

Planting the Seeds for Financial Success

A Chinese Proverb shares the wisdom, “All the flowers of all the tomorrows are in the seeds of today.” While many of our minds go directly to our gardens and has us thinking about the excitement of the first signs of green poking through the ground, I want to focus us on how this wisdom translates to other parts of our lives. Specifically, how this pertains to our financial life. Quite often I am in social conversations with people who find out I am a financial advisor, and they share how they have so much fear and anxiety around their finances that they just don’t even want to think about it. Think of their financial garden as an empty plot of land behind their home that they stare at every day. They know they should start planting the seeds, providing the water, amending the soil so that their garden can grow, but they are so overwhelmed they just can’t bring themselves to take the first step. The land starts to dry and eventually weeds start to pop up. Soon they are filling the entire plot of land. This has made things more overwhelming because first the weeds must be pulled before you can even think about planting your seeds.

Can you see how this analogy can explain how people can get behind and feel overwhelmed with their financial planning? It’s often less traumatic for people to just be content with their weed garden and look the other way, not wanting to confront it. But then one day they will walk by another home where there is a beautiful garden filled with blooming flowers and not a weed in sight. It is at that point that they have a choice. They can be resentful to the homeowner of the beautiful garden and go home and look at their weed garden, or they can appreciate the dedication they took to plant, water and nurture every seed until it grew into this beautiful display. Sure, weeds will pop up here and there, but by tending it regularly, those weeds can be easily managed.

What does your financial garden look like today? Have you started planting the seeds? Are you regularly watering them? Or do you have that dry plot of land overrun by a spread of weeds? I’ve shared in previous articles advice and tips to help move through life making good financial decisions, but what if you are starting out overwhelmed by an overgrown weed garden? Let’s address the weeds one by one!

Weed #1: Poor Spending Habits

Do you have a budget? I know, I know, budget is a six-letter word that no one likes to talk about. However, the foundation of getting your garden ready to plant seeds is to spend less money than you make so that you can save and put some of your hard-earned money towards your future goals. Think of a budget as a weed killer! You are starting to take back control of the situation by knowing where your money is being spent and then reducing spending in areas that are wasteful. Do you eat out too often instead of cooking at home? Is the Amazon delivery driver on your Christmas Card list? Write down every penny you are spending for a month and assess where you can cut back. The quickest way to a garden full of weeds is to live beyond your means. Spray that weed killer and start preparing your plot to be ready for future seeds!

Weed #2: No Emergency Fund

Life happens. Cars break down, houses have repairs that are needed, an illness may lead to medical bills. This is all part of life! But this is also why it is so important to have an emergency fund. Once you have your budget in place, start taking that freed up cashflow and save it in an emergency fund. Your

first goal should be to have \$1000 that you don't touch. Eventually, you will want to build to 3-6 months of expenses in your emergency fund, but we need to deal with Weed #3 once we have a little cushion in our emergency fund before we really start saving more.

Weed #3: High-Interest Debt

You are starting to make a dent in the weeds with your budget, but now you need to deal with the ramifications of not having a budget or an emergency fund! Debt! If you have a credit card that you use and it carries a balance that you don't pay off every month, you have weeds! That balance is accruing HIGH interest charges, and this is leading to weeds spreading to more weeds, bogging down your garden. First, stop using your credit card. Follow your budget and don't spend money if you don't have it in your account right now. I do want to be clear, don't cancel your credit cards because this can hurt your credit. Just don't use them until you can learn to use them responsibly. Now that you have Weed #2 taken care of and you have your \$1000 in your emergency fund, take those extra funds from your budget you used to build up that fund and put it towards your highest interest credit card. Paying more than the minimums every month is the only way you will start to see the fruitful soil laying just below this layer of weeds! Keep doing this until all of your credit cards are paid off and don't let Weed #4 pull you back into bad spending habits.

Weed #4: Self-Doubt and Fear

If you are following our garden reclamation process, you are making progress! The weeds are receding, and you are starting to see the potential that you too can one day have a garden of beautiful blooms. The most invasive weed, however, is still rooted deep in your garden. Weed #4 is self-doubt and fear. Henry Ford famously said, "Whether you think you can, or think you can't- you're right." Once you have cleared most of the weeds and see that you have a big job ahead of you planting the right seeds, watering them just enough and nurturing them, self-doubt can start to creep in. You CAN do this if you take it one step at a time, just like you cleared the weeds one step at a time. Don't compare your progress or how your garden looks to others, be proud of how far you have come from what it once looked like. These weeds have very deep roots and maybe even small thorns and will be the toughest to pull, but once they are gone your garden will be ready for growing.

The seeds you will plant one at a time. The first may be to revisit your emergency fund and start putting the extra monthly funds towards this. Once that is at 3 months' worth of expenses, the next seed may be contributing some funds to your retirement plan at work. Or if you don't have a retirement plan at work, starting your own retirement account like an IRA or a Roth IRA. You can open these accounts, in most cases, with as little as \$25. Just opening an account with the minimal amount is planting a seed! The next seed may be to set the account up to automatically put \$5 a month into the account when you get paid. Over time, the habits you built to rid the garden of weeds will help you more successfully be able to plant more and more seeds. What may seem like a small accomplishment today can blossom into a beautiful success in the future. As Audrey Hepburn said, "To plant a garden is to believe in tomorrow." Believe in yourself and believe in tomorrow. Pull those weeds and plant those seeds!

Do you have a specific question? E-mail me at: anne.e.schutt@nm.com and we can include your question in an upcoming article.

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