Building your financial foundation

A step-by-step guide to planning your finances with confidence

ADVICE + INVESTMENTS + INSURANCE + BANKING + GENEROSITY

Introduction

Managing money isn't just about numbers; it's about designing a life that reflects what matters most to you.

Our financial decisions are shaped by unique experiences, from balancing a career and caregiving to navigating major life transitions. Along the way, it can be hard to find balance and see the bigger picture.

This guide is designed to help with that.

It will walk you through the essentials steps to building a strong financial foundation. You'll start by identifying what you value most, then learn strategies for managing money, building savings, planning for the future and preparing for life's unexpected moments.

Start here

Think of this guide as a journey you can move through at your own pace. How you proceed is up to you. You can work through the sections in order or skip ahead to what feels most relevant.

Steps to building your financial foundation

1

Reflect on your values

Understand how the things you care about guide your financial decisions.

2

Get clear on your money

Track your income and expenses so you can take control.

3

Build your savings

Create stability for both expected and unexpected expenses.

4

Plan for your future

Take simple steps toward long-term financial security.

5

Prepare for transitions

Be ready for moments that can impact your finances, like caregiving.

Remember—progress, not perfection, is the goal. Every step makes a difference.

Values

Your values are a compass for decision making. Your attitudes and behaviors—and how you communicate them—are deeply rooted in your personal value system.

Try it

Think about the last trip you took. It could have been across town, across the country, anywhere. Where did you go, and why?

No matter how practical or routine the trip, there's always something behind it. That something is typically related to your values—what matters to you on a deeper level.

Going to work? → Responsibility

Visiting a relative? → Family

Taking a vacation? → Adventure

There's a "why" behind every financial decision

And that "why" is rooted in your values. Plus, to make things more complicated, if you're part of a couple, your values could be different from your partner's.

Think for a moment about the type of trip you might like to go on—tourism, relaxation or visiting friends. The value behind that decision could be family or it could be adventure. But what if one spouse values education and was hoping to use their savings for the kids' college fund? That may lead to some interesting conversations.

When it comes to money, knowing your own values and discussing them with your partner is crucial to strengthening your bond. But it takes time, since there are a lot of values that may be important to you.

Why values matter

Your values shape every financial decision you make. When your spending and savings align with what matters most, it becomes easier to stay consistent and confident in your choices.

Take action

Reflect and write

- Write down your top three values, such as family, stability, freedom, generosity, growth, etc.

1. ______________________________

2. ______________________________

3. ______________________________

- Once you've identified what matters most, the next step is to look at how your money supports those priorities.

Values Card Exercise

Take out your phone and scan the QR code to complete the exercise.

Budgeting

Step 1:
Keep your goals in mind

The first step to budgeting is to think about your goals. Keeping your goals in mind can be a great motivator to spend time with your budget. Do you want to pay off debt? Save for a vacation or a big project? Goals are something you can look forward to, and there's a sense of accomplishment once you cross them off the list.

Goals are different for everyone, but there are some common threads when talking to people about them.

Step 2:
Look at your numbers

This step in budgeting is the most challenging—and the most rewarding. This is where you start looking at your numbers. If you understand your income and spending, it's easier to gauge how they support your goals. You might be thinking to yourself, "Hey, I can do this!" Or you might be thinking, "No way am I going to keep track of every time I eat out." Whatever you're thinking, it's OK. Just keep going.

Step 3:
Income – Expenses = Spendable

Your income and expenses are two parts of a very simple equation. When you compare the two, you can see exactly how much of your income is spoken for.

Take action

Watch this short video that introduces this budgeting framework.

- **Budget for life** (3 minutes)

