BADGES AND BUDGETS

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This book is dedicated to the men and women who leave their families every day to protect others.
May God bless you and keep you safe.
May this book bring you peace, solace, and a plan to provide for your future.

This book would never happened if not for two people:
My wife, Katie, and Dave Ramsey.
I love them both...but in totally different ways. ;-)

Endorsement

As a seasoned financial professional, I can tell you that Badges and Budgets addresses many of the issues typically overlooked by our industry as a whole. In a world where materialism has swelled to become such a significant influence in our daily lives, the issue of responsible budgeting has been cast off like a disease. In the law enforcement world, the ebbs and flows of overtime pay only serve to exacerbate this bad debt (read high interest) issue, and many LEOs find themselves in very hot water once the OT dries up. In his book, Mr. Hoschouer addresses this and many other topics as he lays out a clear and succinct methodology for those who struggle with recurring debt.

To finally begin to address one's debt problem takes both courage and resolve. But I can tell you with confidence that the resolution of this problem is akin to reinventing one's self; and 100% of the time leads to peace, better relationships, and ultimately, great confidence in one's own future. Don't let your money rule your life - take charge of your situation...and start by reading Badges and Budgets.

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Preface

Before we dive into the content, I want to clarify a few things.

When I use the word "I," it's safe to assume that I'm including my wife, Katie, in that statement. You need to understand that she and I are one, both in concept and reality. We're a unit when it comes to marriage, parenting, and our finances.

Next, I want you to know I'm an open book when it comes to my finances. During the past five years of leading Dave Ramsey's Financial Peace University (FPU), I've discovered that removing the wall most folks have about the topic of personal finance has served me well in setting an example for others.

It used to be there were three topics that were taboo: politics, sex, and religion. These were things we just didn't discuss around the dinner table, let alone with complete strangers. These days? Well, with the advent of social media and the, to put it lightly, moral slide of the western world, sex is no longer taboo.

Money has taken sex's place. Folks feel much less compunction about letting others into their bedroom--but their checkbook? Perish the thought.

If you have questions about why I decided to allocate money a certain way or how I would handle a given situation, feel free to reach out to me. You can do it publicly on the MotorCop Mindset Facebook page or in private via email.

When I tell you about the money we have and the things we've done, I'm not speaking from a place of arrogance, but as an example of what you, too, can accomplish.

When I use an example of what we did, please don't read it as the gold standard or the only way in which to accomplish a goal. The example is simply that. It's what we did that worked for us.

I'm a veteran police officer with nearly two decades of law enforcement experience. I don't have an economics degree. I'm nothing special. I don't have a secret formula. I didn't win the lottery. I worked hard, and I remained focused. There were trying times, to be sure, but giving up never crossed my mind.

You can do the same. You can find the strength, encouragement, and direction you need in these pages.

What follows is the blueprint that got me out from under almost $78,000 in debt. I removed that rather hefty monkey from my back in two days shy of 28 months from August 2009 to December 2011.

Since December 2011, we have put $10,000 in savings for emergencies. My family and I took a five-day trip to Disneyland. I took a week-long cruise to Alaska for my 30th anniversary trip with my dad. My wife and I have each attended conferences (me in Colorado and she in Turks & Caicos; she wins the conference battle).

We accomplished all these things with cash and paid for them ahead of time. Now, the only monkey in this house is my second daughter's lovey, CoCo.

None of this was done in a vacuum. It was incredibly hard and took time and dedication. If you're looking for a get-rich-quick plan or a loophole to get out of your obligations, you're reading the wrong book. I'll stop you here and wish you well, because I don't want to waste your time or mine trying to convince you of something you aren't willing to do.

But, if you've come to the point where you're tired of living with what I call the OT Cycle (spending more because you've worked more, which only causes you to have to work more), then you can walk with me and learn what we did to break out of the cycle ourselves.

We did all this by starting with one thing and learning it well: budgeting.

And now, it's your turn.

CHAPTER ONE

Our Journey

The $100,000 Conundrum

In 2009, I made more than $100,000. Mind you, that included an average of about 40 hours of overtime a month. Sounds great, right?

On paper, perhaps. The problem? I couldn't afford to pay a $300 electric bill. My tax guy tells me I had a great year, yet I haven't a blessed clue where in the blue hell all that money went. I had a wife, a daughter, and another kid on the way in August 2009.

I felt like a complete failure. How was I supposed to support my growing family when I couldn't make $100K work? And exactly why couldn't I pay a $300 bill making that kind of money?

Maybe you've felt like this, as well. As a matter of fact, I'll bet there are more of you that identify with it than those who don't. I have felt your fear. I have felt your shame. I have shed your tears. But I have good news, friends.

I found the other side. And it's freaking glorious. In two days shy of 28 months, Katie and I paid off $77,232.88 in debt on just my income. We are now (with the exception of our mortgage) debt-free! We hit that milestone in December 2011.

How did we do it? In a word: budget.

A budget is nothing more than you telling your money where to go. When we knuckled down and put everything on paper, we found an "extra" $500 a month. It felt like a raise right away. We started being intentional with the money we made. We sacrificed. We cut back. I worked more. We found the Other Side.

The lion's share of you aren't doing this one simple financial move and I know why. You're afraid. Yeah, I know, first responders aren't afraid of anything. Aren't you just the cutest little thing?

It's beyond debilitating to face the mountain of financial concerns that loom over us on a daily basis. It's terrifying to hear the phone ring and face another collections call. It can be emasculating and humiliating to face the reality of your financial situation.

"I'll just work more overtime" was my cry repeatedly. I'm here to tell you that approach is unsustainable. If it doesn't affect your psyche, it will certainly catch up to you and affect you physically. How many stories of first responders getting injured or worse have you seen in which sleep deprivation was expressly mentioned or the amount of hours worked was at least a contributing factor in an officer-involved incident?

We're putting ourselves at risk every day on the job. It's dangerous enough without our minds being distracted by personal financial concerns. I believe departments aren't doing enough to educate and support their people with regard to personal finance.

A budget can be a lifeline to you. It's difficult at first, but with some training and coaching, it can not only improve your financial future, but it will positively affect your work life and, more importantly, your personal life.

It simply comes down to intentionally planning for the money you work so damn hard to make. I don't care if you make six figures or barely scrape out $30K. You can take control of your financial destiny if you're fully committed and make things happen instead of waiting around for things to happen to you.

When we go on-scene and see some heinous detail, we're in control. Period.

It's time to take that authority to the bank. Literally. Start taking control of your financial life.

Start doing a monthly budget.

The $78,000 Monkey

May 2006.

I took my five-months pregnant wife to an RV show to "look."

Wouldn't you know it, we found a great little travel trailer (last year's model, no less!) for a great deal, but that deal was only good during the show. Of course.

The question out of our mouths? "How much per month?" Even worse, the question was framed in overtime terms. "How much OT per month does this equate to?" We didn't ask whether we could afford it (because we couldn't). We asked how much it would cost per month because that was our frame of mind nine years ago.

We walked away from the RV show having financed nearly $20,000 for a 10-year period.

That was just a portion of the $78,000 monkey on our backs. We also had a car payment, student loans, credit cards, and a $600 toddler bed. Yeah, we financed a bed for our first born.

When I look back on it now, I can see our mistakes and missteps in 1080p high-definition. (If you're reading this in the future, 1080p was once a quaint way we watched television before 4D became a "thing.") We had no business buying that trailer. We had no business buying a brand new 2005 Acura TSX for $564/month (and adding it to our other monthly car payment of $542.10).

We were living well beyond our means. We were overextended. We were reckless. We were headed for disaster.

And then...? Katie was brave enough to tell me she was worried about our finances and I was smart enough to pay attention.

"Who can find a virtuous and capable wife? She is more precious than rubies. Her husband can trust her, and she will greatly enrich his life." Proverbs 31: 10-11 (New Living Translation)

We started the process of compiling our debts. I assure you it wasn't easy. Taking the time to physically write out one's stupidity is a challenging exercise. Our particular stupidity landed us at $77,232.88 in debt.

Listen, the travel trailer, in and of itself, was not a stupid item. We loved the experiences we had in it. It was a blast, but it wasn't worth the price we paid for it, monetarily or otherwise. The '05 Acura was a *spectacular* vehicle, and we loved driving it, but, as you may have guessed by now, it wasn't worth the mental anguish it put us through when we wrote that check every month.

Your monkey may not be as big as ours was. Your monkey may be a silverback gorilla. Rest assured that either way, you can tame, tag, and release the monkey.

The stress of those financial decisions we made are long laid to rest, and I can tell you that our money is now a source of joy for us. We are planning for retirement soon. We're talking about our future with excitement, anticipation, and fervor.

Enough about us though; it's time to talk about you and your goal of financial freedom. Let's begin by talking about you and your relationship with money.

Hypervigilance & The OverTime Cycle

In his seminal work, *Emotional Survival for Law Enforcement,* Dr. Kevin Gilmartin addresses that unsustainability in what he refers to as the hypervigilance roller coaster.

This perceptual set of elevated alertness of the surroundings, which is required by law enforcement officers for survival, is referred to in the police culture as officer safety. However, a more accurate term would be hypervigilance (p. 35, *Emotional Survival for Law Enforcement*).

As Gilmartin explains, at the height of the roller coaster, we're at our most alive. We're outgoing. We're funny. We're vivacious. We're the best version of ourselves. However, when we go off duty, we plummet into lethargy, depression, apathy, and inaction. Thanks very much, Sir Isaac Newton, for your Third Law.

Two extremes exist every day in the life of a police officer. The problem is, if the officer and family are not aware of the cycle and its potential destruction, we can't expect them to take the appropriate corrective action and avoid the devastating effects on both their personal and professional lives (p. 50, *Emotional Survival for Law Enforcement*).

It was during a seminar I attended in which Gilmartin spoke, and in conjunction with my own financial journey, that I had an epiphany: Countless cops just like me suffer from what I call the *Overtime Cycle*. The OT Cycle is insidious. In it, we find ourselves working more in order to spend more which, in turn, requires us to work more.

How do we counteract those feelings of apathy, depression, and inaction during our off days? How can we rekindle the adrenaline high we all love so much? One of the most frequent ways is retail therapy. We spend money like a lottery winner with no control and no adult supervision.

That's all well and good while the high lasts, but then those payments for that truck you just bought start rolling in. So what do you do? You work more OT. And that's where the cycle starts.

This Is About Your All-Around Wellbeing

In a recent column for InPublicSafety.com, Professor Mark Bond cited a 2012 study on police officer fatigue (Basińska & Wiciak, 2012) that found that fatigued officers:

- Use more sick time
- Have difficulty managing successful personal relationships
- Have time management issues (reporting for duty on time)
- Make mistakes on departmental and court paperwork
- Sleep on duty (rotating shift work)
- Generate higher rates of citizen complaints for reported misconduct
- Tend to have problems communicating with supervisors and have stressful relationships with superiors
- Have problems testifying in court regarding being prepared
- Experience more accidental injuries on duty
- Retire early (burnout)
- Are at a higher risk of being seriously injured or killed by not focusing and recognizing danger signs

It's an easy fix though! I'll just go work for a different department so I'll make more money! That'll solve the problem! After all, the grass is always greener elsewhere, right?

