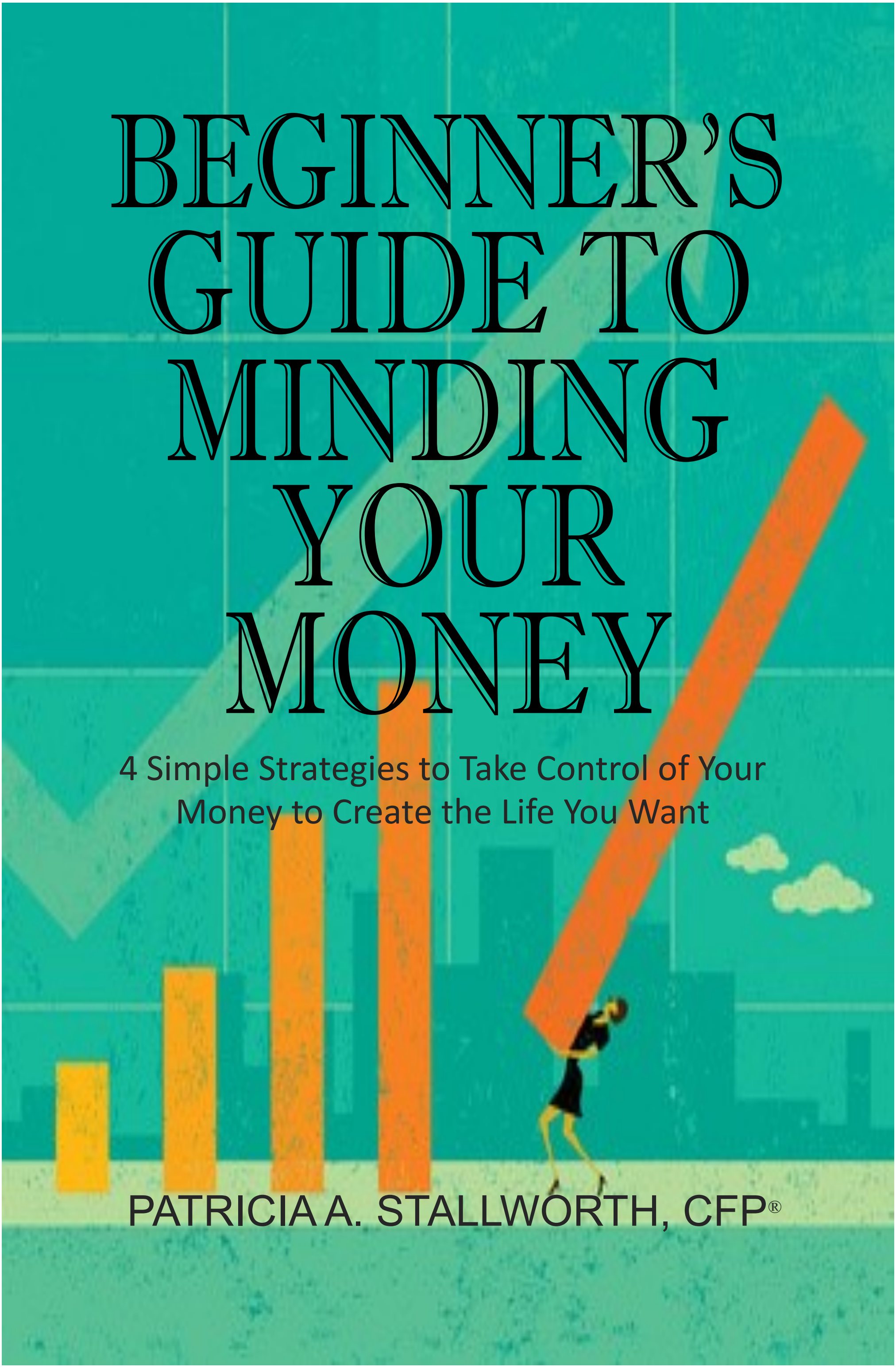
BEGINNER'S GUIDE TO MINDING YOUR MONEY

4 Simple Strategies to Take Control of Your Money to Create the Life You Want



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Contents

ABOUT THE AUTHOR

Patricia Stallworth is a speaker, author, money coach and financial empowerment activist. She is the author of the *Minding Your Money* book series and the host of the wildly popular Minding Your Money Minute podcast. As a money coach, she takes clients on a journey to build the life of their dreams. She starts with the big picture and then develops a plan and detailed roadmaps to help them get there. Next, she adds a special ingredient – accountability – so that it becomes harder to fail than to succeed.

Prior starting her own firm (PS Worth), Patricia worked in management or advisory positions with several firms including Deloitte & Touche, American Express Financial Advisors and AXA Financial Advisors.

Visit www.psworth.com to learn more about Patricia.

MY STORY

Things are good for me today, but it didn't start out that way. I've made my share of mistakes and because of that I have learned a lot of lessons. I started out not being responsible for my money because frankly, I didn't know that I should be. For years I ignored my money and I paid a huge price for that. However, once I realized that it was up to me, and me alone, to get out of the hole I had dug for myself, I started a quest to learn how to manage money and build wealth, and I haven't looked back.

Today, I'm in control and I use the lessons I learned the hard way to help others have a smoother journey than I did. I like to point out the secret hiding places of various traps and share strategies to go over or around them to keep my clients on track to achieve their goals.

THE TRUTH IS, WHETHER OR NOT YOU CHOOSE TO ACTIVELY PARTICIPATE IN HOW YOUR MONEY IS MANAGED OR NOT, YOU WILL HAVE TO LIVE WITH THE CONSEQUENCES.

As I look back, there were signs all along the way – vague responses to my questions, accounts that didn't always add up – that I chose to ignore. The truth is, whether you choose to actively participate in how your money is managed or not, you will have to live with the consequences. So, why not give yourself an advantage? Why not take charge, take control, and take action to create the life of *your* dreams?

Patricia Stallworth

INTRODUCTION: MINDING YOUR MONEY IS NOT ROCKET SCIENCE!

"P.S. - If you don't mind your money, someone else will, and then they will control your future!"

— Patricia Stallworth

The Beginner's Guide to Minding Your Money is a book about making smart money decisions to build a financially secure life. It's not about which investments to choose or how to get rich quick. It's simply a book about how to make the best possible decisions to create the life you want based on your goals and your values – the things that are most important to you.

The problem is many us don't always make the best possible decisions regarding our money. We get confused. We get scared. We get carried away in the moment. We hand off the responsibility to someone else. And, sometimes we just ignore it.

A lot of how we feel and behave around money stems from the fact that most of us *(me included)* never received any formal training in money management – so we are essentially self-taught. Sure we all learned lots of ways to make money in school, but not how to manage what we made to create the life that we wanted.

A LOT OF HOW WE FEEL AND BEHAVE AROUND MONEY STEMS FROM THE FACT THAT MOST OF US NEVER RECEIVED ANY FORMAL TRAINING IN MONEY MANAGEMENT — SO WE ARE ESSENTIALLY SELF-TAUGHT.

