Debt-Free for Good!

How to pay off & stay out of debt!

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Has Debt Become Your Therapy?

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Has debt become your therapy?

Half of Americans spend more than they earn, but don't realize it! That's according to the recent report released by Rasmussen Reports for Country Financial.

In 2009, the Census Bureau reported that Americans spend $1.33 for every dollar they earn! How can we not realize that we're overspending month after month?

Americans spend $1.33 for every dollar they earn!

Those statistics, though shocking, are the "way of life" for so many of us that debt almost seems normal. It has been part of our everyday lives for so long that it's hard to imagine our lives without it. Here is a great quote that sums up our current reality:

"Normal is getting dressed in clothes that you buy for work and driving through traffic in a car that you are still paying for - in order to get to the job you need to pay for the clothes and the car, and the house you leave vacant all day so you can afford to live in it." - Ellen Goodman

I'm pretty sure that if asked the question, "Would you like to be debt-free?" most Americans, if not all, would shout a definitive YES! Why is it that so many of us who want to be free from debt keep adding to what we already owe? There are probably plenty of answers, but two primary reasons include the need to impress others, and the emotional addiction to overspending in order to cope with other life issues. In essence, racking up debt has become our therapy!

According to Gloria Arenson, a marriage therapist, overspending has become an addiction, and we use it to offset an increasingly stressful and hectic lifestyle. We are willing to use credit and pay interest on items we may not even use, just to get that quick feeling of satisfaction.

Overspending has become an addiction, and we use it to offset an increasingly stressful and hectic lifestyle.

If you're quietly raising your hand saying, "Yup, that's me", I want you to know that there is a way out. It's not an easy one, but with conviction and perseverance you can ditch your debt once and for all. Depending on where you are financially, we'll take you through a step-by-step process of eliminating your consumer debt.

Spending more than you earn?

If you live in the camp of over-spenders, the first thing you need to do is align your spending with your income, which means that you start living within the boundaries of what you bring in.

The envelope budgeting system is the most effective way to get a handle on your overspending. Create a monthly plan, a budget that would allocate a specific amount of money to every category where you spend money, make sure the plan does not exceed 100% of your income, and then make a 3 month commitment to stick to that plan.

The envelope budgeting system is the most effective way to get a handle on your overspending.

Once you start living within your means, you'll be ready to take another step on the debt elimination journey!

5% Reduction in Spending

Cutting cost out of your budget can be mundane, but you can make it a fun challenge as well! What if you and your spouse had a contest of finding 5% to reduce in every budget category? A few categories like your mortgage payment may not qualify, but a majority of what you spend money on will.

For example, if you spend $500 on groceries every month a 5% reduction would mean $25 dollars a month. Maybe you can buy generic or store brands, rather than name brands. Or, you might need to buy chicken instead of steak. Maybe there are some frozen items you could buy in bulk and reduce your overall spend, who knows? Take a look and see what you can find.

How about your car or homeowner's insurance? Did you know that re-quoting those once or twice a year could save you serious money? We just did ours last year and saved over $700 a year! If 5% is too much, start with 2% or 3%.

Finding cost reductions by a percentage can be a fun and non-threatening way to eliminate expenses, and at the end of it, whoever wins can be treated to something special. Imagine cutting out $15 out of just 5 spending categories. That would immediately release $75 a month towards debt or towards building your emergency savings fund!

Must Have a Plan

Finally, once you've mastered living on your current income and you've been able to carve a certain percentage out of your spending, your final step is to create your debt elimination roadmap.

On one sheet of paper, list all of your consumer debts, the balance you owe, and the expected payoff date. Place that list in a place visible to you and your spouse, and every time you pay off a debt, mark it off and celebrate it.

After paying your debt, take that payment amount and roll it over to your next debt in line and watch the balance melt away. Keep doing this until you finish paying off all of your debts. Depending on your financial situation, consider using a portion of your tax returns or any "extra cash" towards your debt repayment. If you stick with the plan, you'll become debt-free, and you'll position your family for a great financial future!

> With conviction and perseverance you can ditch your debt once and for all.

In the light of the current economic situation, there is nothing more important than ensuring that you and your family are free from debt and prepared for whatever lies ahead!

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2 Solutions to Conquering Your Finances

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2 Simple Solutions for Conquering our Finances

What if I told you that there is one rule, one principle, one truth that if applied, can almost 100% guarantee us a life free from debt and a life of true financial freedom, would you listen?

No gimmicks, free of charge, without a hidden agenda, here it is:

"Never spend your money before you have it." – George Washington.

That's it! Nothing more, and nothing less.

If it's that obvious, why so many of us ignore or blatantly violate this rule? Could it be that, until today, we've never heard of it so our own ignorance is to be blamed? Somehow I doubt it.