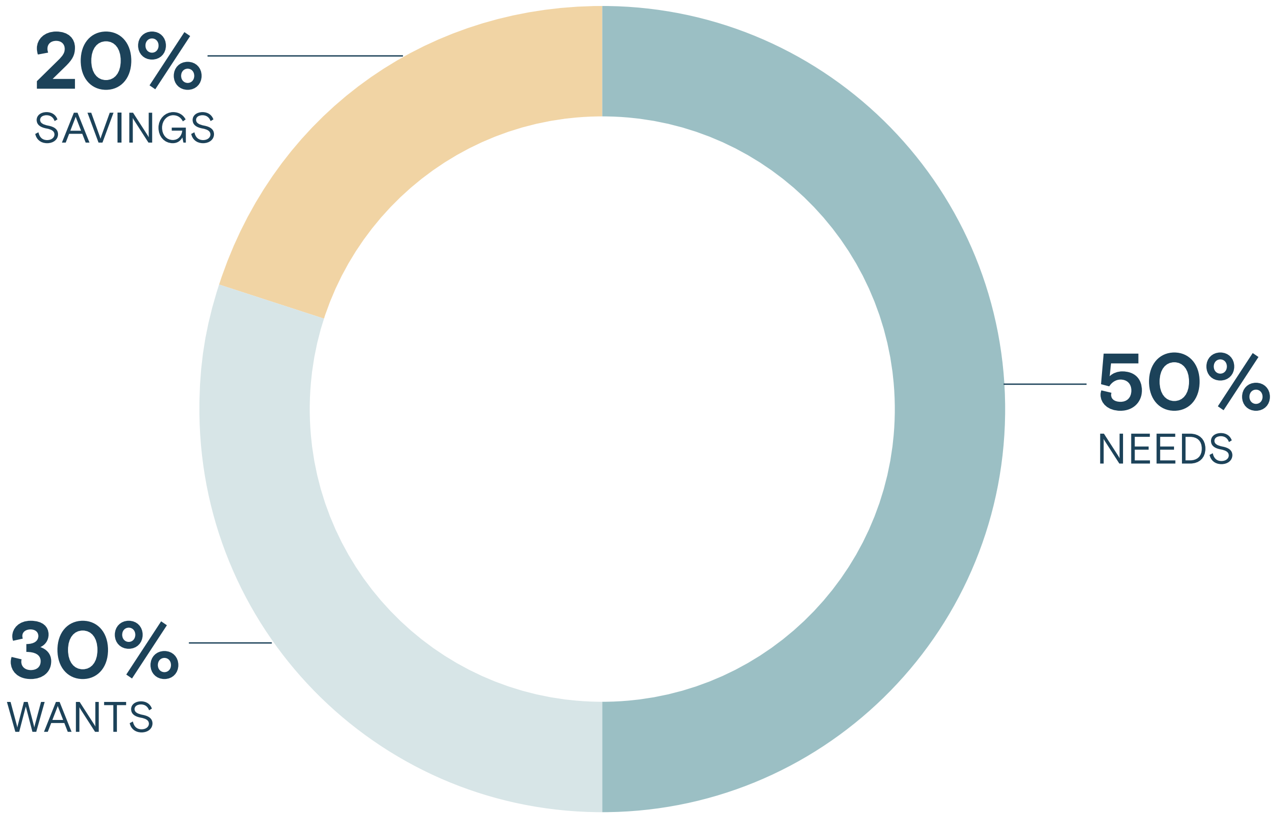
Reflect and write

- First, figure out your spendable income. This includes your monthly take-home pay—the amount on your paycheck(s) after any withholdings are taken out, such as state and federal taxes, Social Security taxes or employer-sponsored retirement accounts, like your 401(k).
- Next, calculate your fixed expenses by gathering statements for:
  - Credit cards
  - Bank accounts
  - Recurring bills
  - Donations
  - Cash app transactions
  - Childcare costs and activity fees
  - Car payments and insurance
  - Mortgage or rent payments
  - Medical, dental and pharmacy bills
- Subtract your planned expenses total (including your savings) from your spendable income total. The remaining balance is what's left to spend on incidentals, dining out, entertainment, etc.

Spend less than you make

Managing your monthly expenses can be as simple or as complex as you want, but when setting your priorities and making trade-off decisions, there are two simple guidelines that can help give shape to the budgeting process:

1. Spend less than you make.
2. Allocate 50% for needs, 30% for wants and 20% for savings.



Take action

Read this article

[Lifestyle Inflation: What It Is & How to Avoid It | Thrivent]

Use this tool

- Money Canvas®

Reflect on where you are today

Now that you've completed the first three steps, you might realize you're already budgeting in some way. Some people have a running tally of their monthly expenses but don't consider it a budget. If this is new to you, today is the day to start adjusting and redrawing your blueprint so you have a strong financial foundation.

Knowing where your money is going and planning how and when to use it is a start toward having more control of managing it. For instance, say you have started with the first three steps and know you need to cut expenses.