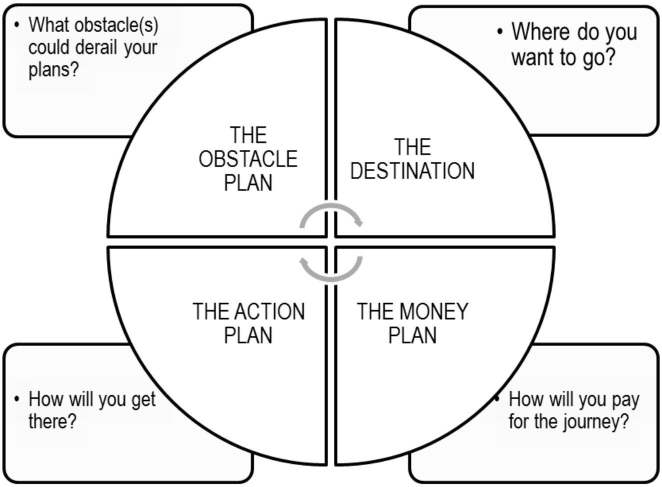
But that's the past. I've since cracked the code and it's surprisingly simple. There are just a few key principles you need to follow to manage your money better to create the life you want and I have included them in this book. Whether your goal is building wealth, being to pay all your bills or something in between – it's not rocket science. In fact, it's possible for most anyone to achieve. The principles outlined here will provide you with a foundation to build on so you can have more control over your financial life and your destiny. How do I know that? I know that because I've seen it happen over and over again.

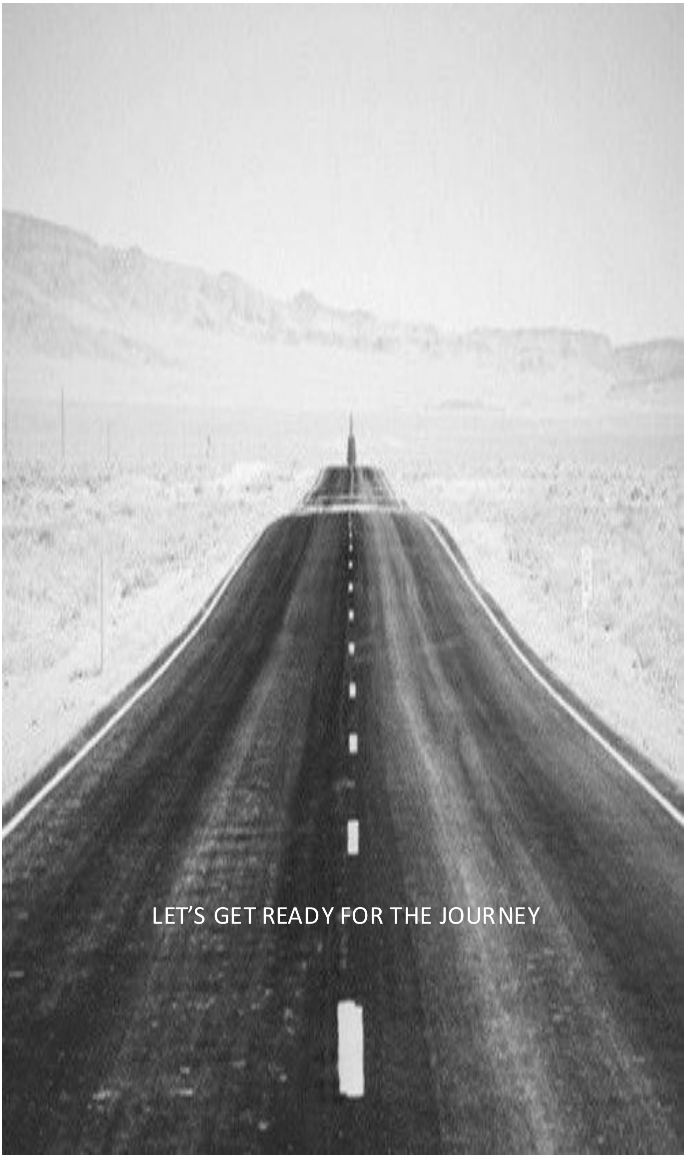
Regardless of how much money you make or where you are on your journey to financial security, the principles in this book work. Your behaviors and thoughts around money are the biggest determiners of your financial success and they are changeable. You can grow your skills and alter thoughts and behaviors to make better money decisions. The toughest part is getting started and then maintaining the discipline to stick with it.

The Beginner's Guide to Minding Your Money is based on the Minding Your Money Success Formula and it is the prequel to all the books in the Minding Your Money collection. It provides you with basic strategies and action steps to get started taking charge, taking control and building the life you want.

The Minding Your Money Success Formula consists of four basic parts or strategies that play a key role in every successful journey to creating the life you want. They include: (1) The Destination – where do you want to go and what it will look like when you arrive? (2) The Money Plan – how will you pay for your journey? (3) The Action Plan – how will you get there? And, (4) The Obstacle Plan – what potential obstacles could jeopardize your ability to make your vision a reality? *(See the chart* *below)*

Minding Your Money Success Formula:

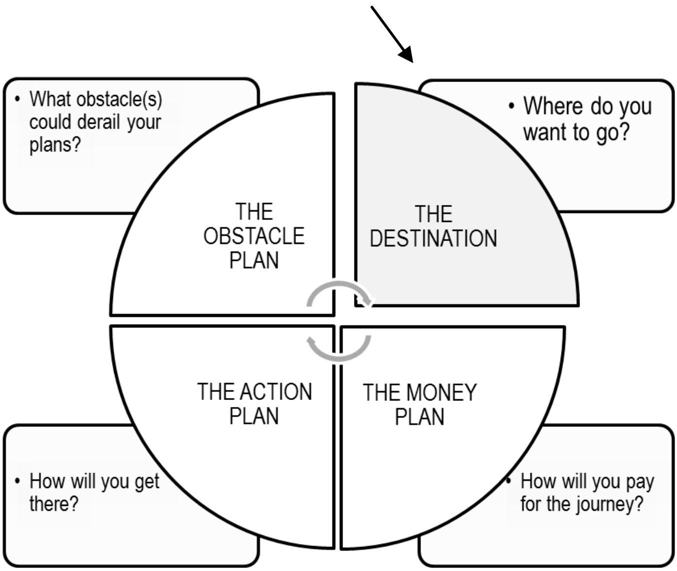



LET’S GET READY FOR THE JOURNEY

Minding Your Money Success Formula:

STRATEGY #1

Where do you want to go?



#1: THE DESTINANTION

Where do you want to go?

"Would you please tell me, please, which way I ought to go from here?," said Alice
That depends a good deal on where you want to get to," said the Cat.
"I don't care where," said Alice.
"Then it doesn't matter which way you go," said the Cat.

— Lewis Carroll, Alice in Wonderland

Having a destination or a desired future is key to minding your money and building the life you want. After all, if you don't know where you are going, how can you ever hope to get there?

