

Break the paycheck to paycheck cycle 5 steps to get started

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paycheck-to-paycheck cycle for good

Starting is often the hardest part.

If you're stuck in the paycheck-to-paycheck cycle, the path out usually isn't visible.

And figuring out where to begin can be so overwhelming that you end up doing nothing, and you remain in the cycle waaaaaayyy longer than necessary.

But NOW is the time to change that. Right. Now.

The five steps outlined in this guide each provide a jumping-off point for bringing an end to the paycheck-to-paycheck cycle. You can do the steps in order or pinpoint the one that is likely to motivate you and excite you to move forward to the remaining steps.

To determine where to begin, reflect on the state of your finances, personality, habits, and preferences.

Use the checklist and worksheet included in this guide to identify your action steps and to set deadlines for achieving them.

a little about alaya



Hey Friend,

Before we get into the nitty-gritty, I should introduce myself properly. If we haven't met yet, I'm Alaya (a-LAY-a), and I want to help you break the paycheck-to-paycheck cycle — for good.

That's my passion and my mission. It's the reason God put me on this earth (well, one of the reasons anyway).

I have A LOT of experience with living paycheck to paycheck early on as a young single mom on public assistance and later, as a 6-figure earner. Yup, no income is immune from the paycheckto-paycheck cycle!

Fortunately, I learned how to break the cycle. It was not easy, but I did it. And after walking my journey to debt freedom, I became a trained financial coach so I could help you and others stop living paycheck to paycheck and start creating a healthy financial foundation you can build on. One that allows you to grow wealth, give more, and live your best financial life!

So, I'm glad you're reading this; I'm thrilled we're going to be friends; and most importantly, I'm excited that you'll be taking the first steps towards breaking the paycheck-to-paycheck cycle — for good. See you on the other side!

step 1: get organized

"For every minute spent organizing, an hour is earned." – Benjamin Franklin

Do you have an organizational system?

If so, is it working for you? (By the way, the pile of bills on your dining room table or the shoebox under your bed don't count. (20) If you don't have a system or the one you do have isn't doing the job, then it's time to get organized.

Creating an organizational system (and keeping up with it, of course) will give you a sense of order regarding your situation. It will set you up to start taking control of your money with confidence.

It doesn't matter if you organize your bills and financial documents in physical files, electronic ones, or a hybrid of the two. The goal is to arrange things in a way that works for you. Your system has to be simple enough and clear enough that you will follow it. And be sure to identify when you will maintain your organizational system.

>>> Who this first step is best for

- If you feel overwhelmed with physical or mental clutter and energized by order
- If you have a shoebox of bills or pile of papers on your kitchen table $\ensuremath{\mathfrak{G}}$

step 2: track your spending

To manage your money better, you need to first see where it's going.

Do you know how much, on average, you spend on groceries each month?

How about on gas for your car? If you have no clue, then tracking your expenses is an excellent place to start.

Doing this may terrify you; it IS scary to "discover" that you spend too much on food or that your online shopping habit is making you broke. (And by discover, I mean confirm what you've been suspecting for a while now.)

But I've got good news for you, to track your spending you don't even have to change your habits — yet. All you're doing for now is documenting your spending. The goal here is to find out where your money is going.

But here's what's likely to happen once you do start tracking: you will begin spending a little differently. You'll suddenly have an awareness of where your money is going. That act in itself introduces a beautiful thing called...ACCOUNTABILITY!

>>> Who this first step is best for

- If you're living paycheck to paycheck but "on paper" you have enough money to cover your expenses
- If you really have NO idea where your money is going
- If you KNOW, you overspend every month
- If you're absolutely terrified to do this step. ③
- All of the above

spending tracker

date	where	amount	category	details

step 3: have a dream session

"He who has a why to live for can bear almost any how." – Friedrich Nietzsche

Sometimes dreams are underrated.

They're often dismissed as empty wishes. If they're not backed by solid goals and action, then that is true. But taking time to dream and being intimately familiar with your dreams will give you the motivation and inspiration needed to break the paycheck-to-paycheck cycle.

If your dream is to change careers or move from where you currently live, having those dreams at the forefront of your mind will keep you going when you want to give up.

So set aside some time on your calendar to dream — really. Ask yourself, why is it important to you to break the paycheck-to-paycheck cycle? How would that change your life specifically? What would you do differently?

If you're married, then you and your spouse likely have experienced money-related tension in your relationship. So, it's crucial that you and your spouse dream together and remind yourselves that you're a team and you're in this money thing together.

>>> Who this first step is best for

- If you don't have clearly defined goals
- If your financial situation is a result of an "I deserve it" attitude
- For couples who fight about money or in which one partner handles the finances, and the other one is not involved

step 4: identify your money mindset

"Once your mindset changes, everything on the outside will change along with it."

– Steve Maraboli

You're probably familiar with the term money mindset.

Your money mindset dictates your thoughts and perceptions of money, your money values, and, most importantly, your money habits. And your money habits, of course, determine the state of your finances.

Your money mindset could be the very reason you spend money the minute you get it, you treat others to gifts when you know you can't afford it, or why you're afraid to part with money even if you have plenty of it.

For example, a scarcity money mindset could cause you to be so frugal with your money that you can't bring yourself to spend it on legitimate needs. Or it can cause you to feel envious when a friend is doing well financially (because subconsciously, you believe that resources, including success, are limited). The same mindset can manifest itself in different ways.

Identifying your money mindset will shed some light on why you do what you do and think the way you think when it comes to money.

>>> Who this first step is best for

• If you repeat the same behaviors even when you know they're unhealthy (Being able to identify the reason behind some of your actions will help you recognize and curtail your most damaging habits)

step 5: know what you owe

"He who has a why to live for can bear almost any how." – Friedrich Nietzsche

Okay, this is a big one, not so much because it's complicated, but because it's a hard thing to face — kind of like tracking your spending.

Even if you're not at a place to tackle it, adding up your total debt will give you a starting place. You may know you have some student loan debt, but you're not quite sure how much. Or you may know you have 11 credit cards but don't know how much total credit card debt you have.

This step also helps if you compartmentalize your debt. For example, some people say they have \$25,000 of debt plus a car payment plus student loans. Those are debts too!

This IS a scary step, but a necessary one. So even if you know you have a lot of debt, it's essential to know just how a lot. ③

>>> Who this first step is best for

- If becoming debt-free is your primary goal.
- If your debt is overwhelming to the point that you avoid it.
- If it sometimes feels like you're NEVER going to be able to pay off your debt
- All of the above. 3

(Note: If you think this is your first step, but your bills aren't organized yet, then I recommend starting there first and then coming back to this step. It will make things way easier!!)

taking action

Which of	the five steps in this guide is the best starting point for you?				
	step 1: get organized				
	step 2: track your spending				
	step 3: have a dream session				
	step 4: identify your money mindset				
	step 5: know what you owe				
Why is that step a good starting point for you?					
When will you begin and complete this step?					
Who can	hold you accountable while you work on this?				

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next steps

Congrats on identifying your first step towards breaking the paycheck-to-paycheck cycle! Now, where do you go from here?

As I mentioned earlier, you can progress through all these "first" steps in the order that makes sense for you.

Once you've done that, or even along the way, I'd love to support you. I offer coaching solutions and community for those who want to break the paycheck-to-paycheck cycle and create and live their best financial lives!

I invite you to take one of the following next steps.

Join the <u>hope+cents community Facebook Group</u> (Sorry guys, ladies only.)
Check out the latest <u>workshops</u> and <u>bootcamps</u> at <u>hopeandcents.com</u>
Book a complimentary consultation for private coaching