Nope. The cycle only gets worse because we're making more, which means we have more to spend. So, what's the solution? How can we break the OT Cycle and normalize the hypervigilance roller coaster?

There is no easy answer. There is no magic pill. What I'm about to tell you requires hard work and discipline. It's unpleasant in the beginning, but I unabashedly and unreservedly believe that it will improve your work life and, more important, your home life.

I know because I lived it. Creating a budget changed my life.

Remember, five years ago, I was making six figures, but I was living paycheck to paycheck. I came home one day and sat on my bed on the verge of tears because I had no idea how I was going to pay the electric bill.

My thoughts in that moment were, *"You're a shitty husband and a worse father."*

I'm not one to believe in coincidence, and I won't wax philosophic. Suffice it to say, I cried out to God in that moment; I was a man broken and afraid. Mere minutes later, Katie told me her grandma was selling her house and moving, and we would receive a gift of $1,000.

Message heard and received. Thanks, God.

Even then, I didn't take many steps to avoid the same issue. Then Katie mentioned the name Dave Ramsey. I bought his book *Total Money Makeover* and read it cover to cover in about 48 hours.

By following his tenets, we paid off $77,232.88 in less than 28 months.

Five years later, I'm now an Independent Dave Ramsey Finance Coach with my own financial coaching business. I've led dozens of families through paying off debt, creating a plan, and becoming intentional with the money they make.

Slow is Smooth and Smooth is Fast

Every shooter who has ever had a moment's training has heard the following axiom:

Slow is smooth and smooth is fast.

This isn't something that only officers are familiar with. I know a number of medics and firefighters who are gun ~~nuts~~ aficionados who are familiar with this concept, as well.

For those unfamiliar with the process involved in combat shooting or the way we cops train, let me give you the *Reader's Digest* version.

There is what we call the five-point pistol presentation. In each step, the shooter does something to bring him or her closer to efficiently coming on target and pressing the trigger. The steps are as follows:

1. Your support hand hits your chest and the gun hand goes to the pistol grip releasing any/all retention on the holster.
2. You pull the gun out of the holster and bring it to retention, keeping your upper arm parallel to the ground and the muzzle pointed down range.
3. Bring your support hand and the gun hand together and begin punching out to fully extend your arms.
4. Get a sight picture with the front sight in focus and the target hazy in the background.
5. Smoothly press the trigger. We don't pull it because it will make us miss what we're aiming at.

We practice each of these steps painfully slowly. Then, we do them at quarter speed. Then, half speed. Then, three-quarter speed. Then, full speed.

Each time we repeat the drill, we get smoother because we've practiced it slowly at the start. There have been a number of times when I've had to have my gun in my hand. I'm still amazed at the alacrity with which that occurs. It's as if I merely will it to be there and *snap*, there it is.

It isn't magic. It isn't happenstance. It's a slow repetition practiced incessantly over time in order to increase the speed with which I can draw my pistol, when required. That practice and repetition has served me extraordinarily well.

That axiom is not only applicable to shooting. You can apply to your financial life as well. How, you ask? Think of the greatest financial-related book ever written. What'd you come up with?

Here are some choices:

- Dave Ramsey's *Total Money Makeover*
- The Bible (Fun Fact: Money is a subject more often than love)
- Napoleon Hill's *Think and Grow Rich*
- Tony Robbins' *MONEY: Master the Game*
- Aesop's fable *The Tortoise and the Hare*

Wait. What?

I'll grant you the first four mentioned above are fantastic, and Dave's book is the reason Katie and I started our journey to paying off nearly $78,000 in 28 months. But, for our purposes in this context, the winner is:

The Tortoise and the Hare

Much like many other finance-related perspectives, I learned about this book from Dave Ramsey while leading Financial Peace University. In one of the lessons, Dave talks about an opportunity he had to sit down with a billionaire to pick his brain about how to build wealth. The billionaire tells Dave about a book he read that made all the difference. You may have guessed by now the book is *The Tortoise and the Hare.*

Much like you may be feeling, Dave was initially put off a bit by the man's statement. But the gentleman went on to explain. He said every time he read the fable, the tortoise wins. It's through his tenacity, intention, dogged determination, and his slow, but persistent, approach that the tortoise is the victor.

There are "gurus" in the financial world who bounce around like a pinball on speed, zooming from one thing to another at eye-blurring speed. They're in and out of the market. They're leveraging this to option that. They want you to borrow. They want you to invest on their word. They want you to trade in single stocks. They want you all in all the time.

They're the rabbit. But...

When you approach your financial life at a slow and steady pace, you're smooth. When you consistently practice the foundational approach laid out in this book, you're smooth. When you're committed to intentionally allocating your money in a wise manner with focus, you're smooth.

And when you're smooth, you're fast. When you're fast, you will win the race. You will win the race by being slow and deliberate.

Because:
Slow is smooth and smooth is fast.

CHAPTER TWO

Your Relationship

Why a Budget?

Does the thought of a "relationship" with money seem weird? Should we look at money through that kind of lens? People often misunderstand a very old quote about money being the root of all evil. The correct quote is from 1 Timothy 6:10, "For the *love* of money is the root of all kinds of evil" (emphasis added).

So, no, I don't think of a "relationship" with money in terms of love; however, I do believe we can *relate* to it if we view it as a tool. Without getting too philosophical, I equate money to a hammer. A hammer is simply a tool. It doesn't care how it's used. I can use it to build a home, or I can use it to commit a violent crime (I'm a cop, remember? I go right to assault with a deadly weapon on the extreme scale).

Money is much the same. We can use it for incredibly selfless expressions, or it can be used to bankroll terror organizations. Money doesn't care because it's simply a tool.

How we relate to money comes down to telling it where to go, what to do, and often, how long to do it for. So, why a budget?

A budget is a road map for your finances.

Would you travel from Seattle to Miami without a road map? Of course not! But why not?

The simple answer is it would be too easy to get off track. No one wants to get lost in the bayous of Louisiana. (We recently finished HBO's *True Detective*, thus I am basing my opinion of Louisiana solely on that show.) The same can be said when it comes to your finances. If you know you want to take your family on a vacation next year and you're committed to paying cash (as you should be, in my opinion, but we'll talk about that another time), which of the following approaches do you think provides you with the greatest opportunity to achieve your goal?

Strategy #1: I'll work as much overtime as I can.

Sure, this is certainly one approach. But, is it sustainable with little consequence? Speaking as someone who worked an average of 40 hours of overtime a month for 28 months to pay off nearly $78,000 in debt, I can tell you it's definitely doable, but not something I'd recommend as a strategy for long-term success.

Remember that RV show in 2006? Back in those days, we didn't have a budget. Our concept of "budgeting," misplaced as it was, came down to how much more OT a month did I have to work. That, my friends, is a Broke People Question. If we had a budget in place, we would have known the answer to the better question "Can we afford it?" would have been a simple "No," and we could have avoided years of mental anguish, financial interest, and the guilt of *not actually using the trailer as much as we wanted.*

Strategy #2: I'll look at my spending and see where I can cut.

Not a bad strategy, really. So long as it isn't your only move. If you want to save money, reducing your outflow is a good move. Most of us can stand to reduce our cable packages. You aren't watching all your package has to offer anyway. Know how I know? You wouldn't be spending your time reading this book. Reading this takes intention. Watching a *Real Housewives* marathon takes a barely sustainable pulse.

Cable isn't the only way to cut costs, believe me. We'll talk more about budget busters in a later chapter.

Strategy #3: I'll sell some stuff.

Again, great idea! Selling things you either don't need, don't use, or don't care about is a fantastic way to make some quick cash. We had a garage sale in 2014 on a Friday and Saturday. Our two "big ticket items" sold for $20 each. Everything else was a few bucks here and a few there. We made $600.

These days, you don't have to welcome strange folks onto your lawn to sell your variety of wares. Craigslist and eBay have changed the way commerce takes place. You can certainly take advantage of today's technology to pad the income side of your personal finance equation.

You may be saying to yourself, "It sounds as if you're advocating all these approaches, but what do they have to do with budgeting?" You're right. I absolutely advocate them *in conjunction* with a budget.

Without the advantage of a budget, the strategies above are a shotgun approach to a specific target problem. Maybe you hit the mark, maybe you don't. If I hand you a shotgun and stand you at the 100-yard line and ask you to hit the 10 ring, could you? What if I handed you a scoped rifle?

The budget is your rifle option to a long-range problem.

I can't encourage you enough to apply the three strategies above. The difference is that when you do them in the context of a budget, the results will be more efficient and they won't be something you have to do until the end of time. Working OT for years on end is not sustainable. At least it's not with a decent quality of life.

Cutting lifestyle? Well, short of dumpster diving, there's a limit to what we'd subject ourselves and our families to. And eventually you're going to run out of things to sell. (We wouldn't want the kids to get nervous, right?)

The Power of the Budget

Before we go further, let's define "budget." There are any number of definitions depending on whom you ask, but my favorite comes from leadership guru John Maxwell who said, "A budget is simply telling your money where to go instead of wondering where it went." A budget is simply a written plan for where your money will go.

Many people think of a budget as knowing when to pay their bills and how much those bills are. *Cue game show buzzer. That's a reactive approach. The budget is an active tool.

Here's an example:

I know my next paycheck will be $1500. Before that money even hits my account, I know $800 of it goes to rent, $200 goes to groceries, $100 to utilities, $50 to cable, and $50 for Mom's birthday. I'm *allocating* it. I'm telling it where to go. Every last red cent of it. You'll notice those numbers only add up to $1200. There appears to be $300 left over or "extra." The concept of "extra money" is a misnomer. There really is no "extra" because all of the money that comes in goes somewhere. Where it goes is your decision. It can go to your debt, your emergency fund, or a savings goal.

For the sake of this discussion, let's apply that unallocated $300 to your debt. Now, you've accounted for all the $1500 , and met your needs. If you look at the strategies listed above (a list that is not comprehensive, by the way) and combine them with a budget, your results get supercharged. If you were to work an extra 20 hours of OT, cut back on your outflow (bills like cable), *and* sold something, and then took those earnings and applied them to your plan with intention, there's very little, if anything at all, you can't accomplish.

The Fear of Budgeting

To a lot of people, the concept of budgeting is scary. The reasons range from simply not knowing where to start to a debilitating fear of taking a serious look at how much debt is in play and how much money you wasted on things that don't really matter all that much. Those are legitimate fears. And they're limiting both your growth and your ability to flourish.

