SAVVY MONEY MANAGEMENT

A COLLECTION OF ARTICLES
ON THE TOPIC OF SAVVY MONEY MANAGEMENT

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Financial Empowerment Mentor

DARE TO CHANGE LIFE
WEALTH FREEDOM FULFILLMENT

Greetings! It's Millen here and I appreciate that you chose to read this e-book which has a collection of articles I wrote over time that has ideas and strategies that helped me on my journey to Financial Freedom.

But let's talk about you, Goddess!

You are smart. You are talented. You are successful. You are a force to be reckoned with.

How come you are still worried about money all the damn time?

Money insecurity and anxiety is something so many of us deal with, but few ever admit to. We project an image, we share our highlight reels, but feeling financially secure is a bit harder than snapping a good photo. Trust me, this nagging feeling you have is not unique to you, and it's NEVER a sign of failure. I've been there more than dozens of time.

My personal journey from a ZERO-dollar immigrant in the U.S. to a successful executive for major Wall Street companies, to an empowered entrepreneur and financially independent, confident woman was anything but easy. I've experienced the depth of despair when, within a short period of time, I became divorced, jobless, physically and financially devastated after a bad car accident. No, it was not easy but it made me even more resilient and I've learned a few valuable lessons along the way.

In fact, that is when I developed The Millen Method, my proven 4-dimensional wealth building system that encompasses essential aspects of creating and managing wealth – Money Mindset, Money Mechanics, Money Investing, and Leveraging the Universe.

And because I KNOW THAT IT IS POSSIBLE to go from money insecurity to money mastery, I decided to serve and share my story, knowledge and expertise with you and millions of other smart, talented entrepreneurial women, who may still experience money anxiety and cannot believe that they can master their money!

In this series of 4 e-books, you will find a few ideas and strategies – from very practical money tips to spiritual ideas about living a sacred prosperity - which I discovered along my incredible journey to financial freedom. I surely hope that you will adapt these strategies in your life so that you too will create the life you have always dreamed about.

I look forward to supporting you on your journey to Money Mastery and Freedom!

Millen

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COMMON SENSE AND FINACIAL FREEDOM

My desire for financial independence was always stronger than the desire to own anything (e.g. designer cloth, luxurious vacations or fancy cars). I was fortunate enough to have a professional career that allowed me to support my family, to accumulate savings and make decent investments, but it didn't provide a way to financial independence. My quest for Financial Freedom and meaningful work led me to becoming an entrepreneur. Leaving a "steady paycheck" job was nerve-racking at first but it felt right even though it was not easy by any means. I made many mistakes and learned a few lessons along the way. That's what happens when you dare to change life….

I consider myself a risk-taker, which served me well with a few exceptions, especially in the investment arena. When I was very young and reckless, I wanted to become financially free "overnight". Common sense approach to investment—longer term horizon, rational vs. emotional choice of stocks, diversification as a risk management, etc.—were too slow and boring to me. I used to chase "hot tips", landed money from my house equity line to a businessman I hardly knew and even invested my entire pension plan in a stock of the company I used to work for. It was performing great… until the stock crashed and I lost almost everything. As you can see, I haven't used much common sense in my investing at that time. But among all my mistakes, missteps and lessons learned, I had two Financial Freedom rules (a.k.a. common sense):

1. DON'T SPEND MORE THAN YOU EARN

If you are tired of "financial slavery' and currently have a habit of spending more than you earn (have a balance on your credit card, use multiple cards, borrow from your house's equity line, etc.)–you must cultivate a "financial freedom" habits by following the Financial Freedom rule number one. How? By cutting your spending by 20-50% across the board: bringing home-made lunches to work; cutting on eating out, downsizing–moving to a less expensive town and trading your expensive house for a modest one; selling a luxurious car and buying a good but a used one; having low-budget vacations, etc.

Your desire to be financially independent must be stronger than complacency and "I am broke" mentality. You can break the financial slavery habits but you must decide to change your priorities and buy only what you need, not what you want.

In addition to spending less you must find the ways to earn more, to have additional streams of earnings. Start with your passions and hobbies (e.g. writing articles or blogs for others, selling photographs, becoming a real estate agent and selling properties, babysitting, finding prudent multilevel marketing company, etc.) – anything that you can do part-time in addition to your main source of earnings.

