DOWNLOAD PDF DAVE RAMSEY TOTAL MONEY MAKEOVER

Chapter 1 : Dave Ramsey's 7 Baby Steps Review: Is This A Debt Management Plan You Should Try?

Dave Ramsey is America's trusted voice on money and business. He's authored seven best-selling books: Financial Peace, More Than Enough, The Total Money Makeover, EntreLeadership, The Complete Guide to Money, Smart Money Smart Kids and The Legacy Journey.

This entry covers the seventh chapter, finishing on page The next entry, covering the eighth chapter, will appear on Wednesday. The totals of all of the debts takes your breath away when you think about it. You need a plan. Do I buy it? You may get sick of hearing it, but the key to winning any battle is to identify the enemy. The reason I am so passionate about getting rid of debt is that I have seen how many people make huge strides toward being a millionaire in the short time after they get rid of their payments. If your goal is financial freedom, the enemy is unnecessary spending, not the debt. Debt is merely a symptom of that problem. It all comes back to getting your spending under control. Debt Repayment Is Hard Ramsey argues that repaying your debts is hard on page It is so hard, but it is so worth it. This step requires the most effort, the most sacrifice, and is where all your broke friends and relatives will make fun of you or join you. Is it that hard? Lao-Tzu was absolutely right. It definitely was the hardest part for me. Then, finally, I was forced into taking that first step. The fear of not taking a step grew greater than the fear of getting started. Math Versus Behavior The idea of psychology versus numbers comes to a head on page We have discussed that personal finance is 80 percent behavior and 20 percent head knowledge. The Debt Snowball is designed the way it is because we are more concerned with modifying behavior than correct mathematics. I have learned that the math does need to work, but sometimes motivation is more important than math. This is one of these times. If you throw the kitchen sink at the smaller debt, it goes poof pretty quickly â€" and that feels good. If you throw the kitchen sink at the bigger debt, it takes a long time for that debt to go poof. The Debt Snowball method requires you to list all your debts in order of smallest playoff balance to largest. List all your debts except your home; we will get to it in another step. List all of your debts â€" even loans from Mom and Dad or medical debts that have zero interest. List the debts smallest to largest! The big move is to ask for a lower rate on each of your credit cards. Another step you should take is stopping by your local credit union and seeing what they can do to help you consolidate some of those debts. You might be able to drastically reduce some of the interest rates via a personal loan or some other vehicle. At that point, rewrite your list, again with the debt with the lowest balance on top. Then comes the hard work â€" paying them off. After you list the debts smallest to largest, pay the minimum payment to stay current on all the debts except the smallest. Every dollar you can find from anywhere in your budget goes toward the smallest debt until it is paid. Trust me, once you get going, you will find money. Then, when debt number two is paid off, you take the money that you used to pay on number one and number two and you pay it, plus any found money, on number three. The snowball gets bigger as it rolls. Your next debt is done, and the snowball gets even bigger, picking up another minimum payment. The part I found interesting here is this one: Once the debt starts slipping away, you start to really get into it. I know I certainly did. Watching the debt getting smaller and smaller is really exciting, and you want next month to be even more awesome. So you start looking for ways to save. You start looking for things to do differently. And you find them. There usually is if you do things the right way. On page , after a story about a logjam on a river: When the dynamite blew, logs and pieces of logs would fly into the air. After working so hard to cut the trees, some of them were a total loss. They had to blow up some of the timber to get the rest of the crop to market. Sometimes that is what you have to do with the stopped-up budget. You have to dynamite it. You have to get radical to get the money flowing again. Radical usually gets people uncomfortable. Getting rid of cable is completely unthinkable to many people until they think about it. What about selling a car? Is it really worth the insurance cost to keep it around? Look at something big. Ditch your house and move into an apartment. Rent out a room. Give up all beverages but water. The impact of a truly big move will be like a tidal wave over your debt â€" or any other big financial goals you have. Do you have any other thoughts on this chapter of The Total Money Makeover? Please share them in the comments â€" and feel free to respond to any of my impressions as well. After all, a good book club is all about discussion!

