

*Dave Ramsey's*

**Financial**

*Peace*

**University**



**91** *Days to Beat Debt  
...and Build Wealth!*

FINANCIAL  
PEACE  
UNIVERSITY

*Dave Ramsey's*

**Financial**  
*Peace*  
**University**



# **Mission Statement**

*To empower and give HOPE to everyone  
from the financially distressed to the  
financially secure.*

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*...From a Declaration of Principles  
jointly adopted by a Committee of the  
American Bar Association and a  
Committee of Publishers and Associations*

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## ***ABOUT THE FOUNDER OF FPU***

Dave Ramsey is a personal money management expert, an extremely popular national radio personality and best-selling author of *The Total Money Makeover*. In his latest book, a follow-up of his enormously successful *New York Times* best-sellers *Financial Peace* and *More Than Enough*, Ramsey exemplifies his life's work of teaching others how to be financially responsible, so they can acquire enough wealth to take care of loved ones, live prosperously into old age, and give generously to others.

Ramsey knows first-hand what financial peace means in his own life – living a true riches to rags to riches story. By age twenty-six he had established a four-million-dollar real estate portfolio, only to lose it by age thirty. He has since rebuilt his financial life and now devotes himself full-time to helping ordinary people understand the forces behind their financial distress and how to set things right – financially, emotionally, and spiritually.

Ramsey offers life-changing financial advice as a host of a nationally syndicated radio program, “The Dave Ramsey Show,” which is heard by more than 2 million listeners each week, on more than 200 radio stations throughout the United States.

Ramsey is the creator of Financial Peace University (FPU), a thirteen-week program that helps people dump their debt, get control of their money, and learn new behaviors around money that are founded on commitment and accountability. More than 100,000 families have attended FPU classes at their workplace, church, military base, local non-profit organization, Spanish organization, or community group and many national corporations have used and benefited from the program as well. The average family pays off \$5,300 in debt and saves \$2,700 in the first 91 days after beginning FPU and is completely out of debt, except for the mortgage, in 18 to 24 months.

Ramsey created a group of products in an effort to teach children about money before they have a chance to make mistakes. Financial Peace for the Next Generation is an all inclusive school curriculum that is currently in more than 300 schools across the country. Financial Peace Jr is an instructional kit designed to help parents teach their young children about working, saving and giving their money. Through Ramsey's entertaining four book series *The Super Red Racer*, *Careless at the Carnival*, *The Big Birthday Surprise*, and *My Fantastic Fieldtrip* children learn about working, saving, giving and budgeting.

Ramsey earned his B.S. degree in Finance and Real Estate from the University of Tennessee. A frequent speaker around the country at large-scale live events, Ramsey is a passionate and inspiring presenter who is at ease on both sides of the mike. More than 300,000 people have attended Ramsey's LIVE events.

He resides with his wife Sharon and their three children, Denise, Rachel, and Daniel, in Nashville, Tennessee.

# **NEED MORE HELP?**

**Certified Counselors**  
are professionals that Dave's team  
has trained to help serve  
your financial needs.

*From a tune-up for the financially healthy to  
challenge sessions for families facing creditors or even bankruptcy,  
these sessions can provide HOPE and tools for financial success.*

Visit our website at  
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**Want to know more about the materials  
and services that Dave Ramsey and  
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# *Table of Contents*

Getting Started . . . . .	10
The American Dream . . . . .	8
Snapshots of the 90's . . . . .	9
Putting First Things First . . . . .	11 - 13
It's Time to Begin . . . . .	14 - 15
Baby Steps . . . . .	16
Buddy System . . . . .	17
Basic Quickie Budget . . . . .	18 - 19
Amazing Free Car Story . . . . .	20
Budgeting Forms & Accountability . . . . .	21 - 50
3 Months of Monthly Budget Forms . . . . .	24 - 33
Reading Assignments . . . . .	34 - 35
Financial Snapshots (Sample) . . . . .	36
Accountability Check-up Sessions . . . . .	37 - 49
Weekly Sessions	
1. Super Savers. . . . .	51 - 62
2. Cash Flow Planning. . . . .	63 - 108
3. Relating With Money. . . . .	109 - 120
4. Buying Only Big, Big Bargains . . . . .	121 - 130
5. Dumping Debt . . . . .	131 - 146
6. Understanding Investments . . . . .	147 - 160
7. Understanding Insurance . . . . .	161 - 172
8. Retirement & College Planning . . . . .	173 - 190
9. Buyer Beware . . . . .	191 - 198
10. Real Estate & Mortgages . . . . .	199 - 216
11. Career & Extra Jobs . . . . .	217 - 236
12. Collection Practices & Credit Bureaus. . . . .	237 - 260
13. The Great Misunderstanding . . . . .	261 - 269
Educational Materials Available. . . . .	270
Glossary . . . . .	271 - 288

# ORIENTATION



*Travis Foster*

*"A man's heart plans his way, but the Lord directs his steps."*

*Proverbs 16:9 (NKJV)*

# The American Dream:

---

## Imagine if...

A 30 year old couple fully funds a Roth IRA (\$500 per month) at 12% interest.

At 70 years old they will have . . .  
\$5,882,386.26 . . . TAX FREE !!!!

## Imagine if...

That same 30 year old couple made \$40,000 and saved 15% in a 401(K)  
(\$6,000.00 per year, \$500.00 per month - at 12% interest).

At 70 years old they will have . . .  
\$5,882,386.26 . . . in the 401(K)

## By Retirement

That 30 year old couple, DEBT FREE, saves \$1,000 per month at 12% interest.  
At 70 years old, they will have:

<b>Roth IRA</b>	\$5,882,386.26
<b>401k</b>	\$5,882,386.26
<b>Total</b>	<b>\$11,764,772.51</b>

**...and to think this could be *you*.**

IF YOU WILL LIVE LIKE NO ONE ELSE, LATER YOU CAN LIVE LIKE NO ONE ELSE.

# ***SNAPSHOTS OF AMERICAN FINANCES***

According to the Wall Street Journal nearly **70%** of all consumers live from **paycheck to paycheck**.

Of all filings, according to the American Bankruptcy Institute, typical bankruptcy filings are over 1,300,000 annually with a new record being set virtually every year (1.5 million in 2001). 97% are personal bankruptcies and 70% are "total" bankruptcy; that is, Chapter 7 where you have nothing left -- and 95% of those cases are declared "no asset" by the courts.

According to a Gallop Poll in USA Today, those polled say they aren't laughing all the way to bankruptcy court like they thought they would. In fact, **75%** of filers felt "**depressed**" after going through a bankruptcy.

Christian Financial Concepts says that in **1929 only 2%** of the homes in America had a mortgage against them, and by **1962 only 2% DID NOT** have a mortgage against them.

Consumer Reports Money Book says the typical household has **\$38,000** in debt and that total consumer debt has almost tripled since 1980. In 1980 the total consumer debt was \$1.3 trillion and now is over \$3.3 trillion.

A Marist Institute poll published in USA Today stated that **55 percent** of Americans "always" or "sometimes" **worry** about their money.

Nearly half of all Americans (**46%**) **have less than \$10,000 saved for their retirement**, according to Miles To Go: A Status Report on Americans' Plans for Retirement, a new public opinion study released by Public Agenda.

In the new millenium, the personal savings rate fell to around **-2.2%** -- **the lowest in 60 years**, according to the Department of Commerce.

According to Automatic Data Processing, Inc., **20% of workers** would **not** be able to make a mortgage, utility or credit card payment if they missed a paycheck.

At 36%, USA TODAY Snapshots reports **personal finance** as the number one personal stress factor in the work place.

## ***GETTING STARTED!***

Congratulations! You have thought for years that you wanted to get ahead someday and today is the day! It is time for you to proactively take control of your finances from this day forward. A tremendous peace will come as soon as you begin developing your plan and come to the monthly realization that you are doing it.

Please take a few minutes and carefully read the following pages. By adopting the simple principles and guidelines outlined in the next few pages you will be taking the first big step toward walking in financial peace.

---

*With this kit, you have membership in this life-changing program. If you have not already decided on a location to attend, please go to our website at [www.daveramsey.com](http://www.daveramsey.com) or contact our office at 1-888-22PEACE to find a class near you. Our hope is for you to learn the basic principles of handling money, gain control, and plan for your future. We have learned that group accountability is essential to gaining financial peace. Let us know if we can assist you in any way.*

# ***PUTTING FIRST THINGS FIRST***

## **Personal:**

***If you are financially secure or struggling financially, you must have a properly balanced life. Anything that is out of balance will throw your finances off. So, Spiritual Health, Mental Health, and Physical Health must become a priority.***

***So attend Church this week for a spiritual checkup.***

***Spend some time every morning in quiet isolation thinking about the day and what steps need to be taken that day toward your financial health. Pray and make a list of things to do.***

***Exercise is a wonderful way to remove stress and is obviously good for you.***

## **Family:**

*Spend time alone with your spouse and then with the whole family THIS WEEK!!!*

*If you are married, both spouses must be in agreement on all spending, saving, and debt reduction, or your plan is doomed to fail. If you are in financial stress and either will not or cannot agree on a written plan of spending BEFORE the spending occurs, you may need marriage counseling. Is that over-stated? NO!*

*Whether financially stressed or financially secure, you will find one of the most positive things that comes from Financial Peace University and budgeting together is that you will have a new kind of unity in your marriage -- a unity that you can only experience if you budget together.*

## **Controlled by Creditors?**

*Are you spending your time worried about which creditor will be calling you next? We will spend some time in these thirteen sessions teaching you the details of how to pay creditors and how to handle them. In one of the accountability checklists you will learn how you can run your household instead of letting your creditors run you. The best way for them to get paid is for you to set your priorities and take control of your financial destiny.*

### **Step One (Big Priority)**

*Your necessities and the well being of your family comes before your good credit rating. Pay necessities **FIRST**, then pay unsecured creditors with what is left.*

*“If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever.”*

*1 Timothy 5:8*

### **Step Two (A Must)**

*Always communicate with your creditors, especially local ones whom you can meet in person. Huge amounts of communication will substitute for payment as long as they see you have a plan (which you will be developing).*

*Do **NOT** write any more hot or even warm checks! You need to pay debt off with the money you have been paying in bounced check charges.*

## ***IT'S TIME TO BEGIN!***

It is time to begin! There are nine (9) simple things you want to remember as you begin to develop your plan.

#1—**GIVE** - Something wonderful happens to human spirit and emotions when you start giving. Give at least \$25 monthly to some worthy cause. Christians should be giving to their local church. Both spouses need to have a peace in prayer about giving.

*“Honor the Lord with your possessions, and with the first fruits of all your increase...”*

*Proverbs 3:9 (NKJV)*

#2—**BABY STEPS** - You will find the “Baby Steps” explained at the end of this section. We believe that you must first focus all extra money on “Baby Step One”, which is to build an emergency fund. “Baby Step Two” begins your debt payoff plan. All of this is explained as we go along and you work down through the “Baby Steps”.

#3—**BUDDY SYSTEM** - Another thing that you will find at the end of this section is our recommendation to find a “Buddy” with whom to work while going through Financial Peace University. This will prove to be very helpful and beneficial.

# 4—**ENVELOPE SYSTEM** - Clothing, ALL food including restaurant and miscellaneous grocery store items, and gasoline should immediately go on a pure ‘cash only’ basis. The Envelope System is provided with your membership and details on how to begin can be found inside it’s cover.

#5—**BASIC QUICKIE BUDGET** - After session one, “Super Savers,” you will be putting together a brief overview of your monthly expenses. Simple instructions on how to get started are on the page entitled, “Congratulations.”

#6—**BUDGETING** - In session two, “Cash Flow Planning,” Dave will teach you how to work through all of the financial management forms in that section, which includes simple to understand samples. Every month, your coordinator will be checking your zero based budget to insure that you are trying to live by it. Be sure to bring it with you each week and work with your spouse if married.

#7—**ACCOUNTABILITY** - Since Personal Finance is 80% behavior, the class members should hold one another accountable every session! We expect to see your zero based budget every session with next month’s finished before the end of the current month. Each meeting we will review the accountability sheet for that session.

#8—**FINANCIAL SNAPSHOT** - After your second session you should complete the “By Session 3” column on your “Financial Snapshot” form (the best you can). Fill in the column based upon what you have accomplished since you first started applying Dave Ramsey’s Financial Peace principles to your life. This includes listening to “The Dave Ramsey Show” and reading Financial Peace. Note: some of the questions may not apply to you at this time. Every few sessions you will fill in a column to chart your progress. Tear off the back copy after the last session and hand it in to your Coordinator, keeping the top copy for yourself.

#9—**READING ASSIGNMENT** - Each session you will have a chapter or two that is recommended reading from Financial Peace. The chapter reading will correspond with the lessons that Dave teaches your class.

## ***“BABY STEPS”***

There is a process to getting out of the mess that we created without feeling overwhelmed. Getting out of debt will not happen overnight; it takes time. Here are the “Baby Steps” to begin the process:

- Step One:      \$1,000.00 in an “Emergency Fund” (\$500.00 if income under \$20,000 per year)
- Step Two:      Pay-off all debt utilizing the “Debt Snowball” (except the house)  
(found in the Dumping Debt lesson)
- Step Three:    3-6 months expenses in savings
- Step Four:     Invest 15% of household income into Roth IRAs and pre-tax retirement
- Step Five:     College Funding
- Step Six:      Pay-off home early
- Step Seven:    Build Wealth!  
(Mutual Funds/Real Estate)

## ***BUDDY SYSTEM***

From our experience, we have found that many people are more successful if they utilize the “Buddy System”. A buddy is another person or couple with whom to share, to exchange feedback, or to bounce questions off. Many times the best support we receive is the support we give because something wonderful happens when we give.

### **GUIDELINES FOR BUDDY SYSTEM**

1. Commit to one contact per month, either by a telephone call, written note or personal meeting.
2. Exchange home telephone numbers (work number at your own discretion) and addresses.
3. Buddies need to be of the same gender if you are single and couples should be supportive as couples.
4. Your role is emotional and spiritual encouragement and support. You are not expected to provide technical or mechanical financial advice. Just be there for someone.
5. Even the strongest and most intelligent among us needs an occasional push or pull, so everyone should try the Buddy System.

# CONGRATULATIONS

***YOU have taken the first step to obtaining true Financial Peace!***

This program will help you get out of debt and teach you how to manage money. The “**Basic Quickie Budget**” form is to be done **by tomorrow night** at the latest to start your learning process.

Sit down (with your spouse, if married) and put together a basic budget (an overview) of your monthly expenses. Focus on necessities only - not debts, such as credit cards. This will help you start gaining control and confidence in handling your money and help you to see what you are spending monthly. In session two, you will learn how to do a zero based budget.

***Winners do things that make a difference,  
and this will start you down the path towards winning.***

There are four columns which need to be filled in:

- A. **Monthly Total** column helps you see what you are spending.
  1. If you don't know the amount, put down your best estimate.
  2. If the amounts are inaccurate, you may never have actually accounted for what you have been spending in these categories.
  3. Don't worry if you are in the dark about your actual spending or if you find out you have been mismanaging your money. Just join the club.
- B. The next column is the **Payoff Total** (for categories that apply).
  1. Write down how much it will take to pay off that debt.
  2. Example: Mortgage, car loans, etc.
- C. The third column is **How Far Behind** are you?
  1. If you are 30 days, 60 days behind, write that down.
  2. If you are up-to-date, note that.
- D. The fourth column is **Type Account**.
  1. Decide if this should come out of your checking account or if this is a category for a cash (envelope system) account.
  2. If this should be a cash account, you will have better control over it, because spending cash hurts more than writing a check.

Any item on the Quickie Budget form designated with an asterisk (\*) should be a cash account.

*The bottom line is simply this:*

***“Today, of every 100 people who reach age 65, only two are financially independent; 23 must continue working, and 75 must depend on friends, relatives or charity; of every 100 Americans reaching age 65 today, a horrifying 96 are flat broke!”***

- U.S. Department of Labor

# ***BASIC QUICKIE BUDGET***

GET STARTED TODAY ON MAKING A DIFFERENCE IN YOUR FINANCIAL FUTURE

## **FINANCIAL PEACE UNIVERSITY**

<u>Item</u>	<u>Monthly Total</u>	<u>Payoff Total</u>	<u>How far Behind</u>	<u>Type Account</u>
GIVING	_____		_____	_____
SAVING	_____		_____	_____
HOUSING				
First Mortgage	_____	_____	_____	_____
Second Mortgage	_____	_____	_____	_____
Repairs/Mn. Fee	_____		_____	_____
UTILITIES				
Electricity	_____		_____	_____
Water	_____		_____	_____
Gas	_____		_____	_____
Phone	_____		_____	_____
Trash	_____		_____	_____
Cable	_____		_____	_____
*FOOD	_____		_____	_____
TRANSPORTATION				
Car Payment	_____	_____	_____	_____
Car Payment	_____	_____	_____	_____
*Gas & Oil	_____		_____	_____
*Repairs & Tires	_____		_____	_____
Car Insurance	_____		_____	_____
*CLOTHING	_____		_____	_____
PERSONAL				
Disability Ins.	_____		_____	_____
Health Insurance	_____		_____	_____
Life Insurance	_____		_____	_____
Child Care	_____		_____	_____
*Entertainment	_____		_____	_____
OTHER MISC.	_____		_____	_____
TOTAL MONTHLY NECESSITIES	_____			

# THE AMAZING FREE CAR STORY

*We normally buy:*

*\$18,000 car; 7 years at 10%; payments of \$300; value after 7 years, \$800*

*Or we could buy instead:*

*\$6,000 car; 7 years at 10%; payments of \$100; value after 7 years, \$400*

*The other \$200 per month saved at 10% for 7 years = \$24,190*

***NOW WHO MADE THE CORRECT CHOICE !!!!!***

### *At Year Seven*

*The car is junk, in either plan, but in our plan:*

<i>Savings</i>	<i>\$24,190</i>
<i>One year old car for cash</i>	<i><u>\$16,000</u></i>
<i>Left in savings</i>	<i>\$ 8,190</i>

*No Car Payments!*

### *Another Seven Years*

*Save \$300 per month from year 7 to year 14*

*plus interest on \$8,190 (10% return) the car is junk, again*

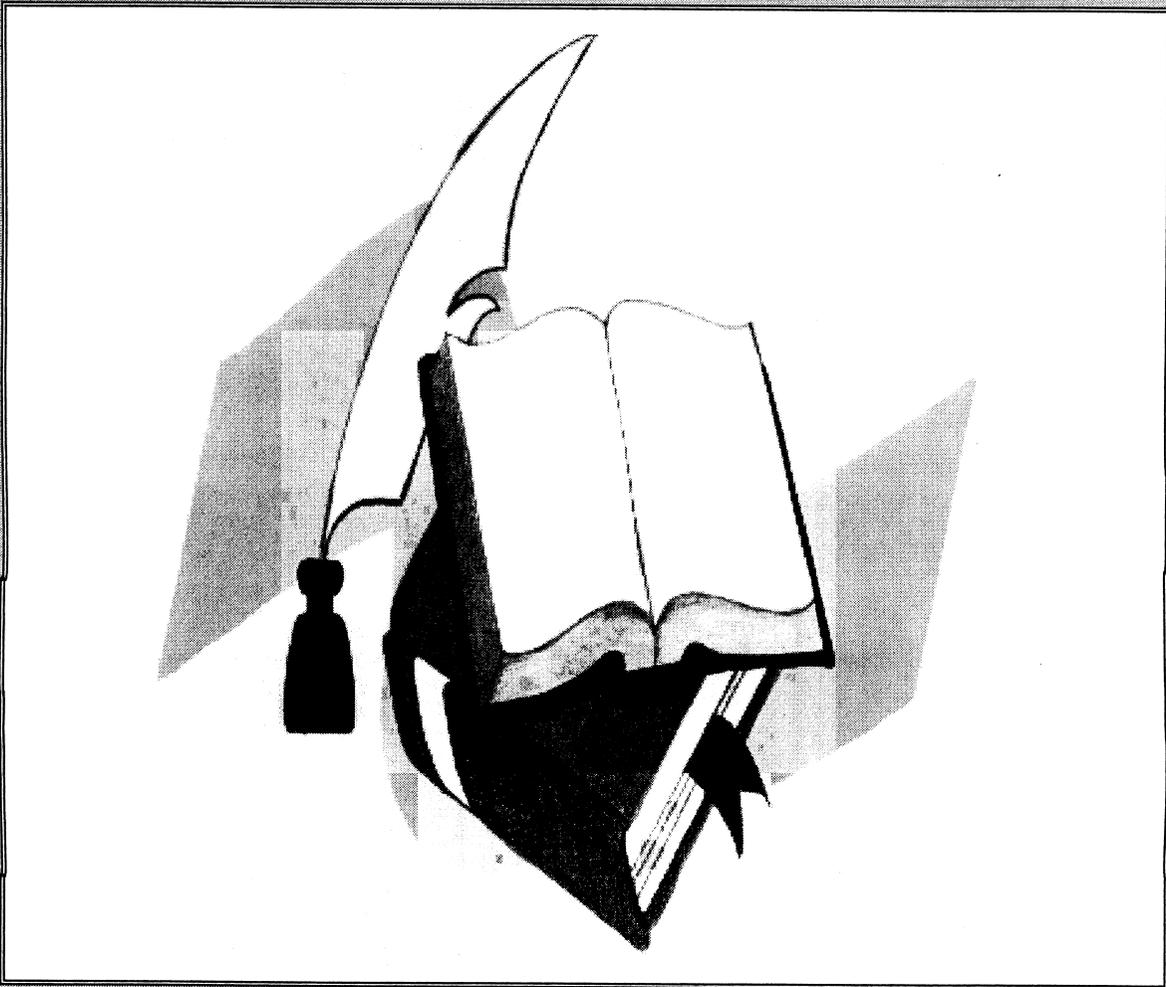
<i>Savings</i>	<i>\$52,245</i>
<i>One year old car for cash</i>	<i><u>\$25,000</u></i>
<i>Left in Savings</i>	<i>\$27,245</i>

*No Car Payments!*

*So Here we go again!*

*We will have "Free Cars" the rest of our lives  
just because we purchased a lower priced car  
one time 14 years ago.*

# ***BUDGETING FORMS & ACCOUNTABILITY***



## financial counseling

Before there was the Dave Ramsey Radio Show or Financial Peace University, Dave was counseling people one-on-one. Our financial counseling department, led by Russ Carroll, has helped thousands of families. Not only do we counsel people in financial distress, but we also counsel people who are financially healthy.

*For example:*

- How would you like to get an unbiased review of your financial plan, receive recommendations, and not be sold a financial product?
- If you are facing stress due to credit collectors or considering bankruptcy, we can help you get through this difficult time and give you the tools and confidence to never be in that situation again.
- Engaged or newly married, how would you like to have a financial game plan as you start your life together?
- Small business owners, get assistance assessing your present financial situation and develop recommendations to achieve company goals.
- Or maybe you are doing okay financially, but just can't get ahead.

To learn more about our counseling services and schedule a counseling appointment, call 1-888-22PEACE (227-3223). For one of our certified counselors in your state go to [www.daveramsey.com](http://www.daveramsey.com).

Click on "Financial Counseling," then on "Find a Counselor."



## DAVE'S CERTIFIED counselor training

Become one of Dave's Local Certified Financial Counselors:

- Be trained by Dave's team to counsel people in your community
- Start a counseling business or counsel as a ministry

The Counselor Training is a 3 1/2 day, intense and expensive training program with more than 30 hours of training that includes:

- Helping people with everything from bankruptcy to estate planning
- Helping people determine their goals for investing, short and long term
- Learning how to deal and communicate with creditors and collection agencies
- Case Studies, discussion groups and role play

You must submit an application and be approved to attend the counselor training. Not everyone is accepted and seating is limited!

For more information on becoming a counselor, visit us online @ [www.daveramsey.com](http://www.daveramsey.com) and click on the "Counseling Training" button.



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TO ALL FPU MEMBERS  
NATIONWIDE  
AT A DISCOUNT**

***ALL COUNSELING SESSIONS  
ARE CONDUCTED BY  
CERTIFIED COUNSELORS  
WHO ARE TRAINED BY  
DAVE'S TEAM TO HELP SERVE  
YOUR FINANCIAL NEEDS.***

**Visit our web site at [www.daveramsey.com](http://www.daveramsey.com)  
and click on FINANCIAL COUNSELING  
or call 1-888-227-3223 today  
FOR MORE INFORMATION**

# INSTRUCTIONS

## SHEET 5

Every dollar of your income should be allocated to some category on this sheet. Money “left over” should be put back into a category even if you make up a new category. You are making the spending decisions ahead of time here. Almost every category (except debt) should have *some* dollar amount in it. Example: If you do not *plan* to replace the furniture, when you do replace it, you will cause strain or borrowing, so go ahead and plan now by saving. I have actually had people tell me that they can do without clothing. Oh come ON!! Be careful in your zeal to make the numbers work that you don’t substitute the *urgent* for the *important*.

Fill in the amount for each subcategory under “Subtotal” and then the total for each main category under “Total.” As you go through your first month, fill in the “Actually Spent” column with your real expenses or the saving you did for that area. If there is a substantial difference in the plan versus the reality, something has to give. You will either have to adjust the amount allocated to that area up and another down or you will have to better control your spending in that area.

“% Take Home Pay” is the percentage of take home pay that that category represents; for example, what percentage of your total take home pay did you spend on “Housing”. You can then compare your percentages with those on Sheet 6 to determine if you need to consider adjusting your lifestyle.

An “\*” beside an item means you should use the “envelope system.”

The Emergency Fund should get ALL the savings until 3-6 months of expenses have been saved.

Note: Savings should be increased as you get closer to being debt free.

Hint: By saving early for Christmas and other gifts, you can get great buys and give better gifts for the same money.

- You have 3 sets of “Monthly Cash Flow Plan” sheets located in the Financial Management forms section.
- Use these forms as your “zero” based budget forms which will be checked every few weeks by your group leader.
- Make enough copies to do this for a one year period in order to help you develop proper financial management habits.

# MONTHLY CASH FLOW PLAN

BUDGETING FORMS/ACCOUNTABILITY

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>CHARITABLE GIFTS</b>				
<b>SAVING</b>				
<i>Emergency Fund(1)</i>	_____		_____	
<i>Retirement Fund</i>	_____		_____	
<i>College Fund</i>	_____	_____	_____	_____
<b>HOUSING</b>				
<i>First Mortgage</i>	_____		_____	
<i>Second Mortgage</i>	_____		_____	
<i>Real Estate Taxes</i>	_____		_____	
<i>Homeowners Ins.</i>	_____		_____	
<i>Repairs or Mn. Fee</i>	_____		_____	
<i>Replace Furniture</i>	_____		_____	
<i>Other</i> _____	_____	_____	_____	_____
<b>UTILITIES</b>				
<i>Electricity</i>	_____		_____	
<i>Water</i>	_____		_____	
<i>Gas</i>	_____		_____	
<i>Phone</i>	_____		_____	
<i>Trash</i>	_____		_____	
<i>Cable</i>	_____	_____	_____	_____
<b>*FOOD</b>				
<i>*Grocery</i>	_____		_____	
<i>*Restaurants</i>	_____	_____	_____	_____
<b>TRANSPORTATION</b>				
<i>Car Payment</i>	_____		_____	
<i>Car Payment</i>	_____		_____	
<i>*Gas and Oil</i>	_____		_____	
<i>*Repairs and Tires</i>	_____		_____	
<i>Car Insurance</i>	_____		_____	
<i>License and Taxes</i>	_____		_____	
<i>Car Replacement</i>	_____	_____	_____	_____
<b>PAGE 1 TOTAL</b>		_____	_____	

## SHEET 5 CONTINUED

BUDGETING FORMS/ACCOUNTABILITY

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>*CLOTHING</b>				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
<b>MEDICAL/HEALTH</b>				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
<b>PERSONAL</b>				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*BLOW \$\$	_____	_____	_____	_____
<b>PAGE 2 TOTAL</b>		_____	_____	

## SHEET 5 CONTINUED

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>RECREATION</b>				
*Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
<b>DEBTS (Hopefully -0-)</b>				
Visa 1	_____		_____	
Visa 2	_____		_____	
MasterCard 1	_____		_____	
MasterCard 2	_____		_____	
American Express	_____		_____	
Discover Card	_____		_____	
Gas Card 1	_____		_____	
Gas Card 2	_____		_____	
Dept. Store Card 1	_____		_____	
Dept. Store Card 2	_____		_____	
Finance Co. 1	_____		_____	
Finance Co. 2	_____		_____	
Credit Line	_____		_____	
Student Loan 1	_____		_____	
Student Loan 2	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____	_____	_____	_____
<b>PAGE 3 TOTAL</b>		_____	_____	
<b>PAGE 2 TOTAL</b>		_____	_____	
<b>PAGE 1 TOTAL</b>		_____	_____	
<b>GRAND TOTAL</b>		_____	_____	
<b>TOTAL HOUSEHOLD INCOME</b>		<u>ZERO</u>		

# MONTHLY CASH FLOW PLAN

BUDGETING FORMS/ACCOUNTABILITY

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>CHARITABLE GIFTS</b>				
<b>SAVING</b>				
Emergency Fund(1)	_____		_____	
Retirement Fund	_____		_____	
College Fund	_____	_____	_____	_____
<b>HOUSING</b>				
First Mortgage	_____		_____	
Second Mortgage	_____		_____	
Real Estate Taxes	_____		_____	
Homeowners Ins.	_____		_____	
Repairs or Mn. Fee	_____		_____	
Replace Furniture	_____		_____	
Other _____	_____	_____	_____	_____
<b>UTILITIES</b>				
Electricity	_____		_____	
Water	_____		_____	
Gas	_____		_____	
Phone	_____		_____	
Trash	_____		_____	
Cable	_____		_____	
<b>*FOOD</b>				
*Grocery	_____		_____	
*Restaurants	_____	_____	_____	_____
<b>TRANSPORTATION</b>				
Car Payment	_____		_____	
Car Payment	_____		_____	
*Gas and Oil	_____		_____	
*Repairs and Tires	_____		_____	
Car Insurance	_____		_____	
License and Taxes	_____		_____	
Car Replacement	_____	_____	_____	_____
<b>PAGE 1 TOTAL</b>		_____	_____	

## SHEET 5 CONTINUED

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>*CLOTHING</b>				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
<b>MEDICAL/HEALTH</b>				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
<b>PERSONAL</b>				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*BLOW \$\$	_____	_____	_____	_____
<b>PAGE 2 TOTAL</b>				
		_____	_____	

BUDGETING FORMS/ACCOUNTABILITY

## SHEET 5 CONTINUED

BUDGETING FORMS/ACCOUNTABILITY

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>RECREATION</b>				
*Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
<b>DEBTS (Hopefully -0-)</b>				
Visa 1	_____		_____	
Visa 2	_____		_____	
MasterCard 1	_____		_____	
MasterCard 2	_____		_____	
American Express	_____		_____	
Discover Card	_____		_____	
Gas Card 1	_____		_____	
Gas Card 2	_____		_____	
Dept. Store Card 1	_____		_____	
Dept. Store Card 2	_____		_____	
Finance Co. 1	_____		_____	
Finance Co. 2	_____		_____	
Credit Line	_____		_____	
Student Loan 1	_____		_____	
Student Loan 2	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____	_____	_____	_____
<b>PAGE 3 TOTAL</b>		_____	_____	
<b>PAGE 2 TOTAL</b>		_____	_____	
<b>PAGE 1 TOTAL</b>		_____	_____	
<b>GRAND TOTAL</b>		_____	_____	
<b>TOTAL HOUSEHOLD INCOME</b>		_____		
		<b>ZERO</b>		

# MONTHLY CASH FLOW PLAN

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>CHARITABLE GIFTS</b>				
<b>SAVING</b>				
Emergency Fund(1)	_____		_____	
Retirement Fund	_____		_____	
College Fund	_____	_____	_____	_____
<b>HOUSING</b>				
First Mortgage	_____		_____	
Second Mortgage	_____		_____	
Real Estate Taxes	_____		_____	
Homeowners Ins.	_____		_____	
Repairs or Mn. Fee	_____		_____	
Replace Furniture	_____		_____	
Other _____	_____	_____	_____	_____
<b>UTILITIES</b>				
Electricity	_____		_____	
Water	_____		_____	
Gas	_____		_____	
Phone	_____		_____	
Trash	_____		_____	
Cable	_____	_____	_____	_____
<b>*FOOD</b>				
*Grocery	_____		_____	
*Restaurants	_____	_____	_____	_____
<b>TRANSPORTATION</b>				
Car Payment	_____		_____	
Car Payment	_____		_____	
*Gas and Oil	_____		_____	
*Repairs and Tires	_____		_____	
Car Insurance	_____		_____	
License and Taxes	_____		_____	
Car Replacement	_____	_____	_____	_____
<b>PAGE 1 TOTAL</b>		_____	_____	

BUDGETING FORMS/ACCOUNTABILITY

## SHEET 5 CONTINUED

BUDGETING FORMS/ACCOUNTABILITY

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>*CLOTHING</b>				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
<b>MEDICAL/HEALTH</b>				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
<b>PERSONAL</b>				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*BLOW \$\$	_____	_____	_____	_____
<b>PAGE 2 TOTAL</b>		_____	_____	

## SHEET 5 CONTINUED

<u>Budgeted Item</u>	<u>Sub Total</u>	<u>TOTAL</u>	<u>Actually Spent</u>	<u>% of Take Home Pay</u>
<b>RECREATION</b>				
*Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
<b>DEBTS (Hopefully -0-)</b>				
Visa 1	_____		_____	
Visa 2	_____		_____	
MasterCard 1	_____		_____	
MasterCard 2	_____		_____	
American Express	_____		_____	
Discover Card	_____		_____	
Gas Card 1	_____		_____	
Gas Card 2	_____		_____	
Dept. Store Card 1	_____		_____	
Dept. Store Card 2	_____		_____	
Finance Co. 1	_____		_____	
Finance Co. 2	_____		_____	
Credit Line	_____		_____	
Student Loan 1	_____		_____	
Student Loan 2	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____	_____	_____	_____
<b>PAGE 3 TOTAL</b>		_____	_____	
<b>PAGE 2 TOTAL</b>		_____	_____	
<b>PAGE 1 TOTAL</b>		_____	_____	
<b>GRAND TOTAL</b>		_____	_____	
<b>TOTAL HOUSEHOLD INCOME</b>		<u>ZERO</u>		

BUDGETING FORMS/ACCOUNTABILITY

## ***FPU LESSON READING RECOMMENDATIONS FINANCIAL PEACE, BY DAVE RAMSEY***

Recently, the personal savings rate fell to -2.2%: the lowest in 60 years, according to the Department of Commerce.

***Purpose:*** To help further motivate each member to start applying the principles of each lesson into their lives immediately!

***Schedule:***

- Weekly reading assignments to be completed after each lesson and prior to the next session.
- It is beneficial to do the reading assignments even if you have read “Financial Peace” before.
- You will find the review helpful as you go through each lesson.

***Easy:***

- “Financial Peace” is easy to read.
- The book was written on a 7<sup>th</sup> grade level and has been printed with large type in a style that is easy on the eyes!

## Sessions

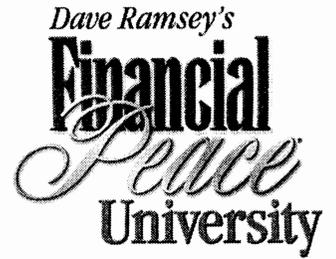
## Reading

<p><u>Getting Started</u> Super Savers</p>	<p><b>Chapter 1</b> - The Beginning... A Very Good Place to Start <b>Chapter 2</b> - Enough of Anything is Too Much <b>Chapter 3</b> - The Basics (A Foundation) <b>Chapter 10</b> - Pile Up Plunder</p>
<p>Cash Flow Planning</p>	<p><b>Chapter 19</b> - Why Written? <b>Chapter 21</b> - Baby Steps</p>
<p>Relating With Money</p>	<p><b>Chapter 14</b> - Single As a One-Dollar Bill <b>Chapter 15</b> - Tying a Knot in Your Money: Marriage <b>Chapter 16</b> - Crumb Snatchers and Money <b>Chapter 17</b> - Family, Friends, and Money <b>Chapter 18</b> - Carefully Consider Counsel</p>
<p>Buy Only Big, Big Bargains</p>	<p><b>Chapter 13</b> - Buy Only Big, Big Bargains</p>
<p>Dumping Debt</p>	<p><b>Chapter 7</b> - Lifestyles of the Rich <b>Chapter 8</b> - Dumping Debt</p>
<p>Understanding Investments</p>	<p><b>Chapter 11</b> - "KISS" Your Money through subtitle/section: Simple Discipline is The Key <b>Chapter 12</b> - Of Mice and Mutual Funds through subtitle/section: To Load Or Not To Load</p>
<p>Understanding Insurance</p>	<p><b>Chapter 11</b> - "KISS" Your Money begin with subtitle/section: Insurance</p>
<p>Retirement &amp; College Planning</p>	<p><b>Chapter 12</b> - Of Mice And Mutual Funds begin with subtitle/section: Funding Those Golden Rocking Chairs</p>
<p>Buyer Beware</p>	<p><b>Chapter 5</b> - Let The Buyer Beware - <i>Caveat Emptor</i></p>
<p>Real Estate &amp; Mortgages</p>	<p><b>Chapter 13</b> - Buy Only Big, Big Bargains subtitle/section: Real Estate Bargains; subtitle/section: Owner Financing Bonanza</p>
<p>Careers &amp; Extra Jobs</p>	<p><b>Chapter 6</b> - Career Choice</p>
<p>Collection Practices &amp; Credit Bureaus</p>	<p><b>Chapter 9</b>- Cucumbers, Collectors &amp; Credit Reports <b>Chapter 22</b> - The End... Or Just The Beginning?</p>
<p>The Great Misunderstanding</p>	<p><b>Chapter 4</b> - Understand The Spiritual Aspects Of Money <b>Chapter 20</b> - Do It Daily</p>

**PERSONAL FINANCE IS 80% BEHAVIOR  
AND ONLY 20% KNOWLEDGE**

The most proven method to ensure you implement the principles found in Dave's book is Financial Peace University.

# FINANCIAL SNAPSHOT



CLASS START DATE (MM/DD/YY)

□□ / □□ / □□

CLASS LOCATION CODE

□□□□□□

FIRST NAME

□□□□□□□□□□□□

SPOUSE FIRST NAME

□□□□□□□□□□□□

LAST NAME

□□□□□□□□□□□□□□□□□□□□□□

COORDINATOR FIRST NAME

□□□□□□□□□□□□

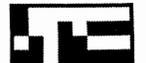
COORDINATOR LAST NAME

□□□□□□□□□□□□□□□□□□□□□□

Complete information in column 1, session #3, based upon your current financial situation since you started applying the "Financial Peace" principles; even if you started applying them prior to taking the FPU class.

BUDGETING FORMS/ACCOUNTABILITY

Areas to work on IMMEDIATELY	By Session 3	By Session 6	By Session 10	By Session 13
Have a budget that works?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Paying necessities before creditors?	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Cut up all credit cards?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Living on envelope system?	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
How many envelopes?	□ 2	□□	□□	□□
\$1000 in emergency fund?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Amount now in fund?	\$ 200.00	\$ □□□□□□	\$ □□□□□□	\$ □□□□□□
Giving to worthy causes?	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Using the buddy system?	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Debts paid?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
How much \$\$ so far?	\$ 450.00	\$ □□□□□□	\$ □□□□□□	\$ □□□□□□
3-6 months expenses saved?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
How many months saved?	< 1	□□	□□	□□
Saving now for major purchases?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
List types.	(COUCH - LATER)	□□□□□□	□□□□□□	□□□□□□
Funding pre-tax savings?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
College funding started?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Paying extra on mortgages?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No
Walking in Financial Peace?	<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No



# ACCOUNTABILITY CHECK-UP

## Super Savers

- I. Get to know one another (1 - 2 minutes per family).
  - A. Discuss why you came to the program.
  - B. Also, what you hope to get out of this program.
  - C. **BE HONEST, OPEN AND REAL WITH EACH OTHER!**
  
- II. Review - **Discussion Questions AT THE END OF LESSON #1.**
  
- III. Review pages 14 - 17: It's Time To Begin, Baby Steps, and the Buddy System.
  
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:** Each person or couple should comment about these questions.
  - A. I will or have started making SAVINGS a priority because ... (everyone share reasons with group).
  - B. I balance my checkbook within 72 hours of receiving my bank statement.  
Yes/No Why or why not?
  - C. In the past my emergency fund came from ... (list source you used to come up with money when needed for emergencies; for example: credit cards, loans, family, etc.) Why did you turn to this source for money? How did it make you feel?
  - D. Define what you consider to be an emergency that would cause you to justify tapping into your emergency fund. (If married, does your spouse agree with you about this?)
  - E. I will write down and set small bite-size goals to achieve during this 13 week program (with my spouse, if married) this week.
  
- V. Go home and write down on paper (with your spouse, if married) what you consider **a real emergency is**, so that if you have to touch your emergency fund you can feel good about it and not rob it over some meaningless, false justification.
  
- VI. Be prepared to show your **BASIC QUICKIE BUDGET** next week.

# ACCOUNTABILITY CHECK-UP

## Cash Flow Planning

I. Everyone holds up **BASIC QUICKIE BUDGET** to show you worked on it. Use the Quickie Budget to help you do your first zero-based budget.

II. Everyone makes a verbal commitment that they will start putting something aside for an emergency fund each month, even if it is only \$4.00.

**\*It is vitally important to your financial future that you get into the habit of doing this as a priority!**

III. Everyone makes a commitment to the group to attend all 13 class sessions, unless an emergency comes up.

IV. Have each person/family make a commitment to going home and doing a **ZERO-BASED BUDGET** before the next class session.

V. **ACCOUNTABILITY & APPLICATION REVIEW:** (Everyone reads and comments about these statements.)

A. I understand the concept behind how to use the cash envelope system and will commit to at least using one envelope for food throughout this program. (Instructions are in the envelope system.)

B. I do not write postdated, hot or even warm checks. I have balanced my checkbook this month. (See sample "How to Balance Your Checkbook" in this lesson, if necessary.)

C. I understand how to complete the **FINANCIAL SNAPSHOT** form and will complete the first column by the next class.

D. I will not impulse shop anymore or use my ATM or Debit card impulsively.

E. I will make a commitment right now to myself (and my spouse, if married) plus this group, that I will do three (3) monthly zero-based budgets during this 13 week program.

F. Does anyone have any questions about how to do a budget? (Review as a group if needed.)

VI. Be prepared to show your **ZERO-BASED BUDGET** at the next class.

# ACCOUNTABILITY CHECK-UP

## Relating With Money

- I. Everyone holds up his Monthly **ZERO-BASED BUDGET**; check each other for **zero-based totals** on the third page.
- II. Encourage each other to make a commitment to do everything possible to avoid adding any new debts to their financial picture.
- III. **Have some fun with the class:** Everyone can start bringing in their credit card applications. Add up the total credit limits that are being offered, then tear up the applications, or send them back with a copy of the Credit Rebellion Letter from our website. **\*\*Keep a running total for the group as a whole to see how much debt your class is avoiding by not accepting the credit cards. TOTALS WILL BE REVIEWED DURING SESSION #11.**
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:** (Everyone reads and comments about these statements.)
  - A. I put relationships above money – my spouse, children, and co-workers are more important than money or financial stress. (Would others – your friends or coworkers, agree with your answer?)
  - B. As a single parent, discuss how fatigue can affect your money management.
  - C. I am, or will start, having a quiet time each day to prioritize the most important things in my life and grow spiritually.
  - D. I did not get into financial stress quickly, and I will likely walk out of it slowly. (Talk about the stress of financial problems.)
  - E. I will be held accountable for my financial actions by working with my spouse or, if single, my buddy. (Use the BUDDY SYSTEM). **Develop an Accountability partner before leaving your class session today!**
  - F. I will teach my children how to handle money. Why is this important? What could happen if you do not?
  - G. I will start keeping the other people in this class in my thoughts and prayers for their success as well as my own.
  - H. Is it easier to impulse shop as a single, without someone to answer to?

# ACCOUNTABILITY CHECK-UP

## Buying Only Big, Big Bargains

- I. Everyone shows and discusses how their envelope system is working for them. (How many are you using and for which categories?)
- II. Encourage each other to invite a friend or loved one to attend **one** of the classes with you for “Free” to see how this program can become a blessing in their life.
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Get into each other’s hearts and help one another.)
- A. I have allocated all of this month’s household income on paper **before the month began.**
  - B. I have started saving money for an emergency fund.
    - 1. Wives (ladies), talk about how important it is to you.
    - 2. Husbands (men), talk about how it makes you feel.
    - 3. Singles, talk about why you need an emergency fund as a single.
  - C. When I’m at a store and the cashier gives me back too much money I –
    - 1. Keep it and do not say anything (it’s a blessing from God).
    - 2. Return it immediately.
    - 3. I never count my change to see if it’s correct.
  - D. I will cut up (destroy) all my credit cards because I no longer will allow them to give me the opportunity to stay in debt. **(Plan on cutting up credit cards after the Dumping Debt lesson.)**
  - E. I have (name items) that need to be sold to pay off debt. I have set (name time frame) to sell the item(s). Garage sale scheduled?
  - F. I will set aside a little “blow money” each month for myself (and my spouse) as my (our) budget permits to do whatever I (we) want with it. **(The budget is to be a blessing, not a burden.) You will probably blow some money, so budget for it!**
  - G. Are you still plagued by impulsive purchases? Explain what happens inside you when you are tempted to spend!!!

# ACCOUNTABILITY CHECK-UP

## Dumping Debt

- I. Be prepared to cut up your credit cards tonight!
- A. **You will never remove debt from your life as long as you hold on to any credit cards.**
  - B. **Make a commitment to never use credit cards again.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (No beating around the bush.)
- A. If you have \$1,000 in an emergency fund, and have a debit card, which could be used for traveling, there is no good reason/excuse for keeping a credit card, according to the Financial Peace principles. True or False. Why?
  - B. Which myth did you buy into before this lesson?
  - C. I am honest with myself (and my spouse, if applicable) regarding how I (we) handle financial affairs. Why is this important?
  - D. I fully understand how to put together and work the Debt Snowball.
  - E. I will go home and put together my Debt Snowball this week and start applying it to my financial situation.
  - F. I understand that Debt CONsolidation is in many cases more harmful than helpful. Why is this true?
  - G. I will have **gazelle intensity** and deliver myself (and family) from the burden and bondage of debt.
  - H. I truly take this program seriously and am applying the principles to my life.
  - I. When you hear the phrase “...**the borrower is servant to the lender**”, how does it make you feel?
  - J. Before going through this program, did you realize that the way you handle your money is really a spiritual issue?
- III. **REVIEW DISCUSSION QUESTIONS** at the end of the lesson.
- IV. Go home and complete the credit card history form. Use the form to help you close out your credit card accounts as soon as possible. (See page 146.)

# ACCOUNTABILITY CHECK-UP

## Understanding Investments

- I.** Be prepared to show your filled in Debt Snowball form.
- A. **EMOTION – EMOTION – EMOTION is the KEY! GET MAD!!!**
  - B. Use the combination of the Debt Snowball and emotion to motivate you to financial victories.
  - C. Living by and committing to do the Debt Snowball will prove to be the difference between your success and failure.
- II.** **Everyone needs to do their next month's budget and bring it next week.** Be sure to make any adjustments necessary from the last budget you did.
- A. **Use the Actually Spent Column on the monthly budget sheet to help you with your next budget.**
  - B. It may be helpful for you to compare your actual % of take home expenses with the recommended percentage chart.
- III.** Show your **Financial Snapshot** with column 2 completed.
- IV. ACCOUNTABILITY & APPLICATION REVIEW:**
- A. Discuss why it's important to dump debt before starting to invest.
  - B. Talk about the temptation of wanting to invest now instead of first dumping your debt, as we teach in Baby Step Two.
  - C. What two words should you say to an investment broker who doesn't take the time to teach you about how your investments work? ("You're fired!")
  - D. Talk about how important it is for spouses to be on the same page, working together when it comes to both dumping debt and investing.
  - E. Discuss the challenge of being single and trying to be accountable for your financial actions.
  - F. Look at the "**Monthly Debt Payments Rob You...**" chart (at the end of the lesson) and discuss how monthly debt robs people of the ability to invest monthly for their retirement.
  - G. Discuss the danger of trying to invest using borrowed money. Then talk about the relationship between owing money, credit cards and trying to invest for retirement.
  - H. Talk about the Power of Diversification (see chart in the lesson). Is it wise to put all your eggs in one basket?

# ACCOUNTABILITY CHECK-UP

## Understanding Insurance

- I. Everyone hold up their monthly zero-based budget.
- A. **Discuss how much easier or harder it was to do this time compared to the first one. Be HONEST & TRANSPARENT with each other.**
  - B. **Discuss what you have learned about how YOU handle money.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (Let everyone talk. That includes – both spouses and all singles.)
- A. Discuss how having an emergency fund in place can affect your insurance premiums and deductibles.
  - B. What do you do if money is tight and you're having a hard time financially:
    - 1. Take a chance and drop your insurance, until you've paid off your debts.
    - 2. Only put insurance on the individual who brings home the most income and pray nothing happens to the rest of the family.
    - 3. Make insurance coverage a priority to avoid a financial disaster.
  - C. What could happen to you financially if you do not have the proper amount of insurance in place? **(If anyone in the group has a nightmare story to relate to the group regarding this issue, please share it now!!!)**
  - D. Discuss how having or not having the proper amount of insurance in place makes you feel:
    - a. **Wives (ladies) talk about how important it is to you.**
    - b. **Husbands (men) talk about how it makes you feel.**
    - c. **Singles talk about your need for insurance.**
  - E. Dave always teaches that we should deal only with insurance agents who have a heart of a teacher, who will help you understand what you are buying. What two words should you say to them if they do not? (Answer: **YOU'RE FIRED!!!**) Why?
  - F. I have balanced my checkbook this month within 72 hours of receiving my bank statement. Yes/No? Why/Why not?
  - G. In what ways can having a debit card be almost as dangerous as a credit card?
  - H. Your FPU debit card holder has this warning on it: **“Using this card may be hazardous to your financial health.”** Is this true? If you are using the card holder, has this subtle reminder helped you control your debit card spending?
- III. Complete Insurance Coverage Recap sheet so that you will have all your insurance records in one place. (See page 172.)

