

# 2018 Financial Checklist - 12 Steps To Strengthen Your Financial Future

Being the new year and all, I thought it would be appropriate to put together a checklist for those that want to improve their financial situation in 2018 and beyond. The reality is that if you don't take action now, you likely won't take action later.

Remember that building wealth in order to achieve **financial freedom is the direct result of simple disciplined steps made consistently over time.**

Notice that these are not "goals," but rather a list to follow of **12 EASY ACTION STEPS** you can take to ensure your financial house is built on a solid foundation. I'm making it super easy; you can take just one action step a month through the end of the year and complete the whole list.

And guess what? **Nothing on the list will take you more than an hour to complete. That is 4% of your day or just 0.14% of your month.** You can spare that kind of time, right?

For the super ambitious you can probably knock out all 12 steps in about 4 hours **OR LESS.** Use the "New Year Resolutions" momentum!

Let's move on to the list.

## 12 Financial Steps You Must Make in 2018

### 1. Track Your Net Worth (and while you're at it, be sure to track your income and expenses, too)

You have to track the things you want to improve. There is a famous saying in business philosophy that I believe is just as relevant in our personal lives and that is:

"What gets measured, gets managed." – Peter Drucker

There is so much **POWER** and **TRUTH** to this quote. Tracking allows you to establish a baseline from which to improve (we all have to start from somewhere). This is super important because you need to know where you are, and where you've been, to figure out the path to where you want to go.

“The simple act of paying attention to something will cause you to make connections you never did before, and you'll improve in those areas - almost without any extra effort.” - Sebastian Marshall

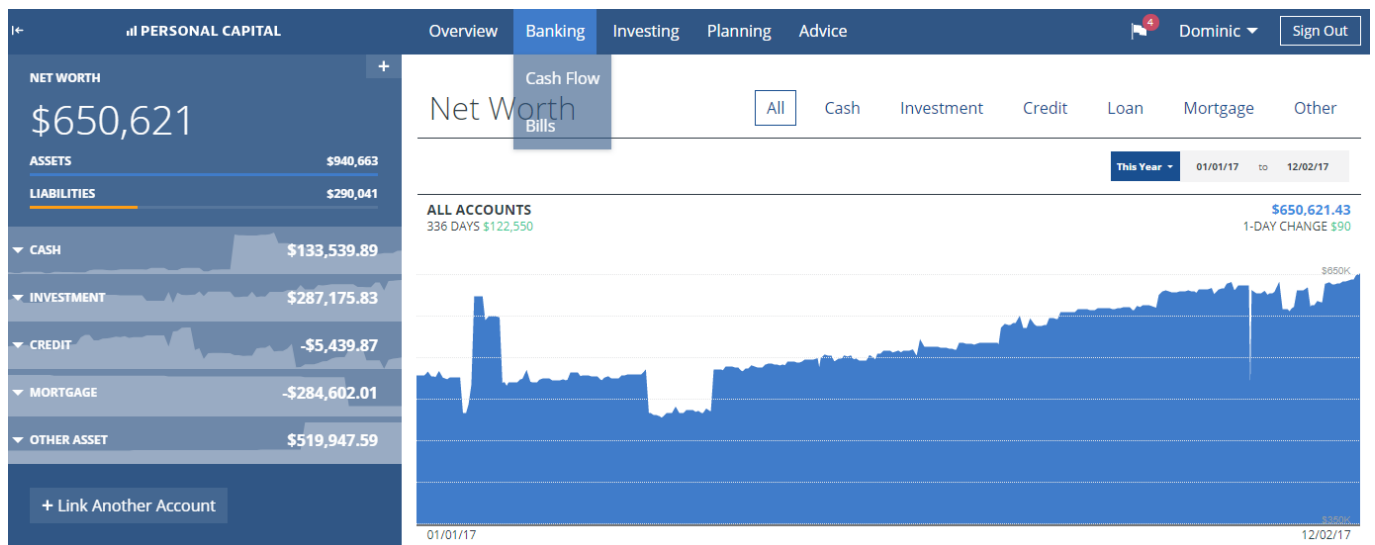
Building wealth is a numbers game and you have to keep score. Do you want to be a millionaire? Of course you do! [I personally want to be a millionaire several times over](#). And guess what I'm doing that you should be doing?

**TRACKING!** (you can see [my history here](#))

Yes, you need to track all of your financial accounts. You need to track your income. You need to track your spending. You need to track your assets. You need to track your liabilities. You need to track your investments. Track, track, track.

