

**DO IT YOURSELF
FINANCIAL PLAN**

DIY



Thank you for choosing to take a step toward being a better manager of the resources God has given to you.

You may not know how to make a budget, or live without debt. You may not have support from friends and family who are in the same boat. You may not know the process of taking baby steps to success. We want to help you take the first step. Dave Ramsey is one of the best resources on providing simple steps to get out of debt and managing what God has given to us. We have included his forms and articles to get you started.

Is what we do with our money really any of God's business? The Bible has much to say about money. Many of those passages are included in this booklet. Please allow the Holy Spirit to speak to you as you read these verses.

If you need help filling out the forms, please contact Brookwood Care Ministries. You can set up an appointment by contacting us at financialcare@brookwoodchurch.org or 864.688.8355.

You may also be interested in going through Financial Peace University. In Financial Peace University you learn how money really works from budgeting and dumping debt to building wealth. This 9-week class is offered several times a year. For more information or to learn more about upcoming classes, please visit brookwoodchurch.org/events.

God bless you,

**Finance Department
Brookwood Church**



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WHAT DOES THE BIBLE SAY ABOUT MONEY?

God Owns Everything, and We Are His Managers

Deuteronomy 8:17-18

You may say to yourself, “My power and the strength of my hands have produced this wealth for me.” But remember the LORD your God, for it is he who gives you the ability to produce wealth...

Psalms 24:1

The earth is the Lord’s, and everything in it, the world, and all who live in it.

Haggai 2:8

“The silver is mine and the gold is mine,” declares the LORD Almighty.

Matthew 25:21

His master replied, “Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master’s happiness!”

Romans 11:36

For from him and through him and to him are all things...

1 Corinthians 6:19-20

...You are not your own; you were bought at a price...

God Is Generous

Deuteronomy 6:10-12

When the LORD your God brings you into the land he swore to your fathers, to Abraham, Isaac and Jacob, to give you—a land with large, flourishing cities you did not build, houses filled with all kinds of good things you did not provide, wells you did not dig, and vineyards and olive groves you did not plant—then when you eat and are satisfied, be careful that you do not forget the LORD, who brought you out of Egypt, out of the land of slavery.

Matthew 7:11



If you, then, though you are evil, know how to give good gifts to your children, how much more will your Father in heaven give good gifts to those who ask him!

Luke 6:38

Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap. For with the measure you use, it will be measured to you.

John 3:16

For God so loved the world that he gave his one and only Son, that whoever believes in him shall not perish but have eternal life.

Romans 8:32

He who did not spare his own Son, but gave him up for us all-how will he not also, along with him, graciously give us all things?

2 Corinthians 8:9

For you know the grace of our Lord Jesus Christ, that though he was rich, yet for your sakes he became poor, so that you through his poverty might become rich.

2 Corinthians 9:8,11

And God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work. You will be made rich in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God.

1 Timothy 6:17

Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment.

1 John 3:16-18

This is how we know what love is: Jesus Christ laid down his life for us. And we ought to lay down our lives for our brothers. If anyone has material possessions and sees his brother in need but has no pity on him, how can the love of God be in him? Dear children, let us not love with words or tongue but with actions and in truth.

Wealth Is Fleeting, and Accumulation Is Dangerous

Proverbs 23:4-5

Do not wear yourself out to get rich; have the wisdom to show restraint. Cast but a glance at riches, and they are gone, for they will surely sprout wings and fly off to the sky like an eagle.

Proverbs 30:8-9

Keep falsehood and lies far from me; give me neither poverty nor riches, but give me only my daily bread. Otherwise, I may have too much and disown you and say, 'Who is the LORD?' Or I may become poor and steal, and so dishonor the name of my God.

Ecclesiastes 5:10-15

Whoever loves money never has money enough; whoever loves wealth is never satisfied with his income. This too is meaningless. As goods increase, so do those who consume them. And what benefit are they to the owner except to feast his eyes on them? The sleep of a laborer is sweet, whether he eats little or much, but the abundance of a rich man permits him no sleep. I have seen a grievous evil under the sun: wealth hoarded to the harm of its owner, or wealth lost through some misfortune, so that when he has a son there is nothing left

for him. Naked a man comes from his mother's womb, and as he comes, so he departs. He takes nothing from his labor that he can carry in his hand.