# ACCOUNTABILITY CHECK-UP

## Retirement & College Planning

- I. Review briefly (no more than 10 minutes) as a group the Monthly Retirement Planning worksheet.**
- A. If someone has a calculator help each other figure out how much money you need to save to retire as you'd like to.
  - B. If you procrastinate and wait 5 to 10 years before getting started, calculate how much more you would have to save. \*Note: These figures do not include any pre-existing savings towards retirement. If no one has a calculator, let everyone do it for homework themselves this week.
- II. Be Prepared to name the Baby Steps, in order, at the next class session.**
- III. ACCOUNTABILITY & APPLICATION REVIEW:** (Remember this is a support group; encourage one another).
- A. When you see retirement age people at places like Wal-Mart or a grocery store bagging groceries, does it ever make you stop and think: that could be me some day? If so, does it emotionally motivate you to do something now about it? Should it? Why?
  - B. Should you ever TEMPORARILY stop adding to your retirement plan? If so, why? And when should you start it up again?
  - C. Should you ever cash in pre-taxed retirement savings early to get out of debt? How would it affect your taxes?
  - D. Talk about how this lesson can make someone feel guilty or depressed, because they are not yet in a financial position to save for retirement.
  - E. Should you ever let your children's college funding get in the way of you building a proper foundation for your own financial future?
  - F. Why is it important to put aside 3 to 6 times your monthly expenses in an emergency fund and not 3 to 6 times your monthly income? (according to Baby Step Three)
  - G. Does college funding come before or after retirement savings according to the Baby Step principles? Why?
  - H. How does doing a monthly budget and living by it help you prepare for retirement?
- IV. Review Retirement Options chart to compare which option is best for your family or individual needs. (See page 190.)**

# ACCOUNTABILITY CHECK-UP

## Buyer Beware

- I. **Check monthly budgets and see how everyone is doing.**
  - A. Are you truly trying to live by your budget?
  - B. **Are you making the necessary adjustment to fine-tune it?**
  - C. Plan on bringing next month's budget into class next week.
  - D. Bring in your **Financial Snapshot** with column 3 completed next week.
  
- II. **Name the Baby Steps in order.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Have each person answer and participate in this discussion.)
  - A. I run my household and do not let my creditors set my priorities. In other words, I do not let creditors control my budget. The best way for them to get paid is for me to take control of my financial destiny.
  - B. I do not borrow money anymore, including on credit cards. True / False  
Why or why not?
  - C. I try to never pay retail for anything. (Share a recent bargain story with the class.)
  - D. How have the biblical principles of this program affected my view of handling my personal finances?
  - E. How would **waiting overnight** before making purchasing decisions have changed your debt load today? (Talk about examples of things you've purchased impulsively in the past.) Has this changed now for you?
  - F. Do you seek the counsel of your spouse, if married, before making purchases over \$300? If so, why? If not, why not? Should you?
  - G. Whose counsel do you seek if you are single?
  - H. Give an example of something you have bought in the past that you really did not fully understand how it worked, yet you purchased it anyway. Would you do it again?
  - I. In what ways has having an accountability partner been helpful to you? Do you still need help in this area?

# ACCOUNTABILITY CHECK-UP

## Real Estate & Mortgages

### I. BUDGET CHECK TIME AGAIN!

- A. This should be around your 3rd monthly zero-based budget during this 13 week program.
- B. By now everyone should start to have a better handle on how to do a budget and their average monthly spending.
- C. As a result you should feel a little bit more in control of your finances. **If you still need more help call The Lampo Group office at 1-888-22PEACE for more assistance or information regarding a 1-2 hour phone counseling session.**

### II. Everyone should show their **Financial Snapshot** with column three completed.

- A. **Share a victory story with the class** as you reflect on your progress throughout this program.

### III. ACCOUNTABILITY & APPLICATION REVIEW:

- A. If you find yourself paying more on a house than you can realistically afford, what should you do? Talk about the struggle this has or would cause you.
- B. How can renting for a period of time actually be a blessing to you in the big financial picture? Is renting for a time throwing away money?
- C. Have you ever been late on a mortgage or rent payment? If so, how did it make you feel?
- D. If you have over a 15 year mortgage, make a commitment to at least look into how much interest you would save by switching it to a 15 year or less mortgage.
- E. If you have an ARM (Adjustable Rate Mortgage), should you look into moving it to a fixed rate? If so, why? If not, why not? (If anyone in the class has ever had an ARM and it hurt them financially, share the story with the class.)
- F. How would paying off your house early feel, and how would it affect your retirement?
- G. Complete this sentence: **“This program has been a blessing in my life because it has...”**

### IV. Let The Lampo Group know **“What FPU means to me.”** E-mail us at [fpu@daveramsey.com](mailto:fpu@daveramsey.com) or call us at **1-888-22PEACE.**

# ACCOUNTABILITY CHECK-UP

## Careers & Extra Jobs

- I. **It's time to cut up credit cards again and check on how much debt the class as a group has avoided by not accepting any new credit card offers.**
- A. Add up the credit limits on credit card applications the group has received over the last few months.
  - B. Have a credit card and application destroying party.
  - C. Congratulate each other for avoiding any new debt.
  - D. You've worked hard for your money! It's time to be FREED!
- II. **ACCOUNTABILITY & APPLICATION REVIEW:**  
(Talk **with passion** about these things.)
- A. I will commit to going home and writing down a mission statement for my life before the next class. Then I will post it where I can see it and pursue it daily.
  - B. Describe the feelings of working at a job where you feel stuck because of financial responsibilities, yet for which you have no passion.
  - C. Even if I don't like it, I will work overtime or a second job for a period of time **to pay off debts with gazelle intensity.**
  - D. Long term I am, or will, pursue for my life's work the kind of job that brings me happiness and inner peace. If not, why not?
  - E. Talk about the emotional stress that you go through if you are out of work for a long period of time.
  - F. I am supportive of my spouse's work and encourage him/her for all the hard work he/she does to help provide for the family.
  - G. Talk about the danger of being a workaholic. How can it affect your life, your soul, and your family? Does it become a non-issue if you are single?
  - H. How can having a job you enjoy make a difference in your financial future?
  - I. Talk about why it is harder to pay off debts when you are working at a job that you do not enjoy.
  - J. Colossians 3:23 teaches us that "...whatever you do, do it heartily, as to the Lord and not to men." Do you carry this attitude into your workplace? How could it help you even if you are working at a job you don't enjoy?
- IV. Go home and finish the Personal Inventory and Occupational Categories worksheets this week.
- V. Work on your **Personal Mission Statement** worksheet this week!

# ACCOUNTABILITY CHECK-UP

## Collections Practices & Credit Bureaus

- I. Next week is Graduation Night:**
- A. Do something fun and special, like have a potluck with snacks, drinks and finger foods, maybe right after the video session, during the ACCOUNTABILITY and Graduation Session.
  - B. **Those who have attended 12 out of the 13 sessions will receive a Graduation Certificate.**
  - C. Invite a friend to visit the next session with you.
- II.** Be prepared to show your final budget next week!
- III.** Has everyone done a mission statement? Show these; share if you choose.
- IV.** Pull out your **Testimonial Survey** form from the front pocket. Complete and hand it in next week.
- V. ACCOUNTABILITY & APPLICATION REVIEW:** (Share your emotions with this class.)
- A. I run my household and do not let my creditors set my priorities. The best way that they can get paid is for me to take control of my financial destiny.
  - B. I will protect my credit rating if possible; however, I will not let my creditors use it to control my life or budget.
  - C. During this program I have learned how to manage my money better, so that I am not filled with stress. True or False.
  - D. I have allocated all of this month's income on paper **before** the month began.  
**How does this help you pay off creditors?**
  - E. I did not get into financial stress quickly and I will likely walk out of it slowly, yet **with confidence now**.
  - F. I will check my credit report within the next 2 weeks. Why/why not?
  - G. Share a story with the group of your own personal experience of dealing with creditors at some point in your life.
  - H. Why is it important to **always pay your necessities first** before paying your creditors, such as credit card companies?
    - I. List some things that are necessities that must be budgeted before paying off debt.
    - J. Is it wise to sign notes for family or friends? What can happen? Give an example of a true story if you have one.
  - K. I will no longer allow guilt and emotion to control my financial decisions. Talk about an example of what happened when you did.

# ACCOUNTABILITY CHECK-UP

## The Great Misunderstanding

- I. Put finger foods, drinks and potluck items aside **until after the video lesson**. After the video lesson form a discussion circle, then get your food and drinks.
- II. Show your final zero-based budget.
  - A. **Hand in your final Financial Snapshot** (back copy).
  - B. **Share victory stories** with class about how the program helped you.
- III. Add up grand total of class debt paid off and credit card debt avoided.
  - A. Count up how many credit cards were cut up over 13 weeks.
  - B. Add up how much, as a group, was put into emergency funds and savings. Do this by passing out 3 x 5 cards with **no names on them** and have everyone list the above information.
- IV. **The class coordinator will hand out Graduation certificates.**
- V. **Everyone is invited to consider helping bring FPU to your community, church, school, or business, etc. by becoming a class coordinator.**
- VI. Hand in your **Testimonial Survey** forms tonight to your coordinator.
  - A. Let the coordinator know how much you appreciate him/her **for volunteering to host this class**.
  - B. Share with the coordinator something he/she did that helped you over the past 13 weeks.
- VII. Final **ACCOUNTABILITY & APPLICATION REVIEW**:
  - A. How would it feel to be able to start giving away money?
  - B. Have the spiritual principles of this program helped you seek God and His will for your life? If so, how?
  - C. Why is it important to give to your church before paying off debts?
  - D. How has your quiet time and spiritual growth helped you apply the spiritual principles of this program to your life?
  - E. When viewing yourself as a manager of the blessings God has given you, how does it affect your thinking regarding your financial responsibilities?
  - F. Do you honestly believe other people need to learn about this program and how it can help change their lives? If so, what will you do about it?
  - G. How will you be handling God's money and family relationships differently than you did before starting this 13 - week program?
- VIII. **SPECIAL NOTE TO CLASS LEADER**: Return final class attendance roster, student's Financial Snapshots, Testimonial Surveys, class totals of debt paid off and amount saved, and names of Potential Coordinators to the FPU office.

Financial Peace University  
1749 Mallory Lane, Suite 100  
Brentwood, TN 37027

**OUR GUARANTEE TO YOU:**

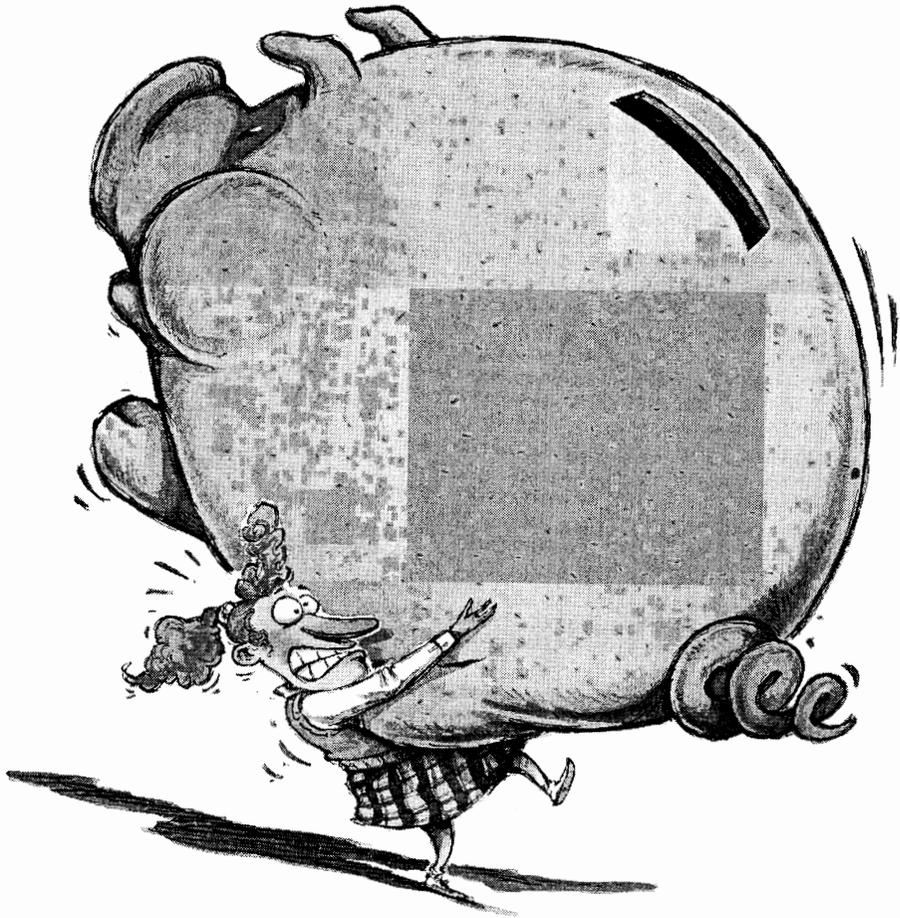
IF YOU DO IT,  
***IT WORKS!***

IF YOU ***DON'T*** DO IT,  
***IT WON'T WORK!***

IF YOU ***WILL WORK***  
THE PROGRAM,  
YOU ***WON'T WANT*** YOUR  
MONEY BACK.

IF YOU ***DON'T WORK***  
THE PROGRAM,  
YOU ***DON'T GET*** YOUR  
MONEY BACK.

# ***SUPER SAVERS***



*Travis Foster*

*"If you do the things you need when you need to do them, then someday you can do the things you want to do when you want to do them."*

*Zig Ziglar*

# *NOTES*

**SUPER SAVERS**

# ***SUPER SAVERS***

***Save, Save, Save, Please Save!***

***Saving must become a \_\_\_\_\_.***

***You must pay yourself \_\_\_\_\_.***

***Give, save, then pay \_\_\_\_\_.***

***Saving money is an \_\_\_\_\_ based choice.***

***People only save when they have \_\_\_\_\_ that allows them to stop the spend spend spend routine.***

***Building wealth is not evil or wrong. Money is \_\_\_\_\_.***

***“For the love of money is a root of all kinds of evil.”***

***1 Timothy 6:10***

***Larry Burkett, famous Christian author says, "The only difference in saving and hoarding is \_\_\_\_\_.***

***You should save for three basic reasons:***

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

***You must start \_\_\_\_\_ !!!!***

# START NOW

**BEN AND ARTHUR— BOTH SAVE AT 12% - BOTH SAVE \$2,000 PER YEAR-BEN STARTS AT AGE 19 AND STOPS AT AGE 26 -- ARTHUR STARTS AT AGE 27 AND STOPS AT AGE 65**

<u>AGE</u>	<u>BEN INVESTS</u>		<u>ARTHUR INVESTS</u>	
19	2,000	2,240	0	0
20	2,000	4,749	0	0
21	2,000	7,558	0	0
22	2,000	10,706	0	0
23	2,000	14,230	0	0
24	2,000	18,178	0	0
25	2,000	22,599	0	0
26	2,000	27,551	0	0
27	0	30,857	2,000	2,240
28	0	34,560	2,000	4,749
29	0	38,708	2,000	7,558
30	0	43,352	2,000	10,706
31	0	48,554	2,000	14,230
32	0	54,381	2,000	18,178
33	0	60,907	2,000	22,599
34	0	68,216	2,000	27,551
35	0	76,802	2,000	33,097
36	0	85,570	2,000	39,309
37	0	95,383	2,000	46,266
38	0	107,339	2,000	54,058
39	0	120,220	2,000	62,785
40	0	134,646	2,000	72,559
41	0	150,804	2,000	83,506
42	0	168,900	2,000	95,767
43	0	189,168	2,000	109,499
44	0	211,869	2,000	124,879
45	0	237,293	2,000	142,104
46	0	265,768	2,000	161,396
47	0	297,660	2,000	183,004
48	0	333,379	2,000	207,204
49	0	373,385	2,000	234,308
50	0	418,191	2,000	264,665
51	0	468,374	2,000	298,665
52	0	524,579	2,000	336,745
53	0	587,528	2,000	379,394
54	0	658,032	2,000	427,161
55	0	736,995	2,000	480,660
56	0	825,435	2,000	540,579
57	0	924,487	2,000	607,688
58	0	1,035,425	2,000	682,851
59	0	1,159,676	2,000	767,033
60	0	1,298,837	2,000	861,317
61	0	1,454,698	2,000	966,915
62	0	1,629,261	2,000	1,085,185
63	0	1,824,773	2,000	1,217,647
64	0	2,043,746	2,000	1,366,005
65	0	<b>2,288,996</b>	2,000	<b>1,532,166</b>

**... AND HE NEVER CAUGHT UP!**

SUPER SAVERS

# Emergency Fund

\_\_\_\_\_ events do occur - expect it !!!

*“And let them gather all the food of those good years that are coming, and store up grain under the authority of Pharaoh, and let them keep food in the cities. (36) Then that food shall be as a reserve for the land for the seven years of famine which shall be in the land of Egypt, that the land may not perish during the famine.*

*Genesis 41:35-36 (NKJV)*

*In our lives, we all go through ‘times of famine’. Whether it’s a layoff, lengthy illness, large financial loss, etc., we need to be prepared and save up while we can. It will allow us to better cope during tough times, and in some cases to survive.*

*Step one, a beginner emergency fund, is \_\_\_\_\_ in the bank. (\$500 if your household income is below \$20,000 per year)*

*Most Financial Planners and CPAs recommend you should have \_\_\_\_\_ - \_\_\_\_\_ months of your expenses in easily accessible savings — cash.*

*A great place to keep your emergency fund is in a \_\_\_\_\_ account from a mutual fund company.*

*Your emergency fund is \_\_\_\_\_ for you and your investment programs and is not a big \_\_\_\_\_.*

*Do not \_\_\_\_\_ this fund for purchases.*

*The Emergency Fund is the \_\_\_\_\_ thing you save for.*

## Purchases

Instead of \_\_\_\_\_ to purchase, pay cash by using a \_\_\_\_\_ fund approach.

If you borrow to purchase a \$ \_\_\_\_\_ dining room suite, most furniture stores sell their financing contracts to finance companies; this means you will have borrowed at \_\_\_\_\_% with payments of \$ \_\_\_\_\_ per month for \_\_\_\_\_ months. So you will pay a total of \$ \_\_\_\_\_, plus insurance, for that suite.

But if you save the same \$ \_\_\_\_\_ per month for only \_\_\_\_\_ months at \_\_\_\_\_%, you will be able to pay cash.

When you pay cash you can always negotiate a discount, so you will be able to buy it even earlier.

Save for a \$5,000 car by putting \_\_\_\_\_ per month in the cookie jar for only 10 months!

Since we have pledged to borrow no more this is the only way to make a purchase.

*One definition of maturity is "delaying pleasure."*

*Dave Ramsey*

# Wealth Building

*Retirement Planning, College Funding, Etc.*

*“In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.”*

*Proverbs 21:20 (NIV)*

\_\_\_\_\_ is a key ingredient.

You must be \_\_\_\_\_ over \_\_\_\_\_.

*“A faithful man will abound with blessings, but he who hastens to be rich will not go unpunished.”*

*Proverbs 28:20 (NKJV)*

*Someone who is faithful about saving a little money every month over a lifetime will build wealth. Too many people try a get-rich-quick scheme and lose their money. Save consistently over time.*

\_\_\_\_\_ years of saving \$ \_\_\_\_\_ per month, every month, at

\_\_\_\_\_ % will build to \$ \_\_\_\_\_.

*Pre Authorized Checking (PACs) withdrawals are a good way to*

*build-in \_\_\_\_\_.*

*Compound interest is a mathematical \_\_\_\_\_.*

*"...If riches increase, do not set your heart on them."*

*Psalms 62:10 (NKJV)*

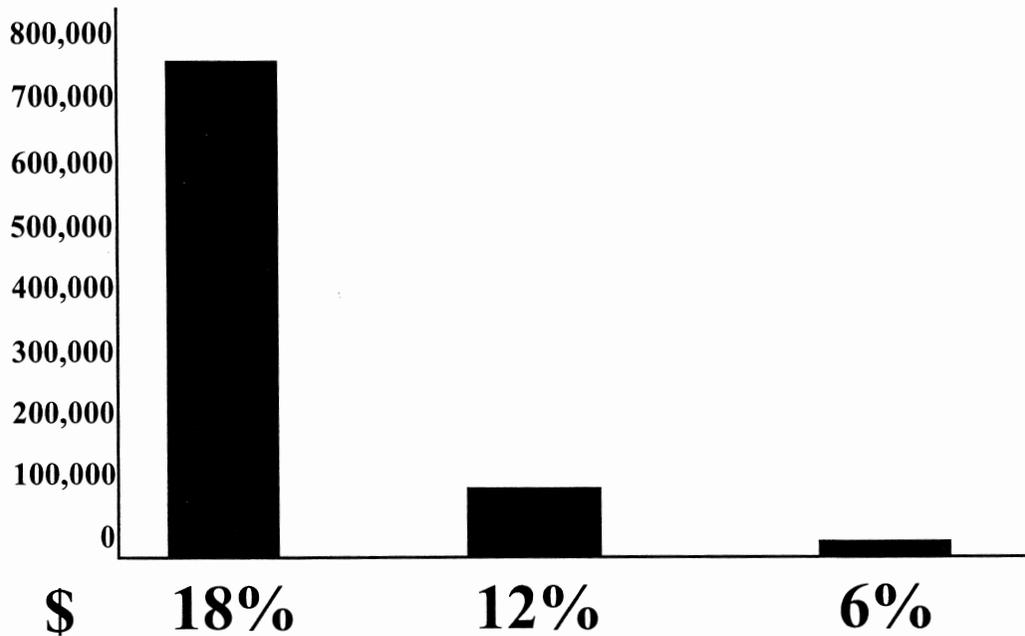
*Rate of return or \_\_\_\_\_ rate is important.*

*"Make all you can, save all you can, give all you can."*

*John Wesley*

# INVESTMENTS

**\$1,000 one time investment,  
no withdrawal  
Age 25 to Age 65 (40 years)**



**18% = \$750,378**

**12% = \$93,050**

**6% = \$10,285**

SUPER SAVERS

# DISCUSSION QUESTIONS

1. *Why have we quit saving in modern America?*
2. *What are some of the emotional benefits of saving?*
3. *What is the process to begin saving for you?*

## Answer Key (left to right)

<i>Priority</i>	<i>First</i>	<i>Bills</i>
<i>Emotion</i>	<i>Contentment</i>	<i>Amoral</i>
<i>Attitude</i>	<i>Emergency</i>	<i>Fund</i>
<i>Purchases</i>	<i>Wealth</i>	<i>Building</i>
<i>Now</i>	<i>Unexpected</i>	<i>\$1000</i>
<i>3</i>	<i>6</i>	<i>Money</i>
<i>Market</i>	<i>Protection</i>	<i>Earner</i>
<i>Touch</i>	<i>First</i>	<i>Borrowing</i>
<i>Sinking</i>	<i>4000</i>	<i>24</i>
<i>211</i>	<i>24</i>	<i>5075</i>
<i>211</i>	<i>18</i>	<i>0</i>
<i>\$500</i>	<i>Discipline</i>	<i>Consistent</i>
<i>Time</i>	<i>40</i>	<i>100</i>
<i>12%</i>	<i>1,176,477</i>	<i>Discipline</i>
<i>Explosion</i>	<i>Interest</i>	

# ACCOUNTABILITY CHECK-UP

## Super Savers

- I. Get to know one another (1 - 2 minutes per family).
  - A. Discuss why you came to the program.
  - B. Also, what you hope to get out of this program.
  - C. **BE HONEST, OPEN AND REAL WITH EACH OTHER!**
  
- II. Review - **Discussion Questions** AT THE END OF LESSON #1.
  
- III. Review pages 14 - 17: It's Time To Begin, Baby Steps, and the Buddy System.
  
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:** Each person or couple should comment about these questions.
  - A. I will or have started making SAVINGS a priority because ... (everyone share reasons with group).
  - B. I balance my checkbook within 72 hours of receiving my bank statement.  
Yes/No Why or why not?
  - C. In the past my emergency fund came from ... (list source you used to come up with money when needed for emergencies; for example: credit cards, loans, family, etc.) Why did you turn to this source for money? How did it make you feel?
  - D. Define what you consider to be an emergency that would cause you to justify tapping into your emergency fund. (If married, does your spouse agree with you about this?)
  - E. I will write down and set small bite-size goals to achieve during this 13 week program (with my spouse, if married) this week.
  
- V. Go home and write down on paper (with your spouse, if married) what you consider **a real emergency is**, so that if you have to touch your emergency fund you can feel good about it and not rob it over some meaningless, false justification.
  
- VI. Be prepared to show your **BASIC QUICKIE BUDGET** next week.

# FINANCIAL COUNSELING

The Lampo Group, Inc. provides HOPE and offers education that will enable you to:

- Identify your situation and goals for the future
- Gain control
- Create a plan for short and long term financial security



We can help you achieve your financial goals by offering the following one-on-one consultations to choose from:

**TUNE-UP** - specifically designed for the financially healthy who want an unbiased review and recommendations of their financial plan.

**SMALL BUSINESS** - designed to assist small business owners (with three or more employees) in assessing their present financial situation and make recommendations to achieve company goals.

**CHALLENGE SESSION** - designed for families facing creditors, bankruptcy, foreclosure and stress that seems never-ending. The sessions can provide HOPE and the tools to work through even the worst financial situations (includes Financial Peace University).

**PHONE COUNSELING** - provided only for clients more than one hour away from our office.

## 1-888-22PEACE

*All counseling is offered for a fee and includes a 30-day guarantee.  
You must attend counseling with your spouse, if you are married.*

# CASH FLOW PLANNING



Travis Foster

*“For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it- (29) lest, after he has laid the foundation, and is not able to finish, all who see it begin to mock him, (30) saying, ‘This man began to build and was not able to finish.’”*

*Luke 14:28-30 (NKJV)*

# *NOTES*

**CASH FLOW PLANNING**

# CASH FLOW PLANNING

Money is \_\_\_\_\_.

You must do a written \_\_\_\_\_ plan  
monthly.

*“Be diligent to know the state of your flocks and attend to your herds.”*

*Proverbs 27:23 (NKJV)*

*Many years ago, your wealth was measured by the amount of livestock you had instead of dollars. You had to tend to your herds and flocks every month to see that they were fed and didn't run away. Today you need to look over the dollars of personal finance every month to make sure they aren't dwindling away too.*

You must also keep your \_\_\_\_\_ balanced.

Bounced checks are a sign of crisis \_\_\_\_\_ and sloppy, lazy  
money habits.

Use \_\_\_\_\_ checks if necessary.

If not managed and made to behave, the \_\_\_\_\_ card and the  
\_\_\_\_\_ card are certain to become budget busters.

*“Prepare your outside work, make it fit for yourself in the field; and afterward build your house.”*

*Proverbs 24:27 (NKJV)*

## *Reasons We Don't Do A Cash Flow Plan*

*Most people hate the word "Budget" for 4 reasons:*

- 1) *It has a \_\_\_\_\_ and \_\_\_\_\_ connotation.*
- 2) *It has been used to \_\_\_\_\_ you.*
- 3) *They never had a "Budget" that \_\_\_\_\_.*
- 4) *Paralysis from \_\_\_\_\_ of what we will find.*

*Cash Flow Plans do not work because you:*

- 1) \_\_\_\_\_ *things* \_\_\_\_\_.
- 2) *Over* \_\_\_\_\_ *your plan.*
- 3) *Not actually* \_\_\_\_\_ *it.*
- 4) *Do not actually* \_\_\_\_\_ *on it.*

## *Reasons We Should Do A Cash Flow Plan*

*A written plan removes the “management by \_\_\_\_\_”  
from your finances.*

*“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.”*

*Proverbs 21:5 (NKJV)*

*Managed money goes \_\_\_\_\_.*

*“People don’t plan to fail, they fail to plan.”*

*Anonymous*

*“Commit your works to the Lord, and your thoughts will be established.”*

*Proverbs 16:3 (NKJV)*

*A written plan, if actually lived and agreed on, will remove many  
of the \_\_\_\_\_ from your marriage.*

*A written plan, if actually lived and agreed on, will remove  
much of the \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ that may  
now be a part of buying necessities such as food or clothing.*

*A written plan, if actually lived and agreed on, will remove many of the \_\_\_\_\_ from your life, consequently removing a lot of \_\_\_\_\_.*

*“Worry often gives a small thing a big shadow.”*

*Swedish Proverb*

*“May He give you the desire of your heart and make all your plans succeed.”*

*Psalms 20:4 (NIV)*

*A written plan, if actually lived and agreed on, will show if you are \_\_\_\_\_ on a certain area.*

*“When you’re afraid, keep your mind on what you have to do. And if you have been thoroughly prepared, you will not be afraid.”*

*Dale Carnegie*

*“Woe to the rebellious children, says the Lord, Who take counsel, but not of Me, And who devise plans, but not of My spirit, That they may add to sin.”*

*Isaiah 30:1 (NKJV)*

*The easiest and most powerful plan is a \_\_\_\_\_ based plan using the \_\_\_\_\_ system.*

## ***“BABY STEPS”***

*There is a process to getting out of the mess that we created without feeling overwhelmed. Getting out of debt will not happen overnight; it takes time. Here are the “Baby Steps” to begin the process:*

***Step One:***      ***\$1,000.00 in an “Emergency Fund”*** (*\$500.00 if income under 20K per year*)

***Step Two:***      ***Pay-off all debt utilizing the “Debt Snowball”*** (*except the house*)  
(*found in the Dumping Debt lesson*)

***Step Three:***    ***3-6 months expenses in savings***

***Step Four:***     ***Invest 15% of household income into Roth IRAs and pre-tax retirement***

***Step Five:***     ***College Funding***

***Step Six:***       ***Pay-off home early***

***Step Seven:***    ***Build Wealth!***  
(*Mutual Funds/Real Estate*)

# How To Balance Your Check Book

*Keep your check book register current by subtracting both checks and withdrawals and adding deposits, as they're made, to keep your check book balanced correctly.*

*Balance your check book within 72 hours of receiving your bank statement (to make sure there aren't any mistakes).*

## What do I need to balance my check book?

1. *Your Check Book Register*
2. *Your Last Bank Statement*
3. *A Reconciliation Sheet (located on the back of most statements)*

## Where do I start? Check Book vs. Bank Statement

*Start by putting check marks, in your check book, for each of the checks and deposits included in your bank statement. Make an entry in your check book for any bank Service Charges (or interest paid) made by the bank.*

Check Book Register						
Check Number	Date	Fee	Transaction Description	Payment	Deposit	Balance
						\$564.46
5671	8/12	x	One Stop Grocery	51.40		507.06
5672	8/14		Electric Company	101.00		406.06
	8/14		Pay Check		700.00	1106.06
5673	8/16		Telephone Company	50.00		1056.06
5674	8/19		One Stop Grocery	66.00		990.06
		X	Bank Service Charge	2.50		987.56

# Bank Balance Example

*On the Reconciliation sheet, list any checks and/or withdrawals or other deductions that are in your check book that are not on your bank statement and total the list.*

*On the Reconciliation sheet, list any deposits that are in your check book but are not included on your bank statement and total the list.*

*Beginning with the ending balance from your bank statement, subtract the total withdrawals and add the total deposits that were not on your statement.*

*Compare with your check book balance. If they don't agree, double check your lists and re-add your check book entries until you find the difference.*

*List the balance from your bank statement*

\$ 504.56

*List the checks from your check book that aren't on your statement*

The Electric Company	5672	8/14	101.00
Telephone Company	5673	8/16	50.00
One Stop Grocery	5674	8/19	66.00

TOTAL \$ 217.00

(-) \$ 217.00

*List the deposit amounts in your check book that aren't on your statement*

Pay Check	8/14		700.00

TOTAL \$ 700.00

(+) \$ 700.00

*This should be your check book balance*

\$ 987.56

# FINANCIAL MANAGEMENT FORMS

Welcome to the wonderful world of “*cash flow management.*” Filling out these few forms *and* following your new plan *will* change your financial future. The first time you fill out the forms it will be tough and will take a while. But each time you come back for another look, you will get faster and the forms will be easier, so don’t get discouraged. The length and the amount of detail I am taking you through may seem overwhelming. However, I have found that if you don’t have the detail as a track to run on you leave something out. Guess what that does? If you leave items out that you are actually spending, you will crash your plan and then you will have an excuse to quit, so just bear down and do all the forms completely, one time.

After you have filled out the whole set once, you only need to do Sheet 7 or Sheet 8 (whichever is applicable) once per month which should take about 30 minutes. Do Sheet 5 over once per month, but since you will see only minor changes from one month to the next, you should only need about one hour per month to update. Then update the entire pack once per year or when any large positive or negative financial event occurs (Aunt Ethel leaves you \$10,000 in her will).

Once you have made it through this planning process the first time you should be able to manage your finances in 30 minutes per month plus what it takes to write checks and balance your checkbook. Go for it!!

P. S. Be sure you keep your promises on Sheet 1 and share that completed sheet with your spouse, if married.

# MAJOR COMPONENTS OF A HEALTHY FINANCIAL PLAN

SHEET 1

	<u>Action Needed</u>	<u>Action Date</u>
Written Cash Flow Plan	_____	_____
Will and/or Estate Plan	_____	_____
Debt Reduction Plan	_____	_____
Tax Reduction Plan	_____	_____
Emergency Funding	_____	_____
Retirement Funding	_____	_____
College Funding	_____	_____
Charitable Giving	_____	_____
Teach My Children	_____	_____
Life Insurance	_____	_____
Health Insurance	_____	_____
Disability Insurance	_____	_____
Auto Insurance	_____	_____
Homeowners Insurance	_____	_____

I (We) \_\_\_\_\_, (a) responsible adult(s), do hereby promise to take the above stated actions by the above stated dates to financially secure the well-being of my (our) family and myself (ourselves).

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(nerd)

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(free spirit)

# CONSUMER EQUITY SHEET

SHEET 2

<u>ITEM / DESCRIBE</u>	<u>VALUE</u>	-	<u>DEBT</u>	=	<u>EQUITY</u>
Real Estate _____	<u>\$90,000</u>		<u>\$70,000</u>		<u>\$20,000</u>
Real Estate _____	_____		_____		_____
Car _____	_____		_____		_____
Car _____	<u>\$7,000</u>		<u>\$10,000</u>		<u>- \$3,000</u>
Cash On Hand _____	_____		_____		_____
Checking Account _____	_____		_____		_____
Checking Account _____	_____		_____		_____
Savings Account _____	<u>\$1,000</u>		<u>0</u>		<u>\$1,000</u>
Savings Account _____	_____		_____		_____
Money Market Account _____	_____		_____		_____
Mutual Funds _____	_____		_____		_____
Retirement Plan _____	<u>\$7,000</u>		<u>0</u>		<u>\$7,000</u>
Cash Value (Insurance) _____	_____		_____		_____
Household Items _____	_____		_____		_____
Jewelry _____	_____		_____		_____
Antiques _____	_____		_____		_____
Boat _____	_____		_____		_____
Unsecured Debt (Neg) _____	<u>0</u>		<u>\$7,000</u>		<u>- \$7,000</u>
Credit Card Debt (Neg) _____	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
<b>TOTAL</b>	<u>\$105,000</u>		<u>\$87,000</u>		<u>\$18,000</u>

CASH FLOW PLANNING

# ***CONSUMER EQUITY SHEET***

SHEET 2

<u>ITEM / DESCRIBE</u>	<u>VALUE</u>	-	<u>DEBT</u>	=	<u>EQUITY</u>
Real Estate _____	_____		_____		_____
Real Estate _____	_____		_____		_____
Car _____	_____		_____		_____
Car _____	_____		_____		_____
Cash On Hand	_____		_____		_____
Checking Account	_____		_____		_____
Checking Account	_____		_____		_____
Savings Account	_____		_____		_____
Savings Account	_____		_____		_____
Money Market Account	_____		_____		_____
Mutual Funds	_____		_____		_____
Retirement Plan	_____		_____		_____
Stocks or Bonds	_____		_____		_____
Cash Value (Insurance)	_____		_____		_____
Household Items	_____		_____		_____
Jewelry	_____		_____		_____
Antiques	_____		_____		_____
Boat	_____		_____		_____
Unsecured Debt (Neg)	_____		_____		_____
Credit Card Debt (Neg)	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
<b>TOTAL</b>	_____		_____		_____

**CASH FLOW PLANNING**

# INCOME SOURCES

SHEET 3

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERIOD / DESCRIBE</u>
Salary 1	<u>\$1,700</u>	<u>1st &amp; 15th - \$850</u>
Salary 2	<u>\$1,300</u>	<u>2 WEEKS - \$650</u>
Salary 3	_____	_____
Bonus	_____	_____
Self-Employment	_____	_____
Interest Income	_____	_____
Dividend Income	_____	_____
Royalty Income	_____	_____
Rents	_____	_____
Notes	_____	_____
Alimony	_____	_____
Child Support	_____	_____
AFDC	_____	_____
Unemployment	_____	_____
Social Security	_____	_____
Pension	_____	_____
Annuity	_____	_____
Disability Income	_____	_____
Cash Gifts	_____	_____
Trust Fund	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____
<b>TOTAL</b>	<b><u>\$3,000</u></b>	_____

CASH FLOW PLANNING

# ***INCOME SOURCES***

SHEET 3

<u><b>SOURCE</b></u>	<u><b>AMOUNT</b></u>	<u><b>PERIOD / DESCRIBE</b></u>
Salary 1	_____	_____
Salary 2	_____	_____
Salary 3	_____	_____
Bonus	_____	_____
Self-Employment	_____	_____
Interest Income	_____	_____
Dividend Income	_____	_____
Royalty Income	_____	_____
Rents	_____	_____
Notes	_____	_____
Alimony	_____	_____
Child Support	_____	_____
AFDC	_____	_____
Unemployment	_____	_____
Social Security	_____	_____
Pension	_____	_____
Annuity	_____	_____
Disability Income	_____	_____
Cash Gifts	_____	_____
Trust Fund	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____
<b>TOTAL</b>	_____	_____

**CASH FLOW PLANNING**

# LUMP SUM PAYMENT PLANNING

SHEET 4

*Payments you make on a NON-monthly basis can be budget busters if not planned for, so we are converting them to a monthly basis for you to use on Sheet 5 where you will set money aside monthly to avoid strain or borrowing when these events occur. If an item here is already paid monthly, enter NA. If you make a payment quarterly then annualize it for this sheet.*

<u>ITEM NEEDED</u>	<u>ANNUAL AMOUNT</u>	/ 12 =	<u>MONTHLY AMOUNT</u>
<i>Real Estate Taxes</i>	_____	/ 12 =	_____
<i>Homeowners Insurance</i>	_____	/ 12 =	_____
<i>Home Repairs</i>	_____	/ 12 =	_____
<i>Replace Furniture</i>	<u>\$600</u>	/ 12 =	<u>\$50</u>
<i>Medical Bills</i>	_____	/ 12 =	_____
<i>Health Insurance</i>	_____	/ 12 =	_____
<i>Life Insurance</i>	_____	/ 12 =	_____
<i>Disability Insurance</i>	_____	/ 12 =	_____
<i>Car Insurance</i>	_____	/ 12 =	_____
<i>Car Repair/Tags</i>	_____	/ 12 =	_____
<i>Replace Car</i>	_____	/ 12 =	_____
<i>Clothing</i>	_____	/ 12 =	_____
<i>Tuition</i>	_____	/ 12 =	_____
<i>Bank Note</i>	_____	/ 12 =	_____
<i>IRS (Self-Employed)</i>	_____	/ 12 =	_____
<i>Vacation</i>	<u>\$1,800</u>	/ 12 =	<u>\$150</u>
<i>Gifts(inc. Christmas)</i>	<u>\$1,200</u>	/ 12 =	<u>\$100</u>
<i>Other</i> _____	_____	/ 12 =	_____

CASH FLOW PLANNING

# **LUMP SUM PAYMENT PLANNING**

SHEET 4

*Payments you make on a NON-monthly basis can be budget busters if not planned for, so we are converting them to a monthly basis for you to use on Sheet 5 where you will set money aside monthly to avoid strain or borrowing when these events occur. If an item here is already paid monthly, enter NA. If you make a payment quarterly then annualize it for this sheet.*

<b><u>ITEM NEEDED</u></b>	<b><u>ANNUAL AMOUNT</u></b>	<b><u>MONTHLY AMOUNT</u></b>
<i>Real Estate Taxes</i>	_____ / 12 =	_____
<i>Homeowners Insurance</i>	_____ / 12 =	_____
<i>Home Repairs</i>	_____ / 12 =	_____
<i>Replace Furniture</i>	_____ / 12 =	_____
<i>Medical Bills</i>	_____ / 12 =	_____
<i>Health Insurance</i>	_____ / 12 =	_____
<i>Life Insurance</i>	_____ / 12 =	_____
<i>Disability Insurance</i>	_____ / 12 =	_____
<i>Car Insurance</i>	_____ / 12 =	_____
<i>Car Repair/Tags</i>	_____ / 12 =	_____
<i>Replace Car</i>	_____ / 12 =	_____
<i>Clothing</i>	_____ / 12 =	_____
<i>Tuition</i>	_____ / 12 =	_____
<i>Bank Note</i>	_____ / 12 =	_____
<i>IRS (Self-Employed)</i>	_____ / 12 =	_____
<i>Vacation</i>	_____ / 12 =	_____
<i>Gifts(inc. Christmas)</i>	_____ / 12 =	_____
<i>Other _____</i>	_____ / 12 =	_____

**CASH FLOW PLANNING**

# NOTES

CASH FLOW PLANNING

# INSTRUCTIONS

## SHEET 5

*Every dollar of your income should be allocated to some category on this sheet. Money “left over” should be put back into a category even if you make up a new category. You are making the spending decisions ahead of time here. Almost every category (except debt) should have some dollar amount in it. Example: If you do not plan to replace the furniture, when you do replace it, you will cause strain or borrowing, so go ahead and plan now by saving. I have actually had people tell me that they can do without clothing. Oh come ON!! Be careful in your zeal to make the numbers work that you don’t substitute the urgent for the important.*

*Fill in the amount for each subcategory under “Subtotal” and then the total for each main category under “Total.” As you go through your first month, fill in the “Actually Spent” column with your real expenses or the saving you did for that area. If there is a substantial difference in the plan versus the reality, something has to give. You will either have to adjust the amount allocated to that area up and another down or you will have to better control your spending in that area.*

*“% Take Home Pay” is the percentage of take home pay that category represents; for example, what percentage of your total take home pay did you spend on “Housing.” We will then compare your percentages with those on Sheet 6 to determine if you need to consider adjusting your lifestyle.*

*An “\*” beside an item means you should use the “envelope system.”*

*The Emergency Fund should get ALL the savings until 3-6 months of expenses have been saved.*

*Note: Savings should be increased as you get closer to being debt free.*

*Hint: By saving early for Christmas and other gifts, you can get great buys and give better gifts for the same money.*

- You have 3 sets of “Monthly Cash Flow Plan” sheets located in the Financial Management forms section.
- Use these forms as your “zero” based budget forms which will be checked every few weeks by your group leaders.
- Make enough copies to do this for a one year period in order to help you develop proper financial management habits.

