AN EXCLUSIVE GLAMOUR GUIDE

your money!

How to make it, spend it, save it, invest it, move it, feed it, build it, love it, leave it, chase it, grow it, manage it and make it work for you! Nine top financial experts (even Suze Orman) lay it all out:

36 things every woman should know

by Sophia Banay

PHOTOGRAPHS BY CHRIS CRAYMER

You Need a Budget—End of Discussion

YOUR EXPERT
Galia Gichon, *founder of Down-to-Earth Finance, which coaches women and men on personal finance*

The first step to getting your money under control: creating a budget. "The process of looking honestly at your finances is like entering a 12-step program," says Gichon. "You have to get over your denial and take a frank look at how much life costs you. Once you do, you can live life to the fullest, plan for the future and sleep better." Sound good? Then get started by figuring out exactly how much money you have to work with. That's your monthly paycheck once you've taken out taxes, your **10 percent retirement contribution** (see "Start Saving for Retirement...Now!" for details) and any other deductions, like company benefits, says Gichon. Now divide what's left into these three categories:

Your fixed expenses

"These are the ones that stay the same every month—like rent, bills and car payments, not groceries or trips to the drugstore," says Gichon. "These should take up no more than **60 percent of your take-home pay**, with housing being about half of that. If this stuff is eating up more, it's time to make some cuts."

Your general savings

In addition to your retirement contribution, you should be socking away **5 to 10 percent** of your take-home pay every month. "Set it up to go into your savings account automatically," says Gichon. (See "Give Your Money TLC—and Watch It Grow" for other places to invest savings.)

Your living expenses

"This is what you have left to live on—what pays for your groceries, clothing, going out, vacations and the credit card debt you accrued overspending on these things!" says Gichon. "Ideally, it should take up **30 percent of your take-home pay**. For a lot of us, this slice of the pie will be bigger than that, so look for savings."

Three Tricks to Help You Stay on a Budget

SET ASIDE A "MONEY MOMENT" EACH WEEK
"If you spend 30 minutes every Monday or Tuesday looking at your finances, you won't have to think about it for the rest of the week," says Gichon.

DO THE GREEN EXPERIMENT
"Use nothing but cash for a week," says Gichon. "This will help you rethink the way you spend money. If you have $250 for living expenses for the week, put it in your wallet on Monday morning. All you'll need to determine whether you can afford something is a peek in your wallet."

USE YOUR SECRET WEAPON: THE INTERNET
"To help you keep track of how much you're spending, the new online tools are great," says Gichon. "My favorite is mint.com because you link the site with your online credit card and bank accounts, and it spits out colorful pie charts showing you how you spend your money." All for free.

WHAT YOUR BUDGET SHOULD LOOK LIKE ON A $50,000 SALARY

WHERE YOUR $$$ GOES	HOW MUCH YOU SHOULD SAVE OR SPEND MONTHLY*
Fixed Expenses (bills that stay the same every month)	No more than $1,665 a month (Ideally, about $832.50 of it should go to your rent or mortgage.)
Living Expenses (your discretionary spending)	No more than $830 to $970 a month
Retirement Savings	At least $417 a month
General Savings	At least $140 to $280 a month

Rough estimate—will vary based on your take-home pay, where you live and other deductions.

Start Saving for Retirement...Now!

YOUR EXPERT
Adam Bold, *author of* The Bold Truth About Investing; *founder of the Mutual Fund Store, a firm that specializes in investment management; and host of a nationally syndicated financial radio program, "The Mutual Fund Show"*

After paying taxes, saving for retirement is your most important financial priority. Period. Why the big rush to save money you won't need for 45 years? Says Bold: "If a woman making $50,000 a year wants to continue living the life she's accustomed to once she's retired, she needs to have at least $1 million saved by the time she's of retirement age—that's a lot of money." But doable, if you...

Get going already!

"Save at least 10 percent of your pretax salary, and start now!" says Bold. Some motivation: "A 25-year-old woman earning $30,000 who puts 10 percent into her retirement plan and earns an 8 percent return will have $839,343 by age 65—even if she never gets a raise. The same woman, starting at age 30, will have only $558,306!" Women live longer than men, and are more likely to take time off to raise kids, so you need to save earlier and more aggressively.

Fund your 401(k) fully.

"By far the most popular form of retirement savings is the 401(k) offered by your employer," says Bold. "Alternatively, if you work at a nonprofit, you'll have a 403(b), and if you are self-employed, you can create a SEP [simplified employee pension plan] account." Why it's such a good thing: Most often the savings come out of your paycheck before taxes so a smaller portion of your income is taxed. *And* many companies offer some sort of match as part of their benefits package. That means if you put away your 10 percent, the company might pony up another 6 percent and add it to your savings. Free money! "Some employers have stopped matching recently because of the economy," says Bold. "Don't let that stop you from contributing." Another tip: **Opt for a Roth 401(k) if your employer offers it.** It can have tax advantages when you retire. Another consideration: If you max out your 401(k) (the amount you can deposit is capped at $15,500 a year) and still have money left to invest, open an IRA or Roth IRA as a *second* retirement savings nest egg. (There are income restrictions on the Roth IRA, so be sure you get advice about which one works for you.)