"Never spend your money before you have it."

If we can't use ignorance as an excuse, what can we pinpoint as the main reason for dismissing this truth as we live out our daily financial lives? There are probably quite a few reasons why, but here are two of the most pervasive ones, at least by my own estimation.

I want it, and I want it now

Our parents and grandparents understood that, in life, we can't have it all and that it takes time and sacrifice to reach certain financial goals. However, we've convinced ourselves that there is no use in waiting since we can, literally, have it now. If not with cash, then with credit. The "I'll buy it now and pay for it later" approach is what's driving so many of us to insane levels of debt. We make conscious decisions to "play now and hopefully pay later," convincing ourselves that the days of reckoning will never come. If you're living a lie that you can have it all, that debt is really not as bad as it seems, and that you'll somehow manage those monthly minimum payments, than it's time for you to wake up! If the day of reckoning hasn't come yet, it will soon, and the longer you wait the tougher your life will be. So how can you break this destructive cycle?

- ✓ Admit your problem.
- ✓ Find an accountability partner, someone who will have your permission to keep you on the "straight and narrow".

- ✓ Stop using debt for any purchases and live on a cash basis ONLY. Use the tried and true envelope system to designate envelope for each spending category, designate a specific amount for each of your envelopes and make a commitment to stop spending once the envelope is empty and you can fund it again with your next paycheck.

Easy fix

"Nothing will work unless you do" – Maya Angelou

We are constantly bombarded with messages of simple, quick, no effort required solutions, that without realizing it, we have fallen for the "easy fix" lie and expect financial success to come without any work on our part.

> "Nothing will work unless you do"

Living a life of financial abundance, a life of contentment, and a life of financial margin will not come easy. There is nothing easy about the road to true financial freedom. It will require hard work, effort, commitment, guts, and going against popular culture. Are you ok with that? Are you willing to work hard to make your financial dreams come true, or will you just keep dreaming? If you're ready to put your "hands to the plow," here are a few steps you can take:

- If you don't have a plan for spending your money, make one. You need to have a written financial plan, a roadmap that you can follow.
- Find a tool that will help you enforce your monthly budget. If you love technology, then search for financial apps, such as Mvelopes, that help with planning and tracking your daily expenditures.
- Spend 15 - 30 minutes every day reviewing your budget and where you stand. By doing this you'll be able to see what parts of your budget are over or under funded and you'll be able to make quick adjustments in order to stay within your monthly spending limit.

Each of us could probably come up with a few more reasons why we continue spending money before we have it, but we hope that this article serves as motivation to help you break that destructive cycle. The longer you wait the harder it will be, so make today the day of your financial turnaround. Work hard at it and give it time.

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6 Signs You're Living Beyond Your Income

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6 Signs You're
Living Beyond Your Income

"We must consult our means rather than our wishes." - George Washington

Living beyond our income has become the norm. Financing our lifestyles with easily available credit is almost expected, and anyone who is living on "cash only" basis is rare species about to go extinct. Social pressures to meet certain living standards are contributing greatly to the financial instability of our families.

If you suspect that you may be living it up more than you should, here is a quick checklist of six signs combined with practical tips on what you can do to change that.

If asked: "How much is enough?" you'd say: "Just a bit more"

"We must consult our means rather than our wishes."

Do you find yourself discontent with your "stuff" and constantly wishing for more? Is it hard for you to watch others upgrade to nicer cars, bigger homes, better furniture or even pricier, more prestigious private schools for children? If you're quietly saying yes, then your discontentment may be driving you to impulse financial decision-making. If that's you, reflect on your spending habits and evaluate whether many of your purchases are done out of true need or out of a need to fill in an internal void or social pressures. Decide today that you will no longer live to impress others by spending money you don't have on the things you don't really need.

You're unprepared to loose your income…even for few weeks

If today you, or you and your spouse, lost your income, would you be able to survive for the next 6 months only on what you have set aside in your savings? If the answer is a definite NO, you may be overspending on today's wants while sacrificing tomorrow's needs. If that's the case, take a hard look at your current spending. Do you have a spending plan or a budget? Make one. Are you fully aware of how every dollar you earn is spent? Get to the bottom of this and make sure that you assign every penny to a specific budget category. Track your spending for the next 30 days to reveal all potential "waste" areas.

Your goal should be to eventually have 6 months of your living expenses set aside and available in case you experience a complete income loss.

You run to credit cards for rescue…on regular basis

Credit has become so accessible that any college student who does not have a steady income is bombarded with offers of easy money. Do you have a revolving balance on your credit cards? Are you using one credit card to pay off another one? Is your monthly credit card balance growing instead of declining? If the answer is yes, then you are most likely financing a “beyond your means” lifestyle.