2. DON'T OWE MORE THAN YOU OWN

When you have a lot of debt (e.g. mortgages, car loans, student loans, etc.) you restrict your choices and limit your opportunities because you cannot borrow anymore even for something essential in your life. In the recent real estate crises in the United States, millions of people got burned because they had under-water mortgages when the values of the houses dropped drastically. Most of these homeowners couldn't sell their properties to repay what they owed even if they wanted to. Foreclosures devastated a lot of families who got caught up in the American dream of owning your dream home no matter what, even if you hardly can afford it.

You must realize that when you borrow money from the bank to buy a new car or a house, you don't own these things— the bank owns it until you pay off your loan. It surely feels like a financial burden to me. Common sense approach would be to own a car instead of leasing it for 36 months (unless it's a business expense); use debit cards only or, if use a credit card, pay in full for your monthly purchases; pay cash for the asset that doesn't appreciate overtime (e.g. a car); rent an apartment or a house until you have enough savings to buy it with a very low LTV (loan-to-value ratio); choose a college that doesn't charge astronomical amount for its tuition (if you want to go to college in the first place).

When you decrease your debt to a "sleeping point"—you can comfortably manage your "must pay" expenses–you can start planning to own assets that are likely to appreciate overtime— rental properties with a positive cash flow, precious metals (coins and bars), valuable pieces of art, bonds and stock shares of established dividend paying companies.

CULTIVATE HEALTHY MONEY HABITS

Living in fear of bill collectors and feeling overwhelmed about mounting debt is not the life you were meant to have. You can do much, much better! Using common sense and having a calm, stress-free approach to investments and life in general is worth at least as much or even more than financial profits you may get. Once you make a decision to change your priorities in order to become financially independent and cultivate simple and healthy money habits, you will be, without a doubt, on your way to Financial Freedom.

READ THE WHOLE ARTICLE HERE >

MONEY LIKES PURPOSE:
HOW TO MANAGE YOUR MONEY EFFECTIVELY

Clarity is priceless whether you consider your authentic career path, your relationships or your money. There are a lot of courses about finding your authentic self-expression and living your purpose. It is very important, indeed! Your money management aptitude is also very important and requires clarity and purpose as well!

Organize your money based on its purpose – Saving, Spending and Investing. The amount of each 'money container' should be a certain percentage % of the total money you currently make. The percentage allocation toward each 'money container' will change over time. If your current income is mostly used to cover your basic needs, the percent of your allocation toward Saving and Investing will be single digits comparing to your Spending container. It's important because you want to develop good habits, discipline and create a positive momentum with your money.

Once your income changes, you will adjust the allocation percentage accordingly. It should also take into account your risk tolerance and which phase in life you are in. If financial safety is your top priority at the moment and you are heading toward retirement in a few years, you may want to increase the amount allocation toward Savings and decrease percent of money allocation toward risky Investment. This will allow you to avoid feeling scared and overwhelmed about your financial future.

To make my point, I am going to use a metaphor of a jar as a money container. Obviously, money isn't really kept in jars but rather in bank accounts, brokerage accounts, credit union accounts, physical precious metals such as gold or silver coins and property/land.

IMPORTANT: Keeping all your money together in one container could lead to unwise decisions and financially devastating consequences. Although dividing your money among different categories may not preclude you from making mistakes, maintaining the discipline of adhering to this structure will help you limit your losses and avoid financial ruin.

Imagine that your future income is located deep in the ground, in a money mine, and you first need to extract it—apply effort to earn it—then divide it into the following three jars:

- ***SPENDING***—money exchanged for shelter, food, services, healthcare, pleasure and philanthropy.
- ***SAVING***—money that stays in place, as a foundation.
- ***INVESTING***—money used in order to grow your wealth.

The objective is to fill all three money jars, which is equivalent to achieving your goal of Financial Freedom. Although this goal may seem to you unrealistic at first, especially if at the moment you have a modest single source of income, it is totally possible!

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WEALTH GROWTH AND WEALTH MANAGEMENT SYSTEM

You need to remember the following "Golden Rules" of Wealth Growth:

- **Never lose money (be alert and exercise prudence to stay safe)**
- **Never spend more than you receive (if you "have dug yourself in a hole"–stop digging!)**
- **Become a little richer every day (develop a "wealth growth" pattern)**
- **Don't take risk that makes you lose sleep (don't rush into any "get rich quick" scheme)**

You may perceive these rules symbolic, obvious or unrealistic. I would like to suggest that you don't analyze these rules but instead internalize and apply them.