A VISION WITHOUT GOALS IS A DREAM YOU WILL NEVER LIVE AND GOALS WITHOUT A VISION JUST LEADS YOU IN A SERIES OF ENDLESS LOOPS WITH NO END PURPOSE.

A vision and goals are two important tools to help you get to where you eventually want to go. They work hand in hand and you need both. A vision without goals is the dream you will never live and having goals without a vision just leads you around in a series of endless loops with no end purpose. While your vision sets the direction, your goals add the specific steps to get there. The relationship between a vision and goals can sometimes be confusing so if it helps, think of the relationship like a road trip. For example, suppose you want to drive from New York to Los Angeles – that's your vision, your destination. The roadmap you use to get there represents your goals. Getting to and through each state is a separate goal and when you put them all together, you can reach your final destination.

Vision vs Goals

Your vision is basically your '*why*.' It includes what you believe in *(your core values)* and what you want in your future *(what you want to be)*. It's the powerful reason why you want to do something – your overarching purpose. It's your passion and it keeps you excited and motivated. It's what inspires you to do whatever it is you want to do.

Goals, on the other hand, are the steps or the specific targets you need to accomplish to get there – to achieve your vision. They are measurable and answer questions like *When?* and *How much?* Even though goals can sometimes be very big, they should never be confused with your vision. Your vision is what all of your goals are leading to and knowing that helps you choose which goals to set to get you there.

So, What's Your Vision?

Where do you want to go? Where do you see yourself in 5 years, 10 years, 30 years or more? Take some time to create a clear picture of what you want your life to look/be like in the future and why it is important to you.

As you work on your vision, focus on what you want, not what you don't want. When you get an idea of what you want, keep asking yourself *why* you want it until you have a definitive answer. Have fun with the process. Give yourself permission to explore, to dream. Be creative. Use your *'right brain'* – there's plenty of time for logic later. Try not to get caught in the trap of substituting someone else's of idea of what you should want for you own. And, focus on the end result – how it looks and feels – not how you will get there – that's the job of your goals.

Also, remember the vision you create now is your best guess. It is not written in stone, and it can and most likely will change over time, but it is essential to establish a starting point now.

Where Are You Now?

The next step would ordinarily be to take your vision and break it into individual goals to help you achieve it, but an important first step before you begin the process of setting goals is to develop a clear picture of where you are now. Without information about where you are starting from and what you have already accomplished, it becomes easy to head off in the wrong direction or rework your accomplishments so that you have a longer or more arduous journey to get to your destination.

A PERSONAL BALANCE SHEET PROVIDES YOU WITH A SNAPSHOT OF WHERE YOU ARE AT AT ANY POINT IN TIME.

So, if you are ready to start this part of the journey, the best place to start is at the beginning by creating a personal balance sheet. A personal balance sheet provides you with a snapshot of where you are at at any point in time. It's the result of all of your assets *(things your own)* minus all of your liabilities *(things you owe)*.

To create a personal balance sheet, gather information about your assets *(bank accounts, the fair market value of your home, your investments, collectibles and anything else that could be sold)* and your liabilities *(credit card debt, mortgages, school loans, taxes, etc.)* then complete the worksheet on the next page. OR simply take a blank sheet of paper and draw a line down the middle and list all of your assets along with their value on the left side and your liabilities along with the amount you owe on the right side. It doesn't have to be pretty, but it does need to be as accurate as possible. Next, add up all your assets and subtract all your liabilities. The difference is your net worth.

So, what does your current reality look like? The good news is, if you're not happy with the number you see, you can make it better by increasing your assets or decreasing your liabilities and that should happen automatically as you take control and start making better money decisions.

Personal Balance Sheet Worksheet

ASSETS (Things you own) List fair market value			
CASH AND SAVINGS		**INVESTMENT ASSETS**	
Cash/Checking accounts		Stocks/Bonds/Mutual funds	
Savings accounts		Employee stock options	
CDs/Money Markets		Life insurance cash value	
Other (specify)		Income producing real estate	
		Other (specify)	
TOTAL		TOTAL	
NON-INCOME EARNING ASSETS		**RETIREMENT ASSETS**	
Home		Pension/Profit sharing plans	
Furniture/Equipment		IRAs/Keogh accounts	
Autos		Employee savings/401(k)/etc	
RVs/Boats/etc		Other (specify)	
Collectibles			
Jewelry		TOTAL	
Other (specify)			
TOTAL			
TOTAL ASSETS			
LIABILITIES (Things you owe)			
		TOTAL ASSETS	
Home mortgage		**TOTAL LIABILITES**	
Other mortgages/notes			
Installment loans		**NET WORTH**	
Credit cards		(assets minus liabilities)	
Other loans			
Taxes			
Other (specify)			
TOTAL LIABILITIES			

Setting Goals

You might know exactly what you need to do get to where you want to go, like accumulating $1 million, getting out of debt, or accomplishing a series of goals such as purchasing a home, sending your kids to college and planning for retirement. OR you might struggle here. But the clearer you are about your vision, the easier it will be to determine what goals you need to set to get there.

I know this can be a frustrating process and you may even be wondering why this is so important now, but trust me, it is. Setting goals is the best way to make your vision a reality. Without them, it's easy to lose your way, start working towards things that are not really important to you or to do nothing at all. So, you never get to where you *really* want to go.

Probably the most frustrating part about setting goals for the future is that even though we aren't sure what's going to happen next week, it means that we have to make decisions about where we want to be – what we want our lives to look like – and what it will cost in 1, 5, 10, 30 years despite the uncertainty. But, it's not all bad because we do care where we end up in the future and a large part of that depends on the goals we set and work towards today.

THE MOST POWERFUL FEATURE OF GOALS IS THAT THEY PROVIDE FOCUS. THEY GIVE YOU THE ABILITY TO ZERO IN ON THE EXACT ACTIONS YOU NEED TO ACCOMPLISH EVERYTHING YOU WANT IN LIFE.

The most powerful feature of goals is that they provide focus. They give you the ability to zero in on the exact actions you need to perform to accomplish everything you want in life. As an added benefit, setting goals and going after them can cause you to stretch and grow in ways you never thought possible because in order to achieve them, you must become better.

The one thing to be on the lookout for in the process is a disconnect that sometimes occurs because we set goals for the future, but we live in the present. This disconnect can produce obstacles – obstacles to achieving present and future goals – however, having a powerful vision can help you get past them.

Here are four additional things to keep in mind as you start the process of setting goals to help you get to where you want to go:

1. ***Be specific.*** As you create goals to work toward your vision, be specific and include a reason or how accomplishing it will allow you to move closer to your vision. Always write your goals down and give enough detail so that you know exactly what you want to achieve.

   For example, instead of saying that, "I want to have an emergency fund in case something happens." Say, "I want to build an emergency fund of $5,000 by June 15, 2018 so that if an emergency occurs I will have the money available without going into debt or cashing out my savings or investments to pay for it."

2. ***Prioritize your goals***. Go over your list of goals and make a note of the ones that are the most important to you. Next, rank each goal in terms of importance, urgency and place them in the order you want to accomplish them.

