Your Financial Puzzle
(putting it together)

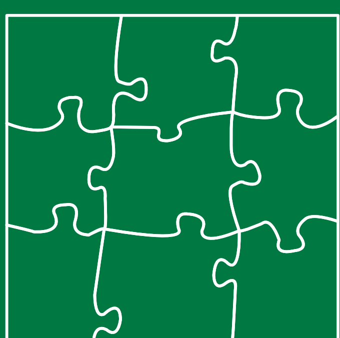
TRINITY
Debt Management

Your Financial Puzzle

Contents

"It's much simpler to buy books than to read them and easier to read them than to absorb their contents."

— William Osler



Chapter 1

An Introduction to Trinity

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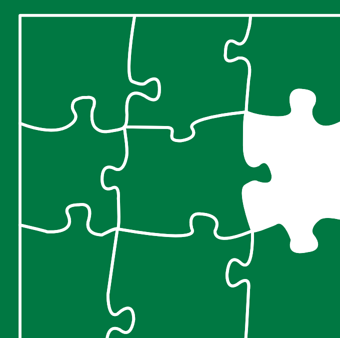
An Introduction to Trinity

Introducing Trinity Debt Management, a non-profit 501(c)(3) organization whose primary mission is to help individuals and families break free from the burden of excessive credit card debt. We accomplish this mission in two distinct ways. First, for those who qualify, we offer our Debt Management Program (DMP). The benefits for members of the DMP are numerous and include consolidating credit card bills into a single, manageable monthly payment, putting an end to late fees and over-limit charges, stopping harassment by collections callers and reducing interest or finance charges by as much as 60 percent. Members who remain on the program and see it through to completion will save thousands of dollars, and over time, quite possibly improve their credit scores. However, paying off credit card debt is only half of the battle.

Which brings us to the second part of our mission— Helping people become **debt-free, for keeps**. After all, while a member of our DMP works hard to fulfill their obligations and become debt-free, it's important that they acquire the knowledge and skills needed to stay that way, which is why we make financial literacy materials like this book available to members and non-members alike. If you take the time to read, understand, remember and follow the guidelines set forth herein, you will be rewarded by the security and satisfaction of knowing that you have gained complete control of your financial future.

Remember, Trinity has counselors and customer service representatives standing by to help you. So call us at 1 (800) 758-3844 should you need any assistance in understanding these money management concepts. We remain dedicated to helping you put all of the important pieces together as you work to solve your financial puzzle.

TRINITY
Debt Management
Debt-free for keeps

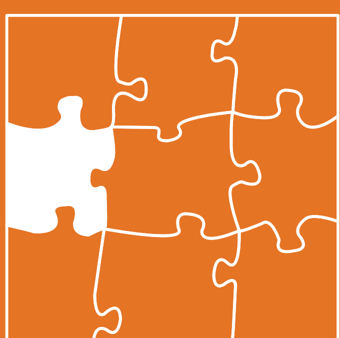


Chapter 2

Your Financial Puzzle

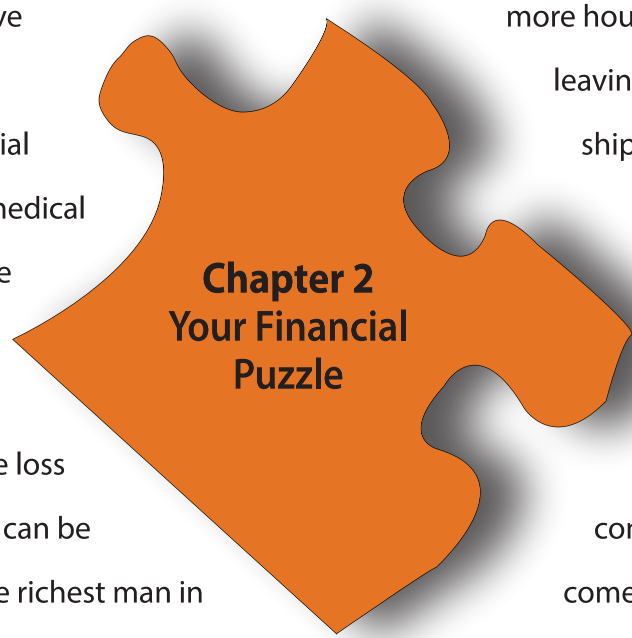
“Very few people can afford to be poor.”

— George Bernard Shaw



The Missing Pieces

Money — it’s the one thing everyone wishes they had more of. On average, Americans make more money than most people around the world. Usually our money problems are not the result of not making enough, but are a result of how we’re spending it or have mishandled it in the past. Other times, our financial issues may be the result of medical bills or a job loss, because life happens. Whether your financial crisis is caused by personal or family illness, the loss of a job, or over-spending, it can be overwhelming. Solomon, the richest man in the ancient world, made this observation, “In the blink of an eye wealth disappears, for it will sprout wings and fly away like an eagle.” (Proverbs 23:5) NLT. A modern-day philosopher said it this way, “Money talks, I’ll not deny. I heard it once, it said ’goodbye.’”



Life comes with a lot of expenses. We must balance the cost of housing and electric; as well as the cost of food, clothing, transportation and medical care. Leisure activities and miscellaneous expenses haven’t even been mentioned yet, which can dispose of money fairly quickly too. Concerns over money can affect life’s successes. If there are a lot of personal or family expenses, we may try to work more hours to cover the cost of living, leaving less time for rest and relationships. This may affect our work, family time and friendships. Money problems are stressful and can prevent us from doing our best. If you feel out of control with your finances, welcome to the club.

We will never experience joy when our hands are tied with debt. The reality is, if we don’t plan financially, overextend our credit, take on too much debt or fail to save for a rainy day, we could be subject to late fees, high interest rates, no emergency fund and unable to pay our bills. It’s like Benjamin ‘Franklin told us, “If you fail to plan, you are planning to fail.”

One of life's greatest challenges is succeeding with money. The good news is, there are ways to get your finances in order. Becoming debt-free can be intimidating, but having accurate knowledge about money and credit helps provide a clear picture when it comes to making financial decisions. The challenge that's left is putting your knowledge into action.

How well are the pieces of your financial puzzle coming together?

Your financial life is like a puzzle. The pieces need to fit together, or the picture is fuzzy. If you don't know what the puzzle is supposed to look like or you're not sure where all the pieces are, it becomes hard to make sense of it all. It's time to ask, "How well are the pieces of my financial puzzle coming together?" If you're struggling with finances, Trinity hopes this comprehensive guide will help you find the missing pieces.

Financial Contentment

Are you suffering from not being content with what you have? When we are not content, we spend more money. Society has convinced us that we need to eat at expensive restaurants, wear the latest fashions, drive the newest vehicle and live in a big, beautiful home. We think life will be better because stuff will brighten our mood, solve family issues or make us more confident. We live in a "must have now" society. This causes us to go on shopping sprees and use loans or credit cards for large purchases. Consumerism pressures us to live beyond our means and influences us to believe more is always better.

