

Financial Well Being



Financial well-being is a term used to describe a person who feels secure about having the ability to pay for their current and future needs. They are also able to make choices and purchases which help them enjoy life. In other words, they have control over their day-to-day and month-to-month finances.

There are four elements of financial well-being:

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock (emergency)
Freedom of Choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

Overall, financial well-being is determined by a combination of opportunities available to a person and their own actions. Some of the other factors include their knowledge or skills, and how they make decisions. A person's environment can expand or limit their opportunities, such as with access to jobs and a good income.

Think of money as a tool which can help you achieve more goals. When you have minimal debt and spend less than you earn, you have more options. Here are four key things to remember to achieve financial security:

1. Start with a strong foundation and live within your means (spend less than you earn) while saving your money on a regular basis.
2. Choose a career wisely. It is one of the most important decisions you will ever make.
3. Learn to manage money and make informed decisions.
4. Remember your goal is financial independence. (You don't want to rely on things like credit cards or loans for everything you need)

"Financial Well-Being: The Goal of Financial Education." *Consumer Financial Protection Bureau*, www.consumerfinance.gov/data-research/research-reports/financial-well-being/.

3 Things You Must Do to Achieve Financial Security." *CNNMoney*, Cable News Network, money.cnn.com/2016/01/06/retirement/retirement-financial-security/index.html.

"The Four Secrets to Financial Independence." *Money*, money.com/money/2791789/four-secrets-financial-independence/.