: Commit to creating a shopping list for your next trip to the market or mall. Google "shopping list template" and print one of those out for when you're ready to make your list. When you make your list, only include items that are necessary. After you make your list, do a search for coupons for your items. Also, do a comparison with items that can be ordered online (i.e. diapers).

I'm not going to recommend you take this to the extreme. But a good list can go a long way in helping you to keep your shopping within reason. When you go to the store, stick to your list. Add just a few coupons on top of that and you'll leave the store having spent considerably less than you may have in previous months.

Resources:

[Save Even More on Your Grocery Bill](#)
[7 Ways to Avoid Paying Full Price](#)
[Save While Shopping Online with Ebates](#)

Day 18: Consider the Roth IRA

Earlier in this series we discussed adjustments to the 401K to help you save more for retirement. There's one other retirement savings vehicle I want to discuss in this series that can work in conjunction with a 401K: the Roth IRA.

Whether you have a 401K at work or not, you can contribute to a Roth IRA each year as long as you meet the [income limits](#). The Roth IRA is great because it allows you to contribute after tax dollars and allows those contributions to grow tax free. So when you withdraw the money in retirement you won't have to pay any taxes on that money. If you think your tax rate will be higher in retirement, this is a smart move.

When it comes to retirement savings vehicles, the Roth IRA has many other advantages. Unlike your 401K, you can [open a Roth IRA](#) anywhere you want (e.g. at a discount broker, bank, etc.). You can then invest in just about any type of investment you want to.

Further, you can typically use the contributions for other things like college expenses or a house down payment without facing a penalty for withdrawing them. Finally, also unlike a 401K, you don't have mandatory withdrawal requirements in retirement. If you can't tell, I'm a fan.

Do this today: Spend some time researching the Roth IRA and see if it's a good fit for you at this point in your financial life. Luckily, it typically doesn't cost anything to open a Roth IRA at a discount broker, so it might be wise to go ahead and open an account and start automatically contributing a small amount each month. As I like to say, "strike when the iron is hot."

Resources:

[10 Reasons to Get Off Your Butt and Start a Roth IRA](#)

[Roth IRA vs 401K: Which is Right for You?](#)

[Why is the Roth IRA a Good Choice When Investing](#) by Bible Money Matters

[Where to Open a Roth IRA](#) by Cash Money Life

[Difference Between Roth and Traditional IRA](#) by Stupid Cents

Day 19: Make a Will

Talking about making a will is a lot like talking about life insurance. It's necessary, but it might make you uncomfortable. That's okay. As long as you get it done. I have a confession to make. I don't have a will completed for me and my family. So today's challenge hits close to home. I'm not going to try to give an excuse. I simple don't have a will, like many of you possibly.

A will is important if you have minor children because it designates where your children will go in the event of you and your spouse's deaths. A will is also important because it dictates how your assets are divided up among your family when you die.

I'm on the fence about where to get a will done. If you feel more comfortable working with a lawyer then go for it. Anyone with significant wealth or a complex family situation should probably go to a lawyer to get their will done. But, as with many things in personal finance, the perfection is the enemy of the good. If you want to make your own will for free or use an online will making program, go for it. For some, their situation is simple enough where this may just work.

Do this today: If you don't have a will and have kids or assets, then take action today to get a will completed. If you want to use a lawyer, then call today and make an appointment. If you want to use software, then go download it right now. Make plans with your spouse to work through the details at your next financial planning session.

Resources:

[How to Write Your Own Will for Free](#)

[Do You Really Need to Make a Will?](#) by Good Financial Cents

[What to Do Before You Meet with a Lawyer About Your Will](#) by My Journey to Millions

Day 20: Spruce Up Your Online Profile

This just in from Captain Obvious: these days your online presence is becoming increasingly as important, if not more important, than your paper resume or business card. What people find when they Google your name is critical in growing and maintaining a healthy career or business.

Unemployed? Growing your online profile is an important part in helping you land a job.