Invest it right.

Once you've signed up for your 401(k), you'll have to choose how to invest the money among the stocks, bonds and mutual fund options that will be offered to you. "The company that handles your 401(k) can help you figure out the different options," says Bold. But they may or may not be able to advise you *where* to invest, so you'll have to do your own research. "The general rule for people more than 10 years away from retirement is to go heavy on stock investments," he says. That's because, he adds, "it doesn't matter what happens to your account in 10 months. It matters what happens 10, 20 *years* from now."

STYLIST: ERIC NICHOLSON; PROP STYLIST: SHANE KLEIN; HAIR: HERVE; MAKEUP: JUN FUNAHASHI. BCBG MAX AZRIA DRESS; GIRLPROPS.COM SUNGLASSES; FS/NY SHOES. SEE GO SHOPPING FOR MORE INFORMATION

"Resist the temptation to raid your 401(k). There's no better way to create a nest egg. If you break the pattern of contributing, it's hard to go back."
—Christie Hefner, former CEO of Playboy Enterprises, a multimillion-dollar company

Give Your Money TLC—and Watch It Grow

YOUR EXPERT
Maria Bartiromo, *anchor of* Closing Bell *on CNBC*

When it comes to that "general savings" portion of your budget, says Bartiromo, know this: "Your [savings] do more for you than any fabulous outfit ever could. They give you independence. Just think of it as paying yourself first."

Know how much to save...

OK, quick refresher on what you read in "You Need a Budget." Set aside at least 5 to 10 percent of your take-home pay. Even if you're living paycheck to paycheck and think that sounds impossible, remember: "The more the better, obviously," says Bartiromo, "but do what you can. The most important thing is to get in the habit of saving."

...and the right place to put it.

Two questions will determine where you stash savings: What are your goals for the money, and when will you need to spend it? Here are some options:

A Regular Savings Account

What to keep here: Enough money to cover at least three months' worth of expenses (or more—see Suze Orman's advice, next page) or savings you want immediate access to (for a vacation, say).
Here's why: Half of all women ages 18 to 65-plus told an AARP survey that it would be a challenge to deal with an unexpected $1,000 expense. Having that cushion in an easy-to-tap savings account means a fender bender or unanticipated medical bill won't throw you for a loop. "Savings accounts don't earn huge interest rates," says Bartiromo. "But they're stable, safe places to put money for emergencies." You'll probably get the best deal if you start one online or in the same bank where you have a checking account. "If you can get into the habit of saving in your twenties, by the time you are 30, you'll have something pretty great on your hands." Make sure that the bank you choose is FDIC insured, which means that up to $250,000 of your money will be safe even if the bank goes under.

CDs or Money Market Accounts

What to keep here: Money that you won't need for at least 6 to 12 months but that you might need sometime in the next five years.

"Going through all these steps—budgeting, saving—puts you in charge of your money. That will give you the ability to create the life you want."
—*Manisha Thakor, coauthor,* On My Own Two Feet: A Modern Girl's Guide to Personal Finance

Here's why: "These are good places to put extra money once you have your emergency fund established," says Bartiromo. Just know that while money market accounts and certificates of deposit (CDs) earn greater interest than most savings accounts, they also have more restrictions. "You'll pay a penalty if you pull money out early," says Bartiromo. So use these vehicles for money you'll want to use in two to five years. For cash you won't need till after that, there's...

The Stock and Bond Market

What to keep here: Money you won't need for at least five years. This is where your long-term savings goes, and yes, you do need some of that.
Here's why: Many women say they are terrified of the stock market. Don't be! "Sure, the fluctuations of the market are risky," adds Bartiromo, "but you have to keep in mind why you are investing. Long-term this is where you'll make the most money." What's more, research has shown that when women do invest in the market, we earn slightly more on investments than men do, largely because we do it more conservatively. "Young women should resist the urge to look at uneasy financial times—as in, the past year—as an excuse not to get into the stock market," says Bartiromo. "You should put the bulk of your investments in stock because the younger you are, the more risk you can take." A smaller percentage of your savings should be in bonds, a safer investment than stocks. "Talk to a financial planner or do your own research about the market," advises Bartiromo. "Your odds are better with exchange-traded funds—which are similar to mutual funds but without heavy fees—chosen by professionals."

Bartiromo's Tricks to Help You Save

MAKE IT AUTOMATIC
"The easiest way to put money aside is to pretend like you never had it in the first place," says Bartiromo. For your retirement account, your company plan will allow you to automatically contribute to your 401(k) every pay period, so saving is painless. For your regular savings account, set up an automatic transfer to take money from your checking account after each paycheck clears.

KEEP THE CHANGE
No amount of money is too small to save. "I have this adorable double-decker bus piggy bank that I got in London," Bartiromo says. "When I come home with change in my pocket, that's where it goes. The other day I went to the bank and my change added up to $200!"