3. ***Add accountability***. It's great that you know what you want to accomplish but when you bring others into the picture – people that are willing to hold you accountable – it actually

helps you stay on track because you know someone is going to ask what you have accomplished. Otherwise, it's too easy to slide back into old patterns or miss deadlines because only you will know.

4. ***Be flexible***. This is a process and your goals and your priorities may change over time so don't get so stuck on something that you can't change as your situation or circumstances around you change. Plan to revisit your goals periodically to see how you are doing and if corrections are needed. But don't obsess over them. Remember, to enjoy today – it will be gone tomorrow!

Vision and Goal Example

Charlie and Loretta want to end the *'financial slavery'* of debt in their lives and they want to set an example for their kids (their vision). They have set the following goals to make their vision a reality:

1. Educate themselves about the steps to get out and stay out of debt.

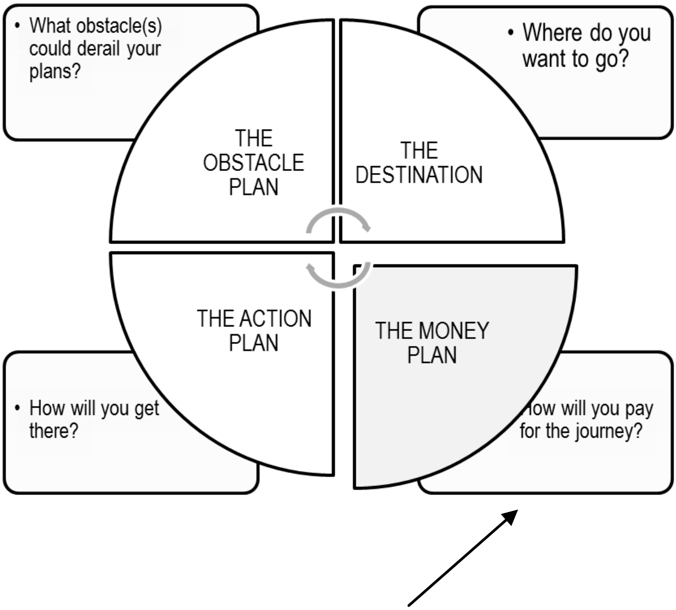
2. Draft and implement a plan to get out of debt.

3. Hold family meetings monthly to discuss money management to help keep their kids from falling into some of the same traps they did.

Note: Charlie and Loretta are the subject of the Case Study in Strategy #3.

Once you decide where you want to go and create a list of the goals to get you there, you will be ready to move on to the next strategy: The Money Plan – How will you pay for it?

Minding Your Money Success Formula:



STRATEGY #2

How will you pay for it?

#2: THE MONEY PLAN

How will you pay for it?

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

— Robert Kiyosaki

Most goals involve money – they are either money goals or they have a financial component. This means that you will most likely need to find, save or borrow the money to complete most goals.

Creating a budget allows you the opportunity to find or save the money necessary to complete your goals. Budgets allow you to take charge of your money and spend it in ways that benefit you. And, that includes allocating funds to achieve your goals. Once you complete your budget, you will know how much money you have available to put towards

BUDGETS ALLOW YOU TO TAKE CHARGE OF YOUR MONEY AND SPEND IT IN WAYS THAT BENEFIT YOU.

your goals – how much money you will have to pay for your journey.

While you may believe that you don't need a budget – that you can keep all of this in your head – a written budget is your best defense against getting off track and spending your money and resources in ways that don't work for you. Despite what you might think, budgets don't have to be restricting, time consuming or make you feel deprived. The best budgets are designed around your lifestyle with the level of detail you want so, you are in control – not the other way around.

Creating a Budget

The first step in developing a budget is to research your spending. Begin the process by keeping a record of everything you spend for a month. Carry a notebook or use an app to record every purchase or payment. List what you bought, how much it cost, and how you paid for it *(cash, check or charge)*.

After you complete this task, gather all of your current income and expense information. Look through your checkbook register, statements, paystubs, and bills to ensure that you have accounted for everything that comes in and goes out, including bills you may only pay occasionally.

Next, sort your expenses into two basic categories: fixed and variable.

- ***Fixed expenses*** are expenses that stay approximately the same each month. Common examples include rent or mortgage payments, health insurance premiums, car payments, and savings.

- ***Variable expenses*** change from month to month. Common examples include groceries, eating out, credit card payments, entertainment, and clothing. Many variable expenses are discretionary which means that you have some control over them. So, it may be possible to decrease your spending in some of these areas to find more money to put towards your goals.

Once you collect all of your information, the next step is to choose a method to compile your budget. You have a number of options, including personal software like Quicken by Intuit, online options like

Mint.com, Excel spreadsheets or manual systems you create yourself. After you select a basic model, tweak it to fit your individual needs and style, including the level of detail you want.

As you build your budget, be sure to include some *'mad money'* that you can spend any way you like and money to build a cash reserve for emergencies. Having a cash reserve or emergency funds available means that you don't have to stop contributing to your goals or cash in your investments when an emergency occurs such as car repairs or other unexpected expenses.

AS YOU BUILD YOUR BUDGET, BE SURE TO INCLUDE SOME 'MAD MONEY' THAT YOU CAN SPEND ANY WAY YOU LIKE AND MONEY TO BUILD A CASH RESERVE FOR EMERGENCIES.

(Note: See the Personal Monthly Budget template in the Resources section at the end of this chapter for typical categories to include in your budget. One of the things I especially like about this template is the flexibility that it offers and the fact that it includes your projected amount and a place to put what actually happened next to it so you can quickly see how good you are at projecting your income and expenses.)

Once you have entered all of your income and expense data in your budget, subtract your expenses from your income. If your income is greater than your expenses, you will have money left that can be used to put towards your goals. But don't stop there, instead, go back and review your discretionary or variable expenses to see if there are places you can cut back to have even more money to put towards your goals. Then, add your goals along with the amount you want to contribute to each of them to your budget. Once again, subtract your expenses from your income to be sure that you still have enough money to cover your expenses and your goals.

On the other hand, if your expenses are greater than your income, you will need to go back and rework your budget until it is at least at a breakeven point. Look for ways to reduce your expenses, increase your income, or both to make your budget work. A good place to start reducing your expenses is to look at your discretionary or variable expenses. If cutting back in these areas doesn't get the results you want, take a closer look at your fixed expenses to see if there are places you can cut back there. Some other options to consider to find more money for your goals include, moving to a less expensive place to live, taking on a second job or working a side business to have money to put towards your goals.

After you resolve any issues, put your budget to work immediately. Then monitor it on a monthly basis, comparing what actually happened to your plan and making adjustments as needed. Repeat this process monthly so you always know what's coming in, what's going out and where it's going.

Once you have a plan to finance your journey, you will be ready to move on to the next strategy: The Action Plan – How will you get there?

RESOURCES:

How to Save More

Roughly three-quarters of Americans are living paycheck-to-paycheck, with little to no emergency savings, according to a survey released by Bankrate.com.

