

# The Money Book for the Young, Fabulous & Broke

by Suze Orman

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## Summary:

The Money Book for the Young, Fabulous & Broke by Suze Orman is a comprehensive guide to financial literacy and personal finance. The book provides readers with an understanding of how money works and how to make it work for them. It covers topics such as budgeting, saving, investing, debt management, credit cards, insurance and retirement planning.

Orman begins by discussing the importance of having a positive attitude towards money. She emphasizes that money should be seen as something that can help you achieve your goals rather than something to be feared or avoided. She then goes on to discuss budgeting basics such as tracking expenses and setting up a spending plan.

Next she discusses different types of investments including stocks, bonds and mutual funds. She explains the risks associated with each type of investment so readers can make informed decisions about where they put their money. Additionally she talks about ways to reduce risk when investing in order to maximize returns.

The book also covers topics related to debt management such as student loans and credit card debt. Orman provides advice on how best to manage these debts in order minimize interest payments while still making progress towards paying them off completely.

Finally Orman discusses retirement planning including Social Security benefits and 401(k) plans. She explains why it's important for young people especially those just starting out in their careers to start thinking about retirement now so they can take advantage of compounding interest over time.

## Main ideas:

**#1. Create a budget: Creating a budget is the first step to financial success. It allows you to track your spending and make sure you are living within your means.**

Creating a budget is the first step to financial success. It allows you to track your spending and make sure you are living within your means. A budget should include all of your income sources, such as wages from employment or investments, and all of your expenses, including rent/mortgage payments, utilities, groceries, entertainment costs and any other regular bills.

When creating a budget it's important to be realistic about what you can afford. Start by listing out all of your fixed expenses like rent/mortgage payments and utility bills that must be paid each month. Then list out variable expenses like groceries or entertainment costs that may vary from month-to-month. Once you have an idea of how much money is coming in each month versus going out it will help you determine where cuts can be made if needed.

It's also important to set aside some money for savings each month so that when unexpected expenses arise there is something available for them without having to resort to credit cards or loans with high interest rates. Having a plan in place helps ensure that no matter what life throws at us we are prepared financially.

**#2. Pay off debt: Paying off debt is essential to financial freedom. It is important to prioritize debt repayment and create a plan to pay off debt as quickly as possible.**

Paying off debt is essential to achieving financial freedom. It can be difficult to stay motivated when tackling a large amount of debt, but it is important to prioritize repayment and create a plan for paying it off as quickly as possible. Start by making a list of all your debts, including the interest rate and minimum payment due on each one. Then decide which ones you want to pay off first – typically those with the highest interest rates should be paid down first. Once you have identified your priorities, make sure that you are making payments on time every month in order to avoid late fees or other penalties.

It may also help to set up automatic payments so that you don't forget about any bills or miss any deadlines. Additionally, consider cutting back on unnecessary expenses such as eating out or shopping trips in order to free up more money for debt repayment. Finally, if needed, look into consolidating multiple loans into one loan with a lower interest rate in order to save money over time.

By following these steps and staying focused on your goal of becoming financially free from debt, you will eventually reach success!

**#3. *Save for retirement: Saving for retirement is essential for financial security in the future. It is important to start saving as early as possible and to take advantage of employer-sponsored retirement plans.***

Saving for retirement is an important part of financial planning. It can help ensure that you have enough money to live comfortably in your later years, and it can also provide a cushion against unexpected expenses or emergencies. The earlier you start saving, the more time your money has to grow through compound interest.

One way to save for retirement is by taking advantage of employer-sponsored plans such as 401(k)s or 403(b)s. These plans allow you to contribute pre-tax dollars from each paycheck into an account that will grow tax-free until withdrawal at retirement age. Many employers offer matching contributions up to a certain percentage, so be sure to take full advantage of this benefit if available.

In addition, there are other types of accounts such as IRAs (Individual Retirement Accounts), which may offer additional benefits depending on the type chosen. You should consult with a financial advisor or do research online about different options before deciding which one best suits your needs.

No matter what type of plan you choose, it's important to make regular contributions and stay disciplined in order for your savings plan to be successful over time. Saving for retirement now will pay off in the long run!</p>
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**#4. *Invest wisely: Investing is a great way to grow your wealth. It is important to understand the risks associated with investing and to diversify your investments.***

Investing wisely is essential for growing your wealth. It's important to understand the risks associated with investing and to diversify your investments across different asset classes, such as stocks, bonds, mutual funds, real estate, and commodities. Diversifying helps reduce risk by spreading out potential losses over a variety of investments.

When selecting an investment strategy it's important to consider factors like time horizon (how long you plan on holding the investment), liquidity needs (how quickly you need access to cash), and risk tolerance (your willingness to accept market volatility). Additionally, research each individual security or fund before investing in order to make sure that it aligns with your goals.