Employed? Even if you are not looking for a better job right now, there's no time like the present to increase your professional online profile. Additionally, poor management of your "personal" online presence could endanger your current and future job prospects.

Self-employed? Are you effectively using online tools to market your business and stay connected with customers and colleagues?

Do this today: Google yourself (or your business). What do you see? If nothing or not what you want, then start building a proper online presence. A great place to start is to set up an account at LinkedIn.com. Already there? Use the guides below to increase the impact of your presence there. If you are unemployed, it almost goes without saying that you need to be on Monster.com.

Are you an artist? Set up your account on Etsy.com and Pinterest.com. If you have your own business, setup a simple website using WordPress.

Last but not least, be sure to adjust your settings and keep your personal Facebook profile from being viewed by the whole world, or just stop putting crazy things on the Internet.

Resources:

[Where to Find Jobs Online](#)

[10 Ways to Lose Your Job Using the Internet](#) by Moolanomy

[How to Use LinkedIn](#) by Cash Money Life

Day 21: Save for College

Today we discuss the last big savings effort of the series: future college expenses. If you have kids then you've no doubt thought about the cost of their post-secondary education.

Being able to help your kids with their college expenses is a great goal. But it's last on my list for a reason. Make sure you have your own finances and future savings needs taken care of before you go crazy with the college savings.

Luckily, like with retirement savings, the federal government has given us a few tax-advantaged tools to encourage savings. The most popular of these plans is the 529 college savings plan (what we use personally for our two girls).

Others include the 529 prepaid plan, Coverdell education plan, UGMA/UTMA custodial accounts, Roth IRA, or a simple savings account. In my opinion it matters less which particular account you choose. It's more important to just get started.

Do this today: Spend some time looking at the different college savings options below. Choose one and begin automatically contributing a small amount to the account each month.

If you're not quite ready to start contributing, at least open the account so you'll have it ready. As your income grows and your financial situation improves increase your monthly savings amount.

Remember to keep the proper perspective with college savings. Your retirement savings needs should come first.

Resources:

[5 Ways to Save for College](#)

[Common Questions About 529 Plans](#)

[How Much to Save for College for My Child?](#) by Couple Money

[College Savings and Investing With 529 Plan and ESA](#) by Moolanomy

Day 22: Stop the Junk Mail

Junk mail does two things: (1) forces you to waste time sorting and recycling wasted paper and (2) tempts you to make purchases or make financial decision that you hadn't previously planned to make.

I struggled with the idea of making this one of the days in this series. Seems pretty inconsequential compared to saving for college, right? Well, I think it is important. Part of taking control of your financial life is learning to control what messages you let into your life.

You are driving your financial life and you already have your own roadmap. You don't need other people trying to get you off course, which is what most junk mail is hoping for.

Junk mail brings with it cash advance checks from your bank, credit card offers, insurance pitches, and all sorts of direct mail marketing that just isn't needed.

You can stop most of the junk mail though, and you can even stop the offers coming from institutions where you already have a relationship, like your own bank.

Do this today: Visit the resources below and discover the websites and telephone numbers needed to opt out of junk mail. Log on to those sites today, or make

plans to call them asap so that you can reduce the amount of junk mail you have coming into your home.

These services work. I did this several years ago and I haven't had a single credit card offer sent to my house in my name since.

Resources:

[How to Opt Out of Credit Card Offers](#)

[Where to Go to Just Say No by the FTC](#)

[How to Stop Junk Mail Services](#)

Day 23: Improve Your Credit Score

A good credit score can improve your chances of getting a loan, renting a house, getting good insurance rates, and even landing a job. A good score also means you'll qualify for better interest rates on your mortgage, potentially saving you thousands over the life of that loan.

Earlier in the series we discussed reviewing and cleaning up your credit report. That's a good first step in building a good score, which is just a numerical representation of your report. The next step to improving your credit score is understanding the major factors that go into creating your score.

