

Manisha Thakor's
**Financial
De-Stress**

*Weathering
Inflation &
Uncertainty*



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[Manisha Thakor](#) is a nationally renowned financial literacy advocate with a mission to help clients “Live A Richer Life” – literally and figuratively.

Manisha is the co-author of two critically acclaimed personal finance books: ON MY OWN TWO FEET: a modern girl’s guide to personal finance and GET FINANCIALLY NAKED: how to talk money with your honey. Manisha is a member of The Wall Street Journal’s Wealth Experts Panel, sits on Faculty at The Omega Institute, and serves on the board of The National Endowment for Financial Education.

Manisha’s financial advice has been featured in a wide range of national media outlets including CNN, PBS, NPR, The Today Show, Rachel Ray, The New York Times, The Boston Globe, The Los Angeles Times, Real Simple, Women’s Day, Glamour, Marie Claire, Cosmopolitan and Women’s Health.

Manisha earned her MBA from Harvard Business School in 1997 and her BA from Wellesley College in 1992. She is also a CFA charterholder and CFP® practitioner. Manisha lives in Portland, OR where she revels in the Third Wave Coffee scene and the stunning beauty of the Pacific Northwest. Her website is MoneyZen.com.

WELCOME TO FINANCIAL DE-STRESS

If you're here, you're probably feeling stressed about the effects of inflation, and worried about the prospect of economic uncertainty.

If that's the case, you're in absolutely the right place! In this program, you'll learn to be more prepared for whatever the economy throws your way, from both a **PRACTICAL** and **EMOTIONAL** standpoint.

More specifically, we'll be using this 5-part methodology:

1. Get a clear 30,000 foot view of the current economic climate
2. Take stock of your own personal financial situation
3. Learn practical steps that you can follow to prepare yourself to weather economic uncertainty
4. Lower financial stress by making decisions with clarity, calm, and confidence
5. Discover ways to use this period of economic turbulence to foster emotional wealth

I encourage you to print out this PDF guidebook and use it to **WRITE DOWN** answers to the exercises and reflection questions. Even if you feel like you already know the answers in your head, these exercises are most effective when you write them out.

That's because the simple act of writing something down has a strong mental effect in terms of making it more real, and making you more likely to follow through on it.



DEMYSTIFYING ECONOMIC TERMS

To get a clear picture of the current economic situation, it can help to disentangle some of the terms you've heard flying around in the news.

Inflation: "A general increase in prices and fall in the purchasing value of money."

WHAT IS CAUSING THE CURRENT INFLATION?

The simple answer is "supply shortages" – first from Covid and then made worse by the war in Ukraine. When something is in short supply, relative to demand for it, the price rises as people become willing to pay more for something scarce. This shortage is happening in all parts of the economy – from raw materials to labor shortages. When supply shortages are widespread they quickly turn into inflation.

Recession: "A period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters."

ARE WE IN A RECESSION OR HEADING FOR ONE?

Economic growth has actually been reasonably strong – In 2022, global economic growth was about 3.2% and while projected to slow in 2023, the world's economy is still projected to grow 2.7%.

No one can know the future and predict a recession. But even if growth is positive, if the rate of growth is slowing down, that can raise economic eyebrows and lead to the doom and gloom predictions.

In addition, governments and companies have to make budget decisions today for future time periods. If they plan for recession or lower consumer spending, that can lead to decisions that add more negative economic headlines.

GET A CLEAR PICTURE OF YOUR SITUATION

When it comes to knowing if you’re prepared for an uncertain economic future, try to **think like the CEO of a large company**. When successful companies face economic uncertainty, they take 3 key steps to prepare:

- 1. Improve their balance sheet
- 2. Make sure their inflows match their outflows
- 3. Rein in debt and liabilities



YOUR BALANCE SHEET

Your balance sheet is how much you have in the bank, AKA your Cash Cushion or Emergency Fund. Here’s how you can assess your current balance sheet against standard benchmarks. How healthy is your balance sheet?

MY FUND

1	\$2000	<ul style="list-style-type: none">Covers you in basic emergencies like hospital visits or car breakdowns.Will not cover you in the event of a job loss.	<input type="checkbox"/>
2	3 Months of Needs Spending	<ul style="list-style-type: none">Covers 1 job loss if you have 2 household sources of income	<input type="checkbox"/>
3	6 Months of Needs Spending	<ul style="list-style-type: none">Recommended if you have 1 household income, or inconsistent income(s).Provides additional safety and peace of mind if you’re worried about economic uncertainty.	<input type="checkbox"/>

UNDERSTAND YOUR INFLOWS AND OUTFLOWS

How well do your inflows (your income) match your outflows (your spending)? Because of changing economic conditions, now is a good time to re-examine your budget. The following questions will help you determine where you stand:

1. Was my income and spending **balanced** prior to the pandemic and/or the onset of higher inflation?

If not, how was it unbalanced?

