

Say goodbye to late bills, missed savings goals, forgotten investments, and all the hassle and guilt of managing your money the hard way.

Once you've automated your finances, you can relax knowing you'll never miss another bill, you'll hit your savings and investing goals automatically, and you'll be able to spend your money guilt-free. Or as I like to call it, start living life outside the spreadsheet.

This mini-course includes the following lessons:

- Your next \$100 – See an Automated Money System in action.
- The psychology of automation – Discover some little-known quirks and perks to automating your money.
- What you need to get started – Gather everything you need to set up your system.
- Set up your automated money system – Step-by-step instructions on how to automate your finances.
- Stress-free money management – Recommendations on handling uneven income flow, monitoring your system, and more.

Everything you need to automate your finances is here, streamlined to make the process fast and easy.

When you're done:

- You'll have a fully automated financial system.
- All your recurring bills will be paid on time with no effort from you.
- Your retirement and savings goals will be funded automatically every month.
- You'll spend less than an hour a month on your money management.
- You'll know exactly how much money you have each month to spend, guilt-free.
- You'll have complete control over your money if you ever want or need to tweak your system.

In short, you'll have accomplished one of the biggest (and most overlooked) Big Wins out there. Your new Automated Money System will keep working for you, automatically, for the rest of your life.

Let's get started!

Before we get into the nuts and bolts of automating your finances, I want to give you a 30,000-foot view of how it works. When you understand how and why automating your money works, it's much easier to set it up.

Remember the 85% Solution: Getting started is more important than becoming an expert.

Too many of us get overwhelmed thinking we need to manage our money perfectly, which leads us to do nothing at all. This trips up a lot of people who try to automate their finances. I get it. Because just as no two people are exactly alike, no two automation systems are exactly alike. We all have different:

- Incomes
- Spending plans and habits
- Cash flows
- Banking and investment accounts (or lack thereof)
- Financial and Rich Life goals

And that's OK!

Don't worry about perfection. Everyone (including me) has to adapt their automation system to their own needs and goals!

The easiest way to set up your money automation is to take it one step at a time — and not worry about being perfect. I'd rather take action and get it 85% right than do nothing. Think about it. 85% of the way is far better than 0%. Once your money system is good enough — or 85% of the way there — you can get on with your life and go do the things you really want to do.

Your next \$100

Let's think about the next \$100 you make. Where will that money go?

Most people just shrug and don't take any time to think about it — which means it gets thoughtlessly spent and I sob uncontrollably.

But there's a better way! Imagine you already know how much money you have to pay for bills ("fixed costs") and how much is leftover for investments, your savings goals, and spending money.

Here are the spending guidelines I recommend, which you can use and tweak as necessary:

CATEGORIES OF SPENDING	
Use these as guidelines for your spending and tweak as necessary.	
<b>Fixed costs</b> Rent, utilities, debt, etc.	50-60% of take-home pay
<b>Investments</b> 401(k), Roth IRA, etc.	10%
<b>Savings goals</b> Vacations, gifts, house down payment, cash for unexpected expenses, etc.	5-10%
<b>Guilt-free spending money</b> Dining out, drinking, movies, clothes, shoes, etc.	20-35%

So, if you made \$100 and your plan resembled the example above, you might put:

- \$60 toward your fixed costs
- \$10 into your investment account
- \$10 into savings
- And you'd spend the remaining \$20 on whatever you felt like

Pretty cool, right? Well, it gets even better, because once everything is automated, that money will be sent from your checking account right into the appropriate accounts without you even thinking about it.

“Set it and forget it”

I don't know about you, but I plan to do less and less work as I go through my life. When I meet people on a career path that will have them working more, not less, I'm always puzzled. That's like being a real-life Mario Brother, where every level you beat means your life gets progressively more difficult. Why would you want that?

That's why I love systems: You front-load the work now, then you get to benefit for years and years. By investing a little extra effort now, we don't have to invest a lot later.

Of course, that's easier said than done. Somehow we just never get around to consistently managing our money — and let's be honest: That will never change. Because who really cares about managing money? It's about as appealing as cleaning the garage . . . every week for the rest of your life. I'd rather have an automated system that handles most of my to-dos for me.