Although that was the result of a survey Bankrate.com conducted in 2013, I would hazard a guess that that number hasn't changed much. The economy is recovering, but it is doing so at a very slow pace. This means that people at many different income levels are struggling. And, it also means that creating a budget is more important than ever so you know exactly where your money is going and areas where you might be able to cut back.

The challenge is that many people don't like the idea of cutting back. It sounds depressing and many people just dismiss the idea without really thinking about it. They feel that they work hard and they *'deserve'* to have what they have.

The truth is, most of our spending is practically invisible to us. When we think about *'cutting back,'* we usually think about giving up things that only make up a tiny fraction of our household expenses. It's really the large majority of expenses that we just automatically pay each month without thinking that's killing us – that's draining our finances and keeping us stuck.

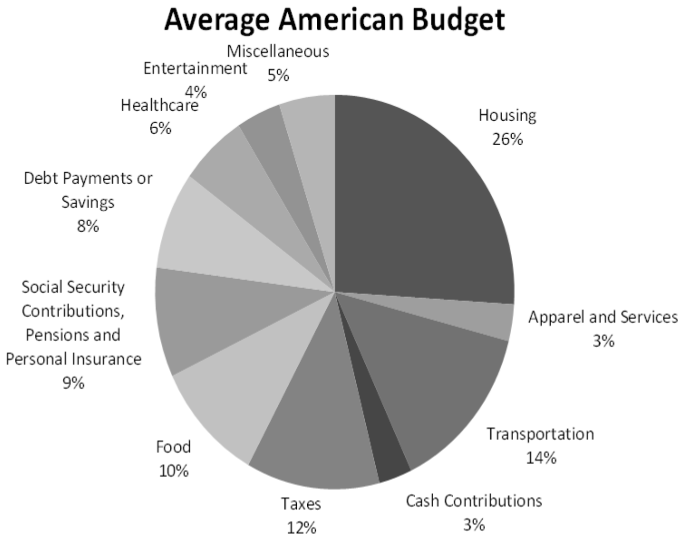
The good news is most people have a lot of expenses that have little to do with our quality of life. This means there's a lot of room to cut back on things and still maintain the same level of quality of life. In fact, there's often more than enough room to start building an emergency fund, paying off debt, and saving for retirement.

The real key to eliminating waste in your budget or finding more money to save is to examine every expense – to put them under a microscope and look for ways to decrease them from getting regular quotes on insurances and services to moving to less expensive alternatives such as basic cable versus the premium package, or eliminating some expenses altogether because you no longer have a good reason to keep them. As you look at each expense, think about their importance relative to the goals you want to accomplish. Sometimes you may have to make some tough choices – making some sacrifices today for a more comfortable tomorrow. However, whether you plan for tomorrow or not, it will come and the choices you make today will greatly impact what yours will look like.

What the Average American Household Spends

Each year the U.S. Bureau of Labor Statistics publishes a breakdown of the average American household budget. You can use it as a guide to see how your spending compares with the average household. But don't get too hung up on the exact percentages because where you live, the amount of debt you have and other factors will impact the amount you spend for housing, transportation and debt repayment, for example. *(See the chart on the next page)*

To calculate the percentage you spend in each category, take the full amount and divide it by your income. For example, if your monthly income is $3,500 and you spend $1,000 on housing including utilities and homeowner's or renter's insurance that would be 29% [$1,000 / $3,500 = .29]. In the example below, the average American family spends 26% on housing so your spending may be a little high in comparison. However, whether or not it is high will depend on where you live and how the remainder of your expenses stack up. Bottom line, your expenses should be less than your income, including an amount for savings.



Source: U.S. Bureau of Labor Statistics

Personal Monthly Budget

Monthly Budget

PROJECTED MONTHLY INCOME	Income 1	
	Extra income	
	Total monthly income	

ACTUAL MONTHLY INCOME	Income 1	
	Extra income	
	Total monthly income	

PROJECTED BALANCE (Projected income minus expenses)	
ACTUAL BALANCE (Actual income minus expenses)	
DIFFERENCE (Actual minus projected)	

HOUSING	Projected Cost	Actual Cost	Difference
Mortgage or rent			
Phone			
Electricity			
Gas			
Water and sewer			
Cable			
Waste removal			
Maintenance or repairs			
Supplies			
Other			
Subtotals			

TRANSPORTATION	Projected Cost	Actual Cost	Difference
Vehicle payment			
Bus/taxi fare			
Insurance			
Licensing			
Fuel			
Maintenance			
Other			
Subtotals			

INSURANCE	Projected Cost	Actual Cost	Difference
Home			
Health			
Life			
Other			
Subtotals			

FOOD	Projected Cost	Actual Cost	Difference
Groceries			
Dining out			
Other			
Subtotals			

PETS	Projected Cost	Actual Cost	Difference
Food			
Medical			
Grooming			
Toys			
Other			
Subtotals			

PERSONAL CARE	Projected Cost	Actual Cost	Difference
Medical			
Hair/nails			
Clothing			
Dry cleaning			
Health club			
Organization dues or fees			
Other			
Subtotals			

ENTERTAINMENT	Projected Cost	Actual Cost	Difference
Video/DVD			
CDs			
Movies			
Concerts			
Sporting events			
Live theater			
MAD MONEY			
Other			
Other			
Subtotals			

LOANS	Projected Cost	Actual Cost	Difference
Personal			
Student			
Credit card			
Credit card			
Credit card			
Other			
Subtotals			

LEGAL/TAXES	Projected Cost	Actual Cost	Difference
Tax payments			
Alimony			
Payments on lien or judgment			
Other			
Subtotals			

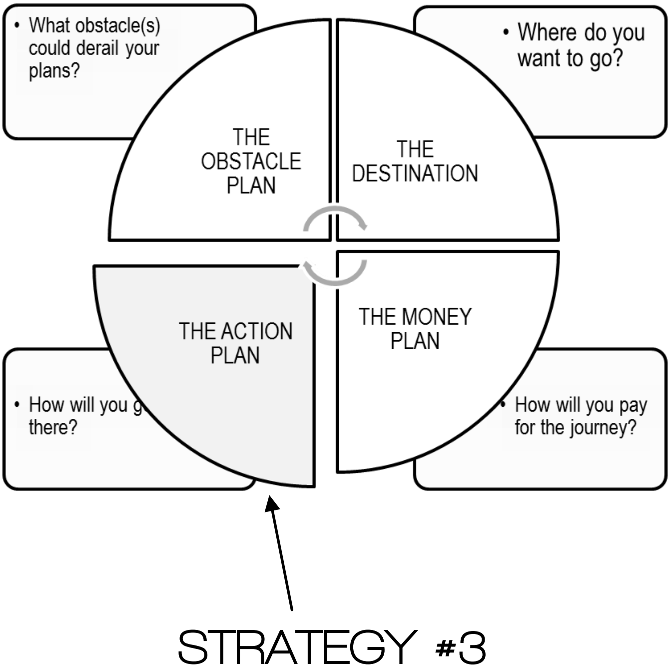
SAVINGS OR INVESTMENTS	Projected Cost	Actual Cost	Difference
Retirement account			
Investment account			
Emergency fund			
Other			
Subtotals			

GIFTS AND DONATIONS	Projected Cost	Actual Cost	Difference
Charity 1			
Charity 2			
Charity 3			
Subtotals			

GOALS	Projected Cost	Actual Cost	Difference
Goal 1			
Goal 2			
Goal 3			
Subtotals			

TOTAL ACTUAL INCOME	
TOTAL ACTUAL EXPENSES	
SURPLUS/DEFICIT (subtract Actual Expenses from Actual Income to get the amount of money available to pay off your debts)	

Minding Your Money Success Formula:



How will you get there?