When I was little, I had a fear of the water. I didn't want to learn how to swim. Eventually, I conquered the fear, and now I'm proud to watch my kids learn to swim. They had fear, too, but they overcame it. As parents, we encourage our kids to push past their boundaries and to master the unknown. They should learn if not for their enjoyment of everything water play can offer, then certainly for their safety and survival should they fall into a body of water.

I've also heard a pervasive myth regarding how *restrictive* a budget is. Nothing could be further from the truth. Making a budget is one of the most liberating exercises we ever did. The feeling of control and traction is close to intoxicating.

And here's the key to it all:

The mere practice of budgeting replaces fear with confidence and control the more you use it.

We'll talk more about fear in the Stumbling Blocks chapter.

A Gym for Your Money

If you equate making your budget with a trip to the gym, it's easy to see the correlation. The first time you hit the gym after a serious dry spell, you feel pain and discomfort: both as you work out and in the days to follow.

However, the more consistent you are with your time in the gym, the easier it becomes. The pain subsides, and you can physically see progress in either the loss of weight, the building of muscle and endurance, or both.

The same can be said for your budget. The first few times you do it, you're likely to forget a category, overspend, or your anniversary will "sneak up on you," and you under-allocated money for that event. You'll feel some pain as you start down the path toward financial control.

It's both normal and necessary. Without discomfort, we do not grow.

Your budget is a gym for your money. You're making your money work *for* you. It takes discipline and commitment to get better. When you stumble (note the lack of "if"), take heart! It isn't a reflection of your inability to dial your budget in. It's merely an opportunity to be more active. It's an opportunity to learn and grow.

We've budgeted consistently since 2009. Occasionally, we still have an oversight. We don't beat ourselves up over it though. We learn from our mistakes so we can avoid them in the future.

I wish I'd been as consistent in my time in the gym for the same amount of time. I could probably lift a freaking Buick by now.

What's Next

By now, you're convinced of the necessity of a budget if you want to control your money and make some serious progress in your personal finances. The next step is simple: Create a budget. Two chapters from now, we'll look at the first items that you must pay *before anything else,* with one exception and that's in the next chapter.

Define Your WHY

Simon Sinek wrote a book a number of years ago called *Start With Why*. Although primarily a business/leadership book, its applications are innumerable. Foremost among them, in my opinion, is defining your personal WHY.

Sinek highlights a few companies, one of which is Apple. He holds Apple as practically the pinnacle of a company defining its WHY. There's a reason rabid fans line up hours, if not days, for the release of Apple's latest "it" product. It isn't the tech itself that draws them, it's Apple's continual pursuit of pushing the envelope of what's technologically possible. Apple stands for innovation.

Millions of people identify with that WHY. It motivates them...and Apple makes billions because of it.

Your WHY won't be Apple's. (That's a good thing, by the way.) When it comes to your personal finance and the journey of creating a budget and finding your own road to financial freedom, it's part of your foundation to identify just why you're doing all of it. Because there will be days you don't want to do it anymore. It'll seem overwhelming. You'll get discouraged. Hell, maybe you'll just be lazy.

Your WHY must be stronger than your excuses.

Your WHY will kick your butt off the couch. It will scrub away your doubts. It will light the proverbial fire beneath you to get you moving.

Your WHY will differ from mine or anyone else's. Only you can define it.

- Write it down.
- Post it somewhere conspicuous.
- Make it your profile pic on every social media platform you visit.
- Mark up your bathroom mirror with it.
- Make it your screensaver on your computer and the wallpaper on your smartphone.

It should be everywhere so you never lose sight of it.

Singles

Finding yourself facing this dragon alone? (First, you shouldn't be, but we'll cover that in the Stumbling Blocks chapter under "Accountability.") The steps listed above are even more important for you. The good news is you get to define your WHY without having to consider anyone else's opinion.

Couples

If you have a Tonto to your Lone Ranger, it's still imperative you clearly define the WHY and scatter it everywhere. The good news is you get to define your WHY in conjunction with your partner. Because you're a team and should absolutely face this together.

Money is one of the leading causes of divorce in this country. I've lost count of how many domestic violence calls I've gone to where money was the cause of the fight.

It's crucial the two of you are on the same page when it comes to your money. Success demands it, and you simply will not have a prosperous relationship without it. (A note about pronouns. Your words have power. Inside a marriage, train yourself to resist the temptation to use "mine" when it comes to money. There no longer is "his" and "hers." It's now "ours." Yes, I was the sole breadwinner since Katie wasn't bringing in outside income as a stay-at-home mom. What I'm fond of saying is, "I made the money, and she made the money work." We're a team. It's a subtle, but important point and is a strong indication of the strength of your marriage.)

Simply deciding you no longer want to be in debt or you want to get control of your finances is not enough. *Why* do you want these things? Take a minute to stop and think about it. Close this book. Close your eyes. Start to define your WHY.

Here are some examples I've heard over the past few years of WHY. Feel free to alter them to fit your own.

- I'm sick and tired of feeling as if I'm barely scraping by every month.
- I'm afraid I can't ever retire.
- I want to provide a better life for my family. I want to be more present with them.
- I'm tired of working so much overtime. I takes me away from my loved ones and when I *am* with them, I'm exhausted from work.

You should be able to rattle off your WHY when people ask why you're working so hard and why you keep saying no to "opportunities" to go out. Most people don't live with a plan. Most people stumble through life haphazardly at best.

But not you. You're done with that. Your behavior changes today! Because you're intentionally sitting down to read this. You're taking important steps to redirect your life on a path *you* choose, not a path laid before you.

Behavior Change

Changing your behavior isn't easy, but it is possible. I'm a shining example. Let me tell you a quick story about something I'm not too proud of: My Best Buy addiction.

Now, I realize "addiction" is a strong word, and it's thrown about willy-nilly these days. In retrospect, however, I think it's not accurate. One of the definitions of addiction is "enthusiastically devoted to a particular thing or activity." I assure you, I was enthusiastically devoted to Best Buy.

Tuesdays were my favorite day of the week. Why, you ask? Tuesdays were New Release Day! New movies. New music. New games. (I'm a very large child.) I would get a hit of dopamine simply walking through the automatic doors and being greeted by the blue-shirted employee at the front. (For more information on dopamine and its effects on the body, read Simon Sinek's *Leaders Eat Last*.) I felt alive. I was gonna spend me some money!

This was my answer to the OT Cycle. I needed to get that rush back and I was self-medicating through spending money. I am not a unique and beautiful snowflake, my friends. My experience is not unique. You have likely felt something similar in your lives. If you're honest with yourself, you're already nodding your head.

When we started paying attention to our money, our WHY supplanted my addiction because my *behavior* was changing. Listen, I could teach my eight-year-old to create a budget (which we did, by the way). The math isn't hard, even for you beat cops. (Did you think I was gonna stay all serious this whole time?! Come on...)

Dave Ramsey says, "Personal finance is 20 percent head knowledge and 80 percent behavior." When you have that heart change and your perspective on money changes, that's where the magic happens. Going to Best Buy was no longer a priority for me. I started to watch significantly less television. I began to read more books on leadership and personal development. I surrounded myself (both in reality and in the virtual world) with people who were more accomplished than I because I wanted to know how they did it and how I could accomplish something akin to what they had.

You will experience something eerily similar. Your path won't be the same as mine, but when that behavior change switch in your soul flips, stand by to stand by, because your world is primed for an explosion of growth previously unknown to you.

Giving

Disclaimer:

I'm a Christian. As such, I tithe. I won't fill what follows with Evangelical rhetoric; rather, my personal experience with what having a grateful attitude and giving means to me personally and financially. You're free to skip ahead to the "nuts and bolts" of budgeting, but I challenge you to read this chapter with an open mind/heart. You're welcome to take the religious overtones out and replace them with charity if you prefer.

Why We Give

There are no shortage of passages in the Bible about tithing. Tithing is literally defined as 10 percent. It means to give 10 percent of your income back to your local church. I'm not going to get into the net versus gross argument. It's a silly one and does more harm than good. As it happens, we decided to tithe on the net because that's what we bring home. When we get our tax refund, we also tithe on that.

I grew up non-denominational, and Katie grew up Episcopalian. I was more used to tithing than she was, but prior to starting our own journey to financial control, we didn't have a home church and weren't giving anything at all to anyone at all.

When our financial lives started taking shape and we started to make a concerted effort to get control, many other aspects of our life came into focus, as well. One of them was our spiritual walk. We discovered a home church and have attended it since 2010.

Remember, we started our journey in August 2009, but we didn't start consistently going to church until April 2010, and even then, we didn't start tithing until July 2010. The decision to begin tithing was not an easy one. Katie felt that getting out of debt should be our #1 goal with our money. She felt that "God wants us out of debt more than He wants our money." I didn't necessarily disagree, but I felt strongly pulled to start tithing.

We talked about it for weeks. We prayed about it. Finally, we decided to take the leap. We started to tithe. For us, the decision came from a place of faith. We felt called to act out of faith based on what the Bible teaches. Our big fear, though, was it would significantly delay us getting out of debt. As it happens, that fear wasn't exactly misplaced. Our original date to have our debts paid off was September 2011. We didn't hit our goal until December 2011. The delay was three months.

Now, I don't recall specifically how much we paid between September and December 2011, but I think somewhere around $3,000 to $4,000 is reasonable. I seem to remember a final check in the $2,000 range for our last payment to my student loan.

Why do I bring it up? Because between July 2010 and December 2011, we tithed faithfully. We didn't miss a month's tithe, and we gave exactly 10 percent of our income. That income included not only my main source of income, but any extra money we made selling things or my writing for *American Cop* magazine.

During that time period, we tithed more than $15,000. Recall that our original date to pay off our debt was September 2011. Tithing "delayed" us by three months, right? I would argue that tithing jump-started our journey. That $15K, had we applied it to our debt, would have gotten us debt-free well before September 2011. I absolutely believe that because of our faithfulness, we were blessed with additional income that allowed us to not only support our church and the incredible work it does both locally and globally, but it also allowed us to accelerate our debt payment. I think it would have taken us longer if we hadn't tithed.

The Case for Giving

Giving is a multi-level blessing. When you give, it changes your spirit and your outlook, not to mention how you view yourself as well as how others view you.

Think of it this way. If I hold ten $100 bills in my hand, and I clench that hand into a fist, I will retain my $1,000. No money will escape, but more money can't be put in, either. If I hold the same ten $100 bills in my open palm, some of it may leave, but more can be added, too.

If you and I were to meet for the first time, and when you were introduced to me, I had my hands clenched into fists, what would your opinion of me be? I would venture to say it wouldn't be favorable. But, what if my hand was extended openly? Would your opinion change?

This is what giving does to us from the inside out. When we have an attitude of gratitude it has far-reaching effects. Some we can come to recognize over time, and some have more immediate consequences.

To Give or Not to Give

I won't sit here and tell you if you don't tithe you're a terrible person or a sinner. Tithing is not a salvation issue. You may not even be a Christian. You may be another religion, even an atheist. You may be uncomfortable with the "trappings" of religion. That's not a topic for this book.

