



5 STEPS TO FINANCIAL SUCCESS

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5 Steps to Financial Success

Welcome! I'm so excited to help you better manage your finances. This may be your first attempt to get your finances in order or it may be your 10th attempt. It doesn't really matter.

All that matters is that you are here now and that you are ready to get started. I used to be right where you are. I didn't manage my finances and I didn't know where to start. Let me share our story with you in a nutshell.

In 2007, we were swimming in debt. My husband and I both worked 40 hours or more a week just to get the bills paid. Everything else went on our credit cards.

Our kids were young and we realized that we were working really hard just to pay our house payment and keep up with material things. We barely had any family time.

Later in 2008, the Lord got a hold of my heart. The Lord was calling me to my first priority in life, Jesus (Hebrews 10:25), I needed to spend more time with Him. I needed to be a good wife (Ephesians 5:22), and a good mother (Deuteronomy 6:5-9).

We decided to make major financial changes in our life. The first major one was me staying home with the kids and learning how to live on one income. Then it was paying off over \$55,000 in credit card debt (It's so scary to type that), downsizing our home, and selling all our toys.

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Trust me, I never thought I could be a stay at home mom. It never entered my mind. But God had other plans for us. We were able to complete all our financial changes in a little over 3 years. It was sooo hard but it is definitely a blessing being on the other side of it now. God has been so faithful to us!

I've learned so many ways things and the Lord has given me a huge conviction of being a good steward of money.

I've learned that I don't have to be cheap. I can live life to the fullest by setting a good budget and spending money wisely and I want to help you do the same.

Debt can make you feel stressed, fearful and even hopeless. I know because that's how it made me feel. There is a way out and the only way is by taking a step forward.

We know that we can do all things through Christ who strengthens us (Phil 4:13). We need to believe that this is true in all situations including our finances.

WHO SAYS WE NEED TO MANAGE MONEY?

The Bible says God is the provider of everything we need. One thing God provides for us is money. We need it to survive in this world and God knows that.

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The catch here is that God has entrusted money to us to be used properly. We are accountable to God for the way we use everything He provides for us. This includes money.

Learning how to manage money is important if we are walking with Christ because we are called to be good stewards of this resource (Matthew 25:14–27). It keeps us from being a slave to money and gives us financial freedom.

God created us and He tells us that we cannot serve both God and money (Matthew 6:24). This doesn't mean having money is a bad thing. It's the "love of money" that causes the problem.

If we allow money to take God's place then we are in big trouble. Unfortunately, this can happen if we don't manage money. If we allow all our financial desires to take over us then we can easily turn that into an idol.

MAKE THE COMMITMENT

Make the commitment today to manage your finances and never look back. Pray to the Lord to give you strength and wisdom to continue moving forward.

ARE YOU READY TO GET YOUR FINANCES IN ORDER?

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Woohoo! If you are reading this, you are on your way to being in control of your finances. The goal here is to tell your money where to go.

STEP 1 - FIGURE OUT HOW MUCH DEBT YOU HAVE

I know this is hard to swallow but it's important to know how much you owe up front so you can get rid of it.

I recommend that you get a notebook or binder dedicated just for your finances. It's important to keep all your financial goals in one place. The best part is that when you reach your financial goals, you can look back at your accomplishment.

Now, get your notebook/binder, sit down, and write down every single debt that you have. Include money that you owe to credit cards, medical bills, household bills, even late fees and money you may owe to friends and family. Having a picture of everything will give you a great start so you don't have any surprises.

Make the following columns for each debt in your notebook/binder or print the form I created (I included a copy at the end of this ebook).

- Creditor (who the debt is owed to)
- Balance (the total amount of the debt)
- Interest Rate
- The monthly payment

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- The payment date
- If you are behind on any amount.

Now calculate your total amount of debt.

STEP 2 - WRITE DOWN YOUR ASSETS

An asset is something you have that you could sell to get money.

If you own a house and owe less than it's worth, you could potentially sell it to get money. Example: If your house is worth \$250,000 but you only owe \$100,000, then you could sell it to get \$150,000 (of course, there will be fees involved in selling a house but I'm trying to give you an easy illustration).

Write your assets in your notebook/binder or print the form I created (I included a copy at the end of this ebook).