# MONTHLY CASH FLOW PLAN

SHEET 5

<i><u>Budgeted</u></i> <i><u>Item</u></i>	<i><u>Sub</u></i> <i><u>Total</u></i>	<i><u>TOTAL</u></i>	<i><u>Actually</u></i> <i><u>Spent</u></i>	<i><u>% of Take</u></i> <i><u>Home Pay</u></i>
<b>CHARITABLE GIFTS</b>		<u>\$300</u>	_____	<u>10%</u>
<b>SAVING</b>				
<i>Emergency Fund</i>	<u>\$50</u>		_____	
<i>Retirement Fund</i>	_____		_____	
<i>College Fund</i>	_____	<u>\$50</u>	_____	_____
<b>HOUSING</b>				
<i>First Mortgage</i>	<u>\$725</u>		_____	
<i>Second Mortgage</i>	_____		_____	
<i>Real Estate Taxes</i>	_____		_____	
<i>Homeowners Ins.</i>	_____		_____	
<i>Repairs or Mn. Fee</i>	_____		_____	
<i>Replace Furniture</i>	<u>\$50</u>		_____	
<i>Other</i>	_____	<u>\$775</u>	_____	_____
<b>UTILITIES</b>				
<i>Electricity</i>	<u>\$100</u>		_____	
<i>Water</i>	<u>\$50</u>		_____	
<i>Gas</i>	<u>\$50</u>		_____	
<i>Phone</i>	<u>\$50</u>		_____	
<i>Trash</i>	_____		_____	
<i>Cable</i>	_____	<u>\$250</u>	_____	_____
<b>*FOOD</b>				
<i>*Grocery</i>	<u>\$600</u>		_____	
<i>*Restaurants</i>	<u>\$100</u>	<u>\$700</u>	_____	_____
<b>TRANSPORTATION</b>				
<i>Car Payment</i>	_____		_____	
<i>Car Payment</i>	_____		_____	
<i>*Gas and Oil</i>	_____		_____	
<i>*Repairs and Tires</i>	_____		_____	
<i>Car Insurance</i>	_____		_____	
<i>License and Taxes</i>	_____		_____	
<i>Car Replacement</i>	_____	_____	_____	_____
<b>PAGE 1 TOTAL</b>		<u>\$2,075</u>	_____	

CASH FLOW PLANNING

# MONTHLY CASH FLOW PLAN

SHEET 5

<i>Budgeted Item</i>	<i>Sub Total</i>	<i>TOTAL</i>	<i>Actually Spent</i>	<i>% of Take Home Pay</i>
<b>CHARITABLE GIFTS</b>		_____	_____	_____
<b>SAVING</b>				
<i>Emergency Fund</i>	_____		_____	
<i>Retirement Fund</i>	_____		_____	
<i>College Fund</i>	_____	_____	_____	_____
<b>HOUSING</b>				
<i>First Mortgage</i>	_____		_____	
<i>Second Mortgage</i>	_____		_____	
<i>Real Estate Taxes</i>	_____		_____	
<i>Homeowners Ins.</i>	_____		_____	
<i>Repairs or Mn. Fee</i>	_____		_____	
<i>Replace Furniture</i>	_____		_____	
<i>Other</i> _____	_____	_____	_____	_____
<b>UTILITIES</b>				
<i>Electricity</i>	_____		_____	
<i>Water</i>	_____		_____	
<i>Gas</i>	_____		_____	
<i>Phone</i>	_____		_____	
<i>Trash</i>	_____		_____	
<i>Cable</i>	_____	_____	_____	_____
<b>*FOOD</b>				
<i>*Grocery</i>	_____		_____	
<i>*Restaurants</i>	_____	_____	_____	_____
<b>TRANSPORTATION</b>				
<i>Car Payment</i>	_____		_____	
<i>Car Payment</i>	_____		_____	
<i>*Gas and Oil</i>	_____		_____	
<i>*Repairs and Tires</i>	_____		_____	
<i>Car Insurance</i>	_____		_____	
<i>License and Taxes</i>	_____		_____	
<i>Car Replacement</i>	_____	_____	_____	_____
<b>PAGE 1 TOTAL</b>		_____	_____	

CASH FLOW PLANNING

# MONTHLY CASH FLOW PLAN

SHEET 5 CONTINUED

<i>Budgeted Item</i>	<i>Sub Total</i>	<i>TOTAL</i>	<i>Actually Spent</i>	<i>% of Take Home Pay</i>
<b>*CLOTHING</b>				
<i>*Children</i>	<u>\$100</u>		_____	
<i>*Adults</i>	_____		_____	
<i>*Cleaning/Laundry</i>	_____	<u>\$100</u>	_____	
<b>MEDICAL/HEALTH</b>				
<i>Disability Insurance</i>	<u>\$100</u>		_____	
<i>Health Insurance</i>	_____		_____	
<i>Doctor Bills</i>	<u>\$50</u>		_____	
<i>Dentist</i>	<u>\$20</u>		_____	
<i>Optometrist</i>	_____		_____	
<i>Drugs</i>	_____	<u>\$170</u>	_____	
<b>PERSONAL</b>				
<i>Life Insurance</i>	<u>\$50</u>		_____	
<i>Child Care</i>	<u>\$30</u>		_____	
<i>*Baby Sitter</i>	_____		_____	
<i>*Toiletries</i>	_____		_____	
<i>*Cosmetics</i>	_____		_____	
<i>*Hair Care</i>	_____		_____	
<i>Education/Adult</i>	_____		_____	
<i>School Tuition</i>	_____		_____	
<i>School Supplies</i>	_____		_____	
<i>Child Support</i>	_____		_____	
<i>Alimony</i>	_____		_____	
<i>Subscriptions</i>	_____		_____	
<i>Organization Dues</i>	<u>\$25</u>		_____	
<i>Gifts (inc. Christmas)</i>	_____		_____	
<i>Miscellaneous</i>	<u>\$50</u>		_____	
<i>*BLOW \$\$</i>	<u>\$100</u>	<u>\$255</u>	_____	
<b>PAGE 2 TOTAL</b>		<u>\$525</u>		

CASH FLOW PLANNING

# MONTHLY CASH FLOW PLAN

SHEET 5 CONTINUED

<i>Budgeted Item</i>	<i>Sub Total</i>	<i>TOTAL</i>	<i>Actually Spent</i>	<i>% of Take Home Pay</i>
<b>*CLOTHING</b>				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
<b>MEDICAL/HEALTH</b>				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
<b>PERSONAL</b>				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*BLOW \$\$	_____	_____	_____	_____
<b>PAGE 2 TOTAL</b>		_____		

CASH FLOW PLANNING

# MONTHLY CASH FLOW PLAN

SHEET 5 CONTINUED

<i><u>Budgeted</u></i> <i><u>Item</u></i>	<i><u>Sub</u></i> <i><u>Total</u></i>	<i><u>TOTAL</u></i>	<i><u>Actually</u></i> <i><u>Spent</u></i>	<i><u>% of Take</u></i> <i><u>Home Pay</u></i>
<b>RECREATION</b>				
*Entertainment	\$50			
Vacation	\$25	\$75		
<b>DEBTS (Hopefully -0-)</b>				
Visa 1	\$100			
Visa 2				
MasterCard 1	\$75			
MasterCard 2				
American Express	\$50			
Discover Card				
Gas Card 1				
Gas Card 2				
Dept. Store Card 1				
Dept. Store Card 2				
Finance Co. 1				
Finance Co. 2				
Credit Line				
Student Loan 1	\$100			
Student Loan 2				
Other		\$325		
<b>PAGE 3 TOTAL</b>		\$400		
<b>PAGE 2 TOTAL</b>		\$525		
<b>PAGE 1 TOTAL</b>		\$2075		
<b>GRAND TOTAL</b>		\$3000		
<b>TOTAL HOUSEHOLD INCOME</b>		\$3000		
		<b>ZERO</b>		

CASH FLOW PLANNING

## *Singles and Their Money*

*Time \_\_\_\_\_ (no time) and fatigue can lead to poor money management.*

*Beware of \_\_\_\_\_ buying which can be brought on by \_\_\_\_\_ or even by the “I owe it to \_\_\_\_\_” syndrome.*

*A written plan gives the \_\_\_\_\_ person empowerment, self accountability and \_\_\_\_\_ .*

### *Prevention:*

*Develop an \_\_\_\_\_ relationship.*

*Someone with whom to discuss major \_\_\_\_\_ .*

*Someone with whom to discuss your \_\_\_\_\_ .*

*Accountability friends must love you enough to be brutally honest and promise to do so for your own good.*

*Suggested possibilities: pastor, parent, relative, boss, etc.*

## Teach the Children

*The teaching of fiscal responsibility is not the \_\_\_\_\_ responsibility. It is \_\_\_\_\_ responsibility!*

*“Train up a child in the way he should go, and when he is old, he will not depart from it. (7) The rich rule over the poor and the Borrower is servant to the Lender.”*  
*Proverbs 22:6-7 (NKJV)*

*“Tell me, and I’ll forget. Show me, and I may not remember. Involve me, and I’ll understand.”*  
*Native American Saying*

*“But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever.”*  
*I Timothy 5:8 (NKJV)*

*Pay \_\_\_\_\_ not allowances; we have enough people in our society who expect to be made allowance for.*

*Words are \_\_\_\_\_.*

*“Criticize the performance, not the performer.”*  
*Anonymous*

*“Correct your son, and he will give you rest; yes, he will give delight to your soul.”*  
*Proverbs 29:17 (NKJV)*

*If you \_\_\_\_\_ you eat; if you do not \_\_\_\_\_ you do not eat.*

*“For even when we were with you, we commanded you this: If anyone will not work, neither shall he eat.”*

*II Thessalonians 3:10 (NKJV)*

*Teach by \_\_\_\_\_.*

*Show them how you live \_\_\_\_\_ free, how insurance works, how an IRA works, etc.*

*“The silver haired head is a crown of glory, if it is found in the way of righteousness.”*

*Proverbs 16:31 (NKJV)*

*If the children are young, use a clear \_\_\_\_\_ to save.*

*The visual reinforcement is powerful.*

*Use three envelopes for ages \_\_\_\_\_:*

*\_\_\_\_\_, spending, and saving. (Check out our teaching kit for children called Financial Peace Jr.)*

*Somewhere around \_\_\_\_\_ years old open a checking account for the child and teach him how to run it by monthly reviews.*

*A great saving exercise is to have the child save to buy her first \_\_\_\_\_.*

### *A Very Good Idea*

*What if your children had a \_\_\_\_\_ fund and a \_\_\_\_\_ fund?*

*Coupled with a commitment from your children to never borrow, this idea could change your family tree.*

# DISCUSSION QUESTIONS

1. *What are the advantages in financial control to being single? What are the disadvantages?*
2. *What are some of the reasons that finances should be agreed on by both partners in a marriage?*
3. *What are some of the ways your parents did or did not teach you about money, saving, and work?*
4. *What are some practical things you can do with teenagers to teach the lost art of personal finance?*

## Answer Key (left to right)

*Value*

*Important*

*Self*

*Fear*

*Money*

*System*

*Both*

*Both*

*Poverty*

*Myself*

*Accountability*

*School's*

*Powerful*

*Example*

*5-12*

*Car*

*Free*

*System*

*Negotiating*

*Esteem*

*Terror*

*Fights*

*Unity*

*Gift*

*Nerd*

*Impulse*

*Single*

*Purchases*

*Your*

*Work*

*Debt*

*Giving*

*College*

*Enough*

*Hunting*

*Scorecard*

*Security*

*Value*

*Both*

*Budget*

*Free*

*Stress*

*Control*

*Budget*

*Commissions*

*Work*

*Container*

*13-15*

*Debt*

# ACCOUNTABILITY CHECK-UP

## Relating With Money

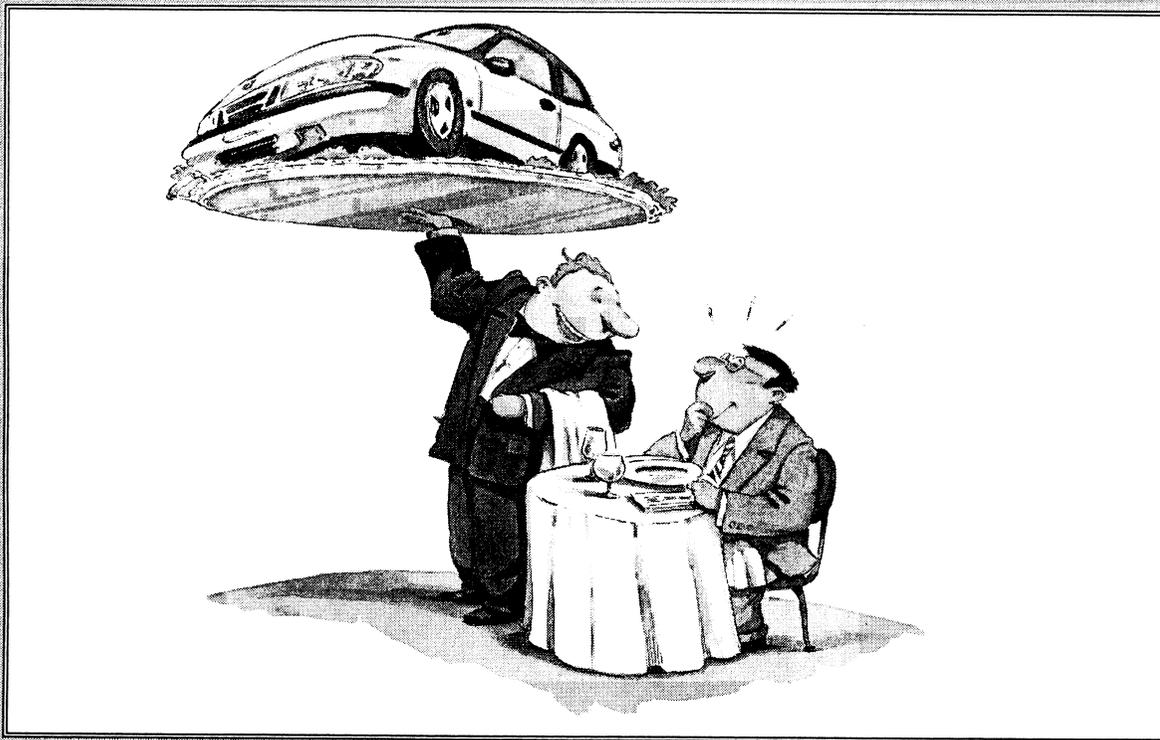
- I. Everyone holds up his Monthly **ZERO-BASED BUDGET**; check each other for **zero-based totals** on the third page.
- II. Encourage each other to make a commitment to do everything possible to avoid adding any new debts to their financial picture.
- III. **Have some fun with the class:** Everyone can start bringing in their credit card applications. Add up the total credit limits that are being offered, then tear up the applications, or send them back with a copy of the Credit Rebellion Letter from our website. **\*\*Keep a running total for the group as a whole to see how much debt your class is avoiding by not accepting the credit cards. TOTALS WILL BE REVIEWED DURING SESSION #11.**
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:** (Everyone reads and comments about these statements.)
  - A. I put relationships above money – my spouse, children, and co-workers are more important than money or financial stress. (Would others – your friends or coworkers, agree with your answer?)
  - B. As a single parent, discuss how fatigue can affect your money management.
  - C. I am, or will start, having a quiet time each day to prioritize the most important things in my life and grow spiritually.
  - D. I did not get into financial stress quickly, and I will likely walk out of it slowly. (Talk about the stress of financial problems.)
  - E. I will be held accountable for my financial actions by working with my spouse or, if single, my buddy. (Use the BUDDY SYSTEM). **Develop an Accountability partner before leaving your class session today!**
  - F. I will teach my children how to handle money. Why is this important? What could happen if you do not?
  - G. I will start keeping the other people in this class in my thoughts and prayers for their success as well as my own.
  - H. Is it easier to impulse shop as a single, without someone to answer to?

## A STORY OF DELIVERANCE AND A FINANCIAL HEALING

- (1) *“A certain woman of the wives of the sons of the prophets cried out to Elisha, Saying “Your servant my husband is dead, and you know that your servant feared the Lord. And the creditor is coming to take my two sons to be his slaves.”*
- (2) *So Elisha said to her, “What shall I do for you? Tell me, what do you have in the house?” and she said, “Your maidservant has nothing in the house but a jar of oil.”*
- (3) *Then he said, “Go, borrow vessels from everywhere, from all your neighbors - empty vessels; do not gather just a few.*
- (4) *And when you have come in, you shall shut the door behind you and your sons; then pour into all those vessels, and set aside the full ones.”*
- (5) *So she went from him and shut the door behind her and her sons, who brought the vessels to her; and she poured it out.*
- (6) *Now it came to pass, when the vessels were full, that she said to her son, “Bring me another vessel.” And he said to her, “There is not another vessel.” So the oil ceased.*
- (7) *Then she came and told the man of God. And he said, “Go, sell the oil and pay your debt; and you and your sons live on the rest.”*

*II Kings 4:1-7 (NKJV)*

# *BUYING ONLY BIG, BIG BARGAINS*



*Travis Foster*

*“Probably the world’s greatest humorist was the man who named them easy payments.”*

*Stanislas*

# *NOTES*

# ***BUYING ONLY BIG, BIG BARGAINS***

*It is proper to get a great deal if you:*

- 1) have in no way \_\_\_\_\_ the truth.*
- 2) have not set out to \_\_\_\_\_ the other party.*
- 3) have created a win \_\_\_\_\_ deal.*

## **The First Key**

*The First Key to opening the door to huge bargains is you must negotiate \_\_\_\_\_.*

*Win \_\_\_\_\_ really works so don't be \_\_\_\_\_ to ask for the \_\_\_\_\_!*

## LUCKY SEVEN BASIC RULES OF NEGOTIATING

*"A false balance is an abomination to the Lord, but a just weight is His delight."  
Proverbs 11:1 (NKJV)*

*"He who sells what isn't his'n, buys it back or goes to pris'n."*

*Anonymous*

1. Always tell the absolute \_\_\_\_\_.

2. Use the power of \_\_\_\_\_.

Cash is 1) \_\_\_\_\_

2) \_\_\_\_\_

3) (has) \_\_\_\_\_

3. Understand and use "Walkaway \_\_\_\_\_."

4. \_\_\_\_\_ up.

5. "That is not \_\_\_\_\_ enough."

6. \_\_\_\_\_ guy, \_\_\_\_\_ guy.

7. The "If I" take \_\_\_\_\_ technique.

## The Second Key

*The Second Key to opening the door to huge bargains is that you must have \_\_\_\_\_.*

*Don't get \_\_\_\_\_ to a purchase.*

*"Remember, what you possess in the world will be found at the day of your death to belong to someone else, but what you are will be yours forever."*

*Henry Van Dyke*

*"But the fruit of the Spirit is love, joy, peace, patience, kindness, goodness, faithfulness."*

*Galatians 5:22 (NIV)*

## The Third Key

*The Third Key to opening the door to huge bargains is that you must know where to find \_\_\_\_\_.*

\_\_\_\_\_ *something of value, goods or just your*

\_\_\_\_\_.

*"A man who owns little is little owned."*

*Anonymous*

# ***PLACES TO FIND GREAT DEALS***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

# LOVE, MOM

*During a period of economic hardship due to high interest rates in the real estate business, my mother sent me the following poem in the mail, and it hangs on my office wall today.*

## THE ROOSTER AND THE HEN

*Said the Little Red Rooster, "Believe me things are tough!  
Seems the worms are getting scarcer and I cannot find enough.  
What's become of all those fat ones? It's a mystery to me.  
There were thousands through that rainy spell,  
But now, where can they be?"*

*But the Old Black Hen who heard him didn't grumble or complain,  
She had lived through lots of dry spells;*

*She had lived through floods of rain.*

*She picked a new and undug spot, The ground was hard and firm,  
"I must go to the worms," she said. "The worms won't come to me."*

*The Rooster vainly spent his day, Through habit, by the ways  
Where fat round worms had passed in squads back in the rainy days.*

*When nightfall found him supperless, he growled in accents rough,  
"I'm hungry as a fowl can be, conditions sure are tough."*

*But the Old Black Hen hopped to her perch*

*And dropped her eyes to sleep*

*And murmured in a drowsy tone, "Young man, hear this and weep.  
I'm full of worms and happy*

*For I've eaten like a pig.  
The worms were there as always  
But, boy I had to dig!"*

*This was a Depression Era Poem. Strange it still applies today.*

*Love,*

*Mom*

## DISCUSSION QUESTIONS

1. *Why do we feel guilty when getting a bargain?*
2. *What phenomenon in our society has caused us to move away from bargain hunting?*
3. *Why do we many times avoid negotiation?*
4. *What are some great bargains you have gotten and locations you know where bargains can be had?*

### Answer Key (left to right)

*Misrepresented*

*Everything*

*Deal*

*Emotional*

*Power*

*Good*

*Patience*

*Trade*

*Individuals*

*Garage Sales/Yard*

*Refunding*

*Classified Ads*

*Harm*

*Win*

*Truth*

*Visual*

*Shut*

*Bad*

*Married*

*Services*

*Public Auctions*

*Flea Markets*

*Foreclosures*

*Consignment Sales*

*Win*

*Afraid*

*Cash*

*Immediacy*

*Good*

*Away*

*Deals*

*Estate Sales*

*Couponing*

*Repo Lot*

*Pawn Shops*

# ACCOUNTABILITY CHECK-UP

## Buying Only Big, Big Bargains

- I. Everyone shows and discusses how their envelope system is working for them. (How many are you using and for which categories?)
- II. Encourage each other to invite a friend or loved one to attend **one** of the classes with you for “Free” to see how this program can become a blessing in their life.
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Get into each other’s hearts and help one another.)
  - A. I have allocated all of this month’s household income on paper **before the month began.**
  - B. I have started saving money for an emergency fund.
    1. Wives (ladies), talk about how important it is to you.
    2. Husbands (men), talk about how it makes you feel.
    3. Singles, talk about why you need an emergency fund as a single.
  - C. When I’m at a store and the cashier gives me back too much money I –
    1. Keep it and do not say anything (it’s a blessing from God).
    2. Return it immediately.
    3. I never count my change to see if it’s correct.
  - D. I will cut up (destroy) all my credit cards because I no longer will allow them to give me the opportunity to stay in debt. **(Plan on cutting up credit cards after the Dumping Debt lesson.)**
  - E. I have (name items) that need to be sold to pay off debt. I have set (name time frame) to sell the item(s). Garage sale scheduled?
  - F. I will set aside a little “blow money” each month for myself (and my spouse) as my (our) budget permits to do whatever I (we) want with it. **(The budget is to be a blessing, not a burden.) You will probably blow some money, so budget for it!**
  - G. Are you still plagued by impulsive purchases? Explain what happens inside you when you are tempted to spend!!!

**DO YOU HAVE  
A POWERFUL TESTIMONY  
THAT YOU WOULD LIKE  
TO SHARE WITH US  
ABOUT HOW *FPU* HAS  
TOUCHED YOUR LIFE?  
PLEASE SHARE IT WITH US!**

**MAIL, FAX, E-MAIL  
IT INTO OUR OFFICE AT:**

**MAIL - 1749 MALLORY LANE  
SUITE 100  
BRENTWOOD, TENN. 37027**

**FAX - 1-615-371-5007**

**E-MAIL - [louisf@daveramsey.com](mailto:louisf@daveramsey.com)**

# ***DUMPING DEBT***



*Travis Foster*

*“The rich rules over the poor, and the borrower is servant to the lender.”  
Proverbs 22:7 (NKJV)*

# *NOTES*

**DUMPING DEBT**

# DUMPING DEBT

*...Debunking the Myth.*

*If you tell a lie, spread a \_\_\_\_\_ often enough, loud enough, and long enough the myth becomes accepted as \_\_\_\_\_.*

*Debt has been \_\_\_\_\_ to us in so many forms so aggressively since the 1960's that to even imagine living without it requires a complete paradigm \_\_\_\_\_.*

*Myth: If I loan money to a friend or relative I will be \_\_\_\_\_ them.*

*Truth: The relationship will be strained or \_\_\_\_\_.*

*Myth: By co-signing a loan I am \_\_\_\_\_ out a friend or relative.*

*Truth: The bank requires a co-signer because the person isn't likely to \_\_\_\_\_, so be ready to pay the loan and have your credit messed up because you are on the loan.*

*"It's stupid to guarantee someone else's loan."*

*Proverbs 17:18 (CEV)*

*Myth: Cash Advance, Rent-to-Own, Title Pawning, and Tote-The-Note Car Lots are needed \_\_\_\_\_ for lower income people to get ahead.*

*Truth: These are horrible, \_\_\_\_\_ rip offs that aren't needed and benefit no one but the owners of these companies.*

**Myth:** *Playing the lotto and other forms of gambling will make me \_\_\_\_\_.*

**Truth:** *Lotto and Powerball are a tax on the poor and on people who can't do \_\_\_\_\_.*

**Myth:** *Car \_\_\_\_\_ are a way of life and you'll always have one.*

**Truth:** *Staying away from car payments by driving reliable used cars is what the typical millionaire does. That is \_\_\_\_\_ they became millionaires.*

**Myth:** *\_\_\_\_\_ your car is what sophisticated financial people do. You should always lease things that go down in value and there are tax advantages.*

**Truth:** *Consumer Reports, Smart Money Magazine, and a good calculator will tell you that the car lease is the most \_\_\_\_\_ way to finance and operate a vehicle.*

**Truth:** *If you own a business you can write-off your \_\_\_\_\_ car on taxes without paying payments for the privilege.*

**Truth:** *The way to minimize the money lost on things that go down in value is to buy slightly \_\_\_\_\_.*

**Myth:** You can get a good deal on a \_\_\_\_\_ car.

**Truth:** A new car loses \_\_\_\_\_ of it's value in the first 4 years. This is the largest purchase most consumers make that goes down in value.

*A new car selling for \$28,000 on average will lose \$16,800 of it's value in the first 4 years, making it worth about \$11,200. You are losing about \$350 per month in value!*

**Myth:** The Home Equity Loan is good because of the \_\_\_\_\_ deduction and is a substitute for an emergency fund.

**Truth:** You don't go into \_\_\_\_\_ for emergencies.

**Truth:** A tax deduction is not good \_\_\_\_\_.

*If you have a loan of \$50,000 at 10% you would pay interest of \$5,000 to the bank which you can deduct from your taxes if the loan is against your home. If you did not have this deduction and had to pay taxes on that \$5,000 in a 25% bracket you would pay \$1250 in taxes. So you are telling me that you would like to send the bank \$5,000 to keep from sending Congress \$1250? Why don't you just give the \$5000 to your church, get the exact same tax benefit and avoid the debt?*

***Myth:*** I'll take out a 30-year mortgage and pay \_\_\_\_\_, I promise.

***Truth:*** Sick children, bad transmissions, prom dresses, downsizing, high utilities this month. Do I really need to go on? No one ever pays extra every month. Never take more than a \_\_\_\_\_ fixed rate loan.

*"Owe no one anything except to love one another. . ."*

*Romans 13:8 (NKJV)*

## **SHORTER TERMS**

<b><i>Home Purchased for</i></b>	<b><i>\$90,000</i></b>
<b><i>Down Payment</i></b>	<b><i>\$10,000</i></b>
<b><i>Mortgage Amount</i></b>	<b><i>\$80,000</i></b>

***10% Interest***

	<b><i>PAYMENT</i></b>	<b><i>TOTAL PAY BACK</i></b>
<b><i>30 years</i></b>	<b><i>\$702</i></b>	<b><i>\$252,740</i></b>
<b><i>15 years</i></b>	<b><i>\$859</i></b>	<b><i>\$154,743</i></b>
<b><i>Difference</i></b>	<b><i>\$157</i></b>	<b><i>\$ 97,997</i></b>

***You Saved Almost \$ 100,000!***

**Myth:** It is \_\_\_\_\_ to take out an ARM or a Balloon mortgage if "I know I'll be moving."

**Truth:** You will be moving when they \_\_\_\_\_.

**Myth:** You need to take out a credit card or car loan to "build your \_\_\_\_\_."

**Truth:** Open credit card accounts with zero balances count against you as well as car payments when qualifying for a home \_\_\_\_\_.

***With a 20% down payment, not buying too much house, 2 years or more on the job, and 2 years of paying your landlord early you will qualify for a mortgage. Don't fall for the lie!!!***

**Myth:** You need a credit card to \_\_\_\_\_ a car.

**Truth:** A \_\_\_\_\_ card will work at all the major rentals with few exceptions. Check in advance.

***Myth:*** You need a \_\_\_\_\_ card to check into a hotel or to make a purchase by phone or over the web.

***Truth:*** A \_\_\_\_\_ card will do all of that.

***Myth:*** "I pay mine off every \_\_\_\_\_, with no annual fee. I get brownie points, air miles, and a free hat."

***Truth:*** 78% of Americans do not pay off the balance EVERY \_\_\_\_\_.

***Truth:*** A recent Dunn and Bradstreet \_\_\_\_\_ found that when paying cash (from your envelope system) you spend 12% to 18% less because spending cash hurts. Ouch! So what if you get 1% back and a free hat?!

***Myth:*** I'll make sure my \_\_\_\_\_ gets a credit card so he/she can learn to be responsible with money.

***Truth:*** Teens are the number one \_\_\_\_\_ of credit card companies today. Anyone with half a brain realizes how stupid this myth is.

**Myth:** Debt consolidation \_\_\_\_\_ interest and you get just one smaller payment.

**Truth:** Debt consolidation is a \_\_\_\_\_.

**Truth:** Debt consolidation typically saves \_\_\_\_\_ or no interest because you will throw your low interest loans into the deal.

**Truth:** You can't borrow your way out of \_\_\_\_\_.

**Truth:** Smaller payments equal more time in \_\_\_\_\_.

**Myth:** Debt is a \_\_\_\_\_ and should be used to create prosperity.

**Truth:** Debt is proof that the borrower is slave to the \_\_\_\_\_.

**Truth:** When surveyed, the Forbes 400 were asked "What is the most important key to building wealth?" \_\_\_\_\_ replied that becoming and staying debt free was the number one key to building wealth.

How much could you \_\_\_\_\_, invest, blow and \_\_\_\_\_ if you had no payments?

# STEPS OUT OF DEBT

*“My son, if you have become surety for your friend, If you have shaken hands in pledge for a stranger, (2) You are snared by the words of your own mouth; You are taken by the words of your mouth. (3) So do this, my son, and deliver yourself; For you have come into the hand of your friend; Go and humble yourself; Plead with your friend. (4) Give no sleep to your eyes, Nor slumber to your eyelids. (5) Deliver yourself like a gazelle from the hand of the hunter, And like a bird from the hand of the Fowler.”*

*Proverbs 6:1-5 (NKJV)*

1. Quit \_\_\_\_\_ more \_\_\_\_\_!!!!

*“If you want to get yourself better off financially, QUIT BUYING THINGS!”*

*-Anonymous*

2. You must \_\_\_\_\_ money.

3. \_\_\_\_\_ really works.

4. Sell \_\_\_\_\_.

5. Part-time \_\_\_\_\_ or overtime (temporarily).

6. Debt \_\_\_\_\_.

## ***CREDIT CARD CRUMBS***

According to USA Today, 63% of bankruptcy filers blame credit card bills and 89% of filers **STILL** get offers.

Bank credit card balances **per U.S. household** hit **\$4,500** at the end of 1998 according to a recent issue of Bankcard Barometer.

Ram Research Corporation states there are over **50 million** Discover cards, **49 million** Citibank Visas, and **48 million** American Express.

According to the Wall Street Journal there are over **63 million** Sears cards with over 700,000 applications per month.

Credit card issuers sent out **4 billion** pieces of mail last year to **93 million households**, which is an average of more than **43 offers** going to each household, as reported in Ladies Home Journal.

Capitol One and MBNA, two of the major issuers, spend **\$60 million to \$70 million each quarter** on credit card offers, according to CardWeb, Inc.

USA Today notes that Citibank, the largest issuer of Visa, will spend **100 million dollars** this year just **marketing** credit cards to your **high school and college students**.

Colleges can earn \$50,000 to \$100,000 per year just to allow a credit card company to operate on campus. **Credit cards have become a rite of passage into adulthood.**

According to American Express, **33% of consumers use plastic more frequently today than 5 years ago.**

According to the Federal Reserve Board, consumers' outstanding debt on credit cards and other revolving loans has grown continuously over the last decade hitting **\$1.5 trillion last year.**

# SAMPLE THE DEBT SNOWBALL

SHEET 10

**COUNT DOWN TO FREEDOM!!**

**Date:** \_\_\_\_\_

DUMPING DEBT

<u>Item</u>	<u>Total Payoff</u>	<u>Minimum Payment</u>	<u>New Payment</u>	<u>Payments Remaining</u>	<u>Cumulative Payments</u>
<u>Penny's</u>	<u>\$150</u>	<u>\$15</u>	<u>\$0</u>	<u>0</u>	<u>Garage sale</u>
<u>Sears</u>	<u>\$250</u>	<u>\$10</u>	<u>\$25</u>	<u>11</u>	<u>11</u>
<u>Visa</u>	<u>\$500</u>	<u>\$75</u>	<u>\$100</u>	<u>PD</u>	<u>11</u>
<u>M.C.</u>	<u>\$1,500</u>	<u>\$90</u>	<u>\$190</u>	<u>5</u>	<u>16</u>
<u>Car</u>	<u>\$4,000</u>	<u>\$210</u>	<u>\$400</u>	<u>4</u>	<u>20</u>
<u>Stu. Loan</u>	<u>\$4,000</u>	<u>\$65</u>	<u>\$465</u>	<u>6</u>	<u>26</u>
<i>Finish Emergency Fund</i>					
<i>Fund Retirement/College</i>					
<i>Then Do House</i>					
<u>House</u>	<u>\$70,000</u>	<u>\$700</u>	<u>\$1,165</u>	<u>104</u>	<u>132</u>

**11 years TOTALLY Debt Free!**



# DISCUSSION QUESTIONS

1. *What got you started spending on credit?*
2. *Describe what feelings you would have if you had no debt.*
3. *How would your life change if you had no debt? Be specific.*
4. *What would you do with the money that is freed up?*

## Answer Key (left to right)

<i>Myth</i>	<i>Truth</i>	<i>Marketed</i>	<i>Shift</i>
<i>Helping</i>	<i>Destroyed</i>	<i>Helping</i>	<i>Repay</i>
<i>Services</i>	<i>Greedy</i>	<i>Rich</i>	<i>Math</i>
<i>Payments</i>	<i>How</i>	<i>Leasing</i>	<i>Expensive</i>
<i>Paid-For</i>	<i>Used</i>	<i>New</i>	<i>60%</i>
<i>Tax</i>	<i>Debt</i>	<i>Math</i>	<i>Extra</i>
<i>15-Year</i>	<i>Good</i>	<i>Foreclose</i>	<i>Credit</i>
<i>Mortgage</i>	<i>Rent</i>	<i>Debit</i>	<i>Credit</i>
<i>Debit</i>	<i>Month</i>	<i>Month</i>	<i>Study</i>
<i>Teenager</i>	<i>Target</i>	<i>Saves</i>	<i>Con</i>
<i>Little</i>	<i>Debt</i>	<i>Debt</i>	<i>Tool</i>
<i>Lender</i>	<i>75%</i>	<i>Save</i>	<i>Give</i>
<i>Borrowing</i>	<i>Money</i>	<i>Save</i>	<i>Prayer</i>
<i>Something</i>	<i>Job</i>	<i>Snowball</i>	

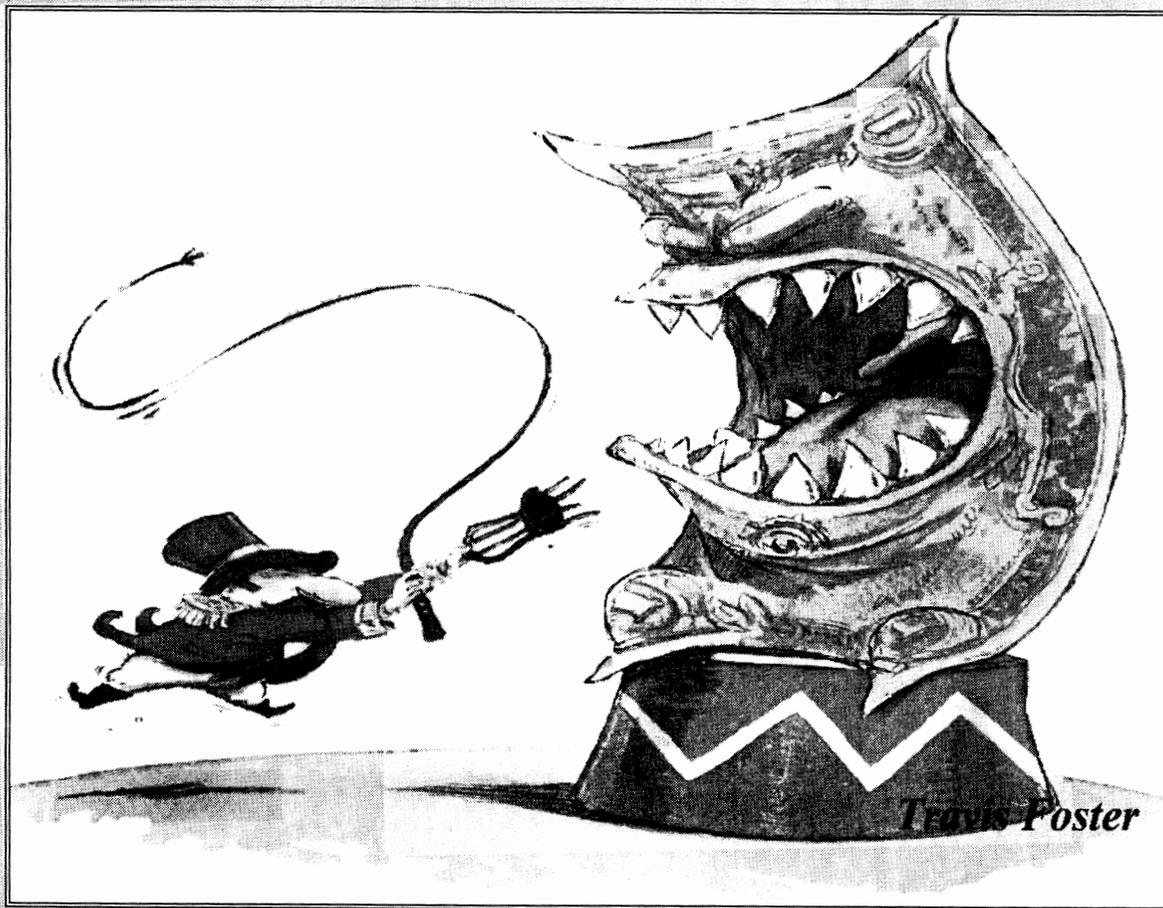
# ACCOUNTABILITY CHECK-UP

## Dumping Debt

- I. Be prepared to cut up your credit cards tonight!
- A. **You will never remove debt from your life as long as you hold on to any credit cards.**
  - B. **Make a commitment to never use credit cards again.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (No beating around the bush.)
- A. If you have \$1,000 in an emergency fund, and have a debit card, which could be used for traveling, there is no good reason/excuse for keeping a credit card, according to the Financial Peace principles. True or False. Why?
  - B. Which myth did you buy into before this lesson?
  - C. I am honest with myself (and my spouse, if applicable) regarding how I (we) handle financial affairs. Why is this important?
  - D. I fully understand how to put together and work the Debt Snowball.
  - E. I will go home and put together my Debt Snowball this week and start applying it to my financial situation.
  - F. I understand that Debt CONsolidation is in many cases more harmful than helpful. Why is this true?
  - G. I will have **gazelle intensity** and deliver myself (and family) from the burden and bondage of debt.
  - H. I truly take this program seriously and am applying the principles to my life.
  - I. When you hear the phrase “...**the borrower is servant to the lender**”, how does it make you feel?
  - J. Before going through this program, did you realize that the way you handle your money is really a spiritual issue?
- III. **REVIEW DISCUSSION QUESTIONS** at the end of the lesson.
- IV. Go home and complete the credit card history form. Use the form to help you close out your credit card accounts as soon as possible. (See page 146.)



# *UNDERSTANDING INVESTMENTS*



*“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.”*

*Proverbs 21:5 (NKJV)*

# *NOTES*

# UNDERSTANDING INVESTMENTS

## Kiss Rule of Investing

Keep it \_\_\_\_\_.

It does not indicate that you are stupid if you make \_\_\_\_\_  
investments.

\_\_\_\_\_ invest purely for tax savings.

\_\_\_\_\_ invest using \_\_\_\_\_ money.

## Diversification

Diversification means to \_\_\_\_\_.

Diversification \_\_\_\_\_ risk.

*“Give portions to seven, yes to eight, for you do not know what disaster may come upon the land.”*

*Ecclesiastes 11:2 (NIV)*

*Grandma used to say, “Don’t put all your eggs in one basket.” That way if you dropped the basket, not all your eggs would be broken. Investing is the same way. Don’t put all your money into one investment.*

# THE POWER OF DIVERSIFICATION \*

## Investor 1

*Invest \$10,000 for 25 years at 7%*

## Investor 2

*Invest \$2,000 and lose it all*

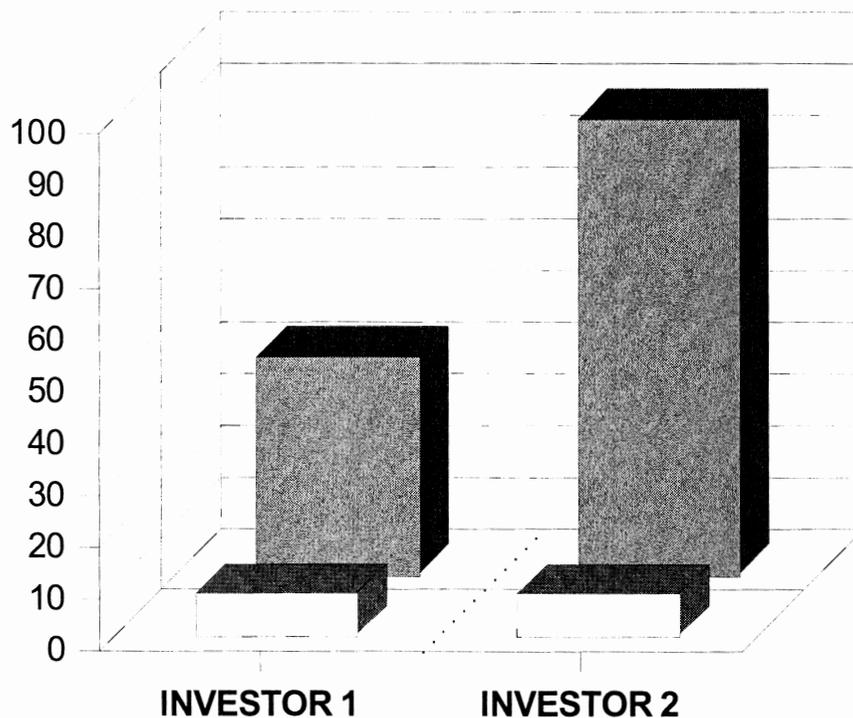
*Invest \$2,000 under your mattress*

*Invest \$2,000 at 5% return*

*Invest \$2,000 and got a 10% return*

*Invest \$2,000 and got a 15% return*

*Leave it alone for 25 years*



\$54,274 Without Diversification; \$96,280 Diversified

**77% Difference**

## **Risk Return Ratio**

*“Behold the turtle who only makes progress when he sticks his neck out.”*

*Anonymous*

*“A faithful man will abound with blessings, But he who hastens to be rich will not go unpunished.”*

*Old Proverb*

*With virtually all investments as the \_\_\_\_\_ goes up so does the hopeful \_\_\_\_\_.*

*When discussing investments liquidity is \_\_\_\_\_.*

*As there is more liquidity there is typically \_\_\_\_\_ return.*

## **TYPES OF INVESTMENTS**

### **1. Money Markets**

*A C.D. is a certificate of \_\_\_\_\_ typically at a bank.*

*Money Market Mutual funds are \_\_\_\_\_ risk money*

*market accounts that you can write checks on and are great for emergency funds.*

## 2. Single Stocks

*“October. This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August, and February.”*

*Mark Twain*

*The average investor makes a \_\_\_\_\_% return on his single stock portfolio with a very \_\_\_\_\_ degree of risk.*

*When you buy stock you are buying a small piece of \_\_\_\_\_ in the company.*

*Your return comes as the company increases in \_\_\_\_\_ or pays you, it's owner, some of the profits (called \_\_\_\_\_).*

## 3. Bonds

*A bond is a \_\_\_\_\_ instrument where the company owes \_\_\_\_\_ money.*

*Your return is the fluctuation in price and the \_\_\_\_\_ rate paid. \_\_\_\_\_ individuals do well with single \_\_\_\_\_ purchases.*

***LONG TERM INVESTMENTS  
PROPERLY DIVERSIFIED***

***Standard Diversification***

25%	Growth & Income
25%	Growth
25%	International
25%	Aggressive Growth

***Conservative Diversification***

25%	Balanced
25%	Growth & Income
25%	Growth
25%	International

## 4. Mutual Funds

*"An investment in knowledge always pays the best interest."*

*Ben Franklin*

*Investors pool their \_\_\_\_\_ to invest.*

*Professional portfolio managers manage the pool or*

*\_\_\_\_\_.*

*Your return comes as the \_\_\_\_\_ of the fund is*

*\_\_\_\_\_.*

*Mutual Funds are good \_\_\_\_\_ term investments.*

## 5. Rental Real Estate

*Least liquid consumer \_\_\_\_\_.*

*You should have a lot of \_\_\_\_\_ before using real estate as an investment.*

## 6. Annuities

*Annuities are a \_\_\_\_\_ account with an insurance company.*

*\_\_\_\_\_ Annuities are at a low interest rate of around 5%, aren't "fixed" and are a bad long term investment.*

*\_\_\_\_\_ Annuities are mutual funds sheltered by the annuity covering allowing the mutual fund to grow tax deferred.*

*Variable Annuities are good to use for older people because the principal can be guaranteed, you can name a beneficiary so the money passes outside probate and you can use them when you have maxed out all your other sheltered retirement options. NEVER use annuities inside retirement options; instead, go straight to mutual funds. There is no sense paying the annuity fee to get a tax deferral that you already have in your retirement plan.*

## 7. Commodities and Futures

*Very, \_\_\_\_\_ high degree of \_\_\_\_\_.*

*You have a better chance in \_\_\_\_\_.*

## CONCLUSION

*If you do not understand an investment well enough to teach someone else about how it works DON'T BUY IT!!*

*Build wealth slowly.*

## *Monthly Debt Payments Rob You of Your Retirement!*

Monthly Payments	Years Invested Monthly at 12% Per Year				
	5	10	15	25	40
\$100	8,167	23,004	49,958	187,885	1,176,477
<b>\$200</b>	<b>16,334</b>	<b>46,008</b>	<b>99,916</b>	<b>375,769</b>	<b>2,352,954</b>
\$300	24,500	69,012	149,874	563,654	3,529,431
<b>\$400</b>	<b>32,668</b>	<b>92,015</b>	<b>199,832</b>	<b>751,538</b>	<b>4,705,909</b>
\$500	40,835	115,019	249,790	939,423	5,882,386
<b>\$600</b>	<b>49,002</b>	<b>138,023</b>	<b>299,748</b>	<b>1,127,308</b>	<b>7,058,863</b>
\$700	57,168	161,027	349,706	1,315,193	8,235,341
<b>\$800</b>	<b>65,336</b>	<b>184,031</b>	<b>399,664</b>	<b>1,503,077</b>	<b>9,411,818</b>
\$900	73,503	207,034	449,622	1,690,962	10,588,295
<b>\$1,000</b>	<b>81,669</b>	<b>230,039</b>	<b>499,580</b>	<b>1,878,847</b>	<b>11,764,772</b>
\$1,200	98,004	276,046	599,496	2,254,616	14,117,727
<b>\$1,500</b>	<b>122,504</b>	<b>345,058</b>	<b>749,370</b>	<b>2,818,270</b>	<b>17,647,159</b>
\$2,000	163,339	460,077	999,160	3,757,693	23,529,545

*However, retirement can look pretty  
sweet if you don't have any debt.*

*I am your constant companion*

*I am your greatest helper or your heaviest burden.*

*I will push you onward or drag you down to failure.*

*I am at your command.*

*Half of the tasks that you do, you might just as well  
turn over to me and I will do them quickly and correctly.*

*I am easily managed, you must merely be firm with me,*

*Show me exactly how you want something done;*

*After a few lessons I will do it automatically.*

*I am the servant of all great people and alas of all  
failures as well.*

*Those who are great I have made great,*

*Those who are failures I have made failures.*

*I am not a machine,*

*but I work with all the precision of a machine,*

*plus the intelligence of a person.*

*Now, you may run me for profit or*

*you may run me for ruin.*

*It makes no difference to me.*

*Take me, train me, be firm with me,*

*and I will lay the world at your feet.*

*Be easy with me and I will destroy you.*

**WHO AM I?... I AM CALLED HABIT.**

*Author Unknown*

*I discovered this little gem at a seminar a few years ago,  
and it applies here.*

# DISCUSSION QUESTIONS

1. *Why is investing intimidating?*
2. *Discuss some experiences with investing.*
3. *Discuss Mutual Funds.*

## Answer Key (left to right)

*Simple*

*Never*

*Spread*

*Risk*

*Less*

*7%*

*Value*

*You*

*Bond*

*Value*

*Investment*

*Fixed*

*Risk*

*Stupid*

*Never*

*Around*

*Return*

*Deposit*

*High*

*Dividends*

*Interest*

*Money*

*Increased*

*Cash*

*Variable*

*Las Vegas*

*Simple*

*Borrowed*

*Lowers*

*Availability*

*Low*

*Ownership*

*Debt*

*Few*

*Fund*

*Long*

*Savings*

*Very*

# ACCOUNTABILITY CHECK-UP

## Understanding Investments

- I. Be prepared to show your filled in Debt Snowball form.
  - A. **EMOTION – EMOTION – EMOTION is the KEY! GET MAD!!!**
  - B. Use the combination of the Debt Snowball and emotion to motivate you to financial victories.
  - C. Living by and committing to do the Debt Snowball will prove to be the difference between your success and failure.
  
- II. **Everyone needs to do their next month's budget and bring it next week.** Be sure to make any adjustments necessary from the last budget you did.
  - A. **Use the Actually Spent Column on the monthly budget sheet to help you with your next budget.**
  - B. It may be helpful for you to compare your actual % of take home expenses with the recommended percentage chart.
  
- III. Show your **Financial Snapshot** with column 2 completed.
  
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:**
  - A. Discuss why it's important to dump debt before starting to invest.
  - B. Talk about the temptation of wanting to invest now instead of first dumping your debt, as we teach in Baby Step Two.
  - C. What two words should you say to an investment broker who doesn't take the time to teach you about how your investments work? ("You're fired!")
  - D. Talk about how important it is for spouses to be on the same page, working together when it comes to both dumping debt and investing.
  - E. Discuss the challenge of being single and trying to be accountable for your financial actions.
  - F. Look at the "**Monthly Debt Payments Rob You...**" chart (at the end of the lesson) and discuss how monthly debt robs people of the ability to invest monthly for their retirement.
  - G. Discuss the danger of trying to invest using borrowed money. Then talk about the relationship between owing money, credit cards and trying to invest for retirement.
  - H. Talk about the Power of Diversification (see chart in the lesson). Is it wise to put all your eggs in one basket?

# **WE NEED YOUR HELP TO TOUCH THIS NATION!!!**

- We hear all the time how FPU has been a tremendous blessing in peoples' lives, and we want to start sharing more of those victory stories with others.
- If you have a victory story related to how FPU helped you, then we'd love to hear from you.

**Call in to *The Dave Ramsey Show*  
with your FPU Testimonial  
Dial 1-888-825-5225,  
Press #3 to talk with Dave on the air.**

- Let us know "What FPU has done for me . . ."
  - How has it help your relationships?
  - How much DEBT did you dump?
  - How much have you put into savings?
  - Would you recommend FPU to others?
  - Was it worth your time and money?
  - Were you the FPU Coordinator?
    - How did the class go? Are you starting another class?
- Please mention your name, city and state. **KEEP IN MIND**, by leaving this voice message you will be authorizing our use of your message for both local and national radio spots and other media usage.
- Thank you for helping us get the message out about this **LIFE-CHANGING** program.

# *UNDERSTANDING INSURANCE*



*Travis Foster*

*“It is unwise to hope for the best without preparing for the worst”*

*-Anonymous*

# *NOTES*

# Understanding Insurance

Insurance is an essential Financial Planning tool.

The purpose of insurance is to \_\_\_\_\_ risk.

Until you have big, big cash, certain losses could bankrupt you, so

wisdom says to transfer the \_\_\_\_\_.

*"A prudent man sees evil and hides himself, the naive proceed and pay the penalty."  
Old Proverb*

## Basic Types of Coverage Needed

1. \_\_\_\_\_ or \_\_\_\_\_ insurance

2. \_\_\_\_\_ insurance

3. \_\_\_\_\_ insurance

4. \_\_\_\_\_ insurance

5. \_\_\_\_\_ insurance

6. \_\_\_\_\_ insurance

## Homeowners and Auto Insurance

1. Raise your \_\_\_\_\_. (Savings should be there)
2. Carry adequate \_\_\_\_\_.
3. Consider dropping your \_\_\_\_\_ on older cars.
4. Homeowners should be \_\_\_\_\_ cost.
5. \_\_\_\_\_ liability policies are a good buy once you have some assets.

## Health Insurance

*Keys to saving on your Health premiums:*

1. Increase your \_\_\_\_\_ and/or co-insurance amount.
2. Increase your \_\_\_\_\_ loss but never decrease your maximum pay.

*The self-employed can save money by using an \_\_\_\_\_, a Medical Savings Account. (Nicknamed Medical IRA)*

*The MSA is a tax deductible medical savings account for medical bills that works with a \_\_\_\_\_ deductible (inexpensive) medical insurance policy.*

## Disability Insurance

*Disability Insurance is designed to replace \_\_\_\_\_ lost due to a short term or permanent disability.*

*Buy Disability Insurance that pays if you cannot perform the job that you were educated or \_\_\_\_\_ to do.*

*That is called \_\_\_\_\_ disability.*

*Buy coverage to age 65 or for \_\_\_\_\_.*

*Beware of \_\_\_\_\_ term policies.*

*Your coverage should be for \_\_\_\_\_% of your take home pay.*

*The \_\_\_\_\_ period is how long before payments begin after disability.*

*The \_\_\_\_\_ the elimination period the \_\_\_\_\_ your premium cost should be.*

## Long Term Care Insurance

*Long Term Care Insurance is for \_\_\_\_\_ home or in home care.*

*\_\_\_\_\_ of people over the age of 65 will require long term care at some point in their lives with \_\_\_\_\_ needing more than 5 years of care.*

## Life Insurance

*"...For what is your life? It is even a vapor that appears for a little time and then vanishes away."*

*James 4:14 (NKJV)*

*Everyone is going to die someday, but rarely do we know when that time is going to come. If people depend on you to provide an income, it is wise to insure your income, in case you should lose your life.*

*Life Insurance is to replace lost income due to \_\_\_\_\_.*

*It is really \_\_\_\_\_ insurance.*

*Most people have no \_\_\_\_\_ what they \_\_\_\_\_.*

### Two Types of Life Insurance

*1. \_\_\_\_\_ insurance is for a specified period, is substantially cheaper, and has no savings plan built in.*

*2. \_\_\_\_\_ insurance is normally for life and is more expensive in order to fund a savings plan.*

*The most common insurance myth is that the need for Life Insurance is a \_\_\_\_\_ situation and ever growing.*

*Twenty years from today the children are grown and gone, you are debt free including that old 15-year mortgage, and you have investments that have grown to a substantial amount. You have become self \_\_\_\_\_.*

## *Why not Life Insurance as an Investment?*

1. Returns are historically \_\_\_\_\_.
2. When you die with cash value, the insurance company \_\_\_\_\_ the cash value.
3. The \_\_\_\_\_ deducted from your return are \_\_\_\_\_.

