



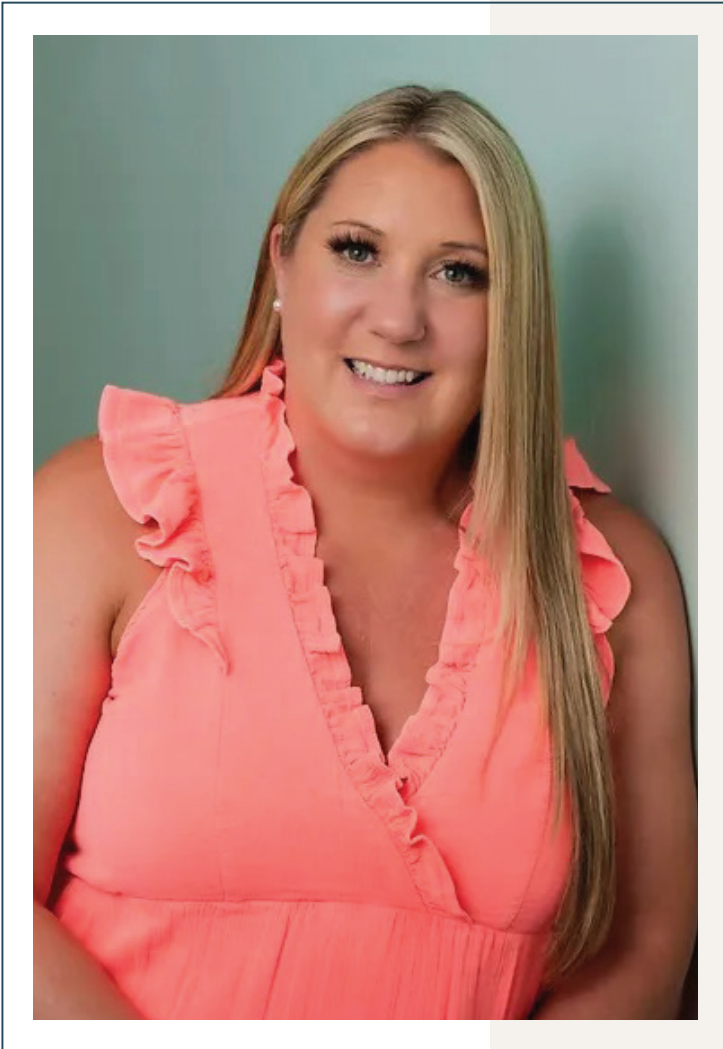
Financially
Fit *LIVING* &

The **SAVE**
Method

TABLE OF

CONTENTS

About Me	03
Introduction	07
Step 1: START	11
Step 2: AUTOMATE	23
Step 3: VALUE	33
Step 4: EVALUATE	43
Tax Planning 101	47
Estate Planning	51
Plan For Your Future	56
Track Your Progress	57



About Me

**Katie A. MacDonald,
CFP® , CRPC® , CDFIA® ,
SE-AWMA™**

I am a Certified Financial Planner with over 20 years of experience in the financial industry. My passion lies in helping individuals and families navigate the complexities of personal finance, providing tailored strategies that empower them to achieve their financial goals. I specialize in reducing the stress and anxiety often associated with financial planning, offering clear guidance and support every step of the way. Nothing gives me more pride than seeing my clients succeed and gain confidence in their financial future.

The SAVE Method



START

- Know Your Why & Goals
- Understand Your Cash Flow
- Needs vs. Wants
- Budgeting



AUTOMATE

- Cash Reserves
- Systematic Savings
- Goal “Buckets”
- Debt Payment Strategies



VALUE

- Healthy Credit Habits
- Credit Card Basics
- Credit Score Basics
- Understanding Your Credit



EVALUATE

- Tax Planning 101
- Estate Planning
- Plan For Your Future
- Track Your Progress

Introduction

The SAVE Method: Your Guide to Financial Wellness

Financial fitness is not just a goal, but a journey. The SAVE Method is designed to guide you step by step through that journey, giving you the tools to take control of your financial future. Whether you're new to financial planning or looking to refine your strategy, this method will help you build a sustainable foundation for your finances.