Examples of assets:

- Car
- Retirement
- House (market value)
- Furnishings (Choose an average for all unless you have something of high value.
I average my furnishings to around \$2500)

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- Savings account
- Off-road vehicles, boat, etc.

Make sure you don't include the cash you use that's not extra.

Now calculate your total amount of assets.

STEP 3 - CALCULATE YOUR NET WORTH

Now that you have your debt and asset totals, you can figure out your net worth. This is easy to figure out. Take the total amount of your assets and subtract your debt. This is your net worth.

Here's an example:

Assets:

- \$360k (market value)
- \$10,000 car
- \$8,000 car
- \$2,500 furnishings
- \$5,000 boat
- \$25,000 retirement

Total assets: \$410,500

Debts:

- \$320k mortgage

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- \$5,000 credit card #1
- \$10,000 credit card #2
- \$50,000 student loan
- \$30,000 car loan
- \$15,000 car loan
- \$25,000 boat loan

Total debt: \$455,000

Here is the total net worth based on the above figures $\$410,500 - \$455,000 = -\$44,500$.

This means that based on the numbers above there is \$44,500 more debt than assets.

What is your net worth?

Make sure to write this down in your notebook/ binder and document the date. It's important to add dates. It helps you keep track and see your accomplishments.

The goal here is to get your debt paid down and increase your net worth.

STEP 4 - CREATE A BUDGET

Creating a budget is a very important step in managing your finances. You need to get control of your money and stop letting it control you. Everyone should know where their money is going. If you create a good budget you will be much closer to reaching your financial goals.

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It doesn't matter how much money you make. Every size income level should create a good budget. First, you need to come to terms that you need a budget. If you have the wrong attitude your budget will fail.

Your budget doesn't have to be time-consuming. Don't think of it as a hassle. Think of it as having control of your finances. You will have to put a little thinking time in but once you have your budget set, it's simple.

You can follow the steps and document them in your financial notebook/ binder or print the form I created (I included a copy at the end of this ebook).

1. CALCULATE YOUR EXPENSES

This is the most important step to create a good budget. In most situations, one person in the household manages the money (I manage my households money). Everyone who is involved in financial decisions should sit together and calculate expenses. Calculate everything you need to live your life.

You should be setting amounts for the following (this is an example of mine):

- Mortgage
- Utility Bills (Water, Natural Gas, Electricity, Cable, Phone, Trash, Sewer)
- Cell Phone Bills
- Car Payments

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- House Insurance
- Car Insurance
- Health Insurance
- Giving
- Retirement contributions
- Life Insurance Contributions

Here are [75+ Personal Budget Categories you could be missing](#).

2. DETERMINE YOUR INCOME

Now it's time to figure out your income. Add up all the income you receive each month.

We only receive my husband's paycheck so it's pretty cut and dry for us. Sometimes I earn extra money but it's very simple for me to add that in when I receive it. I don't rely on it each month to survive. Our reliable income comes from my husband's job.

3. DETERMINE YOUR ALLOWANCE

These are things we need in life but we need to set a limit on each month. Here is an example of my allowances:

- Auto Gas - My budget is \$200 a month because we live in a small town. This changes if we travel more often.
- Groceries - My budget is set to \$600 a month for groceries. This gives us \$150 to spend per week. This is perfect for our family. I have a hungry husband and three

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hungry children so I have to make sure I create a grocery list and stick to it in order to stay at \$150. You should check out my [12 tips to saving money on groceries](#).

- Eating Out - My budget is set to \$200 a month. We usually break it into four \$50 meals. If we want to eat somewhere more expensive, we'll eat out 3 times a month and do two \$50 meals and one \$100 meal. In order to achieve this, we use restaurant coupons and local discount cards.

4. SET SAVING GOALS AND/OR DEBT PAY OFF GOALS

These are things that are very important when budgeting your money. If you don't figure them into your budget, you will overlook them. For a long time, I figured I would save whatever money we had left in the month.

Well, that didn't work for us. We ended up spending all of it every month. Now, my husband and I discuss what we want to save for each month. I add it the budget and we work on meeting that goal.