If you're a Christian, the decision to tithe rests solely with you (and your spouse if you're married). As I said above, we thought long and hard about our decision. If you don't give 10 percent, but give a differing amount, that would be considered an offering not a tithe. If your comfort level differs from mine, that's totally okay. Decide what's right for you.

If you're not a believer, I still believe in the power of giving and how it can positively change your outlook and interaction with the world around you. I encourage you to find a charity you find worthy and donate to it. Your donation can certainly take the form of money, but perhaps your time/skills would benefit, as well. The point is simply this:

When we give, we not only have a positive influence on others, we receive benefits, as well.

Giving and Your Budget

The reason I bring all this up comes down to the layout of a budget. At the top of the budget, the first number listed is income (how much money you have to allocate). The first category we use is "giving", which is our tithe. If we were to put everything else first, by the time it came for us to be givers, all of our money would have vanished. Our first priority every payday is to set aside our tithe/ giving. From there, we move on to the FACTS (covered in an upcoming chapter) and other monthly obligations and savings goals.

Seriously consider making regular giving a habit. Just like budgeting, it will take some getting used to, but I think the results will astound you, both financially and personally.

CHAPTER THREE

Ops Plan

Ops Plan Defined

As first responders, we're familiar with the need for an Operations (Ops) Plan when going into any potentially hazardous, violent, or otherwise dangerous situation. Your personal finances aren't necessarily violent or dangerous, but they can certainly qualify as hazardous if you aren't careful.

Up to this point, we've talked a lot about budgeting, and that truly is the cornerstone of any good Ops Plan; however, there are three steps to a foundation of a good Ops Plan :

1. The Rookie Emergency Fund (REF)
2. The Outstanding Warrant List (OWL)
3. The Veteran Emergency Fund (VEF)

Without a cornerstone (read: budget), creating the foundation isn't possible, or it's haphazard at best. The three steps above are the subject of this chapter. Take each one at a time. This is not a shotgun drill; it's an accuracy drill. When you use focused intensity, you'll accomplish your goal more efficiently.

Do not attempt your OWL before completing your REF. These steps are in order for a reason. If you decide to jump around, not focus, and make excuses as to why, your path to financial success and freedom will grow longer and more arduous than necessary.

The Rookie Emergency Fund (REF)

You can easily define your REF as "Drama Insurance." In monetary terms, it's defined as $1,000. (If you're making less than $20,000/year, your REF can be $500.)

Your first objective in your Ops Plan is to get your hands on $1,000 as quickly as humanly possible. Go back to the "Why a Budget" chapter and look at some of the strategies I laid out for some ideas on how to make some quick money. The idea here is to have a small amount of cash set aside for no other purpose than an emergency.

Let's take a moment to be clear. A new pistol is *not* an emergency. A new truck is *not* an emergency. Buying a round of drinks after shift for everyone on the shift is *not* an emergency. Basically, your inability to say "no" is not an emergency. It's time to stop trying to satiate the screaming little boy/girl inside of us that's screaming "I deserve one!" by giving in just so he/she will shut up.

Here are some examples of an emergency:

- Alternator dies
- Clothes washer floods
- Hot water heater explodes

Getting the point?

When you have your REF ready to tackle these issues, you're taking the drama out of the situation and changing it into a mere inconvenience. Before you started building your Ops Plan, you would have reached for your credit card to "solve" the problem. Because going further into debt in the midst of an emergency is a good idea? No, of course it isn't!

When we were getting out of debt, our dishwasher heartily tried to die. We didn't particularly want to take the hit of a buying a new one, so we played the role of responsible homeowners and had a tech come inspect it. It ended up costing us a couple of hundred bucks, which we had in our REF ready for just such an occasion. Did it get fixed immediately? Nope. Did we have to wash dishes by hand for a few days? Yup. Did it suck? Most assuredly. But, it was merely inconvenient.

Your REF is your first objective in your Ops Plan. Do what you gotta do. Odds are you either already have it sitting around unallocated or you can get your hands on it more quickly than you think. I know, because I was there six years ago. Get it done and come see me in the next chapter.

The Oustanding Warrant List (OWL)

I realize "first responders" covers not only police, but fire and EMS as well. So, you'll forgive my use of the term "warrant list." Keep in mind, I'm a cop by trade, so I go with what I know.

The way the OWL works is like this: You list all your debts (your wanted persons, if you will) from the smallest balance to the largest on a piece of paper. We aren't concerned with interest rates; remember the 80/20 rule? This is where you will see the most significant behavior change! **Note**: The only debt *not* included here is a mortgage. This portion of the Ops Plan deals solely with consumer debt (car loans, student loans, personal loans, loans from Uncle Nick, credit cards, etc.).

The OWL has its own focused intensity. We don't attack the entire list in one shot. We go after the smallest perpetrator first. We're working our way up to the kingpin! While you're hunting and looking to rid the world of that smallest debt, your job is to keep the others at bay by paying the minimum on them.

But that little guy? We throw everything we can at him. Any unallocated money in the budget. Any "extra" money we can squeeze out of the budget. Any extra money we can bring in through other OT or a second, third, or fourth job!

Is it demanding? Damn right! It's hard work, friends. I know, because I did it. I worked the OT. I had a second job as a freelance writer for *American Cop* magazine. We slashed our budget, sold some stuff, and did what we could to eliminate the debts on our list as quickly as possible.

Your sole function when you're on step two of your Ops Plan is to focus on the debt with the lowest balance and hunt it down until it gives up and goes away for life.Then you turn your sights on the one right behind it. You apply the minimum you were paying when you were hunting the first debt, plus everything else you can find--just as before.

Here's an example of what I'm talking about:

Debt	**Balance**
Medical	75.00
Department Store Credit Card	360.00
Car Loan	8640.00

This is an exemplar OWL. I've listed the debts on the left and the balance owed on the right. Below, you'll see the same debts, only this time, they reflect the minimum payments.

Debt	**Minimum Payment**
Medical	$15
Department Store Credit Card	$45
Car Loan	$300

Following the OWL, the first target is the medical debt. The balance is fairly low at only $75. Let's assume we can scrape together the money to simply pay it off. According to the OWL rules, the new minimum payment would look like this:

Debt	Minimum Payment
~~Medical~~	~~$15~~
Department Store Credit Card	$15 + $45 = $60
Car Loan	$300

We took the $15 minimum payment for the medical debt and added it to the minimum for the credit card giving us a total of $60/month. If you merely pay the new minimum (remember, it's *your* new minimum; the credit card is hoping you'll stick with theirs because it means you pay more interest), you'll be out from under this debt in six months' time.

But that ain't the way we're gonna play it. You want out, and you want out bad! After two month's of busting your hump, you pay off the credit card. Strong work! Our new table looks like this:

Debt	Minimum Payment
~~Medical~~	~~$15~~
~~Department Store Credit Card~~	~~$45~~
Car Loan	$15 + $45 + $300 = $360

You've now added *both* the minimums of your previous debts to your car loan. Instead of paying $300/month, you're now sending $360/month! Again, that's only the minimum--and we don't do minimum. We're all about maximizing. You'll do everything you can to increase the output and get rid of that last debt. Debt freedom is around the corner! Can you taste it?!?

You may be tempted to give this approach your own twist. *I strongly urge you NOT to do that* unless there are some pretty compelling reasons. When I say compelling reasons, I expect you to get the opinions of others you trust (and have already achieved what you're trying to achieve) for some wisdom. As humans, it's pretty easy for us to massage what "compels" us. Just about every rule has an exception, so I want you to think long and hard about mucking about with this approach. It's a proven system that has worked countless times. If followed appropriately, it will work for you as well.

The Veteran Emergency Fund (VEF)

When you get to this point, it's time to take a moment to reflect. Let me tell you about our experience.

Having spent years working so much overtime, it was surreal to realize it was no longer a necessity. Gone were the days when I had to look in my daughter's tear-filled eyes after telling her Daddy had to work tomorrow--again. I no longer had to miss countless family dinners and functions. I could actually spend significant time with the love of my life and my partner in this journey.

Thinking about this next step in the Ops Plan was important; it *is* important. What's more important at this point, though, is to take a minute. Take a breath. A deep breath. Look around. See what you've done. See the impact you've had on the people you love and who love you. Realize the course correction you just took will save your kids (whether you have any yet or not) years of heartache, anguish, and pain because they'll see your example.

That's what we did. We briefly took a step back to take a break and to appreciate what we accomplished. We didn't immediately begin attacking the VEF. After 28 months of solid work, it was time to chill out and be grateful.

Full disclosure, for us, that grateful period lasted a bit longer than it should have. Truth be told, I'd been working at that pace for a lot longer than 28 months. I'd been doing it since 2006 when we found out we were pregnant with our first daughter. The problem was that between 2006 and 2009, I was working all that overtime with no Ops Plan in place. Remember the $100,000 conundrum? That went on for *three years*!

Consequently, when I saw the finish line, I collapsed across it and went into shock. I wasn't well prepared for the relief completing the OWL brought. I thought I was, but I wasn't. My hope is that by saying it here, to you, you'll prepare better than I did. You may well feel similar feelings, but at least you'll feel mentally prepared for the weight lifting off your shoulders, and you can compensate accordingly. Don't get me wrong, the feeling is incredible, but the freedom can become intoxicating and cause you to delay the VEF.

Speaking of which, let's define the VEF, shall we? Your VEF represents three to six months' worth of expenses in savings. It's what others may refer to as a fully funded emergency fund. You may be thinking, "Well, that's all very well and good, Well-Coiffed Gent, but how am I supposed to divine that?!" Again, I thank you for noticing. And, it's quite simple.

You no longer have any debts since we tossed those out with the OWL. What you need are the FACTS (which will be explained soon). For the time being, let's simply call them your monthly obligations, your necessities. I'm talking about things like your mortgage/rent, utility bill, groceries, gas money, insurance payments, trash, etc.

Once you've determined the amount for each of these in a month, add them together and multiply by three. That is your three-month VEF. If you multiply by six, you'll get your six-month VEF. Somewhere in that range is where you want to land.

A Word to the Gents

Fellas, lend me your ears for a second. You may very well find yourself on the lower end of the VEF scale. That's just fine if you're a single guy; however, if you find yourself sharing space with a lady, she may very well have a totally different opinion on the matter.

Remember when we talked about defining WHY you decided to go through this process? It's important to note *nothing has changed*. You still need to be on the same page. For men, money often equates to success and/or power. For women, money often means security and/or safety. If she tells you she's more comfortable on the other end of the VEF scale, I'd advise you to do your level best at making it happen.

All too often, I've heard the phrase "Happy Wife, Happy Life" used to justify some pretty irresponsible financial decisions. This isn't one of those times, guys.