Use it Up, Wear it Out, Make it Do, or Do Without.

Take the next few days, look over your credit card purchases and see exactly what you are buying. Is it expensive clothing? Maybe its time to move to a cheaper clothing line or to live out this famous great depression motto: Use it Up, Wear it Out, Make it Do, or Do Without. Have you fallen for the buy now and don’t make any payments until who knows when offers? Now that the payment time has come, are you struggling? Whatever “it” is that you are using credit for, first make a decision to stop using plastic. Create a realistic debt repayment plan and do not pick up a credit card until you have paid your balances off and are ready to be a responsible consumer.

You don’t save

Saving is truly the foundation of healthy finances, yet so few of us actually save. One of the most common excuse for not saving is “I have too much debt.” What people don’t realize is that, unless saving is prioritized, debt will always be an issue.
Our goal should be to set aside at least 10% of gross annual income. Portion of it may go into a retirement fund while the rest to a regular savings account.

While setting saving goals, focus on both short-term as well as your long-term goals. Short-term should include having an emergency fund, 6 months of living expenses, a vacation fund, a Christmas fund, etc. Your long-term goals should focus on retirement, car replacement fund, and college funds for your children, etc.

You spend more than 25-30% of your pay on housing

Buying more home than you can afford has been a common phenomenon in the last decade. Long gone are the days when 20% down payment was the minimum in order to purchase a home. No down payment and borrowing more than can be afforded, combined with a stagnant job market, has plunged too many families into foreclosures and short sales. Are you counting on two incomes in order to make your mortgage payment? Are you spending more than 35% of your gross income just to pay your monthly note? Would you be in deep trouble if you experienced a reduction in income? (going from two to one incomes due to job loss, having hours cut, having pay reduced, etc.)

Are you counting on two incomes in order to make your mortgage payment?

If the answer is yes, you may be paying for more home than you can afford. Here are two rules of thumb to follow in regards to mortgage payments:

- ✓ Stay within 25-30% of your gross income
- ✓ Are you a two-income family? Buy as if you had just one income. This way you are creating margin in case of a job loss

You're afraid to look at your credit score

Do you know what your credit score is? If your number ranges from 500's-600's you have some work to do in that department. There are multiple behaviors that drive your credit score down, but some of the most common ones are: late payment on credit cards, mortgage or utilities; using too much of your available credit; defaulting on your payments.

In order to start repairing your credit you need to stop the harmful behaviors that drove you to those issues in the first place. Is it habitual overspending? Lack of personal discipline? Whatever that is, identify your key reasons and tackle each issue at a time.

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How NOT to Drive Yourself Broke

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How NOT to drive yourself broke

So we are back at it.

In a recent report released by Experian, Americans are back at car dealerships buying new cars. This time, however, we are willing to pay higher monthly payments on a lower credit score while extending our loans beyond 5 years.

That's plain crazy!

Did you know that the average new car payment amount is $452? That's almost 50% of our monthly mortgage payment (according to LendingTree, the national average mortgage payment is $1,061 on a 30-year mortgage at 4 percent).

While we take out 30-year mortgages, we turn around and take out another 6-7 year loan, this time on our new ride.

There is no question that most of us need a car and that transportation is a key component of our daily life. We need it to commute to work. We need it to drive to the grocery store. We need a car. But the question is, do we need to leverage ourselves for a period of 5-7 years while paying enormous car payments and an a 4-5% interest rate?

The average new car payment amount is $452? That's almost 50% of our monthly mortgage payment.

I would argue that not only do we not need to, but we shouldn't.

Let's do some basic math. What if you decided to get a used $10,000 car and paid it over a period of 36 months? That would put your payments at around $280/month. Now, what if you set aside the remaining $172 (the difference between your used and new car payment) for the period of 36 - 60 months? You'd have $6000 - $10,000 in your car replacement fund, and you could purchase your next car with cash, leaving you the entire $452 a month to invest, save, prepay your mortgage, etc.

There is another benefit to purchasing a car with cash – the insurance cost. As soon as you own your car outright, your insurance premium will drop, freeing even more funds monthly.

"Debt is the slavery of the free" – Publilius Syrus

If asked, most of us would likely admit that we don't like debt. We don't want to owe someone something for the large part of our life, yet at the same time, we make financial decisions that put us in a position of volunteer slavery.

Learning to make smart purchases takes time, patience and self-control. Passing up new shiny toys is not easy for 5 year olds, and it doesn't get any easier for adults either!

"Debt is the slavery of the free"

Next time you're about to make a major purchase, if self-control fails you, at least run some basic math. Numbers alone should be convincing. Take a step back, look at the long-term consequences of your decision, and determine if making that purchase puts you in a better or worse financial position 5 years from now.