Luckily, we don't have to guess at what these factors are. FICO tells us what they are. Some of the factors are pretty obvious: pay your bills on time and do this consistently over the long-run. Other factors aren't so obvious. But if you learn them, you'll know how to take action to improve them.

Finally, remember not to be a slave to your credit score. It doesn't define who you are as a person. Simply aim to slowly and steadily increase it over time, and you'll start to see improvements in your financial life.

Do this today: Review the five factors that make up your credit score. Check your credit score (note that you can check your score for free using [Credit Karma](#) or [Credit Sesame](#)). Determine if there are any quick steps you can take to improve your credit score. Take them. Finally, take the long-term approach: using credit wisely and making your loan payments on time from now on.

Resources:

[5 Ways to Improve Your Credit Score](#)

[15 Ways to Establish and Improve Your FICO Score](#) by GenXFinance

[8 Ways to Improve Your Credit Score](#) by Free From Broke

[Your Credit Score](#) by Liz Weston

Day 24: Take On a Part Time Job

It's time to get to work! Today I hope to challenge you to seriously consider a temporary part-time job to help you achieve your financial goals much faster. If you've decided to get rid of debt or save more money for future expenses, then a part-time job can only help you get there quicker.

A quality part-time job is one that fits into your current schedule, pays well (obviously), and even provides other benefits. A part-time job could also be a way to break into a career or line of business that could end up meaning a bigger full time paycheck for you.

Do this today: Look at your weekly calendar and mark off the times when it might be practical for you to take on a part-time gig. Think about the types of part-time

jobs that fit well into those time slots. Compare their pay, benefits, work environment, and future career opportunities. Pick the best and start applying. Remember that a part-time job doesn't have to mean a life lived working two jobs. In most cases this should be temporary.

Resources:

[10 Best Part Time Jobs with Benefits](#)

[The Part-Time Money Podcast](#)

[What Are Good, Easy Part-Time Jobs?](#) by Ask MetaFilter

Day 25: Save on Auto Insurance

Not considering housing, transportation, and food, car insurance can be one of your biggest monthly expenses. And it varies greatly from person to person. Insurance rates are constantly in flux. It's a good expense to focus in on, to see if you can find some savings.

I've found that you can usually save on auto insurance by doing one of two things: changing your coverage level or getting a brand new policy. Changing your coverage level is as simple as reviewing your policy and taking a moment to understand if your policy contains the things you truly need. Brand new policies can be obtained quickly and easily by getting an auto insurance quote online.

Do this today: Using the resources below, see if there are ideas you can implement that will help you lower your current policy. Call your insurance company and see how much you'll save under this new, more efficient policy.

Now make note of your current policy (with the new savings) and run a new quote for similar auto insurance. Compare the insurance coverage, service, and

price, and either sign up with the new company or get the more affordable policy from your current provider.

Resources:

[20 Tips for a More Affordable Auto Insurance Policy](#)
[Cut Spending: When to Drop Full Coverage Auto Insurance?](#)
[10 Tips to Save Money on Auto Insurance](#) by Boomer and Echo

Day 26: Give More Regularly

Here's a challenge I'm setting for myself this year: giving more regularly. I typically wait till the end of the year and do a "catch-up" give.

The problem is that the organizations I support have expenses throughout the year, not just at the end. Additionally, I'm not showing much faith by waiting till it's safe to give. Thereby stealing some of the thunder for positive things to happen as a result of my giving.

The isolated act of giving money away doesn't improve your financial life, in the sense that it directly adds to your net worth. It's what goes along with giving that helps you financially in the long-run.

By giving regularly, you practice the discipline of sacrifice more regularly, not just when it's convenient. I think this translates itself into an ability to give to other areas of your life (e.g. future needs). It also means you are probably paying closer attention to your finances.

Giving regularly also gives you perspective on the needs of others. When you get beyond yourself and your own needs you become, in my opinion, a happier,

healthier person. I believe these types of people have financial success in the long-run.