CHAPTER FOUR

The Budget

Just the FACTS, Ma'am

When Joe Friday, from *Dragnet* fame, first uttered the words "Just the facts, ma'am," I'm certain he wasn't thinking of a budget at the time, but that's exactly what I want you to do.

All too often, people have their priorities out of whack when it comes to budget time. They will make sure they pay their MasterCard before their mortgage, or they'll opt to pay for their kid's traveling soccer team before making sure there's enough money to handle the electric bill.

Each time you sit down to write your budget every payday, I want you to keep the FACTS in mind:

- Food
- Accommodations
- Clothing
- Transportation
- Services

These are the areas that require your fiscal attention far before your AMEX payment. Let's look at each of them in turn.

FOOD

Pretty easy concept, really. If you don't have sustenance, you'll die. In my experience, it's extraordinarily difficult for dead people to earn an income. Also, they smell terrible.

Now, when I say "food," please don't hear "steak and lobster." I'm not saying you need to relegate yourself to ramen. We ate very well during the 28 months we were getting out of debt, but we committed to spending no more than $500/ month on groceries.

At the time, we were a family of four. We are now a family of five. According to a report I just compiled in YNAB (You Need A Budget)*, our average monthly grocery spending was $553.33/month in 2014. Katie is a phenomenal cook and an even better bargain hunter. If that isn't your strong suit, I encourage you to make a concerted effort to learn.

*(Don't worry I'll talk more about YNAB in the chapter on Stumbling Blocks.)

_A_CCOMMODATIONS

This is your rent/mortgage payment. Staying current with this is crucial. It's stressful enough to feel behind the eight ball with your credit cards, but if you're current with your rent/mortgage, you'll always have a place to lay your head without the fear that you'll wind up in the street.

If you do find yourself behind with your rent/mortgage, re-evaluate your priorities. Visa can wait for its payment. Sure, your debt may eventually go to collections and Visa may eventually sue, but I'd rather a credit card company sue (which can take months if not years to come to fruition) than risk losing my home.

_C_LOTHING

Listen, I realize it isn't 1967 anymore, and no one calls clothing "threads," but I'm not sure you appreciate the difficulty of coming up with an acronym that fit all the requirements.

This wasn't something I particularly struggled with. As a cop, my clothing choices are pretty simple: uniform. Wear a few days, take home, wash, repeat.

My off time? I can typically be found in a T-shirt and comfy pants (a.k.a. sweat pants). I admit I'm not exactly what one would call a fashion maven. I own more kilts than I do suits. Consequently, I haven't struggled in this area.

You may be a Hugo Boss fanatic for all I know, but that's not the kind of threads I'm talking about here. No, these clothes are just enough to do the job of covering your naughty bits. (Okay, that may be a bit understated, but the point remains that instead of being dressed to the "nines," you should aim for dressing for the, like, "fours." At least for the time being.)

_T_RANSPORTATION

Before you go off the rails and run out and buy a $40,000 car, what you need is simply a reliable conveyance to get you from Point A to Point B. You don't need this year's Chevy Camaro with a thumping sound system and throaty exhaust.

Do you know how much value a new car loses over five years? According to Edmunds.com, a new car will lose 60 percent of its value in five years! You're much better off buying a model that's a few years older. Let someone else take the depreciation hit.

Is there more work involved with finding a quality used car? Yup, but you aren't reading this because you're afraid of work. You're reading this because you want to get control of your finances. So, do the work required.

SERVICES

When I say "services," think of things like gas, electric, garbage, water, and the like. The kinds of things that fall in this category are to keep you safe, comfortable, clean, and warm.

That's not to say that you keep the thermostat at 75 degrees in the winter and 60 degrees in the summer. Within reason is what we're shooting for. That should have sunk in by now.

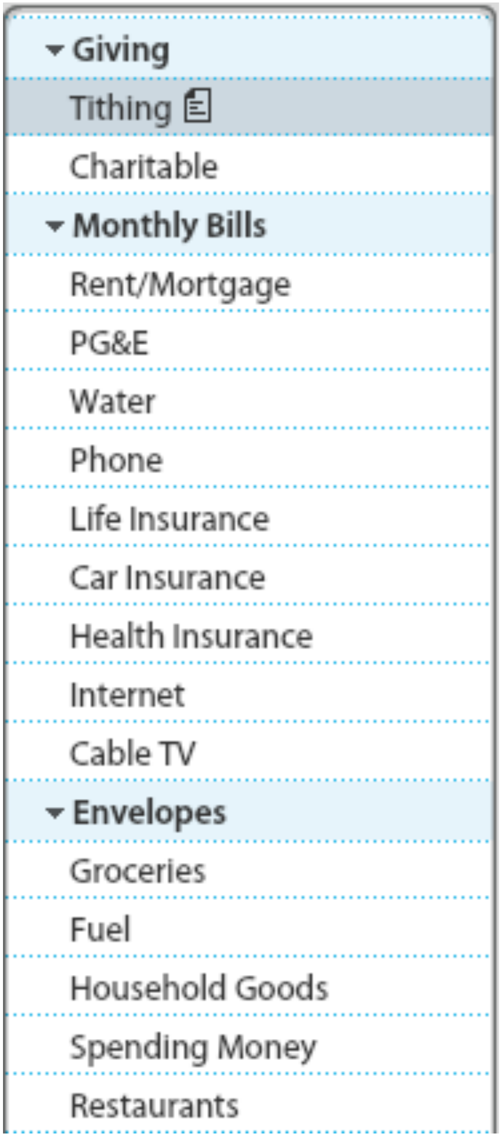
Beyond the FACTS

Of course, there's more to life than these few necessities, and you need to address them in your budget. Pictured below is a sample budget created in the best budgeting software on the planet, YNAB (You Need A Budget).

You'll notice "Giving" is the first thing listed. This may be a sample budget, but this is absolutely the first thing on my personal budget. Feel free to jump back to the Giving section in Chapter 2 if you want more information. At the bottom of the Monthly Bills section, you'll notice Cable TV. Is that one of the FACTS? It is not.

We can argue about the necessity of the Internet, but since this very book is electronic, I'd say the Internet is, at minimum, making its way toward being considered a necessity (in which case, it would fall under the "S").

Cable TV is not a part of your VEF. I don't care how much you like sports (and I'm saying that as a huge football fan). The good news is if you do this budget thing right, you won't have to worry about ditching cable although it would accelerate your OWL (Just a thought).



There are certainly other categories you can include in your budget that will fall outside the FACTS. The purpose of the FACTS is to help you prioritize the important things first and to help you understand the proper level of the VEF. If you can afford everything, but not (as pictured above) restaurants, guess what you get to do? You get to eat at home, my friend.

And by the way, if your OWL isn't complete, I'd tell you the only time you should go to a restaurant is if you're arresting someone or there to save a life--perhaps both!

You may have noticed that in the picture above is "Envelopes." No, I don't have some strange affinity for postal items. Meet me in the next section to read what I'm talking about.

The Envelope System

Ah, would that I had invented the Envelope System! Alas, I did not. It's an extraordinarily old school approach to making money behave.

The Envelope System has existed far longer than credit cards. Your grandparents and great-grandparents used it as a matter of course. Their inherent importance to your budget is inarguable. Envelopes help prevent overspending in any given category. I think it's even more important today with the lackadaisical approach most people have with their money and their over-reliance on credit cards (a completely different discussion).

What is the Envelope System?

It's not much more than what you may think. You use a physical envelope to store your cash for a given category. Such categories can include but are certainly not limited to:

- Groceries
- Household Goods
- Clothing
- Gas
- Entertainment
- Dining
- Blow Money (think "spending money")

The way it works is brilliantly simple but takes some consideration. Let's use groceries as an example. Let's assume I get paid twice a month. Every two weeks, I put aside $300 in cash (Yes, actual freaking greenbacks, friends) and put it in the envelope. Then, when I hit the grocery store, I will pay for my groceries out of that envelope.

When the money is all gone, there are no more groceries to buy, and it's time to get creative in the pantry or eat some leftovers-- or maybe get yourself invited to a friend's for dinner.

You don't buy gas out of the grocery envelope. You don't buy clothes out of the gas envelope. You have to learn to appropriately budget the amount of money it takes to fund that particular category of your budget.

How do you know how much that is?

Trial and Error

Do you really think I'm going to suggest you guess? Come on. You're (allegedly) an adult, right? Do you think you're going to spend $1,000 on clothing every month? You could start with minimally an educated guess, but it will take you longer to get your budget dialed in than I would like and your odds of following through with it are seriously against you. Let's start the exercise on a more reliable footing.

Past Practice

These days, it's not that hard to access your bank online and get a good idea about where your money goes. This is still a reactive exercise, but we can lift the data and use it to create our active budget.

Take the time to log on to your bank's site and look at the spending for the past few months. Focus on one category at a time and then make a list of the number of expenditures as well as amounts for each. Tally them up. Done. Not that hard, really.

Let's make up an example:

Mikey pulls up his bank site and sees he went to the gas station eight times during the past three months; however, in the first month, he took a trip to visit friends a few hundred miles away (an unusual anomaly). Realistically, he would have gone six times. That equates to twice a month.

Cumulatively, using those six times, he spent $900 on gas during a three-month period. That's an average of $300/month. Mikey gets paid twice a month. Mikey should budget $150 each pay period for gas.

I know the math is simple, but you have to realize two things: 1. Beat cops are reading this, so I'm trying to keep it easy (Zing!) 2. This is merely an example. The process may be time-consuming, but the math isn't hard.

The Oracle

Maybe you just know how much you need for groceries. Perhaps you're so in tune with your money determining how much you need is a no-brainer. I'm in awe. If that isn't you, though, reread the Past Practice section.

You may be thinking, "Well, that's all well and good, but what do I do when I run out of money? Or have money left over?

Allow me to reiterate what I said above. When your envelope is empty, you're through spending in that category until the next pay period.

If you're consistently running out of money, one of two things is happening. Either you're consistently under-budgeting in that category, in which case you simply need to add more to it next time, or you're struggling with self-discipline. The first is an easy fix. The second? That takes some accountability, something we'll talk about in coming chapters.

If you're fortunate enough to have money left over at the end of a pay period, you have a couple options there, as well. First, you can merely roll it over and allocate less on the next pay period. For example, if you allocated $200 for gas, but only spent $175, you can roll over the remaining $25 and only allocate $175 on the next pay period.

Caution! If you're consistently doing this, you have over-budgeted for that category and should consider lowering the amount moving forward.

Second, you can take the surplus and apply it to whatever step you happen to find yourself on. Let's say you have your Rookie EF completed and now you want to start taking down some wanted suspects on your Debt Warrant List. You'd simply take the $25 from our example above and apply it to your lowest-level warrant on your list. Do this often enough and you'll find yourself working your way through your Warrant List with alacrity you never knew you had in you.

Blow Money

You may be thinking to yourself, "Didn't a cop write this? He wants me to budget money for cocaine?!?" Relax, Tony Montaña. That's not what it means.

