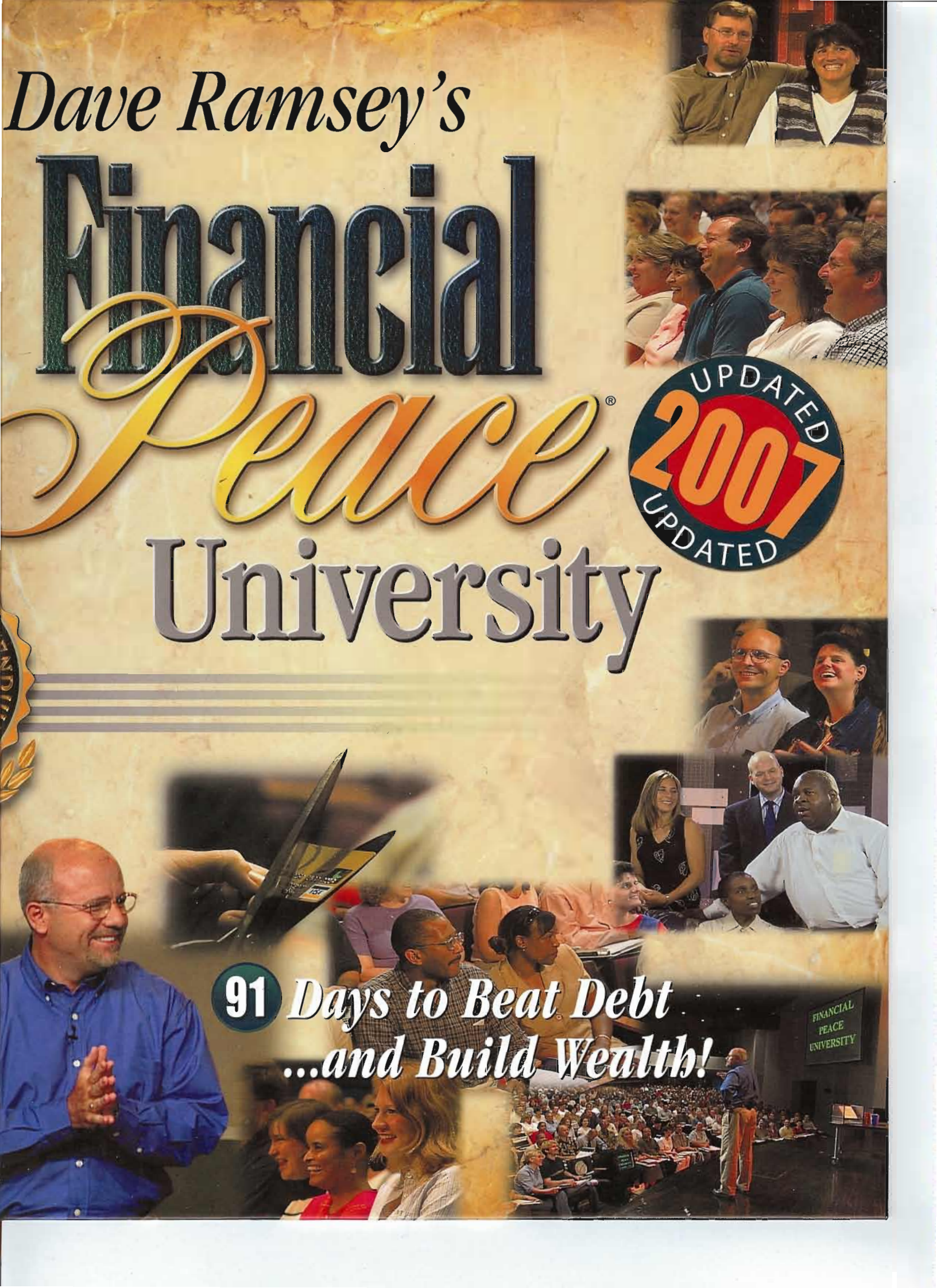


Dave Ramsey's

Financial *Peace*[®] University

UPDATED
2007
UPDATED

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



Dave Ramsey's

Financial

PLCC
University



MISSION STATEMENT

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

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First Printing	Spring	1994
Revised Printing	Summer	1996
Revised Printing	Winter	2002
Revised Printing	Winter	2004
Revised Printing	Winter	2006

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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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For more information, please contact DAVE RAMSEY's office at
1.888.22PEACE

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"THE DAVE RAMSEY SHOW"
24 HOURS/DAY, 7 DAYS/WEEK
anywhere
in the world!
www.daveramsey.com

About the Founder of FPU:

Dave Ramsey is a personal money management expert, an extremely popular national radio personality and a 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 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 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 250 radio stations throughout the United States.

Ramsey is the creator of Financial Peace University (FPU), a 13-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 260,000 families have attended FPU classes at their workplace, church, military base, local nonprofit organization, Spanish organization, or community group. 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 children's book series future millionaires learn financial lessons early.

Ramsey earned his Bachelor of Science 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.

Resources

With this kit, you have

a *lifetime membership*
in this *life-changing* program.



- ▶ If you have not already enrolled in a class, please visit www.daveramsey.com or contact our office at 1.888.22PEACE to find a location near you. Group accountability is essential to gaining financial peace.
- ▶ Check out all our products in our online store.
- ▶ Find out how you can become a coordinator and/or help bring Financial Peace University to your community, church or business. Simply complete the FPU Coordinator Form or call our office at 1.888.227.3223.