Mark 10:25

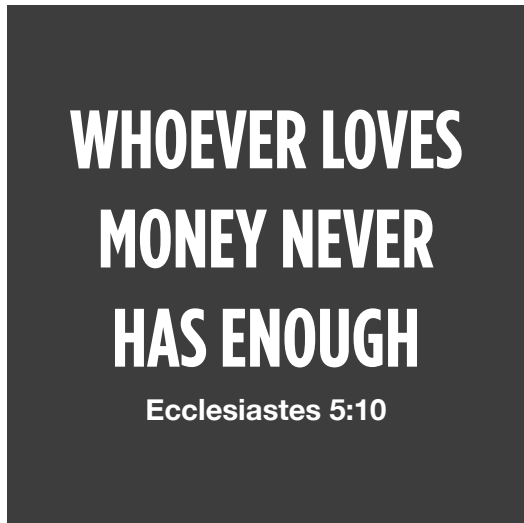
It is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God.

Luke 6:24

But woe to you who are rich, for you have already received your comfort.

Luke 16:25

But Abraham replied, "Son, remember that in your lifetime you received your good things, while Lazarus received bad things, but now he is comforted here and you are in agony."



1 Timothy 6:9-10

People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction. For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs.

Heaven, Not Earth, is My Home

Psalm 39:5

...the span of my years is as nothing before you. Each man's life is but a breath...

Psalm 90:10

The length of our days is seventy years-or eighty, if we have the strength; yet their span is but trouble and sorrow, for they quickly pass, and we fly away.

Philippians 3:20

But our citizenship is in heaven...

1 Timothy 6:17-19

Command those who are rich in this present world ... to do good, to be rich in good deeds, and to be generous and willing to share. In this way they will lay up treasure for themselves as a firm foundation for the coming age, so that they may take hold of the life that is truly life.

Hebrews 11:25-26

[Moses] chose to be mistreated along with the people of God rather than to enjoy the pleasures of sin for a short time. He regarded disgrace for the sake of Christ as of greater value than the treasures of Egypt, because he was looking ahead to his reward.

Matthew 6:19-20

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal.

Matthew 19:27-29

Peter answered him, "We have left everything to follow you! What then will there be for us?" Jesus said to them, "I tell you the truth, at the renewal of all things, when the Son of Man sits on his glorious throne, you who have followed me will also sit on twelve thrones, judging the twelve tribes of Israel.

3 And everyone who has left houses or brothers or

sisters or father or mother or children or fields for my sake will receive a hundred times as much and will inherit eternal life."

Our Hearts Follow Our Money

Matthew 6:19-21

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also.

Matthew 6:24

No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money.

Mark 10:21

Jesus looked at him and loved him. "One thing you lack," he said. "Go, sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me."

God Prospers Us Not to Raise Our Standard of Living, but Our Standard of Giving

Luke 3:11

John answered, "The man with two tunics should share with him who has none, and the one who has food should do the same."

Acts 4:32, 34-35

All the believers were one in heart and mind. No one claimed that any of his possessions was his own, but they shared everything they had. There were no needy persons among them. For from time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need.

Romans 12:13

Share with God's people who are in need. Practice hospitality.

2 Corinthians 8:7, 13-15

...Excel also in the grace of giving. Our desire is not that others might be relieved while you are hard pressed, but that there might be equality. At the present time your plenty will supply what they need, so that in turn their plenty will supply what you need. Then there will be equality, as it is written: "He who gathered much did not have too much, and he who gathered little did not have too little."

2 Corinthians 9:10-11

Now he who supplies seed to the sower and bread for food will also supply and increase your store of seed and will enlarge the harvest of your righteousness. You will be made rich in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God.

James 2:15-16

Suppose a brother or sister is without clothes and daily food. If one of you says to him, "Go, I wish you well; keep warm and well fed," but does nothing about his physical needs, what good is it?



MYTHS AND TRUTHS ABOUT BUDGETING

from daveramsey.com on August 3, 2009

Myth: I don't have time to work on a budget.