## *What to Remember When Purchasing Life Insurance*

1. Buy only low cost level \_\_\_\_\_.
2. Do not forget your \_\_\_\_\_.
3. Stay away from fancy \_\_\_\_\_.
4. Children only need enough for \_\_\_\_\_ expenses.  
(they don't earn an income which needs replacement)

## How Much Insurance Do you Need?

*You need about 10 times what your annual need would be if you lost that person. Invested at 10% return the investment would produce an income to cover the need.*

### Approximate Term Insurance Cost

*Age 30 - \$ 0.60 per \$1,000 in coverage*

*Age 40 - \$ 0.90 per \$1,000 in coverage*

*Age 50 - \$ 2.50 per \$1,000 in coverage*

*Age 60 - \$ 6.65 per \$1,000 in coverage*

*\* 20-year level term*

*\* Tobacco users add 100%*

### Insurance Calculation

*# of Thousands X Rate per \$1,000 = Total*

*Primary* \_\_\_\_\_ X \_\_\_\_\_ = \_\_\_\_\_

*Spouse* \_\_\_\_\_ X \_\_\_\_\_ = \_\_\_\_\_

*Est. Total Premium* \_\_\_\_\_

## **Insurance to Avoid**

1. \_\_\_\_\_ *Life and* \_\_\_\_\_ *Disability*
2. *Credit* \_\_\_\_\_ *Protection*
3. \_\_\_\_\_ *and Hospital Indemnity*
4. *Accidental* \_\_\_\_\_ *Insurance*
5. *Any insurance with* \_\_\_\_\_ *value, investment, or refund*
6. *Pre-paid* \_\_\_\_\_ *policies*
7. *Mortgage* \_\_\_\_\_ *insurance*
8. *Any kind of* \_\_\_\_\_ *coverage*

# ***DISCUSSION QUESTIONS***

1. *Why do we detest insurance?*
2. *What do you think is the average death claim paid to a widow in the U.S.?*
3. *Explain the difference between Term and Cash Value Life Insurance?*

## **Answer Key** (left to right)

<i>Transfer</i>	<i>Risk</i>	<i>Homeowner's</i>	<i>Renter's</i>
<i>Auto</i>	<i>Health</i>	<i>Disability</i>	<i>Life</i>
<i>Long Term Care</i>	<i>Deductible</i>	<i>Liability</i>	<i>Collision</i>
<i>Replacement</i>	<i>Umbrella</i>	<i>Deductible</i>	<i>Stop</i>
<i>MSA</i>	<i>Large</i>	<i>Income</i>	<i>Trained</i>
<i>Occupational</i>	<i>Life</i>	<i>Short</i>	<i>65</i>
<i>Elimination</i>	<i>Longer</i>	<i>Lower</i>	<i>Nursing</i>
<i>60%</i>	<i>20%</i>	<i>Death</i>	<i>Death</i>
<i>Idea</i>	<i>Own</i>	<i>Term</i>	<i>Cash</i>
<i>Value</i>	<i>Permanent</i>	<i>Insured</i>	<i>Low</i>
<i>Keeps</i>	<i>Fees</i>	<i>High</i>	<i>Term</i>
<i>Spouse</i>	<i>Options</i>	<i>Burial</i>	<i>Credit</i>
<i>Credit</i>	<i>Card</i>	<i>Cancer</i>	<i>Death</i>
<i>Cash</i>	<i>Burial</i>	<i>Life</i>	<i>Duplicate</i>

# ACCOUNTABILITY CHECK-UP

## Understanding Insurance

- I. Everyone hold up their monthly zero-based budget.
- A. **Discuss how much easier or harder it was to do this time compared to the first one. Be HONEST & TRANSPARENT with each other.**
  - B. **Discuss what you have learned about how YOU handle money.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (Let everyone talk. That includes – both spouses and all singles.)
- A. Discuss how having an emergency fund in place can affect your insurance premiums and deductibles.
  - B. What do you do if money is tight and you're having a hard time financially:
    - 1. Take a chance and drop your insurance, until you've paid off your debts.
    - 2. Only put insurance on the individual who brings home the most income and pray nothing happens to the rest of the family.
    - 3. Make insurance coverage a priority to avoid a financial disaster.
  - C. What could happen to you financially if you do not have the proper amount of insurance in place? **(If anyone in the group has a nightmare story to relate to the group regarding this issue, please share it now!!!)**
  - D. Discuss how having or not having the proper amount of insurance in place makes you feel:
    - a. **Wives (ladies) talk about how important it is to you.**
    - b. **Husbands (men) talk about how it makes you feel.**
    - c. **Singles talk about your need for insurance.**
  - E. Dave always teaches that we should deal only with insurance agents who have a heart of a teacher, who will help you understand what you are buying. What two words should you say to them if they do not? (Answer: **YOU'RE FIRED!!!**) Why?
  - F. I have balanced my checkbook this month within 72 hours of receiving my bank statement. Yes/No? Why/Why not?
  - G. In what ways can having a debit card be almost as dangerous as a credit card?
  - H. Your FPU debit card holder has this warning on it: **"Using this card may be hazardous to your financial health."** Is this true? If you are using the card holder, has this subtle reminder helped you control your debit card spending?
- III. Complete Insurance Coverage Recap sheet so that you will have all your insurance records in one place. (See page 172.)

**INSURANCE**

*Insurance Coverage Recap*

<i>TYPE</i>	<i>COMPANY</i>	<i>PLAN ID #</i>	<i>POLICY #</i>	<i>AMOUNT</i>	<i>AGENT</i>	<i>PHONE #</i>
HOMEOWNERS						
AUTO						
LIFE						
DISABILITY						
MEDICAL						
PROFESSIONAL						

*Mortgage Information*

<i>TYPE</i>	<i>COMPANY</i>	<i>PHONE #</i>	<i>LOAN #</i>	<i>START</i>	<i>END</i>	<i>AMOUNT</i>
1 <sup>st</sup>						
2 <sup>nd</sup>						

# ***RETIREMENT & COLLEGE PLANNING***



*Travis Foster*

*“A good man leaves an inheritance for his children’s children . . .”*

*Proverbs 13:22 (NIV)*

# NOTES

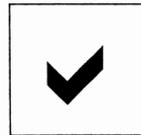
# Retirement and College Planning

Disclaimer: This lesson is intended only for information! Because tax laws frequently change and various details have been omitted for the sake of time, you **MUST** check with your tax advisor to verify this information for your situation **BEFORE** you act.

***Once the Emergency Fund is in place you should begin Retirement and College funding which all fall within long term investing for \_\_\_\_\_.***

***Baby Step #4: Invest 15% of household income into Roth IRA's and pre-tax retirement.***

***ALWAYS save long term with TAX \_\_\_\_\_ dollars.***



**IRA**

**IRS**

***CHECK ONE OF THESE  
(YOU WILL CHOOSE ONE)***

***Tax favored means that the investment is in a \_\_\_\_\_  
\_\_\_\_\_ or has special tax treatment.***

***“Dishonest money dwindles away, but he who gathers money little by little makes it grow.”***

***Old Proverb***

## Qualified Plans

\_\_\_\_\_ Account called an  
IRA, \_\_\_\_\_ Employee Pension Plan called a SEPP,  
\_\_\_\_\_ or \_\_\_\_\_ or \_\_\_\_\_  
or other deferred compensation plans.

## Individual Retirement Accounts (IRA)

Everyone with \_\_\_\_\_ income is eligible.

Each person with earned income may have an IRA of up to  
\$ \_\_\_\_\_ per year, (\$3,000 for 2002-4, \$4,000 for 2005-7,  
\$5,000 begins 2008)

When a spouse has no earned income they also can do  
\$ \_\_\_\_\_ per year in an IRA if the "working" spouse earns  
double per year, (\$3,000 for 2002-3, \$4,000 for 2004-7, \$5,000  
begins 2008)

Remember IRA is not a \_\_\_\_\_ of investment at a  
bank, it is the tax treatment on virtually any type of investment.

# Roth IRA

*Trivia: The Roth IRA is named for Senator William Roth (R-Delaware) who authored this section of The Taxpayer Relief Act of 1997.*

*The Roth IRA is an \_\_\_\_\_ tax IRA that grows TAX FREE!  
If you save like we teach, you \_\_\_\_\_ use the Roth IRA.*

## Who is eligible?

- **Singles**  
100% contribution with income less than \$95,000.  
Phase out between \$95,000-\$110,000. Not eligible above \$110,000.
- **Married filing jointly**  
100% contribution with income less than \$150,000.  
Phase out between \$150,000-\$160,000. Not eligible over \$160,000.

## Why the Roth IRA?

- 1) *More* \_\_\_\_\_.
- 2) *Higher* \_\_\_\_\_ *at retirement.*
- 3) *More* \_\_\_\_\_.
- 4) *More* \_\_\_\_\_.

## Flexibility:

- **Tax free and penalty free withdrawals anytime equal to contributions (after the emergency fund is depleted you have a fall back).**
- **After 5 years tax free, penalty free withdrawals for 100% if:**
  - 1) **Over 59 1/2 years old**
  - 2) **Because of death or disability**
  - 3) **First time home purchase (max \$10,000)**

## **Simplified Employee Pension Plan (SEPP)**

A \_\_\_\_\_ employed person may deduct up to \_\_\_\_\_ of their net profit on the business by investing in a SEPP.

*The maximum deductible amount is \$25,000 (for 2001, check limit this year) and all employees who have been with the firm more than 3 of the last 5 years must receive the same percentage of their pay.*

*“Don’t muzzle the ox while he is treading out the grain.”*

*I Corinthians 9:9 (NIV)*

## **401K, 403B, & 457 Retirement Plans**

\_\_\_\_\_ companies have completely done away with traditional pension plans in the last decade, according to Forbes. Some new plans offer a variety of pre-tax choices.

Do not use a Guaranteed Investment \_\_\_\_\_ (GIC) or Bond Funds to fund your plan.

*You should be funding your plan whether your company matches or not, but the plans that have company matching provide \_\_\_\_\_ returns.*

## **Rollovers**

*You should always roll all retirement plans to an IRA when you \_\_\_\_\_ the company.*

*When should you roll to the Roth IRA? You are not eligible to roll an IRA to a Roth if you are married and filing separately or if you have an income over \$100,000.*

*You should roll to a Roth IRA ONLY if:*

- 1) You will have saved over \_\_\_\_\_ by age 65.*
- 2) You pay your taxes \_\_\_\_\_ not from IRA.*
- 3) You understand all taxes will become due on rollover amount (rollover in 1998 taxes must be spread over 4 years).*

*Never \_\_\_\_\_ on your retirement plan.*

*If you are a Federal government worker and have the standard thrift plan, we recommend \_\_\_\_\_ in the C Fund, \_\_\_\_\_ in the S Fund, and \_\_\_\_\_ in the I Fund.*

### **Our Suggestion**

*Baby Step #4: Invest 15% of household income into Roth IRA's and pre-tax retirement.*

- 1) Fund 401K or other employer plan if they match.  
Fund an \_\_\_\_\_ equal to the match.*
- 2) Above the match amount, fund \_\_\_\_\_ IRAs.  
If there is no match, start with \_\_\_\_\_ IRAs.*
- 3) Complete 15% of income by going to company  
\_\_\_\_\_ or SEPP's.*

*Note: This is the best plan if you end up with \$700,000 or more by age 65 because mandatory retirement withdrawals will cause a higher tax bracket at retirement.*

**An American Dream:**

*A 30 year old couple funds a Roth IRA at \$3,000 each per year (\$500/mo at 12% growth). At 70 years old they have \$5,882,386.26 . . . TAX FREE !!!!*

**Imagine if:**

*That same 30 year old couple made \$40,000.00 and saved 15% in a 401K (\$6,000.00 per year, \$500.00 per month at 12% growth). At 70 years old, they would have \$5,882,386.26 in the 401K!*

**By Retirement:**

*That 30 year old couple, DEBT FREE, saved \$1000 per month.*

*At 70 years old, they will have:*

<i>Roth IRA</i>	<i>\$5,882,386.26</i>
<i>401k</i>	<i>\$5,882,386.26</i>
<i>Total</i>	<i>\$11,764,772.51</i>

# College Planning

## *Baby Step #5: College Funding*

*Save for college first using "Educational Saving Accounts,"  
nick-named Education \_\_\_\_\_.*

*You may save \$2,000 per year, per child after tax that grows  
TAX FREE (of course we suggest growth mutual funds)!*

### **Who is eligible?**

- **Beneficiary must be under 18.**
- **Must be used for higher education or tax and 10% penalty charged.**
- **Must be used or rolled to family member by age 30 or tax and 10% penalty charged.**
- **Singles contributing must make less than \$95,000 income.  
Phase out between \$95,000-\$110,000. Not eligible above \$110,000.**
- **Married filing jointly contributing must make less than \$190,000.  
Phase out between \$190,000-\$220,000. Not eligible over \$220,000 income.**

*Above the ESA , you invest for college in good \_\_\_\_\_*

*stock mutual funds in an UTMA (or UGMA).*

*UTMA stands for Uniform \_\_\_\_\_ (or gift) to Minors Act.*

- **The first \$750 has zero tax. (for 2001)**
- **If the child is under 14 years old the next \$750 is taxed at 10% or 15% (for 2001). The rest is taxed at the parent's rate.**
- **If the child is over 14 anything over \$750 is taxed at child's bracket of 10% or 15% (for 2001).**

*The account is \_\_\_\_\_ in the child's name and a \_\_\_\_\_ is named, usually the parent or grandparent.*

*The \_\_\_\_\_ is the manager until the child reaches 21.*

*At age 21 (age 18 for UGMA) they can do with it what they please.*

*So raise your kids right...Let the beatings begin.*

*"The rod and reproof give wisdom, But a child left to himself brings shame to his mother."*

*Proverbs 29:15 (NKJV)*

*Many states now offer \_\_\_\_\_ plans that allow for investment in mutual funds that grow tax free for college.*

*The only 529 plans I would use are the ones that allow you to \_\_\_\_\_ your investment into certain mutual funds with long track records.*

*We do not recommend the age based 529 plans because the returns are \_\_\_\_\_.*

- There is no income limit to do 529 investing and you may place up to \$10,000 per year per child into the plan.
- You may do more on a one time basis and all money put into the 529 plan is removed from your estate for estate tax planning.
- The money must be used for college or transferred to another beneficiary within the family, otherwise there will be a 10% penalty and taxes due.

## *Four Nevers of College Saving*

1. *Never save for college using \_\_\_\_\_.*
2. *Never save for college using \_\_\_\_\_ bonds.  
(Only 5-6%)*
3. *Never save for college using \_\_\_\_\_ \_\_\_\_\_ bonds.  
(Only 6-8%)*
4. *Never save for college using \_\_\_\_\_ college  
tuition. (Only 7% inflation rate)*

# Monthly College Planning

*In order to have enough for college you must aim at something. Your assignment is to determine how much per month you should be saving at 12% interest in order to have enough for college.*

*If we are saving at 12% and inflation is at 4% then we are moving ahead of inflation at a net of 8% per year.*

## Step One:

*In today's dollars how much per year does the college of your choice take: \$ \_\_\_\_\_*

*X 4 years = \$ \_\_\_\_\_*

*(hint: \$15,000 to \$25,000 annually)*

## Step Two:

*To achieve that college egg you will save at 12% netting 8% after inflation so we will target that college egg using 8%.*

$$\frac{\text{Nest Egg Needed}}{\text{Factor}} \times \text{Factor} = \text{Monthly Savings Needed}$$

*8% Factors (select the one that matches your age)*

<u>CHILD'S AGE</u>	<u>YEARS TO SAVE</u>	<u>FACTOR</u>
<u>0</u>	<u>18</u>	<u>.002083</u>
<u>2</u>	<u>16</u>	<u>.002583</u>
<u>4</u>	<u>14</u>	<u>.003247</u>
<u>6</u>	<u>12</u>	<u>.004158</u>
<u>8</u>	<u>10</u>	<u>.005466</u>
<u>10</u>	<u>8</u>	<u>.007470</u>
<u>12</u>	<u>6</u>	<u>.010867</u>
<u>14</u>	<u>4</u>	<u>.017746</u>

*Note: Be sure to try one or two examples if you wait 5 or 10 years to start.*

# Monthly Retirement Planning

SHEET 12

*In order to retire with some security you must aim at something. Too many people use the READY-FIRE-AIM approach to retirement planning. Your assignment is to determine how much per month you should be saving at 12% interest in order to retire at 65 years old with what you need.*

*If we are saving at 12% and inflation is at 4% then we are moving ahead of inflation at a net of 8% per year. If you invest your nest egg at retirement at 12% and want to break even with 4% inflation you will be living on 8% income.*

## Step One:

*Annual Income (today) you wish to retire on:* \$30,000  
*divide by .08*  
*(Nest egg needed) equals:* \$375,000

## Step Two:

*To achieve that nest egg you will save at 12% netting 8% after inflation so we will target that nest egg using 8%.*

\$375,000                      X .000436                      =                      \$163.50  
*Nest Egg Needed*                      *Factor*                      *Monthly Savings Needed*

*8% Factors (select the one that matches your age)*

<u>AGE</u>	<u>YEARS TO SAVE</u>	<u>FACTOR</u>
<u>25</u>	<u>40</u>	<u>.000286</u>
<u>30</u>	<u>35</u>	<u>.000436</u>
<u>35</u>	<u>30</u>	<u>.000671</u>
<u>40</u>	<u>25</u>	<u>.001051</u>
<u>45</u>	<u>20</u>	<u>.001698</u>
<u>50</u>	<u>15</u>	<u>.002890</u>
<u>55</u>	<u>10</u>	<u>.005466</u>
<u>60</u>	<u>5</u>	<u>.013610</u>

*Note: Be sure to try one or two examples if you wait 5 or 10 years to start.*



# ANSWER KEY

## Answer Key (left to right)

<i>Wealth</i>	<i>Favored</i>	<i>Qualified Plan</i>
<i>Individual</i>	<i>Retirement</i>	<i>Simplified</i>
<i>401K</i>	<i>403B</i>	<i>457</i>
<i>Earned</i>	<i>\$3,000/\$5000</i>	<i>\$3,000/\$5000</i>
<i>Type</i>	<i>After</i>	<i>Should</i>
<i>Choices</i>	<i>Bracket</i>	<i>Invested</i>
<i>Flexibility</i>	<i>Self</i>	<i>15%</i>
<i>Most</i>	<i>Contract</i>	<i>Great</i>
<i>Leave</i>	<i>\$700,000</i>	<i>Separate</i>
<i>Borrow</i>	<i>40%</i>	<i>40%</i>
<i>20%</i>	<i>Amount</i>	<i>Roth</i>
<i>Roth</i>	<i>Plans</i>	<i>IRA's</i>
<i>Growth</i>	<i>Transfer</i>	<i>Listed</i>
<i>Custodian</i>	<i>Custodian</i>	<i>529</i>
<i>Freeze</i>	<i>Low</i>	<i>Insurance</i>
<i>Savings</i>	<i>Zero Coupon</i>	<i>Pre-paid</i>

# ACCOUNTABILITY CHECK-UP

## Retirement & College Planning

- I. **Review briefly (no more than 10 minutes) as a group the Monthly Retirement Planning worksheet.**
  - A. If someone has a calculator help each other figure out how much money you need to save to retire as you'd like to.
  - B. If you procrastinate and wait 5 to 10 years before getting started, calculate how much more you would have to save. \*Note: These figures do not include any pre-existing savings towards retirement. If no one has a calculator, let everyone do it for homework themselves this week.
  
- II. **Be Prepared to name the Baby Steps, in order, at the next class session.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Remember this is a support group; encourage one another).
  - A. When you see retirement age people at places like Wal-Mart or a grocery store bagging groceries, does it ever make you stop and think: that could be me some day? If so, does it emotionally motivate you to do something now about it? Should it? Why?
  - B. Should you ever TEMPORARILY stop adding to your retirement plan? If so, why? And when should you start it up again?
  - C. Should you ever cash in pre-taxed retirement savings early to get out of debt? How would it affect your taxes?
  - D. Talk about how this lesson can make someone feel guilty or depressed, because they are not yet in a financial position to save for retirement.
  - E. Should you ever let your children's college funding get in the way of you building a proper foundation for your own financial future?
  - F. Why is it important to put aside 3 to 6 times your monthly expenses in an emergency fund and not 3 to 6 times your monthly income? (according to Baby Step Three)
  - G. Does college funding come before or after retirement savings according to the Baby Step principles? Why?
  - H. How does doing a monthly budget and living by it help you prepare for retirement?
  
- IV. **Review Retirement Options chart to compare which option is best for your family or individual needs. (See page 190.)**

## Retirement Options

The changes under the Economic Growth and Tax Relief Reconciliation Act of 2001 effect some retirement plans. The salary reduction limits are as follows:

YEAR	401K/403B/SAR-SEP	SIMPLE	457
2001	\$10,500	\$6,500	\$8,500
2002	\$11,000	\$7,000	\$11,000
2003	\$12,000	\$8,000	\$12,000
2004	\$13,000	\$9,000	\$13,000
2005	\$14,000	\$10,000	\$14,000
2006	\$15,000	\$10,000	\$15,000
2007 And Following Fully Phased In	Adjusted for Inflation	Adjusted for Inflation	Adjusted for Inflation

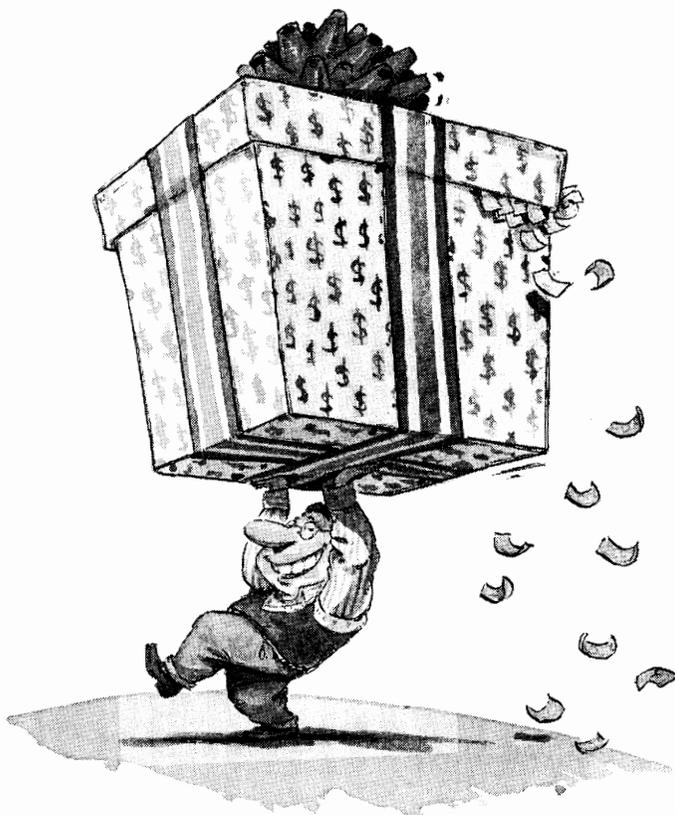
There is also new salary reduction catch-up contributions that can be made for those individuals who reach 50 years of age during the plan year.

YEAR	401K/403B/457/SAR-SEP	SIMPLE IRA
2002	\$1,000	\$500
2003	\$2,000	\$1,000
2004	\$3,000	\$1,500
2005	\$4,000	\$2,000
2006	\$5,000	\$2,500
2007 And Following	Adjusted For Inflation	Adjusted For Inflation

Also, the Economic Growth and Tax Relief Reconciliation Act of 2001 provides a new IRA annual contribution and catch-up limit for those 50 years old and older.

YEAR	MAXIMUM IRA CONTRIBUTION	ADDITIONAL CATCH-UP
2002-2004	\$3,000	\$500
2005-2007	\$4,000	\$500 (\$1,000 in 2006-2007)
2008	\$5,000	\$1,000
AFTER 2008	ADJUSTED FOR INFLATION IN \$500 INCREMENTS	\$1,000

# *BUYER BEWARE*



*Travis Foster*

*“Almost any man knows how to earn money, but not one in a million knows how to spend it.”*

*-Henry David Thoreau*

***NOTES***

# *Buyer Beware — Caveat Emptor*

## *Profile of the Enemy*

*(The enemy of your Financial Peace)*

*“He who has the most toys, wins, but he’s still dead.”*

*Anonymous*

*Companies use every angle to aggressively compete for*

*your \_\_\_\_\_.*

*“The blessings of the Lord makes one rich, And He adds no sorrow with it.”*

*Proverbs 10:22 (NKJV)*

*Four Major Ways are:*

1. \_\_\_\_\_ *selling*

2. \_\_\_\_\_ *as a marketing tool.*

\_\_\_\_\_ *% of 90 days same as cash contracts convert to*

*payments which are usually at \_\_\_\_\_% APR with rule of*

*78’s prepayment penalty.*

*Four Major Ways Continued...*

3. \_\_\_\_\_, radio, and other \_\_\_\_\_

4. *Product* \_\_\_\_\_



*Brand Recognition*



*Shelf Position*



*Color*



*Packaging*

### *Significant Purchases*

A “Significant Purchase” is normally over \$ \_\_\_\_\_.

Our body goes through physiological \_\_\_\_\_ when making a “Significant Purchase.”

### *What To Do*

Because you can always spend more than you \_\_\_\_\_ you must develop a **POWER OVER** \_\_\_\_\_ by:

1. Wait \_\_\_\_\_ before making a purchase.

*“He who is impulsive exalts folly.”*

*Old Proverb*

2. Carefully consider your buying \_\_\_\_\_.

*“In the house of the wise are stores of choice food and oil, But a foolish man devours all he has.”*

*Proverbs 21:20 (NIV)*

*No amount of \_\_\_\_\_ equals contentment or fulfillment.*

*“For where your treasure is, there your heart will be also.”*

*Matthew 6:21 (NKJV)*

3. Never buy anything you do not \_\_\_\_\_.

*“A wise man will hear and increase in learning, And a man of understanding will acquire wise counsel.”*

*Old Proverb*

4. Consider the “Opportunity \_\_\_\_\_” of your money.

*“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.”*

*Old Proverb*

5. Seek the \_\_\_\_\_ of your spouse.

*“Who can find a virtuous wife? For her worth is far above rubies. (11) The heart of her husband safely trusts her: So he will have no lack of gain.”*

*Proverbs 31:10-11 (NKJV)*

## DISCUSSION QUESTIONS

1. *How is financing used as a marketing tool?*
2. *Does packaging and advertising really affect your buying habits?*
3. *Someone give a personal example of "opportunity cost" of money.*
4. *Should you always have guilt or "conviction" when purchasing something "nice", and how do you know when that purchase is proper?*

### Answer Key (left to right)

<i>Money</i>	<i>Personal</i>
<i>Financing</i>	<i>78</i>
<i>24</i>	<i>TV</i>
<i>Media</i>	<i>Positioning</i>
<i>300</i>	<i>Changes</i>
<i>Make</i>	<i>Purchase</i>
<i>Over</i>	<i>Night</i>
<i>Motives</i>	<i>Stuff</i>
<i>Understand</i>	<i>Cost</i>
<i>Counsel</i>	

# ACCOUNTABILITY CHECK-UP

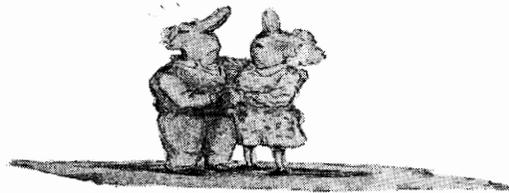
## Buyer Beware

- I. **Check monthly budgets and see how everyone is doing.**
  - A. Are you truly trying to live by your budget?
  - B. **Are you making the necessary adjustment to fine-tune it?**
  - C. Plan on bringing next month's budget into class next week.
  - D. Bring in your **Financial Snapshot** with column 3 completed next week.
  
- II. **Name the Baby Steps in order.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Have each person answer and participate in this discussion.)
  - A. I run my household and do not let my creditors set my priorities. In other words, I do not let creditors control my budget. The best way for them to get paid is for me to take control of my financial destiny.
  - B. I do not borrow money anymore, including on credit cards. True / False  
Why or why not?
  - C. I try to never pay retail for anything. (Share a recent bargain story with the class.)
  - D. How have the biblical principles of this program affected my view of handling my personal finances?
  - E. How would **waiting overnight** before making purchasing decisions have changed your debt load today? (Talk about examples of things you've purchased impulsively in the past.) Has this changed now for you?
  - F. Do you seek the counsel of your spouse, if married, before making purchases over \$300? If so, why? If not, why not? Should you?
  - G. Whose counsel do you seek if you are single?
  - H. Give an example of something you have bought in the past that you really did not fully understand how it worked, yet you purchased it anyway. Would you do it again?
  - I. In what ways has having an accountability partner been helpful to you? Do you still need help in this area?

**BUYER BEWARE**

# *NOTES*

# *REAL ESTATE & MORTGAGES*



*Travis Foster*

*“Prepare your outside work, make it fit for yourself in the field; and afterward build your house.”*

*Proverbs 24:27 (NKJV)*

# ACCOUNTABILITY CHECK-UP

## Buyer Beware

- I. **Check monthly budgets and see how everyone is doing.**
  - A. Are you truly trying to live by your budget?
  - B. **Are you making the necessary adjustment to fine-tune it?**
  - C. Plan on bringing next month's budget into class next week.
  - D. Bring in your **Financial Snapshot** with column 3 completed next week.
  
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  - B. I do not borrow money anymore, including on credit cards. True / False  
Why or why not?
  - C. I try to never pay retail for anything. (Share a recent bargain story with the class.)
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  - G. Whose counsel do you seek if you are single?
  - H. Give an example of something you have bought in the past that you really did not fully understand how it worked, yet you purchased it anyway. Would you do it again?
  - I. In what ways has having an accountability partner been helpful to you? Do you still need help in this area?

# MONTHLY CASH FLOW PLAN

SHEET 5 CONTINUED

<i><u>Budgeted</u></i> <i><u>Item</u></i>	<i><u>Sub</u></i> <i><u>Total</u></i>	<i><u>TOTAL</u></i>	<i><u>Actually</u></i> <i><u>Spent</u></i>	<i><u>% of Take</u></i> <i><u>Home Pay</u></i>
<b>RECREATION</b>				
*Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
<b>DEBTS (Hopefully -0-)</b>				
Visa 1	_____		_____	
Visa 2	_____		_____	
MasterCard 1	_____		_____	
MasterCard 2	_____		_____	
American Express	_____		_____	
Discover Card	_____		_____	
Gas Card 1	_____		_____	
Gas Card 2	_____		_____	
Dept. Store Card 1	_____		_____	
Dept. Store Card 2	_____		_____	
Finance Co. 1	_____		_____	
Finance Co. 2	_____		_____	
Credit Line	_____		_____	
Student Loan 1	_____		_____	
Student Loan 2	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____	_____	_____	_____
<b>PAGE 3 TOTAL</b>		_____	_____	
<b>PAGE 2 TOTAL</b>		_____	_____	
<b>PAGE 1 TOTAL</b>		_____	_____	
<b>GRAND TOTAL</b>		_____	_____	
<b>TOTAL HOUSEHOLD INCOME</b>		_____		
		<b>ZERO</b>		

CASH FLOW PLANNING

# RECOMMENDED PERCENTAGES

SHEET 6

*I have used a compilation of several sources and my own experience to derive the suggested percentage guidelines. However, these are only recommended percentages and will change dramatically if you have a very high or very low income. For instance, if you have a very low income, your necessities percentages will be high. If you have a high income your necessities will be a lower percentage of income and hopefully savings (not debt) will be higher than recommended.*

<u>ITEM</u>	<u>ACTUAL %</u>	<u>RECOMMENDED %</u>
CHARITABLE GIFTS	_____	10-15%
SAVING	_____	5-10%
HOUSING	_____	25-35%
UTILITIES	_____	5-10%
FOOD	_____	5-15%
TRANSPORTATION	_____	10-15%
CLOTHING	_____	2-7%
MEDICAL/HEALTH	_____	5-10%
PERSONAL	_____	5-10%
RECREATION	_____	5-10%
DEBTS	_____	5-10%

# INSTRUCTIONS SHEET 7

*This sheet is where all your work thus far starts giving you some peace. You will implement Sheet 5 information from theory into your life by using Sheet 7. Note: If you have an irregular income, like self-employment or commissions, you should use Sheet 8, after reviewing Sheet 7.*

*There are four columns to distribute as many as four different incomes within one month. Each column is one pay period. If you are a one-income household and you get paid two times per month then you will only use two columns. If both of you work and one is paid weekly and the other every two weeks, add the two paychecks together on the weeks you both get a paycheck, while just listing the one paycheck on the other two. Date the pay period columns then enter the income for that period. As you allocate your paycheck to an item, put the remaining total balance to the right of the slash. Income for period 3-1 in our example is \$1,000 and we are allocating \$100 to Charitable Giving leaving \$900 to the right of the slash in that same column. Some bills will come out of each pay period and some only on selected pay periods. As an example, you may take "Car Gas" out of every paycheck, but pay the electric bill from period 2. You already pay some bills or payments out of designated checks, only now you pay all things from designated checks.*

*The whole point to this sheet, which is the culmination of all your monthly planning, is to allocate or "spend" your whole paycheck before you get paid. I don't care where you allocate your money, but allocate all of it before you get your check. Now all the tense, crisis-like symptoms have been removed because you planned. No more management by crisis or impulse. Those who tend to be impulsive should just allocate more to the "Blow" category. At least you are now doing it on purpose and not by default. The last blank that you make an entry in should have a "0" to the right of the slash, showing you have allocated your whole check.*

*An "\*" beside an item means you should use the "envelope system."*

*Emergency Fund gets ALL the savings until 3-6 months of expenses have been saved.*

## SAMPLE ALLOCATED SPENDING PLAN

<u>ITEM</u>	<u>PAY PERIOD:</u> <u>3-1</u>	_____	_____	_____
<b>INCOME</b>	<u>1,000</u>	_____	_____	_____
<b>CHARITABLE GIFTS</b>	<u>100/900</u>	___/___	___/___	___/___
<b>SAVING</b>				
Emergency Fund(1)	<u>50/850</u>	___/___	___/___	___/___
Retirement Fund	___/___	___/___	___/___	___/___
College Fund	___/___	___/___	___/___	___/___
<b>HOUSING</b>				
First Mortgage	<u>725/125</u>	___/___	___/___	___/___

# ALLOCATED SPENDING PLAN

SHEET 7

	<u>PAY PERIOD:</u> <u>8/1</u>	<u>8/8</u>	<u>8/15</u>	<u>8/22</u>
<b><u>ITEM</u></b>				
<b>INCOME</b>	<u>\$650</u>	<u>\$850</u>	<u>\$1,500</u>	<u>0</u>
<b>CHARITABLE</b>	<u>75 / 575</u>	<u>/</u>	<u>/</u>	<u>/</u>
<b>SAVING</b>				
<i>Emergency Fund</i>	<u>50 / 525</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Retirement Fund</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>College Fund</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<b>HOUSING</b>				
<i>First Mortgage</i>	<u>/</u>	<u>750 / 100</u>	<u>/</u>	<u>/</u>
<i>Second Mortgage</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Real Estate Taxes</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Homeowners Ins.</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Repairs or Mn. Fees</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Replace Furniture</i>	<u>50 / 475</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Other</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<b>UTILITIES</b>				
<i>Electricity</i>	<u>100 / 375</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Water</i>	<u>50 / 325</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Gas</i>	<u>/</u>	<u>50 / 50</u>	<u>/</u>	<u>/</u>
<i>Phone</i>	<u>/</u>	<u>25 / 25</u>	<u>/</u>	<u>/</u>
<i>Trash</i>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>Cable</i>	<u>/</u>	<u>25 / 0</u>	<u>/</u>	<u>/</u>
<b>*FOOD</b>				
<i>*Grocery</i>	<u>300 / 25</u>	<u>/</u>	<u>/</u>	<u>/</u>
<i>*Restaurants</i>	<u>25 / 0</u>	<u>/</u>	<u>/</u>	<u>/</u>

CASH FLOW PLANNING



# ALLOCATED SPENDING PLAN

SHEET 7

## TRANSPORTATION

<i>Car Payment</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Car Payment</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Gas and Oil</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Repairs and Tires</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Car Insurance</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>License and Taxes</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Car Replacement</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>

## \*CLOTHING

<i>*Children</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Adults</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Cleaning/Laundry</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>

## MEDICAL/HEALTH

<i>Disability Insurance</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Health Insurance</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Doctor</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Dentist</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Optometrist</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Drugs</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>

## PERSONAL

<i>Life Insurance</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Child Care</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Baby Sitter</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Toiletries</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Cosmetics</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>*Hair Care</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Education/Adult</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>School Tuition</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>School Supplies</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>
<i>Child Support</i>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>	<u>    /    </u>

CASH FLOW PLANNING

# ALLOCATED SPENDING PLAN

SHEET 7

<i>Alimony</i>	/	/	/	/
<i>Subscriptions</i>	/	/	/	/
<i>Organization Dues</i>	/	/	/	/
<i>Gifts (inc. Christmas)</i>	/	/	/	/
<i>Miscellaneous</i>	/	/	/	/
<i>*BLOW \$\$</i>	/	/	/	/
<b>RECREATION</b>				
<i>*Entertainment</i>	/	/	/	/
<i>Vacation</i>	/	/	/	/
<b>DEBTS (Hopefully -0-)</b>				
<i>Visa 1</i>	/	/	/	/
<i>Visa 2</i>	/	/	/	/
<i>MasterCard 1</i>	/	/	/	/
<i>MasterCard 2</i>	/	/	/	/
<i>American Express</i>	/	/	/	/
<i>Discover Card</i>	/	/	/	/
<i>Gas Card 1</i>	/	/	/	/
<i>Gas Card 2</i>	/	/	/	/
<i>Dept. Store Card 1</i>	/	/	/	/
<i>Dept. Store Card 2</i>	/	/	/	/
<i>Finance Co. 1</i>	/	/	/	/
<i>Finance Co. 2</i>	/	/	/	/
<i>Credit Line</i>	/	/	/	/
<i>Student Loan 1</i>	/	/	/	/
<i>Student Loan 2</i>	/	/	/	/
<i>Other _____</i>	/	/	/	/
<i>Other _____</i>	/	/	/	/
<i>Other _____</i>	/	/	/	/
<i>Other _____</i>	/	/	/	/
<i>Other _____</i>	/	/	/	/

CASH FLOW PLANNING

# IRREGULAR INCOME PLANNING

Many of us have irregular incomes. If you are self-employed or work on commission or royalties, then planning your expenses is difficult since you cannot always predict your income. You should still do all the sheets except Sheet 7. Sheet 5 will tell you what you have to earn monthly to survive or prosper, and those real numbers are very good for goal setting.

What you must do is take the items on Sheet 5 and prioritize them by importance. I repeat: by importance, not urgency. You should ask yourself, "If I only have enough money to pay one thing, what would that be?" Then ask, "If I only have enough money to pay one more thing, what will that be?" Move this way through the list. Now be prepared to stand your ground because things have a way of seeming important when they are only urgent. Saving should be a high priority!

The third column, "Cumulative Amount," is the total of all amounts above that item. So, if you get a \$2,000 check, you can see how far down your priority list you can go.

Item	Amount	Cumulative Amount
Penny's	\$150	\$150
Sears	\$250	\$400
1/2 Couch	\$500	\$900
Vacation - part	\$200	\$1,100
Christmas - part	\$400	\$1,500
Visa	\$500	\$2,000

# IRREGULAR INCOME PLANNING

SHEET 8

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The third column, "Cumulative Amount," is the total of all amounts above that item. So, if you get a \$2,000 check, you can see how far down your priority list you can go.

<u>Item</u>	<u>Amount</u>	<u>Cumulative Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

CASH FLOW PLANNING

# BREAKDOWN OF SAVINGS

SHEET 9

*After your emergency fund is fully funded, you can save for certain items like furniture, car replacement, home maintenance, or clothes, and your savings balance will grow. This sheet is designed to remind you that all of that money is committed to something, not just a Hawaiian vacation on impulse because you are now "rich." Keep up with your breakdown of savings monthly for one quarter at a time.*

<u>ITEM</u>	<u>BALANCE BY</u>			
	<u>MONTH:</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>
<i>Emergency Fund (1)</i>	<i>\$1000</i>			
<i>Emergency Fund (2)</i>	<i>3-6 months</i>			
<i>Retirement Fund</i>				
<i>College Fund</i>				
<i>Real Estate Taxes</i>				
<i>Homeowners Insurance</i>				
<i>Repairs or Mn. Fee</i>				
<i>Replace Furniture</i>		<i>600</i>	<i>650</i>	<i>700</i>
<i>Car Insurance</i>				
<i>Car Replacement</i>				
<i>Disability Insurance</i>				
<i>Health Insurance</i>				
<i>Doctor</i>				
<i>Dentist</i>		<i>500</i>	<i>500</i>	<i>500</i>
<i>Optometrist</i>				
<i>Life Insurance</i>				
<i>School Tuition</i>				
<i>School Supplies</i>				
<i>Gifts (inc. Christmas)</i>		<i>600</i>	<i>700</i>	<i>800</i>
<i>Vacation</i>		<i>500</i>	<i>650</i>	<i>800</i>
<i>Other</i> _____				
<i>Other</i> _____				
<b>TOTAL</b>		<b>2200</b>	<b>2500</b>	<b>2800</b>

CASH FLOW PLANNING

# BREAKDOWN OF SAVINGS

SHEET 9

*After your emergency fund is fully funded, you can save for certain items like furniture, car replacement, home maintenance, or clothes, and your savings balance will grow. This sheet is designed to remind you that all of that money is committed to something, not just a Hawaiian vacation on impulse because you are now "rich." Keep up with your breakdown of savings monthly for one quarter at a time.*

<u>ITEM</u>	<u>BALANCE BY</u> <u>MONTH:</u>			
Emergency Fund (1)	\$1000	_____	_____	_____
Emergency Fund (2)	3-6 months	_____	_____	_____
Retirement Fund		_____	_____	_____
College Fund		_____	_____	_____
Real Estate Taxes		_____	_____	_____
Homeowners Insurance		_____	_____	_____
Repairs or Mn. Fee		_____	_____	_____
Replace Furniture		_____	_____	_____
Car Insurance		_____	_____	_____
Car Replacement		_____	_____	_____
Disability Insurance		_____	_____	_____
Health Insurance		_____	_____	_____
Doctor		_____	_____	_____
Dentist		_____	_____	_____
Optometrist		_____	_____	_____
Life Insurance		_____	_____	_____
School Tuition		_____	_____	_____
School Supplies		_____	_____	_____
Gifts (inc. Christmas)		_____	_____	_____
Vacation		_____	_____	_____
Other _____		_____	_____	_____
Other _____		_____	_____	_____
<b>TOTAL</b>		_____	_____	_____

*Emergency Fund (1) is your first \$1000 (or \$500 if your income is less than \$20,000). After completing your debt snowball, Emergency Fund (2) gets all of the savings until 3-6 months of expenses have been saved.*

# THE DEBT SNOWBALL

SHEET 10

List your debts in order from smallest to largest with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first shows you quick feedback, and you are more likely to stay with the plan.

Redo this sheet each time you pay off a debt so you can see how close you are getting to freedom. Keep the old sheets to wallpaper the bathroom in your new debt-free house. The "New Payment" is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly. "Payments Remaining" is the number of payments remaining on that debt when you get down the snowball to that item. Cumulative Payments is the total payments needed, including the snowball, to payoff that item. In other words, this is your running total for "Payments Remaining."

## COUNT DOWN TO FREEDOM!!

Date: \_\_\_\_\_

<u>Item</u>	<u>Total Payoff</u>	<u>Minimum Payment</u>	<u>New Payment</u>	<u>Payments Remaining</u>	<u>Cumulative Payments</u>
<u>Penny's</u>	<u>\$150</u>	<u>\$15</u>	<u>\$0</u>	<u>0</u>	<u>Garage sale</u>
<u>Sears</u>	<u>\$250</u>	<u>\$10</u>	<u>\$25</u>	<u>11</u>	<u>11</u>
<u>Visa</u>	<u>\$500</u>	<u>\$75</u>	<u>\$100</u>	<u>PD</u>	<u>11</u>
<u>M.C.</u>	<u>\$1,500</u>	<u>\$90</u>	<u>\$190</u>	<u>5</u>	<u>16</u>
<u>Car</u>	<u>\$4,000</u>	<u>\$210</u>	<u>\$400</u>	<u>4</u>	<u>20</u>
<u>Stu. Loan</u>	<u>\$4,000</u>	<u>\$65</u>	<u>\$465</u>	<u>6</u>	<u>26</u>

**TOTALLY Debt Free except the house!**

Finish Emergency Fund  
Fund Retirement/College  
Then Do House



## PRO RATA DEBTS

<i>Discover</i>	<i>\$1,200</i>	<i>\$150</i>
<i>Citibank Visa</i>	<i>300</i>	<i>45</i>
<i>MBNA Visa</i>	<i>200</i>	<i>25</i>
<i>Penny's</i>	<i>100</i>	<i>60</i>
<i>Sears</i>	<i>200</i>	<i>30</i>
 <b>TOTAL</b>	 <b>\$2,000</b>	 <b>\$310</b>

<i>Income</i>	<i>\$2,400</i>
<i>-Necessity Expense</i>	<i><u>2,200</u></i>
<i>Disposable Income</i>	<i>\$ 200</i>

*Can't Increase Income Anytime Soon*

## PRO RATA PLAN

SHEET 11

<i><u>Total</u></i> <i><u>Item</u></i>	<i><u>Total</u></i> <i><u>Payoff</u></i>	<i><u>/Debt</u></i>	<i><u>= Percent</u></i>	<i><u>Disposable</u></i> <i><u>X Income</u></i>	<i><u>= New</u></i> <i><u>Payments</u></i>
<i><u>Discover</u></i>	<i><u>1,200</u></i>	<i><u>/ 2000</u></i>	<i><u>= . 60</u></i>	<i><u>X 200</u></i>	<i><u>= 120</u></i>
<i><u>Citibank</u></i>	<i><u>300</u></i>	<i><u>/ 2000</u></i>	<i><u>= . 15</u></i>	<i><u>X 200</u></i>	<i><u>= 30</u></i>
<i><u>MBNA</u></i>	<i><u>200</u></i>	<i><u>/ 2000</u></i>	<i><u>= . 10</u></i>	<i><u>X 200</u></i>	<i><u>= 20</u></i>
<i><u>Penny's</u></i>	<i><u>100</u></i>	<i><u>/ 2000</u></i>	<i><u>= . 5</u></i>	<i><u>X 200</u></i>	<i><u>= 10</u></i>
<i><u>Sears</u></i>	<i><u>200</u></i>	<i><u>/ 2000</u></i>	<i><u>= . 10</u></i>	<i><u>X 200</u></i>	<i><u>= 20</u></i>



# PRO RATA PLAN LETTER

**Date:** Feb. 22, 2002

**From:** Joe and Suzie Public  
123 Anystreet  
Anytown, ST 11111

**To:** Mega Credit Card Company  
999 Main Street  
Big City, ST 00000

**Re:** Joe & Suzie Public # 1234-5678-9012-9999

Dear Collection Manager:

Recently I lost my job and my wife is employed in a clerical position and we have met with a financial counselor to assess our present situation.

We acknowledge our indebtedness to you of \$6000, and fully intend to pay you back in full. However you are one of 6 creditors that we owe \$42,968 to. We owe minimum payments of \$782 each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.

We have put together a basic necessities cash flow plan based on our take home pay of \$2340 per month (see the enclosed copy of cash flow plan). Since we have 2 small children and no disposable income at this time to pay our creditors, we can not make a payment to you at the present time but we do not intend to go bankrupt.

At this time we are asking for a moratorium on payments for the next 120 days. We will keep in close contact with you and, as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.

We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at 600-555-9876.

Thank you for your consideration of our present situation.

Sincerely,

*Joe Public*  
*Suzie Public*

# PRO RATA PLAN LETTER

**Date:** \_\_\_\_\_

**From:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**To: Name of Creditor**  
**Address**

**Re: Card holder name and account number**

Dear: (If you know a specific person or when contacting them by phone get name of area or office supervisor.)

Recently (I have had to.....) Or (my husband had.....) changed jobs and have met with a financial counselor to access our present situation.

We acknowledge our indebtedness to you of \$ \_\_\_\_\_, and fully intend to pay you back in full. However you are one of \_\_\_\_\_ creditors that we owe \$ \_\_\_\_\_ to. We owe minimum payments of \$ \_\_\_\_\_ each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.

We have put together a basic necessities cash flow plan based on our take home pay of \$ \_\_\_\_\_ per month (enclose copy of cash flow plan). Since we have \_\_\_\_\_ small children and no (or limited) disposable income at this time to pay our creditors, we (can or cannot) make a payment to you (of \$ \_\_\_\_\_) at the present time because we do not intend to go bankrupt.

At this time we are asking for a moratorium on payments for the next \_\_\_\_\_ (30, 60, 90, or 120) days. We will keep in close contact with you and, as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.

We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at \_\_\_\_\_ (phone number).

Thank you for your consideration of our present situation.

Sincerely,

(Signatures)



# MONTHLY RETIREMENT PLANNING

SHEET 12

*In order to retire with some security you must aim at something. Too many people use the READY-FIRE-AIM approach to retirement planning. Your assignment is to determine how much per month you should be saving at 12% interest in order to retire at 65 years old with what you need.*

*If we are saving at 12% and inflation is at 4%, then we are moving ahead of inflation at a net of 8% per year. If you invest your nest egg at retirement at 12% and want to break even with 4% inflation, you will be living on 8% income.*

## Step One:

*Annual Income (today) you wish to retire on: \$ \_\_\_\_\_*  
*divide by .08*  
*(nest egg needed) equals: \$ \_\_\_\_\_*

## Step Two:

*To achieve that nest egg, you will save at 12% netting 8% after inflation. So, we will target that nest egg using 8%.*

$$\frac{\text{Nest Egg Needed}}{\text{8 \% Factor}} = \text{Monthly Savings Needed}$$

8% Factors (select the one that matches your age)

<u>Age</u>	<u>Years to Save</u>	<u>Factor</u>
<u>25</u>	<u>40</u>	<u>.000286</u>
<u>30</u>	<u>35</u>	<u>.000436</u>
<u>35</u>	<u>30</u>	<u>.000671</u>
<u>40</u>	<u>25</u>	<u>.001051</u>
<u>45</u>	<u>20</u>	<u>.001698</u>
<u>50</u>	<u>15</u>	<u>.002890</u>
<u>55</u>	<u>10</u>	<u>.005466</u>
<u>60</u>	<u>5</u>	<u>.013610</u>

*Note: Be sure to try one or two examples if you wait 5 or 10 years to start.*

# DISCUSSION QUESTIONS

1. *What are the benefits of a written cash flow plan? Be specific. How can this impact a marriage? How can it strengthen a single person?*
2. *What things have kept you from living by a cash flow plan?*
3. *Which marital partner in your situation needs to take responsibility in guiding your plan? What if neither of you likes working with numbers?*
4. *What should you do if you are single and hate working with numbers or budgets?*

## Answer Key (left to right)

<i>Active</i>	<i>Cash</i>	<i>Flow</i>
<i>Checkbook</i>	<i>Living</i>	<i>Carbon</i>
<i>ATM</i>	<i>Debit</i>	<i>Bread</i>
<i>Water</i>	<i>Abuse</i>	<i>Worked</i>
<i>Fear</i>	<i>Leave</i>	<i>Out</i>
<i>Complicate</i>	<i>Do</i>	<i>Live</i>
<i>Crisis</i>	<i>Farther</i>	<i>Money</i>
<i>Fights</i>	<i>Guilt</i>	<i>Shame</i>
<i>Fear</i>	<i>Bounced</i>	<i>Checks</i>
<i>Stress</i>	<i>Over</i>	<i>Spending</i>
<i>Zero</i>	<i>Envelope</i>	

# ACCOUNTABILITY CHECK-UP

## Cash Flow Planning

- I. Everyone holds up **BASIC QUICKIE BUDGET** to show you worked on it. Use the Quickie Budget to help you do your first zero-based budget.
- II. Everyone makes a verbal commitment that they will start putting something aside for an emergency fund each month, even if it is only \$4.00.

