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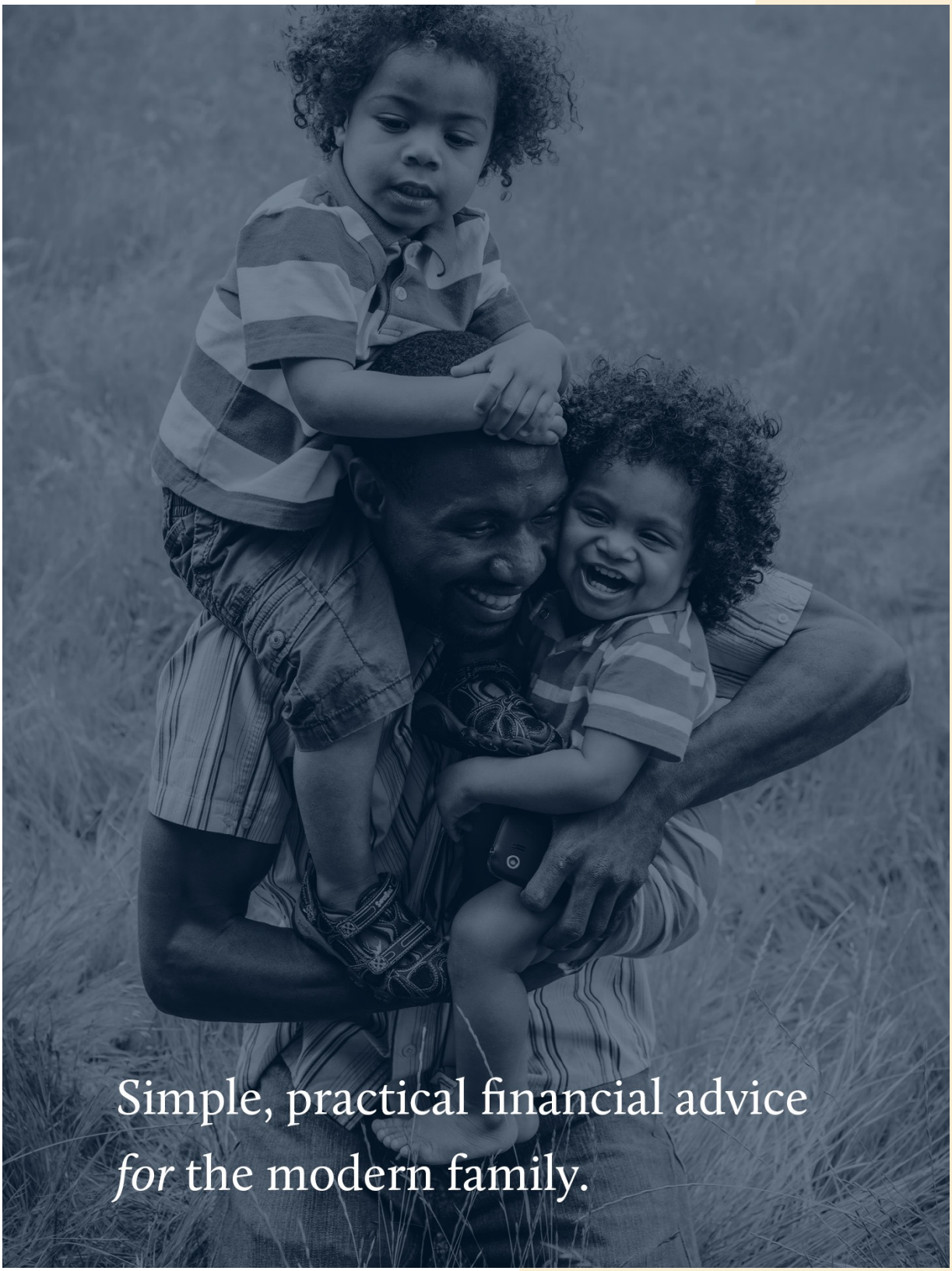
# SIMPLE Money



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# *Raises, Negotiations, and $67,000*

***—by Jesse Cramer***

**$67,000.** I negotiated a raise at work 30 months ago. And because of that raise, my net worth is now $67,000 higher than it otherwise would have been.

I shared this fact with my Twitter followers. Lots of questions ensued.

*"How'd you get the raise?"*

*"Any tips?"*

*"Can you share the negotiation tactics you used?"*

This article will answer all those questions and more.

I divided this article into "The Story" and "The Tips." The story is entertaining. The tips are the important takeaways.

**The Story**

In the Spring of 2017, my company published data on "salary ranges." For the first time, I realized that I was at the bottom of my salary range. Very underpaid. Yet I had glowing reviews from my managers.

*What gives?* Great work, but low pay? I wanted to change that.

I brought it up with my manager, and she was open and helpful. We went to Human Resources (HR) together, and HR said, "Sorry – we can't just give away raises to every person who asks for one."

Hmmm. Stonewalled. I kept the conversation open though. This felt too important to drop.

**6 Months Later**

Fast forward 6 months and our company had a big hiring spree! Lots of new college grads were coming on board, and word quickly spread about their salaries.

*Wait…they're making $10K, $15K, even $20K more than me?*

I'd been working there three years with a Masters' degree.

They had no experience and less education. It's not the new hires' fault…

*But what is going on?!?*

I went *back* to my Manager and we went *back* to HR, and I got the same answer: "Sorry – we can't give raises just because you ask."

**Time to Rethink – Back to First Principles**

To me, the situation defied common sense. So I asked myself, "Well how *does* someone get a raise around here?"

- Being underpaid isn't sufficient
- Getting good reviews isn't sufficient
- Having support from leadership and management doesn't work either.

These Human Resources people were confusing me. On a whim, I went to Google. "What's the purpose of human resources?", I asked.

The answers were eye-opening. Maybe you're already aware, but:

- Human Resources' primary role is to protect the corporation from the employees.

- They protect the corporation from getting sued by employees. *Makes sense.*

- They ensure employees are following Federal and Local employment laws. *Makes sense.*

- They hire employees to keep the company progressing, but do so at lowest reasonable salaries. *Makes s...WAIT!! Really???*

I should have realized this earlier. Human Resources aren't your buddy. Nor mine.

Their job is to work on behalf of the corporation. *Not* on behalf of individual employees. It doesn't make them bad or evil. It's just a fact. *They aren't there to help individual employees, especially when it comes to salary negotiations.*

With this new fact in hand, I rethought all my prior interactions with HR. That's when I realized that HR was playing a different game.

**Their Game vs. My Game**

What game had I been naively playing? I expected my coworkers—the people with whom I was busting my butt—to be fair-minded. I expected them to say, "Ahh yes. You're underpaid. You're overachieving. It's *obvious* to everyone that you deserve a raise. And that's *exactly* what we'll do."

But since HR is part of the corporate vampire squid, they rammed their blood funnel into *my* salary, eking out what profit they could. They were getting a great discount on my labor. A steal, really. I was a profit machine (for them).

I was the victim of my own naïve assumptions. I was patiently waiting for the cream to rise—i.e. for them to realize I needed a raise. And while I waited, they profited.

When I presented my arguments to HR, they even said, "Well Jesse...you're being paid in the 15th percentile. That means that 15% of your peers get paid *even less* than you, and are more deserving of a raise. And we can't even give *them* raises."

Crazy, right?

1. I never thought "You're in the 15th percentile" would be used as an argument to **not** give someone a raise.

2. I'd happily represent the salary interests of my co-workers. But "union" is the worst five-letter word you can utter in corporate America.

3. Where are those 15 percenters? Are they advocating for raises too? If not, then why is HR bringing it up to me? It was just a deflection tactic.

It was ridiculous. Unfair. Made no sense.

How did this otherwise competent HR professional not realize this lunacy?

**And Suddenly I Realized...**

And then it hit me. I suddenly knew what was happening. I felt *even more* naïve – but I felt angry, too.

*"She* **does** *realize it's not fair—but she just doesn't care*."

HR was tacitly telling me, "It's not about what's fair, Jesse. It's about what you'll accept."

Up until that precise moment—hearing those foolish arguments in that HR office—I unwittingly played by those rules. To this day, many of my coworkers continue to play along.

*As long as you accept less than you deserve, we'll give you less than you deserve*. *And every day you come through those front doors, you're accepting it*.

That is their rule, plain and simple.

I *assumed* they would be fair-minded.

I *assumed* they'd give me a fair wage.

I *assumed* they'd look me in the eye and be forced to change their ways.

Nope. As Upton Sinclair noted: "It is difficult to get a man to understand something, when his salary depends on his not understanding it." A giant corporation isn't going to think like a fair-minded individual. Their quarterly profits depend on them thinking far differently than little old Jesse.

**They Volley, I Respond**

So that's the first volley of their game theory.

*As long you accept less than you deserve, we'll give you less than you deserve*.

In response, I asked myself: if this is a game, what move do they *not* want me to make?

Do you know the answer, reader? Do you know the one chip I held? The one resource of mine that HR *really* cared about?

It's me. *Me*. My presence. My brain. My labor. My attendance.

**So, what's my move?**

I had to stop accepting less than I deserved.

In fact, I had to firmly *reject* less than I deserved.

**I needed to find a different job.**

So I did. I went and impressed the pants off another company and they offered me a 30% raise. Then I went back to my boss and said, "Thanks for being my advocate, it sucks that HR didn't want to cooperate, and now I'm leaving." That's that.

**What Happened Next...**

But you wouldn't believe what happened next. I certainly didn't.

Heaven and Earth were moved to keep me around. Big wigs called me at my desk. Managers pulling me aside to ask me what I needed to stay. Strings were pulled and same-day approvals were granted. Corporate matched the salary offer that the other company gave me.