Truth: You don't have time not to make a budget!

The dreaded "B" word. **Budget.** The only other word that starts with "B" that might generate a worse reaction in most people is the word bankruptcy.

Unfortunately, the word budget has gotten a bum rap—it is basically just a **PLAN**. When you budget, you're spending on paper, on purpose, before the month begins.

But many people view a budget as a straight jacket that keeps them constrained. *Freedom* and *budget* just don't seem to go together.

However, when you see that a budget is just spending your money with intention, you'll actually experience more freedom than before. Many people say they've found even more money when they created a realistic budget and stuck with it.

Here are some pointers:

- Give it three to four months to start working. It won't be perfect the first time you do it.
- Spend every dime on paper before the month begins.
- Over-fund your groceries category. Most people underfund that category.
- Husbands (if applicable) need to loosen up and quit using the budget as a whipping tool on their wives.
- If married, spouses need to do the budget together. The preacher said "... and you are ONE."

When you are spending your money on purpose, you will be on your way to a Total Money Makeover. You will be on the road to changing your family tree forever!



MONTHLY CASH FLOW PLAN (Instructions)

Every single dollar of your income should be allocated to some category on this form. When you're done, your total income minus expenses should equal zero. If it doesn't, then you need to adjust some categories (such as debt reduction, giving, or saving) so that it does equal zero. Use some common sense here, too. Do not leave things like clothes, car repairs, or home improvements off this list. If you don't plan for these things, then you're only setting yourself up for failure later.

Yes, this budget form is long. It's really long. We do that so that we can list practically every expense imaginable on this form to prevent you from forgetting something. Don't expect to put something on every line item. Just use the ones that are relevant to your specific situation.

Every main category on this form has subcategories. Fill in the monthly expense for each subcategory, and then write down the grand total for that category. Later, as you actually pay the bills and work through the month, use the "Actually Spent" column to record what you really spent in each area. If there is a substantial difference between what you budgeted and what you spent, then you'll need to readjust the budget to make up for the difference. If one category continually comes up over or short for two or three months, then you need to adjust the budgeted amount accordingly.

Use the "% Take Home Pay" column to record what percentage of your income actually goes to each category. Then, use the "Recommended Percentages" sheet (Form 6) to see if your percentages are in line with what we recommend.

Notes:

- An asterisk(*) beside an item indicates an area for which you should use the envelope system.
- The emergency fund should get all the savings until you've completed your full emergency fund of three to six months of expenses (Baby Step 3).
- Don't forget to include your annualized items from the "Lump Sum Payment Planning" sheet (Form 4), including your Christmas gift planning.



MONTHLY CASH FLOW PLAN (Form 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		_____		_____
Homeowner's 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		_____	_____	

MONTHLY CASH FLOW PLAN (Form 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		_____		_____
Medications	_____	_____	_____	_____
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 Money	_____	_____	_____	_____
PAGE 2 TOTAL		_____	_____	

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		

RECOMMENDED PERCENTAGES (Form 6)

How much of your income should be spent on housing, giving, food, etc.? Through experience and research, we recommend the following percentages. However, you should remember that these are only recommended percentages. If you have an unusually high or low income, then these numbers could change dramatically. For example, if you have a high income, the percentage that is spent on food will be much lower than someone who earns half of that.

If you find that you spend much more in one category than we recommend, however, it may be necessary to adjust your lifestyle in that area in order to enjoy more freedom and flexibility across the board.

ITEM	ACTUAL %	RECOMMENDED %
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%



THE SEVEN BABY STEPS

Begin your journey to financial peace

Get out of debt the same way you learned to walk—one step at a time. Dave has taught these principles to millions via radio, books, *Financial Peace University*, live events and online.

Here's the process:

Baby Step 1

\$1,000 Emergency Fund

An emergency fund is for those unexpected events in life that you can't plan for: the loss of a job, an unexpected pregnancy, a faulty car transmission, and the list goes on and on. It's not a matter of if these events will happen; it's simply a matter of when they will happen.

This beginning emergency fund will keep life's little Murphies from turning into new debt while you work off the old debt. If a real emergency happens, you can handle it with your emergency fund. No more borrowing. It's time to break the cycle of debt!