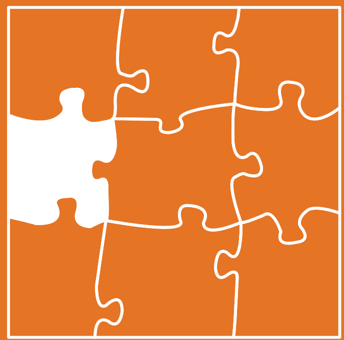
Most of the time, we spend for the wrong reasons. Sometimes, we buy to impress others or because we're depressed, bored or angry. We use spending as a response to our emotions, hoping to feel better by getting a temporary quick fix. Many times, we spend out of habit, because we've always done it that way. Other times, we purchase things simply because we want them or feel "we deserve it." We work hard for our money — it's okay to splurge every once in a while, right? Recognizing why you spend is an important step toward finding contentment. If we live in denial, we are worsening our debt

Chapter 2 (cont.)

Your Financial Puzzle

Special points of interest:

- **Spend money wisely**
- **Plan financially**
- **Gain knowledge about money**
- **Put your knowledge into action**

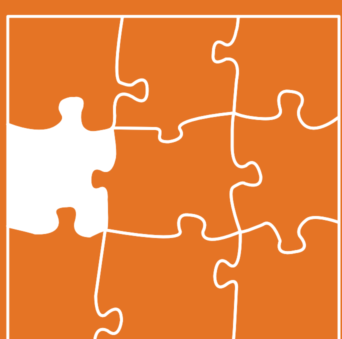


Chapter 2 (cont.)

Your Financial Puzzle

"Be content with what you have; rejoice in the way things are. When you realize there is nothing lacking, the whole world belongs to you."

—Lao Tzu



problems. Part of solving a problem is acknowledging there is one. Refusal to accept the truth will only interfere with your ability to find contentment.

Wherever you are in your financial situation, contentment is possible. It is a learned behavior. This does not mean complacency or to stop striving toward your goals. It simply means being willing to accept where you are now and find happiness with what you have. It means instead of buying something new, stick with what you've got. Be happy with your home, its décor and your current wardrobe.

The Contentment Journey

Make a list of your blessings. Stop looking at your current possessions in a negative light. Instead, find the positive — "So what if your kitchen is small and out of date. You have a stove and food, with a place to cook it in." Think of your kitchen as a blessing. Continually remind yourself that you have so much when compared to others in this life.

Be honest. Are you living in a home that's too big and costly? Are you driving a car that's too new and fancy to afford? Can you really afford to buy that new pair of jeans? Live within your means — don't buy more things than your income allows.

Simplify life. Most likely, the more stuff you get rid of — the happier you'll be. When your house is packed full of things, you feel stressed and disorganized. Eliminate clutter and extra stuff. Shop for essentials and if you see something on sale, you'll be able to say no, because you know you don't need it.

Learning contentment is a journey. One of the most important financial journeys is contentment. We can do all of the right things like getting out of debt, saving money and getting on a budget, but until we resolve that having more things does not equal CONTENTMENT, we will always feel stressed with our finances.

Step Out of Debt

To begin your journey of contentment you have to declare a truce with your debt. Instead of ceasing fire, you're going to cease-spending. You have to make the decision today to stop spending money for the wrong reasons and resolve not to take on additional credit card debt. You will never be free from money worries if you continue to spend beyond your means. Be more aware of your spending habits and keep your behavior in line with your desire to be debt-free. Only spend money that's in your bank account. Too many people don't make enough money to pay their bills or they make enough to just get by and most often it takes two incomes. When we accumulate debt, we sometimes assume our job will continue or we'll earn enough money in the future to repay our debts. It's time for us to stop making assumptions and control our money instead of allowing it to control us. Let's not live on the edge, financially.

Those who are deep in debt usually fall into two categories: over-spenders or poor money managers. An incredible transformation can happen with you and your finances. You can become a wise spender and an excellent money manager. Trinity hopes the following information gives you knowledge, skills and inspiration for living a debt-free life.

Chapter 2 • Questions to Answer

Why is it important for you to plan financially?

How is society influencing you financially?

Do you equate money with happiness?
Why or why wot?

If you overspend, can you list some reasons why?

Are you content financially? (If not, list the specific ways that will help you become more content.)

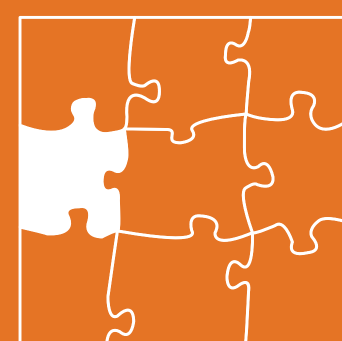
If you are content, can you list the reasons why?

Chapter 2 (cont.)

Your Financial Puzzle

"The quickest way to double your money is to fold it in half and put it in your pocket."

— Will Rogers

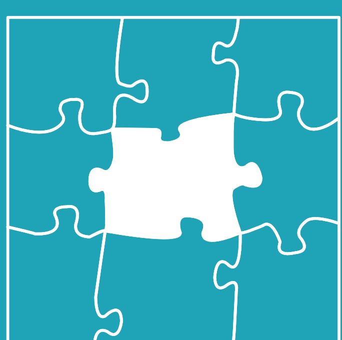


Chapter 3

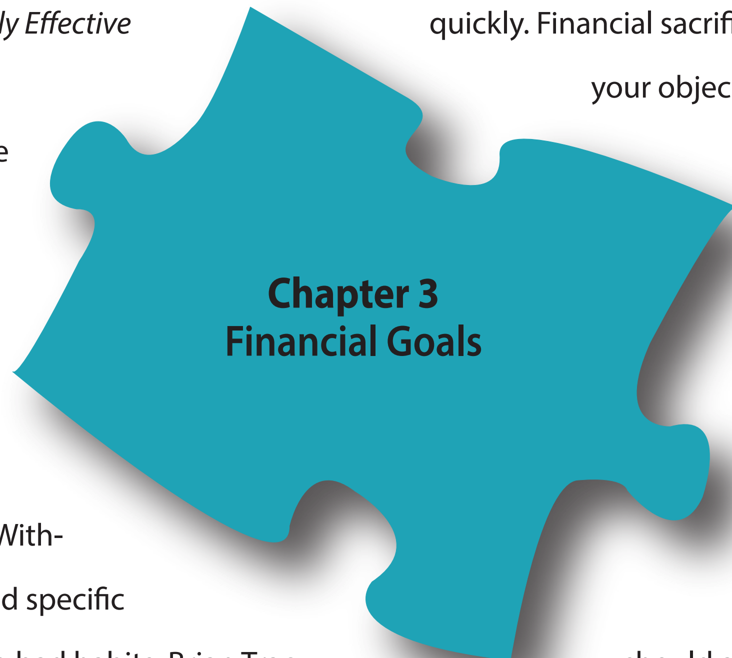
Financial Goals

"A goal without a plan is just a wish."