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 www.daveramsey.com and click on the COUNSELING button or call 1.888.227.3223 for more information.

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Financial

Peace
University



Financial Peace University
and
Financial Counseling
are available to

- Individuals
- Churches
- Businesses
- Military
- Low Income Groups
- Colleges and Universities
- Bankruptcy Candidates
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Table of Contents

Getting Started

The American Dream	pg. 8
Amazing Free Car Story	pg. 9
Snapshots American Finances	pg. 10
Putting First Things First	pg. 11
It's Time to Begin	pg. 14
Baby Steps	pg. 16
Buddy System	pg. 17
Basic Quickie Budget	pg. 19
Reading Assignments	pg. 21

Weekly Sessions

1. Super Savers	pg. 23
2. Cash Flow Planning	pg. 35
3. Relating With Money	pg. 83
4. Buying Only Big, Big Bargains	pg. 95
5. Dumping Debt	pg. 105
6. Understanding Investments	pg. 121
7. Understanding Insurance	pg. 135
8. Retirement and College Planning	pg. 147
9. Buyer Beware	pg. 167
10. Real Estate and Mortgages	pg. 175
11. Career and Extra Jobs	pg. 191
12. Collection Practices & Credit Bureaus	pg. 211
13. The Great Misunderstanding	pg. 235

Educational Materials Available

Coordinator Application	pg. 246
Educational Materials Listing and Order Form	pg. 247
Testimonial Survey	pg. 251
3 Months of Budgeting Forms	pg. 253
Addendum 4: MSA's vs. HSA's	pg. 262

Glossary

pg. 263

Dave Ramsey's
Financial
Peace
University



Getting Started



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:

Roth IRA	\$5,882,386.26
401k	\$5,882,386.26
Total	\$11,764,772.51

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

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



The Amazing Free Car Story

We normally buy:

\$18,000 car with payments of \$300 for 7 years at 10%.
Value after 7 years = \$800.

Or we could buy instead:

\$6,000 car with payments of \$100 for 7 years at 10%.
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:

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

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.

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

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.**



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 (almost 1.6 million in 2004). Personal bankruptcies account for 97% 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%** 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.

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.

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.

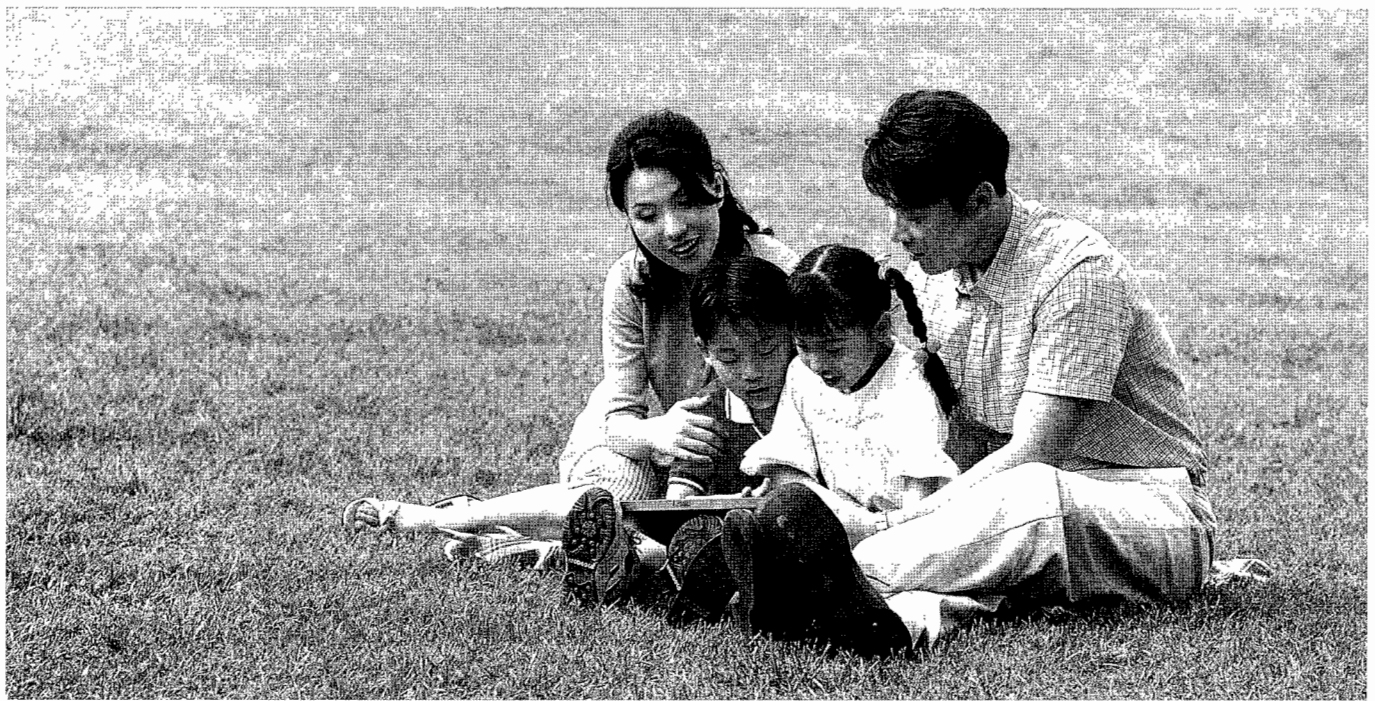
Exercise is a wonderful way to remove stress and is obviously good for you.