It may sound laborious, I know. But it's the only way.

I have good news for you. Tracking has become a lot easier with advancements in technology. And the best tool that I've found to automate my tracking is [Personal Capital](#) (it's **FREE**). Below is a screenshot from my personal account, where I have aggregated over 20+ financial accounts.



[Personal Capital](#) allows you to aggregate your entire financial life into one easy to manage financial dashboard. All you need to do to see all your accounts in one place is log into [Personal Capital](#) and voila! But it doesn't stop there. PC will even automatically classify all your income and expenses for you. You get a **FREE** and fully **AUTOMATED** tracking system.

## 2. Increase Your 401K Contribution & Work Towards Maxing Them Out

Are you leaving money on the table? At the very least you should be contributing enough to get the full match that your employer offers. If your employer provides a match of up to 6% of your income, you should be contributing at least 6%. So, if you are reading this and your contributions are set at 3% of your pay, leave right now and go increase that to 6% (**seriously, do it NOW**). Even if your company only matches 50% of every dollar you contribute, **that is a 50% guaranteed return**, something you will not find in any investment that exists on earth (or the universe).

Some of you reading this might be thinking, come on GYFG, I am already doing this. Give me something more challenging than this.

To that, I say, good on you, but there is still much work to be done. If you're already taking advantage of the full match that your employer offers, then you need to level up and work towards maxing out that 401K. The contribution limit is \$18,500/year (in 2018). I encourage every reader of this blog to aim towards maxing out their 401K as soon as humanly possible. **The earlier you do this, the easier it**

**becomes.**

I often recommend to recent college graduates that they do this as soon as starting their first job. If you are a recent grad, the reality is that you're likely earning way more money than you were while going to school. Maintain that student lifestyle a bit longer, develop this habit early, and get some real traction in place. It is something that your net worth will thank you for later.

Look, the [average starting salary based on 2015 statistics, is \\$50,651](#), so maxing out your 401K would mean contributing 36% of your income, leaving you with \$32,651 before taxes. You're probably only going to pay about 15% in taxes (if you live in CA; less in other states across the USA). That still leaves you with \$27,753 in living expenses or about \$2,300/month.

**You can do it!**

### **3. Open a Brokerage Account (IRA or After-Tax Account)**

Depending on where you are in life, you may be maxing out your 401K already, and you may have some additional funds that you're ready to invest elsewhere. Look, I'm not even telling you to fund the account right away. In this step, you're just opening up a brokerage account (baby steps).

I recommend [TD Ameritrade](#), which is the brokerage I personally use (and have been using for 10+ years). Let me tell you why I love them so much:

- They have what I believe to be the **BEST** retail investing platform (in the world). It's so easy to use.
- They have over 100 ETFs that you can invest in for **\$0 Commission** (yep, that is **FREE 99**).
- Oh, and 32 of those ETFs that are commission free are part of the Vanguard family (yep, those funds with the lowest fees that all the PF bloggers rave about online).
- There is a ton of **FREE** education provided.

So, go [open up an account now](#). (I recommend downloading the desktop Think or Swim platform)

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**Bonus Points:** Set-up a monthly auto deposit. I currently have \$1,000/month sent to my after-tax TD Ameritrade account. ❌

#### 4. Apply For A Cash Rewards Credit Card

Are you leaving **FREE** money on the table? Why not get paid for the spending that you're already going to do anyway? In late 2016, I signed up for the [Chase Sapphire Reserve](#), which [earned me almost \\$7,000 in cash back in 2017](#). If you include the other credit cards I churned, this earned me close to \$10,000 in 2017 (not too shabby if you ask me).

This is a substantial increase from the \$6,000 earned in 2016 from new credit card bonuses and cashing in points for cash. Why not get paid for the money you were going to spend regardless? And they say there is no such thing as a free lunch.

*WARNING: Only do this if you can afford to NEVER carry a balance. If you can't pay off the balance every month, a credit card is not for you, regardless of the reward.*

Think you don't have any room in your budget to invest? Earning credit card cash-back rewards on expenditures you were going to make anyway could offer up a significant amount of possible investing dollars. Think again!

Do I have your attention now?

#### 5. Automate Everything

We covered this one a little bit in number #2 above since your 401K contributions typically come out of your pay automatically every pay period. But there are plenty of other things you can automate in your financial life.

- Automate your credit cards, by setting them to auto-pay (i.e. **set your payment to "pay the statement in full" every month**).
- Automate your monthly mortgage payment.
- Automate all of your recurring monthly payments, using the bill pay feature offered by your bank.

