

The Positive Financial Indicator

Your Financial Well-being Action Plan



The 5 key PFI behaviors correlated with greater happiness:

- Paying monthly expenses
- Saving for future needs
- Saving for retirement
- Setting and achieving financial goals
- Taking steps to feel in control of financial life

Five questions to help you take control today

If you consider happiness more important than money—but at the same time want guidance to create a less stressful financial life—you are not alone. Our 2017 Millennial Survey revealed a direct correlation between emotional and financial happiness. It also uncovered five actionable financial behaviors that can actually drive greater happiness. These behaviors comprise what we call **The Positive Financial Indicator (PFI)**.

Understanding the PFI

The PFI consists of five behaviors framed as questions that, when answered positively, indicate not only a solid financial picture but also a happier outlook. You may not answer “yes” to all five questions today, but you may be able to over time. These indicators can help guide you and formulate an action plan on where to focus your efforts to achieve stronger financial well-being and, in turn, greater happiness.

The five PFI questions:

1. Are you able to pay for your monthly expenses? Yes ☐ No ☐

Action items:

- ☐ Create a budget for household spending, including monthly bills and other expenses such as groceries, entertainment, clothes, and eating out.
- ☐ Prioritize and reconsider larger purchases. If you plan to move forward, commit to only a realistic spend or setting an amount aside every month to fund the purchase.
- ☐ Connect your spending to longer-term value and satisfaction. Consider real needs before making a purchase. Your overall spending in certain categories can be surprising without getting much actual true benefit.
- ☐ Consider using tools like automatic bill pay or paycheck deduction to systematize your approach to managing monthly expenses.
- ☐ Other:

2. Do you have enough money to be able to save for future needs?

Yes ☐ No ☐

Action items:

- ☐ Create an emergency fund. Experts recommend saving enough money to cover six months' worth of expenses.
- ☐ Revisit your budget. Are you being too harsh in some areas and spending too much in others? If your budget isn't working, it may be tempting to throw it away, especially if it feels emotionally restrictive. Instead, make small changes so that it can work today while still helping you save for tomorrow.
- ☐ Make a commitment to your future. Make it easier to say "no" to spending on items that hold no lasting meaning for you by reminding yourself that your priority right now is your emotional and financial happiness.
- ☐ Consider an automatic monthly deduction to savings or recommend saving a small percent of each paycheck or monthly.
- ☐ Other:

3. Are you saving enough for retirement? Yes ☐ No ☐

Action items:

- ☐ If you have access to an employer retirement plan (401(k) or 403(b)), review the plan's investment options. Try to contribute enough to take advantage of your employer match, if any. Also, consider increasing your contribution percentage annually.
- ☐ Not saving for retirement yet? It is time to get started by making the commitment to a scheduled contribution. If you don't have access to an employer-sponsored plan, learn about IRA options, especially if you're self-employed or between jobs.
- ☐ Use any tools offered on the plan's website or visit a number of online retirement planning tools to run hypotheticals that can help you understand any gaps between what you have saved already and what you want to be saving.
- ☐ Set it and forget it. Take advantage of automatic enrollment options so that contributions are automatically taken from your paycheck or bank account.
- ☐ Commit to a biannual or annual meeting with a financial professional to discuss how to make the most of your investments.
- ☐ Other:

4. Are you taking an active role in setting and achieving goals for your financial life?

Yes ☐ No ☐

Action items:

- ☐ Run your own self-assessment. Ask yourself questions to outline steps to set and achieve financial goals. Questions could include:
 - How will my financial needs change over the next 5 to 10 years, and what can I do to plan and prepare for that?
 - How do I envision my retirement, and what are my financial needs to fund this plan?
 - At what point do I hope to have paid off my debt?
 - Is there a larger purchase—for example, buying a house or car—that is on the horizon and I should plan for?
- ☐ Talk to people you trust and admire and ask for ideas on how they improved their financial well-being and for steps you could take to improve your financial outlook.
- ☐ Educate yourself about different investment approaches, including socially responsible investing. The ups and downs of the stock market may be easier to take if you feel confident that your investments are having a positive impact on the world.
- ☐ Learn more. Read financial blogs, podcasts, and books on money management to get practical ideas you can put to use to improve your financial well-being.
- ☐ Other:

5. Do you feel in control of your financial life? Yes ☐ No ☐

Action items:

- ☐ Pay off any debt. The sooner debt is dealt with, the sooner you'll have freedom to do what you want with your money. Create a plan to pay down debt, slowly but surely, and stick to it.
- ☐ Avoid new debt. Keep credit card spending in check by limiting credit cards to one or two and, ideally, paying them off every month.
- ☐ Start slow. The best way to build confidence is to take manageable action steps consistently over time. As with long-distance running, it is better to build a solid base of financial saving and gradually increase the pace than burn out at the beginning. Commitment and steady attention will be more effective than pushing too hard.
- ☐ Set it and forget it. Take advantage of automatic enrollment options so that contributions are automatically taken from your paycheck or bank account.
- ☐ Work with a financial professional to design an action plan that works for your individual situation.
- ☐ Other:

My action plan

Pick three to five items from the questions above to begin to put into action right now. Revisit this worksheet in three months to evaluate your progress and set next steps. (Helpful hint: Add the check-in date to your smartphone calendar so you don't forget.)

Today's date:

Check-in date:

1. _____
2. _____
3. _____
4. _____
5. _____

Congratulations! By completing this worksheet and focusing on your financial well-being you have taken the first step toward a path to more freedom, financial independence, and personal happiness. Continue to work with your financial professional to share your progress and ensure the right plan of action toward your financial goals.

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