That's great! I got want I wanted. ...Right?!

If I'm being honest, HR's instantaneous reaction made me angry. So many of HR's previous actions suddenly came into focus. And all at once, I realized how sly their game theory tactics are. It made me realize:

1. HR knows many employees will *not* have the gumption to interview for another job. Some people don't advocate for themselves. Those people will be underpaid the rest of their careers.

2. I felt pressured to where my options were either 1) be an underpaid sucker or 2) waste another company's time and resources via interviews, flights, hotels, etc. I didn't want to be a sucker. So I wasted another company's time and resources. It felt bad. That sucks. It makes employees like me less likely to speak up (not to mention the other company's resources).

3. Rather than choose one of the reasonable off-ramps I offered in my early negotiations, HR opted for a game of chicken. They opted to hold their trajectory until they *almost* went over the cliff i.e. I was about to quit. Then they slammed the brakes and swerved, praying—as their tires lifted off the ground—that they weren't too late. And I thought, "This is how a cutting-edge tech company thinks? This is the practice of an industry leader?"

I don't blame the individual humans in HR. But I hold accountable the system they've created.

**Should I Stay or Should I Go Now?**

Was I going to stay at my job with a raise, or go take the other offer?

This was a personal decision for me. There were so many variables. Job duties. Locations. Travel. The devil you know versus the one you don't. Family and friends. Etc.

I can't offer much advice here other than, "Do what feels right."

**I decided to stay.**

But the biggest lesson I learned has been so important to me. And I hope you've learned it now too.

The lesson is: *don't accept less than you're worth.*

Over the 30 months since obtaining that raise, I've accumulated **$67,000** that I otherwise wouldn't have had. Not too bad.

**The Tips**

Ok—let's talk brass tacks. What can you implement in your own career?

First, what did I do to get the bigger offer from the other company?

**Securing a Bigger Offer**

Everyone always says, "When negotiating, don't say the first number."

And that's mostly true. If you're looking for a line to give HR, one that I enjoy is, "I want to be paid a fair industry rate." And then ask what the HR rep believes that fair industry rate is. Put the onus on them.

But listen: playing salary tag with HR gets annoying.

You might decide to pull a Bill O'Reilly: *WE'RE DOING IT LIVE!* A.K.A. you say the first number, breaking the unwritten rule from above.

If you pull an O'Reilly, use **anchoring** to your advantage. What's anchoring? It's this wonderful idea from behavioral economics that says we get attached, or *anchored*, to numbers we hear. Here's a great example:

Let's say you hope to get a $100,000 salary offer, and you think that's perfectly fair based on industry research. You play some financial footsy with HR, but neither side is budging.

"Ok," you say, squinting like Clint Eastwood at high noon, "I want $150K."

*$150K? But Jesse, we just agreed that $100K is acceptable.*

We did. But I want to anchor that HR rep to a much higher number. Because one of three things is about to happen.

1. They'll give you $150K. You'll feel *amazing* for getting $50K more than you hoped for. And then you'll feel like a dope for not asking for even more. Or...

2. They'll say, "Whoa Clint...that's a mighty high request. Might'n ya cool your spurs and bring it down a bit. We can't offer anymore than...$125K."

3. Or they'll think, "Jeez...we were hoping to pay $100K, but that might be insulting since they're asking for $150K. So I guess we'll meet in the middle and offer $125K."

Boom. If you lead with $100K, they would have accepted it. You might have left $25K on the table.

And you won't believe how much that $25K could cost you in the long run.

**The Cost of Not Asking For A Raise**

Do you know the long-term impacts of not asking for a raise? Let's walk through a simple math example.

Alex and Bart are coworkers. They both earn $50,000 a year, and both spend $45,000 a year. Both take their extra money each year and invest in a conservative fund that returns 5% per year.

But then Alex asks for a raise—a 30% raise, like the one I got—and gets it. He's now making $65,000 a year, but his spending is still $45,000 a year.

How will their futures differ?

After 10 years, Alex will have $327K to Bart's $102K.

After 20 years, Alex will have $1.05M to Bart's $385K

After 30 years, Alex will have $2.51M to Bart's $1.02M

Alex's "small" $15,000 raise equates to **$1.5 million** in extra value after 30 years.

Don't underestimate the value of a raise.

**Final Tips from My Experience**

Here are a few of the earlier tips, in summary.

- HR employees aren't evil. But they have incentives that ***are not aligned*** with your financial incentives.

- Does something just not make sense regarding how others (managers, HR, etc) perceive your salary? Remember what Upton Sinclair said: "It is difficult to get a man to understand something, when his salary depends on his not understanding it."

- How your HR might be thinking: *As long as you accept less than you deserve, we'll give you less than you deserve. And every day you come through those front doors, you're accepting it.*

- What options do you have?

    - Call their bluff.

    - Find a new job with a better offer.

- When negotiating, you should try to make HR say the first number.

- But if they really don't want to and you're sick of waiting, then you gotta **aim high** with your request. Anchor that HR rep to a high number. Force them to divulge what their maximum offering is.

- But once HR sets their salary limit, believe them. A former coworker of mine pushed back after HR set its limit, and they called his bluff: "Sorry Chuck—we're no longer interested in employing you." Ouch. You don't want that.

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**Jesse Cramer** created The Best Interest, where you can find this article and many more that explain personal finance and investing in simple terms. His writing has been featured by CNBC, MSN, The Motley Fool, and other national publications. He resides in Rochester, NY with his girlfriend and their dog.

# *Do You Have a Shopping Addiction? [How to recover]*

***—by Laurie Sepulveda***

Shopping is very much a part of everyday life, especially in today's world of one-click purchases and Apple Pay. But when shopping becomes a compulsion, you buy things you don't need, or you're deeply in debt because of your purchases, there may be a bigger problem at hand.

A shopping addiction, commonly known as Compulsive Buying Disorder (CBD), or Buying-Shopping Disorder (BSD), is defined as an obsession or compulsion to make purchases to soothe feelings of stress or anxiety, to your financial detriment.

The National Institutes of Health note that shopping addictions tend to run in families. And compulsive shoppers often have other disorders or addictions present. But like some other behavioral addictions, the American Psychiatric Association (APA) doesn't recognize Shopping Addiction as its own separate disorder.

This can make it hard to identify the condition in yourself or a loved one. Or to find resources to help you treat the addiction.

However, research shows shopping addictions are so prevalent that they affect up to 6% of the US population. The vast majority of those they affect (80-95%) are women.

**How Do I Know I Have a Problem?**

While anyone can buy too much at one time or another, give in to the occasional impulse purchase, or bust a holiday budget during a shopping spree, there are a few critical signs of compulsive buying behavior or an addiction to shopping.

According to Psych Guides, if you or a loved one is lying about your shopping, that's a very good indication there's a problem. For example, you might say you went shopping but lie about how much you spent or hide some of your shopping bags or purchases.

Human beings are very good at justifying our own behavior to ourselves. So it's easy to say, "I'm just fibbing about this one purchase" or "He won't understand why I bought this."

But lying is a sign that you're trying to hide your behavior, which probably indicates one or more people in your life think something is wrong.

**The Emotions**

People often develop shopping compulsions or addictions for emotional reasons. If you find yourself swiping your credit or debit card to make yourself feel better, or buying items because you're feeling guilty about a past purchase or event, then you may have a shopping addiction.

Buying things can give you hits of dopamine that light up the reward center in your brain. This gives you a temporary respite from feeling anxious or depressed. Over time, you may come to rely on these hits to get you through negative emotions.

Yet buying stuff only provides temporary relief. And compulsive shoppers have to keep making purchases to relieve their negative emotions.

Another indicator you might have a shopping addiction is if you suffer from another mental health issue or mood disorder. This could be depression, anxiety, obsessive-compulsive disorder, drug or alcohol abuse, or anorexia or bulimia.

**Impulse Control**

While the reasons for shopping addiction aren't always clear, studies have shown it can often be categorized as an impulse-control disorder, like gambling. And lots of people with compulsive buying disorders also struggle with other conditions or addictions.

Do you primarily buy things online?

Some people with shopping addictions avoid shopping in person because they're embarrassed by how much they're buying. Other reasons for buying primarily online are the ability to easily purchase from multiple stores and shopping any time of the day without having to wait for stores to open.

While excessive online shopping habits or buying compulsions may not leave you with physical scars, they can ruin you financially.

If you regularly spend money you know you don't have, to make non-essential purchases like clothes, shoes, or jewelry, you may have an addiction to shopping.

Financial problems like a large amount of credit card debt, bankruptcies, or only being able to pay the minimum on your credit cards due to uncontrolled shopping trips are red flags you have a bigger problem.

**Take the Test**

Debtors Anonymous lists fifteen questions to help you determine if you have a problem with debt. Because a shopping addiction so often leads to financial distress, you can also use this test to measure a shopping addiction.

1. Are your debts (or your shopping) making your home life unhappy?
2. Does the pressure of your debts distract you from your daily work?
3. Are your debts (or your shopping) affecting your reputation?
4. Do your debts (or the amount you buy) cause you to think less of yourself?
5. Have you ever given false information in order to obtain credit?

6. Have you ever made unrealistic promises to your creditors?

7. Does the pressure of your debts make you careless of the welfare of your family?

8. Do you ever fear your employer, family, or friends will learn the extent of your total indebtedness (or the extent of your purchases)?

9. When faced with a difficult financial situation, does the prospect of borrowing give you an inordinate feeling of relief?

10. Does the pressure of your debts cause you to have difficulty sleeping?

11. Has the pressure of your debts ever caused you to consider getting drunk?

12. Have you ever borrowed money without giving adequate consideration to the rate of interest you are required to pay?

13. Do you usually expect a negative response when you are subject to a credit investigation?

14. Have you ever developed a strict regimen for paying off your debts (or quitting shopping), only to break it under pressure?