Finally, be sure not to put all of your eggs in one basket. Investing too heavily in any single stock or sector can lead to significant losses if something goes wrong. Instead focus on creating a well-diversified portfolio that will help protect against market downturns while still providing growth opportunities.

**#5. *Protect yourself with insurance: Insurance is an important way to protect yourself and your family from***

***financial loss. It is important to understand the different types of insurance and to make sure you have the right coverage.***

Insurance is an important way to protect yourself and your family from financial loss. It can help cover the costs of medical bills, property damage, or even lost wages due to illness or injury. Different types of insurance are available for different needs, such as health insurance, life insurance, auto insurance, homeowners' insurance and more. It is important to understand the different types of coverage that are available and make sure you have the right amount of coverage for your situation.

When selecting an insurer it is important to compare rates between companies in order to get the best deal possible. You should also consider any discounts that may be offered by certain insurers based on factors such as age or occupation. Additionally, it is a good idea to review your policy periodically in order to ensure that you still have adequate coverage.

Having proper protection through insurance can provide peace of mind knowing that if something unexpected happens you will be covered financially. Taking time now to research and select appropriate policies can save money in the long run while providing much needed security.

***#6. Understand credit: Credit is an important tool for building wealth. It is important to understand how credit works and to use it responsibly.***

Credit is an important tool for building wealth. It can help you purchase items that you may not be able to afford with cash, and it can also help build your credit score over time. To use credit responsibly, its important to understand how it works. Credit cards are a type of loan that allow you to borrow money from the bank or other lender in order to make purchases. When you use a credit card, the lender charges interest on the amount borrowed until it is paid off.

When using a credit card, it's important to pay off your balance each month so that you dont incur any additional debt or interest payments. Additionally, if possible try not to exceed 30% of your available limit as this will have an impact on your overall credit score and could lead to higher interest rates when borrowing money in the future.

Its also important to monitor your spending habits and keep track of all transactions made with your card so that there are no surprises at the end of each billing cycle. Finally, always read through any terms and conditions associated with any new line of credit before signing up for one.

***#7. Build an emergency fund: An emergency fund is essential for financial security. It is important to save up enough money to cover at least three to six months of living expenses.***

Building an emergency fund is essential for financial security. Its important to save up enough money to cover at least three to six months of living expenses in case of a job loss, medical emergency, or other unexpected event. This way you can be prepared and not have to worry about how you will pay your bills if something happens.

Start by setting aside small amounts each month until you reach your goal. You may want to open a separate savings account specifically for this purpose so that it's easier to track and manage the funds. Make sure the account has FDIC insurance so that your money is safe even if the bank fails.

Once you have saved up enough money, make sure it stays there! Dont dip into it unless absolutely necessary; otherwise, all of your hard work will be wasted. Instead, use other sources such as credit cards or loans when possible.

***#8. Spend wisely: Spending wisely is essential for financial success. It is important to understand the difference between needs and wants and to prioritize spending on essential items.***

Spending wisely is essential for financial success. It is important to understand the difference between needs and wants,

and prioritize spending on essential items. Needs are those things that you must have in order to survive, such as food, shelter, clothing, healthcare and transportation. Wants are those things that you would like to have but don't necessarily need in order to survive. When it comes to spending money, it's important to focus on your needs first before indulging in any of your wants.

When budgeting for expenses each month or year, make sure you account for all of your necessary costs first before considering any discretionary purchases. This will help ensure that you can cover all of your basic necessities without having to worry about running out of money at the end of the month or going into debt just because you wanted something extra.

It's also a good idea to set aside some money each month for savings so that if an unexpected expense arises or an emergency occurs, you'll be prepared financially. Additionally, try not to use credit cards unless absolutely necessary since they often come with high interest rates which can quickly add up over time.

By understanding what constitutes a need versus a want and prioritizing accordingly when it comes time to spend money wisely can help ensure long-term financial stability.

**#9. *Negotiate: Negotiating is a great way to save money. It is important to understand the power of negotiation and to use it to your advantage.***

Negotiating is a powerful tool that can help you save money. It involves understanding the value of what you are asking for and being willing to compromise in order to get it. When negotiating, it's important to be confident and assertive while also remaining respectful of the other party involved. You should always have an idea of what your bottom line is before entering into negotiations so that you know when to walk away if necessary.

When negotiating, try to focus on win-win solutions where both parties benefit from the outcome. This could mean offering something in exchange for a lower price or finding ways to make the deal more attractive without sacrificing too much on either side. Be sure to do your research beforehand so that you understand all aspects of the negotiation process and can come prepared with facts and figures.

Finally, remember that negotiation isn't just about getting a good deal; it's also about building relationships with people who may become valuable contacts down the road. Negotiation requires patience, practice, and skill but if done correctly can result in significant savings over time.