#3: THE ACTION PLAN

How will you get there?

"Reduce your plan to writing. The moment you complete this, you will have definitely given concrete form to the intangible desire."

— Napoleon Hill

The concept of setting goals is probably not new to you. But what may be new is the idea of creating an action plan to make it a reality. Just wanting something or even crafting a beautifully written goal is not enough to make it happen. To get anything in life, you have to take action. And, goals are no exception.

JUST WANTING SOMETHING OR EVEN CRAFTING A BEAUTIFULLY WRITTEN GOAL IS NOT ENOUGH TO MAKE IT HAPPEN. TO GET ANYTHIN IN LIFE, YOU HAVE TO TAKE ACTION.

An action plan provides you with a step-by-step roadmap to achieve your goals. It includes an with a time table to achieve your goals. In addition, having an action plan to guide you makes it easier for you to make financial decisions because you can quickly determine if something fits with your plan and moves you closer to your goals or it doesn't.

To be effective, your action plan should include some basic elements. Here's a 6-step strategy to create an action plan to get you to where you want to go:

1. **Start your plan by revisiting your goals and choose one that you want to create an action plan for**. *Note: Over time you will want to do this for every goal you set for yourself. But for right now it's best to start with one goal as you learn the process. Also, working on one goal will allow you to narrow your focus and drive to achieve it.*

2. **List the steps you need to follow to accomplish this goal**. If you don't know what it will take to achieve this goal, go online and do some research, talk to people who have accomplished this goal or talk to a professional in the area. For example, if you want to buy a house, you can go online and research the steps to buy a house, take a first-time homebuyer's class or talk to a realtor to get the information

you need. To create an action plan, you must know in detail what it will take to achieve your goal.

3. **Add money, if needed, to achieve the goal**. Review the assets you have available *(see your personal balance sheet in Strategy #1)* and your budget *(Strategy #2)* to determine what you have available to put towards your goals. Next, assign assets or money from your budget to this goal.

4. **Choose a completion date**. This is the date you will complete your goal. Keep the steps in mind and be realistic when setting this date. If you will need a certain amount of time to complete the steps or to accumulate the funds to accomplish the goal, be sure to factor these into the date. For example, planning for retirement or returning to school to get a degree or certification may take several years to complete, on the other hand, you may be able to accomplish the goal of saving for a vacation in a relatively short period of time. The time frame for each goal will be different and that should be reflected in your plan.

5. **Break the actions that you need to take to**

accomplish into the years, months and weeks that lead up to the date you have set to achieve your goal. In an action plan, it's important to create weekly, monthly and, in some cases, yearly lists of actions that you will need to take to achieve your goal. This will help hold you accountable and keep you on track.

6. **Revisit your action plan regularly until you achieve the goal**. Reread what you need to do each day to make your goal a reality. At each stage, ask is this still working? Will this get me to where I want to go? Things will change over time in ways you can't always predict. So, set aside an hour or two at least every month to review your plan. If there are problems or concerns, make sure you understand them, and if necessary, rework parts of your plan. Don't be afraid to change the plan in light of changes that occur. This doesn't mean you've failed. If you keep focused on your destination, you will have a much greater chance of getting there.

Note: If you complete an action plan for more than one goal, assemble them in a master plan – one that shows all of your goals in progress to create a giant time table of when they will be complete. Keeping a journal or a spreadsheet is a great tool to map out your goals, *including start dates, completion dates and milestones along the way as well as updates on your progress. This way you always know where you are and how close you are to the finish line.*

CASE STUDY: Charlie and Loretta

Charlie and Loretta have set a goal to be debt-free by the time they retire in 10 years. This is part of their vision to end the *'financial slavery'* of debt in their lives and set an example for their kids. It's an aggressive goal because they have credit card debt, car loans and a mortgage. After some research, they settled on five basic steps to get out of debt.

Here's a breakdown of the steps and their action plan:

1. **Stop charging**! They originally had three credit cards. They have paid off the balance and cancelled one of their credit cards and they decided to keep the other two for emergencies only.

2. **Create a detailed list of current debts, including the balance, the monthly payment and the interest rate**. The following is their list

of current debts:

Debt	Current Balance	Monthly Payment	Interest Rate
Visa 1	$1,116	$45	20%
Visa 2	5,822	233	18%
MasterCard	3,220	129	26%
Charlie's Car	17,745	502	8%
Loretta's Car	15,248	387	8%
Mortgage	197,821	1446	7%
Total	$240,972		

3. **Create a budget to determine how much money you have available to put toward your goal**. Charlie and Loretta created a budget and after cutting back on some expenses, they found a total of $350 a month to put towards their goal.

4. **Decide on a payoff strategy and list the debts in the order you intend to pay them off**. Charlie and Loretta decided on a strategy to make their monthly payments and then put the additional money that they found in their budget ($350) towards the debt with the highest interest rate until all of their debts are paid off.

The chart below shows the order they plan to pay off their debts:

	Debt	Current Balance	Monthly Payment	Interest Rate
1	MasterCard	$3,220	$129	26%
2	Visa 1	1,116	45	20%
3	Visa 2	5,822	233	18%
4	Charlie's Car	17,745	502	8%
5	Loretta's Car	15,248	387	8%
6	Mortgage	197,821	1446	7%
	Total	$240,972		

5. **Develop a payment schedule**. They have opted to pay off the MasterCard payment first and they will pay it off entirely in approximately seven months! [($350 + $129 = $479 monthly payment); ($3,220 / $479 = 6.72 months to pay off debt)]

   Once they pay off the MasterCard, they will have an additional $129 to put towards the next debt on their list (Visa 1) for a total of $479 [$350 + $129] in addition to their regular payment of $45. And, the snowball effect will grow as they continue to pay off their debts.

Charlie and Loretta's pay off schedule:

Debt	Current Balance	Interest Rate	Minimum Monthly Payment	Monthly Payoff Amount	# of Months to Payoff	Total Debt Paid Off
MasterCard	$3,220	26%	$129	$479	6.72	7 months
Visa 1	1,116	20%	$45	$524 [479+45]	2.13	10 months
Visa 2	5,822	18%	$233	$757 [524+233]	7.69	18 months
Charlie's Car	17,745	8%	$502	$1,259 [757+502]	14.09	33 months
Loretta's Car	15,248	8%	$387	$1,646 [1,259+387]	9.26	43 months
Mortgage	197,821	7%	$1,446	$3,092 [1,646+1,446]	63.98	107 months
Total	$240,972					

If they stick with their plan, Charlie and Loretta will be totally debt free in less than nine years and they will have saved more than $147,000 in interest payments!