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 (NIV)

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.



Its Time to Begin!!

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

#1—GIVE - Something wonderful happens to the 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 1, which is to build an emergency fund. Baby Step 2 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 include 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, if you’re married, work with your spouse.

#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 “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 1:** \$1,000.00 in an Emergency Fund
((\$500.00 if income under \$20,000 per year)
- Step 2:** Pay off all debt except the house utilizing the Debt Snowball
(found in the Dumping Debt lesson)
- Step 3:** Three to six months expenses in savings
- Step 4:** Invest 15% of household income into Roth IRAs and pre-tax retirement
- Step 5:** College funding
- Step 6:** Pay off home early
- Step 7:** 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, 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 THE 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. Couples should be supportive as couples.
4. Your role is to provide 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 that 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

getting started

Get Started Today on Making a Difference in Your Financial Future

Financial Peace University

Item	Monthly Total	Payoff Total	How far Behind	Type Account
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	_____			



FPU LESSON READING RECOMMENDATIONS IN *FINANCIAL PEACE REVISITED* 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 seventh grade level and has been printed with large type in a style that is easy on the eyes!

Sessions

Reading

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

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.

Member Resource Center

Complete Your FPU Experience Online!

visit www.daveramsey.com/fpumember

YOUR FPU CLASS CODE :

Ask your FPU Class Coordinator for your Class Code. You will need your Class Code to access the Member Resource Center. If you are not in a class, please visit us online at www.daveramsey.com/fpumember to get your Class Code.

You'll love the many benefits of using the Member Resource Center!

1. Register for your lifetime FPU Membership.
2. The easiest way to complete your homework online.
3. Access to a wide range of online financial tools and resources.
4. Take advantage of special offers and important updates.
5. Qualify to be entered into drawings for special prizes.

To start using this FREE resource today visit:

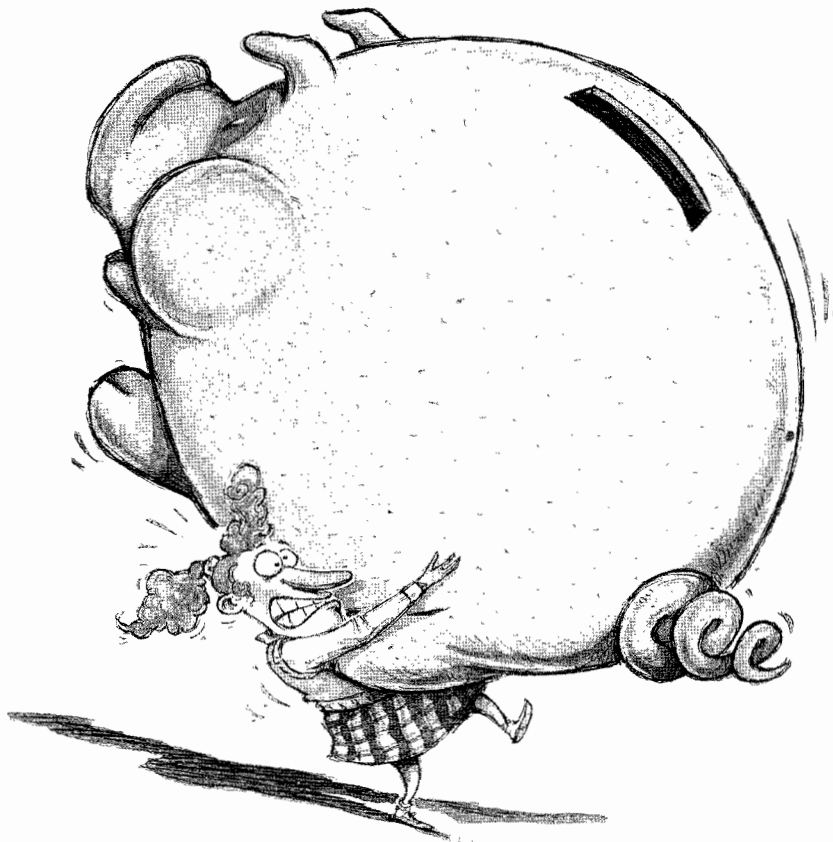
www.daveramsey.com/fpumember

This resource is provided to FPU Class Members by Dave Ramsey's MyTotalMoneyMakeover.com

Dave Ramsey's
Financial
Peace
University



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:



Save, Save, Save, Please Save!

- ✓ Saving must become a _____.
- You must pay yourself _____.
- Give, save, then pay _____.
- Saving money is about _____ and _____.
- 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 (NIV)

- ✓ 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 _____ !!!!

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. 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 for which you save.

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.