**\*It is vitally important to your financial future that you get into the habit of doing this as a priority!**

- III. Everyone makes a commitment to the group to attend all 13 class sessions, unless an emergency comes up.
- IV. Have each person/family make a commitment to going home and doing a **ZERO-BASED BUDGET** before the next class session.
- V. **ACCOUNTABILITY & APPLICATION REVIEW:** (Everyone reads and comments about these statements.)
  - A. I understand the concept behind how to use the cash envelope system and will commit to at least using one envelope for food throughout this program. (Instructions are in the envelope system.)
  - B. I do not write postdated, hot or even warm checks. I have balanced my checkbook this month. (See sample "How to Balance Your Checkbook" in this lesson, if necessary.)
  - C. I understand how to complete the **FINANCIAL SNAPSHOT** form and will complete the first column by the next class.
  - D. I will not impulse shop anymore or use my ATM or Debit card impulsively.
  - E. I will make a commitment right now to myself (and my spouse, if married) plus this group, that I will do three (3) monthly zero-based budgets during this 13 week program.
  - F. Does anyone have any questions about how to do a budget? (Review as a group if needed.)

- VI. Be prepared to show your **ZERO-BASED BUDGET** at the next class.

HAS *FPU*  
BECOME A  
*BLESSING*  
IN YOUR LIFE?  
THEN FEEL FREE  
TO INVITE A  
**FRIEND OR**  
**LOVED ONE**  
TO ATTEND  
ONE CLASS SESSION  
FOR “*FREE*”  
AS OUR GUEST!!!

# *RELATING WITH MONEY*



*Travis Foster*

*“Personal relationships are the fertile soil from which all advancement, all success, all achievement in real life grows.”*

*Ben Stein*

# *NOTES*

# *RELATING WITH MONEY*

*The flow of money in a family represents the \_\_\_\_\_  
\_\_\_\_\_ under which that family is operating.*

## *Men, Women, and Money (overgeneralizing)*

### *Emergency Fund Savings:*

*Men: "Boring, not sophisticated \_\_\_\_\_."*

*Women: "Most \_\_\_\_\_ key to our financial plan."*

### *Shopping:*

*Men get good deals by \_\_\_\_\_.*

*Men want to win.*

*Women get good deals by \_\_\_\_\_.*

*Women enjoy the process.*

## ***Financial Problems:***

*Men lose \_\_\_\_\_ - \_\_\_\_\_, because with men, money usually represents a \_\_\_\_\_.*

*Women face \_\_\_\_\_ or even \_\_\_\_\_, because usually with women, money can represent \_\_\_\_\_.*

*How many marriages would be better if the husband and the wife actually understood that they're on the same side?*

## ***Marriages and Money***

### ***Can We Talk?***

*The number one cause of divorce in America today is \_\_\_\_\_  
\_\_\_\_\_.*

*As you learn to discuss major purchases and budgets and come to agreement, you are agreeing on your \_\_\_\_\_  
\_\_\_\_\_.*

*When this happens, you will reach a \_\_\_\_\_ in your marriage that you can experience no other way.*

*“The happiest people in the world are those who do the most for others.”  
Booker T. Washington*

*“Therefore, a man shall leave his father and mother and be joined to his wife, and they shall become one flesh.”  
Genesis 2:24 (NKJV)*

## *Who Does The Financial Decision Making?*

*Both \_\_\_\_\_ !!!*

*The Partner with the natural \_\_\_\_\_ can prepare the \_\_\_\_\_, but the decision making must be by \_\_\_\_\_.*

*The \_\_\_\_\_ likes doing the budget because it gives them control, and they feel like they are taking care of loved ones.*

*“With all lowliness and gentleness, with long-suffering, bearing with one another in love, (3) endeavoring to keep the unity of the Spirit in the bond of peace.  
Ephesians 4:2-3 (NKJV)*

*The \_\_\_\_\_ spirit feels controlled (not cared for) and can appear irresponsible to nerds.*

# ACCOUNTABILITY CHECK-UP

## Buyer Beware

- I. **Check monthly budgets and see how everyone is doing.**
  - A. Are you truly trying to live by your budget?
  - B. **Are you making the necessary adjustment to fine-tune it?**
  - C. Plan on bringing next month's budget into class next week.
  - D. Bring in your **Financial Snapshot** with column 3 completed next week.
  
- II. **Name the Baby Steps in order.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Have each person answer and participate in this discussion.)
  - A. I run my household and do not let my creditors set my priorities. In other words, I do not let creditors control my budget. The best way for them to get paid is for me to take control of my financial destiny.
  - B. I do not borrow money anymore, including on credit cards. True / False  
Why or why not?
  - C. I try to never pay retail for anything. (Share a recent bargain story with the class.)
  - D. How have the biblical principles of this program affected my view of handling my personal finances?
  - E. How would **waiting overnight** before making purchasing decisions have changed your debt load today? (Talk about examples of things you've purchased impulsively in the past.) Has this changed now for you?
  - F. Do you seek the counsel of your spouse, if married, before making purchases over \$300? If so, why? If not, why not? Should you?
  - G. Whose counsel do you seek if you are single?
  - H. Give an example of something you have bought in the past that you really did not fully understand how it worked, yet you purchased it anyway. Would you do it again?
  - I. In what ways has having an accountability partner been helpful to you? Do you still need help in this area?

**BUYER BEWARE**

# ***NOTES***

# ***REAL ESTATE & MORTGAGES***



*Travis Foster*

***“Prepare your outside work, make it fit for yourself in the field; and afterward build your house.”***

***Proverbs 24:27 (NKJV)***

## *Singles and Their Money*

*Time \_\_\_\_\_ (no time) and fatigue can lead to poor money management.*

*Beware of \_\_\_\_\_ buying which can be brought on by \_\_\_\_\_ or even by the “I owe it to \_\_\_\_\_” syndrome.*

*A written plan gives the \_\_\_\_\_ person empowerment, self accountability and \_\_\_\_\_ .*

### *Prevention:*

*Develop an \_\_\_\_\_ relationship.*

*Someone with whom to discuss major \_\_\_\_\_ .*

*Someone with whom to discuss your \_\_\_\_\_ .*

*Accountability friends must love you enough to be brutally honest and promise to do so for your own good.*

*Suggested possibilities: pastor, parent, relative, boss, etc.*

## Teach the Children

The teaching of fiscal responsibility is not the \_\_\_\_\_

responsibility. It is \_\_\_\_\_ responsibility!

*“Train up a child in the way he should go, and when he is old, he will not depart from it. (7) The rich rule over the poor and the Borrower is servant to the Lender.”*

*Proverbs 22:6-7 (NKJV)*

*“Tell me, and I’ll forget. Show me, and I may not remember. Involve me, and I’ll understand.”*

*Native American Saying*

*“But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever.”*

*I Timothy 5:8 (NKJV)*

Pay \_\_\_\_\_ not allowances; we have enough people in our society who expect to be made allowance for.

Words are \_\_\_\_\_.

*“Criticize the performance, not the performer.”*

*Anonymous*

*“Correct your son, and he will give you rest; yes, he will give delight to your soul.”*

*Proverbs 29:17 (NKJV)*

*If you \_\_\_\_\_ you eat; if you do not \_\_\_\_\_ you do not eat.*

*“For even when we were with you, we commanded you this: If anyone will not work, neither shall he eat.”*

*II Thessalonians 3:10 (NKJV)*

*Teach by \_\_\_\_\_.*

*Show them how you live \_\_\_\_\_ free, how insurance works, how an IRA works, etc.*

*“The silver haired head is a crown of glory, if it is found in the way of righteousness.”*

*Proverbs 16:31 (NKJV)*

*If the children are young, use a clear \_\_\_\_\_ to save.*

*The visual reinforcement is powerful.*

*Use three envelopes for ages \_\_\_\_\_:*

*\_\_\_\_\_, spending, and saving. (Check out our teaching kit for children called Financial Peace Jr.)*

*Somewhere around \_\_\_\_\_ years old open a checking account for the child and teach him how to run it by monthly reviews.*

*A great saving exercise is to have the child save to buy her first \_\_\_\_\_.*

### *A Very Good Idea*

*What if your children had a \_\_\_\_\_ fund and a \_\_\_\_\_ fund?*

*Coupled with a commitment from your children to never borrow, this idea could change your family tree.*

# DISCUSSION QUESTIONS

1. *What are the advantages in financial control to being single? What are the disadvantages?*
2. *What are some of the reasons that finances should be agreed on by both partners in a marriage?*
3. *What are some of the ways your parents did or did not teach you about money, saving, and work?*
4. *What are some practical things you can do with teenagers to teach the lost art of personal finance?*

## Answer Key (left to right)

*Value*  
*Important*  
*Self*  
*Fear*  
*Money*  
*System*  
*Both*  
*Both*  
*Poverty*  
*Myself*  
*Accountability*  
*School's*  
*Powerful*  
*Example*  
*5-12*  
*Car*  
*Free*

*System*  
*Negotiating*  
*Esteem*  
*Terror*  
*Fights*  
*Unity*  
*Gift*  
*Nerd*  
*Impulse*  
*Single*  
*Purchases*  
*Your*  
*Work*  
*Debt*  
*Giving*  
*College*

*Enough*  
*Hunting*  
*Scorecard*  
*Security*  
*Value*  
*Both*  
*Budget*  
*Free*  
*Stress*  
*Control*  
*Budget*  
*Commissions*  
*Work*  
*Container*  
*13-15*  
*Debt*

# ACCOUNTABILITY CHECK-UP

## Relating With Money

- I. Everyone holds up his Monthly **ZERO-BASED BUDGET**; check each other for **zero-based totals** on the third page.
- II. Encourage each other to make a commitment to do everything possible to avoid adding any new debts to their financial picture.
- III. **Have some fun with the class:** Everyone can start bringing in their credit card applications. Add up the total credit limits that are being offered, then tear up the applications, or send them back with a copy of the Credit Rebellion Letter from our website. **\*\*Keep a running total for the group as a whole to see how much debt your class is avoiding by not accepting the credit cards. TOTALS WILL BE REVIEWED DURING SESSION #11.**
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:** (Everyone reads and comments about these statements.)
  - A. I put relationships above money – my spouse, children, and co-workers are more important than money or financial stress. (Would others – your friends or coworkers, agree with your answer?)
  - B. As a single parent, discuss how fatigue can affect your money management.
  - C. I am, or will start, having a quiet time each day to prioritize the most important things in my life and grow spiritually.
  - D. I did not get into financial stress quickly, and I will likely walk out of it slowly. (Talk about the stress of financial problems.)
  - E. I will be held accountable for my financial actions by working with my spouse or, if single, my buddy. (Use the BUDDY SYSTEM). **Develop an Accountability partner before leaving your class session today!**
  - F. I will teach my children how to handle money. Why is this important? What could happen if you do not?
  - G. I will start keeping the other people in this class in my thoughts and prayers for their success as well as my own.
  - H. Is it easier to impulse shop as a single, without someone to answer to?

## A STORY OF DELIVERANCE AND A FINANCIAL HEALING

- (1) *“A certain woman of the wives of the sons of the prophets cried out to Elisha, Saying “Your servant my husband is dead, and you know that your servant feared the Lord. And the creditor is coming to take my two sons to be his slaves.”*
- (2) *So Elisha said to her, “What shall I do for you? Tell me, what do you have in the house?” and she said, “Your maidservant has nothing in the house but a jar of oil.”*
- (3) *Then he said, “Go, borrow vessels from everywhere, from all your neighbors - empty vessels; do not gather just a few.*
- (4) *And when you have come in, you shall shut the door behind you and your sons; then pour into all those vessels, and set aside the full ones.”*
- (5) *So she went from him and shut the door behind her and her sons, who brought the vessels to her; and she poured it out.*
- (6) *Now it came to pass, when the vessels were full, that she said to her son, “Bring me another vessel.” And he said to her, “There is not another vessel.” So the oil ceased.*
- (7) *Then she came and told the man of God. And he said, “Go, sell the oil and pay your debt; and you and your sons live on the rest.”*

*II Kings 4:1-7 (NKJV)*

# *BUYING ONLY BIG, BIG BARGAINS*



*Travis Foster*

*“Probably the world’s greatest humorist was the man who named them easy payments.”*

*Stanislas*

# *NOTES*

# ***BUYING ONLY BIG, BIG BARGAINS***

*It is proper to get a great deal if you:*

- 1) have in no way \_\_\_\_\_ the truth.*
- 2) have not set out to \_\_\_\_\_ the other party.*
- 3) have created a win \_\_\_\_\_ deal.*

## **The First Key**

*The First Key to opening the door to huge bargains is you must negotiate \_\_\_\_\_.*

*Win \_\_\_\_\_ really works so don't be \_\_\_\_\_ to ask for the \_\_\_\_\_!*

## LUCKY SEVEN BASIC RULES OF NEGOTIATING

*"A false balance is an abomination to the Lord, but a just weight is His delight."  
Proverbs 11:1 (NKJV)*

*"He who sells what isn't his'n, buys it back or goes to pris'n."*

*Anonymous*

1. Always tell the absolute \_\_\_\_\_.

2. Use the power of \_\_\_\_\_.

Cash is 1) \_\_\_\_\_

2) \_\_\_\_\_

3) (has) \_\_\_\_\_

3. Understand and use "Walkaway \_\_\_\_\_."

4. \_\_\_\_\_ up.

5. "That is not \_\_\_\_\_ enough."

6. \_\_\_\_\_ guy, \_\_\_\_\_ guy.

7. The "If I" take \_\_\_\_\_ technique.

## The Second Key

*The Second Key to opening the door to huge bargains is that you must have \_\_\_\_\_.*

*Don't get \_\_\_\_\_ to a purchase.*

*"Remember, what you possess in the world will be found at the day of your death to belong to someone else, but what you are will be yours forever."*

*Henry Van Dyke*

*"But the fruit of the Spirit is love, joy, peace, patience, kindness, goodness, faithfulness."*

*Galatians 5:22 (NIV)*

## The Third Key

*The Third Key to opening the door to huge bargains is that you must know where to find \_\_\_\_\_.*

\_\_\_\_\_ *something of value, goods or just your*

\_\_\_\_\_.

*"A man who owns little is little owned."*

*Anonymous*

# ***PLACES TO FIND GREAT DEALS***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

# LOVE, MOM

*During a period of economic hardship due to high interest rates in the real estate business, my mother sent me the following poem in the mail, and it hangs on my office wall today.*

## THE ROOSTER AND THE HEN

*Said the Little Red Rooster, "Believe me things are tough!  
Seems the worms are getting scarcer and I cannot find enough.  
What's become of all those fat ones? It's a mystery to me.  
There were thousands through that rainy spell,  
But now, where can they be?"*

*But the Old Black Hen who heard him didn't grumble or complain,  
She had lived through lots of dry spells;*

*She had lived through floods of rain.*

*She picked a new and undug spot, The ground was hard and firm,  
"I must go to the worms," she said. "The worms won't come to me."*

*The Rooster vainly spent his day, Through habit, by the ways  
Where fat round worms had passed in squads back in the rainy days.*

*When nightfall found him supperless, he growled in accents rough,  
"I'm hungry as a fowl can be, conditions sure are tough."*

*But the Old Black Hen hopped to her perch*

*And dropped her eyes to sleep*

*And murmured in a drowsy tone, "Young man, hear this and weep.  
I'm full of worms and happy*

*For I've eaten like a pig.  
The worms were there as always  
But, boy I had to dig!"*

*This was a Depression Era Poem. Strange it still applies today.*

*Love,*

*Mom*

## DISCUSSION QUESTIONS

1. *Why do we feel guilty when getting a bargain?*
2. *What phenomenon in our society has caused us to move away from bargain hunting?*
3. *Why do we many times avoid negotiation?*
4. *What are some great bargains you have gotten and locations you know where bargains can be had?*

### Answer Key (left to right)

*Misrepresented*

*Everything*

*Deal*

*Emotional*

*Power*

*Good*

*Patience*

*Trade*

*Individuals*

*Garage Sales/Yard*

*Refunding*

*Classified Ads*

*Harm*

*Win*

*Truth*

*Visual*

*Shut*

*Bad*

*Married*

*Services*

*Public Auctions*

*Flea Markets*

*Foreclosures*

*Consignment Sales*

*Win*

*Afraid*

*Cash*

*Immediacy*

*Good*

*Away*

*Deals*

*Estate Sales*

*Couponing*

*Repo Lot*

*Pawn Shops*

# ACCOUNTABILITY CHECK-UP

## Buying Only Big, Big Bargains

- I. Everyone shows and discusses how their envelope system is working for them. (How many are you using and for which categories?)
- II. Encourage each other to invite a friend or loved one to attend **one** of the classes with you for “Free” to see how this program can become a blessing in their life.
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Get into each other’s hearts and help one another.)
  - A. I have allocated all of this month’s household income on paper **before the month began.**
  - B. I have started saving money for an emergency fund.
    1. Wives (ladies), talk about how important it is to you.
    2. Husbands (men), talk about how it makes you feel.
    3. Singles, talk about why you need an emergency fund as a single.
  - C. When I’m at a store and the cashier gives me back too much money I –
    1. Keep it and do not say anything (it’s a blessing from God).
    2. Return it immediately.
    3. I never count my change to see if it’s correct.
  - D. I will cut up (destroy) all my credit cards because I no longer will allow them to give me the opportunity to stay in debt. **(Plan on cutting up credit cards after the Dumping Debt lesson.)**
  - E. I have (name items) that need to be sold to pay off debt. I have set (name time frame) to sell the item(s). Garage sale scheduled?
  - F. I will set aside a little “blow money” each month for myself (and my spouse) as my (our) budget permits to do whatever I (we) want with it. **(The budget is to be a blessing, not a burden.) You will probably blow some money, so budget for it!**
  - G. Are you still plagued by impulsive purchases? Explain what happens inside you when you are tempted to spend!!!

**DO YOU HAVE  
A POWERFUL TESTIMONY  
THAT YOU WOULD LIKE  
TO SHARE WITH US  
ABOUT HOW *FPU* HAS  
TOUCHED YOUR LIFE?  
PLEASE SHARE IT WITH US!**

**MAIL, FAX, E-MAIL  
IT INTO OUR OFFICE AT:**

**MAIL - 1749 MALLORY LANE  
SUITE 100  
BRENTWOOD, TENN. 37027**

**FAX - 1-615-371-5007**

**E-MAIL - [louisf@daveramsey.com](mailto:louisf@daveramsey.com)**

# ***DUMPING DEBT***



*Travis Foster*

*“The rich rules over the poor, and the borrower is servant to the lender.”  
Proverbs 22:7 (NKJV)*

# *NOTES*

DUMPING DEBT

# DUMPING DEBT

*...Debunking the Myth.*

*If you tell a lie, spread a \_\_\_\_\_ often enough, loud enough, and long enough the myth becomes accepted as \_\_\_\_\_.*

*Debt has been \_\_\_\_\_ to us in so many forms so aggressively since the 1960's that to even imagine living without it requires a complete paradigm \_\_\_\_\_.*

*Myth: If I loan money to a friend or relative I will be \_\_\_\_\_ them.*

*Truth: The relationship will be strained or \_\_\_\_\_.*

*Myth: By co-signing a loan I am \_\_\_\_\_ out a friend or relative.*

*Truth: The bank requires a co-signer because the person isn't likely to \_\_\_\_\_, so be ready to pay the loan and have your credit messed up because you are on the loan.*

*"It's stupid to guarantee someone else's loan."*

*Proverbs 17:18 (CEV)*

*Myth: Cash Advance, Rent-to-Own, Title Pawning, and Tote-The-Note Car Lots are needed \_\_\_\_\_ for lower income people to get ahead.*

*Truth: These are horrible, \_\_\_\_\_ rip offs that aren't needed and benefit no one but the owners of these companies.*

**Myth:** *Playing the lotto and other forms of gambling will make me \_\_\_\_\_.*

**Truth:** *Lotto and Powerball are a tax on the poor and on people who can't do \_\_\_\_\_.*

**Myth:** *Car \_\_\_\_\_ are a way of life and you'll always have one.*

**Truth:** *Staying away from car payments by driving reliable used cars is what the typical millionaire does. That is \_\_\_\_\_ they became millionaires.*

**Myth:** *\_\_\_\_\_ your car is what sophisticated financial people do. You should always lease things that go down in value and there are tax advantages.*

**Truth:** *Consumer Reports, Smart Money Magazine, and a good calculator will tell you that the car lease is the most \_\_\_\_\_ way to finance and operate a vehicle.*

**Truth:** *If you own a business you can write-off your \_\_\_\_\_ car on taxes without paying payments for the privilege.*

**Truth:** *The way to minimize the money lost on things that go down in value is to buy slightly \_\_\_\_\_.*

**Myth:** You can get a good deal on a \_\_\_\_\_ car.

**Truth:** A new car loses \_\_\_\_\_ of it's value in the first 4 years. This is the largest purchase most consumers make that goes down in value.

*A new car selling for \$28,000 on average will lose \$16,800 of it's value in the first 4 years, making it worth about \$11,200. You are losing about \$350 per month in value!*

**Myth:** The Home Equity Loan is good because of the \_\_\_\_\_ deduction and is a substitute for an emergency fund.

**Truth:** You don't go into \_\_\_\_\_ for emergencies.

**Truth:** A tax deduction is not good \_\_\_\_\_.

*If you have a loan of \$50,000 at 10% you would pay interest of \$5,000 to the bank which you can deduct from your taxes if the loan is against your home. If you did not have this deduction and had to pay taxes on that \$5,000 in a 25% bracket you would pay \$1250 in taxes. So you are telling me that you would like to send the bank \$5,000 to keep from sending Congress \$1250? Why don't you just give the \$5000 to your church, get the exact same tax benefit and avoid the debt?*

***Myth:*** I'll take out a 30-year mortgage and pay \_\_\_\_\_, I promise.

***Truth:*** Sick children, bad transmissions, prom dresses, downsizing, high utilities this month. Do I really need to go on? No one ever pays extra every month. Never take more than a \_\_\_\_\_ fixed rate loan.

*"Owe no one anything except to love one another. . ."*

*Romans 13:8 (NKJV)*

## **SHORTER TERMS**

<b><i>Home Purchased for</i></b>	<b><i>\$90,000</i></b>
<b><i>Down Payment</i></b>	<b><i>\$10,000</i></b>
<b><i>Mortgage Amount</i></b>	<b><i>\$80,000</i></b>

***10% Interest***

	<b><i>PAYMENT</i></b>	<b><i>TOTAL PAY BACK</i></b>
<b><i>30 years</i></b>	<b><i>\$702</i></b>	<b><i>\$252,740</i></b>
<b><i>15 years</i></b>	<b><i>\$859</i></b>	<b><i>\$154,743</i></b>
<b><i>Difference</i></b>	<b><i>\$157</i></b>	<b><i>\$ 97,997</i></b>

***You Saved Almost \$ 100,000!***

**Myth:** It is \_\_\_\_\_ to take out an ARM or a Balloon mortgage if "I know I'll be moving."

**Truth:** You will be moving when they \_\_\_\_\_.

**Myth:** You need to take out a credit card or car loan to "build your \_\_\_\_\_."

**Truth:** Open credit card accounts with zero balances count against you as well as car payments when qualifying for a home \_\_\_\_\_.

***With a 20% down payment, not buying too much house, 2 years or more on the job, and 2 years of paying your landlord early you will qualify for a mortgage. Don't fall for the lie!!!***

**Myth:** You need a credit card to \_\_\_\_\_ a car.

**Truth:** A \_\_\_\_\_ card will work at all the major rentals with few exceptions. Check in advance.

***Myth:*** You need a \_\_\_\_\_ card to check into a hotel or to make a purchase by phone or over the web.

***Truth:*** A \_\_\_\_\_ card will do all of that.

***Myth:*** "I pay mine off every \_\_\_\_\_, with no annual fee. I get brownie points, air miles, and a free hat."

***Truth:*** 78% of Americans do not pay off the balance EVERY \_\_\_\_\_.

***Truth:*** A recent Dunn and Bradstreet \_\_\_\_\_ found that when paying cash (from your envelope system) you spend 12% to 18% less because spending cash hurts. Ouch! So what if you get 1% back and a free hat?!

***Myth:*** I'll make sure my \_\_\_\_\_ gets a credit card so he/she can learn to be responsible with money.

***Truth:*** Teens are the number one \_\_\_\_\_ of credit card companies today. Anyone with half a brain realizes how stupid this myth is.

**Myth:** Debt consolidation \_\_\_\_\_ interest and you get just one smaller payment.

**Truth:** Debt consolidation is a \_\_\_\_\_.

**Truth:** Debt consolidation typically saves \_\_\_\_\_ or no interest because you will throw your low interest loans into the deal.

**Truth:** You can't borrow your way out of \_\_\_\_\_.

**Truth:** Smaller payments equal more time in \_\_\_\_\_.

**Myth:** Debt is a \_\_\_\_\_ and should be used to create prosperity.

**Truth:** Debt is proof that the borrower is slave to the \_\_\_\_\_.

**Truth:** When surveyed, the Forbes 400 were asked "What is the most important key to building wealth?" \_\_\_\_\_ replied that becoming and staying debt free was the number one key to building wealth.

How much could you \_\_\_\_\_, invest, blow and \_\_\_\_\_ if you had no payments?

# STEPS OUT OF DEBT

*“My son, if you have become surety for your friend, If you have shaken hands in pledge for a stranger, (2) You are snared by the words of your own mouth; You are taken by the words of your mouth. (3) So do this, my son, and deliver yourself; For you have come into the hand of your friend; Go and humble yourself; Plead with your friend. (4) Give no sleep to your eyes, Nor slumber to your eyelids. (5) Deliver yourself like a gazelle from the hand of the hunter, And like a bird from the hand of the Fowler.”*

*Proverbs 6:1-5 (NKJV)*

1. Quit \_\_\_\_\_ more \_\_\_\_\_!!!!

*“If you want to get yourself better off financially, QUIT BUYING THINGS!”*

*-Anonymous*

2. You must \_\_\_\_\_ money.

3. \_\_\_\_\_ really works.

4. Sell \_\_\_\_\_.

5. Part-time \_\_\_\_\_ or overtime (temporarily).

6. Debt \_\_\_\_\_.

## ***CREDIT CARD CRUMBS***

According to USA Today, 63% of bankruptcy filers blame credit card bills and 89% of filers **STILL** get offers.

Bank credit card balances **per U.S. household** hit **\$4,500** at the end of 1998 according to a recent issue of Bankcard Barometer.

Ram Research Corporation states there are over **50 million** Discover cards, **49 million** Citibank Visas, and **48 million** American Express.

According to the Wall Street Journal there are over **63 million** Sears cards with over 700,000 applications per month.

Credit card issuers sent out **4 billion** pieces of mail last year to **93 million households**, which is an average of more than **43 offers** going to each household, as reported in Ladies Home Journal.

Capitol One and MBNA, two of the major issuers, spend **\$60 million to \$70 million each quarter** on credit card offers, according to CardWeb, Inc.

USA Today notes that Citibank, the largest issuer of Visa, will spend **100 million dollars** this year just **marketing** credit cards to your **high school and college students**.

Colleges can earn \$50,000 to \$100,000 per year just to allow a credit card company to operate on campus. **Credit cards have become a rite of passage into adulthood.**

According to American Express, **33% of consumers use plastic more frequently today than 5 years ago.**

According to the Federal Reserve Board, consumers' outstanding debt on credit cards and other revolving loans has grown continuously over the last decade hitting **\$1.5 trillion last year.**

# SAMPLE THE DEBT SNOWBALL

SHEET 10

**COUNT DOWN TO FREEDOM!!**

**Date:** \_\_\_\_\_

DUMPING DEBT

<u>Item</u>	<u>Total Payoff</u>	<u>Minimum Payment</u>	<u>New Payment</u>	<u>Payments Remaining</u>	<u>Cumulative Payments</u>
<u>Penny's</u>	<u>\$150</u>	<u>\$15</u>	<u>\$0</u>	<u>0</u>	<u>Garage sale</u>
<u>Sears</u>	<u>\$250</u>	<u>\$10</u>	<u>\$25</u>	<u>11</u>	<u>11</u>
<u>Visa</u>	<u>\$500</u>	<u>\$75</u>	<u>\$100</u>	<u>PD</u>	<u>11</u>
<u>M.C.</u>	<u>\$1,500</u>	<u>\$90</u>	<u>\$190</u>	<u>5</u>	<u>16</u>
<u>Car</u>	<u>\$4,000</u>	<u>\$210</u>	<u>\$400</u>	<u>4</u>	<u>20</u>
<u>Stu. Loan</u>	<u>\$4,000</u>	<u>\$65</u>	<u>\$465</u>	<u>6</u>	<u>26</u>
<i>Finish Emergency Fund</i>					
<i>Fund Retirement/College</i>					
<i>Then Do House</i>					
<u>House</u>	<u>\$70,000</u>	<u>\$700</u>	<u>\$1,165</u>	<u>104</u>	<u>132</u>

**11 years TOTALLY Debt Free!**



# DISCUSSION QUESTIONS

1. *What got you started spending on credit?*
2. *Describe what feelings you would have if you had no debt.*
3. *How would your life change if you had no debt? Be specific.*
4. *What would you do with the money that is freed up?*

## Answer Key (left to right)

<i>Myth</i>	<i>Truth</i>	<i>Marketed</i>	<i>Shift</i>
<i>Helping</i>	<i>Destroyed</i>	<i>Helping</i>	<i>Repay</i>
<i>Services</i>	<i>Greedy</i>	<i>Rich</i>	<i>Math</i>
<i>Payments</i>	<i>How</i>	<i>Leasing</i>	<i>Expensive</i>
<i>Paid-For</i>	<i>Used</i>	<i>New</i>	<i>60%</i>
<i>Tax</i>	<i>Debt</i>	<i>Math</i>	<i>Extra</i>
<i>15-Year</i>	<i>Good</i>	<i>Foreclose</i>	<i>Credit</i>
<i>Mortgage</i>	<i>Rent</i>	<i>Debit</i>	<i>Credit</i>
<i>Debit</i>	<i>Month</i>	<i>Month</i>	<i>Study</i>
<i>Teenager</i>	<i>Target</i>	<i>Saves</i>	<i>Con</i>
<i>Little</i>	<i>Debt</i>	<i>Debt</i>	<i>Tool</i>
<i>Lender</i>	<i>75%</i>	<i>Save</i>	<i>Give</i>
<i>Borrowing</i>	<i>Money</i>	<i>Save</i>	<i>Prayer</i>
<i>Something</i>	<i>Job</i>	<i>Snowball</i>	

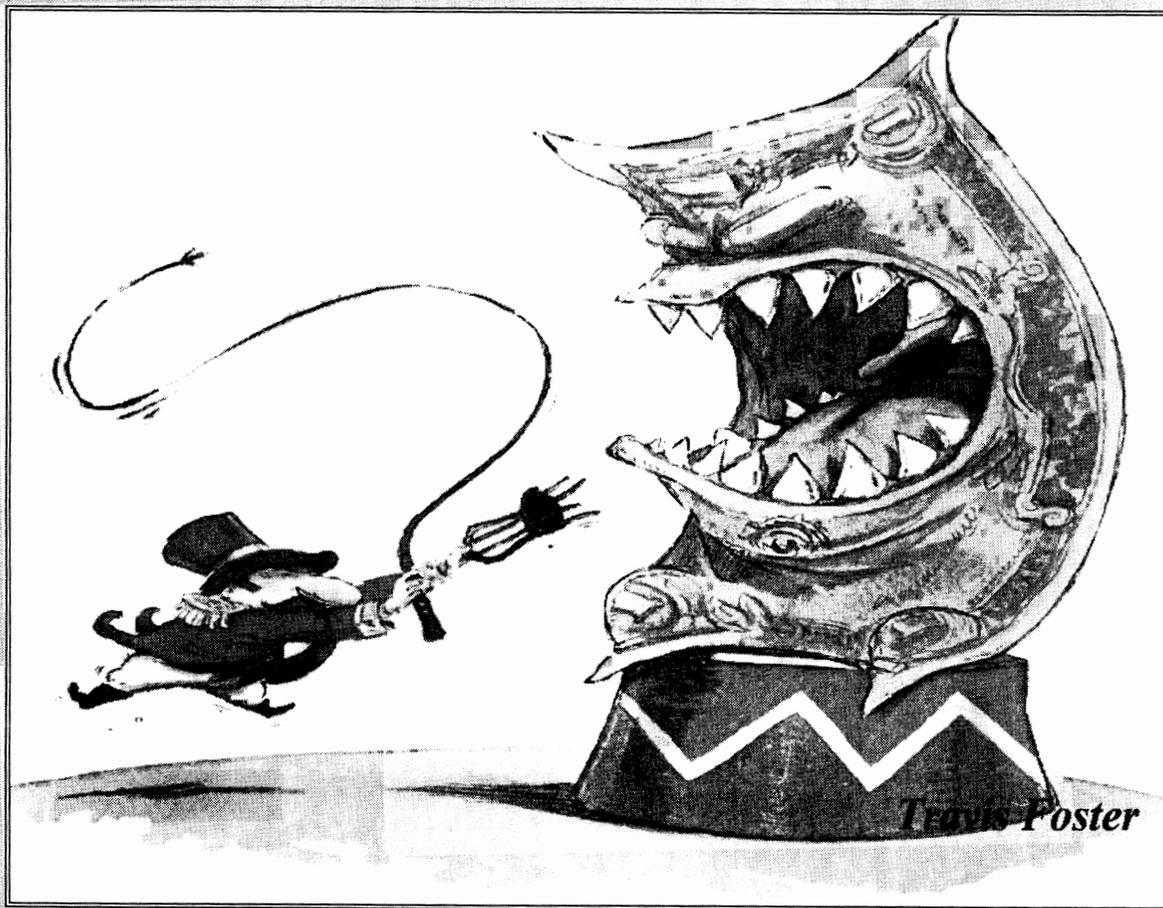
# ACCOUNTABILITY CHECK-UP

## Dumping Debt

- I. Be prepared to cut up your credit cards tonight!
- A. **You will never remove debt from your life as long as you hold on to any credit cards.**
  - B. **Make a commitment to never use credit cards again.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (No beating around the bush.)
- A. If you have \$1,000 in an emergency fund, and have a debit card, which could be used for traveling, there is no good reason/excuse for keeping a credit card, according to the Financial Peace principles. True or False. Why?
  - B. Which myth did you buy into before this lesson?
  - C. I am honest with myself (and my spouse, if applicable) regarding how I (we) handle financial affairs. Why is this important?
  - D. I fully understand how to put together and work the Debt Snowball.
  - E. I will go home and put together my Debt Snowball this week and start applying it to my financial situation.
  - F. I understand that Debt CONsolidation is in many cases more harmful than helpful. Why is this true?
  - G. I will have **gazelle intensity** and deliver myself (and family) from the burden and bondage of debt.
  - H. I truly take this program seriously and am applying the principles to my life.
  - I. When you hear the phrase “...**the borrower is servant to the lender**”, how does it make you feel?
  - J. Before going through this program, did you realize that the way you handle your money is really a spiritual issue?
- III. **REVIEW DISCUSSION QUESTIONS** at the end of the lesson.
- IV. Go home and complete the credit card history form. Use the form to help you close out your credit card accounts as soon as possible. (See page 146.)



# *UNDERSTANDING INVESTMENTS*



*“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.”*

*Proverbs 21:5 (NKJV)*

# *NOTES*

# UNDERSTANDING INVESTMENTS

## Kiss Rule of Investing

Keep it \_\_\_\_\_.

It does not indicate that you are stupid if you make \_\_\_\_\_  
investments.

\_\_\_\_\_ invest purely for tax savings.

\_\_\_\_\_ invest using \_\_\_\_\_ money.

## Diversification

Diversification means to \_\_\_\_\_.

Diversification \_\_\_\_\_ risk.

*“Give portions to seven, yes to eight, for you do not know what disaster may come upon the land.”*

*Ecclesiastes 11:2 (NIV)*

*Grandma used to say, “Don’t put all your eggs in one basket.” That way if you dropped the basket, not all your eggs would be broken. Investing is the same way. Don’t put all your money into one investment.*

# THE POWER OF DIVERSIFICATION \*

## Investor 1

*Invest \$10,000 for 25 years at 7%*

## Investor 2

*Invest \$2,000 and lose it all*

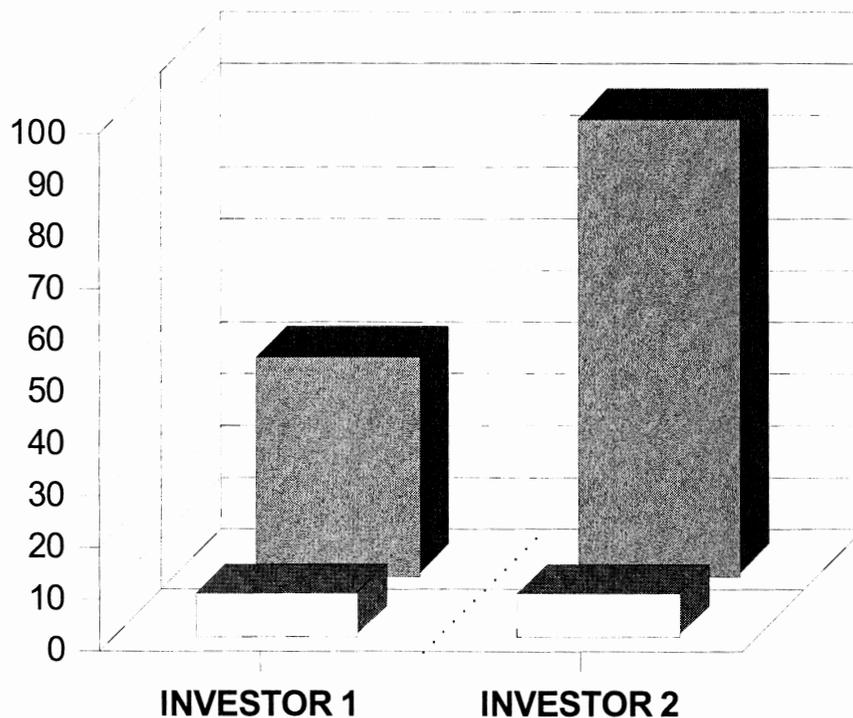
*Invest \$2,000 under your mattress*

*Invest \$2,000 at 5% return*

*Invest \$2,000 and got a 10% return*

*Invest \$2,000 and got a 15% return*

*Leave it alone for 25 years*



\$54,274 Without Diversification; \$96,280 Diversified

**77% Difference**

## **Risk Return Ratio**

*“Behold the turtle who only makes progress when he sticks his neck out.”*

*Anonymous*

*“A faithful man will abound with blessings, But he who hastens to be rich will not go unpunished.”*

*Old Proverb*

*With virtually all investments as the \_\_\_\_\_ goes up so does the hopeful \_\_\_\_\_.*

*When discussing investments liquidity is \_\_\_\_\_.*

*As there is more liquidity there is typically \_\_\_\_\_ return.*

## **TYPES OF INVESTMENTS**

### **1. Money Markets**

*A C.D. is a certificate of \_\_\_\_\_ typically at a bank.*

*Money Market Mutual funds are \_\_\_\_\_ risk money*

*market accounts that you can write checks on and are great for emergency funds.*

## 2. Single Stocks

*“October. This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August, and February.”*

*Mark Twain*

*The average investor makes a \_\_\_\_\_% return on his single stock portfolio with a very \_\_\_\_\_ degree of risk.*

*When you buy stock you are buying a small piece of \_\_\_\_\_ in the company.*

*Your return comes as the company increases in \_\_\_\_\_ or pays you, it's owner, some of the profits (called \_\_\_\_\_).*

## 3. Bonds

*A bond is a \_\_\_\_\_ instrument where the company owes \_\_\_\_\_ money.*

*Your return is the fluctuation in price and the \_\_\_\_\_ rate paid. \_\_\_\_\_ individuals do well with single \_\_\_\_\_ purchases.*

***LONG TERM INVESTMENTS  
PROPERLY DIVERSIFIED***

***Standard Diversification***

25%	Growth & Income
25%	Growth
25%	International
25%	Aggressive Growth

***Conservative Diversification***

25%	Balanced
25%	Growth & Income
25%	Growth
25%	International

## 4. Mutual Funds

*"An investment in knowledge always pays the best interest."*

*Ben Franklin*

*Investors pool their \_\_\_\_\_ to invest.*

*Professional portfolio managers manage the pool or*

*\_\_\_\_\_.*

*Your return comes as the \_\_\_\_\_ of the fund is*

*\_\_\_\_\_.*

*Mutual Funds are good \_\_\_\_\_ term investments.*

## 5. Rental Real Estate

*Least liquid consumer \_\_\_\_\_.*

*You should have a lot of \_\_\_\_\_ before using real  
estate as an investment.*

## 6. Annuities

*Annuities are a \_\_\_\_\_ account with an insurance company.*

*\_\_\_\_\_ Annuities are at a low interest rate of around 5%, aren't "fixed" and are a bad long term investment.*

*\_\_\_\_\_ Annuities are mutual funds sheltered by the annuity covering allowing the mutual fund to grow tax deferred.*

*Variable Annuities are good to use for older people because the principal can be guaranteed, you can name a beneficiary so the money passes outside probate and you can use them when you have maxed out all your other sheltered retirement options. NEVER use annuities inside retirement options; instead, go straight to mutual funds. There is no sense paying the annuity fee to get a tax deferral that you already have in your retirement plan.*

## 7. Commodities and Futures

*Very, \_\_\_\_\_ high degree of \_\_\_\_\_.*

*You have a better chance in \_\_\_\_\_.*

## CONCLUSION

*If you do not understand an investment well enough to teach someone else about how it works DON'T BUY IT!!*

*Build wealth slowly.*

## *Monthly Debt Payments Rob You of Your Retirement!*

Monthly Payments	Years Invested Monthly at 12% Per Year				
	5	10	15	25	40
\$100	8,167	23,004	49,958	187,885	1,176,477
<b>\$200</b>	<b>16,334</b>	<b>46,008</b>	<b>99,916</b>	<b>375,769</b>	<b>2,352,954</b>
\$300	24,500	69,012	149,874	563,654	3,529,431
<b>\$400</b>	<b>32,668</b>	<b>92,015</b>	<b>199,832</b>	<b>751,538</b>	<b>4,705,909</b>
\$500	40,835	115,019	249,790	939,423	5,882,386
<b>\$600</b>	<b>49,002</b>	<b>138,023</b>	<b>299,748</b>	<b>1,127,308</b>	<b>7,058,863</b>
\$700	57,168	161,027	349,706	1,315,193	8,235,341
<b>\$800</b>	<b>65,336</b>	<b>184,031</b>	<b>399,664</b>	<b>1,503,077</b>	<b>9,411,818</b>
\$900	73,503	207,034	449,622	1,690,962	10,588,295
<b>\$1,000</b>	<b>81,669</b>	<b>230,039</b>	<b>499,580</b>	<b>1,878,847</b>	<b>11,764,772</b>
\$1,200	98,004	276,046	599,496	2,254,616	14,117,727
<b>\$1,500</b>	<b>122,504</b>	<b>345,058</b>	<b>749,370</b>	<b>2,818,270</b>	<b>17,647,159</b>
\$2,000	163,339	460,077	999,160	3,757,693	23,529,545

*However, retirement can look pretty  
sweet if you don't have any debt.*

*I am your constant companion*

*I am your greatest helper or your heaviest burden.*

*I will push you onward or drag you down to failure.*

*I am at your command.*

*Half of the tasks that you do, you might just as well  
turn over to me and I will do them quickly and correctly.*

*I am easily managed, you must merely be firm with me,*

*Show me exactly how you want something done;*

*After a few lessons I will do it automatically.*

*I am the servant of all great people and alas of all  
failures as well.*

*Those who are great I have made great,*

*Those who are failures I have made failures.*

*I am not a machine,*

*but I work with all the precision of a machine,*

*plus the intelligence of a person.*

*Now, you may run me for profit or*

*you may run me for ruin.*

*It makes no difference to me.*

*Take me, train me, be firm with me,*

*and I will lay the world at your feet.*

*Be easy with me and I will destroy you.*

**WHO AM I?... I AM CALLED HABIT.**

*Author Unknown*

*I discovered this little gem at a seminar a few years ago,  
and it applies here.*

# DISCUSSION QUESTIONS

1. *Why is investing intimidating?*
2. *Discuss some experiences with investing.*
3. *Discuss Mutual Funds.*

## Answer Key (left to right)

*Simple*

*Never*

*Spread*

*Risk*

*Less*

*7%*

*Value*

*You*

*Bond*

*Value*

*Investment*

*Fixed*

*Risk*

*Stupid*

*Never*

*Around*

*Return*

*Deposit*

*High*

*Dividends*

*Interest*

*Money*

*Increased*

*Cash*

*Variable*

*Las Vegas*

*Simple*

*Borrowed*

*Lowers*

*Availability*

*Low*

*Ownership*

*Debt*

*Few*

*Fund*

*Long*

*Savings*

*Very*

# ACCOUNTABILITY CHECK-UP

## Understanding Investments

- I. Be prepared to show your filled in Debt Snowball form.
  - A. **EMOTION – EMOTION – EMOTION is the KEY! GET MAD!!!**
  - B. Use the combination of the Debt Snowball and emotion to motivate you to financial victories.
  - C. Living by and committing to do the Debt Snowball will prove to be the difference between your success and failure.
  
- II. **Everyone needs to do their next month's budget and bring it next week.** Be sure to make any adjustments necessary from the last budget you did.
  - A. **Use the Actually Spent Column on the monthly budget sheet to help you with your next budget.**
  - B. It may be helpful for you to compare your actual % of take home expenses with the recommended percentage chart.
  
- III. Show your **Financial Snapshot** with column 2 completed.
  
- IV. **ACCOUNTABILITY & APPLICATION REVIEW:**
  - A. Discuss why it's important to dump debt before starting to invest.
  - B. Talk about the temptation of wanting to invest now instead of first dumping your debt, as we teach in Baby Step Two.
  - C. What two words should you say to an investment broker who doesn't take the time to teach you about how your investments work? ("You're fired!")
  - D. Talk about how important it is for spouses to be on the same page, working together when it comes to both dumping debt and investing.
  - E. Discuss the challenge of being single and trying to be accountable for your financial actions.
  - F. Look at the "**Monthly Debt Payments Rob You...**" chart (at the end of the lesson) and discuss how monthly debt robs people of the ability to invest monthly for their retirement.
  - G. Discuss the danger of trying to invest using borrowed money. Then talk about the relationship between owing money, credit cards and trying to invest for retirement.
  - H. Talk about the Power of Diversification (see chart in the lesson). Is it wise to put all your eggs in one basket?

# **WE NEED YOUR HELP TO TOUCH THIS NATION!!!**

- We hear all the time how FPU has been a tremendous blessing in peoples' lives, and we want to start sharing more of those victory stories with others.
- If you have a victory story related to how FPU helped you, then we'd love to hear from you.

**Call in to *The Dave Ramsey Show*  
with your FPU Testimonial  
Dial 1-888-825-5225,  
Press #3 to talk with Dave on the air.**

- Let us know "What FPU has done for me . . ."
  - How has it help your relationships?
  - How much DEBT did you dump?
  - How much have you put into savings?
  - Would you recommend FPU to others?
  - Was it worth your time and money?
  - Were you the FPU Coordinator?
    - How did the class go? Are you starting another class?
- Please mention your name, city and state. **KEEP IN MIND**, by leaving this voice message you will be authorizing our use of your message for both local and national radio spots and other media usage.
- Thank you for helping us get the message out about this **LIFE-CHANGING** program.

# *UNDERSTANDING INSURANCE*



*Travis Foster*

*“It is unwise to hope for the best without preparing for the worst”*

*-Anonymous*

# *NOTES*

# Understanding Insurance

Insurance is an essential Financial Planning tool.

The purpose of insurance is to \_\_\_\_\_ risk.

Until you have big, big cash, certain losses could bankrupt you, so

wisdom says to transfer the \_\_\_\_\_.

*"A prudent man sees evil and hides himself, the naive proceed and pay the penalty."  
Old Proverb*

## Basic Types of Coverage Needed

1. \_\_\_\_\_ or \_\_\_\_\_ insurance

2. \_\_\_\_\_ insurance

3. \_\_\_\_\_ insurance

4. \_\_\_\_\_ insurance

5. \_\_\_\_\_ insurance

6. \_\_\_\_\_ insurance

## Homeowners and Auto Insurance

1. Raise your \_\_\_\_\_. (Savings should be there)
2. Carry adequate \_\_\_\_\_.
3. Consider dropping your \_\_\_\_\_ on older cars.
4. Homeowners should be \_\_\_\_\_ cost.
5. \_\_\_\_\_ liability policies are a good buy once you have some assets.

## Health Insurance

*Keys to saving on your Health premiums:*

1. Increase your \_\_\_\_\_ and/or co-insurance amount.
2. Increase your \_\_\_\_\_ loss but never decrease your maximum pay.