At first glance, it may seem difficult to change spending habits. But think about which goals you could accomplish if you make the effort. One change you can make is to look for spending leaks. That's money spent without a second thought.

Budgeting

Continued

Step 4 – Review and update

By now you have probably figured out that budgeting is not a set-it-and-forget-it sort of project. That's why the fourth step in budgeting is "review and update."

Life happens. There are pay raises and unplanned layoffs, marriages, adoptions and so much more. As life changes, so will your budget. This is why it's important to review and update your budget regularly.

Life happens

The main reason to live with a budget is so you're prepared when life really comes at you. Because let's face it—life will come at you.

Your budget won't prevent life from happening, but it can act as a buffer when it does. Because there's no getting around it: Life costs money.

Where your budget is concerned, there may be glitches along the way, and you might make mistakes. Rather than being discouraged, encourage yourself to keep going. Be patient and give yourself some grace.

Why budgeting matters
Budgeting isn't about restriction; it's about awareness and control. It helps you make intentional decisions and stay organized, so your money supports your goals and values.

Take action

Reflect and write

Write down your monthly take-home income.

____

____

____

List your top five expenses.

1. ____________________________
2. ____________________________
3. ____________________________
4. ____________________________
5. ____________________________

Identify one area where you could reduce spending, even slightly.

1. ____________________________

Once you've identified what matters most, the next step is to look at how your money supports those priorities.

Saving

Step 1: Identify what you're saving for

Remember when you were a kid and your parents made you pay for something you wanted? Whether it was a pair of jeans or a video game, knowing what you wanted made saving all the more tangible. The same is true today.

For grown-ups, multiple goals tend to pile up at once.

Establish an emergency savings account

If you don't already have one, challenge yourself to establish an emergency savings account. It's an amazing tool for helping to reduce financial stress. Just think about the last unplanned expense you had. It could be your dog's visit to the vet, an unexpected trip to visit an ailing relative, or maybe a new furnace.

The more you save for these unfortunate expenses, the more control you will have over other aspects of your financial life.

Take action

Reflect and write

Make a list of your priorities and how much you'll need for each. Each person's list will be different. Maybe you've always wanted to take music lessons, but you don't own a guitar. Maybe you want to beef up your emergency fund. Or maybe it's that big vacation you've been dreaming about.

Whatever your goals, the key is to be specific about what you want to achieve. It's easier to put off saving when you aren't looking at a goal. A list of saving priorities can help bring a goal within reach.

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________

Saving

Continued

Step 2: Decide when you will need the money

The next step is to sort your priorities according to how soon you'll need the money. Building an emergency fund takes months. Saving for retirement takes decades. If you're planning a vacation, is it later this year or a big family reunion in two years? How soon will you need a new car?

This concept is called your "time horizon." Thinking about when you'll need the money can help you decide the best account to use. If you need the money in the next few years, you'll want to use a savings account. If it's for a long-term goal, investing the money over time may offer more earning potential. This is something a financial advisor can help you decide.

Step 3: Make saving happen

Once you know what you're saving for and when you need the money, the third step is to ask yourself, "What am I willing to do to reach my savings goal?"

The secret here is to start with a savings account. Otherwise, the money you save won't accumulate. Let's say you commit to using the library instead of always buying books. Sure, you're saving money, but where does it go?

Opening multiple accounts can be a good way to keep your goals separate and have a clearer picture of progress. You may have $5,000 saved eventually, but is that $3,000 for emergencies and $2,000 for a vacation? Or is it $1,000 for five different goals?

Then, keep going. Pick an amount that works for you and transfer the money into savings on a certain day every week or month. Consistent saving starts small, grows with time and gives you confidence to pursue your goals. The more you save, the more you may want to save.

Take action

Want a helpful strategy?

Learn how to "pay yourself first" with this article from Thrivent.

How to 'pay yourself first': Save more money with the 80/20 budget | Thrivent

Watch these quick videos about **how to save and invest wisely** as part of your budget.

- **Savings and investing – living beneath your means** (2 minutes)
- **Investing for Life** (5 minutes)

Why savings matter

Saving creates flexibility, reduces stress, and prepares you for both planned goals and unexpected expenses. Saving for short-term goals also builds confidence at prepares you for the next step: saving for your long-term future.

Try it

1. Choose one savings goal (e.g., emergency fund, travel, down payment).
2. Set a starting amount (even $25–$50).
3. Set up an automatic transfer to savings.