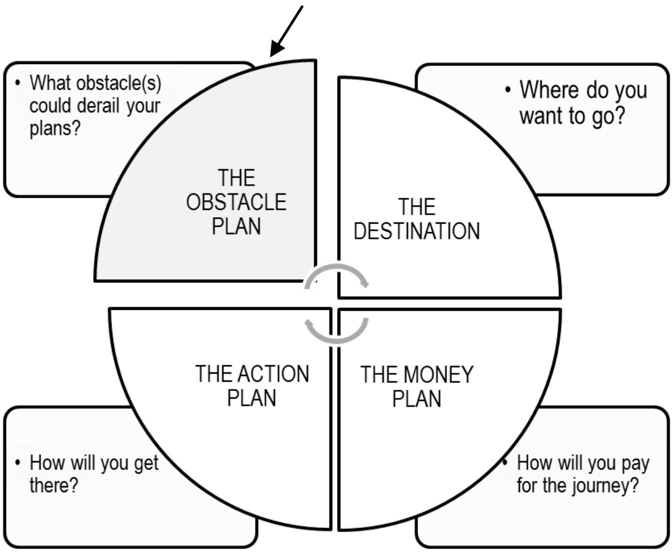
Once you create an action plan, you will be ready to move on to the next strategy: The Obstacle Plan – Planning for things could slow or stop your journey.

Note: This is a working schedule and it is subject to change. In reality Charlie and Loretta may actually pay off their debts even sooner because they are continuing to make regular monthly payments on all of their debts. This means that their balances could be less than the amount reflected here when they start to pay them off which will lessen the amount of time it will take to eliminate them.

Minding Your Money Success Formula:

STRATEGY #4

What obstacles could derail your plans?



#4: THE OBSTACLE PLAN
What obstacles could derail your plans?

"Obstacles don't have to stop you. When you run into a wall, don't turn around and give up. Figure out how to climb it, go through it or work around it."

— Michael Jordan

The obstacle plan in its simplest form is a plan to prepare for what could go wrong. Even the best made plans can go off the rails when something unexpected happens. While you can't prepare for every possible obstacle, you can often identify some common obstacles that might get in the way. Then you can make preparations in advance of how you will deal with them if they occur so you can continue to work on your goals.

EVEN THE BEST MADE PLANS CAN GO OFF THE RAILS WHEN SOMETHING UNEXPECTED HAPPENS.

There are two basic types of obstacles you may encounter – external problems like a lack of time and internal or psychological (mindset) blocks like the fear of failure. In either case, being aware of their possible existence and creating plans to overcome them is key staying on track to get to where you want to go.

Common Obstacles

Obstacles can come in all shapes and sizes – from minor nuisances to full-blown attacks that can minimize your efforts and seriously jeopardize your ability to make your vision a reality.

Some external obstacles you might face include:

- Time constraints
- Not enough money
- Lack of knowledge or skills
- Unexpected events such as an accident or loss of a job
- Friends or family who don't approve of your goal

Some internal obstacles you might face include:

- Fear of failure
- Poor self-worth/Don't feel you deserve it
- Lack of motivation

- Short attention span/Inability to follow through
- Lack of confidence in your ability to succeed
- Lack of a well-defined goal

While obstacles don't necessarily stop you from achieving your goals, they can delay you or put up roadblocks that can cost additional time or money to get around them. So, it's often helpful to anticipate any obstacles that are likely to arise while you are working toward your goals, and to plan out how you can deal with them.

As an example, let's take a look at how Charlie and Loretta plan to overcome a possible obstacle as they work on eliminating their debt.

Charlie and Loretta's goal: Become debt-free before they retire in 10 years

Possible obstacle: An unexpected expense such as an emergency medical procedure

Strategies to overcome this obstacle:

- Maintain an emergency fund of $5,000. If more money is needed we will:

- Work extra hours

- Temporarily cut back on some discretionary expenses like cable

As you start to work on your goals, think about the possible obstacles that might get in the way and strategies you can use to overcome them. Make a list and be sure to include:

- Your goal
- Possible obstacles
- Strategies to overcome them

The more obstacles you can think of and prepare for in advance, the less likely that they will be able to stop or delay your ability to achieve your goals.

NEXT STEPS: DO SOMETHING TODAY!

"If you want to know your past life, look into your present condition; if you want to know your future, look into your present action."

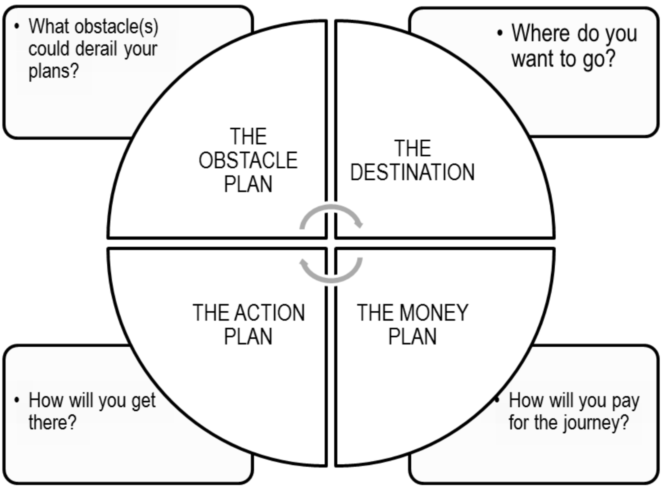
— Padmisabha

Congratulations! You have completed the four basic strategies to manage you money better to create the life you want! But this is not the end of the story – it's just beginning. Throughout your lifetime, you will be continuously creating or tweaking the vision of where you want to go/be and setting goals to go after it, so these four strategies become a formula that you can use over and over again regardless of the vision or the goal. The biggest mistake I see people making at this point is doing nothing. But if creating the life you want is important to you, then do something now.

THE BIGGEST MISTAKE I SEE PEOPLE MAKING AT THIS POINT IS DOING NOTHING.

Start by creating a vision – one that is so compelling – that you can't help but get started right away. Once you have a clear mental picture of your vision, set goals to get you there. Remember, the clearer your vision, the easier it will be to choose goals that get you to where you want to be. Next, create a budget to fund your goals and develop an action plan to implement them. Finally, since obstacles are often a part of the mix, create a plan to overcome some of the common obstacles if they occur. *(See the chart below for a recap of the four strategies.)*

Minding Your Money Success Formula:



The whole idea behind the *Minding Your Money Success Formula* is to make managing your money and your life simpler, so don't let the process overwhelm you. If you have really big goals, break them into smaller goals and then reassemble them when you complete the parts. Don't feel that have to do it all at once. But you do need start because the sooner you start, the sooner you can see results. Success often leads to even more success or at least the ability to handle setbacks better. Remember, no one is born with the skills to be a good money manager – that's a learned skill. However, now you have your own personal guidebook!