This is all driven by a principle I call the Curve of Doing More Before Doing Less:



By spending a few hours upfront, you'll end up saving huge amounts of time over the long term. Your money flow will be automatic, and each dollar that comes in will be routed to the right place without you really having to think about it.

The payoff for these few hours is huge because this automatic system will let you focus on the fun parts of life. No more worrying about whether you paid that bill or if you're going to be overdrawn again. You'll start to see money as a tool for getting what you want without the manual drudgery of tracking categories and transferring money from one account to another each week.

Alright! It's time to dive in and set up your Automated Money System! This process can be broken down into 3 simple steps:

- Step 1: Link your accounts
- Step 2: Set up your transfers
- Step 3: Sit back and enjoy your money system working for you

Let's dive into each.

Step 1: Link your accounts

Now it's time to link your accounts together so you can set up automatic transfers from one account to another. When you log in to any of your accounts, you'll usually find an option called something like "Link accounts," "Transfer," or "Set up payments."

These are all the links you need to make between accounts:

- Connect your **paycheck** to your **401(k)** (if you haven't already) so it's automatically funded each month.
- Connect your **checking** account to your **savings** account.
- Connect your **checking** account to your **investment account/Roth IRA**. (Set this up from your investment account, rather than from your bank account.)
- Connect your **credit card** to any **bills** you've been paying via your checking account. (And if you've actually been paying bills by writing checks with a pen, please understand that humanity has discovered fire and combustible engines and join our modern times. For example, if you've been paying your cable bill by check each month, log in and switch it so that the bill is paid by your credit card instead.)
- Some **bills**, like rent and loans, can't be paid using a credit card. Link these regular bills to your **checking** account. (Do this by logging in to the company's website and initiating the transfer from your checking account to the company.)
- Set it up so that all your **credit card** accounts are paid from your **checking** account. (This is set up from your credit card's "Transfer" or "Link accounts" page.)

You likely have a few payments that simply can't be automatically drawn from your checking account. For example, if you're renting from a little old lady, she may not have a sophisticated financial infrastructure including a website where you can enter your checking account information and automatically transfer money each month.

However, you can still automate payments using your checking account's bill pay feature, which is free with nearly every account. Example: If you pay rent by writing a check and sticking it in an envelope each month, log in to your checking account and set up automatic bill pay for your rent. Your bank will then write a check for you each month and mail it to your landlord. Just make sure you schedule it so that it has enough time to reach your landlord via the postal service by the due date.

To summarize, these are the accounts you need to link:

HOW TO CONNECT YOUR ACCOUNTS	
This account...	...should fund this account
<b>Paycheck</b>	<ul style="list-style-type: none"> <li>→ 401(k)</li> <li>→ Checking account (direct deposit)</li> </ul>
<b>Checking account</b>	<ul style="list-style-type: none"> <li>→ Roth IRA</li> <li>→ Savings account (subdivided into savings goals)</li> <li>→ Credit card</li> <li>→ Fixed costs that don't allow credit card payment (like rent)</li> <li>→ Occasional-spending cash</li> </ul>
<b>Credit Card</b>	<ul style="list-style-type: none"> <li>→ Fixed costs</li> <li>→ Guilt-free spending</li> </ul>

That may seem like a lot, but just take them one by one. The best part is once you're done, that piece of the system is set for good!

Step 2: Set up your automatic transfers

Now that all your accounts are linked, it's time to go back into your accounts and automate all transfers and payments. This is really simple: It is just a matter of working with each individual account's website to make sure your payment or transfer is set up for the amount you want and on the date you want.

One thing you want to pay attention to is picking the right dates for your transfers. This is key, but people often overlook it. If you set automatic transfers at weird times every month, it will inevitably necessitate more work. For example, if your credit card is due on the first of the month but you don't get paid until the fifteenth, how does that work? If you don't synchronize all your bills, you'll have to pay things at different times and that will require you to reconcile accounts. Which you won't do.

The easiest way to avoid this is to get all your bills on the same schedule. To accomplish this, gather all your bills together, call the companies, and ask them to switch your billing dates. Most of these will only take five minutes each to do. There may be a couple of months of odd billing as your accounts adjust, but it will smooth itself out after that.

If you're paid on the first of the month, I suggest switching all your bills to arrive on or around that time too.

