

THE 6 SKILLS YOU NEED TO BE FINANCIALLY SUCCESSFUL

Managing your money well is about more than being able to apply math skills.



By: Maryalene LaPonsie - April 19, 2018

While creating a budget is important, you need more than proficiency in math to manage your money successfully. You also need a handful of other skills if you want to stick to your plan and reach your financial goals.

Self-discipline, organization and confidence are just three of the personal attributes that help people make savvy money decisions. If you don't think you have these traits, also known as soft skills, don't despair.

"Anybody, at any time, can teach themselves soft skills," says Galen Bargerstock, president of Government & Civil Employee Services LLC in Indiana, Pennsylvania, a financial services firm that specializes in assisting government workers.

Like other aspects of life, one of the best ways to acquire soft skills is to put them to use as often as possible. If you're ready to develop the qualities needed to manage money effectively, here are six attributes to focus on.

1. Self-awareness. Being able to objectively evaluate your personality traits and abilities is key to finding success in almost any aspect of life. "The absolutely most important thing is to realize your own weaknesses," says Patric Palm, CEO and co-founder of Favro, a planning and collaboration app.

In terms of money, self-awareness can help people understand where they spend money impulsively and under what circumstances they are likely to make poor decisions. That knowledge can help them implement strategies to avoid those difficult situations, such as installing browser plug-ins that can disable one-click ordering online. Keeping a spending journal or asking friends for feedback on strengths and weaknesses are two ways to improve this skill.

2. Delegation. Once people know where they struggle, their inclination may be to work on correcting those deficiencies. Palm says that's not always necessary. "Don't focus too much on fixing the weakness," he says. Instead, look for ways to delegate difficult tasks to others.

Bargerstock says that may mean employing an accountant or financial advisor if you struggle with making a budget that works. However, delegation can also involve finding tools that can compensate for personal weaknesses. For instance, those who have difficulty with financial organization may find a free app like Mint or PocketGuard (both available on iOS and Android) can help keep them on track, or they can use budgeting software programs to automate the process of recording banking transactions.

3. Self-discipline. Elizabeth Kelly, senior vice president of operations for online advisory firm United Income, believes the soft skills most important for financial success have to do with being deliberate about how money is handled and spent. "I think most of them fall into the bucket of consciousness," she says.

According to Kelly, self-discipline is critical. Creating a budget is a relatively simple process, but sticking to it is where people may falter. After a long day, those without self-discipline may be tempted to pick up fast food rather than cook dinner at home. While out with friends, a person lacking self-discipline may be inclined to spend more than intended because they get caught up in the moment. Until you master self-discipline, removing temptations – such as skipping a weekend trip to the mall – may be best. Budgeting for small splurges can also help keep you motivated to stick to your financial plan without feeling deprived.

4. Organization. It's hard to be financially successful if you miss payments or lose paperwork. Late bills can result in penalties or, in the case of credit cards, increased interest rates. Poor record-keeping can lead to a depleted checking account and overdraft fees. For someone living on a tight budget, those additional costs can make it difficult to build up savings, fund retirement accounts or maximize investments.

While not everyone is naturally organized, today's online tools provide plenty of options to pay bills automatically, receive notifications when your account balances are low and store receipts for taxes or work

reimbursement. If those don't help, someone might want to consider working with finance professionals who can either provide accountability or coordinate paperwork themselves.

5. Confidence. Many people struggle financially because they aren't sure about their ability to make smart decisions. They may panic during a down market and pull out investments on impulse, essentially locking in losses. Timid investors may also miss out on gains by placing their money in cash or bond funds that won't keep up with inflation.

"If you're always playing it safe, nothing big is going to come out of it," Palm says. However, confidence shouldn't be confused with recklessness. Confidence is backed by knowledge and a plan, while recklessness often means making decisions without fully calculating their ramifications. The best way to develop confidence when it comes to money management is to be informed and knowledgeable about finance topics.

6. Critical thinking. Fraudsters use the complexity of money products to their advantage. "We are able to be manipulated," says Janis Moore Campbell, director of graduate student professional development at Temple University's Fox School of Business. Even if someone isn't trying to run a scam, an unscrupulous broker may try to push investments that are not in your best interest.

Critical thinking is crucial to avoid losing money to bad investments. Before agreeing to any sort of financial purchase, make sure you understand how it works and ask yourself what the person presenting the opportunity has to gain if you say yes. If they benefit from a sale or investment, take the time to run it by an unbiased third party first before agreeing. And, as always, an investment that sounds too good to be true probably is.

Smart money management is about more than being able to do math and pick the best mix of investment funds for your portfolio. You need these six soft skills to build up your bank account and retire comfortably.

Galen Bargerstock, president of Government & Civil Employee Services, LLC (GCES), is concentrated on navigating federal and state employees through financial and retirement planning. Galen holds a Pennsylvania Life, Health and Annuity License, as well as Series 6 and 63 licenses.

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