

# **DEBT**

*How To Get Out And Stay Out*



**&**

## *The ABC's of Investing*

*Dr. Earl Allen & Earl Allen, Jr., CPA*

# DEBT

How To Get Out and Stay Out

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“The ABC’s of  
INVESTING”

Dr. Earl Allen & Earl Allen Jr., CPA

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P. O. Box 300165  
Houston, Texas 77230

Printed in the United States of America.

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# ***INTRODUCTION***

Debt was a way of life for me. I not only grew up in the midst of debt, I have spent most of my adult life in debt. I thought I had to spend the rest of my life in debt.

When I first began to hear talk about getting out of debt, and the need to "stop buying everything your little beady eyes see," my wife and I were on the brink of financial disaster. In addition to a \$70,000 home mortgage, we had a houseful of mortgaged furniture. We had approximately \$50,000 worth of debt incurred in an ill-fated business venture, owed \$10,000 in back income taxes, and owed the limit on every major credit card we had. Our total debt was in excess of \$170,000. As I write this, my wife and I have paid off all of this debt.

Why am I telling you all of this? Because I want you to know that this is not a book of gimmicks, written by some starry-eyed dreamer who doesn't know what he is talking about. I am no stranger to debt, nor am I unacquainted with how to get out of debt.

I am the first to admit that there are times when it is necessary to get professional financial advice. No one should make major financial decisions without such advice. However, I am of the opinion that many of the day-to-day financial decisions people must make, do not require professional help. What's needed is simply some "**good old-fashioned common sense.**"

The first edition of this book was entitled **DEBT: How To Get Out And Stay Out--God's Way**. After reading the book, many people were surprised to discover that, contrary to what they had expected, the book was written in a manner that would help anyone. In fact, I was often asked why I had added, "**God's Way**" to the title. Many felt that the title was misleading. Because the book can and should be used by anyone, irrespective of whether they were "religious" or "non-religious."

Therefore, in this revised edition I have dropped the “**God’s Way**” in the title. However, I think it is only fair for me to acknowledge that I am convinced that my wife and I would never have gotten out of debt had it not been for what God did in our lives.

Another feature of this edition that differs from the first, is the chapter on “**The ABC’s of Investing.**” I am proud to say this chapter has been prepared by my son, who is a **Certified Public Accountant**. Since the first edition of this book, I have conducted numerous seminars on “Debt.” These seminars have been attended by people from all walks of life. At every seminar I have conducted, the question of investing would come up. People want to know how best to preserve whatever surplus income they may have as they begin to apply the common sense techniques I describe. I would always have to tell them that advising people about investing was beyond my area of expertise.

Thus, in addition to the many common sense techniques for getting and staying out of debt, the reader of this book now has several basic saving and investing techniques. Anyone of these common sense approaches can and will save you the price of this book and much, much more.

In reading this book, I hope you will discover that much of what I have written is “**just plain old common sense.**” If you do, then I have accomplished one of my major objectives in writing this book.

# *1*

## *Use The Recipe For Victory*

There are few things that are as foolproof as the "**Recipe For Victory.**" It works every time. Helping you to get out of debt is but one of its many applications. The five ingredients comprising the recipe are:

**DESIRE - DECISION - PLANNING - DISCIPLINE -  
DETERMINATION**

Whenever these ingredients are present in sufficient quantity, victory is assured. Unless you are really serious about getting out of debt, I would advise you not to use this recipe.

### **Desire**

To get out of debt you must first have a **desire**. No one gets out of debt without a desire to do so. Neither will you!

I must caution you, however. Don't make the mistake of thinking you can or will get out of debt overnight or instantaneously, simply because you have a desire to do so. Remember, you did not get in debt overnight. This is why it is so important that your desire be strong. Otherwise, you may well become discouraged and give up before reaching your goal.

### **Decision**

The second ingredient in the recipe is **decision**. All achievements are the products of decisions. Having the desire is not enough. You have to make a decision; nothing will happen until you do!

In making your decision, you cannot be influenced by past failures. No matter how many times you have attempted to get out of debt in the past, you must believe that you can and will do it this time. Resist all negative thinking! Once you decide, refuse to allow anyone or anything to change your mind.

### **Planning**

**Plan** carefully whatever you do, and whatever you do will turn out right. Failure to plan carefully is one of the most frequent mistakes made by those attempting to get out of debt.

There are many people who constantly talk about getting out of debt, but they don't have the slightest notion of how and where to start. Consequently, they rarely get beyond the talking stage. Needless to say, talking will not take the place of planned action.

There is a slogan that says, "**Plan your work, and work your plan.**" This is good advice, well worth your acceptance.

### **Discipline**

The fourth ingredient is **discipline**. One of the meanings of the word **discipline** is "**to act in accordance with a set of rules.**" Although most people don't seem to realize it, there is a set of rules that anyone wishing to get out of debt must follow. Among these are the following:

1. Stop buying on credit.
2. Buy only necessities.
3. Pay off existing debts as soon as possible.

Failure to follow these basic rules is a major reason why many people do not get out of debt. If you are serious about getting out of debt, you must follow these and other appropriate rules.

## **Determination**

The fifth and final ingredient is **determination**. This ingredient is the glue that holds the others together. There is no substitute for determination. No one should expect to get out of debt without having an abundant supply of determination.

You may as well face this fact, trying to get out of debt is not an easy task. You have a tough fight on your hands. Regardless of the difficulty, however, getting out of debt is not beyond your capacity, if you have determination. This essential ingredient serves as a powerful motivating force. Nothing seems to be able to stop the person who is full of determination.



## 2

### *Get And Keep A Steady Job*

If you are to get out of debt--and stay out, you will need a steady job. No able-bodied person who is in debt should be without a job, unless, of course, he is independently wealthy.

**Any job is better than no job!** No job should be refused (as long as it is legal and morally acceptable) by the person who needs a job and is capable of doing the work.

Admittedly, not all jobs are as satisfying as others. Some are just undesirable. Be that as it may, if you are in debt and don't have a job, you should be willing to **ACCEPT WHATEVER JOB IS AVAILABLE UNTIL SOMETHING BETTER COMES ALONG!**

#### **Be The Best You Can Be**

I realize that some employers often expect too much from their employees; rarely are they willing to provide adequate compensation. It is a well-documented fact that sometimes employers take advantage of their employees, especially minorities, women, and the elderly.

However, in all areas of work there are those who are unreliable and irresponsible. Shoddy workmanship has become commonplace. Alcohol and drug abuse have reached epidemic proportions. Theft, fraud, greed, and all manner of dishonesty and criminal behavior are the rule rather than the exception.

Perhaps it may sound a bit old-fashioned, but I believe every man or woman should aspire to be the best employee possible--no matter what

the cost! Whether you are self-employed or work for someone else, you ought to be the best you can be.