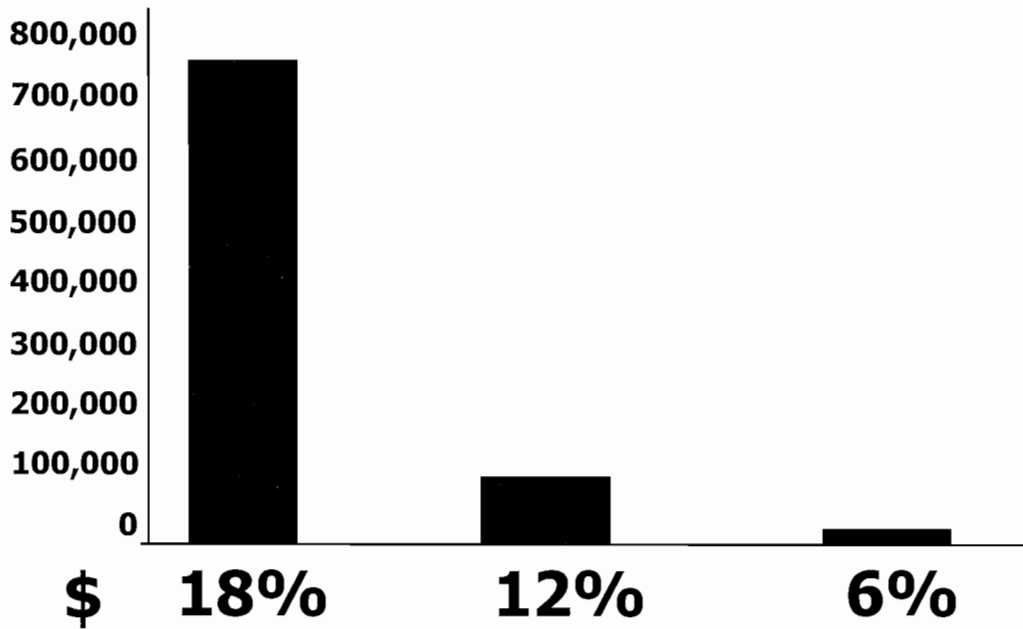
“Make all you can, save all you can, give all you can.”

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



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 for you to begin saving?

Answer Key (left to right)		
Priority	First	Bills
Emotion	Contentment	Amoral
Attitude	Emergency	Fund
Purchases	Wealth	Building
Now	Unexpected	\$1,000
3	6	Money
Market	Protection	Earned
Touch	First	Borrowing
Sinking	4,000	24
211	24	5,075
211	18	0
\$500	Discipline	Consistent
Time	40	100
12%	1,176,477	Discipline
Explosion	Interest	



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. What do 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. (Yes/No) I balance my checkbook online or within 72 hours of receiving my bank statement. Why or why not? Why is it important to balance (reconcile) your account?
 - 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. What do you consider to be an "emergency" that would 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 to be a real emergency, 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.



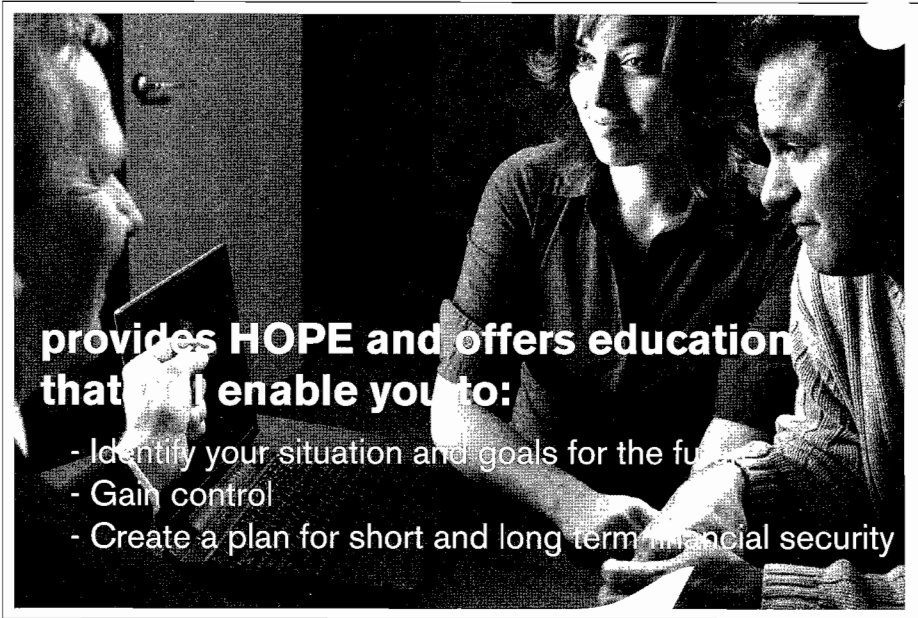
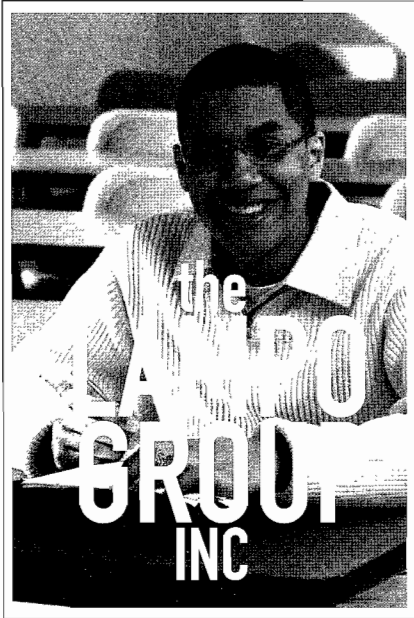
- * Be sure to register for your Lifetime FPU Membership the easy way, online.
- * You can also complete your homework online, and get great financial tools and resources for this week's lesson.
 - * Log in using your class code on page 22.



* If you complete the assignments in the Member Resource Center for all FPU lessons, you will be entered into drawings for special prizes!

Note: The content, tools and prizes are subject to change (i.e. get better).

Financial Counseling



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 at Dave's Office is offered for a fee and includes a 30-day guarantee. You must attend counseling with your spouse, if you are married.