*The self-employed can save money by using an \_\_\_\_\_, a Medical Savings Account. (Nicknamed Medical IRA)*

*The MSA is a tax deductible medical savings account for medical bills that works with a \_\_\_\_\_ deductible (inexpensive) medical insurance policy.*

## Disability Insurance

*Disability Insurance is designed to replace \_\_\_\_\_ lost due to a short term or permanent disability.*

*Buy Disability Insurance that pays if you cannot perform the job that you were educated or \_\_\_\_\_ to do.*

*That is called \_\_\_\_\_ disability.*

*Buy coverage to age 65 or for \_\_\_\_\_.*

*Beware of \_\_\_\_\_ term policies.*

*Your coverage should be for \_\_\_\_\_% of your take home pay.*

*The \_\_\_\_\_ period is how long before payments begin after disability.*

*The \_\_\_\_\_ the elimination period the \_\_\_\_\_ your premium cost should be.*

## Long Term Care Insurance

*Long Term Care Insurance is for \_\_\_\_\_ home or in home care.*

*\_\_\_\_\_ of people over the age of 65 will require long term care at some point in their lives with \_\_\_\_\_ needing more than 5 years of care.*

## Life Insurance

*"...For what is your life? It is even a vapor that appears for a little time and then vanishes away."*

*James 4:14 (NKJV)*

*Everyone is going to die someday, but rarely do we know when that time is going to come. If people depend on you to provide an income, it is wise to insure your income, in case you should lose your life.*

*Life Insurance is to replace lost income due to \_\_\_\_\_.*

*It is really \_\_\_\_\_ insurance.*

*Most people have no \_\_\_\_\_ what they \_\_\_\_\_.*

### Two Types of Life Insurance

*1. \_\_\_\_\_ insurance is for a specified period, is substantially cheaper, and has no savings plan built in.*

*2. \_\_\_\_\_ insurance is normally for life and is more expensive in order to fund a savings plan.*

*The most common insurance myth is that the need for Life Insurance is a \_\_\_\_\_ situation and ever growing.*

*Twenty years from today the children are grown and gone, you are debt free including that old 15-year mortgage, and you have investments that have grown to a substantial amount. You have become self \_\_\_\_\_.*

## *Why not Life Insurance as an Investment?*

1. Returns are historically \_\_\_\_\_.
2. When you die with cash value, the insurance company \_\_\_\_\_ the cash value.
3. The \_\_\_\_\_ deducted from your return are \_\_\_\_\_.

## *What to Remember When Purchasing Life Insurance*

1. Buy only low cost level \_\_\_\_\_.
2. Do not forget your \_\_\_\_\_.
3. Stay away from fancy \_\_\_\_\_.
4. Children only need enough for \_\_\_\_\_ expenses.  
(they don't earn an income which needs replacement)

## How Much Insurance Do you Need?

*You need about 10 times what your annual need would be if you lost that person. Invested at 10% return the investment would produce an income to cover the need.*

### Approximate Term Insurance Cost

*Age 30 - \$ 0.60 per \$1,000 in coverage*

*Age 40 - \$ 0.90 per \$1,000 in coverage*

*Age 50 - \$ 2.50 per \$1,000 in coverage*

*Age 60 - \$ 6.65 per \$1,000 in coverage*

*\* 20-year level term*

*\* Tobacco users add 100%*

### Insurance Calculation

*# of Thousands X Rate per \$1,000 = Total*

*Primary* \_\_\_\_\_ X \_\_\_\_\_ = \_\_\_\_\_

*Spouse* \_\_\_\_\_ X \_\_\_\_\_ = \_\_\_\_\_

*Est. Total Premium* \_\_\_\_\_

## **Insurance to Avoid**

1. \_\_\_\_\_ *Life and* \_\_\_\_\_ *Disability*
2. *Credit* \_\_\_\_\_ *Protection*
3. \_\_\_\_\_ *and Hospital Indemnity*
4. *Accidental* \_\_\_\_\_ *Insurance*
5. *Any insurance with* \_\_\_\_\_ *value, investment, or refund*
6. *Pre-paid* \_\_\_\_\_ *policies*
7. *Mortgage* \_\_\_\_\_ *insurance*
8. *Any kind of* \_\_\_\_\_ *coverage*

# ***DISCUSSION QUESTIONS***

1. *Why do we detest insurance?*
2. *What do you think is the average death claim paid to a widow in the U.S.?*
3. *Explain the difference between Term and Cash Value Life Insurance?*

## *Answer Key* (left to right)

<i>Transfer</i>	<i>Risk</i>	<i>Homeowner's</i>	<i>Renter's</i>
<i>Auto</i>	<i>Health</i>	<i>Disability</i>	<i>Life</i>
<i>Long Term Care</i>	<i>Deductible</i>	<i>Liability</i>	<i>Collision</i>
<i>Replacement</i>	<i>Umbrella</i>	<i>Deductible</i>	<i>Stop</i>
<i>MSA</i>	<i>Large</i>	<i>Income</i>	<i>Trained</i>
<i>Occupational</i>	<i>Life</i>	<i>Short</i>	<i>65</i>
<i>Elimination</i>	<i>Longer</i>	<i>Lower</i>	<i>Nursing</i>
<i>60%</i>	<i>20%</i>	<i>Death</i>	<i>Death</i>
<i>Idea</i>	<i>Own</i>	<i>Term</i>	<i>Cash</i>
<i>Value</i>	<i>Permanent</i>	<i>Insured</i>	<i>Low</i>
<i>Keeps</i>	<i>Fees</i>	<i>High</i>	<i>Term</i>
<i>Spouse</i>	<i>Options</i>	<i>Burial</i>	<i>Credit</i>
<i>Credit</i>	<i>Card</i>	<i>Cancer</i>	<i>Death</i>
<i>Cash</i>	<i>Burial</i>	<i>Life</i>	<i>Duplicate</i>

# ACCOUNTABILITY CHECK-UP

## Understanding Insurance

- I. Everyone hold up their monthly zero-based budget.
- A. **Discuss how much easier or harder it was to do this time compared to the first one. Be HONEST & TRANSPARENT with each other.**
  - B. **Discuss what you have learned about how YOU handle money.**
- II. **ACCOUNTABILITY & APPLICATION REVIEW:** (Let everyone talk. That includes – both spouses and all singles.)
- A. Discuss how having an emergency fund in place can affect your insurance premiums and deductibles.
  - B. What do you do if money is tight and you're having a hard time financially:
    - 1. Take a chance and drop your insurance, until you've paid off your debts.
    - 2. Only put insurance on the individual who brings home the most income and pray nothing happens to the rest of the family.
    - 3. Make insurance coverage a priority to avoid a financial disaster.
  - C. What could happen to you financially if you do not have the proper amount of insurance in place? **(If anyone in the group has a nightmare story to relate to the group regarding this issue, please share it now!!!)**
  - D. Discuss how having or not having the proper amount of insurance in place makes you feel:
    - a. **Wives (ladies) talk about how important it is to you.**
    - b. **Husbands (men) talk about how it makes you feel.**
    - c. **Singles talk about your need for insurance.**
  - E. Dave always teaches that we should deal only with insurance agents who have a heart of a teacher, who will help you understand what you are buying. What two words should you say to them if they do not? (Answer: **YOU'RE FIRED!!!**) Why?
  - F. I have balanced my checkbook this month within 72 hours of receiving my bank statement. Yes/No? Why/Why not?
  - G. In what ways can having a debit card be almost as dangerous as a credit card?
  - H. Your FPU debit card holder has this warning on it: **"Using this card may be hazardous to your financial health."** Is this true? If you are using the card holder, has this subtle reminder helped you control your debit card spending?
- III. Complete Insurance Coverage Recap sheet so that you will have all your insurance records in one place. (See page 172.)

**INSURANCE**

*Insurance Coverage Recap*

<i>TYPE</i>	<i>COMPANY</i>	<i>PLAN ID #</i>	<i>POLICY #</i>	<i>AMOUNT</i>	<i>AGENT</i>	<i>PHONE #</i>
HOMEOWNERS						
AUTO						
LIFE						
DISABILITY						
MEDICAL						
PROFESSIONAL						

*Mortgage Information*

<i>TYPE</i>	<i>COMPANY</i>	<i>PHONE #</i>	<i>LOAN #</i>	<i>START</i>	<i>END</i>	<i>AMOUNT</i>
1 <sup>st</sup>						
2 <sup>nd</sup>						

# ***RETIREMENT & COLLEGE PLANNING***



*Travis Foster*

*“A good man leaves an inheritance for his children’s children . . .”*

*Proverbs 13:22 (NIV)*

# NOTES

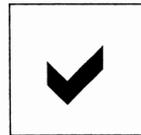
# Retirement and College Planning

Disclaimer: This lesson is intended only for information! Because tax laws frequently change and various details have been omitted for the sake of time, you **MUST** check with your tax advisor to verify this information for your situation **BEFORE** you act.

***Once the Emergency Fund is in place you should begin Retirement and College funding which all fall within long term investing for \_\_\_\_\_.***

***Baby Step #4: Invest 15% of household income into Roth IRA's and pre-tax retirement.***

***ALWAYS save long term with TAX \_\_\_\_\_ dollars.***



**IRA**

**IRS**

***CHECK ONE OF THESE  
(YOU WILL CHOOSE ONE)***

***Tax favored means that the investment is in a \_\_\_\_\_  
\_\_\_\_\_ or has special tax treatment.***

***“Dishonest money dwindles away, but he who gathers money little by little makes it grow.”***

***Old Proverb***

## Qualified Plans

\_\_\_\_\_ Account called an  
IRA, \_\_\_\_\_ Employee Pension Plan called a SEPP,  
\_\_\_\_\_ or \_\_\_\_\_ or \_\_\_\_\_  
or other deferred compensation plans.

## Individual Retirement Accounts (IRA)

Everyone with \_\_\_\_\_ income is eligible.

Each person with earned income may have an IRA of up to  
\$ \_\_\_\_\_ per year, (\$3,000 for 2002-4, \$4,000 for 2005-7,  
\$5,000 begins 2008)

When a spouse has no earned income they also can do  
\$ \_\_\_\_\_ per year in an IRA if the "working" spouse earns  
double per year, (\$3,000 for 2002-3, \$4,000 for 2004-7, \$5,000  
begins 2008)

Remember IRA is not a \_\_\_\_\_ of investment at a  
bank, it is the tax treatment on virtually any type of investment.

# Roth IRA

*Trivia: The Roth IRA is named for Senator William Roth (R-Delaware) who authored this section of The Taxpayer Relief Act of 1997.*

*The Roth IRA is an \_\_\_\_\_ tax IRA that grows TAX FREE!  
If you save like we teach, you \_\_\_\_\_ use the Roth IRA.*

## Who is eligible?

- **Singles**  
100% contribution with income less than \$95,000.  
Phase out between \$95,000-\$110,000. Not eligible above \$110,000.
- **Married filing jointly**  
100% contribution with income less than \$150,000.  
Phase out between \$150,000-\$160,000. Not eligible over \$160,000.

## Why the Roth IRA?

- 1) *More* \_\_\_\_\_.
- 2) *Higher* \_\_\_\_\_ *at retirement.*
- 3) *More* \_\_\_\_\_.
- 4) *More* \_\_\_\_\_.

## Flexibility:

- **Tax free and penalty free withdrawals anytime equal to contributions (after the emergency fund is depleted you have a fall back).**
- **After 5 years tax free, penalty free withdrawals for 100% if:**
  - 1) **Over 59 1/2 years old**
  - 2) **Because of death or disability**
  - 3) **First time home purchase (max \$10,000)**

## **Simplified Employee Pension Plan (SEPP)**

A \_\_\_\_\_ employed person may deduct up to \_\_\_\_\_ of their net profit on the business by investing in a SEPP.

*The maximum deductible amount is \$25,000 (for 2001, check limit this year) and all employees who have been with the firm more than 3 of the last 5 years must receive the same percentage of their pay.*

*“Don’t muzzle the ox while he is treading out the grain.”*

*I Corinthians 9:9 (NIV)*

## **401K, 403B, & 457 Retirement Plans**

\_\_\_\_\_ companies have completely done away with traditional pension plans in the last decade, according to Forbes. Some new plans offer a variety of pre-tax choices.

Do not use a Guaranteed Investment \_\_\_\_\_ (GIC) or Bond Funds to fund your plan.

*You should be funding your plan whether your company matches or not, but the plans that have company matching provide \_\_\_\_\_ returns.*

## **Rollovers**

*You should always roll all retirement plans to an IRA when you \_\_\_\_\_ the company.*

*When should you roll to the Roth IRA? You are not eligible to roll an IRA to a Roth if you are married and filing separately or if you have an income over \$100,000.*

*You should roll to a Roth IRA ONLY if:*

- 1) You will have saved over \_\_\_\_\_ by age 65.*
- 2) You pay your taxes \_\_\_\_\_ not from IRA.*
- 3) You understand all taxes will become due on rollover amount (rollover in 1998 taxes must be spread over 4 years).*

*Never \_\_\_\_\_ on your retirement plan.*

*If you are a Federal government worker and have the standard thrift plan, we recommend \_\_\_\_\_ in the C Fund, \_\_\_\_\_ in the S Fund, and \_\_\_\_\_ in the I Fund.*

### **Our Suggestion**

*Baby Step #4: Invest 15% of household income into Roth IRA's and pre-tax retirement.*

- 1) Fund 401K or other employer plan if they match.  
Fund an \_\_\_\_\_ equal to the match.*
- 2) Above the match amount, fund \_\_\_\_\_ IRAs.  
If there is no match, start with \_\_\_\_\_ IRAs.*
- 3) Complete 15% of income by going to company  
\_\_\_\_\_ or SEPP's.*

*Note: This is the best plan if you end up with \$700,000 or more by age 65 because mandatory retirement withdrawals will cause a higher tax bracket at retirement.*

## *An American Dream:*

*A 30 year old couple funds a Roth IRA at \$3,000 each per year (\$500/mo at 12% growth). At 70 years old they have \$5,882,386.26 . . . TAX FREE !!!!*

## *Imagine if:*

*That same 30 year old couple made \$40,000.00 and saved 15% in a 401K (\$6,000.00 per year, \$500.00 per month at 12% growth). At 70 years old, they would have \$5,882,386.26 in the 401K!*

## *By Retirement:*

*That 30 year old couple, DEBT FREE, saved \$1000 per month.*

*At 70 years old, they will have:*

<i>Roth IRA</i>	<i>\$5,882,386.26</i>
<i>401k</i>	<i>\$5,882,386.26</i>
<i>Total</i>	<i>\$11,764,772.51</i>

# College Planning

## *Baby Step #5: College Funding*

*Save for college first using "Educational Saving Accounts,"  
nick-named Education \_\_\_\_\_.*

*You may save \$2,000 per year, per child after tax that grows  
TAX FREE (of course we suggest growth mutual funds)!*

### **Who is eligible?**

- **Beneficiary must be under 18.**
- **Must be used for higher education or tax and 10% penalty charged.**
- **Must be used or rolled to family member by age 30 or tax and 10% penalty charged.**
- **Singles contributing must make less than \$95,000 income.  
Phase out between \$95,000-\$110,000. Not eligible above \$110,000.**
- **Married filing jointly contributing must make less than \$190,000.  
Phase out between \$190,000-\$220,000. Not eligible over \$220,000 income.**

*Above the ESA , you invest for college in good \_\_\_\_\_*

*stock mutual funds in an UTMA (or UGMA).*

*UTMA stands for Uniform \_\_\_\_\_ (or gift) to Minors Act.*

- **The first \$750 has zero tax. (for 2001)**
- **If the child is under 14 years old the next \$750 is taxed at 10% or 15% (for 2001). The rest is taxed at the parent's rate.**
- **If the child is over 14 anything over \$750 is taxed at child's bracket of 10% or 15% (for 2001).**

*The account is \_\_\_\_\_ in the child's name and a \_\_\_\_\_ is named, usually the parent or grandparent.*

*The \_\_\_\_\_ is the manager until the child reaches 21.*

*At age 21 (age 18 for UGMA) they can do with it what they please.*

*So raise your kids right...Let the beatings begin.*

*"The rod and reproof give wisdom, But a child left to himself brings shame to his mother."*

*Proverbs 29:15 (NKJV)*

*Many states now offer \_\_\_\_\_ plans that allow for investment in mutual funds that grow tax free for college.*

*The only 529 plans I would use are the ones that allow you to \_\_\_\_\_ your investment into certain mutual funds with long track records.*

*We do not recommend the age based 529 plans because the returns are \_\_\_\_\_.*

- There is no income limit to do 529 investing and you may place up to \$10,000 per year per child into the plan.
- You may do more on a one time basis and all money put into the 529 plan is removed from your estate for estate tax planning.
- The money must be used for college or transferred to another beneficiary within the family, otherwise there will be a 10% penalty and taxes due.

## *Four Nevers of College Saving*

1. *Never save for college using \_\_\_\_\_.*
2. *Never save for college using \_\_\_\_\_ bonds.  
(Only 5-6%)*
3. *Never save for college using \_\_\_\_\_ \_\_\_\_\_ bonds.  
(Only 6-8%)*
4. *Never save for college using \_\_\_\_\_ college  
tuition. (Only 7% inflation rate)*

# Monthly College Planning

*In order to have enough for college you must aim at something. Your assignment is to determine how much per month you should be saving at 12% interest in order to have enough for college.*

*If we are saving at 12% and inflation is at 4% then we are moving ahead of inflation at a net of 8% per year.*

## Step One:

*In today's dollars how much per year does the college of your choice take: \$ \_\_\_\_\_*

*X 4 years = \$ \_\_\_\_\_*

*(hint: \$15,000 to \$25,000 annually)*

## Step Two:

*To achieve that college egg you will save at 12% netting 8% after inflation so we will target that college egg using 8%.*

$$\frac{\text{Nest Egg Needed}}{\text{Factor}} \times \text{Factor} = \text{Monthly Savings Needed}$$

*8% Factors (select the one that matches your age)*

<u>CHILD'S AGE</u>	<u>YEARS TO SAVE</u>	<u>FACTOR</u>
<u>0</u>	<u>18</u>	<u>.002083</u>
<u>2</u>	<u>16</u>	<u>.002583</u>
<u>4</u>	<u>14</u>	<u>.003247</u>
<u>6</u>	<u>12</u>	<u>.004158</u>
<u>8</u>	<u>10</u>	<u>.005466</u>
<u>10</u>	<u>8</u>	<u>.007470</u>
<u>12</u>	<u>6</u>	<u>.010867</u>
<u>14</u>	<u>4</u>	<u>.017746</u>

*Note: Be sure to try one or two examples if you wait 5 or 10 years to start.*

# Monthly Retirement Planning

SHEET 12

*In order to retire with some security you must aim at something. Too many people use the READY-FIRE-AIM approach to retirement planning. Your assignment is to determine how much per month you should be saving at 12% interest in order to retire at 65 years old with what you need.*

*If we are saving at 12% and inflation is at 4% then we are moving ahead of inflation at a net of 8% per year. If you invest your nest egg at retirement at 12% and want to break even with 4% inflation you will be living on 8% income.*

## Step One:

*Annual Income (today) you wish to retire on:*           \$30,000  
*divide by .08*  
*(Nest egg needed) equals:*           \$375,000

## Step Two:

*To achieve that nest egg you will save at 12% netting 8% after inflation so we will target that nest egg using 8%.*

          \$375,000                      X .000436                      =                                \$163.50  
*Nest Egg Needed*                      *Factor*                      *Monthly Savings Needed*

*8% Factors (select the one that matches your age)*

<u>AGE</u>	<u>YEARS TO SAVE</u>	<u>FACTOR</u>
<u>25</u>	<u>40</u>	<u>.000286</u>
<u>30</u>	<u>35</u>	<u>.000436</u>
<u>35</u>	<u>30</u>	<u>.000671</u>
<u>40</u>	<u>25</u>	<u>.001051</u>
<u>45</u>	<u>20</u>	<u>.001698</u>
<u>50</u>	<u>15</u>	<u>.002890</u>
<u>55</u>	<u>10</u>	<u>.005466</u>
<u>60</u>	<u>5</u>	<u>.013610</u>

*Note: Be sure to try one or two examples if you wait 5 or 10 years to start.*



# ANSWER KEY

## Answer Key (left to right)

<i>Wealth</i>	<i>Favored</i>	<i>Qualified Plan</i>
<i>Individual</i>	<i>Retirement</i>	<i>Simplified</i>
<i>401K</i>	<i>403B</i>	<i>457</i>
<i>Earned</i>	<i>\$3,000/\$5000</i>	<i>\$3,000/\$5000</i>
<i>Type</i>	<i>After</i>	<i>Should</i>
<i>Choices</i>	<i>Bracket</i>	<i>Invested</i>
<i>Flexibility</i>	<i>Self</i>	<i>15%</i>
<i>Most</i>	<i>Contract</i>	<i>Great</i>
<i>Leave</i>	<i>\$700,000</i>	<i>Separate</i>
<i>Borrow</i>	<i>40%</i>	<i>40%</i>
<i>20%</i>	<i>Amount</i>	<i>Roth</i>
<i>Roth</i>	<i>Plans</i>	<i>IRA's</i>
<i>Growth</i>	<i>Transfer</i>	<i>Listed</i>
<i>Custodian</i>	<i>Custodian</i>	<i>529</i>
<i>Freeze</i>	<i>Low</i>	<i>Insurance</i>
<i>Savings</i>	<i>Zero Coupon</i>	<i>Pre-paid</i>

# ACCOUNTABILITY CHECK-UP

## Retirement & College Planning

- I. **Review briefly (no more than 10 minutes) as a group the Monthly Retirement Planning worksheet.**
  - A. If someone has a calculator help each other figure out how much money you need to save to retire as you'd like to.
  - B. If you procrastinate and wait 5 to 10 years before getting started, calculate how much more you would have to save. \*Note: These figures do not include any pre-existing savings towards retirement. If no one has a calculator, let everyone do it for homework themselves this week.
  
- II. **Be Prepared to name the Baby Steps, in order, at the next class session.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Remember this is a support group; encourage one another).
  - A. When you see retirement age people at places like Wal-Mart or a grocery store bagging groceries, does it ever make you stop and think: that could be me some day? If so, does it emotionally motivate you to do something now about it? Should it? Why?
  - B. Should you ever TEMPORARILY stop adding to your retirement plan? If so, why? And when should you start it up again?
  - C. Should you ever cash in pre-taxed retirement savings early to get out of debt? How would it affect your taxes?
  - D. Talk about how this lesson can make someone feel guilty or depressed, because they are not yet in a financial position to save for retirement.
  - E. Should you ever let your children's college funding get in the way of you building a proper foundation for your own financial future?
  - F. Why is it important to put aside 3 to 6 times your monthly expenses in an emergency fund and not 3 to 6 times your monthly income? (according to Baby Step Three)
  - G. Does college funding come before or after retirement savings according to the Baby Step principles? Why?
  - H. How does doing a monthly budget and living by it help you prepare for retirement?
  
- IV. **Review Retirement Options chart to compare which option is best for your family or individual needs. (See page 190.)**

## Retirement Options

*The changes under the Economic Growth and Tax Relief Reconciliation Act of 2001 effect some retirement plans. The salary reduction limits are as follows:*

YEAR	401K/403B/SAR-SEP	SIMPLE	457
2001	\$10,500	\$6,500	\$8,500
2002	\$11,000	\$7,000	\$11,000
2003	\$12,000	\$8,000	\$12,000
2004	\$13,000	\$9,000	\$13,000
2005	\$14,000	\$10,000	\$14,000
2006	\$15,000	\$10,000	\$15,000
2007 And Following Fully Phased In	Adjusted for Inflation	Adjusted for Inflation	Adjusted for Inflation

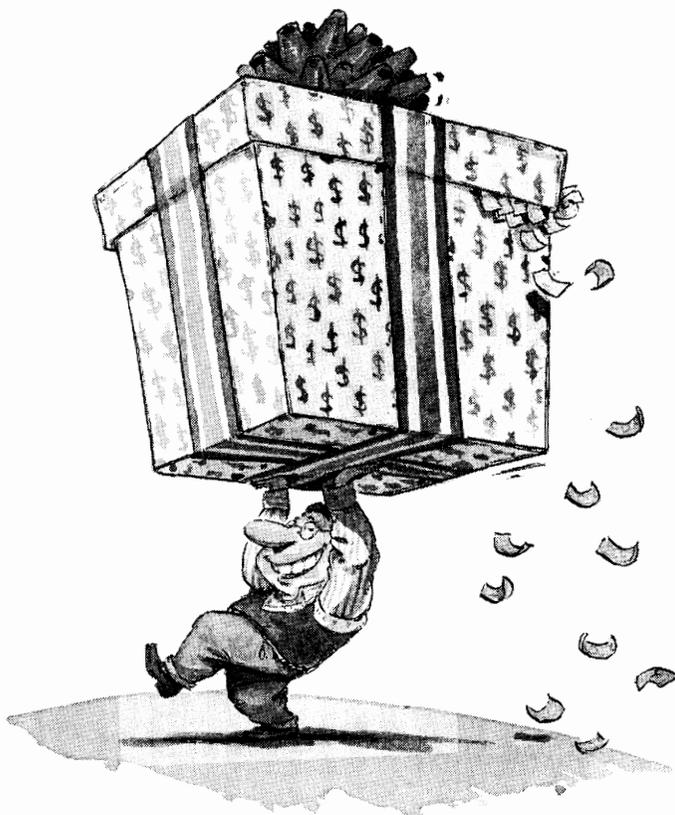
*There is also new salary reduction catch-up contributions that can be made for those individuals who reach 50 years of age during the plan year.*

YEAR	401K/403B/457/SAR-SEP	SIMPLE IRA
2002	\$1,000	\$500
2003	\$2,000	\$1,000
2004	\$3,000	\$1,500
2005	\$4,000	\$2,000
2006	\$5,000	\$2,500
2007 And Following	Adjusted For Inflation	Adjusted For Inflation

*Also, the Economic Growth and Tax Relief Reconciliation Act of 2001 provides a new IRA annual contribution and catch-up limit for those 50 years old and older.*

YEAR	MAXIMUM IRA CONTRIBUTION	ADDITIONAL CATCH-UP
2002-2004	\$3,000	\$500
2005-2007	\$4,000	\$500 (\$1,000 in 2006-2007)
2008	\$5,000	\$1,000
AFTER 2008	ADJUSTED FOR INFLATION IN \$500 INCREMENTS	\$1,000

# *BUYER BEWARE*



*Travis Foster*

*“Almost any man knows how to earn money, but not one in a million knows how to spend it.”*

*-Henry David Thoreau*

# *NOTES*

# *Buyer Beware — Caveat Emptor*

## *Profile of the Enemy*

*(The enemy of your Financial Peace)*

*“He who has the most toys, wins, but he’s still dead.”*

*Anonymous*

*Companies use every angle to aggressively compete for*

*your \_\_\_\_\_.*

*“The blessings of the Lord makes one rich, And He adds no sorrow with it.”*

*Proverbs 10:22 (NKJV)*

*Four Major Ways are:*

1. \_\_\_\_\_ *selling*

2. \_\_\_\_\_ *as a marketing tool.*

\_\_\_\_\_ *% of 90 days same as cash contracts convert to*

*payments which are usually at \_\_\_\_\_% APR with rule of*

*78’s prepayment penalty.*

*Four Major Ways Continued...*

3. \_\_\_\_\_, radio, and other \_\_\_\_\_

4. *Product* \_\_\_\_\_



*Brand Recognition*



*Shelf Position*



*Color*



*Packaging*

*Significant Purchases*

*A “Significant Purchase” is normally over \$ \_\_\_\_\_.*

*Our body goes through physiological \_\_\_\_\_ when making a “Significant Purchase.”*

*What To Do*

*Because you can always spend more than you \_\_\_\_\_ you must develop a POWER OVER \_\_\_\_\_ by:*

1. Wait \_\_\_\_\_ before making a purchase.

*“He who is impulsive exalts folly.”*

*Old Proverb*

2. Carefully consider your buying \_\_\_\_\_.

*“In the house of the wise are stores of choice food and oil, But a foolish man devours all he has.”*

*Proverbs 21:20 (NIV)*

*No amount of \_\_\_\_\_ equals contentment or fulfillment.*

*“For where your treasure is, there your heart will be also.”*

*Matthew 6:21 (NKJV)*

3. Never buy anything you do not \_\_\_\_\_.

*“A wise man will hear and increase in learning, And a man of understanding will acquire wise counsel.”*

*Old Proverb*

4. Consider the “Opportunity \_\_\_\_\_” of your money.

*“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.”*

*Old Proverb*

5. Seek the \_\_\_\_\_ of your spouse.

*“Who can find a virtuous wife? For her worth is far above rubies. (11) The heart of her husband safely trusts her: So he will have no lack of gain.”*

*Proverbs 31:10-11 (NKJV)*

## DISCUSSION QUESTIONS

1. *How is financing used as a marketing tool?*
2. *Does packaging and advertising really affect your buying habits?*
3. *Someone give a personal example of “opportunity cost” of money.*
4. *Should you always have guilt or “conviction” when purchasing something “nice”, and how do you know when that purchase is proper?*

### Answer Key (left to right)

<i>Money</i>	<i>Personal</i>
<i>Financing</i>	<i>78</i>
<i>24</i>	<i>TV</i>
<i>Media</i>	<i>Positioning</i>
<i>300</i>	<i>Changes</i>
<i>Make</i>	<i>Purchase</i>
<i>Over</i>	<i>Night</i>
<i>Motives</i>	<i>Stuff</i>
<i>Understand</i>	<i>Cost</i>
<i>Counsel</i>	

# ACCOUNTABILITY CHECK-UP

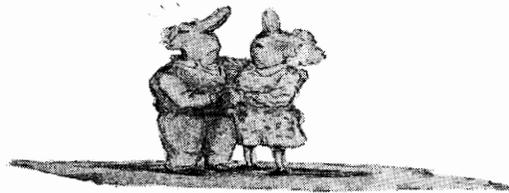
## Buyer Beware

- I. **Check monthly budgets and see how everyone is doing.**
  - A. Are you truly trying to live by your budget?
  - B. **Are you making the necessary adjustment to fine-tune it?**
  - C. Plan on bringing next month's budget into class next week.
  - D. Bring in your **Financial Snapshot** with column 3 completed next week.
  
- II. **Name the Baby Steps in order.**
  
- III. **ACCOUNTABILITY & APPLICATION REVIEW:** (Have each person answer and participate in this discussion.)
  - A. I run my household and do not let my creditors set my priorities. In other words, I do not let creditors control my budget. The best way for them to get paid is for me to take control of my financial destiny.
  - B. I do not borrow money anymore, including on credit cards. True / False  
Why or why not?
  - C. I try to never pay retail for anything. (Share a recent bargain story with the class.)
  - D. How have the biblical principles of this program affected my view of handling my personal finances?
  - E. How would **waiting overnight** before making purchasing decisions have changed your debt load today? (Talk about examples of things you've purchased impulsively in the past.) Has this changed now for you?
  - F. Do you seek the counsel of your spouse, if married, before making purchases over \$300? If so, why? If not, why not? Should you?
  - G. Whose counsel do you seek if you are single?
  - H. Give an example of something you have bought in the past that you really did not fully understand how it worked, yet you purchased it anyway. Would you do it again?
  - I. In what ways has having an accountability partner been helpful to you? Do you still need help in this area?

**BUYER BEWARE**

# *NOTES*

# *REAL ESTATE & MORTGAGES*



*Travis Foster*

*“Prepare your outside work, make it fit for yourself in the field; and afterward build your house.”*

*Proverbs 24:27 (NKJV)*

# *NOTES*

# *Real Estate & Mortgages*

## *Selling a Home*

*When selling a home you should think like a \_\_\_\_\_.*

*The home should be in “near perfect” condition.*

*The return on investment of fix-up dollars is \_\_\_\_\_.*

*Paint, lawn care, wallpaper, etc. make a home sell faster and for more money. So DO IT!!!*

*The most important aspect of preparation is attention to the \_\_\_\_\_ appeal.*

*“You never get a second chance to make a good first impression.”*

*Zig Ziglar*

*When selling your home, statistical research has found that the best Realtors are worth \_\_\_\_\_ than they cost, unless you are a seasoned pro.*

*The exposure through the \_\_\_\_\_ Listing Service is worth it.*

*When selecting a Realtor do \_\_\_\_\_ rely on friendships or relatives.*

*You should \_\_\_\_\_ at least 3 Realtors.*

*Offering a Home Warranty typically will \_\_\_\_\_ make a sale. If the buyer asks for a warranty, then consider it with that offer.*

*“A man builds a fine house; and now he has a master, and a task for life: he is to furnish, watch, show it, and keep it in repair the rest of his days.”*

*Ralph Waldo Emerson*

## *Buying a Home*

*Home Ownership is a Great Investment for three main reasons.*

- 1) \_\_\_\_\_ *Savings Plan*
- 2) \_\_\_\_\_ *Hedge*
- 3) *Grows virtually tax \_\_\_\_\_.* (You can have a gain of \$250,000 single or \$500,000 married and pay zero tax on your personal residence if you hold it at least two years.)

*Title Insurance insures you against an \_\_\_\_\_ title, which is when your proper ownership is in question. It is a good buy.*

*Always get a Land Survey if buying more than a standard subdivision \_\_\_\_\_.*

*Realtors' access to the \_\_\_\_\_ system can make house hunting easier, BUT they think like a retailer.*

## What to Buy

*Bottom of price range in the \_\_\_\_\_.*

*Homes appreciate in good neighborhoods and are priced based on three things: \_\_\_\_\_, \_\_\_\_\_, & \_\_\_\_\_.*

*If possible, buy near \_\_\_\_\_ or with a \_\_\_\_\_.*

*Buy bargains by overlooking bad landscaping, ugly carpet, ugly wallpaper, and the \_\_\_\_\_ print in the master bedroom;*

***BUT***

*Always buy a home that is (or can be) attractive from the \_\_\_\_\_ and that has a good basic \_\_\_\_\_ plan.*

*“Any structural weirdness you are willing to overlook will cost you at resale.”  
Anonymous*

*Have the home inspected mechanically and structurally by a certified \_\_\_\_\_.*

*Appraisals are an “\_\_\_\_\_ of value” but a better opinion than the seller’s, so order one if in doubt.*

## *Mortgages*

*First, remember to \_\_\_\_\_ debt.*

*The best mortgage is the \_\_\_\_\_ down plan.*

*“There were also some who said, ‘we have mortgaged our lands and vineyards and houses, that we might buy grain because of the famine’.”*

*Nehemiah 5:3 (NKJV)*

*But if you must...*

*Then try something radical, like really believing that less home will do for a while.*

*Get a payment of no more than \_\_\_\_\_ of take home pay on a \_\_\_\_\_ fixed rate loan, with at least \_\_\_\_\_ down. Have a fully funded emergency fund left over after closing.*

**TO BUY?  
OR WHAT TO BUY?  
THAT IS THE QUESTION**

*(FIGURES BASED ON 8% APR)*

**I. \$95,000 15-years Pay \$907/mo**

**II. \$95,000 30-years Pay \$697/mo  
\$210/mo.**

***BUT AFTER TEN YEARS...***

***The 15-year loan has a balance of \$44,000 while  
the 30-year loan has a balance of \$83,000 !!!!***

***During that 10 years you paid more than  
\$83,600, but only paid down the loan by less than  
\$12,000.***

***That is why it is good to own a bank!***

*Adjustable Rate Mortgages (ARMS) were brought on with the advent of \_\_\_\_\_ interest rates in the early 1980's.*

*The concept of the ARM is to \_\_\_\_\_ the risk of higher interest rates to the \_\_\_\_\_ and in return the lender gives a lower rate now.*

*According to the FDIC, more than \_\_\_\_\_% of ARMs are adjusted inaccurately, so if you have one, check it.*

*You can qualify for more home with ARMs, but the risk of financial stress later is not worth it.*

*(To calculate how an ARM adjusts see addendum on ARMs)*

*“For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it - (29) lest, after he has laid the foundation, and is not able to finish it, all who see it begin to mock him, (30) saying ‘This man began to build and was not able to finish’.”*

*Luke 14:28-30 (NKJV)*

## *Basic Ways to Finance a Home*

1. \_\_\_\_\_ usually through FNMA and insured against default privately.

*Down payments range from 5% to 20% or more.*

*These loans are available in all forms and formats.*

*With 20% down or 20% LTV you can save PMI.*

*PMI is \_\_\_\_\_ mortgage insurance.*

2. \_\_\_\_\_ which is insured by HUD-The Federal Government.

*FHA charges a Mortgage Insurance Premium (MIP) that never drops off no matter how far down you pay the loan.*

*Down payments are as low as \_\_\_\_\_% and are used on lower priced homes.*

*These loans are currently \_\_\_\_\_ expensive than conventional financing and so should be avoided.*

3. \_\_\_\_\_ which is insured by The Veterans

*Administration.*

*Designed to benefit the Veteran; the seller pays everything allowing a true zero down purchase.*

*With a good down payment the conventional loan is a \_\_\_\_\_ deal.*

4. \_\_\_\_\_ financing is when you pay the owner

*over time making him the mortgage holder.*

*This is a \_\_\_\_\_ way to finance because you can be creative in the structure of the loan.*

*Example: No payments for a year, or interest rates that graduate, or discount for early payoff.*

# Addendum One

## *How to Figure Your New Payment* *Monthly Payment per \$1,000 in Loan Amount*

<i>Rate</i>	<i>15-Year</i>	<i>30-Year</i>
4.5%	7.65	5.07
5.0%	7.91	5.37
5.5%	8.17	5.68
6.0%	8.44	6.00
6.5%	8.71	6.32
7.0%	8.99	6.66
7.5%	9.28	7.00
8.0%	9.56	7.34
8.5%	9.85	7.69
9.0%	10.15	8.05
9.5%	10.44	8.41
10.0%	10.75	8.78
10.5%	11.05	9.15
11.0%	11.37	9.52
11.5%	11.68	9.90
12.0%	12.00	10.29

$$\frac{\text{Sales Price}}{1,000} = \frac{\text{\#1000's}}{1,000} \times \frac{X}{\text{Factor}} = \text{Monthly Pymt}$$

*Example: Sales Price - \$90,000, 15 years at 8%*

$$\$90,000 \div 1,000 = 90 \times 9.56 \text{ (look at rate and \# of years financed) } =$$

**\$860.40 Monthly Payment**

# Addendum Two

## *Should I Refinance?*

*Current Principal and Interest Payment* \_\_\_\_\_  
*(not with taxes & insurance)*

*New Principal and Interest Payment (minus)* \_\_\_\_\_

*equals Monthly Savings* \_\_\_\_\_

$$\frac{\text{_____}}{\text{_____}} = \text{_____}$$

*Total Closing Costs divided by Savings = number of months to break even.*

*Example: Refinance on a \$90,000 mortgage*

*\$1,100 current payment - \$950 new payment = \$150 savings*

*\$1,950 closing cost divided by \$150 savings = 13 months*

*Will you stay in your home longer than the number of months to break even? If so, you are a candidate for a refinance.*

**ESTIMATED CLOSING COSTS TABLE**

<i>Loan Amount</i>	<i>Closing Costs</i>	<i>Loan Amount</i>	<i>Closing Costs</i>
<i>30,000</i>	<i>1,500</i>	<i>35,000</i>	<i>1,550</i>
<i>40,000</i>	<i>1,600</i>	<i>45,000</i>	<i>1,650</i>
<i>50,000</i>	<i>1,700</i>	<i>55,000</i>	<i>1,725</i>
<i>60,000</i>	<i>1,775</i>	<i>65,000</i>	<i>1,800</i>
<i>70,000</i>	<i>1,825</i>	<i>75,000</i>	<i>1,850</i>
<i>80,000</i>	<i>1,900</i>	<i>85,000</i>	<i>1,925</i>
<i>90,000</i>	<i>1,950</i>	<i>95,000</i>	<i>1,975</i>
<i>100,000</i>	<i>2,000</i>	<i>150,000</i>	<i>2,300</i>
<i>200,000</i>	<i>2,600</i>	<i>250,000</i>	<i>2,900</i>

## Addendum Three

### *How To Figure The Change In Your ARM*

*Your Adjustable Rate Mortgage adjusts based on the movement of an index. You can find your index in your original note or mortgage. The most commonly used index is the Treasury Bill. The one year ARM uses the one year T-Bill, and the three year ARM uses the three year T-Bill and so on. Other commonly used indexes are the LIBOR and THE 11TH DISTRICT COST OF FUNDS.*

*First, find out what index you use and when it is adjusted.*

*Next, find out (also from your paperwork) what "margin" was assigned to your loan (usually 2.59).*

*Basically your ARM moves as the index moves.*

*The index is usually published daily in the Wall Street Journal.*

*So if you have a one year ARM that adjusts with the one year T-Bill and a margin of 2.59 (which is typical) then at the one year anniversary of your closing you would look up the one year T-Bill in the Wall Street Journal. Add the T-Bill to your margin and you have your new rate (if it is not capped).*

*Example: T-Bill 4.41 plus margin 2.59 = 7% new interest rate.*

*Warning: Almost all ARM's start below margin the first year guaranteeing a payment increase at anniversary unless rates DROP.*

# **HOW WOULD YOU LIKE TO JOIN DAVE RAMSEY'S FPU TEAM?**

**If you are instrumental in helping to  
bring a new FPU class start to your  
community, church or corporation,  
you will receive a **FREE** gift and may  
be eligible for a refund of your entire  
FPU membership enrollment fee!**

**CALL OUR OFFICE TODAY  
1-888-227-3223**

**FOR MORE INFORMATION  
ABOUT THIS SPECIAL OFFER**

# DISCUSSION QUESTIONS

1. *How important is home ownership? Why?*
2. *Are there times when you should not own?*
3. *How can you prevent becoming "House Poor"?*

## Answer Key (left to right)

<i>Retailer</i>	<i>Enormous</i>	<i>Curb</i>	<i>More</i>
<i>Multiple</i>	<i>Not</i>	<i>Interview</i>	<i>Not</i>
<i>Forced</i>	<i>Inflation</i>	<i>Free</i>	<i>Unclean</i>
<i>Lot</i>	<i>MLS</i>	<i>Neighborhood</i>	<i>Location</i>
<i>Location</i>	<i>Location</i>	<i>Water</i>	<i>View</i>
<i>Elvis</i>	<i>Street</i>	<i>Floor</i>	<i>Home</i>
<i>Inspector</i>	<i>Opinion</i>	<i>Hate</i>	<i>100%</i>
<i>25%</i>	<i>15-year</i>	<i>10%</i>	<i>High</i>
<i>Transfer</i>	<i>Borrower</i>	<i>35</i>	<i>Conventional</i>
<i>Private</i>	<i>FHA</i>	<i>3</i>	<i>More</i>
<i>VA</i>	<i>Better</i>	<i>Owner</i>	<i>Great</i>

# ACCOUNTABILITY CHECK-UP

## Real Estate & Mortgages

### I. BUDGET CHECK TIME AGAIN!

- A. This should be around your 3rd monthly zero-based budget during this 13 week program.
- B. By now everyone should start to have a better handle on how to do a budget and their average monthly spending.
- C. As a result you should feel a little bit more in control of your finances. **If you still need more help call The Lampo Group office at 1-888-22PEACE for more assistance or information regarding a 1-2 hour phone counseling session.**

### II. Everyone should show their **Financial Snapshot** with column three completed.

- A. **Share a victory story with the class** as you reflect on your progress throughout this program.

### III. ACCOUNTABILITY & APPLICATION REVIEW:

- A. If you find yourself paying more on a house than you can realistically afford, what should you do? Talk about the struggle this has or would cause you.
- B. How can renting for a period of time actually be a blessing to you in the big financial picture? Is renting for a time throwing away money?
- C. Have you ever been late on a mortgage or rent payment? If so, how did it make you feel?
- D. If you have over a 15 year mortgage, make a commitment to at least look into how much interest you would save by switching it to a 15 year or less mortgage.
- E. If you have an ARM (Adjustable Rate Mortgage), should you look into moving it to a fixed rate? If so, why? If not, why not? (If anyone in the class has ever had an ARM and it hurt them financially, share the story with the class.)
- F. How would paying off your house early feel, and how would it affect your retirement?
- G. Complete this sentence: **“This program has been a blessing in my life because it has...”**

### IV. Let The Lampo Group know **“What FPU means to me.”** E-mail us at [fpud@daveramsey.com](mailto:fpud@daveramsey.com) or call us at **1-888-22PEACE**.

## financial counseling

Before there was the Dave Ramsey Radio Show or Financial Peace University, Dave was counseling people one-on-one. Our financial counseling department, led by Russ Carroll, has helped thousands of families. Not only do we counsel people in financial distress, but we also counsel people who are financially healthy.

*For example:*

- How would you like to get an unbiased review of your financial plan, receive recommendations, and not be sold a financial product?
- If you are facing stress due to credit collectors or considering bankruptcy, we can help you get through this difficult time and give you the tools and confidence to never be in that situation again.
- Engaged or newly married, how would you like to have a financial game plan as you start your life together?
- Small business owners, get assistance assessing your present financial situation and develop recommendations to achieve company goals.
- Or maybe you are doing okay financially, but just can't get ahead.

To learn more about our counseling services and schedule a counseling appointment, call 1-888-22PEACE (227-3223). For one of our certified counselors in your state go to [www.daveramsey.com](http://www.daveramsey.com).

Click on "Financial Counseling," then on "Find a Counselor."



## DAVE'S CERTIFIED counselor training

Become one of Dave's Local Certified Financial Counselors:

- Be trained by Dave's team to counsel people in your community
- Start a counseling business or counsel as a ministry

The Counselor Training is a 3 1/2 day, intense and expensive training program with more than 30 hours of training that includes:

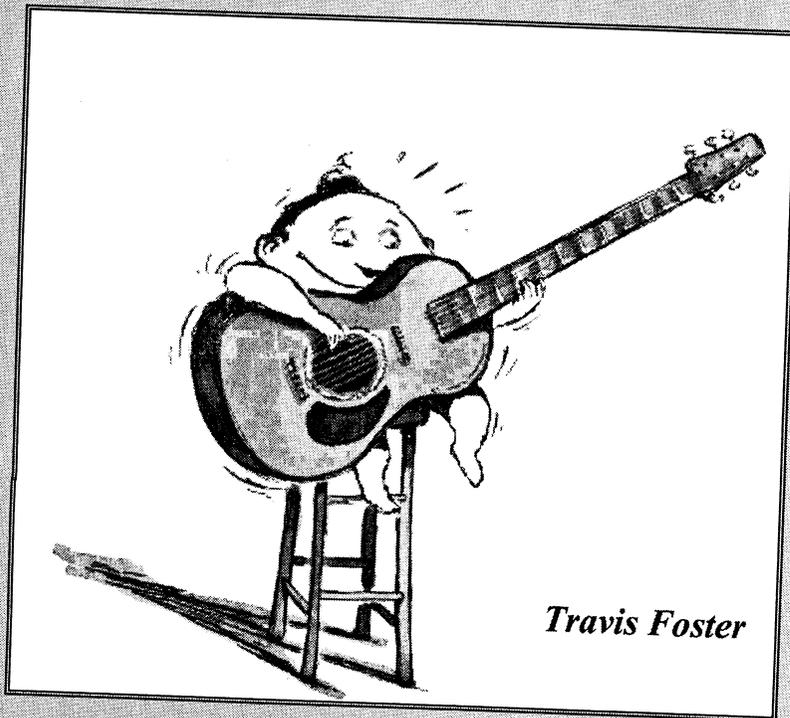
- Helping people with everything from bankruptcy to estate planning
- Helping people determine their goals for investing, short and long term
- Learning how to deal and communicate with creditors and collection agencies
  - Case Studies, discussion groups and role play

You must submit an application and be approved to attend the counselor training. Not everyone is accepted and seating is limited!

For more information on becoming a counselor, visit us online @ [www.daveramsey.com](http://www.daveramsey.com) and click on the "Counseling Training" button.



# CAREERS & EXTRA JOBS



*Travis Foster*

*“How long will you slumber, o sluggard? When will you rise from your sleep? A little sleep, a little slumber, a little folding of the hands to sleep...So shall our poverty come on you like a robber...”*

*Proverbs 6:9-11*

# *NOTES*

**CAREERS &  
EXTRA JOBS**

# *Business Employment Trends*

## *National Firms By Employment Size*

<i>0-4 employees.....</i>	<i>59.3%</i>
<i>5-9 employees.....</i>	<i>19.2%</i>
<i>10-19 employees.....</i>	<i>11.6%</i>
<i>20-49 employees.....</i>	<i>6.6%</i>
<i>50-99 employees.....</i>	<i>2.0%</i>
<i>100-449 employees.....</i>	<i>1.42%</i>
<i>500-999 employees.....</i>	<i>0.28%</i>

*Census Bureau Statistics*

# Careers & Extra Jobs

*“Always bear in mind that your own resolution to succeed is more important than any other thing.”*

*Abraham Lincoln*

## DEALING WITH CHANGE

*The average job in America is now \_\_\_\_\_ years in length.*

*The average American worker will have \_\_\_\_\_ different jobs in his/her working lifetime.*

*We know this even about college graduates: 10 years after graduation, \_\_\_\_\_ of college graduates are working in something totally unrelated to their college degree.*

*Experts tell us that \_\_\_\_\_ of all products and services we are now using will be obsolete in 5 years.*

*“Everyone lives on the edge of job obsolescence and on the threshold of career opportunity.”*

*-Anonymous*

*The key to power in our careers is to first look at*

\_\_\_\_\_.

*The more we understand ourselves, the more we can move forward with boldness and confidence. We can enhance our effectiveness by first being introspective.*

*“Know thyself, and to thine own self be true.”*

*Shakespeare*

*“The unexamined life is not worth living.”*

*Socrates*

*“The secret of success is focus of purpose.”*

*Thomas Edison*

\_\_\_\_\_ *is ultimately never enough compensation for doing a job.*

*There must be a sense of \_\_\_\_\_, \_\_\_\_\_,  
and \_\_\_\_\_.*

*“Until you make peace with who you are, you will never be content with what you have.”*

*Doris Mortman*

*Just because you have the \_\_\_\_\_ to do something  
does not mean that it is well-suited for you.*

*“Genius is the ability to clearly visualize the objective.”*

*Anonymous*

*Any job you have must blend your:*

\_\_\_\_\_ & \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_ & \_\_\_\_\_

*The real goal is to:*

***PLAN YOUR WORK AROUND YOUR LIFE,  
RATHER THAN PLANNING YOUR LIFE  
AROUND YOUR WORK.***

*“Life is never made unbearable by circumstances, but only by lack of meaning and purpose.”*

*Viktor Frankl*

## Understanding My Personal Characteristics

Recognize that your \_\_\_\_\_ is not your LIFE. It is simply one tool for a successful life.