Of all the categories covered (with more to come), this is one of the most important. Blow money is a simple concept, but it will save your sanity.

It represents money you can simply blow indiscriminately, at least within reason. Want to grab a cuppa on shift? Starbucks ain't cheap. Neither is whatever anti-corporate, organic collective where you frequent, ya coffee snob. When your OWL is still looming, you won't catch me telling you to put in a coffee line item in your budget. That's where the blow money comes in.

When we were working our way out of debt, we landed on $50/month. The story behind that number is fairly amusing. Prior to Katie and I taking our finances seriously, our attempt at accountability to one another consisted of agreeing that if either of us was going to drop more than $50 in any one purchase, we'd do the other the courtesy of a phone call.

Mature, right? (I'm still convinced I got hornswoggled into it because Xbox games were $54.68 with tax. Katie is tricky.)

Think about the holes in that approach, though. If I had eight purchases in a given month, but each was less than $50, I had permission to do it! How hard is it to budget effectively when you aren't accounting for eight $40 purchases?!

At any rate, $50 was our number. At the beginning of the month, we each got $50 in cash for the remainder of the month. That meant when my buddy asked me if I wanted to grab a frosty adult beverage, I had to consult my blow money to see if I could enjoy that activity. If I didn't have enough to cover it, I had two options: 1. Say no. 2. Say, "I'd love to--if you're buying."

During this process, you'll work hard. It will wear you down. You will tire out. You'll need a release. Enter the blow money. Go grab a beer. Go catch the latest brain-candy on the movie screen. Go do something of little consequence that will bring you some joy.

For me, it was that time with a buddy grabbing a beer or grabbing a cup of coffee with Katie. For Katie, it often involved taking the family to dinner because she needed a break from cooking.

Whatever it is for you, take advantage of it. You deserve a reward for your hard work. There's a subtle, but important, distinction between deserving a reward and being entitled, though, so tread carefully.

How much is right for you? That decision lies solely with you (if you're married, you need to come together and agree on this topic). It will entirely depend on your debt level, income level, and the speed with which you want to get out from under it all. The amount can also change as you move forward, by the way. Just remember that the more you sacrifice during the process, the less time you have to spend *in* the process. Short-term sacrifice for long-term gain should be your new mantra.

Sinking Funds

We've talked about the FACTS. We've defined our Envelopes. But, what about those bills that don't fall under the monthly category? That's where the "sinking fund" comes in.

The sinking fund is a simple tool you can use to mitigate the pain of either a larger or a non-monthly bill. Here are some examples of sinking funds:

- Property Tax (see below)
- Health Maintenance
- Home Maintenance
- Pets

- Gifts
- Pest Control
- Car Repair
- Personal Grooming
- DMV Fees
- Tax Prep
- Other Savings Goals

The list above is the majority of our sinking funds inside our budget. Let's take a couple and expound on them further.

Property Taxes

We don't have an impound account associated with our mortgage. That means we pay property tax and insurance separately. (If this doesn't apply to you, not to worry, it's merely an example.) Twice a year, our property tax comes due. Once in November and once in April. In the past, our approach would be to start freaking out in October and March. Not exactly what we'd now consider proactive.

As a matter of fact, at its worst, we called the tax assessor and we were told, "Just pay a $100 penalty in addition to the full amount in April, and you can skip the November payment!" We were relieved and paid a hundred bucks for the trouble.

No longer. We get a bill annually with the full amount denoted at the bottom. Now, we take that full amount and divide it by 12. If my calendar is accurate, there are still 12 months in a year. Each month, we budget that amount and set it aside as a line item in our budget labeled "Property Tax." Every month, the running balance grows. When November rolls around, we empty that sinking fund, pay the bill, and start rebuilding the fund for April. Refer to the table below:

Month	**Monthly Amount**	**Rolling Balance**
November	285.00	285.00
December	285.00	570.00
January	285.00	855.00
February	285.00	1140.00
March	285.00	1425.00
April	285.00	1710.00 (**PAID**)
May	285.00	285.00
June	285.00	570.00
July	285.00	855.00
August	285.00	1140.00

September	285.00	1425.00
October	285.00	1710.00 (**PAID**)

As you can see, all we did was mitigate a known bill and spread it out over time minimizing the pain, stress, and drama associated with a large bill. But, maybe you're not a homeowner, or maybe you have an impound/escrow account. Let's take a look at something we all have to deal with.

Car Repair

I don't know if you're aware, but cars break down. A lot. Everything from new tires to oil changes, if you don't take care of your vehicle, you may have to dip into your Emergency Fund to handle business.

Consequently, I strongly recommend a sinking fund for your car repair. What does that look like? Easy. Simply come up with a number you feel comfortable allocating monthly and stick it in your budget.

I don't think you need to add to it every month until the end of time, though. Pick a number you want to cap it at and shoot for that. For example, Katie and I decided to cap our car repair fund at $500. Anything beyond that, we would access our Emergency Fund to handle.

Now, I realize $500 may not cover four new tires for an SUV, but if I had $500 lying around, I'm pretty sure I could adjust my budget and come up with another $200 fairly easily. Wouldn't you agree?

We use our car repair fund for things like oil changes, new wiper blades, and a new tail lamp bulb. Nothing crazy. Nothing dramatic. However, if we weren't doing things intentionally and we noticed we needed an oil change, but we didn't account for it in our budget, it's Drama Time.

We don't do drama anymore. We may tackle inconvenience. We occasionally may throat punch Pain In The Ass. We don't do drama.

Take a look at the table below for a visual idea of what we're discussing:

Month	**Monthly Amount**	**Rolling Balance**
January	50.00	50.00
February	50.00	100.00
March	50.00	150.00
April	50.00	200.00
Oil Change	(-35.00)	165.00
May	50.00	210.00
June	50.00	260.00

As you can see, at some point in April, the car needed an oil change, so we spent $35 to get it done. We then subtracted that from the rolling balance of $200 and we were left with $165. It's as easy as that.

For more information on the ease of sinking funds in your budget, check out the Software section of the What Comes Next chapter.

CHAPTER FIVE

Stumbling Blocks

Defined

By now, you've not only started to formulate your budget (at least conceptually, if not physically), but you've also defined your WHY. Maybe it's even been a few weeks since you started, but you've hit a roadblock.

Perhaps you feel overwhelmed by it all. Perhaps you're just tired. Is your motivation flagging? Are people questioning your sanity? (This may be a good thing, believe it or not. We'll cover this in the Haters section.)

Welcome to the stumbling blocks, friends. You're not the only one to hit them, although it may occasionally feel that way.

One of my mentors, Jon Acuff, in his book *Start* wrote, "Fear fears community." He was right on the money. We can find community in a myriad of areas. Online, certainly, but you can also find it in your local church, inside your family, or in your circle of friends. Use caution, though, because in those same areas you may find people whose sole purpose seems to be derailing you.

This chapter is going to give you strategies to battle and overcome these common stumbling blocks.

Accountability

I've used the gym analogy before, but it works well here, too. At the beginning of every year since the beginning of time, people have made resolutions to improve their health. I'm pretty sure that on January 1, 1,456,419 BC, Mlarg left the cave and said, "Mlarg fat. Mlarg hit gym."

I'm not an anthropologist, so don't hold me to the year or whether or not Mlarg did, in fact, exist. Except he totally did, and the dude was fat. Don't judge Mlarg. Gyms across the country see a huge influx of new members for about three weeks. By mid-February, most gyms are back to their usual levels of busy because most folks didn't sustain their momentum and gave up on their resolution. Why?

They didn't have any accountability.

Accountability can come in many forms. You can have a cheering section that encourages you before, during, or after a workout. When Katie posts on Facebook that she's running and the Map My Run app updates, I try to like or comment as I see them because I'm proud of her efforts, and I want to let her know I support her fitness goals.

Even better than a cheering section, though, is a trainer. A trainer at the gym will straight up get in your face and push you when you want to throw in the towel. When you're flagging, they're firing you up. That's what an accountability partner (or financial coach...see One-on-One coaching in the What Comes Next chapter) can do for you. In a perfect world, your accountability partner for a married person is the spouse. That's what Katie and I are to one another. Because I was the sole breadwinner, and working a ton of OT on top of it, she would encourage me daily. She would remind me what my sacrifice meant to her and to our children. She took care of our kids while I was away and took exemplary care of me when I was home.

It gave me strength. Consequently, when she was flagging after a long day with the kids, I could find the resilience to take over for her and give her the break she needed and deserved.

If you're single, your challenge is to find an accountability partner who loves you enough to tell you the truth, maybe even hurt your feelings a bit. It should be someone you trust, someone you can be honest with. That person can be a friend or a family member. Again, though, remember the accountability partner should be someone who's either on the same journey with a similar goal or, ideally, someone who has been where you are. Whoever it is needs to be someone you look up to, someone who motivates and inspires you.

If your accountability partner is your broke uncle, you've chosen poorly. Your accountability partner is there to talk you off the ledge of a big purchase you can't afford. They will go over your budget with you and give you pointers on where they think you may want to consider some changes. They will pat you on the back when you deserve it and kick you in the ass when you need it.

Technology

Let's pause here. I understand we live in a digital age. We can ask Google or Siri what the weather is like in Reykjavik, Iceland. You can ask how many shekels in a rupee (or vice versa). Often, though, technology is a huge hurdle to overcome. There are so many options and rabbit holes on the interwebs it can be debilitating.

The beauty of a budget is it doesn't have to bend to the will of tech. You can actually pick up a pencil (I'm not so bold at this stage to say "pen") and a pad of paper and (gasp!) write out a budget.

Friends, budgets are an age-old tradition that predates iPhones. I know, it's insane...but all too true nonetheless. You don't need the latest whizzbang app or piece of software into which you can simply beam your latest purchase. So, if technology is a deal breaker for you, simply don't use it. Problem solved.

For those of you who *do* want to take advantage of all the brain-beaming (not really a thing...yet) apps available, here are some options for you:

- Mint
- Quicken
- Dave Ramsey's Every Dollar
- Google Docs
- YNAB (You Need A Budget)

In the interest of full disclosure, let me take a minute to tell you what our experience was with each of these options.

Mint

Mint is a free site that offers a number of cool options you can access on a variety of smart devices. Katie spent some time back in the day tinkering with it, but it never did passed muster with her, so I never bothered learning more about it. The last nail in Mint's coffin was its consistent push for the "necessity" of credit cards, a debt vehicle I'm vehemently against.

Quicken

Prior to beginning our debt-free journey, I was a Quicken user for more than a decade. I always liked Quicken for its tracking and reporting, and ability to communicate with my credit union, but I never liked its budgeting capabilities. It was too clunky and did not inspire me in the least to create, let alone maintain, a budget. Katie tells the story of hearing the Quicken jingle when I fired it up on the ol' laptop. It was like Pavlov's dog. She'd hear the jingle and her stress level would shoot through the roof. Her heart rate would increase. Her breath would quicken. She had a visceral reaction. Think that's indicative of what our finances were doing to us?