Dave Ramsey's
Financial
Peace
University



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- lest... all who see it begin to mock him, saying, ‘This man began to build and was not able to finish.’”

Luke 14:28-30 (NKJV)



Notes:

- 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 four 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) Don't actually _____ it.
- 4) Don't 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 1:** \$1,000.00 in an Emergency Fund
(\$500.00 if income under \$20,000 per year)
- Step 2:** Pay off all debt except the house utilizing the Debt Snowball
(found in the Dumping Debt lesson)
- Step 3:** Three to six months expenses in savings
- Step 4:** Invest 15% of household income into Roth IRAs and pre-tax retirement
- Step 5:** College funding
- Step 6:** Pay off home early
- Step 7:** Build wealth!
(Mutual funds, Real Estate)



How to Balance Your Checkbook

- Keep your checkbook register current by subtracting both checks and withdrawals and adding deposits as they're made to keep your checkbook balanced correctly.
- Balance your checking account within 72 hours of receiving your bank statement or online once a month to make sure there aren't any mistakes.
- What do I need to balance my checkbook?
 1. Your checkbook register
 2. Your last bank statement
 3. A reconciliation sheet (located on the back of most statements)
- Where do I start? Checkbook vs. Bank Statement

Start by putting check marks in your checkbook for each of the checks and deposits included in your bank statement. Make an entry in your checkbook for any bank service charges (or interest paid) made by the bank.

Checkbook Register						
Check Number	Date	Fee	Transaction Description	Payment	Deposit	Balance
						\$564.46
5671	8/12	X	One Stop Grocery	57.40		507.06
5672	8/14		Electric Company	101.00		406.06
	8/14		Paycheck		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



How to Balance Your Checkbook

cash flow planning

- Keep your checkbook register current by subtracting both checks and withdrawals and adding deposits as they're made to keep your checkbook balanced correctly.
- Balance your checking account within 72 hours of receiving your bank statement or online once a month to make sure there aren't any mistakes.
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 2. Your last bank statement
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Check Number	Date	Fee	Transaction Description	Payment	Deposit	Balance
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5671	8/12	X	One Stop Grocery	57.40		507.06
5672	8/14		Electric Company	101.00		406.06
	8/14		Paycheck		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 checkbook that are not on your bank statement and total the list.
- On the Reconciliation sheet, list any deposits that are in your checkbook but are not included on your bank statement. 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 checkbook balance. If they don't agree, double check your lists and re-add your checkbook entries until you find the difference.

List the balance from your bank statement \$ 504.56

List the checks from your checkbook 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 checkbook that aren't on your statement

Paycheck	8/14		700.00

TOTAL \$ 700.00 (+) \$ 700.00

This should be your checkbook balance \$ 987.56



Financial Management Forms

cash flow planning

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

Sneet 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	_____	_____

cash flow planning

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

ITEM / DESCRIBE

VALUE - DEBT = EQUITY

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 _____	_____	_____	_____
TOTAL	<u>\$105,000</u>	<u>\$87,000</u>	<u>\$18,000</u>

cash flow planning



Consumer Equity Sheet

Sheet 2

ITEM / DESCRIBE

VALUE - DEBT = EQUITY

Real Estate _____

Real Estate _____

Car _____

Car _____

Cash On Hand

Checking Account

Checking Account

Savings Account

Savings Account

Money Market Account

Mutual Funds

Retirement Plan

Cash Value (Insurance)

Household Items

Jewelry

Antiques

Boat

Unsecured Debt (Neg)

Credit Card Debt (Neg)

Other _____

Other _____

Other _____

TOTAL

cash flow planning



Income Sources

Sheet 3

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERIOD/DESCRIBE</u>
Salary 1	<u>\$1700</u>	<u>1st & 15th - \$850</u>
Salary 2	<u>\$1300</u>	<u>2 WEEKS - \$650</u>
Salary 3	<u> </u>	<u> </u>
Bonus	<u> </u>	<u> </u>
Self-Employment	<u> </u>	<u> </u>
Interest Income	<u> </u>	<u> </u>
Dividend Income	<u> </u>	<u> </u>
Royalty Income	<u> </u>	<u> </u>
Rents	<u> </u>	<u> </u>
Notes	<u> </u>	<u> </u>
Alimony	<u> </u>	<u> </u>
Child Support	<u> </u>	<u> </u>
AFDC	<u> </u>	<u> </u>
Unemployment	<u> </u>	<u> </u>
Social Security	<u> </u>	<u> </u>
Pension	<u> </u>	<u> </u>
Annuity	<u> </u>	<u> </u>
Disability Income	<u> </u>	<u> </u>
Cash Gifts	<u> </u>	<u> </u>
Trust Fund	<u> </u>	<u> </u>
Other _____	<u> </u>	<u> </u>
Other _____	<u> </u>	<u> </u>
Other _____	<u> </u>	<u> </u>
TOTAL	<u>\$3000</u>	

cash flow planning



Income Sources

et 3

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERIOD/DESCRIBE</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 _____	_____	_____
TOTAL	_____	_____

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.

cash flow planning

ITEM NEEDED	ANNUAL AMOUNT		MONTHLY AMOUNT
Real Estate Taxes	_____	/ 12 =	_____
Homeowners Insurance	_____	/ 12 =	_____
Home Repairs	\$600	/ 12 =	\$50
Replace Furniture	_____	/ 12 =	_____
Medical Bills	_____	/ 12 =	_____
Health Insurance	_____	/ 12 =	_____
Life Insurance	_____	/ 12 =	_____
Disability Insurance	_____	/ 12 =	_____
Car Insurance	_____	/ 12 =	_____
Car Repair/Tags	_____	/ 12 =	_____
Replace Car	_____	/ 12 =	_____
Clothing	_____	/ 12 =	_____
Tuition	_____	/ 12 =	_____
Bank Note	_____	/ 12 =	_____
IRS (Self-Employed)	\$1800	/ 12 =	\$150
Vacation	\$1200	/ 12 =	\$100
Gifts (inc. Christmas)	_____	/ 12 =	_____
Other _____	_____	/ 12 =	_____



Lump Sum Payment Planning

et 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.

cash flow planning

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



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.