2. Has my **income** changed since the last time I took a serious look at my household budget? How so?

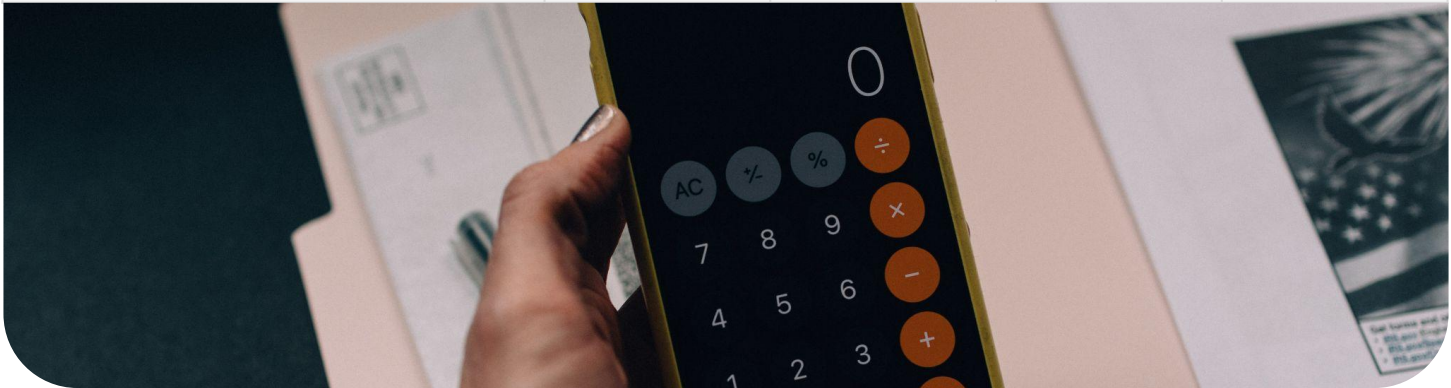
3. What things or areas of **spending** now cost more for me?

4. What “Wants” items could I cut from my spending?

LIST YOUR DEBT & LIABILITIES

The current economic conditions of high interest rates mean that borrowing money is more expensive. Use the following table to list out all your debts to get a clear picture of whether your debt is costing you more than you realized:

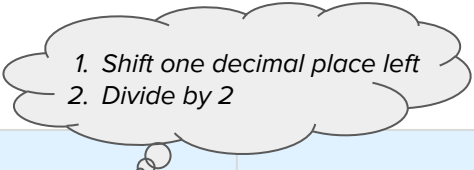
Source	Fixed or Variable Interest?	Current Interest Rate	Balance	Minimum Monthly Payment
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		
	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable	%		



CREATE EXTRA SAVINGS

When you're considering a large purchase, whether it's something you *want* or *need*, a common mistake is setting a price range and then looking above that. Once you look above your price range, it's much harder to stick to your original budget.

So instead of inadvertently *increasing* your budget, use this chart to consciously **decrease** your budget by 5%. Not only can you keep yourself in check from straying above your budget, but you can save 5% to pad your cash cushion and be better prepared.

- 
1. Shift one decimal place left
 2. Divide by 2

Purchase Item	Original Budget	5% Savings	New Budget
Example: New TV	\$ <u>1000</u> .00 / 2 =	\$50	\$950
	\$ _____.00 / 2 =		
	\$ _____.00 / 2 =		
	\$ _____.00 / 2 =		
	\$ _____.00 / 2 =		

If you're considering a large purchase that involves borrowing money, such as a mortgage, you'll want to use an online calculator that accounts for interest and down payments.

I like to use <https://www.dinkytown.net/java/mortgage-qualifier-calculator.html>

PAUSE A WANT

Another strategy you can use to find some extra savings and feel more prepared for uncertainty is to temporarily pause something in your *Wants* category.

This could be a new hobby, a home improvement project, a trip, or anything else. The idea is to delay it for a later date, rather than foregoing it all together. In the meantime, you can build up additional savings.

Description	Monthly Cost	# of Months Delay	Savings
Example: Bonsai Club	\$ __50.00	x 6	\$300
	\$ _____.00	x	
	\$ _____.00	x	
	\$ _____.00	x	
	\$ _____.00	x	



USE THE SNOWBALL OR AVALANCHE METHODS

In [PART 2](#) you listed out your debts, but what's the best way to tackle them?