15. Do you justify your debts (or the amount you purchase) by telling yourself that you are superior to the “other” people, and when you get your “break,” you’ll be out of debt overnight?

You probably have a buying compulsion or addiction if you answered “yes” to eight or more questions above.

**Why Do I Have a Shopping Addiction?**

There are many theories about why shopping addictions develop. If you experienced childhood trauma or abuse or have a history of shopping addiction in your family, you're more likely to have a problem with addictive shopping behaviors.

If you grew up in a home environment where your parents spent above their means, you never practiced delayed gratification, or your family felt it necessary to show off with designer labels, that may affect your current shopping habits.

**Adverse Effects of a Shopping Addiction**

While "retail therapy" may temporarily provide a rush of excitement, being addicted to shopping can hurt more than just your credit.

Shopping addictions can harm or destroy your marriage/partnership, ruin your trust with loved ones, or even cause you to lose your home. If you're regularly lying about your shopping or your debt, you will affect your relationships and reputation.

A shopping addiction can also ruin your self-esteem and take away your trust in yourself.

If you're using shopping to control negative emotions like anxiety or depression, you may instead make those feelings worse as you become dependent on the temporary dopamine hits your purchases bring you.

**Overcoming Compulsive Shopping Behaviors**

Besides cutting up your credit cards, using only cash, avoiding online stores, and always using a needs-only shopping list when heading out to shop, overcoming an online shopping addiction or compulsive spending habit will require you to do some deep work.

Start by uncovering your money story and determining your core values.

Then you'll want to track all your spending, create a sensible budget, avoid taking on more debt, and develop a debt pay-off strategy.

You might need to find a new route to work to avoid passing your favorite store. Or develop a new healthy habit to fill the emotional void a shopping spree used to fill.

And you'll likely want to enlist the help of family or friends to assist you through periods and events when impulse buying or a shopping spree would typically help you cope.

You may even want to meet with a mental health professional.

Read Melissa's story about her out-of-control shopping behavior and how she recovered.

**Help is Available**

Many treatments and support are available for people with a problematic shopping addiction or a compulsive behavior for spending. These including online therapy, inpatient treatment centers, 12-step programs, and support groups like shopaholics anonymous.

It can be challenging to treat a spending addiction since much of modern life involves shopping online and instant purchases. In extreme cases, those who engage in compulsive shopping relinquish control of their finances to a trusted friend or family member to regain control of their spending and stop the spiral of debt.

**Cognitive Behavioral Therapy**

Cognitive Behavioral Therapy, or CBT, is one of the most successful behavioral treatments for a host of disorders, including Shopping Addiction.

CBT centers around retraining your brain and relearning how to talk to yourself when tempted to make a purchase. It also helps you learn how to identify and avoid triggers that cause you to overspend.

**Debtors Anonymous**

Debtors Anonymous is a 12-step program that helps compulsive shoppers learn to manage their spending.

The organization hosts meetings in over fifteen countries. It provides support and resources for individuals with shopping addictions or other debt problems. Visit their website to find a support meeting near you.

**Medication**

Recovering shopping addicts often work with a therapist or psychiatrist because many addicts have found help managing their symptoms with pharmaceuticals such as SSRIs (selective serotonin reuptake inhibitors) like Prozac or Lexapro.

If you're using shopping to improve feelings of depression or anxiety, your therapist can help you better manage those feelings through therapy or an anti-anxiety or depression medication.

**Closing Thoughts**

While a shopping addiction can wreak havoc on your money and relationships, many shopping addicts have successfully gone through treatment to help. They've learned how to retrain their brains and manage their addictive habits, compulsive behavior, or impulse control issues.

You can get help for your shopping addiction, and you can get better. You're not alone: there are many organizations, therapists, and individuals who can and will help you.

**Bonus tip:** Check to see if you have a confidential Employee Assistance Program (EAP) at your place of employment that could put you in touch with a therapist or support organization.

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**Laurie Sepulveda** is a team member of Women Who Money, where you can find more articles like this. She is also the founder of The Three Year Experiment, a blog about building wealth in order to become location independent.

# *Living in the (Fun-Sized) Lap of Luxury*

***—by Carol Pavlik***

Several Halloweens ago, I emptied a bag of candy into a bowl to distribute to trick-or-treaters. My young son, standing beside me, looked perplexed as he read the packaging containing the miniature candy bars.

“Fun size? Why do they call those fun-size, mom? Those candy bars are just way smaller! What’s fun about smaller?”

I have a sweet tooth, so I commiserate with his observation. When it comes to chocolate, I’m not a minimalist. Everyone knows that fun happens when there is more, right? If it’s bigger, it’s better. If there’s more, we’re happier.

Right?

But at the time, I was living in a big house, and I wasn’t having fun. My house was beautiful, and its four bedrooms, spacious kitchen, and living area served us well for birthday parties and Thanksgivings.

I should’ve been having the time of my life.

But if one thing went wrong with the house, like the time our roof leaked, or when the washing machine was broken beyond repair (just as a raging case of stomach flu was tightening its grip on our household, unfortunately), I would panic. How were we going to pay for this?

When everything was going along swimmingly in our big house, we were okay. But it always felt as though we were one step away from financial ruin. We were on a financial tightrope, wishing and hoping that a mighty wind didn’t come along and knock us off. Because we weren’t sure there was a safety net beneath us.

After we purchased our small home, I started to better understand the term “fun size.”

People were surprised when we announced we were selling our big house and moving our family (four kids and a floppy-eared dog) to a small two-bedroom home.

With the small house, our monthly mortgage payment is cut in half. So are our property taxes.

That's fun!

Our savings account continues to grow. Like never before, there is money left at the end of each month. We pay less in utilities. We use our cars less, now that we live closer to our jobs.

We buy less "stuff." In a smaller house, you give a lot more thought to purchases. With 940 sq. feet of living space to work with, buying something like an end table is a big deal. Is there room for it? Do we need it? Is there something I have to get rid of first to make it fit?

Anything decorative goes through an even tougher vetting process. Does this wicker basket add to my life, or is it just something I'm going to keep tripping over? Do I really need this seasonal plate that I'll only take out once a year?

Now that we're living in our "fun-sized" house, I'm definitely having more fun. In fact, I feel like I'm living in a tiny, fun-sized lap of luxury. We don't take side jobs on the weekends to make ends meet. Instead, we have time to do fun things like take our kayaks out on the lake, or hang out with friends. We take much nicer vacations. When something needs replacing in the house, we buy good quality items that (hopefully) will last a long time.

I used to think minimalism was all about giving things up: going without the things you really love. I thought it was a life of discipline, hardship, and sacrifice. I didn't want to live a hard life. I wanted an easy life in a big home.

I had it all wrong.

Minimizing the footprint of our home was key in shifting our family's trajectory for the better. I learned that the house of my dreams wasn't big, after all. My dream house is where I live now. Small. Practical. Nice. My house takes care of me. It contains the things I need and the people I love. The other things I love? They're outside of the house, in my community, in the big world. Now I can afford the luxury of chasing after them.

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**Carol Pavlik** is a features writer, columnist, and blogger. Her small house has opened her eyes, allowing her to notice and appreciate life's simple joys. She writes about downsizing at Unwanting.com and publishes a weekly newsletter, The Cozy Cottage Chronicles.

# *12 Best Side Hustle Ideas to Make Extra Money*

***—by Ken Okoroafor***

Let's explore practical side hustle ideas for making extra money.

In dictionary speak, a "side hustle" is a *noun* and is defined as:

"A secondary business or job that brings in, or has the potential to bring in extra income."

According to research by Henley Business School on the Side Hustle Economy, around 25% of all UK adults are now 'side hustling'.

Professor Chris Brooks (Professor of Finance and Director of Research) had this to say:

"The way we work is changing.

For many people the days of having a single 9-5 job for life are gone. Flexibility is the buzzword.

Firms want employees who are adaptable to their changing and 24/7 business needs, and employees want the flexibility to fit their work around other aspects of their lives, such as family commitments, a second job or a personal interest or passion project.

The technological and communications revolution has made it easier for small businesses to be established from home and to thrive.

This has been helped further by the rise of online retailers such as eBay and Amazon Marketplace and other developments including online publishing, website development, crowdfunding and the growth of blogging/vlogging.

A key component of this trend is for workers to have more than one role – for example, two or more part-time jobs, or one main job and a 'side' business."

This topic of side hustles is so significant, that the research shows that it generates around £72 billion ($99.3 billion) for the UK, or around 3.6% of UK GDP.

It also identified that on average, 20% of people's incomes are generated from side hustles.

This topic of side hustles helped me and my family get to a life of financial independence a lot quicker.

It essentially helps you create a life of options away from just making an income from your day job.

I typically get **two kinds of oppositions** from people when I talk about side hustles.

The **first opposition** is that people typically say to me – "We just don't have the time for any side hustles".

And when I say to them, do you have time to watch TV or what are your favorite TV shows, people always have an answer.

What you find there is that people have their priorities kind of misplaced.

People spend a lot of time watching TV, yet they want to make more money and say they don't have the time for it.

The **second opposition** I get is that people say, "we just don't have any ideas".

What should we be doing to make some side hustle income?

So let's explore the **12 best side hustle ideas** that you can try for yourself.

I've tried to make this list balanced so you have online ideas as well as offline ideas to pursue.

**12 Best Side Hustle Ideas**

**1. Airbnb**

I love Airbnb because there are two ways in which you can go by making money from it as a side hustle.

- You can rent out an existing space in your home.

You can do short lets and people can rent them out weekly or during your holidays, for example.