### **How To Keep Your Job**

If you are fortunate enough to have a job, here are some things you can do to keep it:

1. Be thankful for your job, even if it is not the one you want or plan to keep.
2. Make a commitment to do the very best job possible.
3. Always be at your work station on time, and do not leave before the appropriate time.
4. Do not abuse employee benefits.
5. Do not murmur or complain.
6. Obey all rules and regulations.
7. Avoid doing anything that would bring shame or disgrace to your employer.
8. Always conduct yourself in a manner that will cause your employer to consider you too valuable to do without.
9. Establish and maintain harmonious relationships with all co-workers, supervisors, and any and all customers.
10. Be a good example at all times.

### **How To Get A Job**

If you are unemployed but seeking work, here are some things you can do to improve your prospects of getting a job.

1. Make up your mind that you will aggressively search for a job until you find one.
2. Be willing to accept a lesser paying job while you continue to look for the position you are seeking.
3. Do not lie about your abilities or your previous employment.
4. Always dress appropriately and look your best whenever you interview for a job.
5. If you have a resume, make sure it is current, accurate, and neatly prepared.
6. Get letters of recommendation from former employers, your pastor, former teachers, and other persons who know you well.
7. Express a willingness to work whenever and wherever needed.
8. Be willing to relocate or commute.
9. Never entertain the thought that you will not get the job you are seeking.
10. Always remain prayerful, patient and thankful.

The most important thing you can and must do is to remember the following:

**Nobody owes you a job!**  
**It is up to you to find a job!**  
**It is up to you to keep a job!**



## ***Learn How To Increase Spendable Income***

Even with a job, many people who are in debt soon realize that their actual spendable income--take home pay--rarely is enough. They find themselves constantly needing to stretch every dollar to cover all of their obligations. Obviously, such people can benefit from knowing how to increase their spendable income.

Each of the suggestions I make represents a tried-and tested method for increasing spendable income. Some are so obvious, that it is almost needless to mention them. However, they have been included to show you just how simple it is for you to have more money to spend.

### **Reasons For Increasing Spendable Income**

Before considering the list of methods to increase your spendable income, perhaps a word of caution is in order. When you are in debt, the primary reason for increasing your spendable income should be to accelerate your efforts to get out of debt. Assuming this is your reason, here are three suggestions that will assist you in staying on track:

1. Designate all or a major portion of your increased spendable income for a specific bill or bills each payday.
2. Always view this additional money as a special blessing to help you get out of debt.
3. Do not spend this money for any other purpose unless there are legitimate necessities requiring immediate attention.

It has been my experience that whenever these three suggestions are followed, there is no problem resisting the temptation to use the increased spendable income for purposes other than reducing debt. I feel certain that this will be your experience also, if you follow these suggestions.

### **Method 1**

**Be willing to work overtime, holidays, different shifts, and any other opportunity.** Discuss your availability with the appropriate person on your job, and request that you be given consideration whenever there is a need for extra work.

### **Method 2**

**Seek to earn a merit raise.** Often, this is the easiest and most rewarding increase in pay you can receive. It is based upon your job performance, and it means your employer is acknowledging, in a tangible way, his appreciation for the outstanding job you are doing. This is the type of raise every person should seek.

### **Method 3**

**Earn a promotion to a higher paying position.** Once you get into the habit of earning merit raises, you become a prime candidate for a promotion. As a general rule, an employer will not ignore or pass over a reliable and trusted employee. Whenever an opportunity presents itself to promote such an employee, the employer will do so. While you may not get a promotion every time you think you deserve one, you will eventually, if you remain deserving.

### **Method 4**

**Get additional training.** It may be necessary for you to acquire further training in order to advance in the type of work you are doing or would like to do. If this is the case, begin seeking such training immediately. Your present employer may be willing to pay all or part of the cost involved. Don't be afraid to ask about this possibility.

## **Method 5**

**Get a part-time job.** In securing a part-time job, be careful not to accept one that will require you to miss attending church, and spending quality time with your family. It may be necessary for you to search diligently to find one that will not conflict.

## **Method 6**

**Allow the wife to work.** If you are married, but only one of you is working, it may be advisable for both to work. I am assuming that the one not working is the wife. It should be understood that the husband must be working unless, of course, he is disabled, attending school, financially independent, or retired. These are the only legitimate reasons I can think of for "**the man of the house**" not to be working.

Even if it is only a part-time or temporary job, there are times when it is advantageous for the wife to work. Before making this decision, however, both the husband and the wife should sit down and do some careful planning. There are a number of important issues that must be resolved before a proper decision can be made; among these are the following:

1. Is there a real need?
2. If there are children, who will keep them?
3. Should the wife work part-time or full time?
4. What are the best hours for her to work?
5. How much money does she need to make?
6. How will the money she makes be used?
7. Is adequate transportation available?
8. What additional expenses will there be?

9. Will the husband share in the house work?
10. How long will the wife need to work?

This is by no means a complete list of all the issues a couple must consider. It does include some of the more important ones.

### **Method 7**

**Reduce interest payments and/or service charges.** By not buying on credit, unless it is absolutely necessary, you avoid having to pay extremely high interest rates and/or service charges. Every penny you are able to save as a result of paying cash is additional money you have available. If you are not able to pay cash, the following steps will help you to at least reduce the cost of credit:

1. Shop around for the lowest interest rates.
2. Pay a large down payment.
3. Pay off the debt as soon as possible.
4. Avoid revolving charge accounts.
5. Do not buy "**credit life**" insurance.

The important thing to keep in mind is that buying on credit is a very expensive affair. It generally costs much more than most people realize. Don't allow your eagerness to have the goods or services to keep you from facing up to the issue of whether or not you are paying too much in interest and/or service charges. (See the **Real Cost Of Credit Worksheet** in the **Worksheet Section**.)

There are other methods you may want to consider using to increase your spendable income. Hopefully, the ones I have discussed will at least get you started in the right direction while you search for others.

## 4

### ***Know How To Deal With Creditors***

While you are striving to get out of debt, knowing how to deal with your creditors is extremely important. Whether the relationship between you and your creditors is harmonious or hostile depends almost entirely on you. For the most part, you are in the "**driver's seat.**" It is, therefore, in your best interest to know what to do and what not to do in dealing with creditors. Hopefully, the following suggestions will be of help to you.

**1. Accept the fact that you have given your word.** Thus, you need to keep your word. It's just that simple! You are obligated to make your payments according to the agreement you signed.

**2. Notify your creditors well in advance of the due date if you will not be able to make your scheduled payments.** You should also be prepared to indicate when you expect to make the payments. Again, it is essential that you keep your word.

**3. Should you get laid off your job or encounter some other major disruption in your income, call and/or write a letter to all your creditors, immediately, explaining your situation.** You may also request that your payments be reduced or suspended until you go back to work or your income is restored to normal.

**4. Do not play "cat and mouse" games with your creditors.** Whether you can make your regular payments or not, you should not hide from your creditors. They should not have to hire a private investigator to locate you. You should let them know where you are, and that you intend to pay what you owe in full.

**5. Do not allow your creditors or some collection agency to pressure you into issuing "post-dated" checks.** You should not do this, unless you are certain you will have the money in the bank to cover these checks. However, it is best not to issue checks to anyone until you have the money in the bank to cover them.