Here are a few basic checkpoints for making a major purchase, like a car:

- ✓ What will be my TOTAL cost after paying the pricey and interest rate combined? Don't be fooled by JUST your monthly payment amount.
- ✓ How will the payment impact my monthly cash flow?
- ✓ What if I lost part or all of my income tomorrow? Can I still afford to pay for that item at a lower income rate?
- ✓ How will this purchase impact me long-term?

If you're in debt, you should consider eliminating your pricey car payment from your budget. Instead of drowning your cash in a depreciating asset, it would be much better to use portion of those funds on your debt-payoff and savings!

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Budget Your Way Out of Debt

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Budget Your Way Out of Debt

It's no secret, many of us don't budget and just hearing the word "budget" makes our skin crawl! A new Gallup poll shows that two thirds of Americans have no written spending plan.

For one reason or another, we have these preconceived notions about what a budget is, how to create one and how it works, and we then come to one simple conclusion: Not for me!

Two thirds of Americans have no written spending plan.

In just 5 minutes of myth busting, you may be pleasantly surprised that budgeting is what you need and, no, it doesn't take days to put one together. Done right, it will not just restrict you, it will actually free you up, and it can be fun!

I don't need a budget!

Budget is nothing more than a simple plan of action for how your monthly income will be spent. You have two options. Tell your money where to go (to fulfill your financial goals) or it will just go somewhere and by month's end you'll wonder where it went.

I recently sat down with a young couple expecting their first child. They never had a budget, but they recognized that this new addition to their family will change their financial landscape; hence they came to me for help.

Budget is nothing more than a simple plan of action for how your monthly income will be spent.

After taking a look at their income and their current monthly expenditures, we added a few upcoming items like daycare costs, diapers and formula. We soon realized that they were in trouble and without having a clear spending plan, they would soon find themselves in more debt.

Because we had a clear view of how every dollar was being spent, we were able to identify cost-cutting opportunities. Within 45 minutes, we were able to create a plan of action that allowed them to weed out close to $600 of "unnecessary" expenditures and also gave them a clear path to follow.

It’ll take forever to create a budget!

Making a simple spending plan does not take days, or even hours. Since you have finite sources of income and finite expense categories, all you need to do is sit down and write them out.

Before technology, many used pen and paper and manual calculations, which did take more time. Nowadays, with the help of budgeting apps, like Mvelopes, the process literally takes minutes and can be done while you’re watching a movie or sipping on a cup of good coffee. The beauty of using a financial app is that once you create your plan and designate specific amounts for each budget category, every time you spend money the app tracks it for you and keeps you on track. So it’s not just a tool, it becomes your accountability partner!

After creating your basic budget you can dive deeper into understanding your spending behaviors by tracking every dollar spent over 30-60 days. This can be a great way to discover financial waste areas where you’re spending more than you may think!

Budget will restrict my freedom!

Oh, this is one of the biggest budgeting myths out there. If you think having a plan for your money is a bad idea, think twice. Did you know that most self-made millionaires not only have a budget, but also track every dollar spent? You know why? Because they understand that knowledge is power. When you know how your money is spent you can make educated decisions about reprioritizing and achieving financial goals.

Most self-made millionaires not only have a budget, but also track every dollar spent.

Without this knowledge you’ll be stumbling in the dark never making any real financial progress. Lack of planning and lack of understanding where your every dollar goes is actually restricting you and preventing you from achieving financial success.

Can you imagine going to college and just taking random classes hoping you’ll graduate one day? Of course not, that’s why many students begin college with a given a plan of action detailing what classes to take in order to graduate within 4 years. Because of that plan, students can then decide to take more classes and graduate early, or to work while studying and graduate a bit later without as much or any debt. This is all made possible because there's a plan to follow.

Finances are no different. Your budget becomes your guide and your greatest tool in scoring financial wins.

Budgeting is for accountants…and it's boring!

I don't know of anyone who doesn't like to see their saving accounts grow or credit card balances decrease rapidly. I've never met anyone who is not ecstatic about being able to pay cash for a car or take a long needed vacation without using credit to pay for it.

You will never regret making a budget. You will one day regret not making one.

How about couples that experience daily financial stress but, after getting on the same financial page, can finally talk about money, plan together and work towards common financial goals? That's FUN!

Once you have a plan of action and a list of short and long-term goals you'll love experiencing financial breakthroughs and soon you'll wonder why you didn't do this before.

I promise you one thing. You will never regret making a budget. You will one day regret not making one. Every day you delay is another day of purposeless financial living. You and your family deserve better!

Debt-Free for Good!