Call and say this: "Hi, I'm currently being billed on the seventeenth of each month, and I'd like to change that to the first of the month. Do I need to do anything besides ask right here on the phone?" (Of course, depending on your situation, you can request any billing date that will be easy for you.)

Now that you've got everything coming at the beginning of the month, it's time to actually go in and set up your transfers.

Here's how to arrange your Automated Money System, assuming you get paid on the first of the month.

<p>2nd of the month →</p>	<p>Part of your paycheck is automatically sent to your 401(k). The remainder (your "take-home pay") is direct-deposited into your checking account. Even though you're paid on the first, the money may not show up in your account until the 2nd, so be sure to account for that. Remember, you're treating your checking account like your email inbox — first, everything goes there, then it's filtered away to the appropriate place. Note: The first time you set this up, leave a buffer amount of money — I recommend \$500 — in your checking account just in case a transfer doesn't go right. You can "cash out" that buffer after a couple of months. And don't worry: If something does go wrong, use the negotiation tips in Chapter 2 of my book to get fees waived.</p>
<p>5th of the month →</p>	<p>Automatic transfer to your savings account. Log in to your savings account and set up an automatic transfer from your checking account to your savings account on the 5th of every month. Waiting until the fifth of the month gives you some leeway. If, for some reason, your paycheck doesn't show up on the first of the month, you'll have four days to correct things or cancel that month's automatic transfer. Don't just set up the transfer. Remember to set the amount too. (To calculate the amount, use the percentage of your monthly income that you established for savings in your plan — typically 5–10%.) But if you can't afford that much right now, don't worry! Just set up an automatic transfer for \$5 to prove to yourself</p>



	<p>that it works. The amount isn't important: \$5 won't be missed, but once you see how it's all working together, it's much easier to add to that amount.</p>
5th of the month →	<p>Automatic transfer to your Roth IRA. To set this up, log in to your investment account and create an automatic transfer from your checking account to your investment account. (Note that there are government-set limits on contributions to 401(k)s and Roth IRAs. A quick Google search will tell you what the current limits are for your situation.) Refer to your Conscious Spending Plan to calculate the amount of the transfer. Ideally, it should be about 10% of your take-home pay, minus the amount you send to your 401(k).</p>
7th of the month →	<p>Auto-pay for any monthly bills you have. Log in to any regular payments you have, like cable, utilities, car payments, or student loans, and set up automatic payments to occur on the seventh of each month. I prefer to pay my bills using my credit card because I earn points, I get automatic consumer protection, and I can easily track my spending using tools like <a href="#">You Need a Budget</a> or <a href="#">Mint</a>. But if your merchant doesn't accept credit cards, they should let you pay the bill directly from your checking account, so set up an automatic payment from there if need be.</p>
7th of the month →	<p>Automatic transfer to pay off your credit card. Log in to your credit card account and instruct it to draw money from your checking account and pay the credit card bill on the seventh of every month — in full. Because your bill arrived on the first of the month, you'll never incur late fees using this system. If you have credit card debt and you can't pay the bill in full, don't worry. You can still set up an automatic payment; just make it for the monthly minimum or any other amount of your choice.</p>

To summarize, here is the timing to set up for your Automated Money System:

WHEN THE MONEY FLOWS	
On this date...	...these actions happen
1st of the month	→ Your salary is direct-deposited into your checking account
2nd of the month	→ Part of your salary goes into your 401(k)
5th of the month	→ Automatic transfer from checking account to savings account → Automatic transfer from checking account to Roth IRA
7th of the month	→ Automatic payment of bills from checking account and credit card → Automatic transfer from checking account to pay off credit card bill

By the way, while you're logged in to your credit card account, also set up an email notification (this is typically under "Notifications" or "Bills") to send you a monthly link to your bill, so you can review it before the money is automatically transferred out of your checking account. This is helpful in case your bill unexpectedly exceeds the amount available in your checking account — that way you can adjust the amount you pay that month.

Step 3: Sit back and enjoy your money system working for you

You did it!

Now when money comes into your system, it's sent to your investments, savings goals, and bills — automatically. And you can enjoy your spending guilt-free and hassle-free.