- Rent to Rent / Let to Let

Essentially what you do here is take out a lease on a property and agree with the landlord that you're going to sublet that property to somebody else.

Say, you rented a property for £1k, for example, and you sublet it over a period of a month and made £2.5k. In that scenario you'd be making a profit of £1.5k before other expenses and taxes.

**2. Uber**

I love this idea because anyone can do it, whether you're a man or a woman or whether you've got a car or not.

You can hire cars and go about driving as an Uber driver. The key here is that you have the time to do it and you're willing to put in what's required to make extra money.

If you need inspiration, Perry Wilson wrote an article on The Hard Truth About Getting Rich. He has been working towards a £300k retirement pot through driving cabs. He drives part time, whilst also blogging part time.

So this is a really credible way for anybody to go about making extra money.

**3. Blogging**

This is my favourite on the list of side hustle ideas, although making videos on YouTube is fast catching up.

I love blogging because it's fun and it gives you a variety of ways in which you can generate income.

You can make money via:

- Advertising
- Coaching
- Sponsorships
- Consulting
- Affiliate marketing

That list continues. You can even sell online courses.

The thing to note about blogging is that blogging requires you to put a lot of work in.

Don’t let anybody deceive you into thinking that this is actually an easy thing to do. It requires time.

I typically put in at least an hour to two hours a day every single day towards making sure that my blog is consistent in producing high quality content.

It’s something that absolutely anybody can do if they’re determined enough.

A really interesting thing about a blog is that you’re not just generating an income on an ongoing basis, but you’re also building a real business that you can sell.

Blogs are usually valued at around 2 – 3 times the profits of that particular blog or website. Say your blog was generating profits of hypothetically, £50k a year, if you were to sell it, you’d be looking at a valuation of £100k to £150k.

**4. Amazon FBA**

FBA stands for Fulfilled by Amazon and is one of the side hustle ideas that’s growing the fastest in popularity.

Amazon is the world’s online Superstore for personal shopping.

You can also create an online store selling products that you are sourcing and being fulfilled by Amazon.

You’re not keeping them in a warehouse somewhere in stock. Amazon will help you fulfill those products and deliver them to the other person who’s buying from you.

The beauty about doing this is that you can build your own brand. A private labelled brand on Amazon that you can go on later to sell.

So you're not only making money on an ongoing basis on Amazon, but you potentially have a business you can sell down the line.

I know people who generate typically between £1,500 to £2,000 pounds ($2,000-$2,800) per month in profits from selling and doing this on Amazon part time.

**5. Tuition**

Now you might be thinking – I don't have anything that I can teach people, right?

Absolutely everybody has something that they can teach somebody else.

There are two ways you can make money from tuition.

- You can offer offline tuition

You essentially meet somebody and you're teaching them one-to-one on an hourly basis. Or you can actually offer that same offline tuition, online via a platform like Skype or Zoom.

- You can offer a group setting where you're essentially teaching four to six people, depending on what you're teaching them all at the same time.

And everyone pays an hourly fee via the internet.

- Be the person who's creating the business of tuition

I used to do this myself when we created tuition centers. We'd hire rooms in a building, like a school for £25 an hour and we would aim to fill the class with 12-15 people learning a specific subject area.

As long as we covered the cost of the teacher, which might be about £20 to £25 an hour, the room of around £25 an hour, we'd make a profit on 2-3 students.

So if you did this as a side hustle, part time on a Saturday, you could easily be hitting £1k – £2k per month in profits.

But there is a lot of work to put in to get to that level. You have to also consider whether you know this is something you can scale, if scale is something you're interested in.

**6. Ebay Business**

Typically what you're doing here is you're trying to buy and sell at different prices so you can make a profit.

I know people who do this by buying niche areas, like stamps. Items such as stamps work really well because you can buy and post them easily and they don't weigh much at all to ship.

The game here essentially is based on the volume. What you're looking to do is buy and sell as many units as possible, as profitably as possible.

**7. Upwork**

I use Upwork as a place to find people to help me do things online, virtual assistants, etc.

You can use Upwork as well to make some money by putting your skills up and sharing your expertise.

People globally can call you and sign you up for projects and you get paid as a freelancer essentially.

It gives you the opportunity to use your existing skill sets for new customers and new markets to make extra money.

**8. Property Investing**

This is one of the more challenging side hustle ideas because it typically requires significant upfront capital.

What you're really looking to do here is to use debt as an instrument to acquire property and become an investor in property.

Note that the only people who should really be doing this are people who are able to analyze property deals or people who understand the economics of property investing.

It's quite easy to borrow money and get into this arena and get trapped if you don't know what you're doing.

But the idea here is that you're building a portfolio of properties with the goal of generating cash flow.

That cash flow works to generate passive income that you hope will cover your expenses and get you towards a life of financial freedom and financial independence.

It is actually a really good way to run a side hustle, one that is helping you achieve a very specific goal. But it requires you to invest in property, which requires some learning as well as upfront savings.

**9. Coaching and Consulting**

This is one of the easiest side hustle ideas to get started with.

It's something that anyone can start today without any kind of massive upfront investments like investing in property, for example.

The idea here is that you're using existing knowledge, existing expertise, and you're now putting that out to people in a new environment.

I do this all the time. I use my skill sets to offer consulting to small businesses, and coaching to individuals who are starting businesses or trying to go on the journey of financial independence.

The key to doing this successfully is that people have to view you as someone they can trust and someone who has an expertise that they can use in their own personal lives. You just need to start to present yourself in a slightly different way.

The beauty of doing this is that you can do it at any time you want provided, you can agree on a time that works for both of you and you can charge absolutely whatever you want.

It all depends on what you think your time is worth and your expertise is worth. But this is a really easy way to make some extra income as a side hustle.

**10. Wholesale Buying and Selling**

I really love this idea and I've seen my dad do this successfully.

What he does is he buys lots of raw food products, and he does two things –

He supplies them to shops and/or he packages them into his own brand and sells them in shops.

The idea is the same no matter what you're selling, whether you're selling clothing, toys, books, etc.

The key is that you're buying wholesale and you're selling to other businesses (B2B) and you're essentially looking to make margins. If you buy something for £1, you're usually looking to sell it for £2 or £2.50.

The B2B business is one that absolutely anybody can start, especially as we now can explore new markets (i.e. You can travel to places like China or India or places in Africa, at quite low costs these days).

The goal here is to find cheaper suppliers and then supply to other people.

**11. Start A YouTube Channel**

YouTube is a useful platform that anybody can take advantage of to make themselves extra money.

It requires consistency, which is the one thing you need if you're going to run a YouTube channel and make money from it. You've got to produce high quality content consistently for a community on YouTube.

I know many people making money on YouTube, whether they're making money producing content for children, or in some kind of lifestyle related activities.

You must have at least 1,000 subscribers to start to make money and you need about 4,000 hours of watch time to be approved for the YouTube Partnership Program (YPP).

In terms of how much you can make, a friend of mine makes $25 a day from her YouTube channel and she's only been running for about two years.

YouTube is something that anybody can get involved in even with your mobile phone as you don't need fancy cameras.

All you need is:

- good lighting
- your mobile phone (which is really good enough)
- just be authentic and genuine (People will subscribe and make sure that they follow you and watch your content.)

**12. Start A Childcare Business**

This sits between being a side hustle idea and being a full on business.

I know about this business because we run one as an extended family.

This has been one of our most profitable businesses to get into because it's one that people require all the time.

Childcare is really expensive, we all know that. We've all had to pay for child care in one way or another. But what's better than paying for childcare is to become a childcare provider if you can.

We went into this without a great deal of experience. In fact, we didn't have any experience. We've had to kind of gain experience as we go along.

There are **two ways** in which you can explore this.

- Starting a child care business as a pack away setting

You would need to find a building that's called a D1 use building. For example, a church building or church hall, or a school building or room in a school. If you can find one of those you can do a pack away setting.

You show up, set up for a few days on Monday to Friday and then you pack up and move out. Then the people who own the hall or the building can use it in the times you're not using it.

That setting is usually highly profitable because all you're doing is showing up, setting up and running your services with your staff members and the margins are a lot higher.

- Get a lease on an actual building

In this set-up, you live in that building permanently and you run your business from it.

It's a lot more costly to start, but gives you a lot more of a business because you own the lease on the building and you can make some money from it.

Over time, we've done both methods.

When we started off, we actually got a full lease on a building, but as we became experts in running these childcare businesses, we expanded into other settings.

This was driven by our need to do business more efficiently and more profitably as well. We explored pack away settings and they were more profitable and offered high quality service to lots of people.

I know this might not be for everybody, because you need to have some business acumen. You also need high quality childcare staff to actually help you out in running these settings as this is a regulated environment.

You've got to know what you're doing. Make sure you do lots of research.

Feel free to reach out to me if you want to know more about this. I'm more than happy to share some ideas about it.

**In Conclusion**

Side hustles are absolutely critical for giving you options beyond your day job. The key is not to just look at them as ideas, but to be experimental and put one or two into action.

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**Ken Okoroafor** is the founder of THE HUMBLE PENNY®, where you can find this helpful article and much more. Learning how to master money has transformed his life since his days as a teenage student and immigrant. It enabled him to become Financially Independent aged 34! Today they live purposefully to help others create financial joy and achieve financial independence in their lives too.

# *How To Retire in 5 Simple Steps*

***—by Fritz Gilbert***

If you've ever wondered How To Retire, here's a summary of the 5 most important steps you need to take as you're considering retirement.

While these may be 5 "simple" steps, if you do them right they'll be anything but easy. However, getting the decision correct on when you can retire is an important one, and it's critical that you check these 5 boxes before finalizing your decision to retire.