Imagine that your income is located deep in the ground, in a "money mine", and you need to extract it (a.k.a. apply efforts to earn it) and then divide it into the following three jars:

- ***SPENDING***—money that you need to spend to enjoy the life you want to have
- ***SAVING***—money that you positively cannot lose
- ***INVESTMENT***—money you intend to use to grow your wealth

The objective is to fill all three jars, which is an equivalent of you achieving your goal of financial freedom. Although this goal may seem unrealistic at first for those with a modest single income source, it is up to you when to start. You may wait until you marry, have a better paying job or even until you retire. My advice is to start as soon as possible because it takes time to accumulate wealth without taking too much risk. Also, when I talk about different "money jars" I refer to physically separate locations (e.g. different bank accounts, brokerage accounts, etc.)

This ***"Wealth Growth and Wealth Management System"*** is neither complex nor sophisticated but it works. It requires your desire to win the "money game", a bit of common sense and a commitment to "stay the course." This system will interrupt your "money drama" and allow you to live well now and in the future.

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MONEY MANAGEMENT:
4 WAYS TO AUTOMATE IT

"Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are." ~ James W. Frick

"I want to start investing in the stock market. How do I know when is the right time to start?"

A young professional woman in her early forties asked me this question recently and it turned out to be a long conversation about her overall financial wellness. Although she enjoys a nice income from her current job, she has accumulated a rather significant credit card debt, was paying high rent for her apartment and also had car loan payments. Her efforts to keep up with managing her financial responsibilities were causing her undue stress and anxiety. Hearing how much other people make in the stock market made her feel that finding ways to invest in the stock market will help her make money and pay off her debts faster.

While you certainly can make money in the stock market, you can also lose money. YES, you can lose a lot of money in the stock market, especially if you are not experienced and not careful! I am not saying this to discourage you or to instill fear in you but rather to caution you so that you take the right steps with your money management BEFORE you start investing.

The key to Financial Freedom is Effective Money Management.

Investment strategies are simply components of Effective Money Management (EMM). EMM starts with CLARITY about your financial goals, current income, spending habits and priorities so that you feel empowered to make savvy financial decisions. I believe that before you decide to make any investments, you must develop the discipline of effective money management. I suggest that you set up bank accounts that will help you maintain this money-savvy attitude easily.

Create a system of linked bank accounts that will allow you to automate your money management and track your in-coming and out-coming flow of money with ease and confidence. Transparency of your financial transactions will help you grow awareness about your money habits and improve on them.

Here are a few suggestions for systematizing your bank accounts:

CREATE:

1. A Centralized Income Account: get all your incoming monies deposited to this account. Your profit from business or paychecks from your job can be automatically deposited to this account. Any occasional sources of income should be deposited to the same account.

Purpose: Have a clear picture of your incoming money.

2. A Lifestyle Account: calculate your monthly spending rate, which includes your current debt payments (if any), rent/mortgage, utilities, groceries, transportation expense, education, donations, etc. Set up automatic monthly transfers from your income account to this account. Pay all your lifestyle expenses from this account (you may link it to your credit card and pay it in full).

Purpose: Keep track of your monthly spending, evaluate what can be adjusted, keep yourself accountable for your spending choices.

3. An Emergency Fund Account: set up a monthly transfer from your Income account to your Emergency account. I recommend to deposit 10% of your current income to this account, but if at the moment it's not feasible for you, start with less percentage but START with something! Accumulate at least 3-6 month of your Must-Have – MUST-Pay expenses, ideally for 12 months. Once you accumulate this amount, stop automatic transfers to this account.

Purpose: Develop financial discipline and build a safety buffer to remove financial anxiety.

4. A Financial Freedom Account: Once you save your desired amount in your Emergency fund account and stop the automatic transfer to it, open the Financial Freedom account and set up automatic monthly transfer from your income account to the Financial Freedom account. Start with 10% of your income and once your income increases, make sure to increase the percentage you transfer to this account. You can use this money to pay for occasional expenses like vacations, buying a car or paying a downpayment on a new house. Ultimately, this is the account you will use for your investments.