SNOWBALL METHOD

1. Pay off your **lowest balance** card first
2. Put that card away and stop using it
3. Repeat with your next-lowest balance card

This benefit is more psychological – but that can be important when it comes to overcoming debt! If you have multiple cards all with revolving balances, managing all those payments can create extra stress. By focusing on paying off the lower balance cards first, you give yourself a quicker sense of having made progress, and a less cards to worry about paying.



AVALANCHE METHOD

1. Pay off your **highest interest** card first, even if it has a high balance and it takes multiple months of chipping away.
2. Put that card away and stop using it
3. Repeat with your next-highest interest card

This method technically saves you the most money, which might be especially important to you if your interest rates have risen! If you have some that are 12% and some that are 22%, paying extra towards the higher interest cards first will mean you're charged less interest.



BUILD A FINANCIALLY HEALTHY MINDSET

To build a Healthy Money Mindset,
you need the 3 C's:

- Clarity
- Calm
- Confidence



The following questions can help you gain **CLARITY** when it your financial and life priorities:

1. Who are the most important **people** in my life?

Do any of them depend on me financially, and if so, how?

2. How do I value spending **my time**?

3. What **things** in my life do I value most?

4. What **values** are important to me?

BUILD A FINANCIALLY HEALTHY MINDSET

With your most important priorities and values collected by category on the previous page, you can take it a step further by ranking them in order of importance.

For example, is a comfortable home more important to you than the ability to travel, or visa versa?

Even if you're not currently facing these choices, proactively having your priorities in order can it easier to feel **CALM** making financial decisions, if you are forced to choose.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

BUILD A FINANCIALLY HEALTHY MINDSET

Practice building **CONFIDENCE** in your money management skills and your ability to discuss it with family or others who factor into your financial decisions. Use the following reflection questions to identify where and how you might want to practice:

1. **Who** in my life do my financial decisions affect?

2. Who do I have the **easiest** time talking to about money, and why?

3. Who do I have the **hardest** time talking to about money, and why?

4. What are a few things I could do to **make it easier** to talk about money with this person?

5. What is an **opportunity** that I can take to talk about money with this person?
(it could be in the context of a decision you need to discuss with them, or simply setting aside time to discuss an issue you've been avoiding bringing up with them)

DISCOVER EMOTIONAL WEALTH

Emotional Wealth exists independently from financial wealth, but that's often not how we're brought up to think. You can use these reflection questions to help you focus on what brings you joy, independently from financial or career success.

1. What is a memory you hold dear?

What is it about this memory that is so important to you?

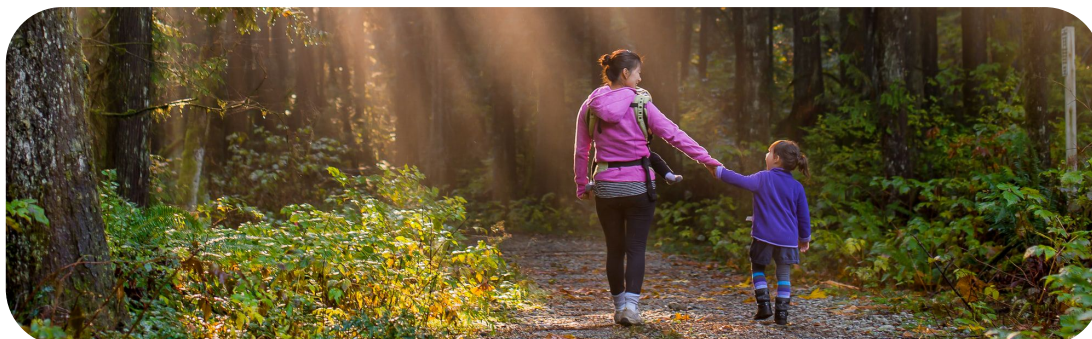
2. What is something in your life that brings you joy – but costs nothing or almost nothing?

3. What are 3 of your top qualities that make you proud of who you are – that don't have to do with money or success?

1.

2.

3.



Great job completing this series!

I hope that you will be able to take the learnings from this mental-self care series and apply them to your daily life.

Whether you came into this program needing the practical steps to feel more prepared and less stressed, needed to reset your Money Mindset, or both, I hope that this program has helped you lower your stress level when it comes to your finances and the current economic climate.

Remember that whatever the future brings, any downturn is just the next chapter of the economic cycle, and won't last forever. By following the steps we've discussed and keeping a healthy mindset, you can weather any storm with less stress and anxiety.

Thank you again and I wish you all the best.

- **Manisha**