—Antoine de Saint-Exupéry



One of the most well known motivational speakers, Zig Ziglar, tells us, "If you aim at nothing, you'll hit it every time." Without goals, we are without aim and we'll never get where we want to go. Goals give us something to work toward and help us stay motivated. Stephen Covey, in his book *The Seven Habits of Highly Effective People* says, "One of the habits of highly effective people is that they begin with the end in mind." Goals encourage us to take the positive steps needed in order to reach them. Without well-thought out and specific goals, it's easy to fall into bad habits. Brian Tracy did a study on Harvard University graduates and found that after two years, the three percent who had written goals achieved more financially than the other 97 percent combined. Having financial goals is important. Your upcoming spending plan should be based on your goals.



Short-term Goals

Short-term financial goals should be established. A short-term goal should be achievable in less than a year. Research shows that you are more likely to be successful in achieving a financial goal, like paying off a credit card, when you achieve it quickly. Financial sacrifices are necessary to achieve your objectives and knowing that a goal can be accomplished fast will help motivate you to do the hard work necessary to make it happen.

Long-term Goals

Long-term financial goals should also be established. Long-term goals help us look at the big picture of what we want our financial life to look like. Many of the goals you want to accomplish will take years to reach. When you know your long-term goals, it's easier to break them down into short-term goals. Breaking them down ensures that the short-term goals will help you succeed with your future objectives.

The Consumer Federation of America found that those who had a savings plan with specific goals saved more successfully than those without a plan. It is necessary to establish goals and make sure they are effective. They need to motivate you and cause a change in your behavior. A technique called SMART is sometimes used for goal setting. The acronym stands for: Specific, Measurable, Attainable, Relevant and Time-specific.

SMART

S — Specific Goals

Being clear and specific with goals is important in helping you know exactly what steps need to be taken in order to achieve them. A vague goal such as "save money" isn't very helpful. You have no motivational reason to save money. A more specific goal would be, "I want to save money for an emergency fund." You need something to work toward and a way to track it. Try answering the five "W" questions when writing a goal— What, Why, Where, Who and Which. Answering these specific questions tells exactly what you want and gives you a reason to accomplish it.

M — Measurable Goals

Measuring progress is an important part of your goal. Milestones should be set and include precise amounts and dates so you can measure your degree of success. This way, you'll have a means of tracking your progress and you'll be motivated to do what it takes to accomplish it. Being able to assess your progress helps you stay focused and excited about achieving your goal. If you don't review your progress, you won't know whether you're succeeding. For example, if you want to save $2000 in six months, at the three-month mark you should have $1000 saved. Specific and measurable goals will remind you what target you're aiming to hit.

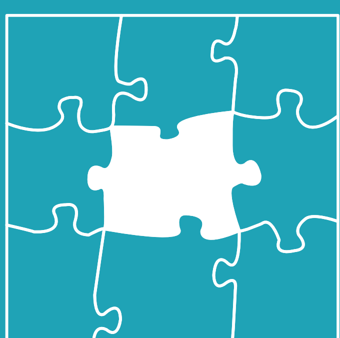
A — Attainable Goals

Your goal needs to be achievable. It should be challenging, but still remain possible. An attainable goal will usually answer the question, "How can I accomplish this?" Be specific by stating, "I will take $100 from every paycheck in order to save $1000 for my emergency fund."

Specific
Measurable
Attainable
Relevant
Time-specific

"Don't call it
a dream;
call it a plan."

—Zelana Montminy



R — Relevant Goals

You'll be motivated to achieve your goals if they matter to your life and you care about achieving them. If you don't want to buy a house, it makes no sense to set a goal to save for it. Ask questions like, "Does this seem worthwhile? Is this the right time?" A relevant goal means you should be able to answer "yes" to these questions.

T — Time-specific

We tend to be procrastinators, especially when it comes to doing difficult things involving money. If a deadline isn't set, more than likely you won't do it. You could say you're going to save for an emergency fund and not set a deadline. You could save $10 a month, but it would take forever to achieve your goal. A good written goal would be, "For ten weeks I need to take $100 from my paycheck in order to save $1000 for my emergency fund." Every goal should have a target date so there's a deadline to work toward.

Stay on Track

Remind yourself of your objectives. Setting goals gives you something to work toward to make all of the sacrifice worth it. Remind yourself of this by keeping the goal in the forefront of your mind. Put a picture of the mountains on your bathroom mirror to remind you that you're working overtime because retirement is important.

Change your computer background to the beach to remind you of that vacation you're saving for. Most times we don't think about goals when handing money or a credit card to the cashier. Put a picture of your dream kitchen in your wallet to help when you're tempted to buy. The picture will help you spend more wisely when using money every day. You'll want to spend less to help you save and accomplish your goal.

Track your progress. Monitor your progress at least once a month to make sure you're on track to achieving your goals. Specific measurable goals become important here. You know you're supposed to set aside $100 every two weeks to reach your objective yet so far, you've saved nothing. Obviously, some big adjustments need to be made. There are a lot of options to help you track your progress. For example, try using a spreadsheet through apps like EveryDollar, Monefy, Goodbudget, Mint or Money Manager, some of which offer visual guides. There are many printable options on Pinterest as well.

Make adjustments. If you're consistently missing the mark with your financial goals, it's best to evaluate. There may be things in your life that need to change, such as finding a way to earn extra income. Maybe you didn't make your goals realistic and you need to adjust them. It may be wise to secure the help of a friend or relative to check in on your progress. You're much more likely to stay motivated and feel accountable if you do. Your goals should change with you as your life changes. Whatever change is needed, be flexible and have a willingness to adjust and keep on track to accomplish your goals.

Reward yourself. When you reach a milestone, reward yourself! Have a day at the spa with your best friend. Go out for ice cream with your family. Take in a movie or a ball game. Or treat yourself to a nice meal. You've worked hard, so it's important to celebrate your achievement.

Chapter 3 • Questions To Answer

Why is it important for you to have financial goals?

What are two types of financial goals that you should establish from the start?

How long should it take you to accomplish a short-term goal?

What does the acronym SMART stand for?

Why is the statement "Save Money" not a helpful goal?

Why is it important to track your progress after setting a goal?

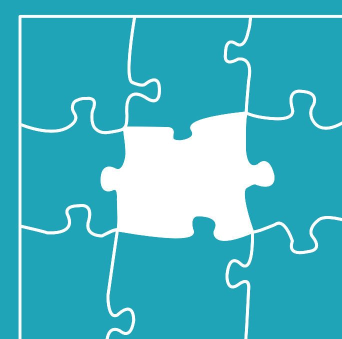
Can you list one short-term goal? (Use the SMART technique to check your work.)