Purpose: Once you accumulate a significant amount of money in Financial Freedom account, you can start investing strategically to build your way to Financial Freedom in your life.

While this automated linked banks accounts system may, at the beginning, require you to stretch your way of thinking about managing your money, it will certainly allow you develop discipline around money management. If you truly commit to becoming financially free, I believe the suggested structure will ultimately help you remove the financial stress that often comes from ineffective money management and put you well on your way to Financial Freedom.

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IT'S NOT SEXY BUT IT WORKS:

HOW TO MASTER YOUR SPENDING

You need to start somewhere and if you are struggling with paying your bills and have growing credit card debt, you may need to start with small baby steps. I love baby steps – they allow you to change the pattern and move in a right direction with manageable effort.

If you make an effort to learn about your spending habits and calculate your spending rate, you may change your relationship with money and be on your way to financial freedom in a near future! Yes, it can make a huge difference in your life because ***AWARENESS, INTENTION*** and ***INSPIRED ACTION*** are the factors that drive you to desired destination.

ANNUAL SPENDING RATE CALCULATION

Step 1: Determine the size of your spending jar—your Annual Spending Rate (ASR). Take some time and, using an Excel spreadsheet, list the 12 months of the year along the side and make two columns at the top:

Must-Have—Must-Pay   Nice-to-Have—Choose-to-Pay

Now, enter your necessary monthly expenses into the Must-Have—Must-Pay column: rent, food, clothes, transportation, utilities, medical insurance, student loans, taxes, etc.

Next, enter your arbitrary monthly expenses into the Nice-to-Have—Choose-to-Pay column: phone, computer, car, gas, transportation, insurance, TV subscription, entertainment, eating out, clothing, etc.

Step 2: Add all monthly amounts from these two columns. This total amount is your ASR.

Once you have your ASR number, make sure that your Nice-to-Have–Choose-to-Pay amount doesn't increase every year!

If you truly want to achieve financial freedom, you must know your ASR in order to be aware of your spending habits. Your monthly spending rate is very important but I suggest calculating the ASR because there are some annual expenses like home insurance, car insurance and taxes.

Bottom line—make your spending money jar big enough to be able to enjoy life but small enough to allow you to fill your saving and investing money jars fairly quickly.

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LET'S DO MONEY MATH

ANNUAL SPENDING RATE CALCULATION

I invite you to discover your own spending strategy, the one that allows you to live your best life, free from financial stress and filled with possibilities and joy.

Step 1: Let's determine the size of your spending jar–your annual spending rate (ASR). Take some time and, using Excel spreadsheet, make 2 columns: Must Have—Must Pay and Nice to Have—Choose to Pay.

Now, enter your monthly necessary expenses into the Must Have—Must Pay column: rent, food, cloth, transportation, utilities, medical insurance, student loans, taxes, etc. Next, enter your arbitrary expenses into the Nice Have—Choose to Pay column: phone, computer, car, gas, insurance, TV subscription, entertainment, eating out, etc.

Step 2: add monthly amounts from these 2 columns and multiply by 12. This amount is your annual spending rate, ASR. Make sure that your Nice-To-Have – Choose to Pay amount doesn't increase every year!

If you truly want to achieve financial freedom, you must know your ASR in order to be aware of your spending habits. Your monthly spending rate is very important but I prefer to calculate the annual spending rate because there are a few expenses that you have to pay annually.

911 FUND AND SHORT-TERM FUND CALCULATIONS

Let's determine the size of your 911 Fund—your 12 month survival fund. This should be fairly easy since you already calculated your ASR (annual spending rate).

Now that you have your Must-Have—Must-Pay amount and Nice-to-Have—Choose-to-Pay calculations ready, all you need to do is to add most important items from the Nice-to- Have—Choose-to-Pay list of expenses to your Must-Have—Must-Pay expense amount.

To calculate your Short-term Fund, add all your upcoming debt obligations (mortgage down payment or tuition amount, cost of a new car, etc.) and retirement contributions. It is expected that you may not know all your short-term up-coming needs at this moment. Thus, simply keep this calculation up-to-date as your situation changes.

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HOW TO SPEND YOUR MONEY WITHOUT LOSING SLEEP OVER IT

There are a lot of high income earners who make a lot of money but spend even more to support their lifestyle. So, the “money drama” may happen to anyone if you lack awareness of your “spending habits” and lose control of your financial situation.