**6. Beware of so-called "credit fixers."** While there are some legitimate businesses that help people who are having problems paying their creditors, many such businesses are nothing but "**rip-offs.**" They charge exorbitant fees, and generally do little, if anything, of lasting value. More often than not, people using these types of businesses end up no better off. My advice is to stay away from businesses of this type.

**Note:** If you feel you need outside help, such help is available. In most major cities there are credit or consumer counseling services that operate on a "no fee" basis. Among other things, these services offer free counseling that is intended to help people do the following: a) pay off existing debts; b) budget their money better; and c) restore their credit. Although such help will not solve all your money problems, you can receive valuable assistance at no cost.

**7. Stay away from so-called "consolidation loans."** This is the type of loan that supposedly allows you to combine all of your debts. In principle, this sounds good; but, in practice it seldom works that way. What usually happens is before very long you are faced with much the same problem as you had before: too many bills. Unfortunately, such loans do not teach discipline. Without discipline you will not resist the temptation to buy on credit again.

**8. Do not file bankruptcy unless there is absolutely no other way out.** To be sure, there are times when the only legitimate method available in dealing with creditors is to file bankruptcy. I am of the opinion, however, we must strive to pay all of our debts in full. Therefore, exhaust all available alternatives before filing bankruptcy.

Indeed, there is always something you can and should do to maintain good relationships with your creditors. Nothing, however, will take the place of you making your payments in the amounts, and at the

times, you said you would. Also, it always helps to do unto others as you would have them do unto you!



## 5

### *Develop A Good Spending Plan*

To get out of debt and stay out you must have a good **Spending Plan**. Not having such a plan is the single most important reason why people fail to get out of debt.

What is a **Spending Plan**? A **Spending Plan** is a predetermined schedule of how much of your money you intend to spend, for what it will be spent and how often. You may be more familiar with the term **budget**. That's right! A **Spending Plan** is a **budget**, and a **budget** is a **Spending Plan**.

#### Two Types of Spending Plans

There are two basic types of **Spending Plans**: **informal** and **formal**. An **informal plan** is one that is usually not written, at least not in any detail. The **formal plan** is always in written form, and is the result of considerably more planning than generally goes into an **informal plan**.

Of the two, the **formal** is more desirable and consistently produces the best results. In spite of this fact, many people insist on trying to operate with an **informal plan**. They do this because they believe it requires less time and effort. Nothing could be further from the truth. Sooner or later, they discover that what they thought they were saving in time and effort, they end up paying for with their hard-earned money.

I cannot caution you too much--don't waste valuable time and money looking for shortcuts. There are none! If you are serious about getting out of debt, you must be willing to put forth the effort. Therefore, I urge you to spend whatever time is necessary to develop a **formal Spending Plan**.

### **It's A Joint Affair**

To achieve the best results, your **Spending Plan** should be developed by both you and your spouse, if you are married. Inasmuch as both of you must cooperate in order to make the plan work, each of you should participate in its development.

Before beginning the process of developing your **Spending Plan**, you and your spouse should determine how much spendable income you will actually have available each pay period or each month. You must resist the temptation of counting on money you think you will have. Include only the money you are reasonably certain you will have. Remember, you should not spend what you do not have.

### **Don't Leave Anything Out**

In developing your **Spending Plan**, it is important that you include everything for which money is to be spent. Don't leave anything out! Keep in mind the purpose of your plan is to let you know how much money you intend to spend, and for what it is to be spent. Therefore, it is essential that all anticipated expenditures be listed.

Perhaps the best way to avoid leaving anything out is to categorize all anticipated expenditures. For example, such basic necessities as housing, food, transportation, clothing, etc., should each be listed in a separate category. To assist you in categorizing your expenditures, I recommend that you use the **Spending Plan Worksheet** in the **Worksheet Section**.

### **Pay God First**

The first category on the **Spending Plan Worksheet** is **Tithes & Offerings**. I believe it is absolutely essential, before any consideration is given to the other categories, that provisions be made for your **tithes and offerings**. You must get into the habit of giving **tithes and offerings** right off the top. **(A tithe is 10% of all income, and an offering is any amount in addition to the 10%.)**

In suggesting that your **Spending Plan** include your **tithes and offerings** off the top, I am not insisting that this is one of those "ironclad" rules for which there are no exceptions. Indeed, there are exceptions.

I do not believe that anyone should be in bondage when it comes to **tithes and offerings**. I think it would be a mistake if you were to give **tithes and offerings** while allowing your family to go hungry, unclothed, or without utilities because you did not have enough money. Clearly, when there is an obvious need for you to choose between giving **tithes and offerings** and taking care of basic necessities, I believe, in most instances, common sense dictates that you satisfy the necessities.

I am not saying this because I am in disagreement with the biblical principle of giving out of your need--sacrificial giving. Not only am I in agreement, I strongly encourage people to do so. The point of what I have said is that there are times when it is inappropriate to do so. I think all people should take seriously the biblical admonition which says: "**But if any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel.**" (1 Timothy 5:8).

### **Pay Yourself**

The second category on the **Spending Plan Worksheet** is what I have labeled **Personal Storehouse**. This category is designed to encourage you to pay yourself each pay period or each month. That's right!

You should get into the habit of setting aside, on a regular basis, a specific amount for you and your family. If you are not already doing this, now is the time to start. No matter how tight things are, you must force yourself to begin putting something in your **Personal Storehouse**.

To begin with it is not too important how much you set aside. Once you get into the habit of doing it you will find ways to increase the amount. Ideally, I recommend what I call the **20/80 Plan**. This means that you will pay God His **10%**, you will pay yourself **10%**, and you will live off the **80%**. While you may not be able to distribute your spendable income in this manner at the present time, this should become one of your

goals. In fact, the **20/80 Plan** should only be a starting point. You may want to strive for a **30/70 distribution: 15% for tithes and offerings, 15% for your Personal Storehouse, and 70% for your living expenses.**

Whatever you decide, you must realize that any **Spending Plan** that does not include paying yourself, is not a good plan. **IT'S A BAD PLAN!**

### Other Basic Necessities

For the most part, the other categories on the **Spending Plan Worksheet** are self-explanatory. Should you need to include or delete items, you are encouraged to do so. The important thing is for you to view this **Worksheet** as a guide that can help you get started. It is not necessary that your **Spending Plan** be identical to this one.

### The Hit List

Your **Spending Plan** should also include provisions for paying off your debts. For this purpose I have found it helpful to prepare what I call a **“Hit List.”** This device is designed to allow you to list all of your debts in terms of how much you owe on each one, and the target dates you have set to have them paid off. (Copies of the **“Hit List”** are included in the **Worksheet Section.**)

I recommend that you pay off the debt with the smallest balance first. This will do several good things for you: 1) you will have one less bill to pay; 2) you will have additional money to apply towards paying off other debts; and 3) you will begin to experience the thrill of victory. Not only will this serve as an excellent morale booster, it is also good money management. Each time you pay off a debt you save money two ways: 1) you save the payment, and 2) you save the interest and/or service charges.

Once you have prepared your **“Hit List,”** attach it to the copy of your **Spending Plan.** Keep both in a secure and accessible place.