Chapter 2 : Our Review of Total Money Makeover by Dave Ramsey - November

The Total Money Makeover Workbook: Classic Edition: The Essential Companion for Applying the Book's by Dave Ramsey Paperback $ In Stock. Ships from and sold by calendrierdelascience.com

Of course, the Dave Ramsey philosophy has its own quirks, as anyone who has listened to his radio show will know. This philosophy is a constant throughout this book, underlining all of the ideas that Dave presents. This makes for entertaining reading, but it can almost be distracting from his main points. Hurdles The first five chapters of The Total Money Makeover focus primarily on psychological hurdles that one must overcome in order to be ready to build up their personal finances. The first hurdle is denial. Many people simply deny that there is a problem with their own finances, even as they slip further and further behind. Even people with only a small amount of debt often find themselves in denial if they are spending as much as they are bringing in. What is being denied? The possibility of a disaster, as well as the possibility of great financial success. The second hurdle is debt myths. Dave asserts that there is a great mythology in the Western world about debt, particularly in the sense that debt is normal and healthy and acceptable. The third hurdle is money myths. Similarly, The Total Money Makeover says that there is a mythology about money as well, that it is the key to solving all of our problems, when the truth is that money is nothing more than a tool. We set ourselves free if we use money as a tool, otherwise money uses us. The fourth hurdle is ignorance. The fifth hurdle is keeping up with the Joneses. Hand in hand with the last problem is te need to keep up with the Joneses. Stepping back and not worrying about the Joneses for a while can set you free. The First Steps The second portion of The Total Money Makeover , which includes chapters six through eight, is the building of a financial foundation upon which you can grow. First, develop a budget. Second, get all of your accounts current. Hopefully, you can skip this step, but if you have any late bills, pay them off first. This fund exists to keep you from failing in your plans if a disaster occurs, such as a damaged vehicle or so forth. This is absolutely essential, to the point that Dave encourages people to take out second jobs and sell some of their stuff to create such a fund. Fourth, pay off all debts except the home. Once your debts are gone, you should continue to build up that emergency fund up to the point where it can replace three to six months of salary. You should basically just move the total debt payment you were making in the past straight into saving for this emergency fund. Sixth, start saving for real purchases. Once your emergency fund is built, now is the time to start saving for big items. That debt snowball payment should now be directed into saving for expensive items, such as a house down payment or a new car that can be paid for in cash. According to The Total Money Makeover , once a person has reached this level, they have a firm foundation upon which to build. It is important to note that prior to these concepts, the book instructs the reader to pay off all debts except for the home loan and build up a six month emergency fund before moving on. First, start paying for your retirement. This chapter felt sort of wishy-washy, mostly because Dave strongly hinted that a child learns more if they have to pay for college themselves than if their parents cover it for them. Still, a well-funded savings program is recommended. Third, pay off that home mortgage. Once the first two items are in place, you should be paying off that home mortgage as fast as you can. He advocates getting into a 15 year mortgage and still overpaying each payment if you can, just so you can get the mortgage finished off much faster. Now it gets fun. The rest of the book focuses on this stage in life, which we are all striving for: Have you ever read a general non-financial self-help book and enjoyed it? Are you completely lost with your financial situation and want a firm, clear, and simple guiding hand? Are you a practicing Christian? Do you find anecdotal evidence to be more enlightening than detailed instruction? First of all, this whole book is written like a self-help book. Second, the advice is very basic and direct. The Total Money Makeover plan is about as simple as it is going to get when it comes to personal finance. Fourth, there are some Christian overtones. Dave quotes Bible verses multiple times each chapter. Fifth, the evidence for success relies heavily on anecdotes. I enjoyed it, and I would recommend it to many people, but not to everyone. I originally reviewed The Total Money Makeover in five parts, which you can find here , here , here , here , and here if you would like to read the original comments.

Chapter 3 : The Total Money Makeover: Classic Edition by Dave Ramsey on Apple Books

Total Money Makeover plan can work for anyone if they follow it closely. There is no question Dave Ramsey has helped people take control of their money. We wanted to see for ourselves how useful his advice is so we review his book Total Money Makeover.

