

Lesson 1

Study Questions and Action Steps

This lesson has identified three principles that are fundamental to successfully managing your money:

1. Invest In Yourself First
2. Adjust Your Spending Priorities
3. Realign Your Assets

Study Questions

Question 1.1

What does it mean to “Invest in Yourself First?”

Question 1.2

One of the best ways to implement an “Invest in Yourself First” plan is to arrange for your employer to withhold a pre-determined amount from your paycheck and deposit it in a savings or investment account for you. Why is this a good strategy?

Question 1.3

Let’s suppose your bank is paying 5% interest on savings accounts. Let’s also suppose that interest on your credit card is 21% and you have an outstanding balance of \$8,000. If you were able to set aside \$20 for saving and investing each week, would it make better sense to put that money in your savings account or use it to pay down your credit card debt? Explain your answer.

Your Next Steps

Principle 2 in this chapter encourages you to “Adjust Your Spending Priorities.” But that’s difficult to do unless you know where your money is going and what you’re spending it on. Therefore, the Action Step for this lesson encourages you to investigate how much you’re spending and what you are spending it on.

Action Step 1.1

Track Your Spending for 30 Days

For the next 30 days, write down every penny you (and your family members) spend. Save all your receipts or use a small notebook to write information about what you are purchasing and how much it cost. Alternatively, if you use a debit card for your purchases, your bank records will show all of your purchases.

Use the simple Spending Diary Tool in the resources window of this course or your favorite spreadsheet software to keep track of what you spent money on and your total spending each day. Your record keeping doesn’t have to be fancy; it’s only designed to give you an overall picture of your spending habits.

At the end of the 30 day period, review your spending habits for the month and start thinking about how you might begin to adjust your spending priorities. In Lesson 2, you’ll use what you’ve learned here to begin writing your goals and preparing a budget.