Learn to distinguish between the following terms:

Your \_\_\_\_\_ is a calling, purpose, mission and destiny.

*There is a Hebrew word "Avodah" from which come both the words "work" and "worship". To the Hebrew man, what he was doing on Thursday morning was just as much an expression of worship as being in the synagogue on the Sabbath.*

*The master in the art of living makes little distinction between his work and his play, his labor and his leisure, his mind and his body, his information and his recreation, his love and his religion. He hardly knows which is which. He simply pursues his vision of excellence at whatever he does, leaving others to decide whether he is working or playing. To him, he is always doing both.*

*James Michener*

Your \_\_\_\_\_ is a line of work, but not necessarily your calling.

Your \_\_\_\_\_ is your daily activity that produces an income or paycheck.

*The major quest in life is not what you \_\_\_\_\_, but what you \_\_\_\_\_.*

*Understanding your \_\_\_\_\_ style will tell you more about where you will function successfully than knowing your \_\_\_\_\_ background.*

*A recent Harvard University study reported that \_\_\_\_\_ of the reason for a person's success is due to technical skill and knowledge. \_\_\_\_\_ of the reason originates from that person's personal skill, attitude, enthusiasm, self-discipline, desire, and ambition.*

*This is why candidates with the best \_\_\_\_\_ on paper frequently do not get the job.*

*In The Millionaire Mind, a study of decamillionaires, Dr. Thomas Stanley reports that a direct correlation could not be found between academic background, or even IQ, and success. The only common theme among those who end up very wealthy is that they find something they love and do it with excellence.*

## Resumes

*Remember, resumes get you \_\_\_\_\_. Interviews get you jobs.*

*"The measure of a man is not what he does on Sunday, but rather who he is Monday through Saturday."*

*Anonymous*

## Interviews

*Most hiring decisions are made in the first \_\_\_\_\_ to \_\_\_\_\_ minutes of an interview.*

*Consequently, we know that the interviewer is responding more to personal qualities than to resume qualifications.*

*“The major difference between successful and unsuccessful job-hunters is not skill, education, or ability, but the way they go about their job-hunt.”*

*Anonymous*

## Job Search Strategy

*Ads in the paper represent about \_\_\_\_\_ of what is available. Go after the other 85% as well.*

*Responding to ads in the paper leads to jobs for about 15 out of 100 job seekers.*

*Employment agencies lead to success for about 13 out of 100. The proper job search strategy leads to a job for 86 out of 100 who use it.*

*Target the companies for which you would like to work and contact them at least three times.*

1. \_\_\_\_\_.
2. \_\_\_\_\_ & \_\_\_\_\_.
3. \_\_\_\_\_.

*Taking an active approach for \_\_\_\_\_ - \_\_\_\_\_ days will open up opportunities that you desire.*

*“Ask, ‘How can I make my ideas profitable?’ ”*

*Anonymous*

## *Supplemental Income*

*Long term income changes are covered by career changes, but many times the best way to meet short term \_\_\_\_\_ is to take the dreaded \_\_\_\_\_ - \_\_\_\_\_ job.*

*The following are examples of short term objectives:*

1. *Eliminate \_\_\_\_\_ bills.*
2. *\_\_\_\_\_ debt.*
3. *\_\_\_\_\_ an item with cash.*
4. *Build up \_\_\_\_\_ sum savings.  
(College or Emergency Fund)*

*Home-based businesses are another method of generating supplemental income.*

*\*Forty-five percent of American homes have a business within its walls,...*

*\* Entrepreneur Magazine*

# *Ideas Of Successful Home Business*

*Some ideas of successful home-based businesses are:*

<i>Accounting</i>	<i>Wedding Planning</i>
<i>Personal Service</i>	<i>Senior Citizen Care</i>
<i>Appliance Repair</i>	<i>Graphic Design</i>
<i>Gift Baskets</i>	<i>Newsletters</i>
<i>Vending</i>	<i>Delivery Service</i>
<i>Interior Decorating</i>	<i>Flea Market Vendor</i>
<i>Landscape Design</i>	<i>Home Inspection</i>
<i>Window Displaying</i>	<i>Ceiling Fans</i>
<i>House Painting</i>	<i>Auto Detailing</i>
<i>Consignment Used Cars</i>	<i>Glass Tinting</i>
<i>Child Security Systems</i>	<i>Power Washing</i>
<i>One-Person Entertainer</i>	<i>Catering</i>
<i>Nutrition Counselor</i>	<i>Wild Herbs</i>
<i>Organic Gardening</i>	<i>Jewelry Sales</i>
<i>Tree Removal</i>	<i>Chimney Cleaning</i>
<i>Glass Etching</i>	<i>Firewood Supply</i>
<i>Kitchen Tune-ups</i>	<i>Decks &amp; Coverings</i>
<i>Home Schooling Counselor</i>	<i>Manners Instruction</i>
<i>Mail Order</i>	<i>Balloon Vendor</i>
<i>Pet Sitter</i>	<i>Real Estate Photos</i>
<i>Aerial Photos</i>	<i>Discount Coupon</i>
<i>Books</i>	<i>Web Designer</i>
<i>Marketing</i>	<i>How-To-Brochures</i>
<i>Sewing Alterations</i>	<i>Tour Guide</i>
<i>College Scholarship Search</i>	<i>Computer Consultant</i>
<i>Electroplating</i>	<i>Import/Export Broker</i>

# Warning In Conclusion

*Beware to not allow your work (career) to be the source of all your satisfaction and self \_\_\_\_\_.*

*“Do not overwork to be rich; Because of your own understanding, cease! (5) Will you set your eyes on that which is not? For riches certainly make themselves wings; They fly away like an eagle toward heaven.”*

*Proverbs 23:4-5 (NKJV)*

*“If you want to know how rich you really are, find out what would be left of your tomorrow if you should lose every dollar you own tonight.”*

*William J. Boetcher*

*“Career is a means to an end, not the end.”*

*Anonymous*

*“Think beyond your lifetime if you want to accomplish something truly worthwhile.”*

*Walt Disney*

# *Personal Mission Statement Worksheet*

*Skills and Interests:* \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Personality Traits:* \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Values, Dreams, and Passions:* \_\_\_\_\_

\_\_\_\_\_

**MY MISSION IS:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*“Outstanding people have one thing in common: an absolute sense of mission.”*  
*Anonymous*

## *Example Of A Mission Statement*

*I will maintain a positive attitude and a sense of humor in everything I do. I want to be known by my family as a caring and loving husband and father; by my business associates as a fair and honest person; and my friends as someone they can count on to earn their respect. Controlling all my actions is a strong sense of integrity which I believe is the most important character trait.*

*My Mission is to provide service, products, and benefits with integrity and honesty to the medical community. I will look for opportunities to help hurting individuals and assist other professionals in a win-win manner. I will not knowingly harm or take advantage of anyone. I will use my knowledge and abilities in organizing and structuring in ways that provide income and pleasure for my family and blessings to those around me.*

*My Mission is to exercise my creativity and innovative ideas by developing songs, books and products which change lives and society for the better. I will use my talents and abilities consistently. I will not hide them simply because they will not always be immediately recognized. I want all of my work to be a product of God's inspiration and a blessing to the world. I will be loyal to my family, friends and God.*

*For myself, I want to develop self-knowledge, self-love, and self-allowing. I want to use my healing talents to keep hope alive and express my vision courageously in work and action. In my family, I want to build healthy, loving relationships in which we let each other become our best selves. At work, I want to establish a fault-free, self-perpetuating, learning environment. In the world, I want to nurture the development of all life forms, in harmony with the laws of nature.*

# Personality Inventory

*Instructions: In each box, circle each word or phrase that describes a consistent character trait of yours. You should find groupings in 1 or 2 categories. Then turn to the next page for corresponding career areas.*

## ***Dominance (Driver)***

*Likes Authority  
Takes Charge  
Controlling  
Bold  
Decision Maker  
Enterprising  
Task Oriented  
Overlooks Details  
Not careful of Other's Feelings  
Adventurous  
Determined  
Self-reliant  
Independent  
Confident  
Very Direct*

## ***Influencing (Expressive)***

*Enthusiastic  
Visionary  
Takes Risks  
Spontaneous  
Enjoys Change  
Group Oriented  
Likes Variety  
Creative New Ideas  
Optimistic  
Infectious Laughter  
Inspirational  
Initiator  
Promoter  
Can Waste Time  
Entertains Others*

## ***Steadiness (Amiable)***

*Calm  
Loyal  
Nurturing  
Dry Humor  
Sympathetic  
Conscientious  
Peace Maker  
Enjoys Routine  
Understanding  
Avoids Conflict  
Dislikes Change  
Maintains Low Profile  
Can Be Slow to Act  
Good Listener  
Reliable*

## ***Compliance (Analytical)***

*Predictable  
Controlled  
Perfectionist  
Diplomatic  
Inquisitive  
Accurate  
Orderly  
Factual  
Loves Detail  
Conscientious  
Reserved  
Discerning  
Precise  
Scheduled  
Sensitive*

# Occupational Categories

*In the boxes below are some of the occupations that line up with the personal characteristics you checked on the previous page. These are broad categories, but will give you an idea of what would be most fitting for you. This is not a complete list, but will give you an idea of how types of jobs use the same personal skills.*

## *Dominance*

*Manufacturer's Representative  
Lobbyist  
Business Manager  
Fire Marshall  
Travel Guide  
Principal  
Fashion Coordinator  
Landscape Architect  
Sales Agent, Insurance  
Production Coordinator  
Show Host/Hostess  
Manager, Customer Services  
Sales Agent, Real Estate  
Announcer  
Writer  
Entrepreneur  
Business Owner*

## *Influencing*

*Training Representative  
Clergy Member  
Manager, Advertising  
Editor  
Preschool Teacher  
Arbitrator  
Sales Agent  
Administrator, Health Care  
Home Economist  
Actor/Actress  
Reporter  
Manager, Office  
Insurance Sales  
Optometrist  
Illustrator  
Faculty Member  
Interior Designer*

## *Steadiness*

*Investigator  
Pharmacist  
Physical Instructor  
Psychologist  
Survey Worker  
Counselor  
Social Worker  
Teacher, Secondary School  
Correspondence Clerk  
Market Research Analyst  
Veterinarian  
Nurse  
Podiatrist  
Programmer  
Lab Technician  
Chiropractor  
Librarian*

## *Compliance*

*Medical Record Technician  
Nurse, Licensed Practical  
Nurse, General Duty  
Secretary  
Accountant  
Job Analyst  
Mail Clerk  
Caseworker  
Architect  
Biochemist  
District Ext. Service Agent  
Geologist  
Physical Assistant  
Historian  
Environmental Analyst  
Airplane Pilot  
Painter*

# *I Do Not Choose To Be A Common Man*

*I* t is my right to be uncommon — If I can.

*I* seek opportunity — not security. I do not wish to be a kept citizen, humbled and dulled by having the state look after me.

*I* want to take the calculated risk; to dream and to build, to fail and to succeed.

*I* refuse to barter incentive for a dole. I prefer the challenges of life to the guaranteed existence; the thrill of fulfillment to the stale calm of utopia.

*I* will not trade freedom for beneficence nor my dignity for a handout. I will never cower before any master nor bend to any threat.

*I* t is my heritage to stand erect, proud and unafraid; to think and act for myself, enjoy the benefit of my creations and to face the world boldly and say, This I have done.

*By Dean Alfange*

*All this is what it means to be an American.*

# ***DISCUSSION QUESTIONS***

1. *Do you have family, career, spiritual, physical and personal development goals as well as financial goals?*
2. *Discuss the fit of your job with your personality style.*
3. *Discuss resumes, interviews and networking.*
4. *What ideas do you have for a home-based business?*

## ***Answer Key*** (left to right)

<i>3.2</i>	<i>16 - 18</i>	<i>80%</i>
<i>85%</i>	<i>Ourselves</i>	<i>Money</i>
<i>Meaning</i>	<i>Purpose</i>	<i>Accomplishment</i>
<i>Ability</i>	<i>Skills</i>	<i>Abilities</i>
<i>Personality</i>	<i>Traits</i>	<i>Values</i>
<i>Dreams</i>	<i>Passions</i>	<i>Job</i>
<i>Vocation</i>	<i>Career</i>	<i>Job</i>
<i>Are</i>	<i>Getting</i>	<i>Are</i>
<i>Becoming</i>	<i>Personal</i>	<i>Educational</i>
<i>15%</i>	<i>85%</i>	<i>Qualification</i>
<i>Interviews</i>	<i>3</i>	<i>5</i>
<i>15%</i>	<i>Introduction</i>	<i>Letter</i>
<i>Cover</i>	<i>Letter</i>	<i>Resume</i>
<i>Phone</i>	<i>Follow-up</i>	<i>30</i>
<i>45</i>	<i>Objectives</i>	<i>Part</i>
<i>Time</i>	<i>Monthly</i>	<i>Pay-Off</i>
<i>Purchase</i>	<i>Lump</i>	<i>Worth</i>

# ACCOUNTABILITY CHECK-UP

## Careers & Extra Jobs

- I. It's time to cut up credit cards again and check on how much debt the class as a group has avoided by not accepting any new credit card offers.**
- A. Add up the credit limits on credit card applications the group has received over the last few months.
  - B. Have a credit card and application destroying party.
  - C. Congratulate each other for avoiding any new debt.
  - D. You've worked hard for your money! It's time to be FREED!
- II. ACCOUNTABILITY & APPLICATION REVIEW:**  
(Talk **with passion** about these things.)
- A. I will commit to going home and writing down a mission statement for my life before the next class. Then I will post it where I can see it and pursue it daily.
  - B. Describe the feelings of working at a job where you feel stuck because of financial responsibilities, yet for which you have no passion.
  - C. Even if I don't like it, I will work overtime or a second job for a period of time **to pay off debts with gazelle intensity.**
  - D. Long term I am, or will, pursue for my life's work the kind of job that brings me happiness and inner peace. If not, why not?
  - E. Talk about the emotional stress that you go through if you are out of work for a long period of time.
  - F. I am supportive of my spouse's work and encourage him/her for all the hard work he/she does to help provide for the family.
  - G. Talk about the danger of being a workaholic. How can it affect your life, your soul, and your family? Does it become a non-issue if you are single?
  - H. How can having a job you enjoy make a difference in your financial future?
  - I. Talk about why it is harder to pay off debts when you are working at a job that you do not enjoy.
  - J. Colossians 3:23 teaches us that "...whatever you do, do it heartily, as to the Lord and not to men." Do you carry this attitude into your workplace? How could it help you even if you are working at a job you don't enjoy?
- IV. Go home and finish the Personal Inventory and Occupational Categories worksheets this week.**
- V. Work on your Personal Mission Statement worksheet this week!**

*NOTES*

# *Collection Practices And Credit Bureaus*

## *Collection Practices*

*The best way to pay debts is with a \_\_\_\_\_.*

*“There is no dignity quite so impressive, and no independence quite so important, as living within your means.”*

*Calvin Coolidge*

*“Many are the plans in a man’s heart, But the counsel of the Lord, it will stand.”*

*Proverbs 19:21 (NASB)*

*A collector’s job is not to help your overall situation, but they are to get \_\_\_\_\_ money only.*

*Collectors are trained \_\_\_\_\_ or \_\_\_\_\_.*

*They are typically low paid positions with high \_\_\_\_\_.*

*They are taught in their training to “evoke strong \_\_\_\_\_.”*

*The way you counter act this technique is to ALWAYS pay necessities first and then \_\_\_\_\_ set the order of payment.*

*In 1977, a consumer law was passed by Congress called the Federal Fair Debt Collection Practices Act to protect you from unfair collectors. The law technically only applies to collection agencies (not your creditor), but later court cases make most creditors also abide by the FFDCPA.*

*The Act states that harassment is illegal, and that includes restricting a collector's calls between the hours of \_\_\_\_\_ and \_\_\_\_\_ (unless they have your permission).*

*The Act also allows you to demand a creditor cease calling you at \_\_\_\_\_. You should request this in writing by certified mail return receipt requested. (See sample letter)*

*The Act even allows you to insist a creditor stop ALL contact \_\_\_\_\_ to notify you of lawsuit proceedings.*

*"I've never been poor, only broke. Being poor is a frame of mind. Being broke is only a temporary position."*

*Mike Todd*

*Do not use a cease and desist letter except in \_\_\_\_\_ situations because all negotiations stop and any hope of a positive resolution is lost.*

*“A good name is to be chosen rather than great riches, loving favor rather than silver and gold.”*

*Old Proverb*

*No collector or creditor may confiscate a \_\_\_\_\_ account or garnishee (attach) \_\_\_\_\_ without proper and lengthy court action. All such threats are a bluff.*

*Your plan should include as much prompt repayment of debt as possible in order to protect your credit rating, but YOU must set your priorities of repayment. Do NOT let a collector use your credit report as a \_\_\_\_\_ club.*

*“It is better not to vow than to vow and not pay.”*

*Ecclesiastes 5:5 (NKJV)*

*“A light purse is a heavy curse.”*

*Benjamin Franklin*

*When you are unable to pay the minimum payments, use the \_\_\_\_\_ - \_\_\_\_\_ plan.*

# PRO RATA DEBTS

<i>Discover</i>	<i>\$1,200</i>	<i>\$150</i>
<i>Citibank Visa</i>	<i>300</i>	<i>45</i>
<i>MBNA Visa</i>	<i>200</i>	<i>25</i>
<i>Penny's</i>	<i>100</i>	<i>60</i>
<i>Sears</i>	<i>200</i>	<i>30</i>
 <b>TOTAL</b>	 <b>\$2,000</b>	 <b>\$310</b>

<i>Income</i>	<i>\$2,400</i>
<i>-Necessity Expense</i>	<u><i>2,200</i></u>
<i>Disposable Income</i>	<i>\$ 200</i>

*Can't Increase Income Anytime Soon*

# PRO RATA PLAN

SHEET 1

<u><i>Total</i></u> <u><i>Item</i></u>	<u><i>Total</i></u> <u><i>Payoff</i></u>	<u><i>/Debt</i></u>	<u><i>= Percent</i></u>	<u><i>Disposable</i></u> <u><i>X Income</i></u>	<u><i>= New</i></u> <u><i>Payments</i></u>
<u><i>Discover</i></u>	<u><i>1,200</i></u>	<u><i>/ 2000</i></u>	<u><i>= . 60</i></u>	<u><i>X 200</i></u>	<u><i>= 120</i></u>
<u><i>Citibank</i></u>	<u><i>300</i></u>	<u><i>/ 2000</i></u>	<u><i>= . 15</i></u>	<u><i>X 200</i></u>	<u><i>= 30</i></u>
<u><i>MBNA</i></u>	<u><i>200</i></u>	<u><i>/ 2000</i></u>	<u><i>= . 10</i></u>	<u><i>X 200</i></u>	<u><i>= 20</i></u>
<u><i>Penny's</i></u>	<u><i>100</i></u>	<u><i>/ 2000</i></u>	<u><i>= . 5</i></u>	<u><i>X 200</i></u>	<u><i>= 10</i></u>
<u><i>Sears</i></u>	<u><i>200</i></u>	<u><i>/ 2000</i></u>	<u><i>= . 10</i></u>	<u><i>X 200</i></u>	<u><i>= 20</i></u>



# PRO RATA PLAN LETTER

**Date:** Feb. 22, 2002

**From:** Joe and Suzie Public  
123 Anystreet  
Anytown, ST 11111

**To:** Mega Credit Card Company  
999 Main Street  
Big City, ST 00000

**Re:** Joe & Suzie Public # 1234-5678-9012-9999

Dear Collection Manager:

Recently I lost my job and my wife is employed in a clerical position and we have met with a financial counselor to assess our present situation.

We acknowledge our indebtedness to you of \$6000, and fully intend to pay you back in full. However you are one of 6 creditors that we owe \$42,968 to. We owe minimum payments of \$782 each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.

We have put together a basic necessities cash flow plan based on our take home pay of \$2340 per month (see the enclosed copy of cash flow plan). Since we have 2 small children and no disposable income at this time to pay our creditors, we can not make a payment to you at the present time but we do not intend to go bankrupt.

At this time we are asking for a moratorium on payments for the next 120 days. We will keep in close contact with you and, as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.

We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at 600-555-9876.

Thank you for your consideration of our present situation.

Sincerely,

*Joe Public*  
*Suzie Public*

# PRO RATA SAMPLE LETTER

*Date:* \_\_\_\_\_

*From:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*To: Name of Creditor*  
*Address*

*Re: Card holder name and account number*

Dear: *(If you know a specific person or when contacting them by phone get name of area or office supervisor.)*

Recently (I have had to.....) Or (my husband had.....) changed jobs and have met with a financial counselor to access our present situation.

We acknowledge our indebtedness to you of \$\_\_\_\_\_, and fully intend to pay you back in full. However you are one of \_\_\_\_\_ creditors that we owe \$ \_\_\_\_\_ to. We owe minimum payments of \$ \_\_\_\_\_ each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.

We have put together a basic necessities cash flow plan based on our take home pay of \$\_\_\_\_\_ per month (enclose copy of cash flow plan). Since we have \_\_\_\_\_ small children and no (or limited) disposable income at this time to pay our creditors, we (can or cannot) make a payment to you (of \$\_\_\_\_\_) at the present time because we do not intend to go bankrupt.

At this time we are asking for a moratorium on payments for the next \_\_\_\_\_ (30, 60, 90, or 120) days. We will keep in close contact with you and, as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.

We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at \_\_\_\_\_ (phone number).

Thank you for your consideration of our present situation.

Sincerely,

(Signatures)

COLLECTION PRACTICES

*Eventually, if you are making no payments and have cut no deals, you will get sued.*

*“And if anyone wants to sue you, and take your shirt, let him have your coat also. (41) And whoever shall force you to go one mile, go with him two. (42) Give to him who asks of you, and do not turn away from him who wants to borrow from you.”*

*Matthew 5:40-42 (NASB)*

*Typically lawsuits for under \_\_\_\_\_ are sued in General Sessions Court (or small claims court) which is a fairly informal proceeding.*

*Before you are sued, you will be served by the local Sheriff’s Department and given typically \_\_\_\_\_ days notice of the court date.*

*In court, if the debt is valid, even if you fight, you will lose.*

*From that date you will have \_\_\_\_\_ days before the judgement becomes final and garnishments or attachments begin.*

*At ANYTIME during the process you may settle with the creditor or their attorney in writing. If you are not able to reach agreement you can file with the court a “\_\_\_\_\_ motion”, also called a pauper’s oath in some states.*

## Credit Bureaus

*All information is removed that is \_\_\_\_\_ years old except Chapter 7 bankruptcy which stays on \_\_\_\_\_ years.*

*Beware of credit clean up scams. The only information which may be legally removed from a credit report is \_\_\_\_\_ information.*

*Over \_\_\_\_\_ of the credit bureau reports have errors.*

*You should check your credit report every \_\_\_\_\_ to \_\_\_\_\_ years. Another Act passed in 1977 is the Federal Fair Credit Reporting Act which deals with how credit bureaus, creditors, and consumers interact.*

*An updated version of the Act requires a credit bureau to remove all \_\_\_\_\_ with 30 days of notification of such inaccuracies.*

*So to clean your credit report of inaccurate information, you should write a separate letter for each inaccuracy and staple a copy of your credit report to each letter circling the account number.*

*Note: You should request that “inquiries” be removed also. All of these letters should be sent \_\_\_\_\_ mail return receipt requested to prove when they receive the letter. If the credit bureau does not prove the accuracy of the account within 30 days then you should request they remove the \_\_\_\_\_ account from your file.*

*You will have to be assertive after the 30 day period.*

*“Victory belongs to the most persevering.”*

*Napoleon*

*The Federal Trade Commission and The State Consumer Affairs division is where \_\_\_\_\_ should be lodged.*

*“Annual income twenty pounds, annual expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.”*

*Charles Dickens, David Copperfield*



## Facts You Should Know

- ◆ *Payment history on your credit file is supplied by credit grantors with whom you have credit. This includes both open accounts and accounts that have already been closed.*
- ◆ *Payment in full does not remove your payment history. The length of time information remains in file is:*
  - Credit and Collection accounts- 7 years from the date of last activity*
  - Courthouse records- 7 years from the date filed, except bankruptcy Chapters 7 and 11 which remain for 10 years from date filed.*
- ◆ *New York State Residents only: Satisfied judgments 5 years from the date filed; paid collections 5 years from the date of last activity with original creditor.*
- ◆ *A divorce decree does not supersede the original contract with the creditor and does not release you from legal responsibility on any accounts. You must contact each creditor individually and seek their legal binding release of your obligation. Only after that release can your credit history be updated accordingly.*
- ◆ *There may be what appear to be duplicate accounts reported in your credit file. This could be because some credit grantors issue both revolving and installment accounts. Another reason why an account may appear to be reported twice is that when you move, some credit grantors transfer your account to a different location and issue another account number.*
- ◆ *The balance reported is the balance on the date the source reported the information. Credit grantors supply information on a periodic basis, so the balance shown may not be the balance you know it is today. If the balance reported was correct as of the date reported, it is not necessary to reinvestigate the balance on that account.*
- ◆ *Many companies market consumer products and services by mail. Millions of people take advantage of these direct marketing opportunities because it is a convenient way to shop. If you prefer not to receive direct marketing mailings, you can write to: Mail Preference Service, Direct Marketing Association, P.O. Box 282, Carmel, New York 15012. Include your complete name, full address, and signature. The Direct Marketing Association will have your name removed from these lists. This will stop most, but not all, solicitations. Your name will remain on the list for five years.*
- ◆ *You can call the National Do Not Call Registry toll-free from the number you wish to register: 1-888-382-1222 (TTY 1-866-290-4236). This will stop most calls. You can also register online: [www.ftc.gov/bcp/online/edcams/donotcall/index.html](http://www.ftc.gov/bcp/online/edcams/donotcall/index.html).*
- ◆ *Other useful sites: [www.dmaconsumers.org/cgi/offtelephone](http://www.dmaconsumers.org/cgi/offtelephone)  
[www.dmaconsumers.org/cgi/offmailinglist](http://www.dmaconsumers.org/cgi/offmailinglist)*

# Credit Bureaus

**EXPERIAN (888) 397-3742**

P.O. Box 2002

Allen, TX 75013

*Provides one free copy per year of your personal credit file; Additional copies are \$7 each; Free copies are also available if you have been denied credit in the past 60 days and the creditor used their services. Their website is [experian.com](http://experian.com)*

**EQUIFAX CREDIT BUREAU (800) 685-1111**

P.O. Box 740241

Atlanta, GA 30374-0241

*Copies of your personal credit file are available for a small fee (\$0-\$8) depending on your state of residence. Free copies are available if you have been denied credit in the past 60 days and the creditor used their services. Their website is [equifax.com](http://equifax.com)*

**TRANSUNION CREDIT BUREAU (800) 888-4213**

P.O. 1000

Chester, PA 19022

*Copies of your personal credit file are available for \$15 each depending on your state of residence. Free copies are available if you have been denied credit in the past 60 days and the creditor used their services. Their website is [transunion.com](http://transunion.com)*

## **\*\*Be Proactive!\*\***

**Decrease unauthorized direct mail marketing (including pre-approved credit card offers) and unwanted telemarketing calls!**

**How? Call the Credit Reporting Industry's Pre-Screening Opt-Out number: 1-888-567-8688 and follow the instructions. To stop these offers for 2 years press 1; to permanently stop them, press 2; if you want to be included after being removed, press 3.**

**OR: You can write a letter and request to be removed from pre-screening and direct marketing databases for five years. Be sure to include your home phone number and address and your signature. If your address changes, you must make another request.**

**For direct mailings:**

Mail Preference Service

Direct Marketing Association

P.O. Box 282

Carmel, NY 15012

**For telemarketing:**

Telephone Preference Service

Direct Marketing Association

P.O. Box 1559

Carmel, NY 15012

**FEDERAL TRADE COMMISSION (202) 452-3245**

*Publishes a brief semi-annual list (March and September) on card pricing by the largest issuers for \$5 per copy. Offers a number of free credit-related publications.*

**FEDERAL TRADE COMMISSION HEADQUARTERS (202) 326-2222**

6th and Pennsylvania Avenue, N.W.

Washington, D.C. 20580

# Sample Removal Letter

Date \_\_\_\_\_

(From)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VIA: Certified Mail, Return Receipt Requested**

(To)

**Direct Marketing Association**

**Mail Preference Service**

**P.O. Box 9008**

**Farmingdale, NY 11735-9008**

**RE: Unauthorized direct marketing and pre-approved credit card offers**

*This letter is your formal notice to remove my name from all direct marketing and pre-screening databases. I do not wish to receive any unsolicited offers, especially from credit card companies.*

*Not only do I request my name to be permanently removed, but also my phone number and address must likewise be permanently removed. My correct information is as follows:*

*(Complete name)* \_\_\_\_\_

*(Full address)* \_\_\_\_\_

\_\_\_\_\_  
*(Social Security Number)* \_\_\_\_\_

*(Phone number with area code)* \_\_\_\_\_

*Thank you for your immediate attention to this matter.*

*Sincerely,*

*(Signatures)*



# Request For File Disclosure Form

## REQUEST FOR FILE DISCLOSURE CREDIT BUREAU OF NASHVILLE

604 FOURTH AVE NORTH - P.O. BOX 190589 - NASHVILLE, TN 37219-0589

Reason for File Disclosure Request \_\_\_\_\_

Referred by \_\_\_\_\_ Was credit refused?    yes    no

I hereby request the Credit Bureau of Nashville to disclose to me the contents of my credit record. I understand that if I have been rejected for credit within the past sixty (60) days as the result of credit information contained in my credit record, there will be NO CHARGE for this disclosure, otherwise there will be an \$8 charge for an individual disclosure or \$10 for both myself and my spouse.

Name \_\_\_\_\_ Phone No. \_\_\_\_\_

Spouse's Name \_\_\_\_\_

Present Address \_\_\_\_\_

City \_\_\_\_\_, State \_\_\_\_\_ Zip Code \_\_\_\_\_

Former Address \_\_\_\_\_

City \_\_\_\_\_, State \_\_\_\_\_ Zip Code \_\_\_\_\_

Date of Birth \_\_\_\_\_ Social Security No. \_\_\_\_\_

Employed By \_\_\_\_\_

How Long? \_\_\_\_\_ Position \_\_\_\_\_

Former Employment \_\_\_\_\_

Spouse's Date of Birth \_\_\_\_\_ Social Security No. \_\_\_\_\_

Spouse's Employment \_\_\_\_\_

How Long? \_\_\_\_\_ Position \_\_\_\_\_

I hereby authorize the Credit Bureau of Nashville to review my credit record with me, to make any necessary investigation of my credit transactions and to furnish to its subscribers reports based thereon. In consideration of its undertaking to make such an investigation I authorize any business or organization to give full information and records about me.

I am the person named above and I understand that Federal Law provides that a person who obtains information from a consumer reporting agency under false pretenses shall be fined not more than \$5,000 or imprisoned no more than 1 year or both.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Telephone Number \_\_\_\_\_ Ext \_\_\_\_\_ where I can be reached during normal working hours.

### AUTHORIZATION FOR DISCLOSURE OF SPOUSE'S CREDIT RECORD

I, \_\_\_\_\_, certify that I am presently married to \_\_\_\_\_, and am acting in his/her behalf in reviewing the credit record information concerning him/her maintained by the Credit Bureau of Nashville.

# Sample Cease & Desist Letter

Date \_\_\_\_\_

(From)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VIA: Certified Mail, Return Receipt Requested**

(To)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: \_\_\_\_\_

Dear \_\_\_\_\_,

*This letter will serve as your legal notice under federal law that regulates the activities of collection agencies and their legal representatives.*

*You are hereby notified under provisions of Public Law 95-109, Section 805-C, THE FAIR DEBT COLLECTION PRACTICES ACT to hereby CEASE AND DESIST in any and all attempts to collect the above debt.*

*Your failure to do so WILL result in charges being filed against you with the state and federal regulatory agencies empowered with enforcement.*

*Please be further warned that if ANY derogatory information is placed on any credit reports after receipt of this notice, it too will result in action being taken against you.*

**PLEASE GIVE THIS MATTER THE ATTENTION IT DESERVES.**

*Yours truly,*

\_\_\_\_\_  
(Signature)

COLLECTION PRACTICES

# Sample Credit Bureau Letter

Date \_\_\_\_\_

(From)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(To)

\_\_\_\_\_ Credit Bureau

\_\_\_\_\_  
\_\_\_\_\_

RE: \_\_\_\_\_

*In reviewing the attached credit bureau report issued by your agency, I have detected an error regarding the following account(s) in that it is reported inaccurately.*

*Company Name:* \_\_\_\_\_

*Account Number:* \_\_\_\_\_

*Under the provision set forth in the 1977 Federal Fair Credit Reporting Act, I hereby request your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of The Act and succeeding court cases you have 30 days to prove such accuracy or remove the account entirely from my report, and I ask that you do so.*

*You will note that this letter was sent certified mail, and that I expect a response within the said thirty (30) day period. Should I not hear promptly from you, I will follow-up with whatever action necessary to cause my report to be corrected.*

*Please feel free to call me if you have any questions, my home phone number is \_\_\_\_\_ and my office number is \_\_\_\_\_.*

*Sincerely,*

\_\_\_\_\_  
(Signature)

# Sample Creditor Letter

Date \_\_\_\_\_

(From)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(To)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: \_\_\_\_\_

Dear \_\_\_\_\_,

*I am writing to formally request that your firm (or any agency hired by your firm) no longer contact me at my place of employment: \_\_\_\_\_.*

*My employer requests that calls such as yours must cease, and under the terms of the 1977 Federal Fair Debt Collection Practices Act, I formally demand all such calls to my place of employment cease. You will please take note that this letter was mailed certified mail, so I have proof that you are in receipt of this letter should legal action against you become necessary on this matter.*

*I am willing to pay the debt I owe you, and I will be in touch soon to work out arrangements.*

*Feel free to contact me at my home between \_\_\_\_\_ a.m. and \_\_\_\_\_ p.m. at the following number \_\_\_\_\_ or by mail at my home address:*

\_\_\_\_\_  
\_\_\_\_\_.

*Please give this matter the attention it deserves.*

*Sincerely,*

\_\_\_\_\_  
(Signature)

COLLECTION PRACTICES

# ***DISCUSSION QUESTIONS***

1. *For those of you who have been contacted by a creditor or collector, what emotions have you experienced?*
2. *What is the best way for a creditor or collector to get paid?*
3. *What are some collector stories you would like to share with us?*

## *Answer Key* (left to right)

<i>Plan</i>	<i>Your</i>	<i>Sales</i>	<i>People</i>
<i>Telemarketers</i>	<i>Turnover</i>	<i>Emotion</i>	<i>You</i>
<i>8 a.m.</i>	<i>9 p.m.</i>	<i>Work</i>	<i>Except</i>
<i>Horrible</i>	<i>Bank</i>	<i>Wages</i>	<i>Paper</i>
<i>Pro</i>	<i>Rata</i>	<i>\$10,000.00</i>	<i>10</i>
<i>Several</i>	<i>Slow Pay</i>	<i>7</i>	<i>10</i>
<i>Inaccurate</i>	<i>50%</i>	<i>1</i>	<i>2</i>
<i>Inaccuracies</i>	<i>Certified</i>	<i>Entire</i>	<i>Complaints</i>

# ACCOUNTABILITY CHECK-UP

## Collections Practices & Credit Bureaus

- I. **Next week is Graduation Night:**
  - A. Do something fun and special, like have a potluck with snacks, drinks and finger foods, maybe right after the video session, during the ACCOUNTABILITY and Graduation Session.
  - B. **Those who have attended 12 out of the 13 sessions will receive a Graduation Certificate.**
  - C. Invite a friend to visit the next session with you.
- II. Be prepared to show your final budget next week!
- III. Has everyone done a mission statement? Show these; share if you choose.
- IV. Pull out your **Testimonial Survey** form from the front pocket. Complete and hand it in next week.
- V. **ACCOUNTABILITY & APPLICATION REVIEW:** (Share your emotions with this class.)
  - A. I run my household and do not let my creditors set my priorities. The best way that they can get paid is for me to take control of my financial destiny.
  - B. I will protect my credit rating if possible; however, I will not let my creditors use it to control my life or budget.
  - C. During this program I have learned how to manage my money better, so that I am not filled with stress. True or False.
  - D. I have allocated all of this month's income on paper **before** the month began. **How does this help you pay off creditors?**
  - E. I did not get into financial stress quickly and I will likely walk out of it slowly, yet **with confidence now**.
  - F. I will check my credit report within the next 2 weeks. Why/why not?
  - G. Share a story with the group of your own personal experience of dealing with creditors at some point in your life.
  - H. Why is it important to **always pay your necessities first** before paying your creditors, such as credit card companies?
    - I. List some things that are necessities that must be budgeted before paying off debt.
    - J. Is it wise to sign notes for family or friends? What can happen? Give an example of a true story if you have one.
    - K. I will no longer allow guilt and emotion to control my financial decisions. Talk about an example of what happened when you did.

# *FOOTPRINTS IN THE SAND*

*One night a man had a dream.*

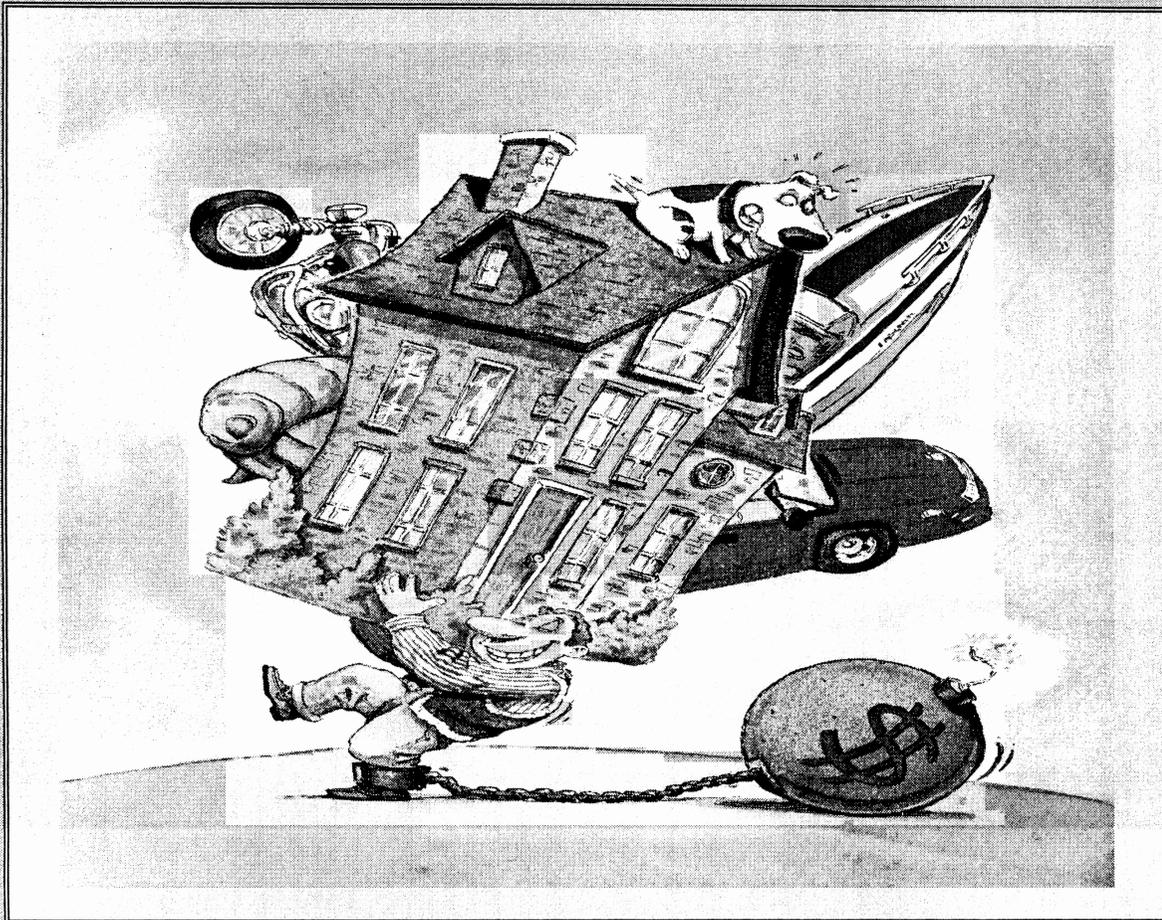
*He dreamed he was walking  
along the beach with the Lord.*

*Across the sky flashed scenes from his life.  
He noticed two sets of footprints in the sand;  
When the last scene of his life flashed before him,  
He looked back at the footprints in the sand.  
He noticed that many times along the  
path there was only one set of footprints.*

*He recalled that it happened  
at the very lowest and saddest  
times in his life. He questioned,*

*“Lord, you said that once I decided to follow  
you, you would walk with me all the way. Then why  
during the most troublesome times in my life,  
the times when I needed you most, would you  
leave me?” The Lord replied, “My precious,  
precious child, I love you and would never,  
never leave you. During your times of trials  
and suffering, when you see only  
one set of footprints, it was  
then that I carried you.”*

# ***THE GREAT MISUNDERSTANDING***



*Travis Foster*

*“The earth is the Lord’s and the fullness thereof. . .”*

*Psalms 24:1 (KJV)*

# NOTES

# ***THE GREAT MISUNDERSTANDING***

*You can do everything we teach and you will prosper, but if you don't understand this lesson you will never have Financial \_\_\_\_\_.*

*The Great Misunderstanding, the paradox, is that we believe that the way to have \_\_\_\_\_ is to hold on tightly.*

*Golda Mier said, "You can't shake hands with a clenched fist."*

*Antoine Rivaroli said,  
"There are men who gain from their wealth only the fear of losing it."*

*You and I are asset \_\_\_\_\_ for the \_\_\_\_\_ so if we view it properly we aren't giving our money anyway.*

*"The earth is the Lord's and the fullness thereof . . ."*

*Psalms 24:1 (KJV)*

A \_\_\_\_\_ is a manager not an \_\_\_\_\_.

*Webster's Dictionary says a Steward is:*

*"One who manages another's financial affairs or property."*

*Andrew Carnegie, wealthy steel magnate from 1900, said, "Surplus wealth is a sacred trust to be managed for the good of others."*

*Why does God tell us to \_\_\_\_\_ so often?*

*Giving makes us \_\_\_\_\_ Christ-like; a spiritually mature Christian gives.*

*Giving \_\_\_\_\_ you to become less \_\_\_\_\_ and less selfish people have more of a tendency to prosper in relationships and in wealth.*

*Because we are designed in God's image we are happiest and most fulfilled when \_\_\_\_\_ and \_\_\_\_\_*

## PROVIDE AND PROTECT

*Giving is:*

1) a \_\_\_\_\_ of \_\_\_\_\_

*“The earth is the Lord’s and the fullness thereof . . . ”*

*Psalms 24:1 (KJV)*

2) \_\_\_\_\_ & \_\_\_\_\_

*“ . . . for God loves a cheerful giver.”*

*II Corinthians: 9:7 (NKJV)*

3) \_\_\_\_\_

*“ ‘And I will rebuke the devourer for your sakes, So that he will not destroy the fruit of your ground, Nor shall the vine fail to bear fruit for you in the field,’ says the Lord of hosts.”*

*Malachi 3:11 (NKJV)*

*“ . . . together with a freewill offering for the house of God . . . ”*

*Ezra 1:4 (NASV)*

# ***Instructions For Giving***

***The tithe is a tenth (10%) of your \_\_\_\_\_.***

***“When you have finished paying all the tithe of your increase...”***

***Deuteronomy 26:12 (NASV)***

***Give first fruits which means off the \_\_\_\_\_.***

***The tithe is to go to your \_\_\_\_\_ which provides the same function as the Old Testament \_\_\_\_\_.***

***Offerings are different than the tithe. Offerings are \_\_\_\_\_ the tithe, and are from surplus. They are \_\_\_\_\_.***

***The tithe is \_\_\_\_\_.***

***“And this stone, which I have set up as a pillar, will be God’s house: and of that Thou dost give me I will surely give a tenth to Thee.”***

***Genesis 28:22 (NASV)***

***The tithe is New \_\_\_\_\_.***

***“Woe to you, scribes and Pharisees, hypocrites! For you pay tithe of mint and anise and cummin, and have neglected the weightier matters of the law: justice and mercy and faith. These you ought to have done, without leaving the others undone.”***

***Matthew 23:23 and Luke 11:42 (NKJV)***

***Never give with the \_\_\_\_\_ of having your giving returned.***

***Financial Peace is more than just God's system for understanding money, becoming debt free, and building wealth.***

***Financial Peace is when the Great Misunderstanding becomes \_\_\_\_\_.***

*When this happens not only will your whole outlook change, but then you will begin to impact those you love. When you give these concepts away you will have reached a full \_\_\_\_\_ of Financial Peace.*

*“And if I give all my possessions to the poor, and if I deliver my body to be burned, but do not have love it profits me nothing.”*

*I Corinthians 13:3 (NASV)*

*“The Pharisee stood and prayed thus with himself, . . . I give tithes of all that I possess.”*

*Luke 18:11&12 (NKJV)*

*“And all the tithe of the land, whether of the seed of the land or of the fruit of the tree, is the Lord’s. It is holy to the Lord.”*

*Leviticus 27:30 (NKJV)*

*“You shall surely tithe all of the produce from what you sow, which come out of the field every year.”*

*Deuteronomy 14:22 (NASV)*

*“Bring all the tithes into the storehouse, that there may be food in My house . . .”*

*Malachi 3:10 (NKJV)*

*“. . . bring up the tenth of the tithes to the house of our God, to the chambers of the storehouse.”*

*Nehemiah 10:38 (NASV)*

# DISCUSSION QUESTIONS

1. *Why does the Lord ask us to give?*
2. *What are some of the reasons we don't give?*
3. *How do you feel when you give? When you don't?*
4. *What does that tell you about giving?*
5. *Relate some stories of God's provision in your life.*

## Answer Key (left to right)

*Peace*

*Lord*

*Give*

*Selfish*

*Reminder*

*Worship*

*Increase*

*Church*

*Free-will*

*Motive*

*More*

*Steward*

*More*

*Serving*

*Ownership*

*Spiritual*

*Top*

*Storehouse*

*Pre-law*

*Understood*

*Managers*

*Owner*

*Moves*

*Giving*

*Praise*

*Warfare*

*Local*

*Above*

*Testament*

*Understanding*

# ACCOUNTABILITY CHECK-UP

## The Great Misunderstanding

- I. Put finger foods, drinks and potluck items aside **until after the video lesson. After the video lesson form a discussion circle**, then get your food and drinks.
- II. Show your final zero-based budget.
  - A. **Hand in your final Financial Snapshot** (back copy).
  - B. **Share victory stories** with class about how the program helped you.
- III. Add up grand total of class debt paid off and credit card debt avoided.
  - A. Count up how many credit cards were cut up over 13 weeks.
  - B. Add up how much, as a group, was put into emergency funds and savings. Do this by passing out 3 x 5 cards with **no names on them** and have everyone list the above information.
- IV. **The class coordinator will hand out Graduation certificates.**
- V. **Everyone is invited to consider helping bring FPU to your community, church, school, or business, etc. by becoming a class coordinator.**
- VI. Hand in your **Testimonial Survey** forms tonight to your coordinator.
  - A. Let the coordinator know how much you appreciate him/her **for volunteering to host this class.**
  - B. Share with the coordinator something he/she did that helped you over the past 13 weeks.
- VII. Final **ACCOUNTABILITY & APPLICATION REVIEW:**
  - A. How would it feel to be able to start giving away money?
  - B. Have the spiritual principles of this program helped you seek God and His will for your life? If so, how?
  - C. Why is it important to give to your church before paying off debts?
  - D. How has your quiet time and spiritual growth helped you apply the spiritual principles of this program to your life?
  - E. When viewing yourself as a manager of the blessings God has given you, how does it affect your thinking regarding your financial responsibilities?
  - F. Do you honestly believe other people need to learn about this program and how it can help change their lives? If so, what will you do about it?
  - G. How will you be handling God's money and family relationships differently than you did before starting this 13 - week program?

**VIII. SPECIAL NOTE TO CLASS LEADER:** Return final class attendance roster, student's Financial Snapshots, Testimonial Surveys, class totals of debt paid off and amount saved, and names of Potential Coordinators to the FPU office.

Financial Peace University  
1749 Mallory Lane, Suite 100  
Brentwood, TN 37027



# glossary

**401(k):** A "qualified retirement plan" for corporations. (cash or deferred arrangement)

**403(b):** A "qualified retirement plan" for non-profit groups such as churches, hospitals, and schools. (cash or deferred arrangement)

**457 Plan:** This is a "deferred comp" retirement plan for state and local government employees.

**529 Plan:** A college savings plan that allows individuals to save on a tax-deferred basis in order to fund future college and graduate school expenses of a child or beneficiary. Generally sponsored by a state, they are professionally managed investments.

**12b-1 Fee:** An annual fee that some mutual funds charge to pay for marketing and distribution activities.

**Accountability:** Taking responsibility; an "accountability partner" assists people in making wise decisions about life and money.

**Active:** Money is very active...it is always moving and can be utilized in many ways.

**Active Management:** Portfolio management that seeks to exceed the returns of the financial markets. Active managers rely on research, market forecasts, and their own judgment and experience in making investment decisions.

**Adjustable Rate Mortgage (ARM):** Adjustable Rate Mortgage; these were brought on as a result of high interest rates in the early 1980's; banks wanted to transfer the risk of higher interest rates to the consumer, so with these loans you start out with a lower rate and it increases over time; you do not want to get an ARM.

**Aggressive Growth Stock Mutual Fund:** A mutual fund that seeks to provide maximum long-term capital growth from stocks of primarily smaller companies or narrow market segments. Dividend income is incidental. This is the most volatile fund; invested in smaller companies, it is also referred to as a Small-cap fund.

**Allowance:** To make exception for.

**Ambition:** One's goals and desires in life (i.e., career goals).

**Amoral:** Lacking morals; is neither good nor bad. Money is amoral...it can be used for good or bad.

**Amortization Table:** A table which shows how much of each payment will be applied toward principal and how much toward interest over the life of the loan. It also shows the gradual decrease of the loan balance until it reaches zero.

**Annuity:** A type of investment where the money is guaranteed by an insurance company; a savings plan through an insurance company.