Lastly, giving to qualifying organizations means you get a slight tax break. The charitable contribution deduction is taken on Schedule A (itemized deductions) on your tax return.

Do this today: Make a list of the organizations that you'd like to support this year. Be sure to check your list against CharityNavigator.com to ensure you're giving to an efficient organization. Come up with a monthly amount you want to give. As with any financial effort, start small and automate if you can. Most organizations take donations online and automatically, so take advantage of the technology to make this a regular occurrence.

Resources:

[Automated Tithing: A New Way to Give](#) at Bible Money Matters

[Do You Include Giving Back in Your Budget?](#) by Couple Money

[The Positive Effects That Giving Can Have on Your Finances](#) by PerkStreet (and Careful Cents)

Day 27: Involve Your Kids

There are several ways that the act of involving your kids in your financial life can help to improve it.

First, kids (especially little ones) are naturally frugal when it comes to how they spend their time. I think if we followed their lead a bit more in this area, we'd spend a lot less on stuff and activities.

But kids can become a financial burden of their own in the teens if you let their spending get out of control. By involving them in the family budgeting process, and by showing them how you plan to spend your money in the future (i.e. delaying gratification), they get a proper perspective on their wants. Otherwise, they might think you're just an endless well of cash, able to be primed if they whine long enough.

Lastly, kids can help “earn their keep.” I’m not suggesting you break any child labor laws here, but assigning chores for your kids or encouraging a part-time job or business won’t hurt. In fact, it will lead to a more responsible kid who’s used to the idea of receiving their own money and making decisions (with your guidance) about where to spend, save, or give it.

Do this today: Make a commitment to bring your kids into your financial world. Not so they can worry about money, but so they can master it. Check out the resources below and discover what and how to teach them.

Resources:

[10 Opportunities for Teaching Kids About Money](#)
[Want Your Kids to Manage Money Well? Teach Them!](#) by Canadian Finance

Day 28: Get Spending Rewards

With so many nice opportunities to earn spending rewards today, you might be missing out on hundreds of dollars a year if you aren't actively using a rewards program.

We cashed in almost \$1000 in spending rewards last year. To accomplish this we didn't really have to go out of our way or use some complicated system. We just spent like we normally would, but made sure the spending was tied to a

rewards program. We attempted to literally tie every dollar that we spent (including several recurring bills) to some type of rewards program.

I prefer straight cash back programs. We've used PerkStreet's debit card rewards program in the past. Last year we relied on the Chase Freedom card and its rotating categories, plus eBates.com (when shopping online) for additional cash back rewards.

Do this today: Look over the cash back programs available today (credit, debit, and cash-back shopping sites) and sign up to start using one or two of them. Tie as much of your spending as you can to the programs.

If you're in debt, I recommend staying away from the credit card cash back programs until you're debt free and can pay your bill in full each month. Another caution is to not let the rewards programs (including those tempting rotating categories) push you into spending decisions. Just spend like you normally would.

Resources:

[Earn Rewards Without a Credit Card](#)

[The Best Cash Back Sites](#)

[5 Tips for Optimizing Credit Card Rewards](#)

Day 29: Reduce Your Tax Burden

Taxes are a big part of our financial life. It's hard to avoid them. We pay taxes on our income, our investments, our property, the things we buy, and a bunch of other things.

You gotta pay your taxes. But there are some things you can do to reduce the amount you pay in taxes, even as your income rises.

You can “shelter” some of your income from taxation or investment by using tax-advantaged accounts, like the 401K, Roth IRA, and 529 Plan, as we previously discussed.

You can keep your property taxes in check by paying them yourself at the end of the year, as well as by ensuring the municipality is valuing your property correctly.

Finally, you can reduce your income taxes by taking advantage of every deduction and credit that is legally available to you on the federal and state levels. The only way to absolutely ensure this is to learn a little about taxes yourself and then use the help of a CPA and/or tax software to help close the gap.