Who is Dave Ramsey? Dave Ramsey is a popular radio show host and personality. His daily radio show and podcast boasts over 13 million listeners each week. Nearly five million people have taken his personal finance course, Financial Peace University. But what makes him qualified to talk about finances? Dave Ramsey has gone through what he prescribes in his books and courses. By the time he was 26, he had a net worth of over a million dollars. But a few years later, after incurring much short-term debt mostly from real estate , he went broke and lost it all. Going broke forced him to learn everything he could about money and how to handle it. He started his radio show and his company Ramsey Solutions to help others get a grip on their personal finances. The journey from rich to broke and back to wealthy gives him the authority to talk about money. An easy-to-read combination of motivation and basic personal finance. Boiled down to a sentence, the money strategy laid out in the Total Money Makeover is: Throughout Total Money Makeover are many real-life success stories of real people. He teaches that the real reason for gaining wealth is to be able to help others. Total Money Makeover Review: Chapters Before Dave Ramsey lays out his personal finance strategy, he talks about different money habits and mindsets that you need to overcome in order to become wealthy. He makes us aware of the fact that our money problems are caused by ourselves, and nobody else. I wholeheartedly agree that accepting personal responsibility for our circumstances is crucial to solving our problems. One of my favorite quotes from this section is: In the next four chapters, he goes over 4 different psychological hurdles you need to get over in order to get a handle on your money. Denial that nothing is wrong with your finances. Accepting that you have financial problems is hard. The myth that any debt is good or okay. Dave Ramsey is very anti-debt of any kind. In this chapter, he talks about debt and the many misconceptions most people have around it. He believes you should never leverage debt for wealth. While credit cards can be the cause of financial troubles for lots of people, they can also be used as a tool to save money if used responsibly. For more sophisticated readers who debt-free, some of the language used may sound abrasive or extreme. The myth that money is the solution to all your problems. In this section, Dave Ramsey talks about a few different money myths. There are no short-cuts. All the information you need to get wealthy is freely available to everyone. That we need to keep up with the Joneses. In the Total Money Makeover, Ramsey continuously tells us not to judge ourselves based on the financial lives of our neighbors. People like to look good, especially on social media. So people will put their best foot forward. All the ugly, messy stuff is never on social media. Your friend who just bought a new Camaro, always wears designers clothing, and spends way too much money whenever you go out may be the richest person you know. After 5 chapters, this is where the actionable information starts. Pay off your debt with the Debt Snowball method Next on his baby steps is paying off your debt. For people in lots of debt, this will be the hardest but most important step. Ramsey came up with his own debt reduction strategy called the debt snowball method. This goes against the conventional advice of paying off the highest-interest debt first in order to save money. Ramsey also recommends stopping all retirement contributions until your debt is paid off. This includes k match contributions. You should always be contributing enough to get your entire match. Want to get started with the debt snowball method? How to use the Debt Snowball Method to get out of debt 3. He suggests that you need at least 3 â€” 6 months of expenses saved in your emergency fund. I tend to agree. For some people, 3 months may not be enough. It depends on your risk tolerance. Anything less than 3 months of expenses is foolish though. What happens if you lose your job? A good emergency fund will keep you afloat while you search for a new job. Start investing for retirement This step is all about funding your retirement accounts. Since this book is aimed at people who are new ish to personal finance, his investing strategy may be a bit on the boring side. Again, this is a great place to start investing, but there are many many other ways to grow your wealth. Ramsey believes you should be paying for college with cash. Again, this goes to show how against debt Ramsey really is. While that may be true for certain parts of the country and with a certain amount of savings. Before making extra payments towards your mortgage, you should weigh the benefits of saving more for retirement first. Some of you will be surprised at the result. Accumulate wealth and give back The final step is to accumulate wealth and give back. This is all about what Ramsey believes money is for. If you were a jerk when you were broke, being wealthy will just make you a rich jerk. If you were kind and generous when you were poor, being wealthy gives you the ability be even more kind and generous. Ramsey suggests that you should, once you reach this stage in your money journey, hire financial advisors. If you made it to this stage, you have all the skills required handle your own money. I thought it had all the answers and for the stage I was at in my financial life at the time â€" it did. Cash-back and point reward programs are nothing to sneeze at. Dave Ramsey also says that having separate checking accounts is a sign of problems or ignorance. There are many different ways for a couple to manage their finances together. If having separate checking accounts works for you, more power to you. As long as there is honest communication between a couple regarding their money, there is no right or wrong way to manage household finances. He also mentions that you should pay your debts off before getting a k match from your employer. This goes to show you how against debt Dave Ramsey really is. Should you buy Total Money Makeover? Are you saving for your retirement? Do you have an emergency fund? If you answered yes to all three of those questions, you already have somewhat of a handle on your finances and would be better off reading something like A Random Walk Down Wall Street or The Millionaire Next Door. The self-help nature of the book makes for great inspiration. Reading the book will get you excited to start getting your financial life in order. Some words of caution: If the occasional reference to God or the Bible bothers you, then you may want to avoid this book.

Chapter 4 : The Total Money Makeover Workbook by Dave Ramsey

Dave Ramsey is a radio talk show host of The Total Money Makeover. It's on every weekend. This book basically repeats everything he says on his show: Invest your money wisely, stay out of debt, etc.