Now all you have to do is sit back and watch your money automatically flow for you, month after month. It will take some tweaking here and there, but the vast majority of the work has already been done.

Here's my Curve of Doing More Before Doing Less?

After setting up your accounts and automatic transfers, you are now on the other side, coasting happily. Congratulations. Most people just sit around and think about automating "someday." You're there.

So far, we've covered the basic Automated Money System schedule. "Great, if you have a regular income," you may be thinking, "but I'm not paid on a straight once-a-month schedule." That's not a problem.

You can just adjust your Automated Money System to match any payment schedule. I'll show you how to handle atypical cash flows — plus how to monitor your system in just an hour a month or less.

"What if I'm paid twice a month?"

This is a simple tweak. You can easily automate your money even if you're paid twice a month.

In fact, there are two easy ways to do it.

Option 1: Replicate my system on the first and the fifteenth — with half the money each time. You'll pay your bills at the start of the month, with your first paycheck. Then you'll fund your savings and investment accounts in the middle of the month, with your second paycheck.

The key is to make sure you pay your bills on time, which is why it's important to move your bills' due dates to the first of the month.

Option 2: Save a "buffer" of money which you can use to simulate getting paid once a month. You're essentially keeping a pool of money in your checking account to pay your bills and contribute to your savings and checking account, then getting "paid back" by your paycheck each month.

For example, if your take-home pay is \$4,000/month (or \$2,000 bimonthly), you could keep \$6,000 in your checking account and follow my automation system as outlined in this lesson. Why \$6,000? Because each month, your automation system will begin transferring money for bills and savings and checking, and you want to build in a little extra in case something goes wrong (such as your paycheck arriving late).

If you can afford to do this, this is a great way to simplify your system and simulate getting paid once a month — even if you get paid bimonthly.

“What if I have irregular income?”

I know lots of freelancers and others who earn \$12,000 one month, then nothing for the next two months. That’s just part of their natural cash flow. How can you deal with spikes in income and still automate your finances?

Good news: This system will accommodate irregular income with no problem — you just need to take an extra step.

In months where you make a lot, you’re going to save and build a buffer for the slow months. Over time, you’ll build enough of a buffer that you can simulate a stable income, letting you use this system as designed. Even in slow months, you can pay yourself from your buffer.

Here’s how you do it.

1. First, figure out how much money you need each month. Focus on the bare minimum: rent, utilities, food, loan payments — just the basics, monthly necessities. Take a second to write it down.
2. Now, in your Conscious Spending Plan, add a savings goal of three months of bare-bones income before you do any investing. For example, if you need at least \$3,500/month to live on, you’ll need to have \$10,500 in a savings buffer, which you can use to smooth out months where you don’t generate much income. The buffer should exist as a sub-account in your savings account.

To fund it, use money from two places:

- First, forget about investing while you’re setting up the buffer, and instead take any money you would have invested and send it to your savings account.
  - Second, in good months, any extra dollar you make should go into your buffer savings.
3. Once you’ve saved up three months of money as a cushion, congratulations! You’re set. (To go the extra mile, work toward a six-month emergency fund.) You’ve built a stable buffer and you can simulate a stable income.

Think about it: If you have a bad month — even a really bad month, where you make \$0 — you can easily cover your expenses. And when you have a really good month, you can simply rebuild toward your three- or six-month goal. Through automated savings, you've bought yourself time and stability.

I have two additional recommendations for people with irregular income streams:

First, because you're self-employed, you probably don't have access to a traditional 401(k), but you should look into a Solo 401(k) and SEP-IRA, which are great alternatives. Just keep in mind that it's probably wise to sock away a little more into your savings account in good months to make up for the less profitable ones.

Also, a quick note on taxes: As a freelancer, you're responsible for your self-employment tax, which your employer would normally handle if you were a traditional employee. Self-employed taxes can get very tricky very quickly, so I'm going to give you my rule of thumb, then encourage you to talk to a professional.

Since many freelancers don't know the rules around self-employed taxes, they can get surprised when tax time comes around. I've known a lot of freelancers who were stunned to owe unexpectedly large amounts for taxes. As a rule of thumb, you should set aside 40 percent of your income for taxes. Some people save 30 percent, but I prefer to be conservative: It's better to end up oversaving than owing money at the end of the year.