Do this today: Look at your income from last year and see if you can shelter more of it. There is still time to fully fund a Traditional IRA and reduce your taxes.

Also, take a look at your property tax situation. Can you reduce your burden there?

And deductions and credit...are you taking advantage of them all? Spend some time researching the most common deductions and credits. Reference this list when you are speaking to your CPA or filing your taxes online.

Resources:

[Fund a Traditional IRA to Reduce Your Taxes](#)

[Paying Your Own Property Taxes](#)

[Don't Forget These 10 Tax Deductions](#)

Day 30: Save on Health Care Expenses

When you factor in today's insurance premiums and potential out-of-pocket expenses, quality healthcare can be very expensive. If you're not lucky enough to work for one of the fourteen companies in the U.S. that pay 100% of your healthcare, then it's probably wise to take action to keep costs down.

I'd start by focusing on tax savings that comes from opening a health savings account or flexible spending account. Next I'd take a look at your current health insurance plan to fully understand the coverage and to see if it's practical to raise the deductible or change to a less expensive plan. Of course, you would need to be comfortable with self-insuring for more of your potential costs. Other ways to save include negotiation and comparison shopping (of both services and prescriptions). Finally, and probably most obvious, stay healthy by eating right, exercising, and getting regular check-ups.

Do this today: Make sure you have adequate health insurance and emergency savings so that a major medical issue won't put you in deep debt. Getting a high-deductible, health savings account eligible individual health insurance policy is easy. Just visit a place like ehealthinsurance.com to get a quick quote. If you have a group health plan at work, take a look at your flexible spending account options and consider contributing to save tax dollars on your medical expenses. Finally, make an appointment to get checked-out (visit a local health fair for a free check-up). Be sure to check out the resources below for more tips for healthcare savings.

Resources:

[Tax Advantaged Medical Savings Accounts](#)

[How to Save on Health Care When Having a Baby](#) by Bible Money Matters

[10 Tips to Stretch that Health Care Dollar](#) by The Wisdom Journal
[10 Ways to Lower Health Care Costs](#) by Squirrelers

Day 31: Align Your Money with Your Values

One thing we didn't mention earlier in the series when we talked about goals was how they might align with your higher values. I think this is a good way to end the series. As I said at the outset, this series won't cover everything you need to know about improving your finances. But it will help you make positive steps to hopefully leave you in a much better place.

Therefore, it's probably important that on this last day I leave you with one overriding framework to live your financial life within. What I'm talking about is the idea of tying your money (how you spend it, save it, and make it) to your own personal set of values.

If you do this, every financial decision you make (whether you are looking for a new job, setting goals for the year, or buying a pack of gum at the checkout line) is tied back to your values. Living this way means you'll constantly be moving towards a life that is more and more aligned with your values. If you avoid doing this, next year you'll find yourself wondering why your financial life isn't turning out like you want.

Let's put this into real terms:

- If you value security, do you have adequate savings, insurance, and are most of your assets not at high risk?
- If you value community and working with others, does your job, business, or free time allow for that?
- If you value adventure, are you delaying gratification enough in your daily life to afford a truly adventurous lifestyle?

Do this today: Define what it is that you value in life. Need a little help? Grab a list of personal values and pick the ones that resonate the most with you. Now translate those values into financial terms. Do this by asking yourself how the value relates to financial matters. For instance, if one of your values is freedom, ask yourself what you can do financially that will lead you to freedom? Repeat this line of questioning for each of your values. What you're left with is a strong sense of your values and what actions and choices you can make now and in the future that will lead you to a truly improved financial life. Best of luck!

Resources:

[The Best Things to Spend Money On: Spending that Reflects Your Values](#)
[Spend Your Money on Things You Really Want](#)
[Flexibility and Unconventional Lifestyles to Make Ends Meet](#) by Free From Broke

Final Thoughts

Congrats on making it to Day 31! If you made it this far I'd love to hear from you. Just visit ptmoney.com and leave a comment, or contact me direct at pt@ptmoney.com.