

Debt & Debt Snowball

Wealth

- If you have \$2200 in assets, then you are in the top 50% of the world's wealthiest people
- If you earn \$1500 per year, then you are in the top 20% of earned income in the world
- If you have \$61,000 in assets, then you are in the top 10% of the world's wealthiest people
- If you earn \$25,000 per year, then you are in the top 10% of earned income in the world
- If you earn \$50,000 per year, then you are in the top 1% of earned income in the world

Debt

- "We buy things we don't need with money we don't have to impress people we don't like."
- Myth --- We deserve more than we have.
- Myth --- Debt is a tool and is used to create prosperity.
- Average credit card debt in America is \$15,000
- Average non-mortgage (home) debt in America is \$27,000
- Resisting the impulse to buy is one of the signs of a mature person.
- Debt is the result of not being content with what God has given us.

Change the Way We Think

- Commit to no more debt!
- Live within your means. (Not spending more money than you earn.)
- Be content (satisfied) with what you have.
- **Step #1** --- Start saving \$1000 for your Emergency Fund in a bank
- Stop borrowing more money!

Debt Snowball

- List all of your debts (Total Debt and Minimum Payment) from the smallest to the largest.
- Continue to make the minimum payments on all of your debts.
- Continue to purchase real needs --- Food; Shelter; Basic Clothing, Transportation & Utilities.
- Starting with the lowest debt, pay the minimum payment plus any extra money that you have.
 - Extra money comes from selling something, working extra hours, not buying something (clothing, eating out, jewelry), etc.
- After paying off the smallest debt, take the minimum payment you were making on the smallest debt and add it to the minimum payment of the second largest debt plus any extra money that you have.
- Continue this cycle until all debts are paid.
- **Step #2** --- Pay off all debt (except the house) using the debt snowball

Goals This Week:

- 1) Stop borrowing more money!
- 2) Start paying off your debt using the debt snowball.