Dave Ramsey is a personal money management expert , radio talk show host and TV personality who over the years has helped thousands of people become debt free and change their financial lives. He gives no-nonsense advice to folks who have gotten in over their heads, and helps them to find their way out, in a responsible way. So what are the 7 Baby Steps? They basically involve planning ahead for emergencies, paying off debt and then planning for the future in a variety of ways. They also look at the importance of giving. Before The Baby Steps: You have to want to change. We wanted to be free! Credit cards and home equity lines of credit are off limits now. No more high interest auto loans! No more store credit cards to buy clothing at ridiculous interest rates! Cut up your credit cards, and draw a line in the sand. My wife and I used to use our credit cards in a variety of ways. If we needed new furniture we would just finance it at the store, and pay it off over time. We had to make a life change. Using the 7 Baby Steps we were able to make a change in the way we looked at money, and in the process change our lives for the better. Basically you order your debts from smallest to largest, and pay them off in that order. By doing this you can optimize the effect of getting quick victories by paying off the smaller debts faster. Baby steps happen can all be done at the same time. Saving, Investing, Giving Baby step 3 looks at saving a month emergency fund â€" in other words saving up enough money to cover just about any emergency that could come up from a broken down car to a job loss. At our house, however, we decided to have an even larger emergency fund with months in savings. In this economy we just felt better having more money than Ramsey states you should have. When it comes to homes and real estate Dave Ramsey has some pretty strict rules about what kind of mortgages he thinks you should get, what percentage of your income you should spend on a home, and how you should work to pay it off. Ramsey suggests trying to pay off your mortgage early if at all possible after saving for retirement, your kids college and other necessary expenditures. After doing all those other things â€" saving, investing, college funding, mortgages â€" Dave says you move on to the mythical 7th step where you just continue building wealth, and giving a large percentage of what is left over. For me I think the giving portion should be stressed as it is such an important part of this.

Chapter 5 : Dave Ramsey Total Money Makeover | eBay

Dave Ramsey is America's trusted voice on money and business. His five New York Times bestselling booksâ€"Financial Peace, More Than Enough, The Total Money Makeover, EntreLeadership, and Smart Money Smart Kidsâ€"have sold more than 7 million copies combined.

Opening the iTunes Store. Progress Indicator Opening Apple Books. We are unable to find iTunes on your computer. To download from the iTunes Store, get iTunes now. Click I Have iTunes to open it now. The Total Money Makeover: Do you want to transform your sad and skinny little bank account into a bulked-up cash machine? Then get with the program, people. Where Financial Peace gave you the solid saving and investing principles, this book puts those principles into practice. Customer Reviews by Matt Storms So, here you are debating wether or not to buy this audiobook. What do you make of it? Let me tell you. My wife used to drag me, kicking and screaming, to the kitchen table so we could discuss the dreaded F-word One day she showed me a documentary called Maxed Out that opened my eyes. I realized I was spiralling out of control and was headed to the poor house. I had fought half the battle and realized I needed to change. But what do I do? Where do I start? I have bad credit. Maxed Out had featured Dave for a few minutes and he left an impression on me. He had a plan. It was easy enough for me to understand, and it was good enough to get me to change my ways. My wife and I had a long, but productive talk about how to get ourselves financially fit and change our family tree. And as a bonus, we never fight at the kitchen table anymore. Great financial advice by quintash To those who are "offended" that Dave Ramsey talks about God and gasp Jesus in his book; you should know that as a Christian he Can Not deny that the information he gives it totally biblical-and Christian based. And to reject his book and ideas for only this reason is simply foolish. Our society says "Be tolerant of everything Its what makes Dave what he is. It gives him strength and inspiration. The following quote can apply to a lot of beliefs, spiritual or secular. We can all use that wherever we find it. Now for the advice, if you follow it, you will start to see improvements anywhere from immediately to a few short months. And most importantly, it gives you a plan that is proven to work. And that is half the battle, knowing you will succeed if you try this.

Chapter 6 : Total Money Makeover Review: everything you need to know

calendrierdelascience.com was permanently shut down on December 1, We invite you to start budgeting with EveryDollar, Dave Ramsey's free budget tool that makes it super easy for you to budget from your computer, iPhone or Android device.

This friend has struggled with managing her personal finances and is drowning in credit card debt. Rather than go into the ins and outs of the book, I downloaded the audiobook version and we listened together while working on paperwork during the work d Recently, a good friend of mine who knew that I had read this book asked me whether or not I found it helpful. Rather than go into the ins and outs of the book, I downloaded the audiobook version and we listened together while working on paperwork during the work day. This provided a nice way to share the major concepts of the book with her, while providing a strong reminder for me. That is especially true when the take away message is to exercise restraint and behave responsibly. Nobody wants to face the fact that we are to blame for our own financial situations. It is far less painful to blame somebody else for the damage we do to ourselves. He tells some hard truths and forces you to take a long, hard look in the mirror. He is brutally honest. Sacrifice today for wealth tomorrow is idea. There is no get rich quick scheme presented, just old-fashioned wisdom. Save for future expenditures. Quit trying to keep up with the Joneses. His personal story of bankruptcy and how he was able to turn around his finances was inspirational. He made it clear that anyone could do it, but they had to be willing to work hard and make some sacrifices. Most importantly, they would have to evaluate their attitudes toward money and be willing to make some changes in their behavior. Clearly, his religious views are an important piece of his identity. For people that are more spiritual than I am, this might prove to be a great source of inspiration. It was neither here nor there for me. All in all, I think that this is a great book. There were no promises or schemes presented. It was just good, sound advice for eliminating debt and living within your means. Might as well start early. Check out more of my reviews at www.

