



Power Move #16 What To Do with Your Raise



Free Virtual Coaching
30-minutes w/ Mr. Norman

What will you do with your next raise? While a state-mandated raise might not be a "Wall Street bonus," any extra inflow—be it a salary step, tax refund, or side-hustle cash—is a golden opportunity to optimize your finances.

What do most of us do with this “extra” money? Spend it, of course! This in part explains why approximately [half](#) of Americans are living month-to-month, paycheck-to-paycheck (Moneywise, Jan.26, 2026). The **hope** is that a raise, bonus, or extra funds can fix our less than ideal financial situation, but... **Hope. Is. Not. A. Plan.**

Give every dollar a job! To build financial freedom, reduce stress, and build wealth, the 2-step, [80-20 Plan](#) for your next raise is a good place to start. Employ this approach EVERY time you receive a bump in pay or unexpected cash infusion and you will methodically and effectively build your foundation for financial fitness.

The 2-step "Get it &Set it" Raise Routine: [The 80-20 Plan](#)

Step 1: Direct **80%** of your raise through the **Educator's FOO** (Financial Order of Operations): [Power Move #11.](#)

Step 2: Take your **20%** cut and celebrate— Treat Yo’self!

- You work incredibly hard—don't treat personal finance like a grueling chore. Divert 20% of your net raise directly into your checking account to spend completely guilt-free. Buy the premium coffee, upgrade a weekend leisure activity, and permit a measured amount of [lifestyle creep](#).



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The Educator's FOO (Financial Order of Operations): Give a job to your next dollar!

- 1. Mini Emergency Fund:** Fund \$2,000 in a high-yield savings account ([HYSA](#)) to prepare for life's inevitable financial hiccups, e.g. visit to the ER, refrigerator goes out, or unexpected car repair.
- 2. Take the Free Lunch: The Employer Match.** If you receive an employer match, typically in a 401(k), take the free money! Contribute just enough to get the match (e.g. 3% of salary). Most educators do not have this option, but their spouse may.
- 3. Eliminate High Interest Debt (>6%).** Pay off credit card balances, personal loans, and other high interest debt aggressively. Consult an advisor on [Public Student Loan Forgiveness](#) before paying off this debt.
- 4. Educator Emergency Fund Fully fund your Emergency Fund** to cover your highest deductible plus 3 months of living expenses. It's your safety net if you ever need to find a new career, move, or experience a major health challenge.
- 5. Invest for Your Future Increase/Start contributions to your retirement accounts** (e.g. 403b, 457b, 401k, IRA). **Roth** versions of the above are the "Extra Credit" of investing— your future self pays no taxes on the withdrawals! **Compound interest**—put your money to work while you sleep. Enjoy your rich life today!
- 6. Level up Your Compounding Save/Invest 10-20%** of your income. Raise savings rate 1% of salary each year. Begin/build up your taxable investment accounts. Diversify asset "location" (pre-tax, after-tax, taxable).
- 7. Sinking Funds/College Savings:** Fund 529 Plans for the kids; create "sinking funds" for future purchases in a HYSA. Note: you can borrow for college, you cannot borrow for your retirement!
- 8. 100% Debt Free!** Mortgage Mastery. Pay down that low-interest mortgage in your final stages of creating the calming peace of a debt-free future.

The Raise Routing Roadmap



 Action Item	 Target Destination	 Long-Term Impact
 Automate	 Direct Deposit Routing	Removes decision fatigue. Set it and forget it until it is time to upgrade your savings/investment rate with the next raise, bonus, or side-hustle.
 Protection & Growth (80%)	 High-Yield Savings / Investing	<ul style="list-style-type: none"> ✓ Defeats "Pension Tension" by building a supplemental nest egg. ✓ Protects you against the financial impact of costly life events.
 Celebrate (20%)	 Checking / Fun Fund	 Mitigates educator burnout; rewards hard work immediately.

Small, automated adjustments compound over time and can significantly reduce financial stress. You don't have to navigate your life plan alone—[Take10™ for Financial Fitness](#) is in your corner with resources, ambassadors, and one-on-one support to help you optimize your time and your money.

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