

Pay Yourself First - Financial Automation

- Overview – This document provides the steps necessary to help participants automate savings/investing based on their pay period.
- Required Information – Participant should have completed the basic 2 week cash flow tracker (<https://tinyurl.com/yc8xotke>) and identified spending leaks.
- Scope/Eligibility – Participant should be comfortable to allocating a line item from the 2 week budget as a saving/investing category

Step 1: Help your participant identify a savings goal. Even as little as \$5 a month to start will help them see the effects of saving over a longer term. Using your client's paystub it should be fairly easy to figure out what they make each hour. Encourage them to "pay themselves first" and save at least an hour worth of their time on a weekly basis at least.

Step 2: Help them set up a savings account that is not linked to their regular checking/savings account. Look through <https://www.bankrate.com/banking/savings/rates/> for a list of current savings/money market accounts available.

Step 3: After reviewing the 2 week cash flow or budget prepared previously (you should have allocated a line item for savings) set up a direct withdrawal or deposit system that pulls money from their primary account into this secondary savings account at set, regular intervals.

Step 4: Encourage them to leave this account untouched - opt out of a debit card so access is limited. Refer to other financial coaching articles referring to the power of compound interest to help them understand how their money will grow if left untouched.