Chapter 3 (cont.)

Financial Goals

"You know you are on the right track when you have no interest in looking back."

—Mel Robbins

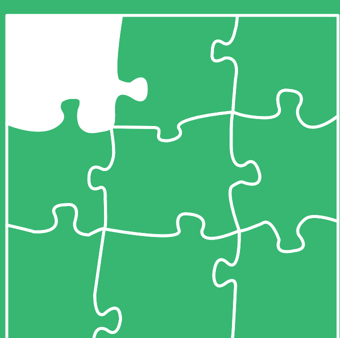


Chapter 4

Back to The Basics

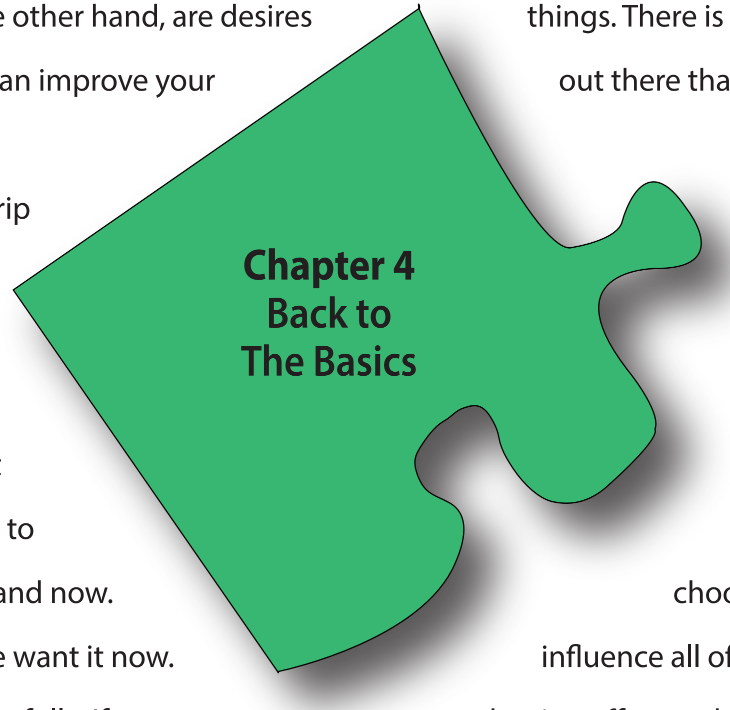
You have the power to say "NO."

—Tony Robbins



Needs and Wants

Before creating your spending plan, it's useful to give thought to the difference between needs and wants. Needs are necessities that include food, shelter, clothing, utilities, insurance, medicine and transportation. These are things you depend on for survival. Wants, on the other hand, are desires that aren't essential but can improve your quality of life.



Wants can really trip us up. The trouble comes when we want too much too soon and we're unhappy if we can't have it. Our culture tends to concentrate on the here and now. If we want something, we want it now. Assess your purchases carefully. If you sacrifice now, you'll live easier in the future. It's important to remind yourself that if you have a want and can't afford it, it doesn't mean you'll never get it. Many times, our wants get caught up in what the world thinks we need and we don't consider the cost, financially or otherwise. Keep your financial future in mind when making a purchase and have the self-control to say no to wants you can't afford.

We sometimes make it difficult to separate a want from a need. You may need a car, but believing you need a new one with a sunroof are two different things. There is a more affordable vehicle out there that will meet your needs without straining your budget. You just have to be willing to look for less expensive options. Most often, there are affordable ways to meet your needs. How you choose to spend money will influence all of your finances. It will have a domino effect on how much money you have left to get other things you want or need.

Mind Over Matter

Developing the proper mindset and creating a realistic spending plan can help you use your money more effectively to reach your financial goals. One reason people won't create a budget is that it has a negative connotation. They see it as restrictive. They think budgeting puts them in a box and takes away their choices and freedom. That's an incorrect view of a budget. Budgeting doesn't mean you can't go to a movie when you want to. It just means you've planned how to spend your money — you have an entertainment line in your budget. It shouldn't constrain you but should help maximize your spending.

Don't be afraid of doing a budget because of what you might find. To gain financial freedom, you need to face reality. Making a plan of how you'll spend your money will relieve the stress that goes with managing it and making financial decisions.

Your circumstances won't change unless something or someone changes. If you want to have financial freedom, you have to change how you view and manage money. It begins with your mindset. Author and pastor Barry Cameron said, "What seems possible can become possible if we are willing to change our attitude."

Chapter 4 • Questions to Answer

What are some needs that will definitely be a part of your budget?

Take a few moments and think about the things you spend money on. Are they necessities? If not, think of ways to remedy the money spent toward them. For example, can I exercise at home instead of having an expensive gym membership?

What thoughts come to mind when you hear the word budget?

Are your thoughts accurate or do you have misconceptions about budgeting?

What are the advantages of having a budget? Disadvantages?

"The greatest discovery of all time is that a person can change his future by simply changing his attitude."

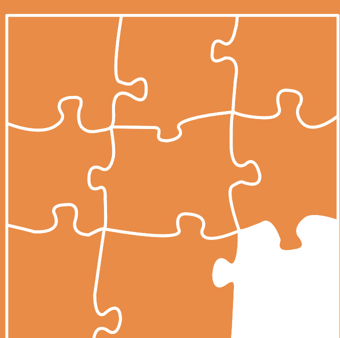
—Oprah Winfrey

Chapter 5

Prep Time

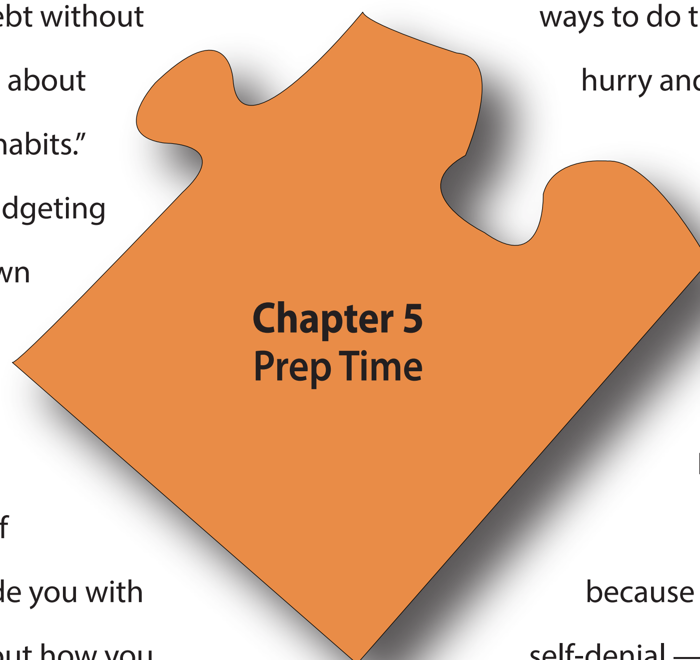
"I am indeed rich as my income is superior to my expenses and my expense is equal to my wishes."