- Automate transfers to investment accounts (like the one you opened up in #3 above...hint, hint ☐ ).
- Automate, Automate, Automate!!! Make one decision now instead of multiple decisions every month.

## 6. Ask For A Raise

There have been studies done that show that [people that ask for more money make more money!](#)

You might be thinking, “but I just got a 3% raise, how can I go and ask for more money?” If you’re reading this blog, you’re likely an overachiever, which in my opinion means you have likely provided more than enough value over the course of the last year to demand a raise that is substantially higher than 3%, which is virtually only a cost of living adjustment (2.2% for 2018, according to Social Security Trustees).

And if you truly feel uncomfortable about this, ask yourself if you are in fact adding value to the company you work for above and beyond what is expected, and what others are doing. If you cannot answer “yes” confidently, find a way to do so.

Be prepared to walk your employer through why you have earned the raise you are asking for and show up armed with specific examples of the value you have added to the organization. For example, a few years back I found \$500,000 that the company I was working for at the time was double charged for over a three year period. It wasn’t on anyone’s radar, the business had no clue, and getting the money was a huge windfall that was greatly appreciated.

This made it easy to ask and justify a 10% raise after only five months with the company, which at that time in my career was only \$10,000. It’s a pretty easy sell when you say I just made you enough money to pay for this new raise for the next 50 years.

**Don’t settle for 3% raises!**

## 7. Buy & Read “The Slight Edge”

This book, more than any other, has made a **HUGE** impact in my life. I have probably given away at least 25 physical copies of this book, and have recommended it over 100 times in person (thousands if you count this blog).

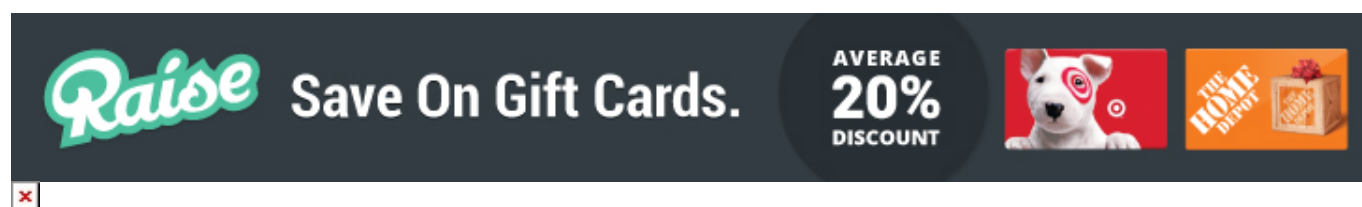
Do yourself a favor and [buy a copy for yourself here](#)<sup>x</sup>. Then implement its strategy. Even if you only do this in one area of your life, at the end of 2018, you will have created a powerful trajectory of potentially life-long positive effects.

If we get at least 50 comments on this post, I will choose one person at random to send a **FREE** copy. This is my way of encouraging you not just to read and scroll, but to participate in the conversation.

## 8. Buy Discounted Gift Cards

Do you like paying less than face value for the money you were already going to spend? Of course you do!

If you're already going to spend money at a particular place (restaurant, retail store, grocery store, etc.), why not get a discount? About two years ago, [we found Raise](#), an online marketplace for purchasing discounted gift cards. As you may know from reading our monthly financial reports, we spend a lot of money on eating out, so we regularly buy discounted gift cards to the restaurants we either frequent regularly or ones we know we will soon.