In this book, we'll explore the four key Steps of the SAVE Method—START, AUTOMATE, VALUE, and EVALUATE. Each Step is crafted to help you understand, plan, and take action toward a healthier financial future.

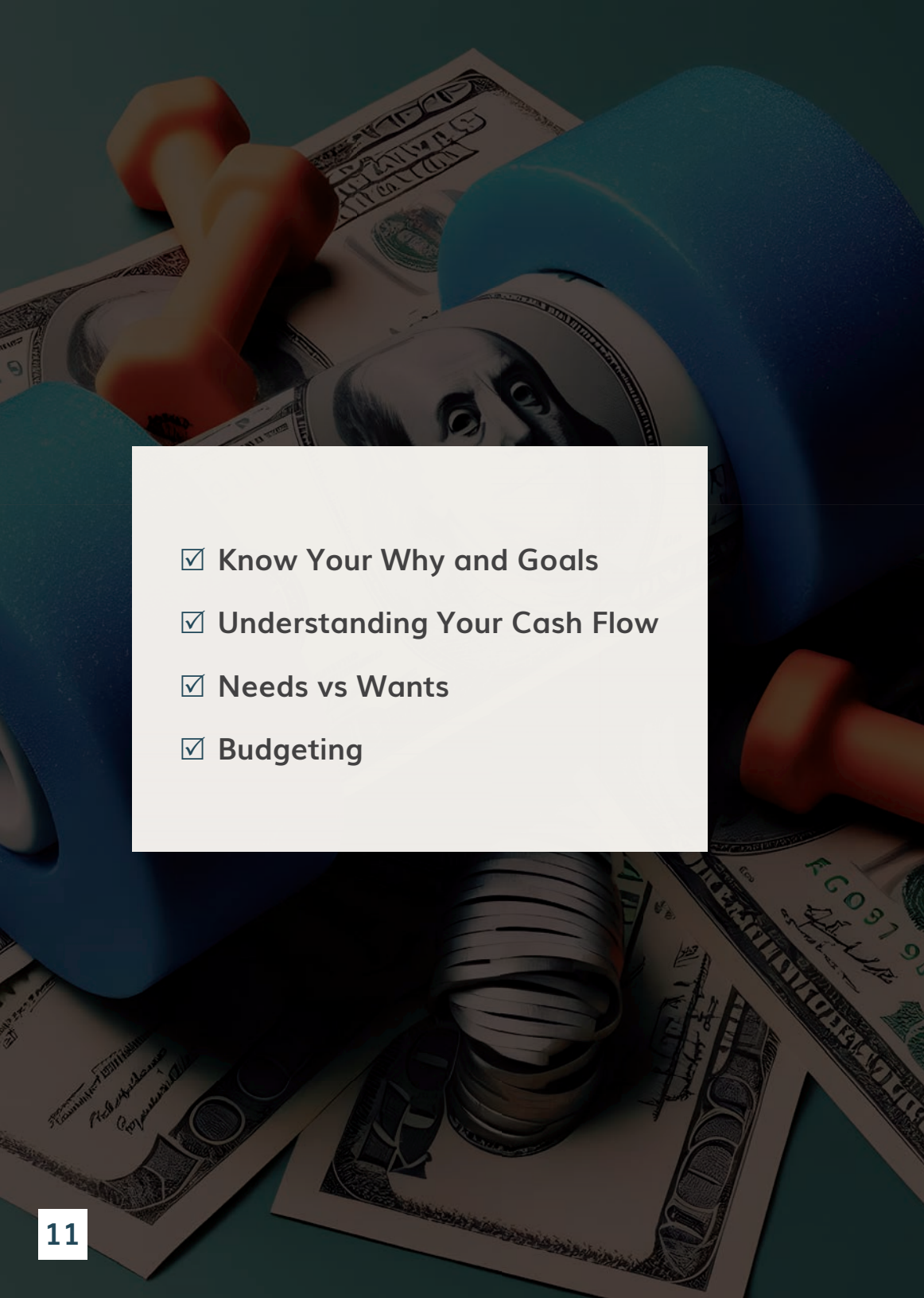
Ready to begin? Let's dive in!