— Edward Gibbon



Track and Balance

As we prepare to start budgeting, keep in mind that effective money management begins with tracking your spending. Trinity Debt Management president Gary Vosick tells us, "Regardless of how much you review your budget, you cannot begin to manage your debt without first understanding more about your personal spending habits." Thirty days before the budgeting process begins, write down every nickel and dime you spend, whether by check, cash, debit or credit card. Tracking all of your expenses will provide you with accurate information about how you really spend money. You'll be able to analyze your income and expenses and gain insight on how to better manage your money Vosick continues, "Spending is one aspect of your personal behavior that, with determination, can be altered to fit the requirements of your financial plan."



Maintaining correct accounting information plays an important role in the budgeting process as well. Only basic addition and subtraction are needed. We need to have control over how funds flow through our bank accounts. Tracking spending and keeping your account balanced is one of the best ways to do that. Many times, we get in a hurry and forget to record the amount spent. Recording transactions soon after you make them should become a priority.

Rain, Rain, Go Away

It's best to plan for a rainy day, because it will come. Saving requires self-denial — denying a purchase now so you'll have money later. You'll be saving on the sunny days to see you through the rainy ones.

An important part of budgeting is having a starter emergency fund. This is a savings account that is set aside and not spent, except for emergencies. It is money you've been stowing away for unpredictable costs that would otherwise blow your budget. Your emergency fund acts like an insurance policy that covers the unforeseeable.

The goal is to save $1000 as soon as you can (later, when you're out of debt, more money will be added to the emergency fund). If you need to have a yard sale, work extra hours or sell something — do it! It's important to try and save $1000 within a month's time. If you already have $1000 saved, this step will be easy.

Your emergency fund needs to be separate from your checking account. Don't mix it with other monies or use it as overdraft protection or it will disappear. You need to keep it someplace where it's easy to access and won't incur penalties if it's withdrawn. A Money Market account that has check-writing privileges is recommended. Keeping the emergency fund in a separate account will keep you from spending it on non-emergencies. Always make sure it is a necessary, unexpected and urgent situation before you access the account. If the emergency fund is used, you'll need to replenish it back to $1000 as soon as you can using any extra money you can find.

Knowing you have extra money set aside if something goes wrong will help you breathe easier. More importantly, you won't have to resort to using credit cards to cover the expense. We all need to save for the unexpected.

Chapter 5 • Questions to Answer

What are two things you can do to help you remember to record transactions?

What are some good reasons for maintaining balanced financial records?

What is the purpose of having an emergency fund?

How much should you keep in your starter emergency fund?

Can you name two emergencies that would justify the use of your emergency fund? (List only necessary, unexpected or urgent situations.)

Chapter 5 (cont.)

Prep Time

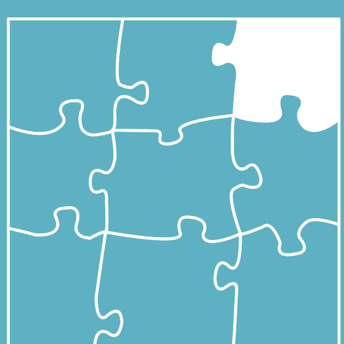
"If you don't know where you are going, you will end up someplace else."

—Yogi Berra

Chapter 6

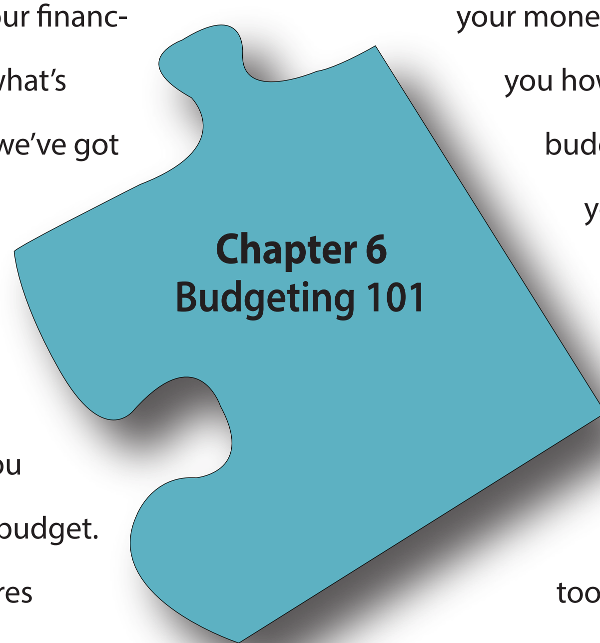
Budgeting 101

> "It's not what you make; it's how you spend."
>
> — Gary Vosick



If you don't have knowledge of what money is coming in or going out, you'll never move forward toward the future.

Knowledge will give you more control over exactly how you're spending money. Discovering where you are financially will motivate you toward progress. Keeping track of your finances is vital to understanding what's going on. To win financially, we've got to accept the need for creating a spending plan and developing a budget.



Starting now and continuing for the rest of your life, you need to maintain a monthly budget. A budget is a plan that requires you to allocate money to specific categories of spending and saving. Budgets help you save money and avoid over-spending. That way, you'll never live from paycheck-to-paycheck or spend money you don't have. Budgets help you break free from debt and keep you and your family on the same page with your finances. Budgeting means you're being intentional with your money before the month begins.

Author and pastor John Maxwell says, "A budget is just telling your money where to go, instead of wondering where it went." A spending plan will help you decide how and where to spend your money. It's like having a map that shows you how to get to your destination. A budget is not meant to complicate your life. It is a great financial tool if you make it realistic and achievable. When you begin seeing what money is coming in and going out, it will make your life easier. A plan that is too strict is unrealistic. If you don't allow some flexibility, your plan will fail. You may not have budgeted enough in some areas and too much in others. It will take a few minutes to reach a realistic level. If the budget needs changing in the middle of the month because of an unexpected expense and you use your emergency fund to cover it, you'll need to re-fund it back to $1000 as soon as possible using any extra money your can find that is not part of your basic budgeting needs.

If you use $50 from a particular category to cover an unexpected expense, make sure you lower your spending commensurately by $50. You should review your plan monthly to make necessary revisions before the next month begins. A good plan changes as your life changes. Most importantly, you need to be confident that your budget will work. Allow that thought to pervade your spirit and bolster your positive outlook.

Making progress is where the real challenge lies. This is because creating a budget is not just about doing the math. It's also about behavior. We need to be confident in the process and have the patience and discipline to make it work. Let's have the right priorities, be intentional with our money and create a budget before the month begins.