**How To Retire in 5 Simple Steps**

I started to blog at age 52 to document my journey to, and through retirement. I retired 3 years after my first post. Through my weekly writing, I figured out how to retire, and how to fit the puzzle pieces together to determine when I could retire without worrying about outliving my money. I've shared my journey and lessons learned along the way.

Based on my experience and other articles I've read, I've boiled down the key steps below, summarized as How To Retire in 5 Simple Steps.

I hope these steps prove helpful for anyone trying to determine how to retire.

**1. Determine Your Retirement Lifestyle**

During your working years, many of your lifestyle decisions were dictated by your employment. Where you lived, how much you drove, how much travel you were able to do, etc. were all dictated by the need to earn a paycheck.

That changes in retirement, and the important first step in "How To Retire" is to decide what you want your retirement to be. The impact of this decision will impact your spending needs in retirement, which drives how much income you need to derive from your investments. Combined, these determine when you'll be able to retire.

Figure out your retirement dream first, even if it's only at a high level.

- Are you going to downsize for retirement? What's that look like? When will you sell/buy/move?
- Are you going to travel extensively? Internationally or domestic?
- Are you planning to pursue new hobbies?
- What interests you, and how much will it cost?

**2. Estimate Your Retirement Spending**

In my experience, this was the hardest of the 5 steps. Hardest, but arguably the most important.

Understanding what your retirement will cost is critical as you figure out how to retire. Ultimately, retirement is a math problem and it comes down to determining if you have enough income to cover your retirement spending. If you do nothing else, get this piece right.

I recommend the following approach (it's the approach I took as I estimated our retirement spending).

- Track your actual pre-retirement spending for a year (feel free to use my free Spending Tracker).
- Adjust your pre-retirement spending to reflect changes that retirement will bring.

- Build an annual projection to estimate how your spending will change over retirement (see my Retirement Cash Flow Model).

For example, if you're planning on downsizing and using your home equity to enter retirement debt-free, you'd eliminate your mortgage payment as one of the "post-retirement" adjustments. Are you going to require private health insurance before Medicare kicks in? Make sure it's reflected. What about the taxes you're going to have to pay to access that Before-Tax IRA or 401(k)? Yes, that's an expense you'll need to cover in retirement.

You'll likely have some active years early in retirement (the "Go-Go" years), followed by reduced spending ("Slow-Go"), then an uptick as health expenses increase in your later years ("No-Go"). I found it helpful to map out my Retirement Cash Flow through Age 95 to reflect these variations and took it a step further by creating multiple scenarios. While not required (you could simply look at your spending in Year 1 of retirement), I gained confidence in my retirement plan by extending it through my expected lifespan.

**Don't use a rule of thumb** to estimate your spending (e.g., the infamous, but incorrect, "80% Rule"). The retirement lifestyle you've designed in Step #1 will drive your spending, and it's important to get it as accurate as possible.

### 3. Determine Your Retirement Income

Finally, in Step 3 of How To Retire, we reach the step that most people think of first. "Do I have enough money to retire?" is a question everyone asks when they're deciding when to retire. At this point in the process, it's time to determine how much income you can generate from your life savings.

First, do your homework on any fixed-income sources you'll receive, including pensions, social security, annuities, etc. If you've not yet done it, click on ssa.gov to get a realistic estimate of your Social Security income at various claiming ages. If

you're planning to work part-time in retirement, add in a line to capture any income you expect to earn in retirement (I'd encourage you to be conservative).

Second, if you've not yet done so, put together a Net Worth Statement. Feel free to use my free Net Worth Template! (Just make sure to go to "File / Make A Copy" to save a copy onto your drive to allow you to make changes). As you finalize your Net Worth statement, subtract "non-spendable" assets (e.g., cars) from your total to determine the assets you have available to fund your retirement, which we'll call "Retirement Assets".

Third, multiply your "Retirement Assets" by 3% and 4% to determine the range of annual withdrawals you can safely make from your investments to fund retirement. The 3-4% range reflects the range most experts agree you can safely withdrawal from your investments without outliving your money.

Finally, add your fixed income, part-time work income, and investment withdrawals together to determine the total amount of income you can safely expect in retirement.

Once you've totaled your expected income, compare it to your expected spending. If you have sufficient income to cover the spending, you're ready to retire (actually, you still need to complete Steps 4 and 5, but your finances are sufficient to support your retirement).

If your income is insufficient, you can project how many years of additional savings will be required to increase your income to the required level. You can also revisit your spending assumptions to see if there are any adjustments you can make to reduce your spending number and retire earlier.

At this point, by modifying the savings and spending assumptions, you can determine your retirement timing, perhaps the most important decision in the "How To Retire" question. I'd also encourage you to run your numbers

through various retirement calculators to provide different perspectives on your numbers.

**4. Build Your Defenses**

In your final year before retirement, it's important to modify the way you manage your investments. Moving into the Withdrawal Phase of retirement requires a different strategy than you've used during the Accumulation Phase, and now is the time to make that transition. The following are the key highlights.

- **Withdrawal vs. Accumulation:** In retirement, you'll be withdrawing from your savings, rather than adding to them. Use a system to build a retirement paycheck, which automates your withdrawals and keeps you within your spending limits.

- **Avoiding Sequence of Return Risk:** Sequence of Return Risk refers to the risk of having to sell your stocks in the midst of a bear market. To avoid this risk, consider modifying your Asset Allocation to ensure you have sufficient liquidity to cover a minimum of 2-3 years of expenses without having to sell stocks. I use The Bucket Strategy to maintain 3 years of cash and an additional 5 years of bonds. There are alternative approaches, what's important is that you implement a plan that works for you.

- **Develop a Drawdown Strategy:** It's important to determine what assets you'll be drawing from, and in which order. Ideally, you'd like to keep your Roth investments in place as long as possible, allowing tax-free growth. See Our Retirement Investment Drawdown Strategy for details on our strategy.

- **Maintain A Safe Withdrawal Rate:** As mentioned in Step 3 above, most experts recommend withdrawing no more than 3-4% of your portfolio per year to ensure you don't outlive your money (adjusted annually for inflation).

At a minimum, implement an Annual Financial Review to ensure you're staying within your spending limits.

- **Beware Inflation:** Don't forget the risk of Inflation: The Silent Killer of Retirement. As you manage (and rebalance) your Asset Allocation over the years, ensure you have sufficient exposure to categories which will allow you to grow your portfolio on par or better than the rate of inflation.

- **Minimize Taxes:** Remember all of those tax savings you enjoyed when you contributed to your Before-Tax IRA or 401(k) during your working years? Accessing those funds will trigger a tax bill, and it's best to have a strategy to minimize the tax expenses over the course of your retirement. Before the Required Minimum Distribution (RMD) is triggered at Age 72, consider doing annual Roth Conversions.

- **Maintain Your Health:** One of your biggest expenses in retirement will be Health Insurance, so do what you can to keep yourself healthy. Take advantage of your newfound time to implement a regular exercise program. Do an annual health screening, and monitor developments in the health insurance industry closely.

- **Do An Estate Plan:** The one reality that none of us can avoid is that we will die someday. Don't deny it, and don't fret about it. Enjoy living your life, but build an appropriate plan to ensure that your desires are implemented when that time comes. Put a solid Health Care Directive in place, update your Will, get the appropriate Power of Attorneys in place, etc. Legal Zoom has an entire section on Estate Planning. If you aren't comfortable doing it yourself, schedule an appointment with an attorney.

### 5. Develop Your Retirement Passions

While many people focus on the financial aspects of retirement planning, I've discovered that it's really the non-financial aspects that will make your retirement a rewarding experience.

Don't complete the "How To Retire" process without spending as much time as possible thinking about the "softer side" of your retirement. It was the primary theme of my book, Keys To A Successful Retirement, and has consumed the majority of my writing since retirement.

In your final year of work, start "building a bridge" to those activities which will become important in your life post-retirement. Start some new hobbies, make new friends outside work, get involved in a local charity.

For some reason, people often overlook the importance of this step. Don't be one of those people.

Retirement is the time to pursue your dreams, but it's also a time when your risk of depression increases. The primary difference between those who struggle in retirement vs. those who enjoy the transition is this step. I could write pages on this one (I already have), but I'll leave it at that.

I can't reiterate the importance of this step, don't complete your "How To Retire" process without spending as much time as possible on Step #5. Please.

**Conclusion:**

There you have it, How To Retire in 5 Simple Steps. I'm convinced that anyone who follows these steps in their final years of work will enjoy a more rewarding retirement as a result. If you're getting serious about retirement, I encourage you to work through these steps as you finalize your retirement decision. Your life will be better as a result.

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**Fritz Gilbert** writes The Retirement Manifesto, a canvas for "Helping People Achieve A Great Retirement," where you can find this article and many more focused on practical Financial Independence and Retirement Planning issues for folks within ten years of retirement. Fritz and his wife achieved early retirement in June 2018 at the age of 55, and are sharing the lessons they've learning along the way.

# *It's Better to Live Cheap Under Budget than Luxuriously in Debt*

***—by Joshua Becker***

There are two ways to live life:

1. We can live in a way that we spend less than we make.

2. Or we can live in a way that spends more than we make.

I suppose you could argue there is a third way: Spend *exactly* the same amount as you make. And that may be true, but unexpected emergencies happen all the time.

Spending *exactly* the same as you make only lasts until your next financial emergency—and then you'll find yourself squarely in the second group.

It would seem, looking at the options, most people would choose the first. The stress of constantly living in debt, of constantly being held hostage to your past, of even living with a sense of fear or panic is a way of life that nobody desires.

Spending less than we make is the option people would rationally choose. But most of us don't.

In fact, roughly 60% of us spend *more* than we make.

Here are the statistics:

60% of Americans could not pay for a $1,000 emergency expense.