## **Monitoring Your Spending Plan**

You and/or your spouse will have to check up on your **Spending Plan** on a regular basis. How often this needs to be done depends on you. I would suggest that it be done at least each time you pay bills. At the end of each month you should review your spending for that month to determine if money was spent according to your **Spending Plan**.

Should you discover that things are not working out the way you planned, don't push the panic button. All is not lost! One of the chief advantages of a **Spending Plan** that is in writing, is that it allows you to pinpoint the category or categories in which you have spent more than anticipated. Hopefully, with such information you should be able to make whatever adjustments are necessary within the next month.

## **Money-Saving Steps**

As long as you are trying to get out of debt you must be willing to cut corners, whenever possible. Therefore, don't be too proud to change your lifestyle in order to reduce your monthly expenses. The following are several common sense money saving steps you may consider:

1. Take sack lunches to work.
2. Eat inexpensive meals.
3. Stay away from fast food outlets.
4. Buy from discount stores.
5. Make regular use of discount coupons.
6. Move into cheaper housing.
7. Repair car(s) rather than buy new one(s).
8. Car pool or use public transportation.
9. Reduce long distance telephone calls.

10. Eliminate unnecessary spending.
11. Postpone spending as long as possible.
12. Participate in free recreation.

These are but a few money-saving steps you can and should consider taking. Perhaps these will stimulate you to think of others.

Finally, no matter how involved it may appear, if you really want to get out of debt you must have a good **Spending Plan**. Unfortunately, you cannot buy such a plan from your favorite bookstore, or from some mail order house. No! The **Spending Plan** you need will have to be developed by you.

## 6

### *Avoid Unscheduled Expenditures*

If you are to get out of debt and stay out, you must learn how to avoid **unscheduled expenditures**. An **unscheduled expenditure is any spending you do for which prior planning was not done**. Such spending is one of the major reasons many people find it difficult to stay out of debt once they get out.

#### Emergency Fund

Perhaps the major causes of **unscheduled expenditures** are unforeseen and unplanned for emergencies. An **emergency** is generally defined as "**a sudden, urgent, usually unforeseen occurrence or occasion requiring immediate action.**" In other words, an emergency is something that you cannot ignore, you must respond immediately.

From time to time, all of us experience emergencies. They seem to be unavoidable. For example, you run into someone or someone runs into you. Your car and/or the other person's car suffer major damage. Although you are covered by insurance, you still have to come up with the deductible. Needless to say, you don't have \$500 or whatever amount you need. So you end up having to make an **unscheduled expenditure** for which you do not have the money. It happens all the time.

One of the best ways to avoid the financial disruption emergencies create is to establish and maintain an **Emergency Fund**. The purpose of this fund is to provide money that is not committed for anything other than a legitimate **emergency**.

I recommend that at least thirty three (.33) cents of each dollar you place into your **Personal Storehouse** be set aside for your **Emergency**

**Fund. You should continue doing this until you have a minimum of twelve (12) weeks or three (3) months salary in your fund.** If at all possible, you should maintain this amount at all times.

You should keep your fund in an interest bearing account in a bank, savings and loan, or credit union, whichever is paying the highest interest rate. However, you must be certain that your money is readily available, without penalty, should you need to withdraw it for an emergency.

You should view your **Emergency Fund** much the same as you do insurance: **It's good to have it, but it's even better not to ever need it.**

### **Keeping A Record**

One of the ways I was able to get my **unscheduled expenditures** under control, was through the use of an **Unscheduled Expenditures Worksheet**. This **Worksheet**, which is also included in the **Worksheet Section**, is designed to provide an up-to-date record of:

1. how often you make **unscheduled expenditures**,
2. what items you purchased,
3. how much you spent for each item, and
4. why the expenditure was made.

Keeping this record along with your **Spending Plan** will allow you to determine exactly how and for what you are spending your money. It should also encourage you to avoid, as much as possible, all **unscheduled expenditures**.

## *The ABC's Of Investing*

*by Earl E. Allen, Jr., CPA, CFP®*

This chapter will provide you with basic information necessary to develop an **Investment Plan** and start investing your money with a greater understanding of the many investment products currently being offered in the marketplace. Many people think that investments are only for the very wealthy, but investments are for everyone. Any person who receives an income should save and invest part of that income. In developing a **Spending Plan**, you must develop a plan for investing the money in your **Personal Storehouse**. As you begin to pay yourself by putting your money in your **Personal Storehouse**, you will accumulate money you can use to invest. Remember **33%** of the money in your **Personal Storehouse** should be allocated to your **Emergency Fund** until the **Emergency Fund** equals at least **10 to 12 weeks of your salary or income**. Any excess funds in your **Personal Storehouse** should be invested.

Before you invest any of the money in your **Personal Storehouse**, you should develop an **Investment Plan**. This plan will help you identify which investment products are right for you. There are many professional "**financial advisors**" who can assist you in preparing an investment plan; however, many of them will also recommend that you invest your savings in products they sell.

I will give some information you can use to develop your own **Investment Plan** and make an independent decision about what types of investments are right for you and your family. This **Investment Plan** will serve as a roadmap that will assist you in selecting specific investments. While developing an **Investment Plan**, you should consider the following:

1. **Define your investment goals.** What are you trying to accomplish by investing? When are you going to need the money? You may be investing to save money for your retirement or to fund a college education for your children or grandchildren. You may want to save money to purchase a home or take a vacation. Another investment goal may be to increase your personal net worth by investing in assets that will increase in value. The important thing to remember is that your investment goals will determine what types of investments are best for you.

2. **Decide how much money you can invest.** If you have more money in your **Personal Storehouse** than you need for your **Emergency Fund**, this extra money should be used for investing. You should also make regular monthly contributions to your investment accounts as part of a regular savings plan. If you have recently received a large sum of money from an inheritance, life insurance policy, or a lump sum retirement distribution, you should also invest these funds. The source of your investment funds will determine how much you can invest initially and which investments you should select.

3. **What amount of investment risk are you willing to take?** Almost all investments have some level of risk associated with them. The more risk you are willing to accept, the greater the potential return you can expect from your investment. Some investments (stocks, mutual funds, real estate) fluctuate in value over the life of the investment. These investments may, at times, be worth less than you paid for them. If you are going to stay awake at night worrying about the value of your investment, then you should avoid investments that fluctuate in value, and stick to investments that preserve the value of your initial investment.

4. **How quickly will you need the money?** Some investments require time to reach full value (certificates of deposits, bonds, annuities) and if you have to sell the investment before maturity, you may be subject to penalties, surrender charges, or a decrease in value. You could end up losing money on your investments. So if you know when you are going to need the money, select an investment that will mature when you will need the money.

After you have considered all of these issues, you are ready to develop and implement your **Investment Plan**. To give you an idea of what a plan will look like, I have provided a sample **Investment Plan** (see **Sample Investment Plan**). Your **Investment Plan** should establish investment guidelines and help select specific investment products to meet your investment needs. You should develop a plan based on your investment needs. What works for someone else, may not work for you. Once you develop an **Investment Plan**, stick with it. Evaluate the plan regularly to insure that your investment objectives are being met.