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Chapter 7 : The Total Money Makeover (Audiobook) by Dave Ramsey | calendrierdelascience.com

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You need Dave Ramsey. Ramsey gives a step by step approach to getting out of debt, saving and investing for the future. But he gives you more. People in financial trouble need more than a method; they need hope. If you live like no one else, later you can live like no one else. Deal With Your Denial Honestly evaluate your current financial condition. Most others are in perilous financial condition. Given time, a lifetime, risk will destroy the perceived returns purported by the mythsayers. When surveyed, 75 percent of the Forbes They all lived on less than they made and spent only when they had cash. Lending institutions are eager to loan money. Stay clear of these bad deals: Most people make car payments their entire lives. Reaching the goal is the motivator. A home is a good investment, if you can afford one. Save on premiums by choosing higher deductibles. Choose twenty-year level term insurance "equal to about ten times your income. Go with a larger deductible to lower your premium. On long-term disability insurance: Occasionally attend a money seminar. Set up a budget. Barnum Your budget is where you tell your money what it will do next month. I assure you that virtually none of the thousands of winners I have seen did so without a written budget. Without an emergency fund, you might sink! Start the "Debt Snowball. Pay off every debt except for your home. Flee debt with the intensity of a gazelle running from a cheetah. Complete Your Emergency Fund. It should cover three to six months of expenses, in case you lose your income. It depends on your amount of risk. A Parenting magazine pole found that 49 percent of its respondents could last less than a month if they lost their income. Keep the money liquid, so that you can retrieve it without a penalty. Not in a mutual fund. Not in a CD. A money market fund is usually best, since you can write a check on it and make some interest as well. You need to get that investment money multiplying. Next, open a Roth IRA, which grows tax free. Dave selects mutual funds with a winning record for more than five years, preferably more than ten years. Save for College Education is for knowledge, not to guarantee a great job or success. In a few fields of study, it can matter which college you attend. Put it in a growth-stock mutual fund to get a high rate of return. Some companies have work-study programs. The military offers a free education to people who enlist for a certain number of years. Check into what the National Guard offers. Pay Off Your Home Mortgage Dave counters the two traditional arguments for not paying off your mortgage. Second, you take more risk by keeping the loan on your house. If your house were paid off, nobody could take it from you because of missed payments. Never take more than a 15 year loan. Build Wealth Like Crazy There are three good uses for money: For Fun To Give He invests in "simple mutual funds and debt-free real estate You should surround yourself with a team of people smarter than you, but you make the decisions.

Chapter 8 : Dave Ramsey Total Money Makeover

The Total Money Makeoverhas given HOPE to hundreds of thou-sands of families. This book has given them hope to win, and that hope xiv TOTAL MONEY MAKEOVER