Don't be surprised if working on your goals also leads to other benefits like the feeling of satisfaction that comes from being in control as well as increased self-worth and self-confidence in other areas of your life.

So, don't wait another day. Do something now!
DO SOMETHING TODAY!

Wishing You Much Success & Prosperity!

Patricia

GLOSSARY

Annual percentage rate (APR)

A loan's annual percentage rate, or APR, is what credit costs you each year, expressed as a percentage of the loan amount. The APR, which is usually higher than the nominal, or named, rate you're quoted for a loan, includes most of a loan's up-front fees as well as the annual interest rate. You should use APR, which is a more accurate picture of the cost of borrowing than the interest rate alone, to compare various loans you're considering.

Annual percentage yield (APY)

Annual percentage yield is the amount you earn on an interest-bearing investment in a year, expressed as a percentage. For example, if you earn $60 on a $1,000 certificate of deposit (CD) between January 1 and December 31, your APY is 6%.When the APY is the same as the interest rate that is being paid on an investment, you are earning simple interest. But when the APY is higher than the interest rate, the interest is being compounded, which means you are earning interest on your accumulating interest.

Annuity

Originally, an annuity simply meant an annual payment. That's why the retirement income you receive from a defined benefit plan each year, usually in monthly installments, is called a pension annuity. But an annuity is also an insurance company product that's designed to allow you to accumulate tax-deferred assets that can be converted to a source of lifetime annual income. When a deferred annuity is offered as part of a qualified plan, such as a traditional 401(k), 403(b), or tax-deferred annuity (TDA), you can contribute up to the annual limit and typically begin to take income from the annuity when you retire. You can also buy a nonqualified deferred annuity contract on your own. With nonqualified annuities, there are no federal limits on annual contributions and no required withdrawals, though you may begin receiving income without penalty when you turn 59 1/2.An immediate annuity, in contrast, is one you purchase with a lump sum when you are ready to begin receiving income, usually when you retire. The payouts begin right away and the annuity company promises the income will last your lifetime. With all types of annuities, the guarantee of lifetime annuity income depends on the claims-paying ability of the company that sells the annuity contract.

Asset

Assets are everything you own that has any monetary value, plus any money you are owed. They include money in bank accounts, stocks, bonds, mutual funds, equity in real estate, the value of your life insurance policy, and any personal property that people would pay to own. When you figure your net worth, you subtract the amount you owe, or your liabilities, from your assets. Similarly, a company's assets include the value of its physical plant, its inventory, and less tangible elements, such as its reputation.

Budget

A budget is a written record of income and expenses during a specific time frame, typically a year. You use a budget as a spending plan to allocate your income to cover your expenses and to track how closely your actual expenditures line up with what you had planned to spend. An essential part of personal budgeting is creating an emergency fund, which you can use to cover unexpected expenses. You also want to budget a percentage of your income for saving and investing, just as you budget for food, housing, and clothing. Businesses and governments also create budgets to govern their expenditures for a fiscal year — though like individuals they make regular adjustments to reflect financial reality. And like individuals, businesses and governments can find themselves in trouble if their spending outpaces their income.

Compounding

Compounding occurs when your investment earnings or savings account interest is added to your principal, forming a larger base on which future earnings may accumulate. As your investment base gets larger, it has the potential to grow faster. And the longer your money is invested, the more you stand to gain from compounding. For example, if you invested $10,000 earning 8% annually and reinvested all your earnings, you'd have $21,589 in your account after 10 years. If instead of reinvesting you withdrew the earnings each year, you would have collected $800 a year or $8,000 over the 10 years. The $3,589 difference is the benefit of 10 years of compound growth.

Credit

Credit generally refers to the ability of a person or organization to borrow money, as well as the arrangements that are made for repaying the loan and the terms of the repayment schedule. If you are well qualified to obtain a loan, you are said to be credit-worthy. Credit is also used to mean positive cash entries in an account. For example, your bank account may be credited with interest. In this sense, a credit is the opposite of a debit, which means money is taken from your account.

Debt

A debt is an obligation to repay an amount you owe. Debts are also known as liabilities.

Liability

In personal finance, liabilities are the amounts you owe to creditors or the people and organizations that lend you money. Typical liabilities include your mortgage, car and educational loans, and credit card debt. When you figure your net worth, you subtract your liabilities, or what you owe, from your assets. The result is your net worth, or the cash value of what you own. In business, liabilities refer to money a company owes its creditors and any claims against its assets.

Liquid asset

Liquid assets are accounts or securities that can be easily converted to cash at little or no loss of value. These include cash, money in bank accounts, money market mutual funds, and US Treasury bills. Actively traded stocks, bonds, and mutual funds are liquid in the sense

Net worth

To figure your own net worth, you add the value of the assets you own, including but not limited to cash, securities, personal property, real estate, and retirement accounts, and subtract your liabilities, or what you owe in loans and other obligations. If your assets are larger than your liabilities, you have a positive net worth. But if your liabilities outweigh your assets, you have a negative net worth. When you apply for a loan, potential lenders may want to see your net worth statement.

Savings account

A savings account is a deposit account in a bank or credit union that pays interest on your balance—though some institutions require that you have at least a minimum amount in the account to qualify for earnings. You can deposit and withdraw from savings accounts as you wish, but you can’t transfer money from the account directly to other people or organizations. Savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund. You’re covered up to $100,000 in each of three different categories of account in a single bank, or up to $250,000 if an account is a self-directed retirement account (IRA). Different branches of the same bank count as one bank.

APPENDIX

This section contains the additional forms included in the talk:

1. **The Life Balance Wheel** - Use this to review the different areas of your life and decide what is truly important to you. Rate yourself on a scale of 1-10 with 10 being the highest. Then start to work on areas where you have a low score to build a more balanced life.

2. **Spending Tracker** - Keep a record of your spending (every penny) for a minimum of one-month (three months if possible). Use a journal or an app on your phone to record the following:

Cash, Check, Credit/Debit Card

Food, Housing, Transportation, Entertainment, Personal Care, Charity, etc.

Item	Amount	Paid By	Category	Time	Feeling
Cookie	$1	Cash	Food	3pm	bored

Celebrating, Retail Therapy, Sad, Impulse Purchase, Bored, Impress Someone, etc.

Other Minding Your Money Books:

There are many Minding Your Money books in the works. Please visit http://psworth.com or http:bizandmoney.com to sign up for our mailing list so you can be the first to learn about them as well as special offers.

Current Minding Your Money Books

- *Minding Your Money: Personal, Money Management and Investment Strategies*

- *How to Get Divorced Without Losing Your Blouse: What Every Woman Needs to Know to Protect Her Future*

- **COMING SOON!** *The Profit Goal*

THANK YOU!

I hope you enjoyed *The Beginner's Guide to Minding Your Money* and that you are now ready to start your journey to creating the life you want!

If you found this book helpful, I would appreciate it if you would take a moment to write us a short review on **Amazon at** http://a.co/2Uo1Y9i, **tweet about it, brag about it on Facebook and share it with your friends.** That will help more people learn about it.

Many thanks and have a wonderful journey!