**Before you purchase any investments, do your homework. Make sure you know what you're buying, don't just take the advice of the financial advisor. Stay away from investments that don't fit your plan, no matter how attractive they seem. And above all, ask questions about any investment you make. Remember, it's your money. If the person selling the investment can not explain it to your satisfaction, stay away from it.**

The question most often asked is, “**What should I invest in?**” After working on your **Investment Plan**, you will have some idea of what your investment needs are. You can then begin to select specific investment products based on the investment guidelines you have established. To help you get started in making your selections, I will discuss briefly the major characteristics of some of the most popular investments.

### **Certificates of Deposit**

**Certificates of Deposit** or **CDs**, as they are commonly known, are a “**no risk**” investment. These deposits are insured investments and are widely available from most financial institutions. **CDs** can be purchased for different maturities from as little as 90 days to 5 years or more. The interest earned on **CDs** is slightly higher than interest rates on savings accounts for 90 day **CDs** and the interest rates increase for longer term **CDs**. **CDs** are subject to penalties for early withdrawal and do not fluctuate in value if held to maturity. The interest earned on **CDs** is taxable unless the **CDs** are held in a tax qualified account.

## **Annuities**

**Annuities** are investment contracts generally sold by Insurance Companies. The primary benefit is tax deferment of the income and gains. Additionally, many **annuities** also contain a life insurance feature. You don't have to pay taxes on the increased value of the **annuity** until you begin to make withdrawals. These types of investments are used primarily to fund retirement, since generally you must wait for a fixed period of time to realize a stated return on **annuity** products. One disadvantage of **annuities** is there can be high surrender charges for early withdrawals, and the management fees associated with **annuities** can be very high.

## **Life Insurance Policies**

**Life Insurance Policies** that accumulate cash value are sometimes marketed as investments. The primary benefit of **Life Insurance** is that, when purchased, it creates an instant estate in the event of your untimely death. Viewed solely as an investment, **Life Insurance** lacks flexibility, and generally the rate of return on your investment is low when compared to other investments. The biggest disadvantage of **Life Insurance** is you can not access the investment during your lifetime. If you withdraw any of the cash value prior to death, the insurance company treats it as a loan and you are charged interest. If the loan is not paid back, the outstanding balance will be deducted from any death benefit paid to your estate. **Life Insurance** should be purchased for insurance protection only and not as an investment.

## **Equity Securities (Stocks)**

**Stock Investments** can be risky. These investments can fluctuate in value over time and the investment may become worthless if the company goes out of business or files for bankruptcy protection. However, over the long-term, investments in the stock market will generally out perform most other investments. Investments in the **Stock Market** provide the greatest opportunity for growth in the value of your investment and **Stock Market** investments can be sold quickly, if needed. Prior to making any investment in the **Stock Market**, you should research the stocks you select or consult someone who has experience in investing

in the **Stock Market**. Joining an investment club is a great way to begin investing in the **Stock Market**. You should not consider investing in the **Stock Market** if you need to take your money out in less than five years; investments in the **Stock Market** should be viewed as long-term investments.

### **Fixed Income Securities (Bonds)**

**Fixed Income Investments**, like savings bonds, treasury bonds, corporate bonds, and municipal bonds, are also generally “**low risk**” investments. These investments must be held to maturity or you may lose some of the value of the investment, since the prices of fixed income securities are affected by interest rate changes. Since bonds represent debt, you must also make sure the issuer has a good credit rating which measures the issuer’s ability to repay the debt. Bonds that are rated as “**Investment Grade**,” generally have a low risk of default. The biggest advantage of these types of investments is that they can provide a steady stream of investment income to those persons that require income from their investments. Unless the bonds are tax-exempt, the income earned from the interest is taxable because capital gains are always taxable.

### **Mutual Funds**

**Mutual Funds** are professionally managed groups of investments offered by investment companies. The funds may either be “**low risk**” or “**high risk**” depending on the type of fund. **Mutual funds** can invest in many different types of financial instruments. You should read the fund prospectus to determine what types of investments the fund may make and the fees charged by the mutual fund company. The biggest advantage of **Mutual Funds** is that these investments are professionally managed and offer investment diversification for very low fees. Furthermore, you can start investing with as little as \$50.

There are many other investment opportunities available. I have discussed just a few of the most popular ones. **The most important thing to remember about any investment is to make sure the investment is well suited for your Investment Plan.**

## *Sample Investment Plan*

### ***Investment Goals:***

**State your Investment Goals.** Your investment goals are simply the reasons you are investing. To get started, these goals can be a list of the things most important to you, for example:

1. You may want to keep your current lifestyle after you retire.
2. Increase monthly income and improve your standard of living.
3. Pay for a college education for your children.
4. Finance down payment on a home.

### ***Investment Amount:***

Determine the amount of your Initial Investment (How much money do you have to invest?)

1. How much can you invest to get your **Investment Plan** started (\$500, \$1,000, \$2,500, \$5,000)?
2. Will you continue to add to your investment by making regular contributions?
3. Are you going to re-invest your investment earnings?

### ***Risk:***

Consider how much risk you can take. Can you afford to lose all of your investment? Can you afford to lose half of your investment? When starting to invest you should stick to “low risk” investments. As you gain more experience, you can choose “more risky” investments.

1. I can not afford to lose any of my Initial Investment.
2. I can afford to lose half of my Initial Investment.
3. I can afford to lose all of my Initial Investment.

### ***Liquidity:***

When will you need the money?

1. I will need the money when I retire in year \_\_\_\_\_.
2. I want to receive monthly payments, starting in year \_\_\_\_\_.
3. I will need the money when my child is ready for college in year \_\_\_\_\_.

### ***Investments:***

What investments should I make?

1. Mutual Funds
2. Individual Domestic and Foreign Stocks
3. Savings Bonds
4. Tax-Exempt Bonds

## 8

# *Eliminate All Unnecessary Spending*

To get out of debt and stay out you must eliminate all **unnecessary spending**. **Unnecessary spending is any spending that is not needed or can be avoided or delayed.** Such spending is a major cause of debt.

The following steps are suggestive of what can and should be done to eliminate **unnecessary spending**:

### **1. Buy quality.**

Whenever you buy goods and services, be sure to select those of the highest quality. Do not forget, you generally get what you pay for.

### **2. Follow all instructions.**

Most, if not all, major goods and services you purchase should have some type of warranty. If they do not, you should refuse to buy them. The warranty will do little or no good, however, unless you do your part. You must follow all the instructions, restrictions, and deadlines as stipulated. Failure to do so can, and often does, nullify the terms of the warranty. Consequently, should the goods or services not perform as claimed, you may be stuck with a repair bill or replacement cost.

### **3. Perform regular maintenance.**

You will save yourself a lot of time, money, and many inconveniences, if you perform required maintenance on each product you buy. By doing this, you will get better performance out of the product, and probably extend its life.

Undeniably, many products on the market today are poorly made and do not always perform satisfactorily. No product, however, is capable of performing indefinitely, without periodic maintenance and/or repair, regardless of how well it is constructed.

Therefore, it is up to you to protect your investment by seeing to it that the products you buy are regularly and properly maintained. Remember, “an ounce of prevention is worth a pound of cure!”