We earn a commission if you click this link and make a purchase, at no additional cost to you. Sticking with your budget is the truly challenging part, especially when it comes to the envelope system. If you ever have leftover cash at the end of the month, consider putting that extra money into savings so you can eventually afford that major purchase you originally planned to put on a credit card instead. Alternatively, you could invest that extra cash to make even more money over the long-run, rather than indulging in short-term pleasures like mini shopping sprees or an expensive meal to reward yourself for saving. Now is the time when you are working on baby step 2 and into baby step 3 to use the envelope method to help you stick to your monthly written budget. EveryDollar Budgeting App from Dave Ramsey So many people dread the thought of budgeting â€" even though we all know how important it is to track our expenses on a regular basis! Create a Better Budget The basic premise of the EveryDollar budgeting program is to help everyday people like you and me get a better grip on our financial well-being. Fortunately, the EveryDollar app is incredibly useful in this regard. It costs users absolutely nothing to create unlimited budgets, track transactions against your current budget, and seek quick assistance through email support if you experience any issues along the way. This makes the EveryDollar app a relatively stress-free experience compared to traditional budgeting methods that demand lots of paper, meticulous recordkeeping skills, and complicated spreadsheet analyses. Visualize Your Current Situation A common problem people encounter in the earlier stages of creating and sticking to a budget is the inability to visualize a future without debt. You should track where each and every dollar is going so you can locate areas in your budget where you might be overspending without realizing it. Once you do this, you can finally eliminate those wasteful expenditures once and for all in order to clear the way for more responsible financial moves, like achieving debt-free living or saving for retirement. Should You Download EveryDollar? There is nothing to lose when it comes to using this budgeting software which is available for both iOS and Android platforms , and so much to potentially gain from regularly using the app to check on your financial health. The only potential downside is you might look back and wish you started using this app sooner! Most financial planners, Dave Ramsey included, recommend that you have an emergency fund that has three to six months of living expenses. Recently, I have been seeing many people saying that your emergency fund should be three to six months of your income, but that will actually equal a little more than you really need. Your initial goal should be three to six months of living expenses which will obviously be a little less than your total income. If you have a real emergency or are out of work for an extended period of time, it is assumed that you will stop spending money momentarily on certain activities such as investing for retirement, eating out at restaurants, and other non-essential things. That is why you can get away with saving expenses and not your total take home paycheck. Why do financial planners give people a range of three to six months worth of savings in an emergency fund? One thought is that you can potentially save less for your emergency fund if your job security is very certain. For example, many government workers have excellent job security. They could arguably survive on a smaller emergency fund that other people with less job security. If you are self-employed, you may need to save more than six months in an emergency fund in order to feel secure. These are just rules of thumb, and you should save as much money as you need in order to provide you and your family with security and peace of mind. I have touched on this topic a little bit before. You should have your emergency fund saved in a money market or savings account that is secure, FDIC insured, and liquid. You do not want to invest your emergency fund. You want to be able to have access to your emergency fund if there is truly an emergency. Where to NOT Park Your Emergency Fund Most financial planners recommend investing in stock and mutual funds with money that you will not need to use in the next five years. The problem with emergencies is that you never know when they will crop up. They have a bad habit of always happening when they are least expect and often when you can least afford it. That is why it is very important to not have your emergency fund in mutual funds and other investments. You want to be able to have access to your money in an emergency. You want your funds to be very liquid with little to no time or cost associated with pulling that money out of your emergency fund. Many people have the urge to invest that money into an investment that earns a little be more rate of return. But, you should not have your emergency fund locked up in mutual funds or certificates of deposit that will penalize you for withdrawing your money in an emergency. These are long-term investments, and they should be viewed as such. These investments are not a place for your emergency fund. Bite the bullet and leave your emergency fund in a place where you can get to it very easily and forgo those few percentage points. Now that you have paid off all of your debts, you should have a large amount of disposable income that you can rapidly complete your emergency fund. Now, it is time to take the money that you were paying on your car loan, credit card bills, and other debt and put it towards completing your emergency fund. You need a fully funded emergency fund of three to six months of your living expenses set aside for a rainy day. Doing so will help you never to fall into the debt trap again. Dave Ramsey has other plans for your money as well