



MONEY TALKS

Creating a Vision, Plan & Process for Your Money





PART 1: VISION

Develop a Compelling Vision for Your Money

Typical roadblocks to getting started with the plan:

- I'm not on the same page with my spouse or significant other. We look at things differently and have a different way of managing money.
- My money situation is bad. I can't fix it, so I'll just ignore it.
- I don't really understand a lot of this money stuff. It seems scary & overwhelming.
- This is going to take way too much time & effort.
- I'd rather go to the dentist or get a colonoscopy.
- I don't want to be tied down to a budget; I want my freedom.

What is your biggest **struggle** with money?

I would love to...

- Have accurate monthly tracking
- Know where all our money goes
- Identify where I need to make adjustments
- Find that mystery money that always seems to disappear
- Have a simple report to review with my spouse or accountability partner
- Eliminate stress, guilt, fear, anxiety or worry about money
- Have a simple, consistent plan to follow with my spouse or significant other

Where do you want to experience **success** with money?



PART 1: VISION

Develop a Compelling Vision for Your Money

Do you imagine yourself living a life of **significance**?

Would it be possible for you to leave a **legacy** for your family and those you care about?

What is your money **vision** over the next 12 months? Over the next 5 years?

On a scale of 1-10, how motivated are you?



PART 2: PLAN

A Comprehensive Strategy for Your Money

7 Steps to Wealth

Step 1 – Maximize Your Earning Potential

We create a Personal & Professional Development Plan to improve our:

- Attitude & Approach
- Education, Coaching & Experience
- Systems & Structure
- Skills & Capacity

What can you do right now to maximize your earning potential?

Step 2 – Track & Know Your Numbers

We have 1 bank account (with 3 parts) and 1 credit card to manage our money:

- Checking – Pay Bills
- Savings – Allowance / Spending Money
- Money Market – Survival Account / Emergency Savings (3x survival number)
- Credit Card – Spending Limit for All Purchases Over \$20

We complete the Money Tracker between the 1st and 7th of each month to evaluate the past 30 days:

- How much came IN
- How much went OUT
- How much we OWE
- How much we OWN
- How much we GAVE

Do you have 1 bank account (with 3 parts) and 1 credit card to track & manage your money?

Do you complete your Money Tracker at the beginning of each month?



PART 2: PLAN

A Comprehensive Strategy for Your Money

Step 3 – Live Debt Free

The best way to accumulate wealth is by living debt free!

- According to the Federal Reserve, the average credit card rate in America is 14.65%.
- We use a Debt Snowball (paying off all debts from smallest to largest balance) to eliminate all consumer debt in 12-24 months.

What debt(s) do you need to eliminate so you can live debt free?

Which debt will you start with first?

Step 4 – Build Survival Account (Emergency Savings / Money Market)

The goal is to save 3x our survival number in our money market account.

- Our survival number equals the total of all expenses that MUST be paid each month.

Do you have 3x your monthly expenses saved in your money market account?

Step 5 – Maximize Your Retirement

Are you taking full advantage of your company match?

- **401k:** Maximum contribution = \$19,500 per year (\$26,000 if age 50 or older!)
- **Roth IRA:** Maximum contribution = \$6,000 per year (\$7,000 if age 50 or older!)

Are you taking full advantage of your company's match?

Are you contributing the maximum amount to your 401k and/or Roth IRA every year?



PART 2: PLAN

A Comprehensive Strategy for Your Money

Step 6 – Invest in the Market

Mutual funds are the safest way to invest in the market.

- Pick two mutual funds with at least 20 stocks in each fund.
- Invest consistently (every month) for dollar cost averaging.
- Always invest with a purpose!

*Talk to a licensed financial adviser about the right investment strategy for you.

The Power of Compound Interest: Did you know...?