Step 1: START



- 
- ✓ Know Your Why and Goals
 - ✓ Understanding Your Cash Flow
 - ✓ Needs vs Wants
 - ✓ Budgeting

“ Reaching financial fitness isn’t a mere wish or state of mind; it’s a realistic goal for anyone willing to strive for and adopt it.

-Katie MacDonald,
financial advisor and
owner of MacDonald
Wealth, LLC



The cornerstone of financial success is understanding your “why.”

Ask yourself, “Why do you want to manage your finances better?”

Whether it’s to buy a home, save for retirement, start a business, or reduce financial stress, knowing your personal motivations gives meaning to your financial journey.

Your “Why” is the emotional motivator that fuels your commitment to achieving your goals. Start by reflecting on what you truly value in life.

What are the non-negotiables in the context of personal finance? These goals might include:

- ◇ Create an emergency fund to safeguard against unforeseen expenses.
- ◇ Saving for a child’s education or your dream retirement.
- ◇ Becoming debt-free to reduce financial anxiety.

Once you've identified your "why," turn it into actionable financial goals.

Set your goals using the SMART framework:

- ◇ Specific
- ◇ Measurable
- ◇ Achievable
- ◇ Relevant
- ◇ Time-bound

This method ensures your objectives are clear, actionable, and aligned with your overall financial vision. Rather than vaguely stating, "I want to save more," a SMART goal could be, "I plan to save \$5,000 in the next 12 months for a vacation." This approach adds clarity, focus, and accountability to your financial objectives.





Understand Your Cash Flow

The next step in your financial journey is understanding where your money comes from and where it goes. Cash flow is simply the movement of your income (inflow) and expenses (outflow). Begin by tracking all sources of income, including salary, side gigs, investments, and passive income streams.

Then, track your monthly expenses. This includes everything from rent or mortgage payments to groceries, insurance, subscriptions, and discretionary spending. The key to understanding your cash flow is identifying patterns.

Are you consistently overspending in certain categories?

Are you setting aside enough for savings and emergencies?

By understanding your cash flow, you'll have a clearer picture of your financial health.

Needs vs. Wants

Identifying the difference between needs and wants is essential for creating a successful budget. Understanding this distinction allows you to prioritize spending on what truly matters while managing your finances wisely.

Needs are the essentials for survival—housing, food, utilities, healthcare, and transportation. Wants, on the other hand, are non-essential expenses that bring you comfort or enjoyment—eating out, vacations, entertainment, or luxury items.

By categorizing your expenses into needs and wants, you can prioritize spending and cut back on non-essential items when needed. This approach empowers you to take control of your spending and direct more funds toward your goals.



Budgeting

Budgeting is the roadmap for your financial journey. A well-constructed budget ensures that your money is working for you and that you are consistently moving toward your financial goals. Start by creating a simple monthly budget that allocates income toward essential expenses, savings, and debt repayment.

Make sure to account for:

- ◇ Fixed expenses (rent, mortgage, insurance)
- ◇ Variable expenses (utilities, groceries)
- ◇ Savings goals (emergency fund, retirement, etc.)
- ◇ Discretionary spending (entertainment, hobbies)

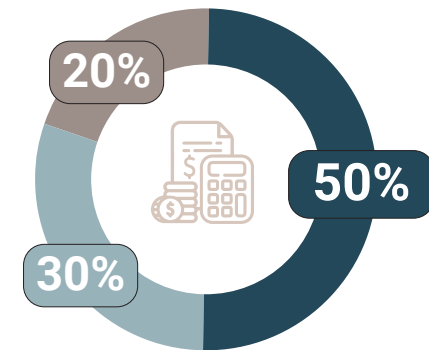
Sticking to a budget doesn't mean depriving yourself, but rather being intentional about how you spend and save.

