Financial Steps Guide

Step 1: Get a clear picture of your current finances

Before you can move forward, you must understand your new financial reality.

- [ ] Gather all financial documents. Collect your bank and credit card statements, tax returns, loan agreements, and investment account details.
- [ ] Track your income. Document all sources of income, including your salary, any alimony or child support, and returns on any investments you now control. If you are re-entering the workforce, consider your earning potential and a path for career growth.
- [ ] Create a personal balance sheet. Compile a list of all your assets (what you own) and liabilities (what you owe) to determine your net worth. This includes bank accounts, retirement funds, real estate, and debts.

Step 2: Establish a new budget and cash flow

Since your income and expenses have likely changed, your old budget is no longer relevant.

- [ ] Track your expenses. For at least a month, record every dollar you spend. This will help you see where your money is actually going and identify where you can cut costs.
- [ ] Identify essential vs. non-essential spending. Categorize your expenses into fixed costs (rent/mortgage, utilities) and variable costs (dining out, entertainment). Look for 'fat to cut,' such as canceling unused subscriptions.
- [ ] Start with a new spending baseline. Create a realistic monthly budget that reflects your new income and expenses. If you are struggling, remember that small, motivating changes are more sustainable than drastic, impossible cuts.

Step 3: Secure your foundation with savings

Once you have your budget (see below), you can begin building your safety net.

- [ ] Build an emergency fund. This is your top priority. Aim to save at least 3 to 6 months' worth of essential living expenses in a high-yield savings account. An accessible, liquid fund can protect you from financial setbacks without incurring new debt.
- [ ] Automate your savings. Make saving consistent by setting up automatic transfers from your checking account to your savings accounts on payday. This 'pay yourself first' strategy removes the mental energy needed to remember to save.

Step 4: Manage and rebuild your debt and credit

Taking charge of your credit is a crucial step toward independence.

- [ ] Check your credit report. Access your free annual credit reports from Equifax, Experian, and TransUnion to understand your scores and ensure all information is accurate. Check for any joint accounts that weren't closed or refinanced during a divorce.
- [ ] Establish credit in your own name. If your credit was tied to a partner's, open new accounts like a credit card to build a positive credit history. A good credit score is essential for getting favorable rates on loans or mortgages.
- [ ] Pay down high-interest debt. Prioritize paying off credit cards or other high-interest loans. A good strategy is to make minimum payments on all debts and pay extra on the one with the highest interest rate (the avalanche method).

Step 5: Plan for your future

With your daily finances in order, you can now focus on the long-term.

- [ ] Update legal and financial documents. Review your will, power of attorney, and other estate documents. Update beneficiary designations on all your accounts, like retirement plans and life insurance policies.
- [ ] Revisit your retirement savings. Your retirement plan will likely need adjusting. Take advantage of employer 401(k) matches. If you're 50 or older, use catch-up contributions to boost your savings. If you were married for over 10 years, you may be eligible for Social Security benefits based on your ex-spouse's record.
- [ ] Adjust your investment strategy. Assess your new risk tolerance and review your investment portfolio. Consider working with a financial advisor to create a plan that aligns with your revised goals.

Step 6: Get help when you need it

You don't have to go through this process alone.

Assemble a financial team. Depending on your needs, consider working with a Certified Financial Planner (CFP), an accountant, or even a Certified Divorce Financial Analyst (CDFA) to help create a customized action plan.

Leverage educational resources. Read books by financial experts like Tiffany Aliche or Bola Sokunbi, whose platforms focus on empowering women to achieve financial freedom.

Additional Resources for Financial Literacy

Beyond books, a wide variety of resources can help women improve their financial literacy, from specialized digital tools to workshops and communities. These alternatives often provide more interactive or personalized guidance than traditional reading.

Financial apps and websites

Budgeting tools: Apps like You Need A Budget (YNAB) and PocketGuard can help you track your spending, create a budget, and manage your cash flow.

Investment platforms: Ellevest is a platform specifically designed for women, offering goal-based investing that accounts for women's longer lifespans. Other platforms, like Acorns, help beginners get started with micro-investing.

Websites and newsletters: HerMoney, founded by financial journalist Jean Chatzky, offers a judgment-free space with daily blogs, a weekly newsletter, and podcasts covering all aspects of personal finance. The Women Who Money site offers a wide range of content, articles, and reviews for women at different levels of financial sophistication.

Podcasts and online communities

Podcasts for women: Podcasts like Suze Orman's Women & Money and Tori Dunlap's Financial Feminist offer expert advice and address the specific financial challenges women face. So Money with Farnoosh Torabi provides candid interviews with finance experts and influencers.

Online communities: Websites and social media groups can connect you with other women to discuss and share financial insights. For example, the Women's Personal Finance community on Reddit is a good place for anonymous, peer-to-peer advice. Some apps, like the social finance app Frich, are also built around a community of users.

Courses, webinars, and workshops

Women-focused organizations: Nonprofits like the Women's Institute for a Secure Retirement (WISER) and Savvy Ladies offer free educational resources, including webinars and self-paced online courses on topics such as debt, investing, and retirement planning.

Financial institutions: Many banks and credit unions offer free educational resources. For example, Bank of America's Better Money Habits provides videos and articles on a wide range of financial topics.

Alumni and professional networks: Networks such as the Harvard Kennedy School Women's Alumni Network (HKSWAN) have partnered with financial firms to offer specialized workshops on topics like wealth management and tax planning.

Personal coaches: Services like Clarissa Explains Money and The Budgetnista offer financial coaching and online courses for hands-on learning.

Government and public resources

Consumer Financial Protection Bureau (CFPB): The CFPB has compiled extensive online resources covering topics like managing money, understanding credit reports, and dealing with debt.
MyMoney.gov: This is the U.S. federal government's official website for financial literacy and education. It's a 'one-stop shop' for federal programs, tools, and information.

FDIC Money Smart: The FDIC provides a comprehensive financial education program designed to enhance financial skills and promote positive banking relationships.

For financial advice, consult a professional.