Debt Elimination For Your Personality

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Debt Elimination for Your Personality

Did you know that your personality greatly influences your finances? Have you ever paused to reflect on how your personal strengths and weaknesses contribute to your current financial position?

The truth is that not many of us think about finances and our unique personality all at the same time. When in trouble or looking for financial help, we most likely seek "expert" advice and "best practices" from those who were able to overcome that particular obstacle. We assume that what worked for that individual will surely work for us, if we just try hard enough. What we seldom or possibly never take into consideration are our own personality traits and how they influence our ability to succeed.

Your personality greatly influences your finances.

According to Cambridge Personality Research, quite a few financial companies are looking at an individual's personality in order to predict their ability to repay debt! Yes, financial institutions recognize that our character and personality matter greatly when it comes to their financial success, hence they came up with a "personality formula" that gives the highest debt repayment probability. Here it is: If you're an optimist, have high self-esteem and if you're not a compulsive buyer, your chances of repaying debt are superb.

So if financial institutions are taking our personalities into consideration, so should we. Especially when it comes to ditching our debt and enjoying a debt-free future.

Finding the "right" method to pay down debt will depend on more than just interest rates and our debt balance. There are at least two schools of thought. One says to pay the smallest balance first and the other suggests tackling the one with the highest interest rate. I would argue that a few more factors need to be take into consideration as you look at eliminating your debt.

Finding the "right" method to pay down debt will depend on more than just interest rates and our debt balance.

Do you get discouraged easily?

If you're an emotional individual who lacks patience and tends to get discouraged quickly, then paying off your smallest balance first will give you a quicker positive emotional experience and a reason to celebrate. Achieving a quick win will give you a better chance of sticking with your long-term debt repayment plan. Since debt repayment, for most of us, is a marathon and not a sprint, it requires long-term commitment and stamina. Being able to celebrate quick wins along the way will help you stay encouraged to keep going.

If sticking to the plan and ability to commit long term are non-issues, then you will do very well with tackling higher interest and larger balance debts first. Your personality type gives you enough natural safeguards against quitting; hence you don't need to score a win as fast as others. All you need to know is that you're making a steady progress toward an established goal.

Debt repayment is a marathon and not a sprint. It requires long-term commitment and stamina.

How healthy is your monthly cash flow?

If you struggle with your monthly cash flow, if making ends meet is an issue and you tend to use debt to compensate for your cash deficit, I would suggest tackling your smallest debt first, for a few reasons. You'll be able to take that payment amount and roll it over to your next smallest debt or split it in half and use one portion to apply to your next debt and the second half to create some breathing room in your monthly cash flow.

In order to eliminate debt, you first need to stop using debt. If paying off your smallest balance will give you that extra $50 or $100 a month needed to stop the cash deficit, then you should go for it.

If cash flow is not an issue and you are managing your month-to-month expenses well, tackling your highest interest debt will make sense, especially if the interest rate you carry on that debt is fairly large.

Debt roll down: The most effective debt payoff method

The best debt pay off method includes having a written spending plan (budget) where every single dollar is assigned to a specific spending category and you're committed to stick to those boundaries.

Commitment to live within your means will make or break your long-term debt repayment.

Choosing to pay smallest balance first versus highest interest rate debt, using the debt roll down, is a very common and effective strategy to eliminating debt fast. Once one debt is eliminated, instead of absorbing that payment amount into the monthly cash flow, it should be reassigned to the next debt payment, and then to the next one.

So before you dive into your debt repayment strategy, take a few minutes and think about not only how quickly you'd like to become debt-free, but also about your personal strengths and weaknesses that can help or hinder you from being successful in ditching your debt.

Commitment to live within your means will make or break your long-term debt repayment.

Understanding your financial personality, combined with an effective debt roll down method, is a powerful combination to help you ditch debt and live a life of financial freedom.

Debt-Free for Good!

Increase Your Income

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5 Ways to Earn Additional Income and Break the Job Complacency Cycle

Our financial life has two main parts: the incoming part and the outgoing part. There is a great deal of help when it comes to controlling the outgoing side of the equation, but what about the incoming side?

When people are hurting financially, our immediate reaction is to help them "fix" how they spend every single dollar, which is absolutely necessary. But what if there is a great opportunity to impact the income side of their financial lives, and we are ignoring it?

You see, sometimes, no matter how you slice your budget, there may not be enough maneuvering left to do in order to get on the path to financial freedom. Additional income may be required in order to start making progress on your debt reduction, building up your savings for the future, or paying off your mortgage earlier. So let's look at ways you can increase your bottom line, the income side of your financial equation, while at the same time gaining more satisfaction out of your work.