A good budgeting tool that is easy to use, and follow is the 50/30/20. The breakdown for the budget is:

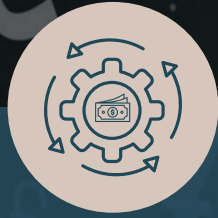
50% - fixed expenses (needs)

30% - discretionary expenses (wants)

20% - savings and debts



Regularly revisit your budget to ensure you're staying on course and make any necessary adjustments to keep your financial plan aligned with your goals.



Step 2: AUTOMATE

- ✓ Emergency Fund
- ✓ Systematic Savings
- ✓ Goal “Buckets”
- ✓ Debt Payment Strategy

“ Do not save what is left after spending but spend what is left after saving.

-Warren Buffet,
businessman, investor &
philanthropist

EMERGENCY FUND

An emergency fund is a bank account where you set aside money to pay for unexpected expenses. These funds create a financial buffer to keep you afloat during times of financial needs.



“ The secret to creating lasting financial change is to decide to pay yourself first and then make it automatic.

-David Bach,
author of the *Finish Rich*
book series

Cash Reserves

Having cash reserves—or an emergency fund—is one of the most critical components of financial security. Experts recommend having three to six months' worth of living expenses set aside in a readily accessible account. This fund acts as a safety net for unexpected events like job loss, medical emergencies, or sudden car repairs.

Automating monthly contributions to your emergency fund ensures you're consistently building this reserve without needing to think about it. Begin with modest contributions and progressively increase the amount you save as your income expands.

Systematic Savings

Systematic savings refers to the practice of automating your savings contributions to retirement accounts, investment funds, or other long-term financial goals. By setting up automatic transfers, you're less likely to skip contributions and more likely to achieve your financial goals over time.

You can designate specific amounts for different goals, such as retirement, a home purchase, or a major vacation. This “set-it-and-forget-it” approach helps you build wealth consistently without needing constant attention.

Goal “Buckets”

Using goal “buckets” is a great way to organize your savings for different financial objectives. Each bucket represents a specific goal, such as a vacation fund, a down payment on a home, or your children’s education. By compartmentalizing your goals, you can allocate funds appropriately and track your progress toward each.

You might set up multiple savings accounts or use an app that allows you to visually track these different goals. The clarity and motivation that come from seeing each bucket fill up is highly encouraging.

Debt Payment Strategies

Debt can be a major roadblock on the path to financial well-being, but with a solid plan, it becomes a challenge you can confidently overcome.

Consider these two popular methods:

- ◇ **The Debt Avalanche:** Focus on paying off high-interest debt first while making minimum payments on the rest. This method saves the most money on interest over time.
- ◇ **The Debt Snowball:** Start by paying off your smallest debts first to build momentum and confidence, then work up to larger ones.

By automating your debt payments and sticking to a clear strategy, you can accelerate your progress toward becoming debt-free.





Step 3: VALUE

%

%

%

%



Focus not on what you earn, focus on how you spend what you earn.

-Steve Magnus, coach and author of *Do Hard Things*

- ☑ Healthy Credit Habits
- ☑ Credit Card Basics
- ☑ Credit Score Basics
- ☑ Understanding Your Credit