Baby Step 2

Pay off all debt using the Debt Snowball

List your debts, excluding the house, in order. The smallest balance should be your number one priority. Don't worry about interest rates unless two debts have similar payoffs. If that's the case, then list the higher interest rate debt first.

The point of the debt snowball is simply this: You need some quick wins in order to stay pumped up about getting out of debt! Paying off debt is not always about math. It's about motivation. Personal finance is 20% head knowledge and 80% behavior. When you start knocking off the easier debts, you will see results and you will stay motivated to dump your debt.

Baby Step 3

3 to 6 months of expenses in savings

Once you complete the first two baby steps, you will have built serious momentum. But don't start throwing all your "extra" money into investments quite yet. It's time to build your full emergency fund. Ask yourself, "What would it take for me to live for three to six months if I lost my income?" Your answer to that question is how much you should save.

Use this money for emergencies only: incidents that would have a major impact on you and your family. Keep these savings in a money market account. Remember, this stash of money is not an investment; it is insurance you're paying to yourself, a buffer between you and life.

Baby Step 4

Invest 15% of household income into Roth IRAs and pre-tax retirement

When you reach this step, you'll have no payments—except the house—and a fully funded emergency fund. Now it's time to get serious about building wealth.

Dave suggests investing 15% of your household income into Roth IRAs and pre-tax retirement plans. Don't invest more than that because the extra money will help you complete the next two steps: college savings and paying off your home early.

Why shouldn't you invest less than 15%? Some people choose to invest a small amount, if anything, because they want to get a child through school or pay off the home in a hurry. But the kids' degrees won't feed you at retirement, and if you throw all your money into your mortgage at this point, you'll end up having to sell the house and buy the book *72 Ways to Prepare Alpo and Love It*. Bad plan.

Baby Step 5

College funding for children

By this point, you should have already started Baby Step 4—investing 15% of your income—before saving for college. Whether you are saving for you or your child to go to college, you need to start now.

In order to have enough money saved for college, you need to have a goal. Determine how much per month you should be saving at 12% interest in order to have enough for college. If you save at 12% and inflation is at 4%, then you are moving ahead of inflation at a net of 8% per year!

Never save for college using:

- Insurance
- Savings bonds (only 5-6% growth)
- Zero-coupon bonds. (only 6-8% growth)
- Pre-paid college tuition (only 7% inflation rate)

The best way to save for college is with Education Savings Accounts (ESAs) and 529 plans. Remember, college is possible without loans!

Baby Step 6

Pay off your house early

Now it's time to begin chunking all of your extra money toward the mortgage. You are getting closer to realizing the dream of a life with no house payments.

As you attack this last debt, you will gain momentum much like you did back in the second step of the debt snowball. Remember, having absolutely no payments is totally within your reach!



Baby Step 7

Build wealth and give!

It's time to build wealth and give like never before. Leave an inheritance for future generations, and bless others now with your excess. It's really the only way to live!

Golda Meir says, "You can't shake hands with a clenched fist." Vow to never hold your money so tightly that you never give any away. Hoarding money is not the way to wealth. Save for yourself, save for your family's future, and be gracious enough to bless others. You can do all three at the same time.

THE TRUTH ABOUT DEBT REDUCTION

By Dave Ramsey

Myth: Only the rich can be debt free.

Truth: Anyone can become debt free. True debt reduction is plain common sense and hard work.

Many hard-working people get into debt because of mistakes. I work with those people every day. I'm talking about them—those who are willing to keep working hard—when I promise that there's **hope to get out of debt** and have a financially peaceful future.

Beware of Quick Fixes

But then there are lazy people who look for a quick fix, such as **debt consolidation** or **debt management**. Real debt help is not quick or easy. Laziness is a character flaw. You need to **be willing to work and sacrifice** in order to fix the situations that you created with your own irresponsibility. If you are not willing, then you cannot be helped.

Are you willing to get another job and work a few 80-hour weeks? If you are in financial stress because of something you've done, you need to get yourself out of the mess by working. If you think that it is too hard, you will never get out of the debt that you brought upon yourself.

