



5 Tips to Increase Your Financial Calm, Confidence and Clarity

By Manisha Thakor, MBA, CFA, CFP®
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Welcome, friend!

Having worked in financial services for over 25 years, time and time again I'm struck by how infrequently we speak to each other in a deep, heartfelt, and mindful way about money. So in these pages, I'm going to go 'there' with you. In this 'MoneyZen Manifesto' I share 5 bite-sized, jargon-free financial tips that you can use to shore up your financial foundation starting today.

It's my hope that the brief insights you'll find here - plus the additional ones in my newsletters, books, website and social media feeds - will help you redefine your relationship to money and create a life that's in alignment with your deepest values. When you get to this place, I call that... MoneyZen.

Here's to you and your MoneyZen,

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Tip 1:

“Buy few, but buy the best you can afford”

So said my grandfather, Bhaskerrao Thakor, over 40 years ago in Ahmedabad, India. His advice is more timely than ever. The combination of online shopping, bulk purchases at in-person superstores, and a subconscious acceptance of “disposable” consumerism, have increasingly become the norm in many parts of the globe.

“Buy few, but buy the best...” Six small words. One life-altering concept. What I learned from my grandfather is that a handful of things, thoughtfully selected and diligently cared for over the years, can create a deep sense of satisfaction. Each time you see, touch,



or use these items you think, “Ahhh, I have made a good choice and feel content.” It’s much deeper than quality over quantity. It’s a way to repeatedly appreciate what you have versus coveting that which you do not. The same dynamic holds true for high quality experiences.

“...you can afford.” Three powerful words. A life of financial freedom. What I learned from my grandfather was that if you can’t pay cash, you can’t afford it. And yes, charging it to your credit card

for convenience and paying it off in full and on time when the statement comes, counts as paying cash in today’s more financially digitized world :).

However, with revolving credit card debt increasingly easier to access, today’s consumers are tempted 24/7 to buy exactly what they want, whenever they want, irrespective of the long-run impact on their finances or the environment. To add insult to injury, when someone with a shinier, newer version of our latest purchase crosses our path, a toxic combination of FOMO and “lifestyle creep” (more on this in Tip 2) can seep into the crevices of our minds. We then find ourselves over-spending to equalize or eclipse what we see others having. The result? Not only can this behavior lead us to use debt to support an aspirational lifestyle we truly can’t afford, but worse, it robs us of lasting joy with what we already have.

My take-away? When you *“buy few, but buy the best you can afford,”* you set yourself up to experience contentment today, solid financial footing tomorrow, and a healthier planet for all.

Tip 2:

Harness the Power of the 50/30/20 Principle

Studies by organizations ranging from the Federal Reserve to Pew Research consistently report that nearly 50% of Americans spend more than they earn. A recent study by Mint.com reports that 65% of Americans do not know how much they spent last month. What's at the root of these shocking statistics?

It's simple. Very few of us were ever taught anything about personal finance, let alone given straightforward guidelines around how to spend our money. If you ask the average person (or heck, even yourself!), *"What is a healthy mix between spending on needs and wants versus saving for the future?"* you will likely get a blank stare.

Enter the 50/30/20 "Balanced Spending Formula" first popularized by Elizabeth Warren in her book *ALL YOUR WORTH* written back when she was a bankruptcy professor at Harvard Law School. The Balanced Spending Formula suggests that an ideal allocation of your take-home pay looks roughly like this:

- **50% – Needs** (housing, transportation, food, health insurance, childcare necessary to work)
- **30% – Wants** (all the fun stuff - you choose!)
- **20% – Savings** (for an emergency fund, higher education, retirement, and other big life goals)

The overarching point is that we each have a "spending pie" of after-tax money which adds up to 100%. Spend more than 100% of that money and basic math dictates that you are now in debt. However, as with all things personal finance, these guidelines are not intended to be one-size-fits-all. The formula is meant to serve as a financial compass so you can adjust your path based on current circumstances.



Tip 2: Harness the Power of the 50/30/20 Principle, cont'd

For example, if you live in a very high cost area of the country like the East or West coasts, your housing may be so expensive that it bumps your spending on needs to well above 50%. This is exactly where the 50/30/20 principle steps in with its almost magical power to help you assess the competing demands on the rest of your money. You can now easily see that to make the numbers work, if you elect to spend more than 50% on needs, you will have to spend less elsewhere - or go into debt.