**Appraisal:** An opinion of value.

**Appreciation:** An increase in value.

**Annual Percentage Rate (APR):** When financing, this is used to determine the percentage of interest one pays to the lender.

**Asset:** Anything that is owned by an individual. With respect to saving and investing, assets are generally categorized as liquid (cash) and capital (investment) assets.

**Asset Allocation:** The process of deciding how your investment dollars will be apportioned among various classes of financial assets, such as stocks, bonds, and cash investments.

**Asset Allocation Fund:** A Type of "balanced" mutual fund whose investment advisor may change the *fund's mix of stocks, bonds, or cash investments* in an effort to find the best balance between risk and potential return.

**Asset Classes:** Major categories of financial assets, or securities. The three primary classes are common stocks, bonds, and cash investments.

**Assumption Loan:** This is when a potential home buyer pays the seller the equity in the home and then takes over the payments.

**ATM Card:** The Automated Teller Card allows you to make transactions at bank automated teller machines.

**Auctions:** A public sale in which property or items of merchandise are sold to the highest bidder; a great place to find deals. Be careful and do your research.

**Auto Insurance:** Insurance to protect a car owner in the event of an accident or damage to a vehicle. Make sure you have adequate liability with auto insurance!

**Average Annual Return:** The rate of return on investments averaged over a specific period of time. It is determined by adding together the rates of return for each year and dividing by the number of years in the calculation.

**Baby Steps:** The 7 steps to a healthy financial plan.

**Back-End Load:** A sales commission paid when the investor sells mutual funds shares. May also be called a redemption fee or a contingent deferred sales charge. Some funds gradually phase out backend loads over several years.

**Balanced Fund:** A Mutual fund that invests in more than one type of financial asset (stocks, bonds, and in some cases, cash investments).

**Balloon Mortgage:** Mortgage where for a set period of time, the interest is lower than normal, however, the entire loan amount becomes due at the end of the term of the loan.

**Bankrupt:** To declare bankruptcy. See Bankruptcy.

**Bankruptcy:** A legal procedure for dealing with debt problems of individuals and businesses; specifically, a case filed under one of the chapters of title 11 of the United States Code (the Bankruptcy Code).

**Banks:** Corporations chartered by state or federal government to offer numerous financial services such as checking and savings accounts, loans, and safe deposit boxes. The Federal Deposit Insurance Corporation (FDIC) insures accounts in federally chartered banks.

**Bargains:** These are deals obtained when negotiating and you pay a lesser price than asked for an item.

**Beneficiary:** The recipient of assets passed on from the death of a friend or relative.

**Bill of Sale:** A written document that transfers title to personal property.

**Bond:** A debt instrument where a company owes you money. The rate of return on these is low. A form of I.O.U. issued by corporations, government, or government agencies. The issuer makes regular interest payments on the bond and promises to pay back or redeem the face value of the bond, at a specified point in the future (called the maturity date). Bonds may be issued for terms of up to 30 or more years.

**Bond Mutual Fund:** Mutual funds that buy and sell bonds.

**Break-even Analysis:** A method used to evaluate whether or not it is fiscally responsible to make changes or additions in one's insurance deductible(s).

**Budget:** A cash flow plan; giving every dollar a name at the beginning of the month.

**Buyer's Remorse:** Regretting a purchase soon after making it.

**Capital Gain:** A positive difference between an asset's price when bought and its price when or if sold; the opposite of capital loss.

**Capital Gains Distribution:** Payment to mutual fund shareholders of any gains realized during the year on securities that have been sold at a profit. Capital gains are distributed on a "net" basis, after subtracting any capital losses for the year. When losses exceed gains for the year, the difference may be carried forward and subtracted from future gains.

**Capital Loss:** A negative difference between an asset's price when bought and its price when or if sold; the opposite of capital gain.

**Career:** This is your line of work.

**Cash Investments:** Investments in interest-bearing bank deposits, money market instruments, and U.S. Treasury Bills or notes. These contain maturities ranging in income and capital gains of an investment.

**Cash Value Insurance:** Life insurance that is expensive in order to fund a savings plan within it.

**Catastrophic:** To have a major, negative financial event. For example: to lose your home due to a fire.

**CD:** Certificate of Deposit; usually at a bank; this is just a savings account with a little higher interest rate because you are agreeing to tie up your money for a little while—6 months, one year, etc.

**Chapter 7 Bankruptcy:** The chapter of the Bankruptcy Code providing for "liquidation," i.e., the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors.

**Chapter 11 Bankruptcy:** A reorganization bankruptcy, usually involving a corporation or partnership. (A chapter 11 debtor usually proposes a plan of reorganization to keep its business alive and pay creditors over time)

**Chapter 13 Bankruptcy:** The chapter of the Bankruptcy Code providing for adjustment of debts of an individual with regular income. (Chapter 13 allows a debtor to keep property and pay debts over time, usually three to five years.)

**Check Card:** A type of card is issued by a bank and used to make purchases; the money comes directly out of your checking account.

**Checking Account:** Account set up to maintain your daily financial activities. Users can draft checks for payment, issue deposits into their accounts, and keep track of their debit card transactions through their checking account.

**Claim:** Paperwork filed with an insurance company in order to get them to cover a loss.

**Co-insurance:** In a health insurance policy, after you pay the deductible the insurance company pays a percentage and you pay a percentage; 80/20—insurance pays 80% and you pay 20%.

**College Fund:** Money set aside in investments that will grow for college expenses.

**Collision:** The portion of auto insurance that covers losses due to auto damage in an accident.

**Commission:** This is what you should pay children other than allowances; they do chores to earn money, as opposed to just handing them money without them working for it.

**Commodities:** A commodity is food, metal, or another fixed physical substance that investors buy or sell, usually via futures contracts.

**Compensation:** The total wage or salary and benefits that an employee receives.

**Compound Interest:** Interest paid on interest earned. Interest credited daily, monthly, quarterly, semi-annually, or annually on both principal and previously credited interest.

**Comprehensive:** Pays for damage to your car that is not a result of an accident.

**Consignment Shop:** Retail facility where people can sell their items and the owner of the facility retains a percentage of the sale.

**Consumer:** A person who buys and/ or uses a product.

**Contact Letter:** A letter informing a prospective employer that you are interested in working for their organization. Usually accompanied with a resume.

**Contents Policy:** An insurance policy that covers your possessions in a home or apartment.

**Conventional Loan:** These are loans obtained through the Federal National Mortgage Association (FNMA), which insures them against default; down payments range from 5-20% or more.

**Co-pay:** In regards to health insurance; paying a set amount per visit. Co-pay expenses will vary depending upon the policy.

**Co-signing:** Signing a note to guarantee someone else's loan; if they default on the loan, you have to pay.

**Cottage Industries:** In-home businesses.

**Coupons:** When you use coupons to save money on groceries.

**Cover Letter:** Similar to the Contact Letter, the Cover letter is used to inform the prospective employer of your interest and capabilities as they relate to the employment opportunity.

**Coverage:** Applies to the amount of protection you have through an insurance company in the event of a loss.

**Credit:** Money loaned.

**Credit Bureau:** An agency which collects the credit history of consumers so that creditors can make decisions about granting of loans.

**Credit Card:** Tool used to finance a purchase.

**Credit Disability:** Insurance that pays for financed items or purchases if you become disabled and are unable to earn an income.

## **Credit Laws**

### **Fair Credit Reporting Act (1971):**

Federal law that covers the reporting of debt repayment information. It establishes when a credit reporting agency may provide a report to someone; states that obsolete information must be taken off (7 or 10 years); gives consumers the right to know what is in their credit report; requires that both a credit bureau and information provider (i.e., department store) have an obligation to correct incorrect information; gives consumers the right to dispute inaccurate information and add a 100- word statement to their report to explain accurate negative information; and gives consumers the right to know what credit bureau provided a report when they are turned down for credit.

### **Fair Credit Billing Act (1975):**

Federal law that covers credit card billing problems. It applies to all open-end credit accounts (ie... credit cards, overdraft checking). States that consumers should send a written billing error notice to the creditor within 60 days (after receipt of first bill containing an error); creditor must acknowledge in 30 days; creditor must investigate; and creditor may not damage a consumer's credit rating while a dispute is pending.

### **Fair Debt Collection Practices Act (1978):**

Federal law that prohibits debt collectors from engaging in unfair, deceptive, or abusive practices when collecting debts. Collectors must send a written notice telling the amount owed and name of the creditor; collector may not contact consumer if he or she disputes in writing within 30 days (unless collector furnishes proof of the debt); collectors must identify themselves on the phone and can call only between 8 am and 9pm unless a consumer agrees to another time; and collectors cannot call consumers at work if they are told not to.

### **Equal Credit Opportunity Act (1975):**

Federal law that ensures that consumers are given an equal chance to receive credit. Prohibits discrimination on the basis of gender, race, marital status, religion, national origin, age, or receipt of public assistance. Lenders cannot ask about your plans for having children or refuse to consider consistently received alimony or child support payments as income. If you are denied credit, you have a legal right to know why.

### **Truth in Lending Act (1969):**

Federal law that mandates disclosure of information about the cost of credit. Both the finance charge (ie... all charges to borrow money, including interest) and the annual percentage rate or APR (i.e., the percentage cost of credit on a yearly basis) must be displayed prominently on forms and statements used by creditors. The law provides criminal penalties for willful violators, as well as civil remedies. It also protects you against unauthorized use of your credit card. If it is lost or stolen, the maximum amount you have to pay is \$50.

### **Fair Credit and Charge Card Disclosure Act (1989):**

A part of the Truth in Lending Act that mandates a box on credit card applications that describes key features and costs (i.e., APR, grace period for purchases, minimum finance charge, balance calculation method, annual fees, transaction fees for cash advances, and penalty fees such as over the limit fees and late payment fees).

**Credit Life:** Insurance that pays for financed items or purchases in the event of your death.

**Credit Report:** Report showing your payment history.

**Credit Union:** Not-for-profit cooperatives of members with some type of common bond (i.e., employer) that provide a wide array of financial services, often at a lower cost than banks.

**Curb Appeal:** The appearance of a home from the street.

**Currency:** Money

**Custodian:** One who is responsible for an account listed in a minor's name.

**Day trading:** Establishing and liquidating the same position or positions within one day's trading.

**Debit Card:** Linked with your checking account, this is a tool used to make purchases. Not to be confused with the credit card.

**Debt Consolidation:** Combining all debts into one lower monthly payment, thus extending the terms in most cases.

**Debt Snowball:** Listing your debts smallest to largest and paying minimums on all of them—then attacking the smallest with extra money that is available.

**Debt-free Fund:** A fund used to buy your children a house when they get married with a condition; they take what would have been a house payment and invest it.

**Deductible:** The amount you pay with an insurance company before they begin paying.

**Deed:** The legal document conveying title to a property.

**Deflation:** A broad, overall drop in the price of goods and services; the opposite of the more common inflation.

**Delinquency:** Short for “deed in lieu of foreclosure,” this conveys title to the lender when the borrower is in default and wants to avoid foreclosure. The lender may or may not cease foreclosure activities if a borrower asks to provide a deed-in-lieu. Regardless of whether the lender accepts the deed-in-lieu, the avoidance and non-repayment of debt will most likely show on a credit history. What a deed-in-lieu may prevent is having the documents preparatory to a foreclosure being recorded and become a matter of public record.

**Depreciation:** A decline in the value of property; the opposite of appreciation.

**Direct deposit service:** A service that electronically transfers all or part of any recurring payment—including dividends, paychecks, pensions, and Social Security payments—directly to a shareholder’s account.

**Direct Transfer:** Movement of tax-deferred retirement plan money from one qualified plan or custodian to another. No immediate tax liabilities or penalties are incurred, but there is an IRS reporting requirement.

**Disability insurance:** An insurance policy that insures a worker in the event of an occupational mishap resulting in disability. Insurance benefits compensate the injured worker for lost pay.

**Discipline:** The key to wealth building; you must be consistent over time.

**Discount Points:** In the mortgage industry, this term is usually used only in reference to government loans, meaning FHA and VA loans. Discount points refer to any “points” paid in addition to the one percent loan origination fee. A “point” is one percent of the loan amount.

**Disposable Income:** Amount of money left over after all necessities and expenses are paid.

**Diversification:** To spread around, thus lowering one’s risk. Spreading your money among different classes of financial assets and among the securities of many issuers.

**Dividend:** These are stock profits that are paid out to shareholders.

**Dividend Distribution:** Payment of income to mutual fund shareholders from interest or dividends generated by the fund’s investments.

**Dollar Cost Averaging:** Investing regular sums of money (i.e., \$50) at regular time intervals (i.e., quarterly) regardless of whether security prices are moving up or down.

**Down Payment:** The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage

**Earned Income:** Payment received for work, such as wages, salaries, commissions, and tips.

**Educational Savings Account (ESA):** This is an after-tax college fund that grows tax free; you may put up to \$2,000 per year per child in this account depending on your annual income.

**Elimination Period:** The amount of time that lapses after your disability and before the insurance company begins to pay you.

**Emergency Fund:** Three to six months of expenses in readily available cash.

**Employee Benefit:** Something of value that an employee receives in addition to a wage or salary. Examples include health insurance, life insurance, discounted childcare, and subsidized meals at the company cafeteria.

**Employer-Sponsored Retirement Savings Program:** Tax-deferred savings plans offered by employers that provide a federal tax deduction, tax-deferral of contributions and earnings, and, in some cases, employer matching. They include 401(k) plans for corporate employees, 403(b) plans for employees of schools and non-profit organizations, and Section 457 plans for state and local government employees.

**Employer Sponsored Savings Plan:** A government approved program through which an employer can assist workers in building their personal retirement funds.

**Empowerment:** To gain strength emotionally and spiritually.

**Entrepreneur:** A person who starts a business.

**Envelope System:** A series of envelopes used to store cash for planned monthly expenses; a self-imposed discipline tool to assist people in managing their monthly finances. (i.e., putting a set amount of money into a "food" envelope to spend only on "food" for that month)

**Equity:** Your ownership portion of an item.

**Estate Sale:** Glorified yard sales with more items and higher prices. Usually, a great place for negotiating.

**Exchange Privilege:** The right to exchange shares in one fund for shares in another fund within the same fund family; typically at no charge or for a nominal fee.

**Expense:** The cost of a good or service.

**Expense Ratio:** The percentage of a fund's average net assets used to pay annual fund expenses. The expense ratio takes into account management fees, administrative fees and any 12b-1 marketing fees.

**Federal Deposit Insurance Corporation (FDIC):** A federal institution that insures bank deposits.

**Federal Housing Administration (FHA):** Federally sponsored agency chartered in 1934 whose stock is currently owned by savings institutions across the United States. The agency buys residential mortgages that meet certain requirements, sells these mortgages in packages, and insures the lenders against loss.

**Federal Insurance Contributions Act (FICA):** Government legislation that funds Social Security.

**Federal Reserve System:** The monetary authority of the US, established in 1913, and governed by the Federal Reserve Board located in Washington, D.C. The system includes 12 Federal Reserve Banks and is authorized to regulate monetary policy in the US as well as to supervise Federal Reserve member banks, bank holding companies, international operations of US banks, and US operations of foreign banks.

**Fee Table:** A Table, placed near the front of a mutual fund's prospectus, disclosing and illustrating the expenses and fees a shareholder will incur.

**Financial Goals:** Short-, immediate-, and long-term goals that require money and guide a person's future plans and savings decisions.

**Financial Plan:** A plan of action that allows a person to meet not only the immediate needs but also their long-term goals.

**Financial Resources:** Financial assets that can be accessed when necessary.

**Financing:** To buy an item with credit; paying over time.

**Finite:** Having a beginning and an end; money is finite—it has limits.

**Fiscal:** Having to do with money.

**Fiscal Year (FY):** Accounting period covering 12 consecutive months over which a company determines earnings and profits. The fiscal year serves as a period of reference for the company and does not necessarily correspond to the calendar year.

**Fixed Annuity:** A type of annuity that guarantees a certain rate of return—for example 6%; these are usually low and are not recommended for long-term wealth building.

**Fixed Income Securities:** Investments, such as bonds, which provide current income from a fixed schedule of interest payments. While the level of income offered by these securities is predetermined and usually stable, their market value may fluctuate.

**Fixed Rate:** An interest rate that does not change over time.

**Floor Plan:** The basic layout of a home.

**Foreclosure:** Process by which the holder of a mortgage seizes the property of a homeowner who has not made interest and/or principal payments on time as stipulated in the mortgage contract.

**Fraud:** A seller's intentional deception of a buyer, which is illegal.

**Free Spirit:** A spouse who thinks, "everything will work out fine."

**Front-End Load:** A sales commission or load which is paid when shares of a mutual fund are purchased.

**Fund Family:** A group of mutual funds sponsored by the same organization, often offering exchange privileges between funds and combined account statements for multiple funds.

**Futures:** A term used to designate all contracts covering the sale of financial instruments or physical commodities for future delivery on a commodity exchange.

**Garnishee:** A court ordered settlement that allows a lender to take monies owed directly from a borrower's paycheck.

**Global Fund:** A mutual fund that invests anywhere in the world, including the U.S.

**Government Transfer Payments:** Payments by governments, such as social security, veteran's benefits, and welfare, to people who do not supply current goods, services, or labor in exchange for these payments.

**Grace Period:** A time period during which a borrower can pay the full balance of credit due and not incur any finance charges.

**Gratuity:** An amount paid beyond what's required usually to express satisfaction with service quality; also known as a tip.

**Gross Income:** A person's total income prior to exclusions and deductions.

**Gross National Product (GNP):** Measures an economy's total income. It is equal to G.D.P. plus the income abroad accruing to domestic residents minus income generated in domestic market accruing to non-residents.

**Growth and Income Mutual Fund:** These are funds that buy stocks in larger more established companies; also called a Large-cap fund; they also contain medium sized companies or growth stocks.

**Growth Stock Mutual Fund:** These are funds that buy stocks in companies that are medium in size; they have grown, but are still expanding; also called Mid-cap funds.

**Guaranteed Renewable:** This means if you have a 20-year policy, the insurance has to provide coverage after 20 years regardless of health; it will only be more expensive because you are older.

**Health Insurance:** Covers you in the event of illness or injury.

**Hoarding:** Being greedy with an item such as money.

**Home Equity Loan (HEL):** Borrowing money using the equity from your home as collateral. A credit line offered by mortgage lenders allowing a homeowner a second mortgage that uses the equity present in the customer's account as collateral.

**Home Inspector:** An individual who inspects homes for defects prior the closing of a home sale to insure the buyer or lender's investment.

**Home Warranty:** An agreement that ensures the structural soundness of a home.

**Homeowner's Insurance:** Insurance that covers a loss due to damage, theft, or injury within your home.

**House Poor:** Having a house payment that is so high that it limits you in your ability to maintain it.

**Impulse Purchase:** To buy an item without thinking about it.

**Income:** Earnings from work or investment. (See compensation)

**Income Fund:** A mutual fund that invests in bonds and stocks with higher-than-average dividends.

**Income Risk:** The possibility that income from a mutual fund or other investment will decline; either as a fund's assets are reinvested or when a fixed income investment matures and is replaced with a lower-yielding investment.

**Index:** A statistical benchmark designed to reflect changes in financial markets or the economy. In investing, indexes are used to measure changes in segments of the stock and bond markets and as standards against which fund managers and investors can measure the performance of their investment portfolios.

**Index Fund:** A mutual fund that seeks to match the performance of a predetermined market benchmark, or index.

**Individual Retirement Account (IRA):** A tax-deferred account for individuals with earned income and their non-working spouses. Investment earnings within an IRA are not taxed until money is withdrawn from an account. Contributions to an IRA may be deductible for income tax purposes.

**Inflation:** The rate at which the general level of prices for goods and services is rising. A broad, overall rise in the price of goods and services; the opposite of the less common deflation.

**Inflation Hedge:** Helps one to keep up with the rising cost of inflation. Real estate can be a great inflation hedge.

**Integrity:** Having to do with a person's honesty and moral attributes.

**Interest:** Money paid to savers and investors by financial institutions, governments, or corporations for the use of their money (example: 2% interest on money held in a savings account).

**Interest rate:** The monthly effective rate of interest on a loan.

**Interest Rate Risk:** The risk that a security of mutual fund will decline in price because of changes in market interest rates.

**Internal Revenue Service (IRS):** The federal agency responsible for the collection of federal taxes, including personal and corporate income taxes, Social Security taxes, and excise and gift taxes.

**International Stock Mutual Fund:** A mutual fund that contains companies that are International or over-seas.

**Investing:** The process of setting money aside to increase wealth overtime and accumulate funds for long-term financial goals such as retirement.

**Investment:** Where one would put their money for long-term growth. Suggested for a minimum of 5 years.

**Investment Advisor/ Manager:** The individual who manages a portfolio of investments. Also called a portfolio manager or a money manager.

**Investment Horizon:** The length of time you expect to keep a sum of money invested.

**Investment Objective:** A mutual fund's performance goal; such as long-term capital appreciation, high current income, or tax-exempt income.

**Investors:** People investing in securities, such as stock and bonds, to achieve long-term financial goals.

**Job:** A regular activity performed in exchange for payment, especially as one's trade, occupation, or profession.

**Land Survey:** A land survey is done to show where one's property lines are.

**Large-cap Fund:** These type of funds contain large, well established companies.

**Lease:** A long-term rental agreement, and a form of secured long-term debt.

**Level Term:** This means you pay the same amount for the entire term of the policy.

**Liability:** Covers you in the event someone brings a lawsuit against you due to injury on your property or as the result of an automobile accident.

**Life Insurance:** Insurance that covers or replaces income lost due to death.

**Liquidity:** The availability of money; as there is more liquidity, there is typically less return. The quality of an asset that permits it to be converted quickly into cash without loss of value.

**Load fund:** A mutual fund that sells shares with a sales charge-typically 4% to 8% of the net amount indicated. Some no-load funds also levy distribution fees permitted by Article 12b-1 of the Investment Company Act; these are typically 0.25%. A true no-load fund has no sales charge.

**Loan:** Temporary borrowing of a sum of money. If you borrow \$1 million you have taken out a loan for \$1 million.

**Loan To Value (LTV):** What you owe vs. what you own. For example: a 70/30 LTV means that you owe 70% of the item's worth and you own 30%. Utilized with Private Mortgage Insurance (PMI).

**Long Term Care Insurance:** Covers the cost of nursing home or in-home care insurance. Recommended for people over the age of 60.

**Long Term Coverage:** Coverage for an extended period of time.

**Loss:** The negative difference between total revenue from a business or investment minus total expense.

**Low-Load Fund:** A mutual fund that charges a sales commission equal to 3% or less of the amount invested.

**Lump Sum Savings:** Saving money specifically for a purchase such as vacations or replacing cars, etc...

**Management Fee:** The fee paid by a mutual fund to its investment advisor.

**Manager Risk:** The possibility that a fund's investment advisor will do a poor job of selecting securities for the fund.

**Market Risk:** The possibility that an investment will fall in value due to a general decline in financial markets.

**Maximum Pay:** The amount an insurance company will pay before you are dropped from coverage. With health insurance keep at least a one million dollar maximum pay.

**Medical Savings Account (MSA):** A health insurance plan for self-employed people containing a large deductible. Money saved in this account grows tax deferred. It can be used for medical care with no penalties and not taxes and may be kept if unused.

**Medicare:** A federal government program of transfer payments for certain health care expenses for citizens 65 or older. The Social Security Administration manages the program.

**Mid-cap Fund:** A mutual fund containing a group of medium-sized companies that are growing.

**Money:** Currency and coin that are guaranteed as legal tender by the government.

**Money Market Fund:** Utilized for borrowing and lending money for three years or less. A mutual fund that seeks to maintain a stable share price and to earn current income by investing in interest-bearing instruments with short-term (usually 90 days or less) maturities.

**Money order:** A financial instrument backed by a deposit at a certain firm such as a bank that can be easily converted into cash.

**Mortgage:** A loan secured by the collateral of some specified real estate property, which obliges the borrower to make a predetermined series of payments.

**Mortgage life insurance:** A life insurance policy that pays off the remaining balance of the insured person's mortgage at death.

**Multiple Listings Service (MLS):** A computer program realtors use to find prospective homes for their clients.

**Murphy's Law:** Anything that can happen will happen.

**Mutual Fund:** Mutual funds are pools of money that are managed by an investment company. They offer investors a variety of goals, depending on the fund and its investment charter. Some funds, for example, seek to generate income on a regular basis. Others seek to preserve an investor's money. Still others seek to invest in companies that are growing at a rapid pace. Funds can impose a sales charge, or load, on investors when they buy or sell shares. Many funds these days are no load and impose no sales charge. Mutual funds are investment companies regulated by the Investment Company Act of 1940. Related: open-end fund, closed-end fund.

**Myth:** Information that has been passed on and is not true.

**Needs:** Those economic goods and services that are considered basic, such as food, clothing, and shelter.

**Negotiating:** To bargain for a lower price.

**Nerd:** One who is picky about budgeting and numbers.

**Nest-Egg:** What you have to live on financially after your income from employment stops.

**Net Asset Value (NAV):** The market value of a mutual fund's total assets, less its liabilities, divided by the number of outstanding shares.

**No-load Mutual Fund:** An open-end investment company whose shares are sold without a sales charge. There can be other distribution charges, however, such as Article 12B-1 fees. A true no-load fund has neither a sales charge nor a distribution fee.

**Objective:** A goal or plan.

**Obsolete:** No longer produced or in existence; not accepted as current.

**Occupational Disability:** Offers coverage in case you are unable to perform the job you were educated or trained to do.

**Opportunity Cost:** Determining whether a purchase is a need or a want and realizing that once the money has been spent, it is gone.

**Out-of-Pocket:** What YOU have to pay.

**Owner Financing:** Instead of paying a mortgage company, you pay the owner, who finances the purchase of the home; allows lots of flexibility.

**Paradigm:** Your belief system; the way you see or perceive things.

**Part-time Job:** A temporary job that allows you to supplement income.

**Pawn Shop:** Retail establishment selling items that have been traded as security for a cash loan; a great place to buy bargains.

**Payroll Deduction:** An amount subtracted from a paycheck as the government requires or the employee requests. Mandatory deductions include various taxes. Voluntary deductions include loan payments or deposits into saving accounts.

**Permanent Disability:** Disabilities that are ongoing.

**Persistent:** To be determined over time.

**Points:** See Discount Points

**Policy:** Describes the type of coverage within an insurance agreement.

**Portfolio:** A list of your investments.

**Portfolio Transaction Costs:** The costs associated with buying and selling securities, including commissions on trades, dealer mark-ups on bonds, bid-asking spreads, and any other miscellaneous expenses. These costs are not included in the expense ratio.

**Preauthorized checking (PAC):** Checking that is authorized by a payer in advance, and written either by the payee or by the payee's bank and then deposited in the payee's bank account.

**Preauthorized electronic debits (PAD):** Debits to a bank account in advance by the payer. The payer's bank sends payment to the payee's bank through the Automated Clearing House (ACH) system.

**Pre-paid Tuition:** Paying for college ahead of time by accumulating units of tuition; this is not recommended as your rate of return is only as much as the cost of tuition goes up as a result of inflation—on average about 6-7%.

**Pre-tax Retirement Plan:** A type of retirement plan where you put money in before taxes have been taken out but must pay taxes on the money at the time of withdrawal.  
Principle:

**Premiums:** The amount you pay monthly, quarterly, semi-annually, or annually to purchase different types of insurance.

**Principal:** The original amount of money invested, excluding any interest or dividends. Also referred to as *the face value* of a loan, not including interest.

**Priority:** Level of importance. Saving must become a priority and you should always pay for your priorities or necessities first.

**Private Mortgage Insurance (PMI):** Policy protecting the holder against loss resulting from default on a mortgage loan.

**Pro Rata:** The percent of total debt each creditor represents; "their share".

**Proactive:** To have a strong initiative; when one happens "to" things.

**Procrastinating:** To put off until later; waiting until the last minute.

**Profit:** The positive difference between total revenue from a business or investment minus total expense.

**Prospectus:** An official document that contains information required by the Securities & Exchange Commission to describe a mutual fund.

**Purchasing Power:** A measurement of the relative value of money in terms of the quality and quantity of goods and services it can buy. Inflation decreases purchasing power; deflation increases it.

**Rate of Return:** Also referred to as the "yield," this is the return on an investment expressed as a percentage of its cost.

**Realtor:** An intermediary who receives a commission for arranging and facilitating the sale of a property for a buyer or a seller. Also referred to as a Real Estate Broker or an Agent.

**Reconcile:** To work out; you should always reconcile your bank statement with your checkbook within 72 hours of receiving the statement.

**Redemption Fee:** A fee charged by some mutual funds for selling (redeeming) shares.

**Refunding:** Sending in proofs of purchase receive cash back or free gifts.

**Reinvestment:** Use of investment income or dividends to buy additional shares.

**Rent:** Periodic fee for the use of property.

**Rental Real Estate:** Buying real estate to rent out as an investment; make sure you have plenty of cash before doing this.

**Renter's Insurance:** Insurance that protects the possessions of one who rents a home or apartment.

**Replacement Cost:** Pays what it would cost to replace your home and the contents.

**Repo Lot:** A place where items that have been repossessed are offered for sale.

**Resume:** Personal and work history used for gaining employment.

**Retailer:** One who buys a product to resell.

**Risk:** Degree of uncertainty of return on an asset. In business, the likelihood of loss or reduced profit.

**Risk Management:** Procedures to minimize the adverse effect of a possible financial loss by: 1) identifying potential sources of loss; 2) measuring the financial consequences of a loss occurring; and 3) using controls to minimize actual losses or their financial consequences.

**Risk Return Ratio:** Relationship of substantial reward corresponding to the amount of risk taken.

**Risk Tolerance:** An investor's personal ability or willingness to endure declines in the prices of investments.

**Rollover:** Movement of a tax-deferred retirement plan's money from one qualified plan or custodian to another. No immediate tax liabilities or penalties are incurred, but there is an IRS reporting requirement.

**Roth IRA:** This is an after-tax investment where you have already paid tax on the money you are using but the investment grows tax-free.

**Royalty:** Payment to someone for the right to use or sell his/her goods (i.e. to an author based on sales of the book).

**Rule of 72:** A quick way to calculate the length of time it will take to double a sum of money. Divide 72 by the expected interest rate to determine the number of years (ie... 72divided by 8% =9 years).

**Rule of 78:** Pre payment penalty (i.e., in 90 Days- Same as Cash deals, this is the portion of the loan agreement which states that the entire loan amount plus the interest earned over the first 90 days becomes due immediately).

**Salary:** Payment for work, usually calculated in periods of a week or longer. Salary is usually tied to the completion of specific duties over a minimum but not maximum number of hours. (see wage)

**Savings:** The process of setting aside money until a future date instead of spending it today. The goal of savings is to provide funds for emergencies, short-term goals, and investments.

**Savings Account:** Accounts at financial institutions that allow regular deposits and withdrawals. The *minimum required deposit*, fees charged, and interest rate paid varies among providers.

**Savings Bond:** A bond is a certificate representing a debt. A U.S. Savings Bond is a loan to the government. The Government agrees to repay the amount borrowed, with interest, to the bondholder. A government bond issued in face value denominations from \$50 to \$10,000, with local and state tax-free interest and semiannually adjusted interest rates.

**Savings & Loan Associations (S & Ls):** Financial institutions that provide loans and interest-bearing accounts. Accounts in federally chartered S & Ls are federally insured.

**Sector Fund:** A mutual fund that invests its shareholders' money in a relatively narrow market sector, e.g. technology, energy, the internet, or banking.

**Self-Esteem:** One's attitude about themselves.

**Self-Insured:** To insure one's self with personal assets.

**Share:** A piece of ownership in a company stock or mutual fund.

**Short-term Disability:** Disability for a minimal period of time.

**Short-term Policy:** Insurance policy that only covers a minimal amount of time.

**Significant Purchase:** Anything over \$300.

**Simple Interest:** Interest credited daily, monthly, quarterly, semi-annually, or annually on principal only, not previously credited interest.

**Simple IRA:** A salary deduction plan for retirement benefits provided by some small companies with no more than 100 employees.

**Simplified Employee Pension (SEP) plan:** A pension plan in which both the employee and the employer contribute to an individual retirement account. Also available to the self-employed.

**Single Stock:** Buying ownership in one company—the problem with single stocks is you are not diversified; there is a high degree of risk in single stocks.

**Sinking Fund:** Saving money to allow interest to work for you rather than against you.

**Small-Cap Fund:** A mutual fund that invests in companies whose market value is less than about \$1 billion. Mutual funds that buy and sell smaller more volatile companies; also known as an Aggressive Growth Stock Mutual Fund.

**Social Security:** A federal government program of transfer payments for retirement, disability, or the loss of income from a parent or guardian. Funds come from a tax on income, a payroll deduction labeled "FICA."

**Speculative:** Purchasing risky investments that present the possibility of large profits, but also pose a higher-than-average possibility of loss.

## **Stock Markets:**

### **National Association of Securities Dealers Automated Quotation System (NASDAQ)**

The electronic stock exchange run by the National Association of Securities Dealers for over-the-counter trading. Established in 1971, it is America's fastest growing stock market and a leader in trading foreign securities and technology shares as well. The NASDAQ uses market makers who trade for their own account and profit on the spread between bid and ask prices. Although once the province of smaller companies, NASDAQ today is where many leading companies are traded, including Microsoft, Intel, MCI, Amgen, Cisco Systems, Nordstrom, Oracle, McCormick, SAFECO Insurance, Sun Microsystems, T. Rowe Price, Tyson Foods and Northwest Airlines.

### **New York Stock Exchange (NYSE)**

The New York Stock Exchange traces its origins back more than 200 years, to the signing of the Buttonwood Agreement by 24 New York City stockbrokers and merchants in 1792. The NYSE utilizes a trading floor for traditional exchanges where buyers and sellers meet directly – that is, brokers representing investors on each side of the transaction come together on price. Centuries of growth and innovation later, the NYSE remains the world's foremost securities marketplace.

**Stocks:** Securities that represent part ownership or equity in a corporation. Each share of stock is a claim on its proportionate stake in the corporation's assets and profits; some of which may be paid out as dividends.

**Stop-Loss:** Your total out-of-pocket expense for health insurance; once reached, insurance will pay 100%.

**Stuffitis:** The wrong priority of 'stuff' in your life; to be overly materialistic.

**Take-home Pay:** The amount of money one has available after taxes have been taken out of their pay. Total wage, salary, commissions, and/ or bonuses minus payroll deductions.

**Tax:** A government fee on business and individual income, activities, products, or services.

**Tax Credit:** An amount that a taxpayer who meets certain criteria can subtract from tax owed. Examples include a credit for earned income below a certain limit and for a qualified post-secondary school expenses. (see tax deduction, tax exemption)

**Tax Deductible:** The effect of creating a tax deduction, such as charitable contributions and mortgage interest.

**Tax Deduction:** An expense that a taxpayer is allowed to deduct from taxable income. Examples include deductions for home mortgage interest and for charitable gifts. (see tax credit, tax exemption)

**Tax-Deferred Income:** Dividends, interest, and unrealized capital gains on investments in an account such as a qualified retirement plan, where income is not subject to taxation until a withdrawal is made. Investments where taxes due on the amount invested and/or its earnings are postponed until funds are withdrawn, usually at retirement.

**Tax-Exempt (tax-free):** Investments whose earnings are free from tax liability.

**Tax-Exemptions:** An amount that a taxpayer who meets certain criteria can subtract from a taxable income. Examples include exemptions for each dependent or for life insurance proceeds. (See tax credit, tax deduction.)

**Tax Favored Dollars:** Money that is working for you, either tax-deferred or tax-free, within a retirement plan.

**Taxable Income:** Income subject to tax; total income adjusted for deductions, exemptions, and credits.

**Term Insurance:** This is life insurance for a specified period of time; this is less expensive than cash value and is what is recommended for life insurance coverage.

**Time Poverty:** Having very little time to manage daily activities.

**Time Value of Money:** Comparison of a lump sum of money, or a series of equal payments, between two different time periods (i.e., present and future), assuming a specified interest rate and time period. (Reference: The Time Value of Money by Clayton and Spivey)

**Tip:** An amount paid beyond what's required, usually to express satisfaction with service quality; also known as gratuity.

**Title Insurance:** Insurance policy that protects a policyholder from future challenges to the title claim a property that may result in loss of the property.

**Total Return:** The change in percentage over a particular period in the value of an investment; including any income from the investment and any change in its market value.

**Track Record:** The past history of something; with investments, check at least the 5 or 10 year track record.

**Transfer Payments:** (See government transfer payments)

**Turnover Rate:** A measure of a mutual fund's trading activity. Turnover is calculated by taking the lesser of the fund's total purchases or total sales of securities (not counting securities with maturities under one year) and dividing by the average monthly assets. (e.g. a turnover rate of 50% means that, during a year, a fund has sold and replaced securities with a value equal to 50% of the fund's average net assets).

**Umbrella:** Provides extra liability; once your assets are above \$200,000, you should consider this.

**Underwriter:** A firm, usually an investment bank, that buys an issue of securities from a company and resells it to investors. In general, a party that guarantees the proceeds to the firm from a security sale, thereby in effect taking ownership of the securities.

**Unearned Income:** Money received for which no exchange was made, such as a gift.

**Uniform Gifts to Minors Act (UGMA):** Legislation that provides a tax-effective manner of transferring property to minors without the complications of trusts or guardianship restrictions.

**Uniform Transfers to Minors Act (UTMA):** A law similar to the Uniform Gifts to Minors Act that extends the definition of gifts to include real estate, paintings, royalties, and patents.

**Universal Life:** Similar to cash value life insurance, but project better returns; this is not recommended as the type of life insurance to purchase.

**Unrealized Capital Gain/ Loss:** an increase (or decrease) in the value of a stock or other security (mutual fund) that is not "realized" because the security has not yet been sold for a gain or loss.

**VA Loan:** Designed to benefit veterans; allow a true zero-down purchase.

**Value Fund:** A mutual fund that emphasizes stocks of companies whose growth prospects are generally regarded as sub-par by the market. Reflecting these market expectations, the prices of value stocks typically are below average in comparison with such factors as revenue, earnings, book value and dividends.

**Value System:** One's priorities and things deemed important.

**Variable Annuity:** An annuity that has a varying rate of return based on the mutual funds you have invested in; this is better than the fixed annuity.

**Variable Life:** Similar to cash value life insurance, but will buy into mutual funds to project better returns; this is not recommended as the type of life insurance to buy.

**Viatical:** Of or relating to a contractual arrangement in which a business buys life insurance policies from terminally ill patients for a percentage of the face value.

**Vocation:** What you do for a living that is your "calling".

**Volatility:** The fluctuations in market value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations between its high and low prices.

**Wage:** Payment for work, usually as calculated in periods of an hour rather than longer. (See salary)

**Walkaway Power:** In negotiating, this is the ability to walk away from a purchase.

**Wants:** Desires for economic goods or services, not necessarily accompanied by the power to satisfy them.

**Wealth:** Accumulated assets such as money and/ or possessions, often as a result of saving and investing.

**Whole Life Insurance:** Another name for cash value insurance; this is more expensive than term in order to fund a savings plan within the insurance; not recommended as the type of life insurance you need.

**Win-Win Deal:** Setting up a negotiation where both parties benefit.

**Work Ethic:** How motivated you are in your work.

**Yield:** The annualized rate at which an investment earns income, expressed as a percentage of the investment's current price.

**Zero-coupon bond:** A bond in which no periodic coupon is paid over the life of the contract. Instead, both the principal and the interest are paid at the maturity date.

**Zero-based Budget:** A cash flow plan where you spend every dollar on paper before the month begins.

Please Complete All  
Forms (As Needed)  
And Tear Along  
Perforated Edge To  
Send Into Our Office.  
Thank You!



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## Educational Materials

**NEW! FPU Lessons on DVD** ..... \$119.00

*All 13 FPU video lessons (available to FPU members only).*

**FPU Compact Disc Library** ..... \$29.95

*All 13 FPU audio lessons in cd format (available only to FPU members at this price).*

**Deluxe Executive FPU Envelope System** ..... \$19.95

*Includes 10 envelopes, recording sheets, instructions, plus checkbook pocket, debit card slots, note pad and coin/coupon pouch.*

**FPU Starter Envelope System** ..... \$9.95

*Includes 10 envelopes and recording sheets.*

**FPU Envelope System Refills** ..... \$4.95

*Includes 10 envelopes and recording sheets.*

**FPU Memo Pad** ..... \$1.95

**New FPU Bonus Pak CD** ..... \$4.95

*Includes 26 rotating peaceful water scenes with Scriptures found in the FPU lessons; all printable financial forms; a financial calculator that figures payment amounts, future value, early payoff date; . . . and much more!*

**FPU Debit Card Holder (Qty. 2)** ..... \$1.95

*Warning: "Using this card may be hazardous to your financial health."  
CONTROLS your use of ATM cards, debit cards and reminds you NOT to use those cards impulsively.*

### **Financial Peace University**

**Home Study Course** ..... **Cassettes \$229.00**  
**DVD \$259.00**

*Includes 13 video lessons, 13 FPU lessons, budgeting forms, Financial Peace book, envelope system and all 13 FPU lessons on audio cassettes. (FOR HOME USE ONLY!)*

**FPU Graduate Videos** ..... \$94.00

*All 13 FPU video lessons (only sold to FPU graduates).*

**Replacement FPU Lessons** ..... \$14.95

*All 13 FPU lessons (available to FPU members only).*

**To place an order, please complete the Educational Materials Order Form  
on the reverse side and mail to the Lampo Office.**



## ***Attention All FPU Members***

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**We need your help to change the direction of this nation and bring HOPE back to this great land.**

**We invite you to become a volunteer FPU Coordinator and help us reach your . . .**

**Community  
Church  
Place of Employment  
Business  
Military Base  
School/University**

**with this powerful life changing program.**

**For more information on how you can help, call Dave Ramsey's office at 1-888-227-3223 and ask how you can become part of Dave's FPU Coordinator TEAM or check it out on the web at [www.daveramsey.com](http://www.daveramsey.com).**

**Complete the FPU Coordinator Application on the reverse side and send it into our office immediately. Once we receive your application, we will send you all the information you need to get started.**



## FPU Membership Information

FIRST NAME  LAST NAME

ADDRESS

CITY  STATE  ZIP CODE  -

PRIMARY PHONE

EMAIL ADDRESS

Are you interested in becoming involved as an FPU Coordinator or Group Leader?  YES  NO

Why?

Do we at The Lampo Group have your permission to use this information as a testimonial to the power of this program?  YES  NO

AGE  <18  18-25  26-35  36-45  46-55  56-65  65+

MARITAL STATUS  Single  Married  Divorced  Widowed

RACE  Caucasian  African American  Hispanic  Asian  Other

SIZE OF FAMILY  1  2  3  4  5  6+

REGULAR CHURCH ATTENDANCE  YES  NO

HOUSEHOLD INCOME  <15,000  15,000-30,000  30,000-50,000  50,000-80,000  80,000-100,000  100,000+

COLLEGE  YES  NO INTERNET USER  YES  NO

BUSINESS OWNER  YES  NO PAST BANKRUPTCY  YES  NO

### Recommendations for Financial Peace University

If you believe your employer, company or church would be interested in setting up the Financial Peace University program for the employees or church members, please list the person for us to contact.

CHURCH OR COMPANY NAME

CONTACT - FIRST NAME  CONTACT - LAST NAME

EMAIL ADDRESS

If you believe that the FPU program, or a one-on-one counseling session, would benefit your friends, family members, co-workers, etc., please fill in the information below so we can email them information about our program.

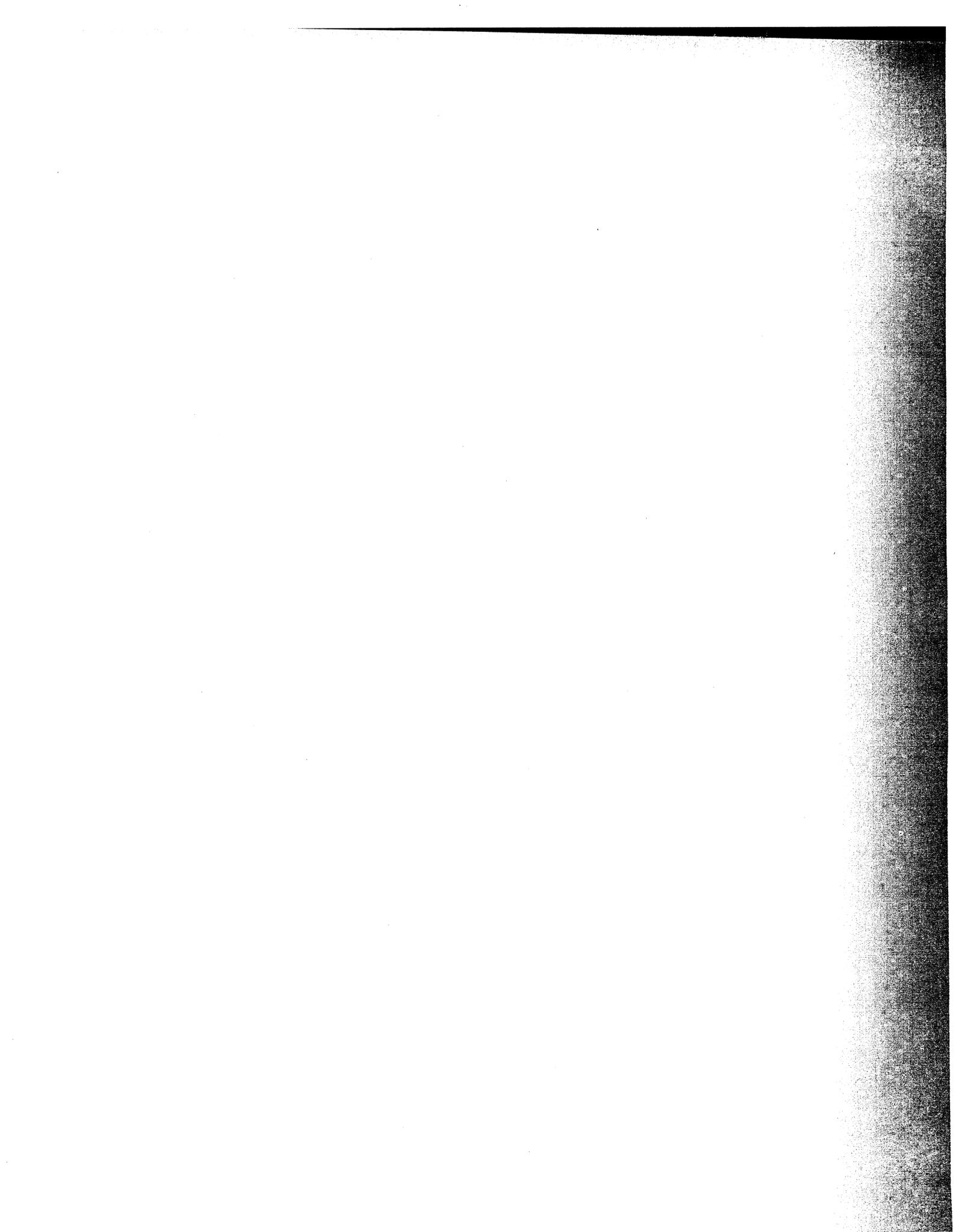
FIRST NAME  LAST NAME

EMAIL ADDRESS

FIRST NAME  LAST NAME

EMAIL ADDRESS







# Touching Lives ... Changing a Nation!

## Here's what people just like you are saying about FPU:



*"My life will never be the same because of it. I praise God for Financial Peace University."*

Elder Stephen R. Ruff  
Stewardship Director, South Central Conference



*"In the military, everything that causes worry in that soldier's life affects the mission and affects the unit. It's so important to teach them where their money is going and how to best manage it."*

Scott and Wendy Morris  
United States Military



*"I hated a budget but I ended up getting the bang of it, and it ended up being more of a blessing than anything else."*

Alishia Marshall  
Single Mom



*"FPU gives people the tools on how to live on less, how to live within their means, and how to maximize your use of the resources you've got. That's the benefit it can provide."*

Henry E. Hildebrand, III  
Chapter 13 Trustee, Nashville, Tennessee



*"It made us sit down as a couple and communicate... and it gave us an instant pay raise!"*

Paul and Lynesa Benson



*"If I had known then what I know now with what Financial Peace University has provided me, I think I would have made wiser financial decisions along the way."*

Robert P. Belihar, M.D., M.P.H.  
Brigadier General, USAF (Ret.)



*"We've actually relieved ourselves of over \$50,000 worth of debt in two years just from using these principles."*

Russ and Mary Lee  
Christian Music Artist



*"I believe so much in FPU that I decided to pay my employees a bonus if they and their spouses attend and graduate from FPU. I cannot say enough good about how it has literally changed the lives of my employees and their families."*

Drew A. Trotman  
President & CEO, The J. Nissi Corporation

## In Financial Peace University you will learn...

- How to **change your family tree forever!**
- How Dave uses the powerful combination of humor, visual aids, props, and personal stories to help teach thousands of families like yours how to **Beat Debt and Build Wealth!**
- How accountability discussion groups help the average family or individual pay off \$5,300 in debt and put \$2,700 into savings in only 91 days!
- Why FPU is, without a doubt, the very best program offered for personal financial **control and security** in the nation.

From our military to corporate America, ... from classrooms to churches across this great nation, **everyone truly benefits from this life-changing program.**

Stop living with guilt, frustrations and headaches that come with trying to manage your personal finances. You owe it to yourself and those you love to find what thousands already have: **Financial Peace!**



**Dave Ramsey**, a personal money management expert, is the founder of **Financial Peace University (FPU)**.

Dave is an extremely popular national radio personality and author of the New York Times best-sellers *The Total Money Makeover*, *Financial Peace* and *More Than Enough*. Ramsey knows first-hand what financial peace means in his own life —

living a true riches to rags to riches story. By age 26 he had established a \$4 million real estate portfolio, only to lose it by age 30. He has since rebuilt his financial life and now devotes himself full-time to helping ordinary people understand the forces behind their financial distress and how to build wealth. *His FPU program shows people how to put into practice the proven common-sense principles that allow them to walk with **Financial Peace.***

**Financial Peace University**

**1-888-22-PEACE**

[www.daveramsey.com](http://www.daveramsey.com)

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