**#10. *Live within your means: Living within your means is essential for financial success. It is important to understand your financial limits and to make sure you are not spending more than you can afford.***

Living within your means is essential for financial success. It means understanding how much money you have coming in and going out each month, and making sure that the amount of money you spend does not exceed what you can afford. This requires careful budgeting and planning to ensure that all of your expenses are covered without overspending.

When creating a budget, it is important to prioritize spending on necessities such as rent or mortgage payments, food, utilities, transportation costs, insurance premiums and other bills before considering discretionary purchases like entertainment or dining out. Once these needs are taken care of, then it may be possible to allocate some funds towards savings goals or investments.

It is also important to remember that living within your means doesn't mean depriving yourself; rather it involves being mindful about where your money goes so that you can make smart decisions with regards to spending. By taking control of your finances now and learning how to live within your means today will help set up a secure financial future tomorrow.

**#11. *Avoid lifestyle inflation: Lifestyle inflation is a common mistake that can lead to financial trouble. It is important to avoid increasing your spending as your income increases.***

Lifestyle inflation is a dangerous trap that can lead to financial trouble. It occurs when people increase their spending as their income increases, without taking into account the long-term consequences of such decisions. This often leads to debt and other financial problems down the road. To avoid lifestyle inflation, it is important to create a budget and stick to it no matter how much money you make. Make sure your expenses are in line with your income and prioritize saving for retirement or other long-term goals.

It's also important to remember that more money doesn't necessarily mean more happiness. Instead of buying expensive items or going on lavish vacations, focus on experiences that will bring lasting joy rather than fleeting pleasure. Investing in yourself through education or hobbies can be far more rewarding than simply buying things.

Finally, don't forget about giving back! Consider donating some of your extra income to charity or helping out those less fortunate than you—it will give you an even greater sense of satisfaction than any material purchase ever could.

**#12. *Take advantage of tax deductions: Tax deductions are a great way to reduce your tax bill. It is important to understand the different types of deductions and to take advantage of them.***

Tax deductions are a great way to reduce your tax bill. By taking advantage of the various deductions available, you can significantly lower the amount of taxes you owe. Common deductions include those for charitable donations, medical expenses, and home mortgage interest payments.

It is important to understand which types of deductions apply to your situation and how they work. For example, if you make a donation to charity or pay for medical expenses out-of-pocket, these may be deductible from your taxable income. Additionally, if you have a mortgage on your primary residence or second home, the interest paid on that loan may also be deductible.

When filing taxes each year it is essential to take full advantage of all applicable tax deductions in order to minimize what you owe. Doing so will help ensure that more money stays in your pocket instead of going towards Uncle Sam!

**#13. *Make a plan for large purchases: Making a plan for large purchases is essential for financial success. It is important to understand the costs associated with the purchase and to make sure you can afford it.***

Making a plan for large purchases is essential for financial success. Before making any purchase, it is important to understand the costs associated with it and make sure you can afford it. Start by creating a budget that includes all of your income and expenses. This will help you determine how much money you have available to spend on large purchases.

Once you know how much money you have available, create a list of items that are necessary or desirable for the purchase. Consider both short-term and long-term needs when making this list so that your purchase will be beneficial in the future as well as now. Make sure to research prices from different vendors before committing to one.

When deciding which item(s) to buy, consider quality over quantity; buying something of higher quality may cost more initially but could save money in the long run due to fewer repairs or replacements needed down the road. Additionally, look into financing options if they are available; some stores offer special financing plans with low interest rates or no interest at all.

Finally, once everything has been decided upon and purchased, track your spending closely afterwards so that there are no surprises later on down the line. Making a plan for large purchases can help ensure financial success now and in the future!

**#14. Understand the power of compounding: Compounding is a powerful tool for growing wealth. It is important to understand how compounding works and to take advantage of it.**

Compounding is a powerful tool for growing wealth. It works by reinvesting the interest earned on an investment, so that it can earn more interest in turn. This process of earning and reinvesting continues over time, resulting in exponential growth of your money.

To take advantage of compounding, you need to start investing early and regularly. The longer you invest, the more time your money has to grow through compounding. You should also consider investing in assets with higher returns such as stocks or mutual funds rather than low-interest savings accounts.

It's important to understand how compounding works and its potential benefits before making any investments. With careful planning and smart decisions about where to invest your money, you can use compounding to build long-term wealth.

**#15. Automate your finances: Automating your finances is a great way to stay on top of your finances. It is important to set up automatic payments and transfers to make sure you are staying on track.**

Automating your finances is a great way to stay on top of your financial goals. Setting up automatic payments and transfers can help you ensure that bills are paid on time, money is saved regularly, and investments are made in a timely manner. Automation also helps reduce the risk of late fees or overdrafts due to missed payments.