“Percent (%) Take-Home Pay” is the percentage of take-home pay that category represents. For example, the percentage of your total take-home you spent on “Housing.” We will then compare your percentages with those on Sheet 6 to determine if you need to consider adjusting your lifestyle.

An asterick (*) beside an item means you should use the “envelope system.”

The Emergency Fund should get ALL the savings until three to six 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 three sets of “Monthly Cash Flow Plan” sheets located at the end of the thirteen lessons.***
- ***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

cash flow planning

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
CHARITABLE GIFTS		\$300		10%
SAVING				
Emergency Fund	\$50			
Retirement Fund				
College Fund		\$50		
HOUSING				
First Mortgage	\$725			
Second Mortgage				
Real Estate Taxes				
Homeowners Ins.				
Repairs or Mn. Fee				
Replace Furniture	\$50			
Other		\$775		
UTILITIES				
Electricity	\$100			
Water	\$50			
Gas	\$50			
Phone	\$50			
Trash				
Cable		\$250		
*FOOD				
*Grocery	\$600			
*Restaurants	\$100	\$700		
TRANSPORTATION				
Car Payment				
Car Payment				
*Gas and Oil				
*Repairs and Tires				
Car Insurance				
License and Taxes				
Car Replacement				
PAGE 1 TOTAL		\$2075		



Monthly Cash Flow Plan

Sheet 5

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

cash flow planning



Monthly Cash Flow Plan

Sheet 5 Continued

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

cash flow planning



Monthly Cash Flow Plan

et 5 Continued

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

cash flow planning



Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
RECREATION				
*Entertainment	\$50			
Vacation	\$25	\$75		
DEBTS (Hopefully -0-)				
Visa 1	\$100			
Visa 2				
Master Card 1	\$75			
Master Card 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 _____				
Other _____				
Other _____				
Other _____				
Other _____		\$325		
PAGE 3 TOTAL		\$400		
PAGE 2 TOTAL		\$525		
PAGE 1 TOTAL		\$2075		
GRAND TOTAL		\$3000		
TOTAL HOUSEHOLD INCOME		\$3000		
		ZERO		

cash flow planning



Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
RECREATION				
*Entertainment	_____	_____	_____	_____
Vacation	_____	_____	_____	_____
DEBTS (Hopefully -0-)				
Visa 1	_____	_____	_____	_____
Visa 2	_____	_____	_____	_____
Master Card 1	_____	_____	_____	_____
Master Card 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 _____	_____	_____	_____	_____
PAGE 3 TOTAL		_____	_____	
PAGE 2 TOTAL		_____	_____	
PAGE 1 TOTAL		_____	_____	
GRAND TOTAL		_____	_____	
TOTAL HOUSEHOLD INCOME		_____		
		ZERO		

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.

cash flow planning

<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 zero to the right of the slash, showing you have allocated your whole check.

An asterick (*) beside an item means you should use the "envelope system."

Emergency Fund gets ALL the savings until three to six months of expenses have been saved.

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



Allocated Spending Plan

Sheet 7

PAY PERIOD: 8/1 8/8 8/15 8/22

ITEM:

INCOME \$650 \$850 \$1500 0

CHARITABLE 75/ 575 / / /

SAVING

 Emergency Fund 50 / 525 / / /

 Retirement Fund / / / /

 College Fund / / / /

HOUSING

 First Mortgage / 750/ 100 / /

 Second Mortgage / / / /

 Real Estate Taxes / / / /

 Homeowners Ins. / / / /

 Repairs or Mn. Fees / / / /

 Replace Furniture 50 / 475 / / /

 Other _____ / / / /

UTILITIES

 Electricity 100 / 375 / / /

 Water 50 / 325 / / /

 Gas / 50 / 50 / /

 Phone / 25 / 25 / /

 Trash / / / /

 Cable / 25 / 0 / /

***FOOD**

 *Grocery 300 / 25 / / /

 *Restaurants 25 / 0 / / /

cash flow planning



Allocated Spending Plan

Sheet 7

PAY PERIOD:

ITEM:

INCOME

CHARITABLE

____/____

SAVING

Emergency Fund

____/____

Retirement Fund

____/____

College Fund

____/____

HOUSING

First Mortgage

____/____

Second Mortgage

____/____

Real Estate Taxes

____/____

Homeowners Ins.