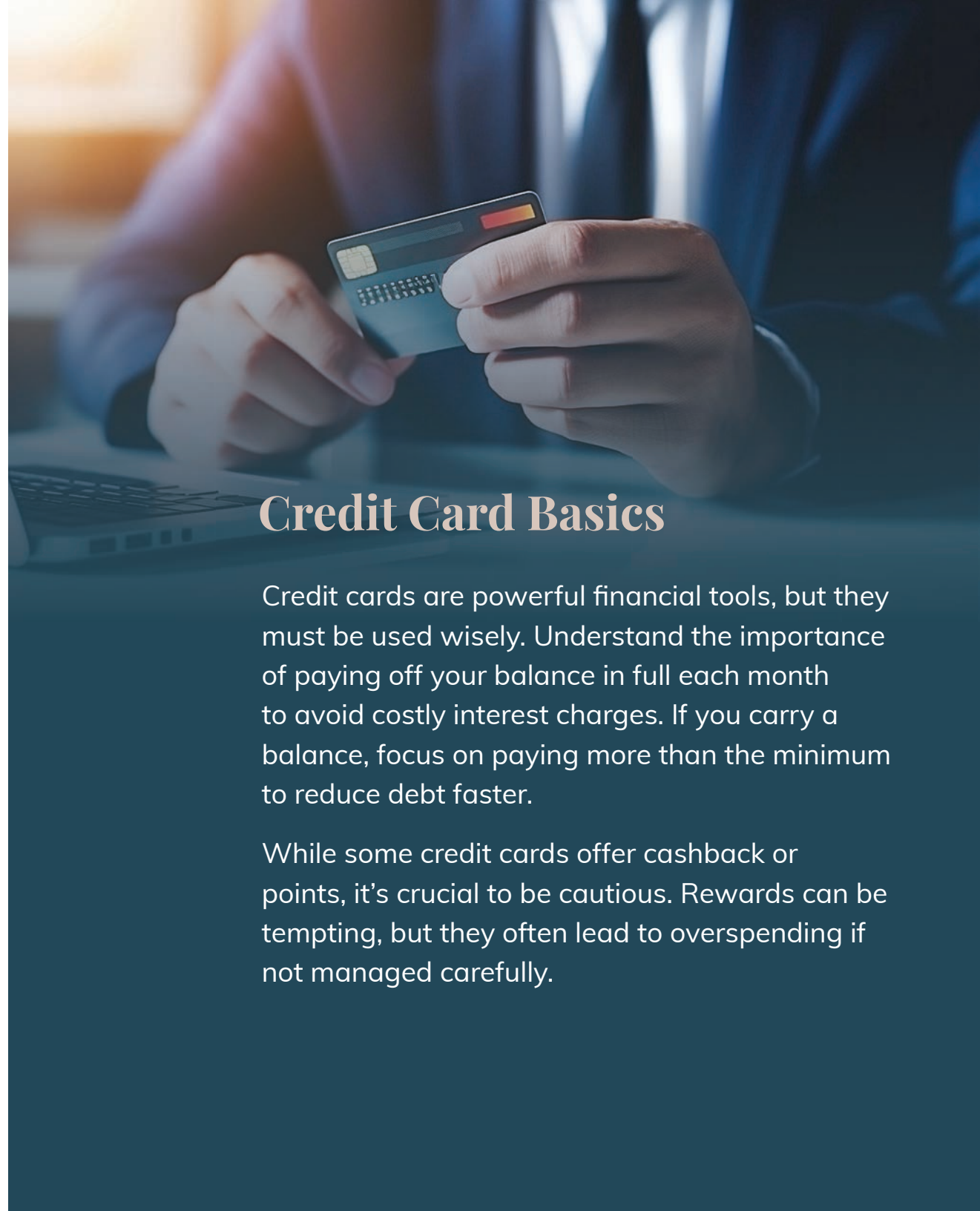
“ Just because
you can afford it
doesn't mean you
should buy it.

-Suze Orman,
financial advisor, author,
and podcast host

Healthy Credit Habits

Maintaining healthy credit habits is crucial for long-term financial success. Good credit allows you to secure loans, mortgages, and credit cards at favorable interest rates. Healthy habits include paying bills on time, keeping credit card balances low, and not overextending yourself with credit.

Regularly reviewing your credit report helps you stay informed about your financial standing and spot any potential errors.



Credit Card Basics

Credit cards are powerful financial tools, but they must be used wisely. Understand the importance of paying off your balance in full each month to avoid costly interest charges. If you carry a balance, focus on paying more than the minimum to reduce debt faster.