<u>Investing \$100 per Month</u>	<u>Investing \$1,000 per Month</u>
If you are 45 years old & invest at an average 10% return, you will have \$76,669 by age 65.	If you are 45 years old & invest at an average 10% return, you will have \$766,690 by age 65.
If you are 35 years old & invest at an average 10% return, you will have \$228,032 by age 65.	If you are 35 years old & invest at an average 10% return, you will have \$2,280,320 by age 65.
If you are 25 years old & invest at an average 10% return, you will have \$637,778 by age 65.	If you are 25 years old & invest at an average 10% return, you will have \$6,377,780 by age 65.

*Compounding is your money having babies and their babies having babies!

Step 7 – Pay Off Mortgage Early

Our goal is to pay off our home by the age of 55.

- Making 1 extra principal payment per year on a 30-year mortgage can remove up to 6 ½ years from the life of your loan; not to mention the \$\$\$ savings in interest OR
- If you pay 1/12 extra per month on a 30-year loan, you could save 5-7 years off your mortgage

*Talk to a licensed real estate agent to manage your home's value! It could increase in value regardless of how much equity you have in the property.



PART 3: PROCESS

Implementing a Process for Your Money

Money Tracker | Where do I start?

Step 1 – Get Organized

Schedule 30-60 minutes to gather the statements, bills, online links or mobile apps you use.

Getting Organized

Which bills / statements are physically mailed to your home?

Which bills / statements are delivered electronically?

Which bills are set on auto pay?

Do you know the username & password to each of your accounts?

Have you saved your usernames & passwords in a secure location so your spouse, significant other, or another family member can access them in case of an emergency?

Step 2 – How Much Came In?

What account does your money go into? What deposits did you receive?

How Much Came In

Paystubs

Child Support / Alimony

Gifts

Tax Returns

Cash or Checks Received

Covid-19 Stimulus

On your Money Tracker, list & enter the amount of each deposit you received over the last 30 days in Column 5.



PART 3: PROCESS

Implementing a Process for Your Money

Step 3 – How Much Do I Owe?

What are your monthly debt payments?

How Much Do I Owe?	
Mortgage	Student Loan
Car Loan	Hospital / Medical
Credit Card	Family Debt (Mom or Dad; Uncle Bob)

On your Money Tracker, list & enter the amount of each debt you owe, including the total remaining balance, minimum monthly payment, and the amount you actually paid in Columns 1, 2 & 3.

Step 4 – How Much Went Out?

What are your monthly bills & obligations? How much did you spend? Save?

How Much Went Out?	
Small Cash Purchases (Less than \$20)	Fixed Personal Spending , including Subscriptions, Memberships & Services (Cell Phone, Cable, Internet, Netflix, Gym, Amazon Prime, etc.)
Housing , including Utilities (Water, Electric, Gas, etc.)	Variable Personal Spending , including Groceries, Restaurants, Clothing, Kids Stuff, etc.
Transportation , including Gas, Maintenance, Repairs, etc.	Business, Medical & Legal , including doctor appointments, prescriptions, attorney fees, dues, etc.
Insurances (Paid After Tax) , including Health, Dental, Vision, Life, Disability, Auto, etc.	Savings (Money Market, 401k / IRA, Stocks, Bonds, Mutual Funds, College Funds, etc.)



PART 3: PROCESS

Implementing a Process for Your Money

How do you spend money? Credit card? Debit card? Venmo? Apple Pay? Can you simplify this by using one account instead of two, three or four?

On your Money Tracker, list & enter the amounts of all the ways you used money, including bills & obligations and personal spending in Column 3. Enter all savings in Columns 3 & 4.

Step 5 – How Much Do I Own?

What are the current balances in your accounts?

How Much Do I Own?	
Cash Net Worth	
Money Market / Emergency Savings	Stocks / Bonds
401k / Retirement	College Funds
Mutual Funds	Other Savings Accounts
Total Net Worth	
Equity in Primary Residence	Equity in Second Home / Rental Property

On your Money Tracker, list & enter the balances for all savings & investment accounts, and real estate you own in the table at the bottom.

Step 6 – How Much Do I Give?

Generosity Changes Everything! How much money did you give?

How Much Do I Give?	
Church	Family / Kids
Charity / Foundation	Other

On your Money Tracker, enter the amounts of your donations & generosity in Column 3.