Before we get started, allow me to ask you one question. Are you comfortably miserable right now? Do you find yourself in a place where you have a steady, safe, or at least semi-safe work environment and a dependable income stream, but you quietly wish for something more? Are there passions, gifts and talents you have but they are largely dormant due to the comfortably miserable and safe job? If that's you, here are a few things to think about:

The "real" cost of your current job

Have you ever stopped to calculate what your current job is really earning you? If you're a dedicated employee, you're probably putting in way beyond 8 hours a day to get your work done. Because of the lagging economy and a stale job market, many employers face reduction in the work force while maintaining the same level of work intensity. All of this means that you, as an employee, have to work 50 or 60 hours a week, if not more, just to keep up with your new work expectations. Bottom line, the hourly rate you "think" you're earning is really much lower, considering all of the extra hours you are putting in. Understanding what your current job is really

Understanding what your current job is really earning you may be just what you need in order to launch into a side business.

earning you may be just what you need in order to launch into a side business. Who knows, this side income may become your primary source of revenue in the future!

What’s your hobby?

Every single one of us has a hobby, something we love to do, something that gives us great satisfaction, but due to busy schedules, we don’t pay it much attention. Is lack of time your excuse not to pursue your hobby as a revenue generating opportunity? Here is what you can do to create a margin of time. First, look at the way you spend time at work. Is there a way you can become more efficient? Maybe chatting with co-workers steals much of your time. Maybe you need to set a boundary on the amount of extra hours you will dedicate to your primary workplace. How about starting your day 1 or 1.5 hours earlier and dedicating that time to developing your side business? All of us have a set amount of hours in our day, and it’s up to us to manage it well.

Is lack of time your excuse not to pursue your hobby as a revenue generating opportunity?

What are you giving away for FREE?

Quite often, there is a skill we have that’s in demand, and we just give it away for free to friends, family, or friends of our friends and family. It’s nice to be generous with your time, but this is also a great opportunity to turn freebies into income! Create a simple business card that tells what you offer, and at what rate, and ask your closest network to refer you to others. Those who have received your help at no cost in the past should become your best referrals, so don’t be shy to ask!

Why not freelance?

What if you’re perfectly happy with your 8-5 job? Great! How about turning what you do at your regular work into a freelance opportunity? The years of experience and knowledge you’ve gained can serve as a great bridge to a few extra dollars on the side. You can also turn your experience into tutoring opportunities for others who may want to learn what you already do well.

Become an expert at something…on your own terms!

What if you currently lack a skill you’d like to develop into an income generating opportunity in the future? If going back to school is not an option for you at this time, find a friend or someone who already does the work for a living and ask for one-on-one tutoring. This method may actually prove to be much more cost effective and time effective while giving you a targeted, hands-on learning opportunity.

Become an expert at something!

As you can see the opportunities are endless, and these are just a few of many ideas to help you create extra income. If your budget desperately needs help, why don't you consider these ideas in order to start generating additional revenue? You never know if a small step to earn a few hundred extra dollars a month will eventually give you the freedom to become your own boss, work on your own terms and do something that you absolutely love doing!

Debt-Free for Good!

Make Cost-Cutting Fun

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Make Cost-Cutting Fun!

Cutting cost out of your budget can be mundane and many of us don't succeed at it because we approach it randomly, without a plan.

Did you know that you can make "cost curbing" a fun challenge that you and your spouse can participate in together?

What if you and your spouse or even your entire family had a cost cutting contest? Few categories like your mortgage payment may not qualify, but a majority of what you spend money on will be a perfect candidate for this challenge. It could be anything from eating all of your leftovers and using whatever you have at home to cook meals with, to being creative with lunches, haircuts or yard work!

You could get creative with cutting out "junk food" from your menu that costs you extra dollars every month and adds little to no nutritional value.

How about your car or homeowner's insurance? Did you know that re-quoting those once or twice a year could save you serious money? We just did ours last year and saved over $700 a year! That's $58 dollars a month worth of cost reduction.

Another option would be to set a dollar amount, let's say $10 or $15 dollars to be curbed out of each of the 10 spending categories. This alone will give you $100 - $150 extra dollars a month that you can immediately reassign towards debt reduction or towards building your emergency savings fund!

Finding cost reduction by a percentage or by a specific dollar amount can be a fun and non-threatening way to eliminate expenses, and at the end of it, whoever wins can be treated to something special!

Here are few ideas of categories that you could look at for cost curbing:

- Food
- Car Insurance
- Homeowner's Insurance
- Cell phone / data plan
- Cable / Satellite
- Haircuts / Beauty
- Entertainment
- Gifts

- Clothing
- Toiletries
- Pets

It’s not easy to curb your expenses, especially when you’re used to splurging or spending a certain amount in many of those categories. You have to ask yourself one question though: Do I want to continue in the same financial direction I’m going? If the answer is “no” then changes need to be made. Begin with a few areas and then keep adding to your cost-curbing categories!