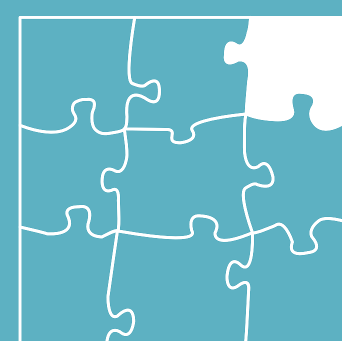
Create A Spending Plan

Henry David Thoreau once observed, "Almost any man knows how to earn money. Not one in a million knows how to spend it." If we have a plan in place and tell our money what to do, we will be wise spenders. The plan is called a budget and it allows you to use your money to reach your goals. The first step toward taking control of your financial situation is to have a realistic plan of how much money you take in and how much goes out. There are a lot of online budgeting web sites and phone apps to help you manage your money. Many of them are free. Use budgeting tools like EveryDollar, Monefy, Goodbudget, Mint or Money Manager, some of which offer visual guides. If you prefer spreadsheets, there are several free budget templates available from Microsoft and Google Sheets. Several free software programs like Microsoft Excel and BudgetPulse are also useful. Check your bank's website. Many banks provide budgeting resources that track expenses and export data to spreadsheets or computer software. Trinity has included budgeting worksheets for your use as well.

Your spending plan will be based on the income you receive every month. You will use your net income, which is money you take home after taxes. If you are married, be sure to list both your and

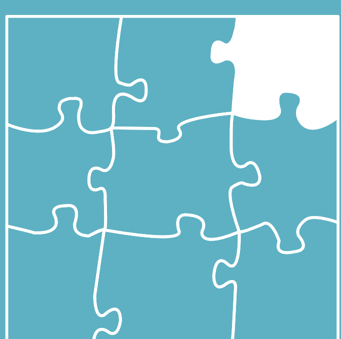
"Plan your work and work your plan."

— Napolean Hill



"All that glitters is not gold."

— William Shakespeare



your spouse's income. Include full-time and part-time jobs, Social Security checks, disability payments and any other sources of income you may receive. If you don't have a steady source of income, review your pay stubs from the previous year. Figure out what you earned and divide it by 12. This will give you an average of what you earn every month. Next, list all of your expenses in the appropriate budgeted columns. Start with your fixed costs (bills that occur every month and are always the same). Next, estimate your flexible expenses (bills that vary each month like food, clothing and transportation). Anticipate periodic costs that aren't billed every month such as home maintenance or license tag renewals and plug them in where applicable. Minimum payments should be made on everything.

Subtract your costs from your income. Your income should exceed your expenses. If you're spending more than you make, figure out where you can cut or lessen your expenses. Look at cutting cost in the miscellaneous or entertainment categories. Maybe it's your grocery bill or that cup of coffee you pick up every morning. Adjust your budget accordingly. Any money going toward retirement should stop until your debt is paid off.

If you've made all of the adjustments you can, but your expenses still exceed your take-home pay, take another look at your finances and ask yourself two questions about every expense — Can I do this with less money? Do I really need this? You may need to earn more money by getting a part-time job. You could sell an unwanted item, do odd jobs or turn a hobby into a source of income.

Lowering your spending is a life-style change and it's not easy. Spending less than you make is an important habit and a necessity when it comes to making your budget work. Every dollar of your income should be used. Income minus bills and savings should equal zero every month.

Budgeting is hard. Don't give up no matter how frustrating it may become. It takes time to change your habits and improve your mindset.

Budget Busters

Budgets work. It's just a matter of creating one and learning how to use it. If you don't actually put one together, you can't be intentional with your spending. Many times, we're simply afraid of what we'll find. We don't want to face the problem. Burying your head in the sand is not the solution. Facing reality with your finances is scary, but seeing how you're spending money could turn around your financial future. Maybe you'll find you're spending $1000 a month at restaurants. Knowing that will help motivate you to cut your spending and put more money toward paying off your debt.

Leaving things out can be a real budget buster. It's important to include yearly expenses like family vacations, summer camp or medical expenses. Other miscellaneous expenditures like oil changes or haircuts can really trip you up if not included in your budget.

Under-calculating is also a common problem when starting a budget. Variable expenses like electricity and water can cause this to happen. To avoid this, determine the average of your variable expenses for the last 12 months and use that for a budgetary number. That way, your numbers will be more reliable every month.

Try not to over-complicate your plan. It's best to keep it simple. For example, if you go to the grocery store to buy food, cold medicine and facial tissues, record the expense as groceries rather than trying to divide it up between food, personal care and medical. Make your budget easy to prepare, understand and follow.

Random cash withdrawals and debit card transactions can be budget busters as well. Neither are bad in and of themselves, but they are easily omitted from expense tracking. Writing down cash withdrawals and debit card purchases is critical to keeping your budget on track.

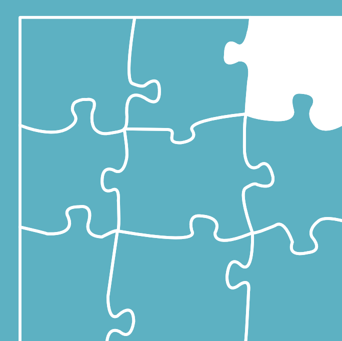
It's a good idea to set up auto-draft payments for utility and mobile phone service bills and record them at the beginning of each month so they're not forgotten. Checks for many bills can be put in the mail. Other bills and debit card payments can be made online or by phone. These payments should be recorded immediately. If you do make random cash withdrawals or make debit card random cash withdrawals or debit card purchases, keep the receipts and write it down at a later time.

Chapter 6 (cont.)

Budgeting 101

"A fool and his money are soon parted."

— Proverbs 21:20

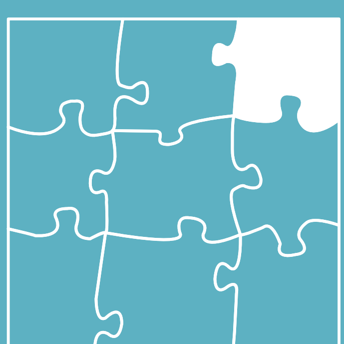


Chapter 6 (cont.)

Budgeting 101

“Discipline is the bridge between goals and accomplishment.”

— Jim Rohn



Impulse buying is another big budget buster. The temptation to buy can cause spur-of-the-moment purchases resulting in over-spending, additional debt and family arguments, so don’t do it. Only make purchases that are completely necessary.

Discipline is key and quick reminders can help you when temptations arise. Remember phrases like, “Nothing I buy feels as good as being debt-free” and “Ten seconds to use my credit card, ten months to pay it off.” For your budget to work, you actually have to follow it. So stick with it. It will pay off before long.