5. SET YOUR "WANTS" EXPENSES

These are the things you "want" each month. You don't need these items to survive. Some examples of "wants" are going to Starbucks, going shopping for something you don't need or your kids are asking for something at the store. I'm really strict with these things on our budget. I purchase my kids' things they need.

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It's very rare that I get them things they "want". We've encouraged them to buy things on their own. I was a child with lots of things and it didn't benefit me very much. I ended up being ungrateful because I was handed everything. When I had to support myself, it was hard.

6. TRACK YOUR BUDGET

I track my budget with the [EveryDollar Budget App](#). It's free and very easy to set up. I have the app on my phone. Every time I spend money on something, I add it to the category I created in my budget. You should check out my post of the [best free online budget tools](#).

STEP 5 - JUST SAY NO!!!

It's tough keeping your finances in order. You may need to give up luxuries for a while. I don't need much to survive and I've found that out by trying. I just need the basics: Jesus, family, shelter, and food. It would be nice to treat myself but I can do without it. Try it, you may surprise yourself.

When my kids are bugging me to buy them stuff, I just say NO! They've learned that they can use their own money for their "wants".

Here are some tips to successfully staying on your budget and dealing with your family in the process.

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Money can cause a lot of problems in a marriage and you don't want to allow that to be a problem. Make sure you are praying about it. The Lord should be the center of this process.

Tip #1- Make your spouse a part of the budget. My husband and I usually see more eye to eye when I give him dollar amounts of where we are at. You need to be on the same page about debt and your budget. We try to discuss our needs each month and see if we can pull it off.

If we can't, we agree it's a "NO". We've already been in deep debt and we both agree that we don't want to get back in it. Honestly, my husband trusts me with our budget but it's important for him to know what's going on. He gets frustrated with our budget boundaries but he usually comes around.

Tip #2- Eat at home. We have found that our food at home is more satisfying than when we eat out. I've committed myself to make dinner 7 days a week. It's hard but I push myself through it. My kids are homeschooled so they eat lunch at home and my hubby works close to home so he comes home every day for lunch. We eat at home 95% of the time.

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If your family isn't home to eat, have them pack a lunch. I make it a point to make a little extra dinner for leftovers. It works out well. Trust me, it's an adjustment but it's totally possible. We've been doing this for the past several years and are thriving.

Tip #3- When you do eat out, utilize cost-saving ideas. We usually skip getting a drink when we eat at a restaurant. It's waters all around. Once drinks started being \$2 or more each, we went to water. That's \$10 for the 5 of us. That's equivalent to another entree! If we eat fast food, my husband will get a drink and I get the kids a drink to share.

We used to be able to have the kids split meals but they are growing so much that they need their one meal. My husband and I will often split a meal depending on what it is.

Tip #4 - Give the kids a heads up. I've talked to my kids on multiple occasions about managing money. They know by now that we don't use money that we don't have. I've laid out what they can expect from us. We provide them with everything they need and not everything they want. Here's a glimpse:

- I buy them 1 -2 pairs of tennis shoes a year. The amount depends on if it's a name brand or not. This year my daughters wanted \$75 shoes so they got 1 pair for the year but my son got 2 because he isn't picky like them. I also buy them 1 pair of flip flops each year.

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- I buy them clothes twice a year. Once in the Spring and once in the Fall. My clothing budget for all my kids total is around \$600 a year. We do live in a snowy climate so I buy them snow boots and snow clothes every couple of years. I like to get them a little bigger so they last longer.

Tip #5 - Plan ahead. We love taking vacations but they cost money. We have to project our vacations ahead of time so we can save enough money to have a good time. We usually travel close to home so we aren't incurring the cost of paying for stuff like plane tickets.

When we travel, we try to stay in places where we can make our own food. We plan to eat out 2 -3 times but the rest of the time we eat in. I would much rather spend money on doing something fun than restaurant food.

Tip #6 - Stop looking at other people's spending habits. Everyone is in a different situation financially. It's easy to look at someone else and wish you were where they are. The truth is, you don't really know where they are. They may appear to be well off but their finances are in ruin. You need to focus on your situation and goals.

I'm constantly trying to update my blog with money saving tips. Make sure you are subscribed to my newsletter or check my blog often for new tips. Hopefully, this has helped you get your finances in order. Feel free to [contact me](#) anytime. Remember, that I'm on this journey with you.