Debt-Free for Good!

Save to Ditch Debt: Build a 90-Day Fund

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Save to Ditch Debt
Build 90-Day Emergency Fund

Having 3 months worth of living expenses saved may seem like a distant dream for many, especially those who are just now embarking on their savings journey.

Regardless of where you find yourself on the savings spectrum, having a 90-day fund set aside is a goal you should set on your "to do" list. Why? Because life happens, and when you're prepared financially, it's much easier to deal with the financial blows like loss of a job, broken car, unexpected home repairs, etc.

Picture yourself losing your income even for a period of 3-6 months, then ask yourself, what would I do if that happened to me?

Did you know that in January of 2013, the average time to find new employment was 35.5 weeks? That's almost 9 months! If you have absolutely no idea what you'd do, you came to the right place! We'll try to help you put together a solid plan so you can have at least 3 months worth of living expenses set aside in order to deal with unexpected emergencies.

When you're prepared financially, it's much easier to deal with the financial blows like loss of a job.

First Line of Defense: $1000 fund!

Many people never get to the point of having that 3-month fund because they constantly dip into their savings. In order to make progress on your savings goal you need to protect yourself from using that saved cash for purposes other than serious financial emergencies.

If you have no savings, make sure that you build a $1000 emergency fund first, before you embark on your 3-month fund journey. Having a designated emergency fund of $1000 will give you access to cash in case you need to cover a broken dryer or a blown tire. This should be your first line of financial defense.

Limit Your Access

Once you have your $1000, now it's time to start building your 90-day fund. Here are some ideas on what you can do to prevent yourself from tapping into those savings:

- ✓ Instead of keeping funds in a regular savings account, you may place them in a 6 month CD or in a money market account. This way the money is there, earning more interest than regular savings, plus you will be less likely to tap into that fund since cashing in your CD or money market account early would mean higher penalties.

- ✓ If you're not willing to "lock" your money for a season, you can open a savings account in a bank that's different than the bank you use for your day-to-day expenses. Out of sight out of mind is a great rule to apply when it comes to building your 90-day fund.

Be Aggressive

Depending on your monthly cash flow and debt situation, you may have to become very unconventional about "freeing up" or generating additional cash for the purpose of building your 3-month fund. If you're willing to go above and beyond, here are few options to explore:

- ✓ If you're currently renting an apartment or a home, but you have your parents living close by who have large enough home, consider moving in with your parents for a season, maybe 6-12 months. Talk to them about your desire to become financially prepared and that this season of "rent-free" time would allow you to get your 90-day fund. If you do that (assuming you pay $800 a month for rent) you'll have $4800 - $9600 in your 90-day fund! It may not be the most comfortable solution, but 6 months go by really fast!

- ✓ Get a second job, if only for a season. Once again, this option is a tough one, especially if you have a family, but if you can earn additional $500 - $800 a month, you'll be able to quit your second job after a season, knowing you just sacrificed for a good purpose – giving your family the financial security and breathing room it needed.

- ✓ Quit cold turkey on all non essential spending (entertainment, cable, expensive cell phone plans, clothing, eating out outside of your home…) take a look at your budget and eliminate, just on paper, everything that's non essential to your daily survival. Add all of those monthly expenses and you'll see how much you can save every month for the purpose of building your 90-day fund. Once you accomplish your goal, you can go back to adding some of those "perks" back in. Who knows, you may like your simpler lifestyle so much that you'll stick with those changes for good.

The key to building your 90-day fund is first understanding the purpose of it, knowing how much you'll need to set aside in it, and creating a plan of action. Create a plan that's both realistic but that also will stretch you a bit. Set a doable deadline and commit yourself to executing the plan. If necessary, find an accountability partner that would join the challenge with you. It's always easier to do something like this with someone else by your side.

Picture yourself losing your income even for a period of 3-6 months, then ask yourself, what would I do if that happened to me?

Debt-Free for Good!

Save to Ditch Debt: Investing Basics

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Investing Basics

Once you've made real progress on debt elimination, you'll be in position to start saving like you never have before. Let's look at some basics that will help you get started. Plus, once you do, you'll be in an even better position to remain debt-free and never look back!

Investing is often thought of as something complicated, and available only for those with substantial wealth. Both assumptions are completely false and keep many from watching their savings (no matter how small they may be) from growing. Investing is nothing more than saving with a long-term purpose in mind, and it involves taking certain amount of risk in order to multiply your money.

As we already established, saving is essential if you want to break your debt cycle. Investing is simply taking your saving habit a step further.