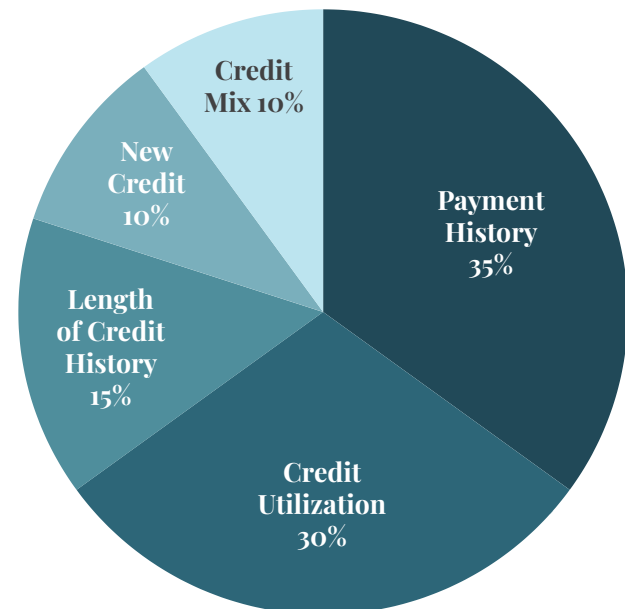
While some credit cards offer cashback or points, it's crucial to be cautious. Rewards can be tempting, but they often lead to overspending if not managed carefully.



Credit Score Basics

Your credit score is a three-digit representation of your overall financial well-being. It's determined by factors like payment history, credit utilization, the length of your credit history, types of credit, and recent credit inquiries.

A good credit score (typically 700 and above) opens doors to favorable loan terms, lower interest rates, and higher credit limits. Consistently managing your credit well can improve your score over time.





Step 4: EVALUATE

- ✓ Tax Basics
- ✓ Estate Planning
- ✓ Plan For Your Future
- ✓ Track Your Progress

Planning is bringing the future into the present so that you can do something about it now.

-Alan Lakein, author on personal time management

**Federal Tax Overview
(1040, tax brackets
Schedule C & E)**

**Standard vs. Itemized
Deductions**

**Sole Proprietor vs.
Limited Liability
Company**

**State Taxes Duty Days
vs. Games Played**

Tax Planning 101

Tax planning is essential for minimizing the amount you owe and maximizing your wealth. By understanding tax brackets, deductions, credits, and tax-advantaged accounts, you can create strategies to reduce your tax liability. This might involve contributing to a retirement account, taking advantage of charitable deductions, or using other strategies tailored to your financial situation.

Key Tax Topics to Understand

- ◇ **Federal Tax Overview:** Familiarize yourself with the federal tax system, including Form 1040 for individual income tax returns, how tax brackets work, and the nuances of different income types like those from Schedule C (self-employment) and Schedule E (rental income).
- ◇ **Standard vs. Itemized Deductions:** Every taxpayer has the option of choosing a standard deduction or itemizing their deductions, such as mortgage interest, charitable contributions, and medical expenses. Understanding the difference can help you choose the option that reduces your tax burden the most.

- ◇ **Sole Proprietor vs. Limited Liability Company (LLC):** If you own a business, it's important to understand the tax implications of different business structures. A sole proprietorship may have simpler tax reporting requirements, but an LLC can offer more tax flexibility and legal protections.
- ◇ **State Taxes: Duty Days vs. Games Played:** If you're an athlete or work in multiple states, understanding how state taxes apply can be complex. Some states use a "duty days" formula to calculate tax obligations, while others may base taxes on "games played." Consulting a tax expert in multi-state taxation can save you significant money.

Consulting with a tax professional is highly recommended to ensure you're making the most of all available opportunities and minimizing your tax liability as effectively as possible.



Estate Planning

Estate planning is about ensuring that your assets are distributed according to your wishes when you are no longer around. It also involves planning for scenarios where you may become incapacitated and unable to make decisions for yourself. This process can provide peace of mind and ensure that your loved ones are taken care of when you're gone.

It's crucial to have a will, designate beneficiaries on all financial accounts, and consider the use of trusts to control how and when your assets are distributed. Additionally, you should consider creating powers of attorney for healthcare and financial matters so that trusted individuals can make decisions on your behalf if needed.