Quick tip

If you're about to pay off a loan with monthly payments, keep diverting that payment amount into your savings account once the loan is paid off.

Saving for retirement

No matter what your age, the time is right to save for retirement. If your employer offers a match, start there. More and more employers auto-enroll new employees in their retirement savings plan, so you may even already be contributing to one.

The retirement plans available to you depend on your employment situation and may change if you switch jobs or become self-employed. In general, these accounts can help you save for retirement while providing tax advantages, such as tax-deferred growth or tax deductions on eligible contributions

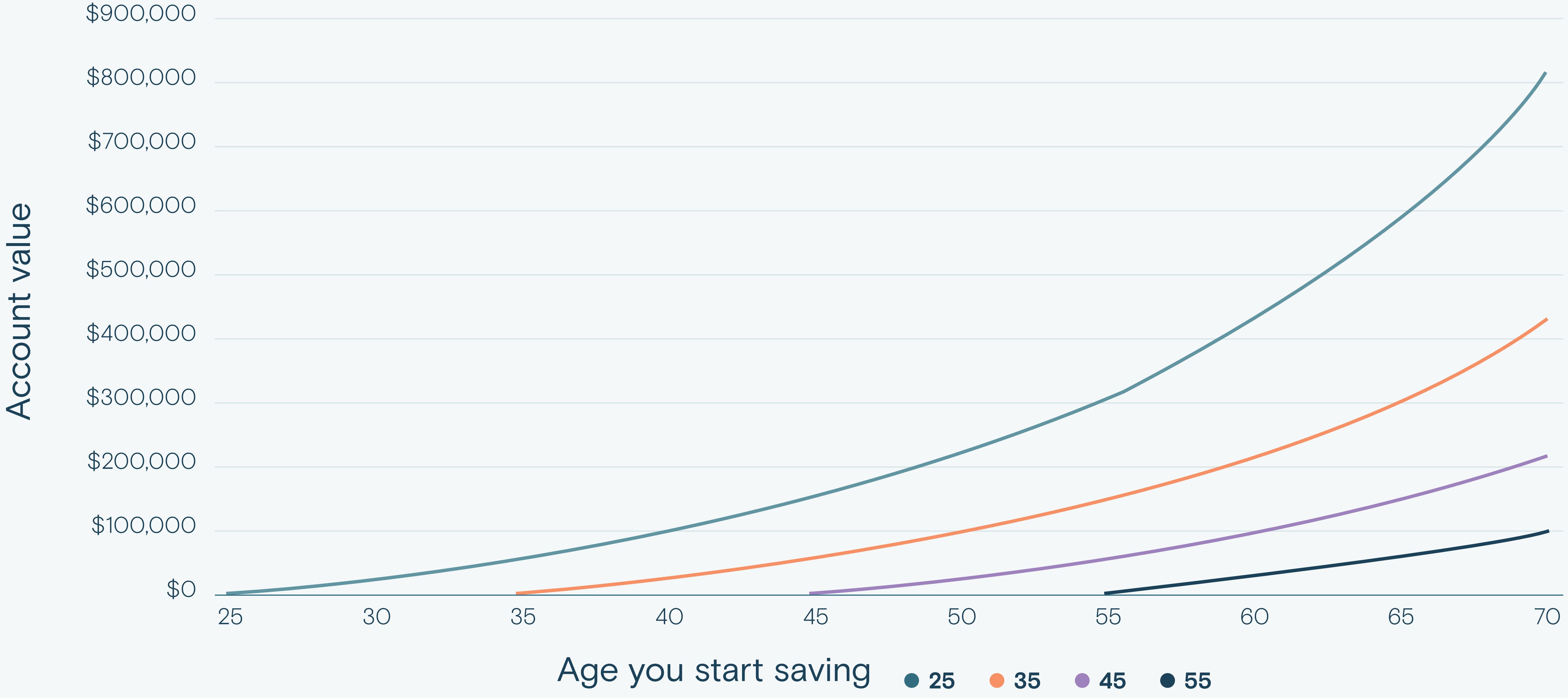
You may have a 401(k), a 403(b) plan (for employees of nonprofits and schools), a thrift savings plan, or TSP (for federal employees), a solo 401(k) or SEP IRA (for self-employed individuals and small businesses).