#### **4. Learn to spot warning signs.**

You must learn how to recognize the warning signs of potential trouble while it is in its early stages. Often you are able to detect serious trouble before it happens simply by being observant.

For example, something is generally wrong if you notice the following: 1) unusual sounds or noises when a piece of equipment, machinery, an appliance, and/or your vehicle is running, or 2) the presence of water, oil, or other types of fluid dripping on the floor or ground where one of the above is being operated. These signs should not be ignored.

#### **5. Buy service contracts.**

If you anticipate frequent use of a product, you may consider buying a service contract. (However, beware of paying for a service contract that includes the factory warranty.) If, on the other hand, you do not anticipate frequent use, and you are in a position to pay a possible repair bill, buying a service contract may not be something you need to do.

#### **6. Maintain adequate insurance.**

You must be adequately insured. Not having the right kind or amount of insurance is a sure way to get back into debt once you get out. Ideally, insurance is something you have but hope you will never need. It's foolish, however, not to have at least a minimum amount of health, life, auto, and homeowner's insurance. You should have insurance coverage for your household and personal possessions, whether you own

or rent. When buying insurance it is extremely important not to buy more than you need or can afford.

### **7. Avoid traffic violations.**

Spending money for traffic fines is inexcusable. You should make it a habit to obey all traffic laws. You should decide not to ever operate a vehicle, of any type, unlawfully. Not only do you endanger your life and the lives of others, you also run the risk of having to pay an unnecessary fine. Money spent on traffic violations is money wasted!



## 9

# *Avoid Impulse Buying*

You cannot get out of debt and stay out if you habitually spend money impulsively. This is a sure way to end up in debt again, once you get out.

### How It Happens

**Impulse buying occurs when you see a pair of shoes, a dress, a piece of jewelry, a fishing rod and reel, or whatever, and cannot resist the temptation to buy.** Almost without thinking, you find yourself saying, "I'll take it." More often than not, when the salesperson asks you that all important question, "Cash or charge?" you find yourself saying, "Charge it."

Although you have every intention of paying the statement in full when it arrives, you are unable to do so. Why? Because you did not plan carefully, the money you thought you would have is not there.

Just when you thought you had everything under control, you find yourself in debt again. You are discouraged and feel defeated. If you are not careful, this temporary situation will become a permanent stumbling block. You cannot allow this to happen. You must fight back! No matter how addicted to **impulse buying** you are, you must believe you can "kick the habit."

### Some Practical Steps

The following is a list of things you can and should do to avoid impulse buying:

1. Make it a practice not to buy anything without prior planning.
2. Do not buy anything for which money is not available in your **Spending Plan**.
3. Do not go grocery shopping without a list, and buy only those things on your list.
4. Do not go grocery shopping when you are extremely hungry.
5. Do not buy any major item unless you compare prices in at least two other places.
6. Buy only necessities; otherwise, delay the purchase for at least three (3) to four (4) weeks.
7. If you are married, buy nothing without first discussing it with your spouse, unless it is already in your **Spending Plan**.

Unless you are a rare exception, there is no way you can consistently indulge in impulse buying and get out of debt and stay out. **IT CANNOT BE DONE!** Consequently, you have no choice but to exercise discipline.

When it comes to spending for which you have not planned, you should have only one practice: **DON'T DO IT, UNLESS IT IS ABSOLUTELY NECESSARY!**

# 10

## *Use Credit Cards Correctly*

Learning how to use credit cards correctly is a necessity if you are to get out of debt and stay. The misuse of credit cards is perhaps one of the leading causes of the alarming rate of debt in which most people find themselves.

Many who misuse their credit cards, do so out of ignorance. They are not aware of the serious damage these little pieces of plastic can do. Neither do they seem to realize that there is a right way and a wrong way to use them.

### **The Right Way**

The right way to use a credit card is not to use it unless you are capable of paying the full amount due when you receive your statement. This is one of the best ways I know to get out and stay out of debt.

### **The Wrong Way**

The wrong way to use a credit card is to use it knowing you cannot pay the full amount due when you receive your statement. If you know you do not or will not have the money, you must resist the temptation to use "**plastic money**" as a substitute for the real money you do not and will not have.

### **Multiple Credit Cards**

If you are like most people, chances are you have more than one credit card. If so, I suggest you do one of two things:

1. Keep two or three major ones, cut the others up and send cancellation notices to each company or
2. Hold out two or three major ones, place a rubber band around the others and put them away in a safe place.

**Remember, the fewer credit cards you have and actually use, the better!**

### **Unwise Practices**

Before leaving this topic, there are two practices involving credit cards which I consider extremely unwise. The first is the use of credit cards to buy items from and/or make contributions to various ministries and/or charities. I see nothing wrong with this, as long as you are able to pay the full amount due when your monthly statement arrives. Otherwise, you should not use your credit card, no matter how much you want the item(s) or how much you want to make a contribution.

The second unwise practice is that of giving out your credit card number when ordering through the mail or over the telephone. **DON'T GET INTO THE HABIT OF DOING THIS!!!** If you must order through the mail or over the telephone, send a personal check, money order, cashier's check or C.O.D.

Indeed, when used correctly, credit cards can be a great blessing. But, when used incorrectly, they can become a horrible curse. Only you can determine which will be true for you.

# 11

## *Pay Now, Buy Later*

One of the most effective ways I have found to get out and stay out of debt, is the practice of saving up the cost of the item I intend to buy before I buy it. I call this **The Pay Now, Buy Later Plan**. Admittedly, it takes a great deal of discipline to follow this plan. But if you are serious about getting and staying out of debt, you must discipline yourself.

### The Easy Credit Trap

Those who have goods and services to sell go to great lengths to entice people to buy what they are selling. They often use such attractive appeals as: nothing down and low monthly payments. Regardless of the approach, the objective is the same: to get as many people as possible to buy, buy, buy!

As one who is trying to get out and stay out of debt, you must not be enticed. No matter how appealing the so-called deal appears, you must not fall into the easy credit trap.

### Cash and Carry

**The Pay Now, Buy Later Plan** is the only wise way to get out and stay out of financial bondage. What it actually amounts to is the cash and carry approach. It requires you to pay cash for everything you buy, at the time of purchase or when you receive your statement as in the case of credit cards.

## **The Pay Now, Buy Later Worksheet**

You will find copies of the **Pay Now, Buy Later Worksheet** in the **Worksheet Section**. I developed this **Worksheet** to help me make the transition from buying everything on credit to paying cash for everything I buy. Hopefully, it will help you do the same.

Once you have filled in the **Worksheet**, all you need to do is start saving each month the amount you indicated for each item. This money should be designated for the specific item and should not be used for any other purpose.

## **The Lay-Away Plan**

Although **The Pay Now, Buy Later Plan** is similar to **The Lay-Away Plan**, it is not the same. Most **Lay-Away Plans** allow you to actually purchase the item by paying a small amount down. However, you must pay weekly, bi-weekly, or monthly payments until the full price is paid, before you can take the item home. This is one way to buy the things you want without getting into debt.