WAIT A DAY
This plan works. "If you see something and you think you absolutely must have it—wait a day, just to make sure that you're not spending money for purely emotional reasons," says Bartiromo. "If you are still aching for it in a day, wait a week. If you can't get it out of your mind, it's probably a good purchase, but this grace period should help you avoid knee-jerk spending."

Dump the Debt That's Stressing You Out

YOUR EXPERT
Carmen Wong Ulrich, *host of CNBC's* On the Money *and* Glamour*'s money columnist*

Ladies, listen up: There's a good chance your debt is keeping you from saving for retirement. That means one thing: You've got to get rid of it. Now. "We all want to look good, feel good and have a good time," says Wong Ulrich, "so we go ahead and charge things. The problem is we are hurting ourselves and our future in the end." Follow her six-step plan to unload debt fast:

Learn the difference between good and bad debt.

"Not all debt is created equal," says Wong Ulrich. If you start a business and spend $2,000 on a home office, it's an investment in yourself and your future—that's *good* debt. So are federal student loans, which get you an education so you can snag that higher-paying job, and, for the most part, mortgages (if it's a fixed rate and you can afford the payments). **"The goal is to avoid bad debt—revolving, high-interest situations where you aren't investing in anything but the bottom line of the credit card companies,"** says Wong Ulrich. Amen!

Understand the cost of bad debt.

"Aim to open your bill every month and see a previous balance of $0," says Wong Ulrich. The way interest payments work horrifies her. "Look at the numbers: Say you have $10,000 worth of debt on a credit card with a 14 percent interest rate. If you make only the minimum payment on that debt, it will take you *15 years* to pay it off, and you will end up paying more than an additional $10,000 in interest alone. But if you pay even just twice the minimum, you can pay off that debt in four years and cut your interest payments by two thirds."

Stop making new debt!

In other words, **no using your cards while you're trying to pay off balances.** "Most

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"The more cards you have floating around in your wallet, the easier it is to lose track of your spending. I have a one-credit-card policy. It helps."
—*Sheila Bair, chairwoman of the FDIC*

ORMAN: DIMITRIOS KAMBOURIS/WIREIMAGE.COM

What I Want Every Young Woman to Know

BY SUZE ORMAN

This financial crisis is the greatest thing that's ever happened to women in their twenties and thirties! Real estate is affordable, and interest rates are low. Stock prices are down. It's harder to get a credit card, so you can't hang yourself with debt. Don't look at the crisis and say, "Oh my God, what am I going to do?" You have to take the right actions, right now. And my six new smart-money rules for young women can be your first steps.

1. CREATE AN EIGHT-MONTH EMERGENCY FUND

I used to tell women to pay down their credit card debt before starting an emergency fund, back when it was easy to find a job. Now, a stash of cash is queen. In today's economy, it's a probability that you could lose a job at some point. Prepare by creating an emergency fund of at least eight months' worth of bills you know you have to pay—rent, utilities, cell phone, medical costs and food. Instead of paying off your credit card debt in full, just pay the minimum. Plow the rest of your money into that emergency fund. Otherwise, if you lose your job, what are you going to do? Once you've amassed your eight-month fund, then pay off your credit card debt as soon as possible.

2. INVEST, INVEST, INVEST...

Twenty- and thirtysomething women should be thrilled when the stock market goes down. If you continue to put money into your retirement accounts, every dollar buys more shares because the stock prices are lower. The more shares you buy, the more money you make as the stock market rises. Investing in your 401(k) up to the point of your company match is your priority. (If your 401(k) doesn't have a match, or you exceed the $15,500 limit, you are better off doing a Roth IRA if you qualify.)

3. ...EVEN IF YOU'RE BROKE

If you can't pay your bills, logic says you should take a loan out of your 401(k). Wrong, wrong, wrong, wrong! Your 401(k)'s protected against bankruptcy. And if you ever get into that situation, you'll need your 401(k) funds for your future more than ever.

4. TRUST YOURSELF

Want to find the best, most committed financial adviser in the world? Look in the mirror. No one cares more about your money than you. Know nothing about finance? You can learn! Read *Smart Money* magazine or listen to Bob Brinker on ABC radio.

5. SAY NO OUT OF LOVE FOR YOURSELF...

...not yes out of fear of what others think of you. Women tend to say yes to too many financial requests. Women are generous. Even if they have no money, they say yes to their partners, boyfriends or siblings who need $5,000. But a woman should have the strength to say no, out of love for herself and her financial future. Say, "No, I am not cosigning this loan for you. If a bank isn't willing to give you a loan, why would I?"

6. FICO FIRST, THEN SEX

A FICO score [learn more about this on page 287] shows creditors how you are perceived at handling money. Women, when it comes to money, you'd better make sure your love interest is as responsible as you are! So together, check out your love's FICO score as soon as you know you are serious. If it's a touchy topic, that's a sign! Visit myfico.com. It costs $15.95. You want 760 or above. Anything below 500, you are "FICO-ed!"

Suze Orman is a personal-finance guru, host of CNBC's The Suze Orman Show *and author of* The Money Book for the Young, Fabulous & Broke.