The power of compound interest

One of the main reasons to invest in a tax-deferred plan is the potential growth over time. This chart shows how compound interest can add up. You can see the impact in accumulated savings that waiting to start can have.

With retirement savings, automatic payroll deductions make it easy for you to set it and forget it. But over the course of your earning years, saving for retirement is not a one-and-done proposition.

Compound interest visualized



Hypothetical example is for illustrative purposes. May not be representative of actual results. Assumptions: 6% compound interest and $300 monthly contributions.

Steps to take now

You may already be contributing to a 401(k) or similar tax-deferred retirement plan. If that's the case, take some initiative about your future.

Make a point to review your quarterly or annual statements. Change fund options based on your changing priorities or timeline. This is a great thing to discuss with a financial advisor if you're unsure about what the right mix of investments is for you.

When you switch employers, evaluate if retaining the former employer's plan makes sense to you. One benefit of a rollover is consolidation, which can help you keep track of your money as the years go by. If you're self-employed, find out the alternatives to an employer-sponsored plan.

Once you're over age 50, you may be able to take advantage of catch-up provisions that allow you to save more than the annual limit, depending on the employer's plan.

Take action

Try it

1. Review your statements.
2. Consider a rollover.
3. Examine self-employed alternatives.

Thinking about investing?

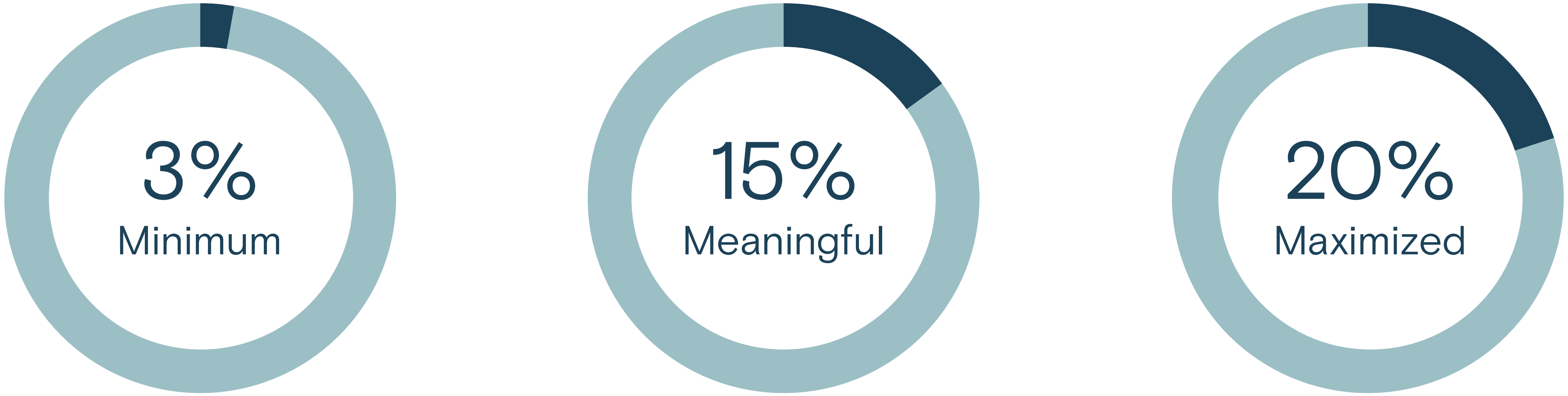
Watch this quick video from Thrivent with tips on what to know and how to get started.

- **Investing for life** (5 minutes)

Increasing your savings over time

At a minimum, strive to save 3% of your annual pay—or enough to receive the employer match. Talking with a financial advisor you can determine the ideal contribution amount to hit the benchmark you are aiming for.

Then, systematically increase the percentage of your pay you're saving until it's about 15% of your salary. To be even more confident you'll save what you need for retirement, you might bump that goal percentage up to 20% over time. You might be surprised that since the money is deducted from your paycheck on a pre-tax basis, your take-home pay will not change that much.



Why saving for retirement matters

Retirement planning is about giving your future self more options, security and independence. Starting early, even with small amounts, can make a big difference over time.

Try it

- Confirm if you are contributing to a retirement plan.
- If your employer offers a match, aim to contribute enough to receive it.
- Increase your contribution by 1% if possible.

Take action

How much will you need?

For help answering this question, check out these resources from Thrivent.

