

BEFORE YOU GET STARTED: GETTING A GRIP ON DEBT

An internet search of the phrase “get out of debt” will bring you tens of thousands of pages of results. With so much content out there—and so many services offering their assistance—getting started on debt reduction can be overwhelming. It doesn’t have to be. Here are some tried and true methods to get the ball rolling on eliminating credit card debt (which impacts most Americans):

1. Rank each card from highest interest rate charged to lowest rate charged.
2. List the current outstanding balances on each card.
3. Pay the minimum monthly payment on all card balances, except on the card with the highest interest rate. The only exception to this rule is if you have a small balance on a lower interest rate card and you can pay the entire balance off with one payment. You should consider making this exception because it will give you the psychological boost of having one debt paid in full!
4. On the card with the highest interest rate, pay as much as possible on the outstanding balance each month from any extra cash flow you have. Total all credit card balances outstanding after subtracting your monthly payments on each card. Repeat this step each month with a goal of net debt reduction each month. A simple spreadsheet will work great for this type of monthly tracking.
5. Avoid making new purchases on the card with the highest balance. The goal is to pay off the card with the highest interest rate without adding to it. Also, use a debit card, cash or checks for payments made in lieu of all existing credit cards (if possible)—this will help you break your dependence on credit cards.
6. Repeat steps 1-5 each month until all outstanding credit card balances are paid in full. If your outstanding balances in any given month are higher than the previous month, take action immediately to understand why the balance has increased. If there was an unexpected expense, consider dipping into your Emergency Fund to pay this expense. Refer to Chapter 2 to review the critical importance of an Emergency Fund and how to build one—in the next chapter, I’ll give you specific ideas on where you should keep your emergency funds for ready access when needed.

DEVELOPING YOUR PERSONAL FINANCIAL PLAN

During the next four weeks, you are encouraged to complete the four worksheets in this packet to form your Personal Financial Plan. Here are a few tips to assist you in completing your plan:

REACH OUT TO AN EXPERT: The tools provided here are offered to provide some guidance on what information is important to have a handle on. By no means should these financial worksheets replace the advice of a financial planning professional. In fact, we encourage you to reach out to your financial planner—or to establish a relationship if you don't yet have one—to walk through these worksheets with you.

DO THE WORKSHEETS ON YOUR SCHEDULE: If it is easier to walk through all the sheets at one time, you are free to do so. We just ask that you complete all of them during the four weeks of the challenge to earn the bonus points. Remember, you only earn the bonus for the worksheets you complete.

KEEP YOUR PACKET: Once you've completed all the worksheets, compile them in a packet and attach this page as the cover sheet. This will provide you with the date you completed the packet. It is a good idea to make a clean copy of the worksheets that you can duplicate on an annual basis to keep your plan up to date.

GIVE IT SOME THOUGHT: While much of this packet involves locating and recording information, your long-view plan involves giving some thought to your challenges, what strategies you will employ to address those challenges, and what your ultimate financial goal is. Try to avoid writing down the first thing that pops into your mind. Spend some quality time thinking about these areas. There is great value in developing answers that will help you establish a personal mission statement for your financial future.

STAY POSITIVE: By joining this challenge and completing the worksheets you are taking the first step. No matter how dire your situation feels, employing solid strategies will help you "dig out" and reduce the stress and anxiety that poor financial health can cause.

NAME

DATE COMPLETED

YEARS UNTIL RETIREMENT

WEEK 1: BUDGET WORKSHEET

This worksheet helps identify where your money comes from and where it goes. Fill in all the categories based on your financial records from last month and then complete the box at the right. You will keep this planner for your records. *Complete this worksheet to earn 250 bonus points.*