You can automate many aspects of your finances including setting up direct deposits for paychecks, setting up automatic bill payments for recurring expenses such as rent or utilities, transferring funds from checking to savings accounts each month, and investing in stocks or mutual funds through an automated investment service. Automating these processes will save you time and energy so that you can focus on other important tasks.

It's important to review all automated transactions periodically to make sure they are still meeting your needs. You should also be aware of any fees associated with automating certain services so that you don't end up paying more than necessary.

**#16. Take advantage of employer benefits: Employer benefits are a great way to save money. It is important to understand the different types of benefits available and to take advantage of them.**

Employer benefits are a great way to save money. It is important to understand the different types of benefits available and take advantage of them. Employers often offer health insurance, retirement plans, life insurance, disability coverage, vacation time and other perks that can help you save money in the long run.

Health insurance is one of the most common employer benefits offered. This type of coverage helps protect you from medical expenses if you become ill or injured. Retirement plans such as 401(k)s allow employees to set aside pre-tax dollars for their future retirement needs while also receiving matching contributions from their employers.

Life insurance policies provide financial protection for your family in case something happens to you unexpectedly. Disability coverage provides income replacement if an employee becomes disabled due to illness or injury and cannot work anymore. Vacation time allows employees to take paid time off from work so they can relax and recharge.

It's important to research all the options available through your employer before making any decisions about which ones are right for you. Taking advantage of these benefits can help reduce stress levels by providing peace of mind knowing that your finances are taken care of should anything unexpected happen.

**#17. Make a will: Making a will is essential for protecting your assets. It is important to understand the different types of wills and to make sure your wishes are carried out.**



Making a will is essential for protecting your assets. It ensures that your wishes are carried out after you pass away, and it can help to avoid any disputes between family members or other beneficiaries. There are several different types of wills available, so it's important to understand the differences before making a decision. A simple will outlines who should receive what property upon death, while more complex wills may include provisions for guardianship of minor children or special trusts.

When creating a will, make sure all information is accurate and up-to-date. You'll need to list all assets such as real estate, bank accounts, investments and personal possessions in order for them to be distributed according to your wishes. Additionally, you'll need to name an executor who will be responsible for carrying out the instructions in the document.

It's also important to review your will periodically throughout life changes such as marriage or divorce. This helps ensure that everything remains current with regards to asset distribution and other matters outlined in the document.

**#18. *Donate to charity: Donating to charity is a great way to give back. It is important to understand the different types of charities and to make sure your donations are going to a worthy cause.***

Donating to charity is a great way to give back and make a positive impact in the world. It can be an incredibly rewarding experience, both emotionally and financially. When donating to charity, it is important to do your research and ensure that your donations are going towards a worthy cause. Consider researching different charities online or speaking with people who have donated before you.

When selecting which charity you would like to donate to, consider their mission statement and how they plan on using the funds raised from donations. Additionally, look into what percentage of the money goes directly towards helping those in need versus administrative costs such as salaries or overhead expenses. This will help you determine if this particular organization is worth investing in.

Finally, when donating money or goods always keep track of your contributions for tax purposes. Donations made throughout the year may qualify for deductions at tax time so it's important that you document all charitable giving.

**#19. *Educate yourself: Educating yourself about personal finance is essential for financial success. It is important to understand the basics of personal finance and to stay up to date on the latest financial news.***

Educating yourself about personal finance is essential for financial success. It is important to understand the basics of personal finance, such as budgeting, saving and investing, credit management, and retirement planning. Knowing how to manage your money can help you make smart decisions that will benefit you in the long run.

It is also important to stay up-to-date on the latest financial news. Keeping track of changes in tax laws or new investment opportunities can help you make informed decisions about your finances. Additionally, staying abreast of current events related to economic trends can give you insight into potential risks or rewards associated with certain investments.

Finally, it's a good idea to consult with a professional when making major financial decisions. A qualified financial advisor can provide valuable advice tailored specifically for your individual needs and goals.

**#20. *Have a financial advisor: Having a financial advisor is a great way to get advice and guidance. It is important to understand the different types of advisors and to make sure you are getting the right advice.***

Having a financial advisor is an important step in taking control of your finances. A financial advisor can provide you with the guidance and advice needed to make sound decisions about your money. They can help you create a budget, set up investments, and plan for retirement. With their expertise, they can also help you identify potential risks and opportunities that may be beneficial to your long-term goals.

When selecting a financial advisor, it's important to do research on different advisors available in your area. Make sure the person or firm has experience working with clients like yourself and understands what type of advice would best suit your needs. It's also important to ask questions about fees and services offered so that you know exactly what you are getting into before signing any contracts.

Having a financial advisor is an invaluable asset when it comes to managing your finances. Not only will they provide valuable insight into how best to manage money but they will also be able to offer personalized advice tailored specifically for you based on their knowledge of the market trends.