Read this article

How to save for retirement (and how much you should be saving) | Thrivent

Use this tool

- Retirement income calculator

Caregiving

Financial planning isn't just about you. It often includes supporting the people you care about. This is why having a plan for caregiving is important.

There are only four kinds of people:

1. Those who have been caregivers
2. Those who are caregivers
3. Those who will be caregivers
4. Those who will need caregivers

Rosalynn Carter, first lady during her husband Jimmy's term as president, made this observation in her work as an advocate for families and caregivers:

> "You may already fit into more than one of these categories."

When should you start the caregiving conversation?

In general, there's a greater success rate if you talk about caregiving before a crisis arises. But, as most caregivers know, it's impossible to control when a crisis will arise. Your loved one may already need care, having shown signs of forgetfulness or been injured in a fall. You might be here hoping to catch a break.

Or, your loved one may be skeptical of your intentions. You might feel awkward or even like you're overstepping certain boundaries. After all, if it's a parent you are preparing to care for, you're reversing traditional parent-child roles.

Caregiving can be clumsy, so don't expect perfection. The key is to dare to start the conversation and offer yourself some grace. These are touchy subjects, so look for your chance to casually ask questions. Then, listen for answers your loved one may not easily reveal.

Let's say your mother mentions a friend moving to assisted living. Ask her how she feels about a move like that for herself. If you see your loved one taking medications, pay attention with genuine interest. Ask what the prescriptions are for and note names and doses. If your father says he went to a friend's funeral, ask if he's thought about his own memorial service.

Maybe you're concerned whether your loved one is eating right. They may be able to get groceries or meals delivered, depending on where they live. Ask about church friends, neighbors and others in their social circle. Getting contact information could save time when a ride is needed or you want someone to check in on your loved one.

Signs someone may need help

If you're wondering what the signs are that your loved one needs help, you're not alone. It's different for everyone, but here are some signals you may observe:

- Does your loved one struggle with walking, dressing or eating?
- Do you notice bruises or scrapes from recent falls?
- Do they mention changes in sleeping habits, or do you witness them dozing off?
- Have you noticed unexplained dents and scratches on their car?
- Has their social calendar changed dramatically, leading to isolation?
- Is confusion or forgetfulness becoming more the norm in conversations?

Key legal documents related to caregiving

If you're caring for a relative other than a spouse or minor child, you won't be able to help them make decisions and speak on their behalf without a legal or medical paper trail. You can store many of these documents digitally so your loved ones can access them easily.

1.

HIPAA form

The HIPAA form is named for the federal law intended to protect a patient's medical privacy. It could allow you to speak with your parents' doctors about their care or allow your college-age children to give you access to information about their health.

2.

Will

A will names who will manage the estate and distribute property when a person dies. If you have dependents, designate a guardian for them in your will. It's smart to find out where your loved ones keep their will or if they have one.

3.

Power of attorney

There are two types of powers of attorney. A durable power of attorney identifies the person authorized to make financial and legal decisions on your behalf if you're unable to do so. A health care power of attorney authorized someone to make medical decisions on your behalf if you can't make them.

4.

Advanced care directive

An advanced care directive is often called a "living will." It states your medical treatment preferences, such as whether you want CPR performed or a feeding tube used. It tells your family and health care professionals how far you want your treatment to go should you become seriously ill.

5.

Letter of intent

A letter of intent takes a will one step further in that you're putting in writing personal and private instructions you would like to leave for your loved ones. Some people include plans for a memorial service, which you may also include in your will.

Thrivent and its financial advisors and professionals do not provide legal, accounting, or tax advice. Consult your attorney or tax professional