TOTAL SPENDABLE INCOME	
- TOTAL EXPENSES	
= SURPLUS OR SHORTAGE	

CATEGORY	AMOUNT	CATEGORY	AMOUNT		
INCOME (Minus Taxes)		AUTO/TRANSPORTATION			
Wages and Bonuses		Gas			
All Other Income		Repairs and Maintenance			
TOTAL INCOME		Insurance			
DEBTS/OBLIGATIONS		Other (bus, tolls, etc.)			
		ENTERTAINMENT			
		Mortgage or Rent		Cable and Internet	
		Car Payment		Computer supplies	
		Student Loans		Hobbies	
		Credit Cards		Subscriptions/dues	
HOME		UTILITIES			
		Other Loans		Electricity	
		Homeowners/Renters Insurance		Water/Sewer	
		Property Taxes		Natural Gas/Oil	
		Repairs/Maintenance		Telephone (home and cell)	
		Association Dues		PETS	
Improvements		Food			
FAMILY		CLOTHING			
		Other (grooming, boarding, etc.)			
Child support/alimony		Adult			
Child care		Children			
FOOD		INVESTMENTS/SAVINGS			
		Groceries		Retirement	
Meals out		Stocks/bonds/Mutual funds			
HEALTH		College fund			
		Insurance (medical, etc.)		Savings/Emergency fund	
		Out-of-pocket expenses		Gifts/Donations	
Fitness/Health club		Miscellaneous			
VACATION		HOUSEHOLD PRODUCTS			
		Major		OTHER MISCELLANEOUS	
		Minor			
		TOTAL EXPENSES			

WEEK 2: RETIREMENT PLANNING WORKSHEET

This worksheet helps identify whether you are saving enough for retirement. If you are having difficulty making monthly estimates, it is recommended you reach out to your financial planner. You will keep this planner for your records. ***Complete this worksheet to earn 250 bonus points.***

DATE COMPLETED

STEP 1: Current Expenses vs. Estimated Expenses	Amount
Monthly Expenses (pull from Week 1 Budget Worksheet)	
MULTIPLY BY 12	x 12
Annual Expenses	
MULTIPLY CURRENT ANNUAL EXPENSES BY 0.8	x 0.8
Estimated Annual Expenses in Retirement (enter at bottom)	
STEP 2: Estimated Monthly Retirement Income	Amount
Estimated Monthly Pension (if financial assets are used to purchase an annuity)	
Estimated Monthly Social Security (estimates can be made at ssa.gov)	
Estimated Part-time Employment	
Other Income (from financial assets—stocks, bonds, savings, etc.)	
Other Assets	
Total Estimated Monthly Income (add estimates)	
MULTIPLY BY 12	x 12
Annual Estimated Retirement Income	
Subtract Annual Expenses in Retirement (enter from above)	
STEP 3: Enter Your Balance*	

***PLEASE NOTE:** If your balance is positive it means you are likely on track to meet your retirement needs. A negative number means you have a shortfall. You may need to save more through retirement plans offered by your company, or other investments including stocks, bonds, mutual funds, investments, personal savings or other strategies that work for you.

WEEK 3: ASSETS INVENTORY WORKSHEET

This worksheet helps identify what assets you have. Fill in all the categories based on your financial records. If you are unsure of some amounts, it is recommended you visit with your financial planner. You will keep this planner for your records. *Complete this worksheet to earn 250 bonus points.*

DATE COMPLETED

CASH ASSETS: Type			Bank/Institution	Current Amount
Checking				
Savings				
CD's or Other Short Term Investments				
RETIREMENT INVESTMENTS: Type			Brokerage Firm	Current Amount
401(k)				
403(b)				
Roth IRA				
Personal IRA				
Defined Benefit Plan				
Stocks/Bonds/Mutual Funds				
Other Retirement Savings				
LIFE INSURANCE			Issuer	Total Benefit
Policy 1 (you)				
Policy 2 (spouse or other dependent)				
Policy 3 (spouse or other dependent)				
Policy 4 (spouse or other dependent)				
OTHER SOURCES OF INCOME			Short Description	Annual Amount
Source 1				
Source 2				
Source 3				
Source 4				

WEEK 4: YOUR BASELINE AND LONG-VIEW PLAN

This worksheet helps you establish a long-view plan for your financial health. Use your previous worksheets to help complete the “Your Baseline” section and then answer the questions in the “Your Long-View Plan” section. This will complete your Personal Financial Plan packet.
Complete this worksheet to earn 250 bonus points.

DATE COMPLETED

YOUR BASELINE

Current Assets	Amount
Total of Cash Assets	
Total of Retirement Investments	
Total of Life Insurance Cash Value Benefit (enter <u>zero</u> if term insurance)	
Total of Other Sources of Income	
Current Expenses and Liabilities	Amount
Annual Monthly Expenses	
Total Debts (mortgage, credit cards, car payments, etc.)	
Planned Age of Retirement	Age
Enter the age you plan to retire	

YOUR LONG-VIEW PLAN

My biggest challenge when it comes to finances is:
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I will address my financial challenges by:
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My inspiration for employing Common Cents strategies for financial success is:
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