The truth is that you can enjoy the fullness of life on a modest income and feel miserable while having a fortune. Your family can be just as happy in a $200,000 house as in a $2 million house. Driving a used but good brand car will get you to your destination the same way as a new one but you will not lose money for paying “the latest season’s model.” Eating “in” more often than eating “out” will allow you to have quality “home-made” meals and save quite a bit of money at the same time. Avoiding paying high toll fees whenever possible is another “saving idea.”

You can buy the latest and most expensive gadgets for your kids but your love and attention will always matter more than ‘things’ that you buy. You can have an “expensive look” by having fewer but better quality pieces of cloth and learning how to put them together in a way that embellishes your appearance. You can find great vacation opportunities on a relatively small budget – just need to do some research on-line. In fact, true luxuries in life require very little money.

Whatever you want to buy, do it because YOU want it and can afford it, not in order to impress your family members, neighbors or colleagues. Owning expensive things will not make them like you more. Being attentive and kind very well may.

It is very difficult to accumulate wealth and achieve Financial Freedom if your “spending appetite” increases every time your income goes up. The spending jar has a hole in it…everything you put in it will be gone by the end of the year and the faster you spend the faster you need to re-fill it.

BE MINDFUL OF YOUR “SPENDING APPETITE.”

While spending money prudently is a virtue, being stingy (e.g. paying less than market value for services) simply because you can, is a flaw. Money, as a form of energy, needs to be in motion. You must GIVE in order to RECEIVE as postulated in one of the Universal Laws of Abundance.

One more thing… Setting very aggressive financial goals or desiring “expensive toys”—fancy new cars, extravagant vacations and exquisite jewelry—drive many smart folks to take greater risks. A few of very successful people (doctors, lawyers, movie stars, famous athletes and businessmen) experienced financial ruins by taking too much risk. Smart financial decisions are cautious decisions… When you must take risk, do so with some sort of loss limit in mind. A good habit is to never lose more than you are comfortable losing.

WHEN IT COMES TO WEALTH BUILDING, SLOW BUT STEADY GROWTH IS THE KEY.

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DEBT RULES OF ENGAGEMENT:

7 EASY WAYS TO DECREASE AND ELIMINATE DEBT

I don't know about you, but I feel very strong negative energy when it comes to debt…. And this applies to any debt – credit cards, loan payments, mortgages. Mounting debt adds pressure and toxic energy to your life, would you agree?

But is it a necessary evil? Let's take a closer look at this topic.

Before you buy anything or incur any expense, ask yourself these two questions:

How much does it cost? Can I afford it?

Having debt can be very dangerous and extremely stressful. Yet it is widespread and sometimes even encouraged in our society.

IS DEBT A NECESSARY EVIL?

There are a few occasions in life when debt may be useful: when buying a house that you can afford, or buying rental properties that have positive cash flow, or obtaining a reasonable student loan for a profession that requires formal educational credentials.

However, most of the time, debt is unnecessary and often dangerous. It is unnecessary because there are often more gradual and less expensive ways to get what you want. It is dangerous because it often becomes a downward spiral, a 'catch 22' that ruins your health, your relationships and your overall well-being.

Remember that in case of a mortgage, a credit card debt, a student loan or a car loan, the interest that you pay is compound interest.

DEBT RULES OF ENGAGEMENT

When you borrow money to buy a car, a house, or furniture, make sure that: you can afford it and the return you are getting on the borrowed money is higher than the cost of borrowing it

The bankers, investment advisors and many politicians don't want you to be afraid of debt, they want you to embrace and be comfortable with it because it is profitable for them!

IF YOU WANT TO ACHIEVE FINANCIAL FREEDOM, HERE ARE A FEW IDEAS FOR YOU TO CONSIDER AND IMPLEMENT:

1. Avoid debt as much as possible. Before you decide to buy anything and take on any debt, ask ourself: "How much does it cost?" "Do I REALLY need it now?" and "Can I afford it?"

2. Use a debit card instead of credit card. If you don't have enough money on your bank account, you won't be able to purchase.

3. Pay off full amounts monthly. If you prefer to use a credit card to take advantage of accumulated points (e.g. airline mileage, dining and shopping discounts), link your credit card to your checking account and set it up in such a way that you'll pay the full amount owed each month and never pay the high interest on the carry-over balances.