as he leads you to financial peace. Dave Ramsey is especially fond of growth stocks thanks to their historic rate of return. The stock market has been struggling lately, but over the long term of almost one hundred years, the stock market has provided an excellent investment. So, now that you know how much money you should be saving every month from your paycheck, then the ultimate question becomes where to put it? This is a problem that many people dwell on. What about Roth IRAs? If you stick strictly to the Dave Ramsey baby step method that he outlines in The Total Money Makeover, he recommends buying good growth stock mutual funds to help you build your nest egg for retirement. You should have a well-diversified portfolio of stock mutual funds that include international stocks, mid-cap, small-cap, and large-cap or capitalization companies. For most people, using a Roth IRA is one of the best tax advantages that you can find. By using after-tax dollars in a Roth IRA, you can withdraw your investment and its earnings tax-free in retirement. Another investment that you should use first is a k if your company matches your contributions. Other things that are taken into consideration are the average rate of return for the stock market, inflation, how large a nest egg you will need to have in retirement, how many years you will invest before retirement, and how much of your nest egg you will withdraw. Like a Roth IRA, a College Savings Plan allows you to make after-tax contributions and withdraw the contributions and earnings tax-free for educational expenses, tuition, room and board, fees, and other education needs. Profits earned in these programs can be withdrawn tax-free assuming that they are used for qualified higher education expenses. Most states have their own plans, which help parents save on state taxes too. There are others that are better and have cheaper fees. But, it may be worth looking at the state where you live first if you pay state income taxes. It is important to note that people will need to make sure they know about the different interest because these are going to vary. So people need to make sure they know about the different cost and aspects of Education Savings Accounts ESA to ensure they know which one is right for your specific situation. If you have any questions, you should consider getting a consultation with a fee-only Certified Financial Planner CFP. All your extra money after investing and saving for college should go towards paying your mortgage off. Once you start to pay off parts of your mortgage, you will gain momentum and be well on your way to financial peace and independence. The interest on a mortgage is staggering. It honestly can sink you if you return to any of your old financial debt habits, such as increasingly relying upon credit cards. That means a lot of money has been freed up, not to spend willy-nilly. Instead, toss this money at your mortgage. Mortgages are the most expensive debt we all carry. That means that for every month you make the payment as required according to your loan, you are handing over a lot of money to the bank in interest payments that you will never see again. Here are a few that you can use to help you tackle your mortgage debt in baby step 6. For one, you can refinance your home loan to a fixed rate year mortgage. Another option, you can double the monthly payments, and you will save sizable on the interest. This is what the debt freedom journey is all about, right? It takes a plan to tackle baby step 6 along with some patience and dedication. It takes more dedication to take on this baby step than any other because of the sizable time and financial contributions that it will take to accomplish baby step 6. Being free of the big mortgage every month is well worth your time. Getting the right mortgage will make all the difference in being able to make this dream a reality. The next task on your list is going to be envisioning and planning your mortgage note burning party. How do you imagine it? Envisioning how you will feel once you make that last payment as this makes a great suggestion to your subconscious mind to make it all a reality. Will you be smiling, celebrating, and jumping for joy? Probably, and it will pay off well if you start seeing yourself doing that now. Make a game of it to see how fast you can pay off your mortgage. This step is the final one and always ongoing. Pursuing higher pay and better investments can bring you many benefits. Building wealth and giving back to your community is a popular money habit among the wealthy and middle class alike. Instead, building wealth should incorporate more charitable giving to help you leave a positive legacy in your community and the world at large. Nobody will remember much about your investments when you pass away, but many people will remember how you donated time and money to needy individuals and organizations. Giving Brings Happiness Did you know that Harvard University researchers found that money can buy happiness? Interestingly enough, this psychological study found that increased rates of happiness were expressed primarily by folks who had given money to others, rather than using that money on themselves. Find Charities to Support Donating to charities is one of the many gifts that keep on giving. Whether you want to support education by donating to your alma mater , improve the quality of life for animals in need by donating to wildlife protection organizations or local animal shelters, or finance scholarships for lower-income children in your community to attend college, there are thousands of different charities that could use your help. To determine which charities are the most legitimate and helpful for the recipients of their items and services, be sure to research different organizations on Charity Navigator before making a sizable donation. This website rates charities based on their financial efficiency e.

