Personal Finance for Beginners: 7 Steps to Start O

Finanzas personales · 23/11/2026 · Por Camilo Calderón

If your money seems to disappear without you knowing where, this guide shows you where to start: 7 simple steps, with examples in Colombian pesos.

Many people start thinking about their finances on the day the money runs out. Payday comes, the bills get paid and, a few days later, the balance is back in the red. It is not a lack of willpower: most of us were never taught how to manage money.

The good news is that you don't need to know economics or earn a lot to get started. You need an order. These 7 steps give you that order, one after another.

1. Find out where your money goes

Before making any plan, look at reality. For 30 days, write down everything you spend, even the coffee, the delivery or the phone top-up. You can use a notebook, a spreadsheet or your bank's app.

At the end of the month, group your expenses into categories: housing, food, transportation, debt, treats. There is almost always a surprise: small, repeated purchases add up to more than we thought.

2. Build a simple budget

A budget is not a prison: it is deciding in advance what each peso will do. An easy guide to start with is the 50/30/20 rule:

50 % for needs: rent, utilities, groceries, transportation.

30 % for wants: going out, subscriptions, clothes that aren't urgent.

20 % for savings and debt payments.

If you earn 2,500,000 pesos a month, that would be 1,250,000 for needs, 750,000 for wants and 500,000 for savings and debt. If your needs take more than 50 %, don't worry: adjust the percentages to your reality and start with what you can. What matters is that every peso has a job.

3. Build a cushion for emergencies

An emergency fund is the money that saves you when your motorcycle breaks down, you get sick or you lose your job. Without it, any surprise ends up on your credit card.

The usual recommendation is to save 3 to 6 months of basic expenses, but don't start there: your first goal is one month. Keep it in a separate account that you don't use day to day.

4. Know the real cost of your debt

A debt doesn't cost what you bought: it costs what you bought plus interest. In Colombia, the Financial Superintendence sets a monthly cap called the usury rate, the maximum interest you can be charged. For November 2026 it was set at 28.34 % effective annual for consumer credit.

In numbers: if you make a 1,000,000-peso purchase in 12 installments at a rate close to that cap, you end up paying about 1,140,000, not counting card fees. That's why it pays to choose few installments and not to pay only the minimum.

Make a list of your debts with the balance, rate and payment for each one. It is the map you need for the next step.

5. Pay off your debt with a method

There are two well-known methods. Both work if you stick with them:

Snowball method

You pay the minimum on every debt and put all the extra money on the smallest one. When it's paid off, that payment moves to the next one. It gives you quick wins and motivation.

Avalanche method

You put the extra money on the debt with the highest rate. It's the one that makes you pay the least interest, although the first wins take longer to show.

6. Save first, spend later

The most common mistake is saving “whatever is left.” There's almost never anything left. Flip the order: on payday, move the percentage you decided to save to another account right away. If your bank allows it, schedule that transfer.

That way, saving no longer depends on your willpower.

7. Learn before you invest

Once you have your cushion and your debt under control, you can start investing. First, learn how the most common options work and what their risks are, such as term deposits (CDT) or investment funds, and check that the institution is supervised by the Financial Superintendence.

Be wary of any “investment” that promises high, guaranteed returns in a short time, or that pays you to bring in more people. That is the typical pattern of a pyramid scheme.

Start today, even with a little

You don't have to do all 7 steps this week. Start with the first one: track your spending for 30 days. With that information, the rest becomes much easier.

If you want to go deeper, the website has guides on [how to build a personal budget], [how to set up your emergency fund] and [how to organize your finances when your income varies].

This article is educational and general. It does not replace advice from a professional who knows your situation.