4. Don't lease a car, buy it instead. Buy a car you can afford, not a car to show off. Avoid borrowing money when buying a car. The car is a depreciating asset and you will pay interest on something that loses value every year.

5. Prioritize—Pay off your most expensive debt first. For instance, if you have a credit card debt with 19 percent interest—make paying it off your highest priority, even before allocating money into savings and investment jars.

6. Pay off your mortgage and your student loans as fast as possible. Find out whether there is no penalty for pre-paying your loans (paying a larger amount each payment or paying it twice a month). Paying your mortgage sooner will help you save thousands because of compound interest.

7. Pay off your less expensive debt while saving and investing. If you have only less expensive debt left (e.g. low interest student loan debt vs. high interest rate credit card debt) you may still be able to put money aside for your saving and investment money jars. Also, a return on your savings needs to be just enough to cover the rate of inflation. (Inflation is the rate at which the prices for goods and services increase each year, excluding real estate and gasoline).

Living in fear of bill collectors and feeling overwhelmed about mounting debt is not the life you were meant to live. You can do much, much better! Once you make a decision to change your priorities, become financially free and cultivate simple and healthy money habits, you will be, without a doubt, on your way to financial freedom.

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From my personal experience with my own family members and friends, as well as my clients, it is very common among young adults and even grown-ups to have careless spending habits, to lack money-saving discipline and to be uncomfortable around financial planning altogether.

And it is really challenging for people to un-do this unhealthy attitude towards money and lack of money management skills as time goes by… which, in turn, may lead to unnecessary stress, relationship problems, loss of properties, inability to pay everyday bills and worries about the future. The list can go on and on…

I believe you can help instill smart money values in children starting at a young age. Below are some strategies for each stage of a child's development that can help you raise a money-smart child.

AGES 3 TO 6: MAKE SAVING VISUAL

You may begin by giving kids a small regular allowance but only if you ask them what they want to do with the money and help them plan how to spend it. Have them put the money in a piggy bank where they can see it grow or use it to buy something. That way they can start to understand that money can get them what they want. This experience would help them build a foundation for more serious saving later on.

Make a game out of it: Use a clear jar for saving and tell your child that she must fill the jar up with her own money in order to get a specific toy she wants. Better still, put a picture of the toy on the jar as an incentive. Each time your child puts her own money in the jar (preferably coins), she can see her progress toward the "goal". The idea is to connect the buildup of money to the desired toy.

AGES 7 TO 10: LEARN THROUGH TRIAL AND ERROR

At this point, your kids are starting to understand what money can buy and learning the value of coins and bills. But they still need visuals to help them save. So, suggest to them that they use different jars for different purposes and evenly divide the total amount of allowance they receive: use one for day-to-day spending, another one for "prized" items, and a third one for charity. Using these different jars would teach them about money planning, goal setting and different things they can do with their money. they can do with their money.

This also would be a good time to learn about cost and to introduce the idea of having "enough money or waiting until you have it". Go shopping together and talk about how you don't have enough money to buy certain items now, but will be able to purchase it after you save more money. Modeling a delay in spending is very impactful for children.

Then let your child experience "not having enough money yet" on their own. Let them choose something that they can't afford at the moment, but show them that in three weeks, for example, if they save their entire allowance, they'll be able to get it.

AGES 11 TO 14: SHOW A VARIETY OF PURPOSES FOR MONEY

Use a “multiple jar strategy” to teach kids a value of money – specifically, putting a certain amount of money away for different purposes. The “jar strategy” will teach kids that savings aren’t meant for ‘leftover’ money. In fact, savings should come before any every-day spending. Make sure that you participate in planning how much of your child’s money will go into each jar.

For your child’s longer-term goals (e.g., a car or personal computer), you may consider opening a bank savings account that earns compound interest.

It is a good idea to reward your child’s good saving habits! Try matching what they save…For example, if your child’s goal is to save $20, you could add another $20 to their savings once they have reaches that goal. This might lay the groundwork for more disciplined savings later in life, when your child reaches adulthood and earns a company match through a 401(k) plan.

AGES 15 TO 18: KEEP TRACK

With college on the horizon, you need to set the foundation for budgeting. While kids may not be financially independent in college, they will likely have to manage their own money to a certain extent.