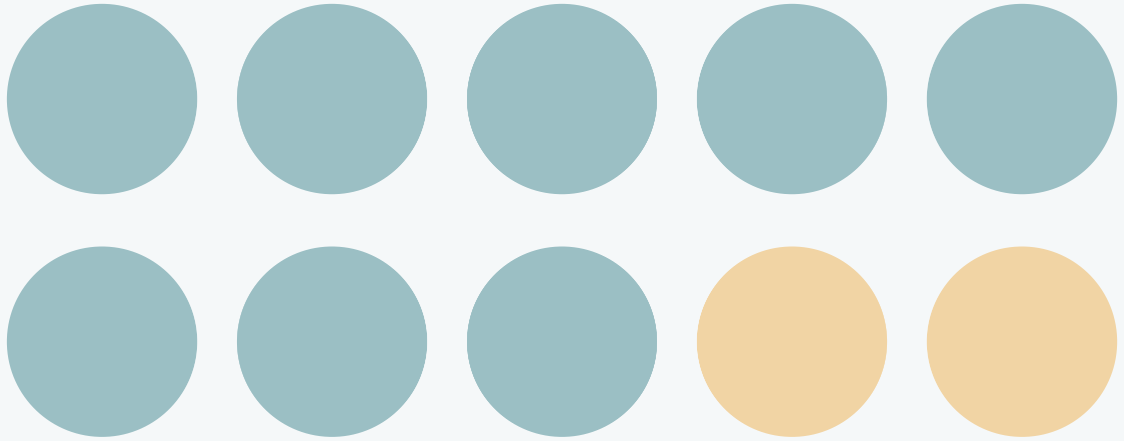
Financial aspects of caregiving

Bottom line: caregiving is expensive. Paying for routine expenses related to looking after loved ones is extremely common, and it can total more than $7,000 per year! On average, family caregivers are spending about a quarter of their income on typical caregiving activities.

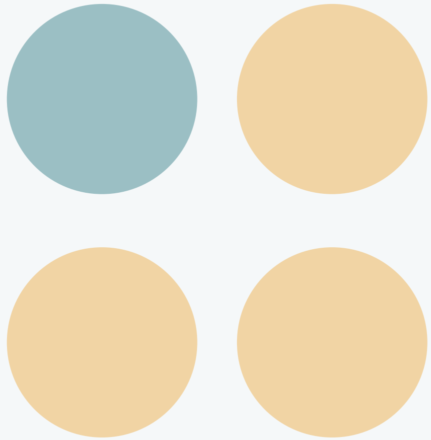
The cost tends to be higher for women caregivers as a percentage of their income since they generally earn less than men. In this situation, young caregivers may risk going into debt since they have had less time to build up savings. And the strain is even greater for Latino and African American caregivers.

Aside from the routine expenses, there could be travel, meals and other costs you don't anticipate. What can you do now to save money for the possibility? If you don't already have an emergency savings account, take steps now to set one up and automate deposits into it with every paycheck. Every dollar saved will be there if you need it.

8 in 10 caregivers cover routine expenses



26% of income is directed to caregiving activities



Source: AARP Caregiving Out-of-Pocket Costs Study, 2021.

Manage your expenses

In a pinch, you may feel pressured to cover mounting expenses with a loan, credit card or withdrawal from your retirement account. Avoid these options if you can. While they may seem like a quick fix, it's nearly impossible to pay yourself back. Money from a retirement fund will no longer grow, and there could be penalties associated with an early withdrawal. And interest adds up quickly when credit card balances carry over month to month.

Exploring compensation

If your parent is mentally sound and has resources to offer payment, consider it. A simple family contract can help reduce potential tension. Be sure to keep records, which will be required if your family member becomes Medicaid-eligible.

If you're caring for a veteran, many states have reimbursement programs. But be prepared for strict qualifications and complex application processes for the veteran and the caregiver.

If your loved one is eligible for Medicaid or already enrolled, all states offer programs that allow family members to receive payment for care. Plans and rules vary by state. And again, the rules are strict.

Why financial planning for caregiving matters

Caregiving can have a significant emotional and financial impact on your life. Planning ahead can help reduce stress and ensure you're prepared for important decisions.

Take action

Try it

- Start a conversation with a loved one about future needs.
- Consider setting aside savings specifically for unexpected caregiving expenses.

Review this resource

[Caregiver Resources | Thrivent]

Get support, every step of the way

Thrivent's goal is to help people plan confidently and live generously. When you take control of your finances it's a powerful step. But it doesn't have to be something you figure out on your own. You may be just getting started, navigating a life transition or looking to build on what you've already begun. Wherever you are, guidance and support can make the process clearer and more manageable.

Get free coaching through Money Canvas®

Enjoy three free money coaching sessions through Thrivent's Money Canvas® program.

Work with a local financial advisor

Whether you want to develop a holistic financial strategy, establish a budget, save for retirement or work toward a major life goal, Thrivent's financial advisors have the tools and expertise to help.

To learn more and connect with an advisor in your area, visit **thrivent.com** or call 800-847-4836.

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