Laziness is a sickness, and it will get you absolutely nowhere in life. We all make mistakes, but the question is whether you are willing to **take responsibility** for your mistakes! You need to **learn from your mistakes** or you and your children will be doomed to repeat the cycle. How badly do you want to be out of debt?

How to Get Out of Debt

We've developed a little process called the debt snowball to do one thing at a time and keep the debt reduction process simple. I have been broke. I know how scared I felt, and I know how fast I wanted to get out of debt. I know how you feel, and I have learned that what really works is unbelievably fierce, **focused intensity**.



GET OUT OF DEBT WITH THE DEBT SNOWBALL PLAN

from daveramsey.com on August 1, 2009

Myth: I should pay off the debt with the highest interest rate first to get out of debt quickly.

Truth: You should pay off the smallest debt first to create the greatest momentum in your debt snowball.

The math seems to lean more toward paying the highest interest debts first, but what I have learned is that personal finance is 20% head knowledge and 80% behavior. You need some quick wins in order to stay pumped enough to get out of debt completely. When you start knocking off the easier debts, you will start to **see results** and you will **start to win** in debt reduction.

Debt Snowball Plan

The principle is to stop everything except minimum payments and focus on one thing at a time. Otherwise, nothing gets accomplished because all your effort is diluted. First accumulate \$1,000 cash as an emergency fund. Then begin intensely getting rid of all debt (except the house) using my debt snowball plan. List your debts in order 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 gives you quick feedback, and you are more likely to stay with the plan.

Build Momentum

Redo this each time you pay off a debt, so you can see how close **you are getting to freedom**. Keep the old papers 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 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.

Debt Free!

You attack the smallest debt first, still maintaining minimum payments on everything else. Do what is necessary to **focus your attention**. Keep stepping up to the next larger bill. After the credit debt is taken care of, you are ready for the next **Baby Step** in your Total Money Makeover.



DEBT SNOWBALL (Instructions)

Now it's time to knock out that debt! List your debts in order, from the smallest balance to the largest. Don't be concerned with interest rates, unless two debts have a similar payoff balance. In that case, list the one with the higher interest rate first. As you start eliminating debts, you'll start to build some serious momentum. These quick wins will keep you motivated, so you'll be able to stay on track.

The idea of the snowball is simple: pay minimum payments on all of your debts except for the smallest one. Then, attack that one with gazelle intensity! Every extra dollar you can get your hands on should be thrown at that smallest debt until it is gone. Then, you attack the second one. Every time you pay a debt off, you add its old minimum payment to your next debt payments. So, as the snowball rolls over, it picks up more snow. Get it?

Redo this sheet every time you pay off a debt so that you can see how close you're getting to total debt freedom. Keep the old sheets for encouragement—or to wallpaper the bathroom in your debt-free house someday!

The "New Payment" is the total of the previous debt's payment PLUS the current debt's minimum. As these payments compound, you'll start making huge payments as you work down the list.

THE TRUTH ABOUT DEBT CONSOLIDATION

from daveramsey.com on August 1, 2009



Myth: Debt consolidation saves interest, and you have one smaller payment.

Truth: Debt consolidation is dangerous because you treat only the symptom.

Debt consolidation is nothing more than a “con” because you think you’ve done something about the debt problem. The debt is still there, as are the habits that caused it – you just moved it! You can’t borrow your way out of debt. You can’t get out of a hole by digging out the bottom. True debt help is not quick or easy.

Larry Burkett, noted financial author, says debt is not the problem; it is the symptom. I feel debt is the symptom of overspending and undersaving. Our financial coaches will not recommend debt consolidation for a client. Why? Because debt consolidation doesn’t work.

Debt Consolidation Statistics

A friend of mine works for a debt consolidation firm whose internal statistics estimate that 78% of the time, after someone consolidates his credit card debt, the debt grows back. Why? He still doesn’t have a game plan to either pay cash or not buy at all. He also hasn’t saved for “unexpected events” which will also become debt.

Debt consolidation seems appealing because there is a lower interest rate on some of the debt and a lower payment. However, in almost every case we review, we find that the lower payment exists not because the rate is actually lower but because the term is extended. If you stay in debt longer, you get a lower payment, but if you stay in debt longer, you pay the lender more, which is why they are in the debt consolidation business.