To make budgeting meaningful, your child should be earning some money—perhaps through an after-school or weekend job. Often kids are more careful with what they’ve earned than with money that is just handed to them!

Learning how to budget is a matter of building off what the older child has learned up to this point:

Money is a means to an end. Money has different purposes. There are always trade-offs.

Keep it simple. Help your child write a list of what he/she has to pay for with their own money and assign a cost to each item (gas, clothing, entertainment). Split the list into needs (fixed expenses) and wants (discretionary spending), and then have your child try living on what has been budgeted for a few months as a “trial run” before college.

To raise a saver, you have to model good financial habits yourself and understand how to motivate your child at different ages. Above all, since kids learn by doing, let them have real money experiences—whether it’s setting and saving for a goal, or making the mistake of overspending and learning from it. These life lessons are priceless when they translate to a financially comfortable future.

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Let's talk about one of the most important aspect of Wealth Creation – SPENDING. As a first generation immigrant in America, I experienced a modest lifestyle after arriving. Although well-educated, my family had a very humble beginning in this country. I was happy about every work opportunity, even the minimum wage jobs I had, because it was an opportunity to take care of my family's needs.

During that time we were spending 80 percent of the money we earned on necessities (food, clothing, transportation, job searches) but we never felt poor. Although we worked hard just to make ends meet, we enjoyed quality time with family and friends, felt blessed for the opportunity to live in a great country and were inspired to achieve financial freedom.

Whatever your current income may be, you can plan for spending in such a way that would allow you to live comfortably and enjoy life. The opposite of this kind of positive spending is wasteful spending, leading to depletion and scarcity. Wasteful spending is also involved when you are carrying the burden of high risk (as in buying into get-rich-quick schemes).

The truth about money is interesting! You can enjoy life on a modest income and yet feel miserable while making a fortune. Your family can be just as happy in a $300,000 house as in a house valued at $3 million. Driving a decent used car will get you to your destination the same way as a new one but you will not lose money for paying a premium to drive the latest season's model. Dining at home more often than at restaurants allows you to have quality homemade meals and save money.

You can create a stylish look by having fewer, better quality clothes, and learning how to put them together in a way that embellishes your appearance. You can find great vacation opportunities on a relatively small budget—just research on the Internet. Many luxuries can be discovered for very little money. Challenge yourself to find them, then enjoy the surprise.

Whatever you want to buy, do it because **YOU** want it and can afford it, not to impress family members, neighbors or colleagues. Owning expensive things is far less important than having an attentive, compassionate and kind personality.

It is very difficult to accumulate wealth and achieve financial freedom if your spending appetite increases every time your income goes up. Your spending money jar has a hole in it…everything you put in it will be gone by the end of the year unless you can re-fill it as fast as you spend it.

Be mindful of your spending appetite. Setting very aggressive financial goals or desiring and acquiring expensive toys—fancy new cars, extravagant vacations, exquisite jewelry, etc.—drives many smart folks to take greater risks.

Some very successful people experience financial ruin by taking too much risk—spending faster than earning. When it comes to wealth building, spending money conservatively is the key.

Again, my prudent ***Wealth Creation and Management System*** is simple, easy to practice and it works. It requires your desire to win the money game, a bit of common sense and a commitment to stay the course. This system will abolish your money drama and allow you to live well now and in the future.

READ THE WHOLE ARTICLE HERE >

Millen is a Wealth Architect and Financial Freedom Mentor, entrepreneur and a bestselling author. As a Possibilities' Catalyst, she uses her business acumen, investment expertise, extensive NLP and transformational coaching skills to help entrepreneurial women go from money insecurity to money mastery and open the pathway to financial freedom they never thought could be possible for them.

Millen holds M.S. degree in Physics and an M.B.A. degree from the Wharton Business School. With her science and business education, corporate and entrepreneurial experience, and extensive money management knowhow, Millen guides her clients to achieving extraordinary success in their lives by applying The Millen Method - her magic formula for developing a pathway to Financial Freedom.

The Millen Method is a 4-dimensional system that helps you master your money: develop wealth mindset, manage your money effectively, invest your money strategically, and leverage the Universe to live sacred prosperity. Together, these four elements work to take the guesswork out of your money game, so you can simply follow the steps and watch your net worth grow!

You can apply for a complimentary Money Breakthrough Strategy Session with Millen here:

http://www.thinkandlivewealthy.com/apply/