

# the four stages of your financial life

**PERSONAL  
FINANCE**



# Everyone wants to have a stress-free financial life.

In order to make financial progress, there have to be goals and milestones to measure your progress. There are four stages of your financial life that provide these goals and milestones. This guide will help you identify which of the four stages of your financial life you are in. It will also propel you forward by giving you clear cut goals to aim for. Simply complete the milestones in each stage, and you will find yourself in the next stage. Complete those tasks, and move on to the next one.



# Surviving

As the title states, this financial stage is all about survival. If you are in this stage, you have debt, you haven't stuck to a budget and you are struggling. But the good news is that there is a lot of room to improve! In order to move on from this stage you will have to accomplish these tasks:

- CREDIT CARD DEBT FREE
- ONE MONTH WORTH OF HOUSEHOLD EXPENSES SAVED
- TERM LIFE INSURANCE PURCHASED FOR TEN TIMES YOUR INCOME
- HOUSEHOLD BUDGET MAINTAINED ON A REGULAR BASIS

If you can't check off all four of these items, then you are struggling financially, whether you think so or not. There is no way around that. The positive spin is that you know specifically what you need to accomplish in order to move forward to the next stage. Arguably, this is the toughest stage to be in, but not for the financial reasons. This stage is the most difficult because you are forcing yourself to change your habits and to think differently about money. While this stage is tough, just know that the growing pains will pass.



# Driving

Congratulations, you are no longer just surviving your financial life! In “Driving,” you are making good financial progress like saving for retirement and building an emergency fund. Driving means you are aware of your financial issues, and you are taking care of them. It also means you have a budget, and you are working toward financial goals. But be cautious. This is a fluid financial stage, and it is easy to revert backwards to “Surviving.” Keep your financial momentum up by focusing on one goal at a time. In order to move on to the next financial stage, you will have to accomplish these tasks:

- THREE MONTHS' WORTH OF HOUSEHOLD EXPENSES SAVED
- STUDENT LOAN DEBT FREE
- WILL OR TRUST DOCUMENTATION COMPLETED
- RETIREMENT ACCOUNT CONTRIBUTIONS BEING MADE “UP TO THE MATCH”

This stage may take some time to complete, and that is okay. Driving is a great place to break old habits and form new financial behaviors that will help you move forward.



# Arriving

Definitions of financial success will always vary, but when you are in the arriving classification, you are more or less a financial success. You can't make your way into this classification by simply being smart or having a high income. You must be intentional. In order to move through this category, you will need to accomplish these tasks:

- MAXIMUM RETIREMENT ACCOUNT CONTRIBUTIONS
- SAVING AT LEAST 20 PERCENT OF YOUR TAKE-HOME PAY  
(IN ADDITION TO RETIREMENT FUND CONTRIBUTIONS)
- NO CAR PAYMENT

The best part about measuring success by this metric is that everyone has the same chance of succeeding. It doesn't matter if your income is \$50,000 or \$500,000. These requirements need to be achieved by everyone. This puts everyone on the same playing field and leaves no room for excuses. These tasks are achievable not by income amount, but by dedication and hard work.



FOUR  
STAGES  
OF YOUR  
FINANCIAL  
LIFE

# Thriving

- CHARITABLE GIVING PLAN IN PLACE
- HOME PAID OFF
- RETIREMENT PLAN IN PLACE, FULLY FUNDED, AND READY TO PAY OUT WHEN NECESSARY
- NO NEED FOR EARNED INCOME — PASSIVE INCOME PAYS THE BILLS



# How long does each stage take?

Working hard is easy... when you only have to work hard for a few hours or weeks. When years come into the picture, it gets tricky. Burnout is a common problem. Keeping the end goal in mind will keep your vision strong, but focusing on accomplishing smaller tasks will keep your momentum up. Working through each stage, while difficult, builds the financial habits that make progress smoother over time. There is no time frame for each financial stage. Some may take a few months, and others may take years or even decades. Don't be afraid of that. Just like seasons in life, the financial stages are meant to encourage you with your progress while helping give you direction for the future.



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