Stick to your budget. You have to show your money who’s in charge and that takes self-discipline. You’ll have to say, “no” to some purchases and, “not now” to others. Delay larger purchases and save up for them. Keep your goals realistic and remind yourself of them frequently. Budgeting is hard work, so defend it and be true to yourself.

A big part of becoming debt-free is winning the **battle of the mind**. You may mess up your budget at the beginning, but try to learn from your mistakes and keep moving forward. Find things that work for you and continue doing them. Your goals must be viewed by you as more important than spending beyond your means. Don’t bust your budget!

Chapter 6 • Questions to Answer

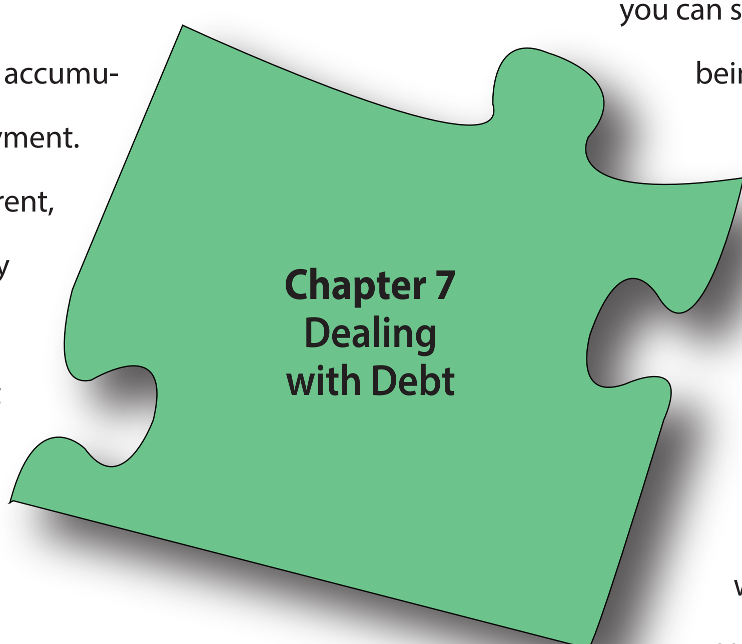
What can you focus on that will motivate you to start and continue the budgeting process?

What are some expenses that will be flexible amounts in your budget? (Make a list of periodic expenses that will occur throughout the year.)

Can you name two things that might bust your budget? How will you avoid them?

Keep Accounts Current

Being current with creditors is important for your financial stability. You'll avoid negative marks on your credit report and you won't incur expensive late fees. To be current means you've made a large enough payment to cover the minimum amount due including any past-due penalties that have accumulated since your last payment. When an account is current, there is either no money due because you've made a recent payment or your regular monthly payment is due with no past-due amounts showing.



Maintaining current status protects you from being reported to the credit bureaus. Late payments can be reported as past-due if not received within 30 days of the due date. Some lenders won't report you until you're 60 days past due. If you're only a few days or a couple of weeks late, you can prevent a blemish on your credit report by making the payment prior to the 30-day mark. Note: the full missed minimum payment amount must be made. Anything less is still considered late by creditors.

Remaining current also stops late fees. Even if you aren't reported to the credit bureaus as late, you can still be charged a fee for not being on time. Worse yet, if you're 60 days past due, creditors can penalize you by applying a higher interest rate to your balance each month. Should you be reported for delinquency, it will stay on your record for seven years. Simply paying what you owe on time will keep your credit rating from sustaining further damage.

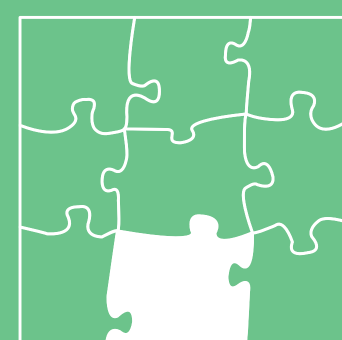
There are a number of good reasons to have a clean credit report. Some employers will access it in an effort to determine your character. Also, lenders will review it when you apply for a loan.

Chapter 7

Dealing with Debt

"Owe nothing to anyone except to love one another."

— Romans 13:8

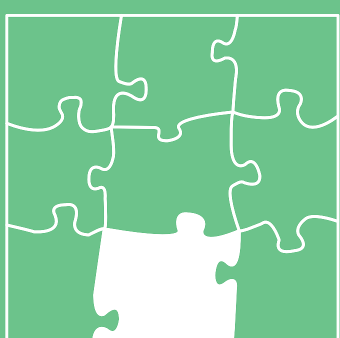


Chapter 7 (cont.)

Dealing with Debt

"Momentum solves 80 percent of your problems."

— John C. Maxwell



The Debt Snowball — Let It Roll

Imagine forming a small snowball in your hands and then rolling it. As it makes its first rotation, it picks up a small amount of snow. You can barely tell it's grown in size. You roll it down a hill and it collects even more snow and grows increasingly larger, picking up more and more momentum as it progresses.

Now, imagine applying this same concept to paying off your debt. You start by allocating as much money as you can toward paying off your smallest debt, while making only minimum payments to all of the others. Once that first obligation has been met, you move to the next largest debt and add the money you were paying for the previous debt to the minimum payment of the next.

This process continues from the smallest debt to the largest while you build momentum and self-confidence as you progress. And the best part is, you'll be paying off your debt faster and faster as you go. You'll experience small victories early on and continue to gain satisfaction from watching your debt disappear. You just need to get it rolling!

Chapter 7 • Questions to Answer

What does it mean to keep your accounts current?

Can you name one thing that staying current protects you from?

How long will a delinquency notice to the credit bureau remain on your credit report?

Can you list some reasons why it's important to be current with your creditors?

What is the snowball method?

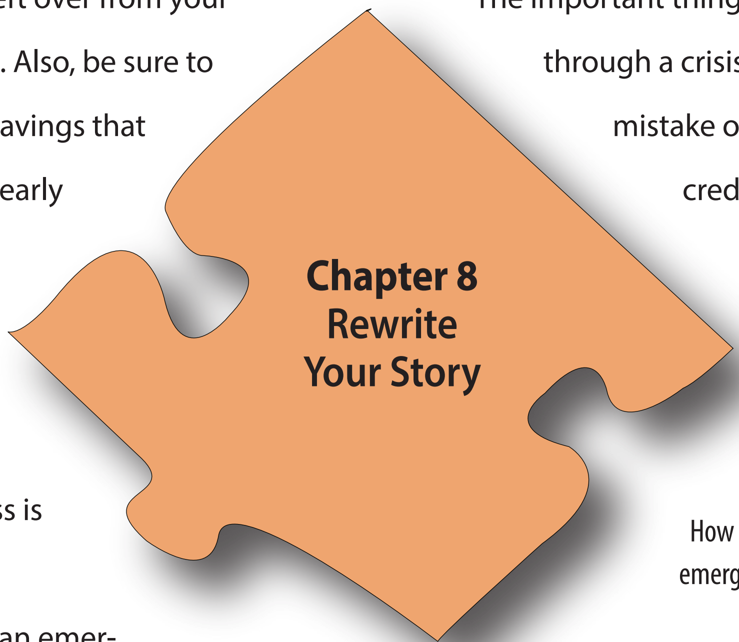
Fully Finance Your Emergency Fund

After you have paid off your unsecured debt, it's time to fully finance your emergency fund. This fund should contain three to six month's worth of living expenses. This is recommended by financial planners and counselors alike. When financing your fund, any extra money left over from your budget should be saved. Also, be sure to put all non- retirement savings that don't have a penalty for early withdrawal, in the fund.

