



Mastering Your Finances: Financial Wellness

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Wellness is about adopting behaviors such as exercising more and eating healthy that help you to live a better life. Similarly, Financial Wellness is about adopting financial behaviors that help you improve your financial life. By adopting more effective financial behaviors and habits, you will secure financial stability, Financial Wellness, and Financial Freedom.

What Is Financial Wellness?

Financial Wellness is the ability to experience a successful financial life. It is a measure of how well a person manages their financial life. Improving Financial Wellness is about practicing better money habits, setting goals, and taking steps to achieve them. All of which are intended to improve our overall quality of life.

Practicing Financial Wellness impacts not only our day-to-day activities, but also long-term goals like retirement.

From good budgeting practices and saving for the future, to estate and retirement planning, Financial Wellness involves understanding your needs, wants, and goals and making plans.

There are Four Parts to Financial Wellness

Financial Wellness can be broken down into four parts: Short-term finances, Long-term finances, Current Financial Freedom, and Future Financial Freedom.

Part 1: Short-term finances

This involves creating a budget, sticking to it, and working to eliminate debt and increase your income and savings. Everybody should have a budget and live within their means.

Part 2: Long-term finances

Part of managing your short-term finances is ensuring that you make room to save and invest for long-term goals. Improving your Financial Wellness today helps get you on track for goals like buying a home and building a nest egg for retirement.

Part 3: Present Financial Freedom

The goal of gaining control over short-term finances is to gain Financial Freedom now, in the present. This can be accomplished with Financial Literacy, but the wellness aspect means you need to feel like your finances are under your control. It's about seeing the numbers and adjusting your behavior so that your goals are represented in the things you spend your money on.

Part 4: Future Financial Freedom

Each of the previous 3 parts are your path towards accomplishing your long-term financial goals. Retirement planning is a key part of achieving Future Financial Freedom. The path to Future Financial Freedom is created by regular, year-over-year commitments to staying within your budget, and saving towards retirement.

What is Financial Literacy?

Financial Literacy is closely related to Financial Wellness, but they are not the same. While Financial Wellness is taking the steps to improve your financial life, Financial Literacy is about understanding the concepts and tools you use to manage your money.

Financial Literacy is understanding the different types of investments and how they work. It deals with understanding skills like saving, investing, budgeting, and tax planning. Learning the basic skills of Financial Literacy is an important part of Financial Wellness. Financial Wellness encompasses more than just your financial knowledge. It involves all your feelings towards money.

How to Practice Financial Wellness

Practicing Financial Wellness means learning how to build a budget, save, invest properly, and use insurance. It means incorporating these skills into your daily life so you can meet your present and future goals. Employing the skills of Financial Literacy isn't a question of simply going by the book. Rather, the goal is to know how you want to implement these principles to provide yourself and your family with the life you want to live. For example, budgeting is a financial skill. However, budgeting to help you feel in control of your current and future finances is a step toward Financial Wellness.

Similarly, debt is a tool that every Financially Literate person should know how to use. When it comes to reaching your personal goals by using debt such as a mortgage, you're on your way to Financial Wellness. The same goes for saving and investing. To know how to save and invest is Financially Literate. To save and invest for your own emotional well-being is a part of Financial Wellness.

How to Improve Your Financial Wellness

There are several ways you can improve your Financial Wellness, but the first step is to improve your Financial Literacy. With Financial Literacy you can learn how to better incorporate the principles of Financial Literacy to achieve your own personal goals and improve your Financial Wellness.

People that have reached Financial Wellness feel confident about their financial present and future.

Here are 5 Simple Steps to Financial Wellness

- Create a budget
- Create an emergency fund.
- Reduce and Eliminate Debt
- Save and invest
- Protect your assets

There are many ways to improve Financial Wellness. Some may choose to speak with a financial coach. Others may find the answers in books and articles.

Regardless of how Financial Wellness is achieved, it requires looking at the present with a view toward the future.

If you need assistance with the path to Financial Wellness, you may want to consider a [Financial Coach](#) to help you find and then travel that path.



Be Debt Free - Financial Coaching

Steve Shapiro

steveshapiro@be-debtfree.com

727-FIN-TALK (346-8255)

495 Alt 19 #180

Palm Harbor, Florida 34682

You are receiving this message because at some point you opted to receive Steve Shapiro's Financial Coaching Newsletter or subscribed online at be-debtfree.com

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