77% of Americans report feeling anxious about their financial situation.

And the numbers are only getting worse.

Why is that? Why is a life with less stress and worry so difficult for so many of us to attain?

Why do most people choose to outspend their income?

There are some who will argue that the system is rigged and it is simply impossible to make enough money to live within your means. Of course that may be the reality for some, but it's certainly not the reason for most. And most importantly, it's likely not the reason for your choices.

More likely, the reason so many choose to live a life outspending their income is because messaging and marketers are constantly telling us that we're missing out by not spending more money.

Consider this: you can't turn anywhere inside a civilized society (nature may be the only exception) without being bombarded with advertisements promising a better life than you're living... if, and only if, you are willing to spend to get it.

We're promised a better life by spending more with almost every turn of our head.

The promise is so ingrained in our subconscious, from the moment we are born, that we subtly and unintentionally fall into the trap.

An increasing income doesn't quench the desire. Offers for a better life only grow with our income... nicer cars, bigger houses, fancier meals, more luxurious vacations... the temptation to overspend never, ever ends.

The promise of a better life always lies just outside our current income. So we chase it, endlessly—always spending just a bit more than we have.

But it is better to live cheap under budget than to live luxuriously in debt.

Living within your means results in a self-satisfaction that cannot be purchased at a department store.

It results in a restful calm at the end of the day that can never be experienced at the fanciest hotel.

It results in a genuine self-confidence that can never be purchased on a clothing rack.

It results in an ever-present enjoyment that can not be duplicated with a fancy vacation.

It results in an example for your family that can never be purchased with self-help courses.

And it results in a life well-lived with fewer regrets.

The world will tell you spending more is the key to a better life.

But I can attest, it is better to live cheap under budget, than it is to live luxuriously in debt.

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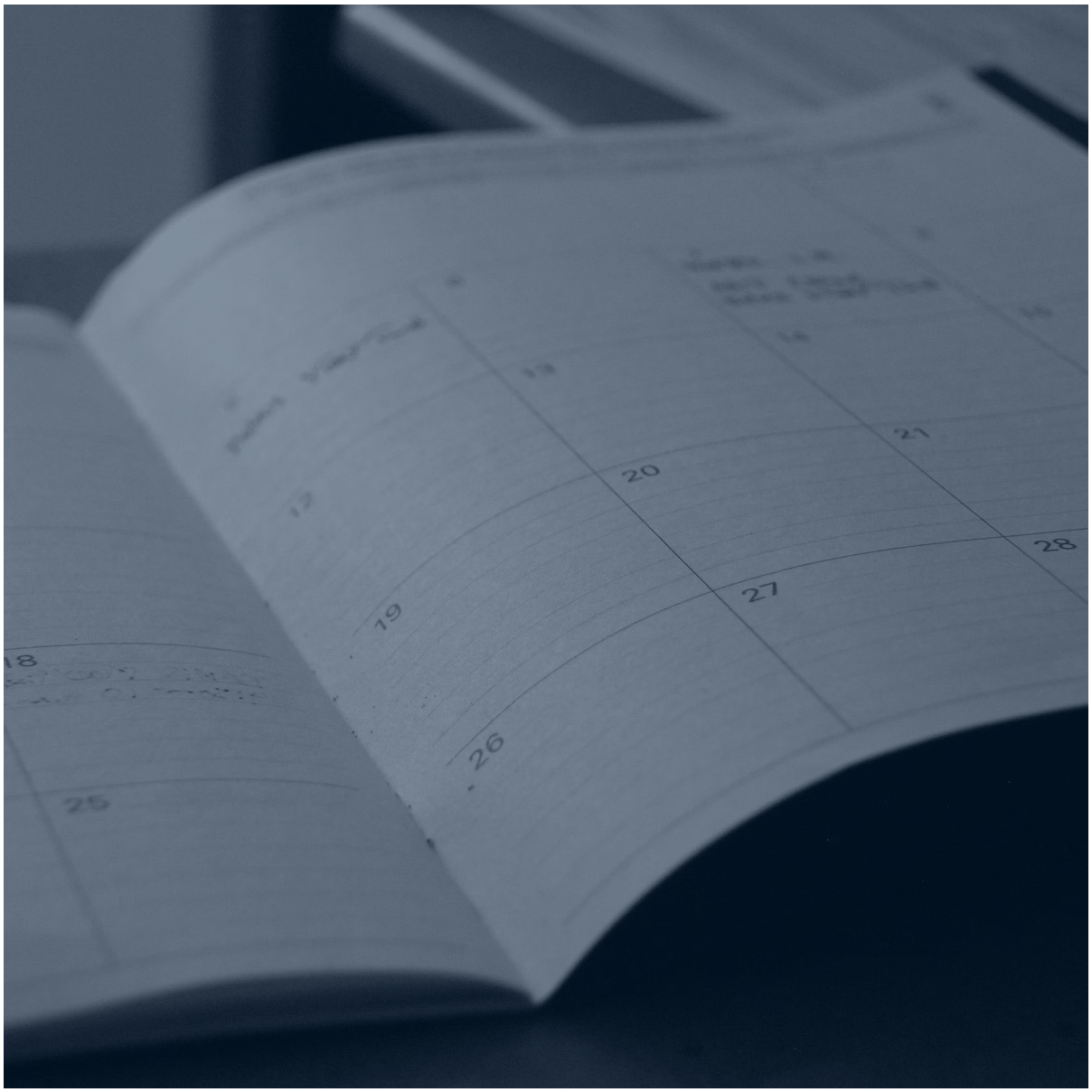
**Joshua Becker** is the WSJ Best-Selling author of The More of Less and The Minimalist Home. He has appeared on numerous media outlets including The NYT, WSJ, USA Today, and CBS. You can read more from Joshua at Becoming Minimalist.

# *Become a Millionaire... With 500 Bucks a Month*

***—by Darius Foroux***



My brother, Daniel, who's seven years younger than I am, told me the other day that he doesn't feel like investing because he can't invest a lot of money. So I said, let's do some calculations. I'll show that you can become a millionaire by investing small amounts of money.

My goal is to destroy one of the biggest myths of wealth-building which is that you can only get rich by investing big lumps of money. Here's where it comes from. Let's say you want to start investing in an S&P 500 index fund. It's a relatively low-risk way of getting started.

So you put in $1000 of your money and you wait a year. You will see something like 8% returns, which is about the average for the past 30 years. And you think, "$80? That's all? What am I supposed to do with that?"

How about adding more money? That's the thing I never understood about investing when I started. The goal of investing is not to generate short-term cash—that's what your career or business does.

The goal of investing is to allocate your capital to assets that usually appreciate over time: Stocks, real estate, land, and so forth. But that appreciation is often underwhelming in the short term.

Assets don't move much on a day-to-day or even month-to-month basis.

If you take a look at Apple stock over a three month period it's not impressive. In February, it started around $135, went down about $20, and then climbed back to around $130. If you bought it at the height in February, you had a negative return of about 3%.

But if you take a look at what Apple stock did over the past 10 years, there's a return of 962%. $10,000 invested in Apple ten years ago would turn into $106,200.

**Become a millionaire with compounded returns**

I told my brother about how I adjusted my horizons when it came to investing. That helped me to be more patient and focus on building actual wealth. So here's a summary of our conversation about the "500 bucks a month" calculation I mentioned.

I asked, "How much can you start with right now? The money you don't need within the next year. Excluding about six months' worth of expenses that you want to keep in your savings account."

"I can miss about 2000 bucks right now," Daniel said.

"Ok great, let's put that in the Vanguard S&P 500 index fund. That's a more reliable strategy than picking individual stocks."

Daniel said, "And then what? Even if it does 10% a year over the next years, that's not that much money."

"True," I said, "But that's not all. Investing is not something you do once. It's a habit. How much can you miss every month starting next month?"

"I don't know. 100 bucks?"

"C'mon man. You make more than that. You could miss $500. Just spend less on stuff you don't need," I said.

"Where are you going with this?"

"So you start with $2000 in the index fund. You add $500 every month from now. Doesn't matter how high or low the market is. Just add your 500 bucks every month.

Let's say the S&P 500 will keep doing 8% a year for the next 35 years. You'll be a millionaire at 62. You'll end up with $1,100,854.48."

"Nice."

"That's the power of compounded returns."

**Build the habit of investing**

Investing is not a goal, activity, or task; it's a *habit*. It's something you do regularly, just like you work out, meditate, read, or anything else that takes time to yield results.

I've been talking about investing with my peers for years now, and it's sad to see so few of them actually invest. And it's true on a macro level as well.

People assume that investing is for the rich and that it's fruitless to invest a few hundred bucks a month. That's false. And yet, it's stopping millions of people from investing.

That's a shame because most of us will never earn a lot of money in a year. Only 1% of Americans earn more than $500,000 a year (and this percentage is probably much lower in other developed countries). While it might sound enticing to earn a lot of money, earning more also comes with more problems.

If you're earning an above-average wage, you're no worse off than someone who makes half a million or more. And so what if 1% of the population earns a lot of money?

It's only a problem if we don't profit from capital gains, which is actually how the rich get richer.

Every single person needs some form of exposure to assets that appreciate over time, whether that's in the stock market, real estate, or something else. The point is that you build wealth over time. Investing wisely can help you to have more financial stability when you retire.

And if you want to be a millionaire? While it's not a guarantee, you could do that over time with $500 a month like the example I shared with my brother.

But that's not the point of this thought experiment. Not everyone needs or wants to be a millionaire. If you live in a place with a relatively low cost of living, you could put aside $100 and still be better off than putting $0 aside.

That's the point. Think ahead. Invest. And sleep well at night.