In addition to keeping you out of debt, one of the major advantages of **The Lay-Away Plan** is that it allows you to buy an item at the listed price and you don't have to be concerned about the price going up while you are paying for it. The price will remain the same.

On the other hand, while you are paying for an item on lay-away, that same item may go on sale at a reduced price, or a similar item may become available at a cheaper price. In any case, you may be stuck with the item at the original price. Also, if you are not able to continue making payments, you could lose the item as well as the money you have already paid.

None of these disadvantages exist with **The Pay Now, Buy Later Plan**. This is why I prefer it rather than **The Lay-Away Plan**. However, you will have to decide which is best for you. The most important thing is that you can stay out of debt with either plan.

## 12

### *Don't Buy Gifts On Credit*

You will never win the victory over debt unless you resist the temptation of buying gifts on credit. This is the one area where many who are trying to get out and stay out of debt lose the battle. They consistently make the mistake of buying gifts they cannot pay cash for, particularly during the Christmas season.

#### Too Much Pressure

One of the reasons people are not able to resist buying gifts on credit is pressure. There is a great deal of pressure from all sorts of places: family, friends, neighbors, co-workers, and even from within one's own self. Perhaps, the most compelling pressure comes from the massive amount of advertising done by merchants to entice people to buy, buy, buy.

You cannot get out and stay out of debt if you make it a habit of participating in the traditional "**buying sprees**" which take place from the day after Thanksgiving till Christmas Eve. It is no coincidence that many retailers sell over 50 percent of their goods and services during this period each year.

Unfortunately, much of the buying that takes place during the Christmas season is done on credit. More people get into debt buying Christmas gifts than perhaps at any other time of the year.

**No gift should be bought on credit.** I realize that this does not appeal to many people. So be it! There is no other way if you are serious about getting out and staying out of debt.

## **The Gift List Worksheet**

The most effective way I have been able to help myself as well as others with gift buying, has been through the use of **The Gift List Worksheet**. This **Worksheet**, which is also included in the **Worksheet Section**, is designed to allow you to plan what gifts you will buy and how much will be allocated for each gift. It also allows you to categorize gifts in two areas: “**must gifts**” and “**wish gifts.**”

1. **Must Gifts**--these are gifts which are given because the giver feels it would be inappropriate not to do so. Such gifts are generally given to spouses, children, parents, other family members, close friends, etc. These gifts are not given out of guilt, but as an expression of love.
2. **Wish Gifts**--these are gifts the giver would like to give, but they are not top priority. They may or may not be given, depending on the availability of the money needed to buy them.

No matter what you may think to the contrary, there is only one way to buy gifts, if you intend to get out and stay out of debt: **PAY CASH!!!**

***THE  
WORKBOOK  
Section***



## *Introduction*

This **Workbook Section** includes a complete set of the **Worksheets** described in this book. It also contains several additional **Worksheets** which are not described in the book.

Each **Worksheet** contains easy-to-follow instructions. Where necessary, you may need to make multiple copies, which will allow you to do calculations and planning each month for a whole year. **NOTE:** **Forms may be printed for personal use only.**

I urge you not to view these **Worksheets** as “**a lot of unnecessary busy work,**” nor as involving “**too much time-consuming work.**” Neither view is correct. If you are serious about getting out and staying out of debt, it is essential that you invest the necessary time and effort.

**Remember, “there are no free lunches in life!”**



*Instructions for*  
**THE SPENDING PLAN**  
*Worksheet*

This **Worksheet** is to be used to prepare your **Spending Plan**. You must prepare it, if you are serious about getting out and staying out of debt. The time you spend preparing this **Worksheet** each month is one of the best investments you will ever make. To use this **Worksheet**, follow these steps:

1. **Available Funds**--write in the amount you actually have available to spend.
2. **Month**--write in the month for which the **Worksheet** is being prepared.
3. **Basic Necessities**--add or omit items, as needed.
4. **Budgeted**--write in the amount you intend to spend for each item.
5. **Actual**--write in the amount that you actually spent for each item.
6. **Difference**--write in the difference between **Budgeted** and **Actual** for each item.
7. **Total**--total up each column and write the figure in the appropriate space.







*Instructions for*  
**THE**  
**SPENDING PLAN PAYMENT SCHEDULE**  
*Worksheet*

This **Worksheet** is designed to assist you in maintaining an accurate, up-to-date record of all the payments you must make each month for the various items in your **Spending Plan**. To use this **Worksheet**, do the following:

1. **Month**--write in the month for which the **Worksheet** is being prepared.
2. **Basic Necessities**--add or omit items, as needed.
3. **Date Due**--write in the date payment is due.
4. **Date Paid**--write in the date payment was paid.
5. **Amount Paid**--write in the amount paid.
6. **Cash or Check**--indicate if you paid cash or with a check; if with a check, write in the check number.
7. **Amount Past Due**--write in the amount past due, if any.
8. **Balance**--write in the balance due, if any.







*Instructions for*  
**THE**  
**SPENDING PLAN MONTHLY SUMMARY**  
*Worksheet*

This **Worksheet** is designed to allow you to summarize your monthly expenditures for each major category in your **Spending Plan**. In using this **Worksheet**, you will be able to tell, at a glance, exactly how much you intended to spend, how much you actually spent, and the difference between the two in each of the seven (7) major categories in your **Spending Plan**. To use this **Worksheet**, do the following:

1. **Month**--write in the month for which the **Worksheet** is being prepared.
2. **Available Funds**--write in the amount of money you had to spend for the month.
3. **Amount Budgeted**--write in the amount you intended to spend for each category.
4. **Amount Spent**--write in the amount actually spent for each category.
5. **Difference**--write in the difference between Amount Budgeted and Amount Spent.
6. **Total**--add up the totals in each of the three columns and write them in these spaces.



# ***THE SPENDING PLAN MONTHLY SUMMARY Worksheet***

Month of \_\_\_\_\_

Available Funds \$ \_\_\_\_\_

	<b>Amount Budgeted</b>	<b>Amount Spent</b>	<b>Difference</b>
<b>Tithes &amp; Offerings</b>			
<b>Personal Storehouse</b>			
<b>Other Basic Necessities</b>			
<b>Credit Cards</b>			
<b>Charge Accounts</b>			
<b>Insurance</b>			
<b>Discretionary</b>			
<b>TOTAL</b>			



*Instructions for*  
***THE UNSCHEDULED EXPENDITURES***  
***Worksheet***

This **Worksheet** is designed to provide you with a record of all your **unscheduled expenditures**. Remember, an **unscheduled expenditure** is any necessary or unnecessary spending for which prior planning has not been done, and for which funds are not available. Each time you make an **unscheduled expenditure**, indicate the following:

1. **Date**--the date when the expenditure was made.
2. **Item**--what was bought.
3. **Amount**--how much was spent.
4. **Reason**--why the item was bought.







