

**PERSONAL FINANCE**

## 4 Steps to Build a Resilient Financial Life

If you're feeling anxious or confused about your finances, just take a breath and start with the basics and go from there. It might be easier than you think.



*Getty Images*

Life can throw you curveballs, bringing unexpected events and expenses. That's why building financial resilience in your life can be so powerful — and it starts with learning to have a basic sense of how your finances work and what you can do to make them work better for you.

If you're feeling a bit uncertain or overwhelmed about how to get your finances in order, the first place to start is to define your goals. What is it that you want to achieve? It may be sticking to a budget, paying down debt, saving for retirement, building an emergency fund or saving for a big expense like a car, a home or a child's education.

Let's walk through four basics for building a more resilient financial life.

### **Step 1: Be SMART with your goals**

Whatever your goals, I encourage you to put pen to paper to write them down. I like to use something called the SMART goal-setting method, which stands for:

- Specific
- Measurable
- Action-oriented

- Realistic
- Time-bound

For example, if you want to pay off debt, start with the actual dollar amount of how much you want to pay down. That makes it Specific and Measurable. Then, get Action-oriented by defining the steps you're going to take. If it's paying down debt, maybe you can cut back on eating out or put your tax refund toward your credit card bill.

By making your goal Specific, Measurable and Action-oriented, you'll be able to see if your goal is Realistic — and if not, you can adjust, like by extending the time frame. Speaking of time, the T in SMART stands for Time-bound: Give your goal an expiration date so you have a target in mind. Once you reach that deadline, you're encouraged to make the next goal, and then the next — and that's how we make progress in our financial lives.

**NYSUT NOTE:** Get your financial goals in order with the help of the NYSUT Member Benefits Corporation-endorsed Cambridge Credit Counseling program. This program can assist members with a better understanding of debt consolidation, student loan repayment options and more. Cambridge has been assisting consumers with eliminating debt for more than 20 years, and NYSUT members are eligible to receive a free, no-obligation, debt and student loan consultation with one of Cambridge's certified counselors. [Visit the website](#) today for more information and to get started.

## **Step 2: Be organized**

I like to use the analogy of building a house. It's fun to dream about your floor plan and decorations, but building the house doesn't truly begin until you break ground and lay the foundation. Creating a more formal budget is the foundation of our financial lives, helping us see exactly where money is flowing so we can better allocate it to our many needs, wants and goals. Calculate every dollar coming in, including earnings from your job or any other sources, such as a rental property or side hustle. Next, track your expenses — everything from rent and gas to coffee and birthday gifts. Once you list all those expenses, separate them into two columns for needs and wants.

This part is going to be different for everybody. For example, we all need to wear clothes, but do you really need new clothes every month? Maybe you do if have a growing child or need a new coat — but maybe not, and maybe you can put new clothes in the "want" column instead of the "need" column.

Another helpful tip is what's called the 50-30-20 rule: Think about 50% of your budget going to cover needs like bills, food, housing, insurance and utilities; then the next 30% to wants like streaming services, vacations or new gadgets; and then the remaining 20% to savings — like your retirement account, stock portfolio and emergency fund.

## **Step 3: Be realistic**

Practice makes perfect, so think of your financial life like playing a game of darts, where each triangle on that dart board is a different aspect of what you said you were going to spend or save to reach your goals. The more you practice throwing that dart, the better you're going to be at hitting the mark consistently.

Of course, many of us live paycheck to paycheck or rack up debt to make ends meet. If that's where you are today, it still helps to get a clearer picture of your goals, income, spending, needs and wants. Write it all down and try to identify places where you can potentially cut back. For example, you probably need your cellphone, but is there a less expensive plan that could work? If there's really no wiggle room, look for ways to bring in additional income — maybe turning that passion project into a side hustle or picking up a flexible part-time job.

Making ends meet can be tough, so it's important to put energy into building a financial cushion when you have the chance. You may have also heard that it's a good idea to have three to six months of essential expenses saved up as an emergency fund, but for many of us, that's easier said than done. Just keep in mind that savings don't appear overnight. Start small, figure out what works for your lifestyle, and save — even if it's \$5 at a time.

#### **Step 4: Get support**

Financial literacy is simple, but not necessarily easy. The sooner you start budgeting, saving and investing, the more time you have for your money to potentially grow and help you reach your goals. Even small amounts of invested money can add up over time, thanks to the power of compounding interest. So make sure that you're working to build up your financial resilience today so that when you retire, you can live the kind of life that you've always envisioned. If you feel behind, don't panic — just start today, and start as small as you need to.

Our finances are such a significant area of our lives, which is why I personally find it very reassuring to know that there are many types of professionals out there who can offer support as you assess your options, prepare your next steps, and work to achieve your goals. Maybe you're ready to build out a financial support team with help from attorneys, accountants or financial advisers and coaches. Many companies offer their employees access to financial education, advice and resources as a part of their benefits package, so check out whether your company offers any additional support that can help you take control of your financial journey today.

**NYSUT NOTE:** If you're ready to get your finances in order and are looking for guidance on where to start, check out the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program. This program offers access to a team of Certified Financial Planners® and Registered Investment Advisors that provide NYSUT members with fee-based financial counseling services. Get unbiased advice that is customized specifically for you and your financial situation by visiting [the website](#) for more information.

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Krystal Barker Buissereth, CFA®, is a Managing Director and the Head of Financial Wellness for Morgan Stanley at Work. In this role, she is responsible for working with corporate clients and organizations on creating, implementing and managing financial wellness programs that meet the needs of their employees.

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