Important Considerations in Estate Planning:

Asset Protection

- ◆ **Trusts:** A trust allows you to transfer assets to beneficiaries without the need for probate. Trusts can also provide tax benefits and privacy.
- ◆ **Prenuptial Agreements:** These agreements can help protect assets in the event of divorce, ensuring that wealth stays within the family.
- ◆ **Liability Insurance:** Protects against potential lawsuits or claims that could jeopardize your wealth.
- ◆ **Statutory Protection:** Be aware of legal protections in your state, such as homestead exemptions or asset protection trusts, which can safeguard your assets from creditors.

Charitable Gift Giving

- ◇ **Charitable Trusts:** These trusts allow you to leave assets to a charity, while potentially reducing estate and income taxes.
- ◇ **Direct Gifts:** Donations made during your lifetime can reduce your taxable estate and offer income tax deductions.
- ◇ **Private Foundations:** Creating a foundation allows you to control how charitable gifts are distributed over time.
- ◇ **Donor-Advised Funds (DAFs):** DAFs provide an easy and tax-efficient way to make charitable contributions without establishing a private foundation.

Transferring Wealth

- ◇ **Inheritance:** Passing wealth to heirs through a well-planned estate minimizes the risk of disputes and reduces the potential tax burden on your beneficiaries.
- ◇ **Trusts:** Trusts can help you control how and when your beneficiaries receive their inheritance, allowing for staged disbursements or conditions for receiving assets.
- ◇ **Business Succession:** If you own a business, having a clear succession plan ensures a smooth transition and helps avoid disruptions.
- ◇ **Gifts:** Gifting assets to family members during your lifetime can reduce the size of your taxable estate and may help beneficiaries avoid estate taxes.

Taxation

- ◇ **Generation-Skipping Transfer (GST) Tax:** This tax applies when assets are transferred to a beneficiary who is at least two generations younger than the donor, typically a grandchild.
- ◇ **Income Tax:** Ensure that your heirs understand the potential tax liabilities on inherited income-generating assets, such as retirement accounts.
- ◇ **Real Estate Tax:** If real estate is part of your estate, be aware of both state and federal estate taxes, as well as any property taxes that could affect your beneficiaries.

Planning your estate ensures that your assets are passed on according to your wishes, while also minimizing taxes and legal complications for your heirs.

Plan For Your Future

Planning for your future goes beyond just saving—it's about making informed decisions about your retirement, insurance needs, and long-term goals. Consider creating a detailed financial plan that outlines your retirement strategy, investment goals, and how you will navigate life transitions like downsizing, paying for healthcare, or traveling in retirement.

Continually reassessing and modifying your plan ensures you remain on course and can swiftly respond to any shifts in your financial landscape or evolving goals.



Track Your Progress

Actively evaluating and tracking your progress regularly is an important component of The SAVE Method. Financial success isn't achieved overnight, and tracking allows you to stay on course by making adjustments when necessary.

Using budgeting apps, financial dashboards, or working with a financial advisor can help you track your goals and make real-time adjustments. Whether you're focused on paying off debt, saving for a major purchase, or building your investment portfolio, tracking helps you stay accountable and motivated.

Tools for Tracking

- ◇ **Budgeting Apps:** These tools allow you to track your daily expenses and ensure you're sticking to your financial plan.
- ◇ **Financial Dashboards:** Many online banking platforms provide dashboards where you can see all your financial accounts in one place.
- ◇ **Regular Check-ins:** Make it a habit to review your financial situation monthly, quarterly, or annually. Evaluate your progress regularly and make necessary adjustments to stay aligned with your goals, ensuring you remain on the right path.

Notes:

Thank You for Exploring the SAVE Method!

We hope the SAVE Method has provided you with valuable insights and actionable steps to help you achieve your financial goals. By taking these steps, you're setting a strong foundation for long-term financial success and security.

Remember, wealth management is an ongoing journey, and we are here to support you every step of the way. Whether you're just starting to build your financial plan or looking to refine your existing strategies, **MacDonald Wealth Management, LLC** is committed to helping you secure your financial future with tailored solutions designed to meet your unique needs.

For more information and expert advice, subscribe to our newsletter or reach out to us directly. Stay connected to receive updates, tips, and exclusive resources to enhance your financial well-being.

Investment advice offered through MacDonald Wealth Management LLC, a Registered Investment Advisor.



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