

You Can Achieve Personal Financial Success

Most individuals believe that in order to become wealthy, you must either make a lot of money or you must inherit money. Actually, attaining wealth is much more closely associated with your skill in making the right financial decisions, as well as making financial sacrifices that create wealth. Many of the wealthy are where they are financially due to hard work and being frugal. These people compromise when making decisions about spending money. A *comprise* is substituting one item for a different one. An example is making the decision to eat at home rather than going out to a restaurant. In order to be financially successful, you need to do a limited number of actions correctly in personal finance throughout your life. On the other hand, there is not a lot of room to make many financial mistakes if you want to be financially successful. You can do well in your personal finances by setting realistic financial goals for yourself and then work diligently toward reaching those goals. The first thing to do is to decide what you can do without. When deciding where you can cut expenses, make a list of “needs” and “wants”. You may discover that many of the expenses in the “wants” column can be eliminated. When you cut back on unnecessary spending, you will have extra money to put into savings or investments. Putting money back for the future indicates that you are on track to becoming financially successful. Take a look at where you are now financially. Your present situation is called your *level of living*. Your *standard of living* is where you strive to be. Here are some suggestions for going beyond your level of living and reaching your desired standard of living:

- **Set up a monthly budget.** Make your budget realistic and stick to it.
- **Pay yourself first.** Within your budget, set aside money for your own needs at the first of the month, rather than at the end when there may not be any left.
- **Stay informed of the current economical climate.** Read articles and books about finance and money management. Watch the news for current economic conditions.
- **Use time value of money calculations.** Use a financial calculator when making decisions about your finances. There are online financial calculators on the Internet that are free and simple to use, or you can purchase a financial calculator inexpensively.
- **Set financial goals.** Plan your financial outlook by setting financial goals and down-to-earth plans to accomplish them.
- **Look for tax advantages.** Use all available avenues to tax-shelter some income through your employer’s benefits program.
- **Participate in employee retirement plans.** If your employer offers a 401(k) plan, be sure to fully fund it.
- **Become financially savvy.** Widen your knowledge and proficiency in financial matters.
- **Remember that your financial success is up to you.**

You can achieve financial success by paying more attention to where your money is being spent and doing without some unnecessary items. If you need help in setting up a budget, a good place to begin is by stopping by your local Alabama Cooperative Extension office for a 2006 Money Management Calendar.

For more information on this or related topics, contact Ruth Brock, Regional Extension Agent for Consumer Science and Personal Financial Management. She serves Blount, Cullman, Jefferson, St. Clair, Shelby, and Walker Counties. You can reach her at the Blount County office at (205) 274-2129 or email at brockru@auburn.edu.

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