Saving is essential if you want to break your debt cycle.

According to the Gallup poll, only 54% of Americans own stock, outright or through self-directed retirement accounts. That leaves nearly half of Americans away from the opportunity to grow their hard earned money. If you're completely lost when it comes to various investment options, here are simple ways you could be putting your money to work without making the issue too complicated.

Savings Accounts

A typical savings account is your simplest form of earning some interest on your money. It's simple to open, virtually effortless to maintain, and it gives you a high liquidity, which means you're able to access your cash quickly. There is, however, an issue with putting all of your saved money in a savings account. The interest rate you'll get from your savings account will be extremely low, ranging form 0.06% - 1% at best! So even though opening a savings account may be a good first step for those who don't have much saved, this should not be looked at as a long-term option as you go forward. Because of terribly low rates, today's savings accounts are more or less your grandmother's "under the mattress" saving options.

Quick word of caution: Please make sure you know the fee structure for maintaining your savings account. Especially if you balance goes below specified limit. You may end up paying more in fees than earning interest!

Money Market Account

A step up from a traditional savings account will be a money market account. Both are FDIC insured up to a certain amount and a money market account is also very easy to open. You can do that at pretty much any bank.

Just like savings, you money market account will have limitations on how many times you can withdraw your money from it in a period of 6 or 12 months and there are penalties associated with early withdrawals. Because money market accounts have slightly higher requirement on minimum balance than savings, you can earn higher interest on your saved money. This option still gives you much control and high liquidity, in case you have to access your funds quickly.

CD – Certificate of Deposit

If you're in a place where you can put your money to work for a period of at least 6 months without needing to tap into that stash then opening up a certificate of deposit could be your next best option. CDs range from 6 months all the way to 5 years and the longer you're willing to keep your "hands off" the higher the interest rate will be.

CDs are still quite liquid, meaning that you can access the funds in case of emergency, you'll just have to pay a much steeper penalty (even up to 3%) so make sure you understand the financials and penalties before you opt for a CD.

You don't have to open your CD at the same bank in which you have your savings and checking account. Call a few local banks or even credit unions and compare the rates and fees. Only then make a decision.

Opening up a CD is very easy and maintaining it is effortless. If you'd like to read about various CD options, here is a great simple summary from Bankrate.

Roth IRA

IRA stands for Individual Retirement Account and Roth IRA means you invest post-tax funds in order to enjoy tax-free withdrawals later. Unlike a traditional IRA where you can invest pre-tax money but you're taxed on the back end, your investments in a Roth IRA is done with after tax money but there is no tax penalty at the time of withdrawal. Keep in

> You don't have to be a pro in order to put your money to work.

mind that your contributions (but not your earnings) are eligible for tax-free and penalty-free withdrawal.

A Roth IRA is subject to income limitations and each individual eligible for a Roth IRA can invest up to $5500 a year.

A Roth IRA is an option that presents much more attractive interest rates, and it can be invested in a conservative, middle of the road or aggressive plan, depending on your age and risk factors.

You don't have to be an investment wiz in order to put your money to work in a Roth IRA. If you'd rather have professionals manage the fund for you, you can visit your local banker and open a Roth account on the spot. You can get online access to monitor your earnings or just depend on your monthly statements.

Here is simple math. If a 25 year old starts investing $5000 a year in Roth IRA earning an average of 8% interest, that individual will have around $1.4 million saved by age 65!

401k / 403b Retirement Plans

If saving money is hard for you and you'd rather adopt an "out of sight out of mind" strategy, then make a decision to invest a certain percentage of your pre-tax dollars into your employer's retirement plan option. Even if you start at 1% or 2%, something is better than nothing!

Only 54% of Americans own stock, outright or through self-directed retirement accounts.

If your employer has a match, then it's a no brainer. You should invest the same percentage of your income that your employer offers to match. This option doubles your money instantly!

Keep in mind that since you opted to enjoy tax-free contributions on the front end, your investments are subject to taxes and fees during the time of withdrawal. You're also penalized heavily for early pre-retirement age withdrawals.

There are ways to "borrow" funds from your traditional retirement plans without incurring those hefty penalties, just make sure those funds are paid back on time!

As you can see, you don't have to be a pro in order to put your money to work. All it takes is a little bit of commitment, determining how much of your current income you can commit to investing and then determining the option that fits your current financial situation best.

START TAKING CONCRETE STEPS TOWARD YOUR NEW FINANCIAL FUTURE!

Schedule your Free Debt Analysis

A custom financial program designed to help you pay off your debt, build an emergency fund, develop cash savings, and lay the groundwork for your retirement. **If you could use that extra push and regular encouragement, this program offers one-on-one sessions with an experienced and friendly coach!**

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