Dave Ramsey's Every Dollar

Dave Ramsey has recently launched new budgeting software called "Every Dollar". I believe his team saw the success of YNAB (discussed below) and wanted to provide their customers with a similar experience, but with the "Dave Ramsey" stamp.

Full disclosure: I don't use Every Dollar. I've done some research on it, though, and it seems very similar to YNAB, so I won't belabor the similarities here. Instead, I'll point out one major difference.

Every Dollar is free. YNAB costs $60. You may be wondering why in the world I would choose to buy a program that does everything Dave Ramsey's product does. The answer is simple and quite important. The free version of Every Dollar doesn't allow you to import/categorize transactions directly from your bank. YNAB does.

Reconciling your account is very important when it comes to budgeting. There is, however, a version of Every Dollar that *will* allow you to connect with your bank. That version costs $99 per year and is a recurring cost every year.

Google Docs

Once the class was complete, we transitioned to using Google Docs. What does Google *not* do?! One of the greatest selling points of Google Docs is this: It's freaking free! That fact is followed closely by its being fully customizable. It takes some doing, but you can peruse a bevy of templates, pick one, and make it your own. We used Google docs for years. It could occasionally get pretty work intensive juggling a bank account and the budget doc you set up. I would literally sit for hours if I was $0.02 off between what I thought we should have and what the bank said we did have. (The bank was always right, by the way.)

I remember how frustrated I'd get. When Katie offered to help, I turned into such a control freak, I refused because I mistakenly believed I could fight my way through with little folderol. More often than not, I'd find the stupid two cents, but the cost I paid in my relationship with my wife was significantly more.

We were working on our goals together. We had defined our WHY. But, I still had more lessons to learn about teamwork and control, but that's a different book. Suffice it to say, things improved vastly when we found YNAB.

YNAB (You Need A Budget)

You Need A Budget is, bar none, the best budgeting software on the face of the planet, in my opinion. It's so easy, it almost seems like a dream. Creating a unique and specific budget is as simple as clicking a button and typing a category.

YNAB not only lives on your PC or Mac, but it lives in the cloud and on your smart devices as well. You create the budget on your computer but take it with you after it has synced with your smart device. For example, we budget $30 every two weeks for me for lunch on my work days. When I've paid for my burrito bowl at Chipotle, I pull out my phone and open the YNAB app. I will select "Add Transaction," enter the amount of the purchase, enter the name of the payee (which YNAB will remember after the first time), and then select the category (which you created when you made your budget) "Dining." Then I select "Save Transaction."

That's it.

The transaction hits the cloud and about 23.7 seconds later, the budget at home reflects the charge. In addition, if your spouse has the app as well, their phone will also reflect the recent change. The coolest thing about this is I don't have to remember. (It should be noted YNAB requires a Dropbox account, but it's free. Who *doesn't* have a Dropbox account, anyway?)

Regardless of what route you go, I hope you take time to research each of these options and pick the one that will work best for you. Go with the one you'll most likely follow through with using. As of the writing of this, YNAB is $5/month.

A Word About Reconciling

It amazes me how many of my previous clients either didn't consistently reconcile their checking accounts or had no idea how to do it. Reconciling is the practice of comparing what your check register says you have and what the bank says you have. Failing to reconcile is setting you up for frustration and, ultimately, failure.

How can you expect to budget successfully if you *don't know how much you have to budget in the first place?!* If you don't know how to reconcile, fear not, it's an easy skill to learn.

Haters

Haters may be a strong word, but it's used so often these days to mean a person who's trying to tear you down, stop you, or otherwise mess you up when, in reality, they're simply reacting out of jealousy or bitterness at their own situation. At least that's my interpretation.

Haters may not sincerely hate you, but they will certainly not understand what it is you're doing or WHY you're doing it. They can run the gamut between your beat partners or co-workers making fun of you for brown-bagging it every day to those who will tell you that what you're doing is literally harming you and your loved ones. Keep in mind, these are the same folks pulling into work driving brand-new trucks and buried up to their eyeballs in debt.

The extreme ones are fairly easy to identify and even easier to dismiss when you take a good look at the lives they lead and their consequences. It can get dicey when the extreme ones are family members because, well, they're family. You must have the courage and the wherewithal to draw a line in the sand and simply say something like, "This is the way my family is going to handle our personal finances. While I love you, your opinion is neither needed nor wanted. It's working for us, and we're beyond happy with the progress we're making."

If they have even an inkling of respect for you, they'll understand their opinion doesn't come in to play, and they will at least honor you by keeping their mouths shut.

It's the passive-aggressive and subtle ones who are insidious. They will whisper sweet little lies into your ear telling you all the things you've tried to ignore inside your own head. Things like, "You deserve a break" or "You work so hard." They continue their siren song with comments like "You'll always have a car payment. It's a way of life. Everyone has one. It's no big deal."

They'll flaunt their newest gadget proudly (never mentioning the price tag or the finance rate behind it) and talk about how it's made their lives so much better and don't you want one? They represent a very real and very difficult temptation.

Remember my Best Buy addiction? Remember the behavior change? As time goes on, these mantras and myths will hold less sway over you because they no longer hold the power they once wielded. Because you aren't the same person you once were.

Haters will seem to be everywhere when first you begin. It will seem as if most of your family and/or friends don't understand just what it is you're doing. Repeat after me: That's a good thing.

Odds are those same family members and/or friends have their heads buried so far in the sand, they have no clue what their financial situation is. Oh, they may appear to have it all under control, but looks can deceive. Case in point: I work in a fairly affluent area. One of these areas has multi-million dollar homes. These same homes have vehicles parked in the driveway the likes of Bentley, Maserati, Tesla, Mercedes, and Ferrari. In this area, BMWs are the Toyota Camry of the neighborhood.

I've been inside a few of these homes. More of them than I thought possible don't have a stick of furniture inside. Not. A. Stick.

You've heard the expression "Don't judge a book by its cover"? Well, don't judge a home by the car parked outside. It's a sham. It's window dressing. It's a facade. These folks are over-extended, triple-mortgaged, and hanging on by a thread.

Obviously, that's a fairly extreme example. Most folks aren't driving Maseratis and living in multi-million dollar homes, but the theory is sound. You need to be cautious about whom you listen to.

Is your 56-year-old uncle who lives in a double-wide and still working 60 hours a week to make ends meet giving you financial advice? Should you listen?!

I hope by now you know the answer to that one without hesitation.

When broke people make fun of you, when they question your WHY, when they think you're nuts, you're on the right track!

Hater Repellent

One of the best ways to repel haters is to surround yourself with winners and supporters. Jim Rohn, entrepreneur and motivational speaker, famously said, "You are the average of the five people you spend the most time with." If that's the case, why would you surround yourself with haters?

Are you eager to become like them? Bitter, dissatisfied, loathsome to be around, and trapped beneath a mountain of debt? Of course not. You wouldn't have made it this far in the book if you were.

The best strategy to repel them is to start with your social media news feeds. You can straight up cut them out from access to your life with a simple click. If that's too difficult a step, you can unfollow without un-friending (at least on Facebook). I did that very thing a while back, and I can't tell you the positive impact it had on me.

The next step is to find yourself a mentor. They don't even have to know they're doing it. My mentors include people like entrepreneurs Dave Ramsey, Michael Hyatt, Pat Flynn, and John Lee Dumas. I've followed each of them for years (and have had the pleasure of shaking their hands with the exception of JLD). I've learned more from them than I know what to do with. If you can find someone you *actually* spend some time with, make it a priority. Model yourself after someone who has accomplished what you want. Ask them how they did it. *And then do that thing!*

Would you ask a morbidly obese man how to shave a minute off your best lap time running a mile? Would you ask a guy missing four fingers the best method to run a table saw?

Would you ask a motor cop how to give a warning?

MADNESS! Of course you wouldn't! You would find someone who can reliably do those things for direction and guidance.

Once you start taking these steps, something magical happens. The haters just disappear into the mist. It's as if they sense your impending success, and it affects them like a clove of garlic affects a vampire. You become the picture of success and when the haters look at themselves in the mirror, what they see depresses, frightens, or repulses them. You remind them of their own shortcomings, and no one enjoys that reflection.

I don't often advocate revenge, but, in this case, I like what British poet George Herbert said, "Living well is the best revenge."

Fear

Welcome to the ultimate stumbling block. Fear is a bitch. No two ways about it. This is going to sound counter-intuitive, but embrace the fear. I'm glad you're afraid. I want you afraid. Not terrified, but fearful all the same.

I know that doesn't sound too supportive, but let me explain. Think back to the REF. Do you think $1,000 is going to solve any emergency that bumbles its way onto your doorstep? Of course not. Often, people talk about wanting to hit the VEF before the OWL--and it's a terrible idea.

Think about it. If you're comfortable, are you likely to want to get up and move? If you feel safe, are you going to be concerned about your situation?

No. No. No.

I don't want you to be so terrified that you're frightened into inaction. That's the extreme of the spectrum, but comfort and security are the other. I don't even want a "happy medium." I want you just afraid enough and uncomfortable enough to get up off the couch and working toward your goals.

Fear can be a fantastic motivator if identified, acknowledged, and controlled. It takes courage to do take these steps, friends, but remember:

Courage isn't action in the absence of fear. It's action in spite of the fear.

Whenever I think of this topic, I'm reminded of one of my earliest clients, Sean Eddy. He's given me permission to tell his story in these pages.

Sean is a paramedic in Texas. I've known Sean for awhile via social media. I've never shaken his hand, though I hope to one day soon. The first time we spoke was via Skype after Sean agreed to be my client. He sent me the payment knowing only a little of my story after following it on my blog.

We talked for two hours. As part of my coaching, I send my clients some forms they need to fill out containing their financial obligations/payments so we can begin the process of creating a unique budget for them. When we started, Sean was $1,500 in the hole every month. When I told him and he saw it on paper, the look on his face was one I can only describe as abject terror. The poor guy looked shell-shocked. I told him not to worry and that by the time we were done, things would look different.

I'm pretty sure he thought I was lying to him. By the time we finished our session, we had Sean at $1,500 in the black every month. That's a $3,000 change in position!

Sean's issue wasn't his income or his spending although he would spend the following months increasing the former and reducing the latter. He was simply disorganized. When I showed him in black and white how far we had brought him in a mere two hours, he was speechless. I was bouncing off the walls, but Sean didn't have the words to articulate how he felt.

I followed Sean's journey for the next 18 months checking in with him from time to time. I told him at our initial meeting about YNAB and he took to it immediately. Eighteen months after our first session, Sean posted he was debt-free as a status update on Facebook.

I immediately sent him a message:

Jason Hoschouer 1/7, 4:11pm
DEBT FREE?!?!?

