



Money Matters

What I Learned
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My Finances



Definitions

DEBT-something, typically money, that is owed or due (Oxford Dictionary)

SYNONYMS: bill dues arrears charges
liability



Definitions (cont.)

INTEREST-a charge for borrowed money generally a percentage of amount borrowed (Merriam Webster)



Example:

Credit card purchase of \$300 (new dryer)

Credit card charges: \$300

Monthly interest of 10%: \$30

\$ Owed to card(if not paid in first month): \$330

Dave Ramsey

- The Total Money Makeover by Dave Ramsey
- Host of the radio show “The Dave Ramsey Show”



Getting Started

FOCUS-subject being discussed or studied: **the subject on which peoples' attention is focused** (Merriam-Webster)



Theories (Dave Ramsey)

1. Money problems come from the person in the mirror
2. Just say “no”
3. Motto: If you will live like no one else, later you can live like no one else.
4. Live below your means.
5. Debt-”a means to obtain the “I want its” before we can afford them.”

Theories (cont.)

6. Don't do what others are doing.
7. What other people think *does not matter*.
8. Borrower is slave to the lender.
9. Start with the end in mind (Stephen Covey The Seven Habits of Highly Effective People)



Ready, Set, Go!



Step 1: Save \$1000 (remember, FOCUS)

\$ For unexpected emergencies (deductible on insurance, job loss, medical bills, blown engine/transmission)

\$ Gather it fast

\$ Work extra hours

\$ Sell something

\$ Work part time

\$ Hide it once reached

\$ Keep it in cash



BUDGET BASICS

1. Total money that will be earned for whole month
2. Fill out budget form
3. Assign money to go
4. Envelopes
5. Do not take from one envelope to use for another
6. Sacrifice/Focus

Ready, Set, Go (cont.)



Step 2: Debt Snowball

- \$ List all debts in order of smallest payoff to largest payoff
- \$ Pay minimum payment to get current on all debts except smallest
- \$ Once smallest is paid off, payment from that one plus any extra is applied toward the next smallest, and so on.
- \$ Once that one is paid, apply the payment from this one and the first one to the next one.

Debt Snowball

Like a snowball rolling down a hill, as you pay off the smaller of your debts, you will find that you will have money to tackle the bigger ones. And, once the snowball has reached the bottom of the hill, and all your debt is paid off, you can then tackle the house debt.

For the snowball to get bigger, the following must happen:

Keys to Growing the Debt Snowball

\$ Use budget

\$ Get current

\$ Smallest to largest

\$ Sacrifice

\$ Focus

“To the exclusion of everything else I am getting out of debt.”



A LOOK
at the
BUDGET



What if?

What if the snowball does not begin to roll?

GIVE IT A JUMP START

\$ Sell something (sale, internet, etc).

\$ Second job

\$ Rule of thumb: if you can't be debt free on it in 18-20 months, sell it.

What if I have to use emergency money?

\$ Put the snowball in the freezer and replenish the money.

Baby Steps (continued)

Step 3: Build emergency fund

\$ cover 3-6 months of expenses

\$ Your situation will dictate whether it should be 3 or 6 months

\$ Keep it liquid: easy to get to without penalties

\$ Recommends money market account with no penalties and full check writing privileges