____/____

Repairs or Mn. Fees

____/____

Replace Furniture

____/____

Other _____

____/____

UTILITIES

Electricity

____/____

Water

____/____

Gas

____/____

Phone

____/____

Trash

____/____

Cable

____/____

*FOOD

*Grocery

____/____

*Restaurants

____/____

cash flow planning



Allocated Spending Plan

Sheet 7 continued

TRANSPORTATION

Car Payment	___/___	___/___	___/___	___/___
Car Payment	___/___	___/___	___/___	___/___
*Gas and Oil	___/___	___/___	___/___	___/___
*Repairs and Tires	___/___	___/___	___/___	___/___
Car Insurance	___/___	___/___	___/___	___/___
License and Taxes	___/___	___/___	___/___	___/___
Car Replacement	___/___	___/___	___/___	___/___

*CLOTHING

*Children	___/___	___/___	___/___	___/___
*Adults	___/___	___/___	___/___	___/___
*Cleaning/Laundry	___/___	___/___	___/___	___/___

MEDICAL/HEALTH

Disability Insurance	___/___	___/___	___/___	___/___
Health Insurance	___/___	___/___	___/___	___/___
Doctor	___/___	___/___	___/___	___/___
Dentist	___/___	___/___	___/___	___/___
Optometrist	___/___	___/___	___/___	___/___
Drugs	___/___	___/___	___/___	___/___

PERSONAL

Life Insurance	___/___	___/___	___/___	___/___
Child Care	___/___	___/___	___/___	___/___
*Baby Sitter	___/___	___/___	___/___	___/___
*Toiletries	___/___	___/___	___/___	___/___
*Cosmetics	___/___	___/___	___/___	___/___
*Hair Care	___/___	___/___	___/___	___/___
Education/Adult	___/___	___/___	___/___	___/___
School Tuition	___/___	___/___	___/___	___/___
School Supplies	___/___	___/___	___/___	___/___
Child Support	___/___	___/___	___/___	___/___

cash flow planning



Allocated Spending Plan

Sheet 7 continued

Alimony	___/___	___/___	___/___	___/___
Subscriptions	___/___	___/___	___/___	___/___
Organization Dues	___/___	___/___	___/___	___/___
Gifts (inc.Christmas)	___/___	___/___	___/___	___/___
Miscellaneous	___/___	___/___	___/___	___/___
*BLOW \$\$	___/___	___/___	___/___	___/___

RECREATION

*Entertainment	___/___	___/___	___/___	___/___
Vacation	___/___	___/___	___/___	___/___

DEBTS (Hopefully -0-)

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 _____	___/___	___/___	___/___	___/___

cash flow planning



Irregular Income Planning

Sheet 8

cash flow 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
1/4 Couch	\$500	\$900
Vacation - part	\$200	\$1100
Christmas - part	\$400	\$1500
Visa	\$500	\$2000
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



Irregular Income Planning

Sheet 8

cash flow 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.

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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.

Item	Amount	Cumulative Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



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.

cash flow planning

Item	Balance By Month		
	September	October	November
Emergency Fund (1) \$1,000	_____	_____	_____
Emergency Fund (2) 3-6 months	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Homeowners Insurance	_____	_____	_____
Repairs or Mn. Fee	_____	_____	_____
Replace Furniture	\$600	\$650	\$700
Car Insurance	_____	_____	_____
Car Replacement	_____	_____	_____
Disability Insurance	_____	_____	_____
Health Insurance	_____	_____	_____
Doctor	_____	_____	_____
Dentist	\$500	\$500	\$500
Optometrist	_____	_____	_____
Life Insurance	_____	_____	_____
School Tuition	_____	_____	_____
School Supplies	\$600	\$700	\$800
Gifts (incl. Christmas)	\$500	\$650	\$800
Vacation	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
TOTAL	\$2,200	\$2,500	\$2,800



Breakdown of Savings

et 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.

cash flow planning

<u>Item</u>	<u>Balance By Month</u>		
	_____	_____	_____
Emergency Fund (1) \$1,000	_____	_____	_____
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 (incl. Christmas)	_____	_____	_____
Vacation	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
TOTAL	_____	_____	_____

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



Debt Snowball

Sheet 10

cash flow planning

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 pay off that item. In other words, this is your running total for "Payments Remaining."

COUNT DOWN TO FREEDOM!!

Date: _____

Item	Total Payoff	Minimum Payment	New Payment	Payments Remaining	Cumulative Payments
Penny's	\$150	\$15	\$0	0	Garage Sale
Sears	\$250	\$10	\$25	11	11
Visa	\$500	\$75	\$100	PD	11
M.C.	\$1500	\$90	\$190	5	16
Car	\$4000	\$210	\$400	4	20
Stu. Loans	\$4000	\$65	\$465	6	26

TOTALLY Debt Free except the house!

- Finish Emergency Fund
- Fund Retirement/College
- Then Do House



Pro Rata Debts

Discover	\$1,200	\$150
Citibank Visa	300	45
MBNA Visa	200	25
Penny's	100	60
Sears	200	30
<hr/>		
TOTAL	\$2,000	\$310
Income	\$2,400	
Necessity Expense	- 2,200	
<hr/>		
Disposable Income	\$ 200	

Can't increase income anytime soon



Pro Rata Plan

Sheet 11

ITEM	TOTAL PAYOFF	TOTAL /DEBT	= PERCENT	DISPOSABLE X INCOME	= NEW PAYMENTS
Discover	1,200	/ 2000	= .60	X 200	= 120
Citibank	300	/ 2000	= .15	X 200	= 30
MBNA	200	/ 2000	= .10	X 200	= 20
Penny's	100	/ 2000	= .05	X 200	= 10
Sears	200	/ 2000	= .10	X 200	= 20



Pro Rata Plan Letter

Date: Feb. 22, 2006

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

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

Re: Joe and Suzie Public # 1234-5678-9012-9999

Dear Collection Manager:

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

We acknowledge our indebtedness to you of \$6,000 and fully intend to pay you back in full. However, you are one of six creditors to whom we owe \$42,968. 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 \$2,340 per month (see the enclosed copy of cash flow plan). Since we have two small children and no disposable income currently to pay our creditors, we can not make a payment to you at the present time, but we do not intend to go bankrupt.