The easiest (and let's be real - the most fun :) solution to this kind of dilemma is to cut back on saving for the future. The trouble is we are the first generation that quite literally could live in retirement longer than we worked. Think about it. Say you retire at 65, and then live to 95. That means for every year you worked the money you earned not only had to pay for that year's living expenses, but you needed to save and invest enough of it so that it could cover potentially as much as an entire year's expenses in your retirement. Wowser.

This is why so many people tell me that making financial decisions in the context of the 50/30/20 framework is so powerful. It serves as a north star to help guide your spending in a way that enables you to have the best of both worlds: enjoyment today and security in the future. Focus on that sweet spot, and you'll find your MoneyZen!

Tip 3:

Beware of Lifestyle Creep



Do you ever feel like your possessions are holding you hostage? Or perhaps your spending habits are leaving you with mere pennies by the end of the month? If you've ever suffered the pangs of financial indigestion, you may be one of the millions of Americans suffering from... lifestyle creep.

What is Lifestyle Creep?

Lifestyle creep occurs when the more you have, the more you think you need. Here's an example. You get a new pair of pants. But they don't go with your old shoes. So you have to get a new pair of shoes. Then your bottom half looks so spiffy you feel the need for a fresh top. In this dandy outfit, however, you no longer look so good in your old clunker of a car so... well, you get the point. Here are three signs that "the creep" might be happening to you, how it can turbo-charge

bad spending habits, and what you can do to reel it in:

- 1. You have a public storage unit and have forgotten what's inside.** An amazing 1 in 10 Americans have them. As of 2021 there were 1.9 billion square feet of public storage space in the U.S. - over 3x times the square footage of Manhattan! Yeesh, that's a lot of stuff. If you've got a storage unit key jingling around in your pocket and can't even remember what's inside, it's probably time to reevaluate what you have, the rate at which you are acquiring possessions, and which of the stored items are really going to bring you lasting joy.
- 2. Your house has more toilets or TVs than occupants. My maternal grandmother's house in Rochester, NY had 1 toilet, 1 TV, and 4 occupants.** Everyone made it to adulthood just fine. Think about your home right now. What does your ratio look like? At one point when my personal life was in total incongruence with my financial values I found myself having homes in 2 states with a total of 7 bathrooms and 6 TVs for 2 people. Say, what?! In today's hyper-consumerized society, it's really easy to confuse what we want with what we actually need to bring ourselves true, lasting joy in life. So if your toilet or tv-to-people ratio is off, it may be time to start right-sizing your life.

Tip 3:

Beware of Lifestyle Creep, cont'd

3. You shop online (or at the mall) more often than you go to the grocery store.

Growing up I can remember visiting family in India in the 1970s and 1980s. In this era going to the local market for fresh vegetables, fruits, etc. was a daily ritual. Lacking a plethora of pre-packaged food-like items that can live on shelves for decades (yep, speaking to you Mr. Twinkie and Ms. PopTart :), you had to shop for what you needed in real time lest it spoil before you ate it. Today many of us shop online or at the mall for consumer goods more often than we shop at the grocery store for food. Why? The reasons vary by person: It's fun! Great sale! Gift with purchase! Bulk discount! The real question, of course, is are we shopping for our consumer goods from a place of need or of want?

My goal with this (somewhat tongue-in-cheek) list is to help you think about where “lifestyle creep” may be causing you to spend your hard-earned money in ways that don't necessarily maximize your overall financial wellbeing and enjoyment of life. You can easily determine if you might be heading off-path by asking yourself this simple question before buying anything: “*Why?*” And here's the magic. When your answer to “*Why?*” is in congruence with your core values, your future purchases will bring you closer and closer to your unique MoneyZen!

Tip 4:

Talk Money With Your Honey

It's one thing to read, study, learn and adopt my approach to redefining your relationship to money. But what if this isn't just a YOU conversation but an US conversation? As a female financial professional focused on helping women increase their financial wellbeing, I've become very clear-eyed about the role of money—and the ritual of talking about it—can be in relationships.

Given how vital a role money plays in creating a daily life that's in alignment with your deepest values (i.e. getting to your place of MoneyZen) it never ceases to amaze me how little guidance we get around how to talk money with our honey. One common theme I hear is, "I don't even know what to be asking!" Below you'll find a starter list of 5 items you'll want to have discussed before moving in together and/or getting married. If your palms are feeling sweaty at the thought of this, know that taking it slow is the best way. Bring these topics up at various points as your relationship deepens, not all at one sitting.