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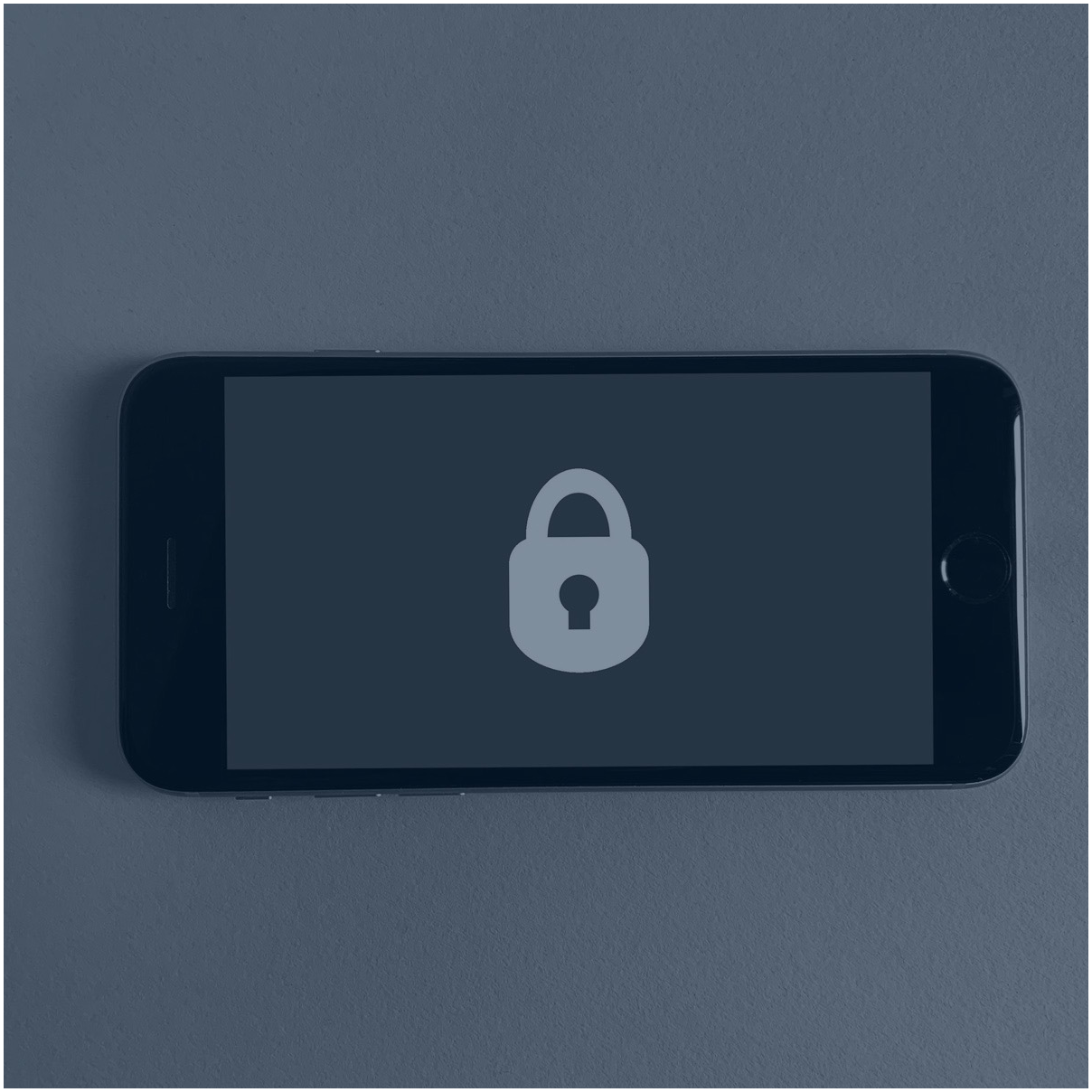
**Darius Foroux** is the author of 7 books, and the creator of 6 online courses. You can find this article here where he writes about productivity, business, and wealth building. His ideas and work have been featured in TIME, NBC, Fast Company, Inc., Observer, and many more publications. Until now, more than 30 million people have read his articles.

# 9 Steps to Take to Keep Your Money Safe

*—by AR at Accidentally Retired*



My wife is deep into the true crime world of podcasts, documentaries, and tv shows. As such, I am used to hearing/watching shows about various murders, rapes, hate crimes, and other generally horrible/disgusting crimes.

The other day, we were watching the show, *True Life Crime* on MTV, when an episode called "The $5 Million Dollar Phone Hack" came on.

It immediately peaked my interest, because well *$5 Million Dollars is a lot of money*. If you are using any online service (which is everyone), then I highly recommend that you watch it.

The episode goes on to describe some serious financial crimes, mostly around SIM Swapping. Not murder. Not rape. *Stealing your cell phone number, and then raiding your bank accounts!*

"Imagine logging into your bank account only to find all of your money has disappeared — vanished, without a trace. We take an inside look into a multi-million dollar phone hack which shows us just how dangerous it is to be online." MTV

The episode was a great reminder of the current financial risks associated with being online in general. And it doesn't matter what your net worth is, there are so many scams, hacks, phishing schemes, and stolen passwords out there. We are all at risk.

**No one is fully secure on the internet. No one.**

Before I get into how we can protect ourselves, let's start by going over some common hacks, scams, and nefarious plots to get your money:

**SIM Swapping**

"SIM swapping occurs when someone contacts your wireless carrier and is able to convince the call center employee that they are, in fact, *you*, using your personal data.

They do this by using data that's often exposed in hacks, data breaches, or information you publicly share on social networks to trick the call center employ into switching the SIM card linked to your phone number, and replace it with a SIM card in their possession.

Once your phone number is assigned to a new card, all of your incoming calls and text messages will be routed to whatever phone the new SIM card is in." – CNET

So as you can imagine, once someone takes over YOUR phone number, they can easily get past any of your 2-factor authentication that you have setup with your bank, brokerage or cryptocurrency exchange.

Examples:

- Hackers Hit Twitter C.E.O. Jack Dorsey in a 'SIM Swap.' You're at Risk, Too.
- Another Bitcoin Investor Sues T-Mobile Over SIM Swap Attack
- Family loses $75,000 in cryptocurrency to SIM card thieves

**Spear Phishing**

"Spear-phishing is a targeted attempt to steal sensitive information such as account credentials or financial information from a specific victim, often for malicious reasons. ... This is the most successful form of acquiring confidential information on the internet, accounting for 91% of attacks." – Data Insider

Spear Phishing is usually the precursor to the SIM Swap. Hackers can buy or harvest all the publicly available data on you, combined with getting your passwords off the dark web. The result is that they can infiltrate your email, and then wreak havoc.

Examples:

- UC San Diego Health phishing attack exposes SSNs, financial info
- Average organization targeted by over 700 social engineering attacks each year: report
- Microsoft impersonation being utilized in 43% of Phishing attacks

**Hack into your video doorbell, eReaders, router, wifi, etc.**

It is all too easy for *any* of your devices to get hacked into these days. If you have a video doorbell, a router (we all do), cameras, etc – you're vulnerable to being hacked.

The more devices, the more risk.

Once hackers have access to one of these devices, they can take over your home network and steal passwords, record video of you, and more.

Examples:

- Amazon Ring Doorbell Hacked in Florida Swatting Incident
- Four New Video Doorbells and Home Security Cameras Are Vulnerable to Hacking

- Massive camera hack exposes the growing reach and intimacy of American surveillance
- Amazon Kindle Hack Needs Just One Evil Ebook To Take Over Your Ereader—And Maybe Your Amazon Account Too

**9 steps to take to keep your money safe:**

I want to preface all this by saying that even if you are doing *everything* correctly, there is still going to be some level of risk that you take simply by using the internet. This is similar to the type of risk that you take every time you get into a car. But nevertheless, the risk is still there.

So here is what you can and should be doing to protect yourself online:

1. Use 2-factor authentication for every login
2. Turn on all extra security measures offered by your bank or brokerage
3. Add a PIN Lock or Port Freeze on your cell phone
4. Use a Password Manager to store all of your highly secure and impossible to remember passwords
5. Generate Strong, Secure Passwords
6. Audit your passwords
7. Freeze your credit
8. Get Identity Theft Monitoring

9. Avoid free public WiFi and use a VPN

**1. Use 2-factor authentication for every login**

One of the simplest things that you can do – and we are all familiar with in some fashion is 2-factor authentication.

This happens when you log in to an existing provider (email, phone, banking, etc.) and they send you that 6 or 8 digit code to type in.

My recommendation:

1. Turn on 2-factor ***for every login*** for any/all banking, brokerages, mortgage services, and cell phone provider.

2. Turn it on for email, phone, identity theft protection, insurance, providers.

Frankly, if a service provider offers 2-factor authentication, I would turn it on every time. No questions.

It may seem like overkill, but this is a simple safeguard to prevent someone who has stolen your passwords from accessing any of these services. They are dead on arrival if you have turned on 2-factor authentication.

Now, it won't stop the SIM-swap hack, but it'll prevent hackers from accessing your accounts even if they have your username and password.

**Authenticator Apps**

To supercharge your security, you will want to see if your service can use an Authenticator App for your 2-Factor Authentication.

Authenticator Apps work like text message 2-Factor Authentication where you supply an additional code at the time of your login, but is more secure in that *you have to have physical possession of your phone and app at the time of entering*. This will prevent being SIM-swapped, as long as you can enable the Authenticator App, and turn off the phone.

"An authenticator app on your smartphone generates codes that never travel through your mobile network, with the potential for exposure and compromise that entails." – PC Mag

So if any of your services offer this, opt in, and "turn off" text message authentication for an added layer of security.