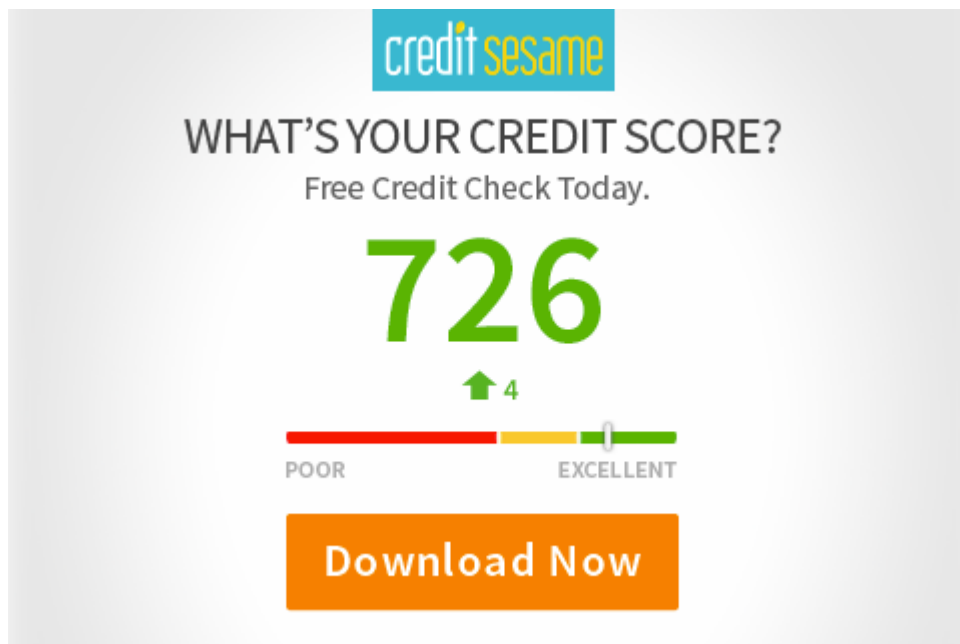


We tend to find gift cards marked down by 10-20% to the places where we were already going to spend money anyway. In 2017 we picked up \$7,000 worth of Lowe's gift cards for about \$6,300 for a home improvement project (we laid wood tile throughout the entire first floor of our home). That's a savings of \$700, or 10%.

It's likely you have places you frequent often, so why not get a discount on all your future purchases there by purchasing discounted gift cards? There are thousands of vendors to choose from. [Check out Raise to save some money.](#)

## 9. Check & Monitor Your Credit Score

Your credit score plays an important role when it comes to obtaining the financing you need throughout your financial life. Almost all of us will need a mortgage at

A screenshot of the Credit Sesame website. At the top, the 'credit sesame' logo is displayed in a blue and yellow box. Below it, the text reads 'WHAT'S YOUR CREDIT SCORE?' and 'Free Credit Check Today.' The central focus is a large green number '726'. Underneath the number is a small green upward arrow with the number '4' next to it. Below this is a horizontal progress bar with three segments: red (labeled 'POOR'), yellow, and green (labeled 'EXCELLENT'). A white slider is positioned on the yellow segment. At the bottom of the screenshot is a large orange button with the text 'Download Now' in white.

some point and time. You also need a solid credit score to get approved for credit cards (the only way to get those lucrative signup bonuses and cash back programs mentioned in #4 above).

These days you can check and monitor your credit score for free.

I recommend you check out [Credit Sesame](#), which comes with the following **FREE** benefits:

- Free Credit Score and Monitoring
- Free Identity Theft Protection - **you're protected with up to \$50,000 for FREE.**
- Stay Informed with Real-time Monitoring & Alerts (Remember #5 above? Automate, Automate, Automate)
- Get Powerful Insights Into Your Finances
- Manage Your Credit and Loans in One Place
- See How Your Finances Measure Up Over Time
- Opportunities To Save Money

It only takes 90 seconds to sign up for a **FREE** account. How can you pass up the free \$50,000 identity theft protection alone for that minimal time outlay???

## 10-12. You Choose

Maybe you have already been noodling some ideas of your own. If you need a little more inspiration, here are a few more ideas that I have:

- (1) [Look into refinancing your mortgage](#) to take advantage of a lower rate.
- (2) Pay off those pesky student loans. Automate a higher payment with a pay off date goal set.
- (3) Pay off your credit cards (in full and then never carrying a balance ever again).
- (4) Put together a plan to eliminate all the debt in your life.
- (5) Create an **Emergency Fund** and working towards saving six months worth of living expenses.
- (6) Set up a Trust that includes a will.
- (7) If you're ready to have your money work for you, you can also consider setting up an account with [PeerStreet \(I'm earning about \\$500/month in interest income every month\)](#).
- (8) Or consider diversifying your risk by investing in a non-correlated asset like [life settlements](#).
- (9) Choose a [meaningful place to donate, and automate that](#). We sponsor a little boy in Africa for \$100/month, which to us is a very small amount, but it pays for his schooling and room and board.

The possibilities are endless and likely unique to your own financial goals and current financial situation. Check off the above #1-9 basics first though. Boring and automatic is not bad, but rather creates a solid foundation from which to try some more creative and aggressive ideas later.

I wish you a very prosperous and fulfilling 2018!

- Gen Y Finance Guy



## Gen Y Finance Guy

**Hey, I'm Dom** - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)