Consequently, 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

cash flow planning



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 assess 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 to whom we owe \$ _____. 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 currently to pay our creditors, we (can or cannot) make a payment to you (of \$ _____) at the present time, but we do not intend to go bankrupt.

Consequently, 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)

cash flow planning

Monthly Retirement Planning

Sheet 12

cash flow planning

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 1:

Annual Income (today) you wish to retire on: _____
 divide by .08
 (nest egg needed) equals: _____

Step 2:

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

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

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

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

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

Please complete the first column of the Financial Snapshot immediately following Session #3.

You can also easily complete your Financial Snapshot online! Go to www.daveramsey.com/fpumember for more information!

See next page for sample

FINANCIAL SNAPSHOT



CLASS START DATE (MM/DD/YY)

□□ / □□ / □□

CLASS LOCATION CODE

□□□□□□

FIRST NAME

□□□□□□□□□□

SPOUSE FIRST NAME

□□□□□□□□□□

LAST NAME

□□□□□□□□□□□□□□□□

COORDINATOR FIRST NAME

□□□□□□□□□□

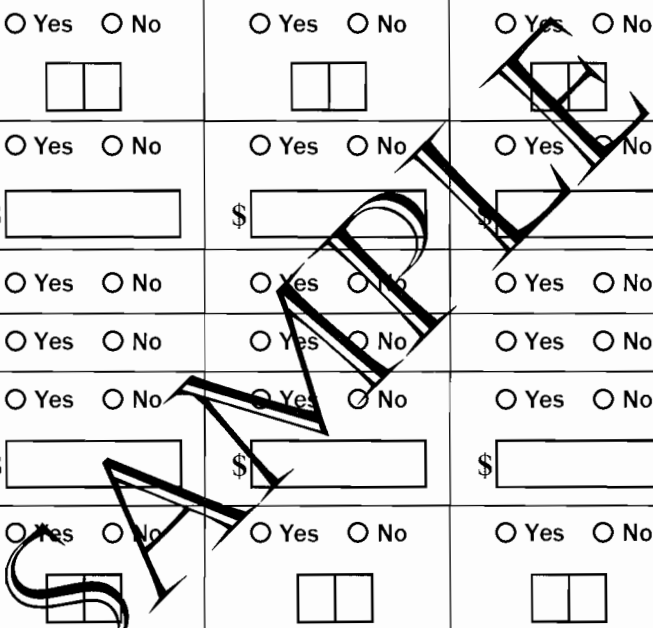
COORDINATOR LAST NAME

□□□□□□□□□□□□□□□□

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.

cash flow planning

Areas to work on IMMEDIATELY	Session 3	Session 6	Session 9	Session 12
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?	\$ □□□□	\$ □□□□	\$ □□□□	\$ □□□□
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?	\$ □□□□	\$ □□□□	\$ □□□□	\$ □□□□
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?	□ □	□ □	□ □	□ □
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.	□□□□□□	□□□□□□	□□□□□□	□□□□□□
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



Complete this form online in the Member Resource Center at <http://www.daveramsey.com/fpumember>

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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?

cash flow planning

Answer Key (left to right)

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

Accountability Check-Up

Cash Flow Planning

- I. Everyone holds up his/her BASIC QUICKIE BUDGET to show you that they worked on it. Use the Quickie Budget to help you do your first zero-based budget.
- II. CLASS COMMITMENTS
 - A. Everyone makes a verbal commitment that they will start putting something aside for an emergency fund each month, even if it is only \$4. It is vitally important to your financial future that you get into the habit of making this a priority!
 - B. Everyone makes a commitment to the group to attend all 13 class sessions, unless an emergency comes up.
 - C. Explain the FINANCIAL SNAPSHOT form and tell families they will be completing the first column after the next class.
- III. Have each person/family make a commitment to go home and do a ZERO-BASED BUDGET before the next class session.
- IV. ACCOUNTABILITY & APPLICATION REVIEW: (Everyone reads and comments on these statements.)
 - A. I understand the concept behind how to use the cash envelope system and will commit to using at least one envelope for food throughout this program. (Instructions are in the envelope system.)
 - B. I have balanced my checking account this month.
(See sample "How to Balance Your Checkbook" in this lesson, if necessary.)
 - C. Why is writing post dated or "warm" checks a bad idea?
 - D. I will not impulse shop anymore or use my ATM or debit card impulsively.
 - E. What are some potential benefits to your family of having a written budget? Based on benefits, I will make a commitment right now to myself (and my spouse, if married) and to this group, that I will do three monthly zero-based budgets during this 13-week program (blank forms are located in the back starting on page 253).
 - F. Does anyone have any questions about how to do a budget? (Review as a group if needed.)
- V. Be prepared to show your ZERO-BASED BUDGET at the next class.

cash flow planning



- * Be sure to complete your homework the easy way online, and get great financial tools and resources for this week's lesson.
- * Log in using your class code on page 22.

Our Guarantee

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.**