Debt Consolidation Example

For example, let’s say you have \$30,000 in unsecured debt, including a two-year loan for \$10,000 at 12%, and a four-year loan for \$20,000 at 10%. Your monthly payment on the \$10,000 loan is \$517 and \$583 on the \$20,000 loan, for a total payment of \$1,100 per month. The debt consolidation company tells you they have been able to lower your payment to \$640 per month and your interest rate to 9% by negotiating with your creditors and rolling the loans together into one. Sounds great, doesn’t it? Who wouldn’t want to pay \$460 less per month in payments?

But they don’t tell you that it will now take you six years to pay off the loan. This may not sound that bad to you at first unless you realize how much more you will actually pay in additional payments. You will now pay \$46,080 to pay off the new loan vs. \$40,392 for the original loans, even with the lower interest rate of 9%. This means you paid \$5,688 more for the “lower payment.” Not such a good deal after all. This example shows you why they are in the business – because they make money off of you.

The Real Way to Get Out of Debt

The answer is not the interest rate; the answer is a Total Money Makeover. The way you get out of debt is by changing your habits. You need to commit to getting on a written game plan and sticking to it. Get an extra job and start paying off the debt. Live on less than you make. It is not rocket science, but it is emotional, which is why most people need help getting through it from someone like Dave Ramsey. Don’t try debt consolidation!

MAKING DAVE'S ADVICE WORK FOR YOU

from daveramsey.com on September 13, 2011

Wherever you are right now, these four tips will help you make your money—and Dave's advice—work for you!

Write It Down

Dave is a big fan of writing down your goals. He talks and writes about it often. There's just something about writing things down that adds power and tangibility to them. A dream is just a dream until you write it down ... then, it's a goal! When it comes to budgeting, give every dollar a name by spending it on paper, on purpose before the month begins. And remember, the dullest pencil is sharper than the sharpest memory!

Start Small

You know how to eat an elephant, right? One bite at a time! It's like losing weight or getting in shape. If you try big, crazy, extreme plans or diets, you're setting yourself up for disappointment. Don't try to take shortcuts. Get on a plan that works, and stick to it. That's what Dave's seven Baby Steps are all about: adjusting your position a little bit at a time until you've completely turned things around.

Get Intense!

You've got to get wired up and fired up about where you want to go! Do what it takes to keep yourself motivated, whether it's listening to people scream "We're debt freeeee!" on Debt-Free Fridays, reading powerful success stories, or making stuff with cut-up pieces of your credit cards. Continually think about why you're doing what you're doing. One way to do that is to keep a photo of your loved ones in your checkbook or envelope system, and remind yourself: I'm changing my family tree for them.

Get Support

Personal finance is only 20% head knowledge. It's 80% behavior change. That will make all the difference! That's why it's important to surround yourself with people who have the same goals, so you get the support and accountability you really need. There are thousands of Financial Peace University classes starting all over the nation. Take the step to get plugged into a community of support and encouragement that's a whole lot of fun for all involved. Find a Financial Peace University class in your area. This class is offered several times a year through Brookwood. For more information or to learn more about upcoming classes, please visit brookwoodchurch.org/events. You can attend the first lesson for free! Connecting with our new FPU Facebook page is another great way to get daily motivation to work your way through the Baby Steps!

As the season changes, it's your chance to give yourself a fresh start! Good intentions won't change anything, but intentional action will do wonders. Jump in with both feet, and start doing the little things that make a big difference in your life!



“This class has changed our lives so much. It has literally brought us peace as far as money management.”
Michael V.

“It has taught us how to make every dollar count. Life changing.” **Julie A.**

“This course has completely changed the way my husband and I handle our finances. We have not used a credit card in months and this will be our first “cash only” Christmas. No more debt increase for us!!”
Renee N.

“I will only pay cash! There is so much freedom when you are debt free. If I can’t afford it, I don’t need it.”
Carol J.

“This class strengthened our marriage and changed our lives. As a result of this class we are now debt free except for our home and survived the reduction of hours and income with my husband’s job.”
Lora C.



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