Your bookkeeper can advise you on exactly how much to set aside, and how to automate your quarterly payments, so see a professional. It's worth it. I also recommend using [You Need a Budget](#) as a planning tool if you have an irregular income.

### How to monitor your Automated Money System

Finally, let's talk about how to keep an eye on your Automated Money System. The goal is to keep an eye on your spending without getting sucked into hours of money management — or avoiding it altogether and not knowing where your money is going.

I pay with my credit card as much as possible because I get travel points and extra consumer protection, like a free additional warranty for any electronics I buy. Credit cards also let you easily review your transactions. (You can even download and categorize them, if you like.)

### How I checked my credit card in the early days

I used to do a weekly five-minute review of all the charges on my card. If I took no action, my credit card reached into my checking account once a month and paid the full amount automatically. No late fees, no worries. If I did see an error, I just called my credit card company and got it fixed.

For example, I liked to keep an eye on my credit card charges whenever there was tipping involved, so I would keep my receipts whenever I went to restaurants and store them in a paper folder on my desk. Every Sunday night, I'd check the folder and spend about five minutes comparing my receipts with what my credit card's website says. I'd just do a "Ctrl + F" for the amount (for example, \$43.35) and confirm that it's correct. If I wrote \$43.35 as the full amount after tip, but saw that the restaurant had charged me \$50, I knew someone was trying to make a quick buck off me. And in that case, you need to ask yourself one question: WWAID? (What would an Indian do?) Answer: A quick call to the credit card company will resolve this.

Reviewing your credit card charges (possibly with a tracking software like [Mint](#) or [You Need a Budget](#)) also helps you see if you've been spending more in one area than you'd like to. These check-ins allow you to adjust your spending going forward without getting stressed or running into any problems.

### How I check my system now

I don't do those weekly reviews to catch a \$6 added tip anymore. The more experienced you get, the more you can spot unusual deviations to your own spending — and even if someone adds \$6 to a tip, it doesn't matter.

Believe me, I know how weird that sounds. I built this system by being ultra-aware of every transaction that ran through it. But eventually you realize the system exists to help you focus on the big picture. In any meaningful system, there's always a certain amount of waste. If someone adds \$5 to my tip (and my credit card company doesn't catch it), that's life. It's not going to break my Automated Money System or impact my larger savings goals or Rich Life.

I've set up a system with the appropriate safeguards and reviews, but I know that there will inevitably be certain things that slip through the cracks. That's OK as long as I'm keeping my eye on the big picture.

Once you set up your Automated Money System, you'll likely have 1–2 months of unusual payments as your bills reset to the new billing cycle. After that, you'll be able to reduce the

time you spend managing your money to less than an hour a month. I personally spend about 30 minutes a month now.

What will you do with all the time you save?

Now go live your Rich Life!

OK. You've got your system infrastructure set up. Each month, you've got money flowing automatically to your investment accounts and savings accounts. You've even cut your spending by focusing on a couple of [Big Wins](#).

So when do you get to spend all this money!?!

The answer is simple: Once you've gotten your money under control and you're hitting your targets, you absolutely should spend your leftover money. Look at your savings goals. If you don't have something in there for "vacation" or "new snowboard," maybe you should. Otherwise, what is all this money for?

For me, that means travel, fitness, and creating memories with my family.

How will you use your money?

Money exists for a reason — to let you do what you want to do. Yes, it's true, every dollar you spend now would be worth more later. But living only for tomorrow is no way to live. Consider one investment that most people overlook: yourself. Think about traveling — how much will that be worth to you later? Or attending that conference that will expose you to the top people in your field? My friend Paul has a specific "networking budget" that he uses to travel to meet interesting people each year. If you invest in yourself, the potential return is limitless.

If you're meeting your goals, another route you could take is to start saving less and increase the amount you allocate to your guilt-free spending money.

One final thing: I hope this doesn't sound too cheesy, but one of the best returns I've ever gotten has been with philanthropy. Whether it's your time or your money, I can't emphasize enough how important it is to give back, be it to your own community or to the global community. Volunteer your time at a local school or youth organization or donate to a charity that supports a cause you care about.

Now that your money is automated, go live your Rich Life!