*Instructions for*  
**THE “HIT LIST”**  
*Worksheet*

This **Worksheet** is designed to allow you to list, in numerical order, all of your existing debts in terms of how much you owe on each one. When used as intended, this **Worksheet** is an excellent device for keeping up with who and how much you owe, and how well you are doing in eliminating these debts. To use this **Worksheet**, do the following:

1. **Date**--write in the date when the **Worksheet** is prepared.
2. **Debts**--list each debt by name, beginning with the one having the smallest balance.
3. **Balance**--write in the balance owed for each debt listed.
4. **Target Date**--write in the date you intend to have the debt paid off.
5. **Monthly Payments**--write in the amount you intend to pay on the debt each month (this amount should be sufficient to allow you to pay the debt off on or before your **Target Date**.)
6. **Amount Needed**--write in the amount needed in addition to any amount you already have that can be used to pay the debt off.

Note: Each time you pay off a debt, you should draw a line through it on your **Worksheet**; you should also update your **Worksheet** at least every six months.



# ***THE "HIT LIST" Worksheet***

Date \_\_\_\_\_

<b>Debts</b>	<b>Balance</b>	<b>Target Date</b>	<b>Monthly Payments</b>	<b>Amount Needed</b>
1. _____				
2. _____				
3. _____				
4. _____				
5. _____				
6. _____				
7. _____				
8. _____				
9. _____				
10. _____				
11. _____				
12. _____				
13. _____				
14. _____				



*Instructions for*  
***THE PAY NOW, BUY LATER***  
***Worksheet***

This **Worksheet** is designed to help you get out of the habit of buying on credit, and get into the habit of paying cash for everything you buy. To use this **Worksheet**, fill in each column as follows:

1. **Item**--list each item you intend to buy.
2. **Estimated Cost**--list the price of the item if you were buying it now.
3. **Amount On Hand**--write in how much money you presently have, if any, that can be used for the purchase of the item.
4. **Amount Needed**--write in how much additional money you will need in order to purchase the item.
5. **Target Date**--write in the date you plan to have all the money needed to purchase the item.
6. **Monthly Payments**--write in the amount you need to set aside each month, in order to have the money needed to purchase the item on or before the **Target Date**.
7. **Number Of Months**--write in the number of months you anticipate it will take before you can actually make the cash purchase.



# ***THE PAY NOW, BUY LATER Worksheet***

Item	Est. Cost	Amount On Hand	Amount Needed	Target Date	Monthly Payments	No. of Months
1. _____						
2. _____						
3. _____						
4. _____						
5. _____						
6. _____						
7. _____						
8. _____						
9. _____						
10. _____						
11. _____						
12. _____						
13. _____						
14. _____						



*Instructions for*  
**THE GIFT LIST**  
*Worksheet*

This **Worksheet** is designed to help you plan all of your gift buying. With proper planning, you should be able to resist the temptation of buying gifts on credit. This **Worksheet** is used in the following manner:

**MUST GIFTS**

1. **Maximum To Be Spent**--write in the total amount of money you have available to spend for gifts. Before buying any gift you must determine how much you can afford to spend without having to buy on credit.
2. **Name**--list the name of each person you intend to give a gift, beginning with the most important name first.
3. **Gift**--write in the name of the gift you intend to give next to the name of the person to whom it will be given.
4. **Amount Budgeted**--write in the amount you intend to spend for each gift.
5. **Amount Spent**--write in the amount you actually spent for each gift.
6. **Difference**--write in the difference, if any, between what you intended to spend and what you actually spent for each gift.
7. **Total**--add up the amounts you intended to spend, the amounts you actually spent, and the difference between the two. Compare this figure with what you wrote in the Maximum To Be Spent space at the top of the page. Ideally, the two figures

should either be the same, or the total amount spent should be less than the amount you planned to spend.

**WISH GIFTS**--follow the same instructions in 1-7.

# ***THE GIFT LIST Worksheet***

## **“MUST GIFTS”**

**Maximum To Be Spent \$ \_\_\_\_\_**

	<b>Name</b>	<b>Gift</b>	<b>Amount Budgeted</b>	<b>Amount Spent</b>	<b>Difference</b>	<b>Total</b>
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						

**“WISH GIFTS”**

**Maximum To Be Spent \$ \_\_\_\_\_**

	<b>Name</b>	<b>Gift</b>	<b>Amount Budgeted</b>	<b>Amount Spent</b>	<b>Difference</b>	<b>Total</b>
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						

*Instructions for*  
**THE “REAL” COST OF CREDIT**  
*Worksheet*

This **Worksheet** is designed to show you exactly how much you are spending each month in interest and/or service charges. Hopefully, this information will give you added motivation to hurry up and get out of debt. Need I remind you, every penny you spend in interest and/or service charges represents money you can and will save, once you get into the habit of paying cash! To use this **Worksheet**, do the following:

1. **Year**--write in the year for which this **Worksheet** is being prepared.
2. **Accounts**--list the name of each account for which you are currently paying interest and/or service charges.
3. **Month**--locate the month for which you are preparing this **Worksheet**.
4. **Paid**--write in the amount of interest and/or service charges paid for each account.
5. **Year-To-Date (YTD)**--add the amounts paid in the previous months to the amount paid for the current month. For example, if you pay \$26.00 in March, and you had already paid \$52.00 since January, you should add the \$26.00 to the \$52.00 for a total of \$78.00 YTD in March.





Year \_\_\_\_\_

**Months**

Accounts	7		8		9		10		11		12	
	Pd	YTD	Pd	YTD	Pd	YTD	Pd	YTD	Pd	YTD	Pd	YTD
1. _____	26	26	26	52	26	78						
2. _____												
3. _____												
4. _____												
5. _____												
6. _____												
7. _____												
8. _____												
9. _____												
10. _____												
11. _____												
12. _____												
13. _____												

## ***ABOUT THE AUTHOR***

**DR. EARL ALLEN, SR.** is uniquely qualified to write this book. He has both the personal experience and the academic preparation needed to speak with clarity and authority. Having spent most of his adult life in debt, Dr. Allen used the principles and procedures he discusses in this book to eliminate approximately \$170,000 worth of personal debt in less than five years.

Dr. Allen holds five earned academic degrees: an Associate of Arts from Sacramento College, a Bachelor of Arts from Texas Southern University, a Master of Theology from Southern Methodist University, a Master of Education, and a Doctor of Education from the University of Houston.

Dr. Allen is a gifted writer, teacher, and speaker. All who know him agree that he has the unusual ability to cut through the maze and get to the heart of the matter. He is a very practical man, and he knows how to make things simple. Although he has great respect for academic preparation, he often says such preparation is no substitute for “good, old-fashioned common sense.”

**EARL ALLEN, JR.** is a Certified Public Accountant and a Certified Financial Planner<sup>®</sup>. Additionally, he holds a NASD Series 6 Securities Dealer License. He is a graduate of the University of Texas at Austin, School of Business. He is a member of the American Institute of Certified Public Accounts and the Financial Planning Association. Earl has operated his own accounting and financial planning practice since 1999, and has over 20 years of experience holding various management positions in the investment, financial services, and banking industries. During his career, he has served as a financial advisor to many businesses, non-profit organizations, and individuals. He has the ability to explain complicated financial concepts in very simple terms. He is committed to educating God’s people in ways to become better stewards of God’s resources.