Remember, a wanted sale item is not an emergency. A vacation or prom dress is not an emergency. A leather recliner is not an emergency. You get the picture! Don't be hasty. It's best to step back and gain a clear perspective of your situation before a spending decision is made. Above all, it must be necessary, unexpected and urgent.

Please keep in mind that if your emergency fund is ever put to use, you'll need to refund it back to its original amount as soon as you can. The more protection you can afford, the better off you'll be.

A Money Market account that has check-writing is recommended for your savings account. Remember, it is an Emergency fund, not an investment. Whether it gains interest is of no significance. The important thing is that it will help you through a crisis. You don't want to make the mistake of resorting to the use of credit cards to pay for an unplanned emergency!



Questions to Answer

- **Chapter 8**

How many months should your fully funded emergency fund cover?

Can you name a situation or event that would justify the use of your emergency fund?

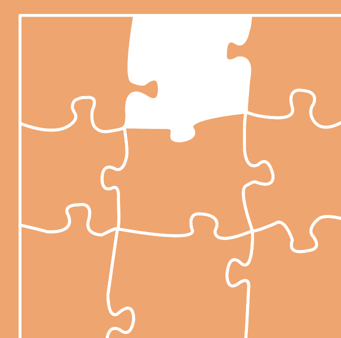
Should your emergency fund be considered an investment? Please explain why or why not?

Chapter 8

Rewrite Your Story

"Never invest emergency savings in the stock market."

— Suze Orman

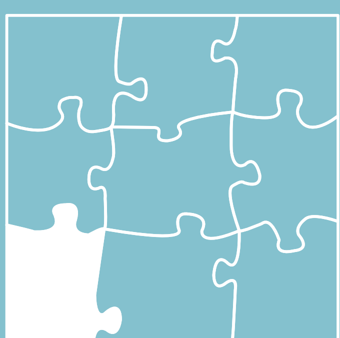


Chapter 9

Build Wealth

"The hardest thing
in the world
to understand
is the income tax."

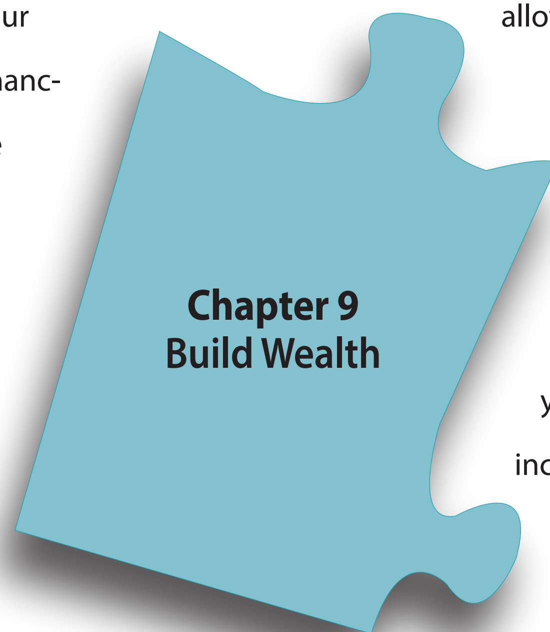
—Albert Einstein



Retirement Investing

The final, and perhaps the most important, piece of your financial puzzle should be planning for and investing in your retirement.

At this point in your money journey, you will have developed a realistic budget and paid off your debt (with the exception of your home mortgage and a fully financed emergency fund). Now, the question becomes, "What do I do with the extra money I have?" It's time to invest and make your money work for you.



Miriam-Webster defines retirement as withdrawing from one's occupation. Retirement ought to be more than just quitting your job because you've saved enough money to live on. When you retire, work should still be an option if you enjoy it. Harold Fisher was 100 years old and worked five days a week. He didn't work for the money, though. It was because he found joy in what he did. His favorite saying was, "People who retire early, die early." Like Harold, you should become financially secure so that you can do things like writing a book, spending time with your grandchildren, doing projects in your workshop or traveling the world, if you wish. Retirement investing allows you to do those things and more.

As a general guideline, many financial planners recommend investing ten percent of your gross income. It's best to start early in life, but if you start later, you'll need to save more. Don't include company matches.

A rule of thumb for retirement planning is that you should have 80 percent of your yearly salary saved for each year of your retirement.

It's also important to recognize the distinction between saving and investing. In short, saving or amassing money is not enough. This is especially so if you take into account the negative effect that decades of inflation could likely have on your nest egg.

With this in mind, it's a good idea to consult with a qualified financial planner who can help you devise a long-term plan that lets you achieve your specific retirement goals. This discussion would show you how to choose investments and include an explanation of the various investment vehicles that are available. For example, stocks offer advantages like powerful growth, but also come with greater risk and higher volatility. On the other hand, bonds are generally characterized by steady growth and lower volatility. Effective retirement investment strategies should vary according to the needs of the individual. Again, speak with an expert to determine how to achieve proper balance in your retirement portfolio. Remember, the sooner you begin, the better!

Chapter 9 • Questions to Answer

What percentage of your income is recommended for retirement savings?

When retirement comes, what percentage of your yearly salary should already have been saved?

Should you design your own retirement portfolio? If not, can you explain why?

Putting It Together

Congratulations! If you've read this far, you now have a beginner's understanding of each of the basic pieces required to solve your financial puzzle. Now it's time to get busy and take control of your finances by putting it all together.

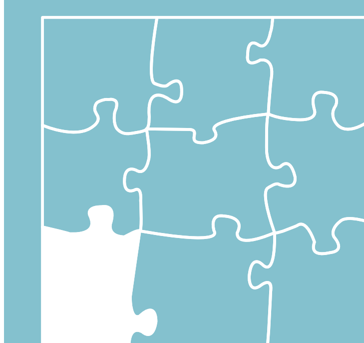
As always, Trinity's certified counselors and trained customer service representatives remain at your service should you need clarification on any of the concepts set forth in the previous pages. Our toll-free number is 1 (800) 758-3844. We look forward to hearing from you!

Chapter 9

Build Wealth

"The first step in solving a problem is to recognize that is does exist."

— Zig Ziglar



Your Financial Puzzle

(putting it together)

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