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# A Step By Step Guide To Getting Your Financial Life On Track

**A “No Fluff” Guide On How to Manage Your Money,  
Get Out of Debt, and Increase Your Income.**



## About Us

Financial Advice For Beginners is a website that offers free financial advice on topics such as investing, insurance, how to become wealthy, budgeting, debt, and frugal living ideas. We regularly add new content, so check back often.

Our goal is to help you get started on the road to wealth.

We sincerely hope you find this book helpful!

Please feel free to forward copies of this book to anyone you think may benefit from it.

Contact us at:

<http://www.financial-advice-for-beginners.com/contact.html>

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## **Introduction**

### ***A New Chapter In Your Financial Life***

If you are struggling with debt, having trouble managing your money, or just aren't making enough money, you're reading the right book!

My intent with this book is that it will be a guide for you to get your finances on track as simply and easily as possible. This book isn't intended to be a detailed manual on complex financial subjects. It is simply meant to help you through the initial steps of gaining control of your finances and to show you ways of increasing your income.

I strongly suggest you follow this book in the order it is written. The concepts I'll discuss will help you build your “financial house.” And just like any new project, it's always best to start with a good foundation and work your way up.

I sincerely hope you find this information helpful. As always, I welcome your questions and comments. You can reach me by using the comment form on our website: <http://www.financial-advice-for-beginners.com/contact.html>.

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## **Step 1 – Protect Yourself and Your Family First**

### ***1.1 Build a Solid Foundation For Your Financial House***

The first step in building your financial house is to start with a solid foundation. You want a foundation that will hold your house up when it gets battered by the bad weather of life. So what type of material do you need for your foundation?

The answer is insurance. In simple terms, insurance is meant to manage future financial risk. It can help protect you from the financial risks associated with potential health problems, loss of a loved one (and the income they may have brought into the household), car accidents, fires, theft, etc.

This is why I suggest building your financial house on a base of insurance. You will be better protected financially from the unexpected and potentially costly things that can happen in life.

### ***1.2 How to Save Money on the Protection You Must Have***

Some types of protection, like car or home insurance, are required in many locations. While having this insurance is a good thing, there is no sense in overpaying for the coverage you are buying.

To help you reduce your costs for home and car insurance, you can apply these ideas:

**Always get multiple quotes:** Even if you think you have a great price right now, it's worth spending 10 to 15 minutes getting

comparison quotes. I have often seen this save people hundreds of dollars a year. A great website you can use to get multiple quotes with no obligation to buy is [Hometown](#) (**Canadian?** Use [this one](#) instead).

**Raise Your Deductibles:** A deductible is the amount you have to pay out of your pocket if you file an insurance claim. For example, say you have a repair that will cost \$2,500 and your insurance policy has a deductible of \$500. You will have to pay the first \$500 of any claim, and your insurance company will cover the rest. By increasing your deductible, you can usually save money on your insurance premiums, since the company will not have to pay as much toward your claims.

**Ask What Discounts Are Available:** Sometimes you can get a discount on your insurance if you have a college degree or you belong to certain groups or unions. Be sure to ask your insurance provider to see if they offer anything that might help get your premiums reduced.

*You can find more ways to save money on insurance in the insurance section of [www.financial-advice-for-beginners.com](http://www.financial-advice-for-beginners.com).*

## **1.3 The Protection Almost Everybody Should Have**

The insurance almost everybody should have is **life insurance**. Unfortunately, the majority of people either do not have life insurance at all or do not have enough coverage.

The main purpose of life insurance is income protection for your family. Losing a loved one is always difficult. But if that loved one was also contributing to the household income, that income is also

lost when they pass away. In many cases, the loss of that income can be financially devastating for a family.

Insurance can never replace a loved one, but by ensuring you have enough life insurance coverage, you can be certain that your family will not have to struggle financially if income is unexpectedly lost. With proper insurance in place, you can put the risk and worry behind you, and get on with enjoying your life.

## **1.4 Make Sure You Get the Right Type of Insurance**

There are two basic types of life insurance — that is, permanent life insurance and term life insurance. You want only one of these types of life insurance; let me show you why.

### **Permanent Life Insurance**

The first type is called permanent life insurance. It's name is fitting because this type of life insurance stays in effect until you pass away or you stop paying the premiums to maintain the insurance policy.

Most of these types of insurance policies also have various types of savings accounts tied in with them.

The three most common types of permanent life insurance are **whole life**, **universal life**, and **variable life**.

At first glance, having a life insurance policy that is in effect until you pass away and getting some savings built up at the same time sounds great. But here are some general reasons why I recommend staying away from any type of permanent life insurance policy.

### **High costs**

Most permanent life insurance policies are quite costly for very little insurance coverage.

### **High service fees**

Insurance companies and agents make a lot of money when they sell you permanent life insurance. So it is in *their* best interest to try to sell you this type of insurance. All those profits and commissions are coming out of the service fees you pay with your monthly premiums.

### **Poor returns on your savings**

Depending on the type of life insurance you buy, there are many investment options available. In many cases, if you compare the investment options within the life insurance policies to the comparable investment options available if you invested your money separately, the insurance investments usually do not perform nearly as well.

You are better off keeping your savings and investments separate from your life insurance.

### **Possible loss of your savings or insurance**

Again, depending on the type of permanent life insurance you buy, different rules could apply. Quite often when you pass away, any savings you had in your life insurance policy are lost. The savings you have accumulated are not always paid out to your beneficiary. The insurance company often keeps that money for themselves.

On the other hand, whatever savings you take from your policy

will often reduce your coverage by that amount.

If you have permanent life insurance now, you can check what your policy offers by looking for the *death benefit* amount showing in your policy. It's usually noted on the first two to three pages. Or you could call your insurance agent or company and ask them directly. See if you get a straight answer from them.

### **You may have to borrow your own money**

This is another concern with the savings portion of permanent life insurance. With many policies, if you would like to use some of your savings for something like a home improvement project, you may have to borrow your own money and pay interest on it until you pay it back in full.

To help illustrate this, imagine having a savings account at the bank that you have been putting money into faithfully for many years. One day, you decide to use some of that money to pay for home renovations. You go to the bank and fill out the withdrawal slip. When you give it to the teller, they say that they would be happy to give you your own money, but you'll be charged 8% interest on it until you pay it back in full. It sounds crazy, but many permanent life insurance policies work this way.

*You can learn more about permanent life insurance at [www.financial-advice-for-beginners.com](http://www.financial-advice-for-beginners.com).*

## **Term Life Insurance**

Term is the best life insurance you can buy. Term insurance is purchased for a specific period of time and is the cheapest type of life insurance.

The most commonly available terms are 1, 5, 10, 15, 20, 25, and

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