



5-Step Financial Action Plan

Step 1: Pay Off Your Credit Card Debt

1. Line up your credit cards from the highest interest rates to the lowest.
2. Pay the minimum on every single card to stay current.
3. When the card with the highest interest rate is paid off, put the amount you had been paying on it toward the next card in line. Keep repeating this process until each credit card has been paid off.

Step 2: Raise Your FICO Score

FICO is an acronym for Fair Isaac Corporation, the company that created the credit score. FICO scores go from 300 to 850. The lower your FICO score, the higher your interest rate. The higher your FICO score, the lower your interest rate.

1. If possible, pay more than the minimum every month on your credit cards.
2. Pay your bills on time.
3. Never go over your credit limit.

Step 3: Create a Spending Action Plan

Is your spending impulsive? How much do you buy each month that you don't really need? Reign in your spending in three steps.

1. Sit down with your expenses and separate *wants* and *needs*.
2. Circle all expenses that are *wants*.
3. If you have debt or no savings, eliminate the *wants*.

Step 4: Create a Savings Action Plan

Once your debt is paid down and your spending is under control, it's time to start saving. Here's how:

1. Save enough to cover eight months of expenses.
2. Decide how much you can save each month, then save an additional 20 percent.
3. Search for the savings account with the highest interest rate.

Step 5: Create a Retirement Action Plan

It's the day most people dream about: retirement. Here are three ways to make sure you have enough:

1. Don't panic when the market goes down.
2. Keep investing monthly in your 401(k) or IRA.
3. If you need the money within five years, take it out of stock market.