- 1. Your credit score.** This 3-digit number won't tell you everything about your honey — life's upheavals can force a credit misstep from even the most financially responsible people — but it's a logical starting place. '700-plus credit' may not sound sexy, but it does indicate your sweetie places a premium on making timely payments and having low overall debt loads.
- 2. Demands on your cash (present and future).** While it takes just two to tango, the party can grow larger pretty darn fast! From children to dependent elderly parents to charitable giving and clothing/grooming/entertainment budgets, there will be competing demands on your household income. Discussing your respective current priorities can help stave off future disagreements and disappointments.

Tip 4:

Talk Money With Your Honey, cont'd

3. **Your income.** Yes, some folks get married without even knowing how much their spouse earns. It's not to say that you can't keep your money separate—many happy couples do—but if you are going to live together, a full disclosure of earnings, retirement accounts, and other assets/liabilities is in order. This clearly isn't a first date topic. However, if you think you've found 'the one', this is data you absolutely need to share before committing to a lifetime together.
4. **Your financial personality.** Are you a saver or a spender? Turns out financial opposites often attract. Sadly, if those differences are left unaddressed, they can lead to some pretty big money tensions over the long-run. But it's not a fait accompli. When you're willing to talk about—and, yes, compromise— you may be surprised how easy it can be to find win-win ways to balance your respective financial outlooks.
5. **The age at which you plan to retire.** Why? Odd as it may sound, this answer will have a tremendous impact on all sorts of key interim decisions: your savings rates, budget for major purchases, where you send your kids to school, and how you decide to live. If it turns out that you and your partner have very different long-term expectations around this issue, stress can easily flare up as you try to enjoy life during the intervening years. For example, say you personally are determined to stop working early and thus you are willing to bypass most extravagances along the way to make that happen. Yet at the same time your honey expects to work until their last breath and wants to spend freely along the way. You see where I'm going with this....

You may believe these topics will take a huge bite out of the bliss of early romance, but I think you'll be pleasantly surprised. While money is not an inherently romantic topic, honesty and agreement around this subject builds trust—and THAT preserves Cupid's promise. If you want more guidance on HOW to talk about these issues you can use this short, fun [financial compatibility quiz](#) or read [Get Financially Naked](#).

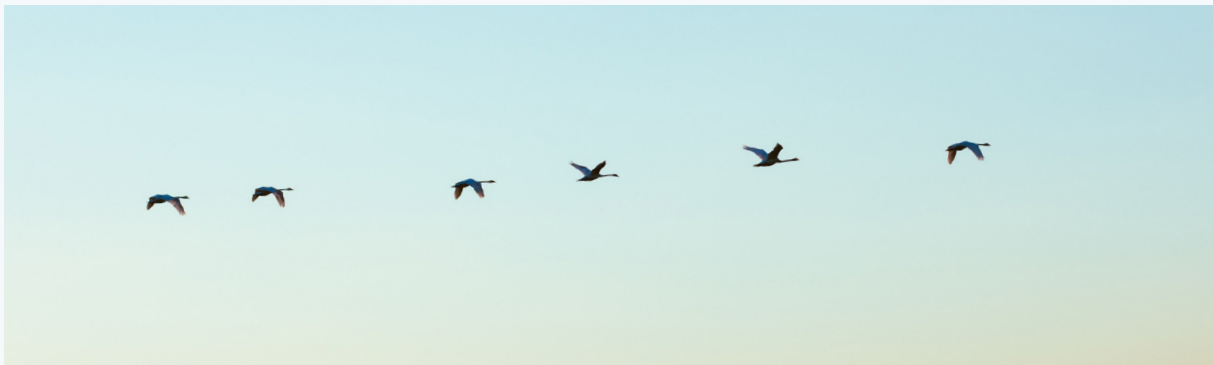
Tip 5:

Set Boundaries to Have Real Freedom

We are often taught that the benefit of a budget is that it establishes boundaries. What is discussed far less, however, is how boundaries can actually set you free to focus on what will truly make your heart sing.

Let me explain. Because we live in a world with so many choices, people often think of budgeting as a dreary, constraining, joy-restricting activity. However, when done correctly, budgeting actually creates an inspirational financial haven around you - by simplifying your set of choices. This in turn helps you more clearly make spending decisions that will maximize your current and future happiness.

I was recently reminded of just how powerful boundaries can be while updating my



wardrobe for upcoming keynote speaking and TV appearances. You see, I hate shopping. I'm also fashion challenged. To solve both problems at once, I hired an amazing personal stylist. Our first step was to establish a clear budget for her to work within.