Here is a list of the most popular Authenticator Apps:

- Google Authenticator
- Microsoft Authenticator
- LastPass Authenticator

**2. Turn on all "extra security" measures offered by your bank or brokerage**

There are likely some extra security measures that you can take depending on each individual bank or brokerage. These measures seem to vary widely, but appear to be more common now.

Coinbase and Vanguard for instance also have the ability to setup a **Security Key**. "A security key is a small device you can purchase, like a flash drive, that plugs into your computer's USB drive and provides another layer of security when you're logging on to our website."

I did a quick Amazon search for "Fido U2F Specification security key" and found plenty of options depending on the type of USB port that you have (be sure to double check).

Fidelity meanwhile offers extra login security via 2FA by Symantec VIP Access app. "Through our partnership with Symantec, use Symantec's free Validation and ID Protection (VIP) Access app, which generates a randomized 6-digit code on your Mac, PC, or mobile phone each time you attempt to log in. To complete your login, you'll then be prompted to enter the code from your VIP app, which is valid for 30 seconds."

Charles Schwab also appears to use Symantec VIP as well.

If I was a customer of any of these services, I would immediately get up and running with the extra security layer!

Check with your bank as well. Here is a list of banks/brokerages that offer an extra security layer:

- Bank of America
- Charles Schwab
- Citi Bank
- Coinbase
- Fidelity
- J.P. Morgan
- Vanguard

- Wells Fargo

For any banks/brokerages that aren't listed, you should certainly do some searches on their website for extra security, security keys, Symantec VIP, or by simply contacting their customer service department.

**3. Add a PIN Lock or Port Freeze on your cell phone**

The first thing I did after watching "The $5 Million Dollar Phone Hack" was call my cell phone provider to see what I could do about locking up my phone. Here is what CNET says for how to secure your phone with the major providers:

- "**AT&T subscribers**: Go to your account profile, sign in, and then click Sign-in info. Select your wireless account if you have multiple AT&T accounts, then go to "Manage extra security" under the "Wireless passcode" section. Make your changes, then enter your password when prompted to save.

- **T-Mobile users**: Set up a PIN or passcode the first time you sign in to your My T-Mobile account. Pick "Text messages" or "Security question" and follow the prompts.

- **Verizon Wireless customers**: Call *611 and ask for a Port Freeze on your account, and visit this webpage to learn more about enabling Enhanced Authentication on your account."

If you don't utilize one of the major providers, then call to see what options they provide. I am sure they will have one or the other.

**4. Use a Password Manager to store all of your highly secure and impossible to remember passwords**

Next up, you'll want to start to use a Password Manager. Chances are you may already be using one. All of the major browsers already have them:

- Chrome Password Manager
- Safari Password Manager
- Firefox Password Manager
- Internet Explorer Password Manager

However, using your password manager in your browser *is not enough*.

You want to have safe and secure access to your passwords on your phone as well as the ability to store credit freeze pins and other important information securely.

For this, I recommend a **Password Manager App**. Here are the ones that I recommend you take a look at:

- Lastpass
    - Free Plan – 1 Device
    - Family Plan (6 licenses) for $3 a month via "Back to school 25% off discount"
- Keeper Security
    - Personal Plan – $2.91 a month – $4.87 with file storage and dark web monitoring.

    - Family Plan (5 vaults) – $6.24 a month – $8.62 including dark web monitoring

- Dashlane
    - Free Plan – 1 Device, 50 Passwords
    - $3.99 – Unlimited Passwords
    - $6.49 – + Dark Web Monitoring
    - $8.99 – Family Plan w/ 6 Accounts
- Dropbox Passwords
    - Basic plans can store up to 50 logins and payment cards and use Dropbox Passwords on up to 3 devices.
    - Plus, Professional, Family, or Business plan can store unlimited logins and payment cards and use Dropbox Passwords on unlimited devices.

For more on password managers, check out this excellent breakdown of the best password managers from PC Mag.

The main reason that you want to use a Password Manager, is because you will want to begin to generate *really secure passwords*. There is no way for you to remember these, or write them down.

Don't shoot yourself in the foot by utilizing a Password Manager only to forget to use strong passwords. Just don't.

**5. Generate Strong, Secure Passwords**

The worst thing that you can do on the internet is use the same password, or a variation of the same password over and over again.

For this reason, it is really important this day in age to generate strong, secure passwords.

I do this by utilizing the browsers “suggest a strong password” tool. This comes in the form of a prompt when you are signing up for a new service. You’ll want to do this 100% of the time.

Your Password Manager will have a built in tool. Use it. Abuse it. Secure it. There is no other way.

For years, I also used tools like RandomKeyGen to generate a strong password. You can also use other free generators on net like Lastpass or Keeper.

**6. Audit your passwords**

Next up, you need to audit your passwords.

Now that you are using stronger passwords and saving them in your Password Manager, you need to go back and audit/fix all of your critical accounts.

I cannot highlight how critical this is.

A Password Manager is not enough. You have to go back and update ALL accounts with secure passwords.

For all of the browsers:

- How to check your passwords in Chrome

- How to check your passwords in Safari
- Firefox and Internet Explorer don't appear to have a tool yet.

For Password Managers:

- Lastpass Security Dashboard
- Dashlane Password Health
- Keeper and Dropbox don't appear to have a tool to check password security yet, but I also could just not be seeing any information on them.

Let's face it. This part will suck.

Yet, even if it takes you days, it will be worth it to prevent your bank, email, phone or who knows what account from being hijacked by hackers.

**7. Freeze your Credit**

One of the most important things you can do to help with identity theft and prevent scammers from opening new accounts in your name is to *freeze your credit*.

You need to head to all three credit bureaus, create accounts, and initiate a permanent credit freeze.

The good news is that all of the credit bureaus are making this really easy these days. With your Password Manager setup, this should be a breeze:

- Go freeze your credit at Equifax
- Go freeze your credit at Experian

- Go freeze your credit at TransUnion

Do this for yourself, your spouse, and your kids.

Just remember, that you will need to temporarily unfreeze your credit when applying to open up a new bank account, credit card, mortgage, etc.

**8. Get Identity Theft Monitoring**

Once you are using a Password Manager, 2-factor authentication, have switched to using secure passwords, and frozen your credit – you've now put yourself in great shape.

The next step will be to add identity theft monitoring. For this I personally use LifeLock. The reason why I like LifeLock, is because they offer "Stolen Fund Reimbursement:"

"Reimbursement and Expense Compensation, each with limits of up to $1 million for Ultimate Plus, up to $100,000 for Advantage and up to $25,000 for Junior and Select, when purchased in Norton 360 with LifeLock plans. And up to $1 million for coverage for lawyers and experts if needed, for all plans. Benefits under the Master Policy are issued and covered by United Specialty Insurance Company (State National Insurance Company, Inc. for NY State members)." Lifelock

So if hackers did get past my 2-factor authentication and strong passwords and into my bank accounts or brokerage accounts, I would have some level of recourse/ insurance.

Bank accounts are FDIC insured for up to $250,000 per bank account. But...

Your brokerage accounts, 401(k) and other accounts holding cryptocurrency are not insured *at all*.

So while identity monitoring isn't the cheapest service out there, if you chose one with reimbursement, you can hopefully sleep a tad better at night.

Besides LifeLock, there are other services doing identity theft monitoring:

- Identity Guard
- ID Watchdog
- IdentityForce
- Complete ID

**9. Avoid free public WiFi, and use a VPN**

Well we have thoroughly covered a lot. But there are a few more things to ponder… Avoid free public WiFi.

There is no such thing as FREE, especially when it comes to WiFi.

So you head over to Starbucks, or a local hotel, sit down and start to browse the web, do some work, etc. You are safe right? Wrong! *You just got hacked:*

"When you are on a public Wi-Fi network, like those in Starbucks, everyone connected to that Wi-Fi network has access to all internet traffic of everyone else on the network… Did you hear that? EVERYONE!

What an attacker could do is wait for you to enter your password on a website that isn't secure, then try using that same password on Chase.com to gain access to your bank account." – Medium

These are very easy places for hackers to penetrate your computer via unsecured WiFi networks and websites.

I am guilty of this as well in the past, but there is a solution and that is to only use secure websites with the little lock in the corner, combined with using a VPN.

**Use a VPN when connected to public WiFi**

"A virtual private network (VPN) gives you online privacy and anonymity by creating a private network from a public internet connection."

CNET breaks down the best VPN services here. They also say "Don't use free VPN services: You'll find only paid VPN options below because they're the only ones we can recommend."

Their recommendations:

- ExpressVPN
- Surfshark
- NordVPN
- ProtonVPN
- IPVanish

I have used several of these services, they all generally work the same. I would follow CNET's advice and avoid the free services. It's not worth any potential risks or having to deal with advertising.

**The Ideal Security Setup**

"For services that allow you to turn off authentication via a phone number, the combination of a hardware key and a smartphone-based authenticator app, with a set of backup codes locked in a file drawer, is the ideal solution." – ZDNet.com

Yep that is right. Here is the ideal security solution:

1. Use a password manager and strong passwords.
2. Turn off authentication via phone and use a security key and authenticator app instead.
3. Put backup codes, and/or an additional security key in a safe (or safe place).

**Conclusion**

Look folks, it is scary out there.

I recommend that you follow all of my advice to secure your accounts.

Another final piece of advice I would offer, is to be VERY careful with the information you share online.

Even with today's top notch security, hackers are always one step ahead.

So be careful and be smart.

Make sure that you are as secure as you possibly can be, *especially if sharing any financial information online*.

Good luck out there! Use secure passwords!

. . .

**Accidentally Retired** is about AR's journey from being a CEO to finding himself accidentally retired at the age of 36. He never intended to retire early (though he may have fantasized about it). At Accidentally Retired you will find this article and more on his exploration of Financial Independence, Early Retirement, and Enjoying Life.