Chapter 9 : The Total Money Makeover: A Proven Plan for Financial Fitness by Dave Ramsey on iTunes

The Total Money Makeover, written by Dave Ramsey, is near the top of pretty much all "best personal finance book" lists.. And rightfully so. It's sold over 4 million copies.

The book easily breaks down a no-BS approach to money matters. He teaches how to lay the groundwork for a healthy financial fitness. From getting out of crushing debt to easy ways to invest in your retirement. Introduction In the intro to TMM, Ramsey talks about the success stories, how changing your behavior is key, and how this sure fire plan can work for anyone if they follow it closely. He also tells you what the book is not; complicated, anything new, politically correct, the same as his other books so he thinks you should buy those too , or wrong. Agreed, the vast majority of America knows what we should be doing with our money, actually doing it is another story. Also true, saving money is like losing weight. The principles are very similar, we all know to have more money you must make more than you spend. To lose weight, you must eat fewer calories than you burn. The Total Money Makeover system is designed to work in good times and bad weather those good and bad times are personal for you or happening to the economy as a whole. Cons This book does not contain a ton of the heavy-handed Christian bible dogma that Ramsey is famous for. But it is in there, so depending on your personal tolerance for that sort of thing, it might bother you or it might not. There are some pretty corny analogies in the intro, stuff about flying turkeys and skinny dipping. They went on at some length. He challenges the reader to acknowledge they are the problem and introduces the TMM Motto. Pros We are the problem with our money and that is true. Take everything step by step. Cons Ramsey started his whole empire because of his own financial disasters. He tells how he felt and how his family has affected but not many nitty-gritty details of what exactly happened. Get our best money lessons: Money trouble is easier to hide. You can dress well, live in an expensive home, and drive a fancy car and be broke as shit. No one will ever know. Then everyone will know, even you. Cons The book uses a really gross analogy about dirty diapers that I could have done without. I get it that people need to understand why they are where they are but two chapters of it feel like belaboring the point. Pros Learn to distinguish wants from needs and to delay gratification. These are good points and not being able to do so is what gets lots of people in financial trouble, especially credit card trouble. If you know someone without some type of debt, they are certainly the exception and not the norm. Ramsey does not believe debt should be used to leverage wealth ever. For those who are not financially sophisticated, I agree. Ramsey warns readers away from things like cash advances and rent-to-own. This is something his audience needs to hear because many of them have probably gotten caught in these traps. The book advocates never buying a new car and instead of paying cash for a reliable used car. Borrowing more than your home is worth in order to restructure debt is a no-no. This is true, again, if you are not addressing the problems that caused the need to borrow more money. Cons The book talks about people who adhere to the no debt principle being ridiculed by family and friends. I find this hard to believe. If you tell people you are debt free, I doubt they will shun you. This book is geared towards people who are largely unsophisticated about money and who have gotten into trouble with debt in the past. Ramsey considers needing a credit card to build credit a money myth. He thinks having a credit card means having debt and for some people, it does mean that. But there are people who use credit cards responsibly and used that way, they are a good tool to build your credit. Another money myth he wants to bust is that you need a credit card to rent a car, a hotel room and to make online purchases. He says a debit card allows you to do those things. Ramsey believes using a debit card is just as safe as a credit card. I have had my debit card hacked and while I did get the money back, it took a few days and a lot of back and forth with the bank. Had I needed the cash taken out of my checking account immediately, I would have been out of luck. Ramsey claims that getting a credit card for your teen is a bad way to teach them how to use credit responsibly. Had I still lived at home instead of on my own at college when I got my first card, my parents could have monitored my spending. Gold is not a good investment. He also advocates the envelope system which I think is a good one and a legitimate reason to use cash if you have trouble seeing credit cards as real money. The majority of bankruptcy cases now are due to medical bills. This one was weird too. Pros Ramsey advocates educating yourself on the basics of personal finance. This was my favorite chapter of the entire book. Pros I like the opening of this chapter. It also talks about focus, that you will concentrate on each step to the exclusion of everything else so you can get it done and move onto the next thing. The importance of having goals and writing them down is discussed. I like the emphasis on writing down goals. I agree, this kind of budget gives every dollar a job and is more hands on than other types of budgeting systems which is good for people who have had money problems in the past. Ramsey emphasizes getting your partner on board with the budget. No budget will work if everyone is not in agreement. Another step in the chapter is getting current with all creditors. Doing this step is hard and scary but it does take a massive weight off your shoulders if you have late payments. Having that cushion, which some people may never have had before, can feel like a big security blanket. Having an emergency fund is one of the most important aspects of personal finance. It is also the first step in his 7 Baby Steps. The Debt Snowball Getting down to brass tacks now, tackling debt. Ramsey has taken a lot of flack for pushing the snowball method, including from us. Does he deserve it or does he redeem himself? Pros Ramsey makes no bones, this part of the plan is hard and it sucks. You will have to sacrifice and live very austerely to kill your debt. There are two established methods to pay off debt. The other method is the stack which means you do the same as above but you pay the debts off in order of highest interest rate, not dollar amount. Yes it saves money on interest to use the stack method but you can pay off the small debts faster and getting rid of even small debts is a big psychological boost. And that boost is no small thing for anyone, never mind someone who has been drowning in debt for years. And even then, there are some arguments that you should still stay put. You need to bring in more income during the debt payoff phase. Get a second job, start a side hustle , work overtime, whatever you can do to speed up the process. Ramsey recommends you stop contributing to retirement accounts during this phase, even if you get matching, and I was ready to pounce. Matching is free money Dave! But he does say that if you are in a very deep hole that will take a long time to get out of, you should keep contributing. Cons Another long ass analogy about cheetahs and gazelles. Ramsey says that all money should be held jointly with your spouse, no his and hers money. Finish the Emergency Fund By Chapter Eight, your debt will be paid and you are ready to move on to the next step. Pros Now that you are debt free, you are going to grow your emergency fund to cover months of expenses. So many people are obsessed with buying a home. Cons Ramsey wants your emergency fund liquid. He recommends a money market account. You are not going to need all of that money at once so keeping it somewhere like Betterment is not a big risk. Maximize Retirement Investing Chapter Nine is the next step in the plan, funding your long-neglected retirement accounts. Pros I like what Ramsey tells us retirement is not meant to be; quitting a job you hate. If you hate your job, find something else to do. You can probably just suck it up and hang in there. Ramsey is also known for his conservative approach to investing. College Funding Have some kiddos? This is how TMM wants you to pay for their education. LMM has your covered where Dave falls short.