To my amazement, the simple act of setting a financial boundary around a process (shopping) that generally is stress-provoking for me... unleashed a flood of happiness. By deliberately limiting my option set (in this case with a spending cap and the yes/no guidance from the stylist) I felt true joy trying on clothes and accessories. Why? Because I was doing so with a mindset of optimizing my happiness within the boundaries I had set.

This experience inspired me to reflect on how other forms of financial boundaries can set us free. Below I share a few.*

- 1. View regular, scheduled financial planning sessions (with yourself or with an advisor) as a form of self-care.** Ignoring the truth of our financial situation is a form of self-sabotage. It opens the door to the temptations of instant gratification and the accumulation of debt that can compromise our capacity to take care of ourselves financially.

Tip 5:

Set Boundaries to Have Real Freedom, cont'd

- 2. Embrace financial limits to feel authentic joy.** Paradoxically, having limits shows us we have the power to create what we truly desire instead of being subject to the spin of consumer addiction. Financial limits - established by choice or even necessity - create a stark contrast to the artificial sense of freedom felt when we live beyond our means, only to find ourselves drowning in debt.
- 3. View personalized boundaries as a path to your financial freedom.** Without boundaries – in what we eat, how much we sleep, how much we work, how much we play, etc. – it's very difficult to live a healthy, fulfilling life. Boundaries, even financial ones, help us create the personal balance needed to maximize our quality of life.

**Pro tip: Identifying new, empowering, personalized boundaries can be super helpful in generating forward momentum when - as every human does - you find yourself taking an inevitable step back in your quest towards MoneyZen!*

Conclusion

Congratulations, you've officially taken your first step towards MoneyZen - bathing your brain in knowledge around mindful and meaningful management of your money.

Financial education is an essential aspect of self-care. It provides the foundation for living a life that makes your heart sing. Committing to honor and nurture your financial wellbeing is one of the best investments you can make to your overall wellbeing.

For even more MoneyZen inspiration:

- Visit the [Financial Wisdom](#) section at MoneyZen.com for my index of go-to resources and tools, organized by topics like making major purchases, dealing with debt, investing basics, and finding trust-worthy financial advice.
- Check out my [books](#), which I co-wrote for women in their 20s, 30s, and 40s, and which provide a powerful introduction to Personal Finance 101.
- Explore my [online courses and in-person workshops](#) to help you develop a positive relationship with money.

If you'd like to connect online you can find me here: [Instagram](#), [Facebook](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

If you found this information useful, help another loved one in your life find their MoneyZen by forwarding this Manifesto!

Thank you for taking the time to read these pages and join the MoneyZen community. I hope these initial snippets inspire you to learn more about the types of financial action steps that can help you create the abundant life you desire.

I'll be here, in your corner, cheering you on!

A handwritten signature in blue ink that reads "Manisha". The signature is fluid and cursive, with a long horizontal line extending from the end.

About Manisha

Manisha Thakor is the Founder of the financial wellbeing consultancy MoneyZen LLC. She is also a nationally renowned financial literacy advocate for women.

Known for making the complex simple, the cornerstone of Manisha's work is a concept she calls "MoneyZen," a joy-based approach to personal finance honoring the core values of simplicity, freedom, and abundance.



Manisha is the co-author of two critically acclaimed personal finance books for young women: ON MY OWN TWO FEET: a modern girl's guide to personal finance and GET FINANCIALLY NAKED: how to talk money with your honey. Manisha is also a board member of The National Endowment of Financial Education and sits on Faculty at The Omega Institute's Women's Leadership Center.

Manisha's financial advice has been featured in a wide range of national media outlets including CNN, PBS, NPR, The Today Show, Rachel Ray, The New York Times, The Boston Globe, The Los Angeles Times, Real Simple, Women's Day, Glamour, Marie Claire, Cosmopolitan and Women's Health.

Manisha earned her MBA from Harvard Business School in 1997 and her BA from Wellesley College in 1992. She is also a CFA charterholder and CFP® practitioner. Manisha lives in Portland, OR.

About MoneyZen

MoneyZen is a boutique financial wellbeing consultancy and content hub. It is through this entity that Manisha teaches, speaks, writes, and consults on a wide range of financial literacy and financial education topics. Her teaching is both in-person and online, her speaking is typically large-scale keynotes, and her consulting includes corporate spokesperson and specialty assignments. On the Financial Wisdom tab of [MoneyZen.com](https://www.moneyzen.com) she maintains an extensive set of curated content related to the twelve most frequently asked about personal finance issues.