Sean Eddy 1/7, 4:14pm
Yep, as of this week

6 months of expenses coming next!

Man, it is such an amazing feeling. I actually went and got a part-time job dispatching for the Fire Marshall's office so that I can build my emergency fund faster and start saving to pay cash for a house

Did you catch it? He was debt-free and looking for ways to *make even more* to get his VEF completed faster. Do you think Sean's fear motivated or paralyzed him?

Sean paid off $30,000 in 18 months making $50,000/year. Sean didn't let fear control him. He controlled his fear and went after it with a vengeance. Sean is one of my favorite case studies because I'll never forget the fear rolling off him when first we talked. Eighteen months later, I never see Sean without a smile on his face.

We'll see more from Sean in a later chapter, but let me leave you with a message he sent me on the same day. Want to know what being debt-free feels like? Here's what Sean says:

Sean Eddy 1/7, 4:44pm
It's absolutely changed my life. Now all the money I get can go towards the things that are important, like spending time with my daughters and building a business / future. I seriously can't wait until I sign that check for my house. No rent, no house payment, nothing. It's going to be amazing.

CHAPTER SIX

What Comes Next?

Getting Organized

I've been completely honest with you throughout this book, so I'm not going to stop now. This is where it gets really hard for you. This is where the work begins.

It's time to grab a pad of paper and a pencil and start to build your budget.

- You'll want to list all your bills making note of when they're due and their amounts. You need to collect and tabulate all your debts (with the exception of your mortgage, if applicable) and note when they're due and how much you owe. (This will become your OWL.)

- Find last month's pay stub. Is this what you can minimally count on every payday? Many people's checks can vary. For example, I get paid twice a month. Once on the 10th and once on the 25th. My 25th check is always the same, but my 10th check will change, depending on the amount of overtime, holiday, and court pay I may have had the previous month.

  The point is you want to tally up how much you can expect to get paid *at minimum* and put it at the top a new sheet of paper. If/when the check is *more* than the minimum, this is gravy for you and you can apply it to whatever part of your Ops Plan you're in.

- Now, you have to prioritize your bills. This is where the FACTS come in. Don't let me catch you paying Visa before your mortgage. I will fly to your house and punch you in the spleen. (I may have to bring my buddy the Happy Medic with me, though, because I have no clue where the spleen is.)

- Once you take care of the FACTS, we move on to your sinking funds, envelopes (including your blow money) and whatever else requires your fiscal attention. If there's money left over, we look at your OWL.

- Make note of the minimum payments to each one and then return to the debt with the lowest balance. If you still have money left, this is what you'll throw it at (this is assuming your REF is complete. If not, the unallocated money goes there). Make it rain!

Process, Not an Event

There's an important distinction to make here as we wrap up. What you've just read and will learn to do is a *lifelong process*. Reading this book was an event. You will always have it to refer to, of course, but you won't read it every time you get paid. What you will do every time you get paid is budget. *That* is the new process that will change your life. It takes time to get comfortable doing this.

It took Katie at least four or five months to dial in our budget. You may be faster or you may take longer. It's not a race or a competition, so don't make it one. You may try a few different methods in budgeting. Perhaps you try the tried-and-true pencil and paper before you move up to YNAB. Maybe you're a Google whiz and can crank out a new budget in minutes.

Everyone's experience is different. The point is wherever you land on the budgeting tool decision, you will make a budget from this point on. For the rest of your life. Forever.

I'm not kidding or exaggerating.

This part may sound crazy to you, but if you're anything like me, you'll come to look forward to budget day.

I'm telling you right now as I write this with tears of joy in my eyes, the liberation I feel every month is intoxicating. To see my money working for me and providing memories and care for my family is a feeling I can't properly articulate.

It's a blessing beyond my comprehension, and I thank God every day for my wife telling me she was worried about our money.

That's where it all started.

Software

In the Stumbling Blocks chapter, we talked about technology and the budgeting software, YNAB. This section, although brief, will give you a quick overview of the power of YNAB and how it can work to help keep you accountable and motivated.

Benefits

There are a lot of reasons I love YNAB. The biggest selling point for me was its 34-day free trial. It isn't a "light" version where you can't access all the functionality of a program. It gives you complete access to every aspect of the software. You can use the app on your smart device. You can import your bank statement(s). You can reconcile.

Truly, it's brilliant.

Next up is the training. It offers free, live workshops on a schedule. You simply pick the class you want and the time you want to attend, and you're in. No fuss, no muss. Here's the best part, though: Don't want to sit in front of your computer at the assigned time? No worries; *the staff emails you a recording of the class!*

That was a huge positive for me. With three little ones running around, their schedule didn't always jibe with mine. There's an advantage to attending live, of course, and that is to interact live with the teacher. You can ask questions in the chat and have them answered fairly quickly.

I took three of the classes so I could speak with some authority about the experience. They were worth my time, and they'll be worth yours, as well.

Here's a list of the classes YNAB offers as of the writing of this book:

- Getting Started with YNAB
- Budget Workshop
- Handling Credit Cards (I didn't take that one because I hate credit cards and haven't had any since 2010.)
- Reconciliation and Importing (Remember when I told you how important this step is? YNAB agrees!)
- Dealing with Different Pay Cycles

Each class lasts about an hour, but that isn't the end of the support. YNAB also has a forum in which people gather to ask their budgeting questions. It's a great resource to get some quick answers. Of course, YNAB has its own customer service, too, and you can always send an email. Every interaction I had with the customer service arm of YNAB was a positive experience. They have always been responsive, professional, and encouraging.

Giving Back

I love a company that gives back, and YNAB is no different. In March 2014, the company announced YNAB would be FREE for all college students. If you're a college student, know one, walk by one, tell them about this offer. You may very well change someone's life!

Drawback

The only drawback I see with YNAB is you need to be at least minimally computer literate to use it, but if you downloaded this book, I'm not too worried about your ability to make YNAB work for you.

There are those who believe starting with something as powerful as YNAB can be detrimental because perhaps the user hasn't exercised that budgeting muscle enough via pencil and paper. I believe that you should use whatever motivates you to start and keep going! If that's old school pencil and paper, I completely support you in that decision.

On the other hand, if you prefer to jump in with both feet and dedicate yourself to a new way of life (which is what you've done by getting to the end of this book, by the way; don't give up on that momentum or yourself!), YNAB can certainly help you along the way.

One-on-One Coaching

Why Coaching?

I've already used the gym analogy. I can go to the gym and get some results. But, if I'm guided by a trainer, my results will be quicker and more noticeable.

Let's leave the gym but still use an athletic analogy. Peyton Manning is arguably one of the best, if not *the* best, quarterback to ever grace the NFL field. Men like Manning, Aaron Rodgers, and Tom Brady are like surgeons out there. They play at a level only the most elite athletes can hope to reach.

Sure, they've had coaching along the way, but surely at the level they've reached now, there's little they need to learn. They're self-contained football machines, right?

Of course not! Not only do they have the head coach of their respective teams, but each has a QB coach whose sole job is to train each man.

Do you know how many swing coaches Tiger Woods has had over the years? He's constantly working on his swing to improve.

Do you want to improve in any given aspect of your life? We've already talked about the importance of finding a mentor. But a coach can and should be more involved in the details than a mentor.

What I Offer

There are going to be anomalies in your experience that I didn't cover in this book. I'm happy to help you where I can. If your question is brief and easily answered in a quick email, I'm happy to help. You can email me at Jason@TheMotorcopMindset.com and it will be my pleasure to serve you.

There's no need to make an official commitment right off the bat. I offer every potential client a free 30-minute consultation. The purpose is to connect and spend some time getting to know one another. You already know my story, but I don't know yours. Everyone has different struggles, hurdles, and pain points. In 30 minutes, we'll find out whether I can be a resource. Not everyone I meet with becomes a client and that's okay. There has to be mutual benefit.

I've also created an online course, Budgeting 101, that walks you step-by-step how to create a unique and specific budget for *your* situation. It's an excellent follow-up to this book and I'm happy to offer you a 10% discount off the course fee. Simply follow this link and enter "BadgesAndBudgets" as the coupon code for your 10% savings.

If once you've completed the online budgeting course, and you still need one-on-one coaching, I would be honored to guide you through whatever set of circumstances you want assistance with.

When you become a coaching client, you'll receive my custom personal finance forms, and we'll schedule our first session. Please fill the forms out as completely as possible and return them to me at least 24 hours prior to our session so I can review them and prepare for our time together.

The first session minimally lasts two hours. We will spend that time going over the forms. Basically, we conduct a forensic analysis of your finances. We'll touch on some of the concepts you've read in this book because, quite honestly, there's a huge benefit to repetition.

Clients are often surprised when I give them *more money* in their budget than they intended or had previously considered. At the end, even though we've added to their monthly outflow, they're shocked at how much money they have left over. It's a matter of organization, friends.

With the help of a financial coach, you can get that organization you desperately need in a fraction of the time you would otherwise.

But don't take my word for it, below are some testimonials from previous clients and students.

Testimonials

"*When I first contacted Jason, I thought my situation was virtually beyond repair. I had considered budgeting in the past, but I always associated that with limitations and rules. The truth is, yes, there are rules that I have to follow when I budget, BUT, I make the rules. I now control my money. My money doesn't control me. This process has not been easy. I haven't been perfect. This journey isn't a "get rich quick" scheme. It's just about teaching yourself. You tell your money where to go, rather than wonder where it went. You're in complete control. As far as the coaching goes, I can't say enough about how amazing Jason was. I never felt like he judged me. In fact, after our first meeting, he made me feel like a rock star. He gave me the confidence to do what I was already capable of doing. I just needed someone to put things into perspective for me and show me that the light at the end of the tunnel wasn't a train.*" **--Sean Eddy (TX), 31, Former paramedic, Policy academy recruit**

"*Getting control of my finances has changed my life! An odd side benefit is the revenue side of my life has increased! Not being stressed attracts opportunity!*" **--Roger Huddlestone (CA), 55, Real Estate**

"*A better relationship with money and wealth management will most Definitely Improve your living and giving. Jason is inspired and will indeed inspire you to make a difference in your own life. Thanks, Coach!*" **--Rich Hurst (CA), 54, Business Owner**

"*I'm so thankful for Coach Jason's work! He was able to show me there was hope with my financial situation. He gave me some great tools that changed the way I view money!*" **--Carrie McCall (SC), 28, Christian Ed & Youth Director**

"*Jason teaches the same principles I personally used to amazing results! I highly recommend his coaching.*" **--Joe Norton (CA), 60, Real Estate**

Prayer

I want you to know that each day, as I sat to write this book for you, I would stop and pray that God would guide my hands and my thoughts to write the things you needed to hear. I pray that has come to fruition. I continue to pray for you and your family as you begin/continue your journey to financial freedom and peace.

When all else fails, you have the same access to Him I do. If you find yourself hitting a wall, ring him up. He'll always listen.