



PART 1: MONEY MATTERS



Welcome to Money Matters, Part 1 of Finance Your Detour. This section of the program is dedicated to explaining why we created this and why money is so important in everyone's life. We want to start the conversation about that one thing everyone loves but hates to talk about. If talking about money or if even the mention of the word "budget" makes you uncomfortable, it's time to get past that. Conversations about money must be had. Money touches nearly every part of your life, so you can't be afraid to talk about it.

After completing this lesson, you will be able to acknowledge what an important role money plays in your life and why it matters. You'll understand the true cost of your debt, learn the importance of saving, and set financial goals for yourself.

Let's take a moment to think about why you are here and why you purchased this program. Chances are good you relate to one or more of these statements. Are your finances, bills, or debt stressing you out or making you anxious? Does money cause arguments between you and your significant other or family members? Do you ever hide money from your spouse or feel bad about your spending? It's important to recognize these feelings, but also important for you to understand that **YOU ARE NOT ALONE**.

In fact, before we started using these budgeting techniques, we were in the same situation. The peace we found in managing our finances using the strategies in this course, is why we created this program. We are so happy you're here and we hope we can help you. Just remember, it's not about how much you make, it's about finding peace of mind knowing exactly where your money goes each month and we're confident this budgeting process will help you achieve that.

Remember when we said, you're not alone? Here's the proof. 64% of Americans reported that money is a source of stress, according to a recent study by the American Psychological Association. The percentage is even higher for parents and younger adults. Remarkably, nearly 3 out of 4 parents, millennials, and Gen Xers have financial stress. Financial stress can have a direct negative impact on your overall health and wellness and that is the #1 reason why money matters.

Everyone has heard before that money is a leading cause of divorce. But check out these alarming statistics. Suntrust bank completed a study that showed 35% of respondents experiencing relationship stress stated that finances was the primary cause of friction. Marriage and relationships are hard enough, but throw shared money and finances in the mix and it's extra challenging.

Another study found that approximately 7.2 million Americans have hidden a bank account or credit card account from their live-in spouse or partner and 1 out of 5 have spent \$500 or more without their partner's knowledge. So, not only can finances have a negative effect on your own personal wellness, but it can impact others and cause you to hurt and lose trust in those you love the most. Having a mutual and open budgeting process, and meeting to discuss money frequently, is crucial for your marriage or relationship. More on this in part 4 of the program.

For those of you who are single, don't tune out! Most American's are attracted to others who have strong budgeting and saving strategies. This chart basically shows that if you get your finances in line now, you'll attract more people and likely have less relationship issues around money later. So it's crystal clear that financial stress also impacts your relationships, is another reason why money matters.

We probably don't have to convince you anymore than money matters. We all get it. So we'll move on. We just want to be clear that this program is really designed to help you with the basics of personal finance. At it's simplest, a strong financial foundation is build upon 4 main concepts. Because we love to travel and take road trips, we have a couple cheesy metaphors in this program for you. But bare with us!

You're taking this program because you're wanting to take a trip to Financial Freedom-ville. To get there, you'll need a vehicle and a road map. Let's discuss the vehicle, and we'll show you the road map in part 2.

Your vehicle won't get far without wheels, right? And you'll need all 4. Those 4 wheels are metaphors for the 4 core components that are crucial to your financial plan and budgeting process. Just like a vehicle, you won't get anywhere if 2 or even just 1 of them is missing. The 4 core components to a strong financial foundation are:

1. **Transparent communication.** This means being open, honest, and having frequent discussions regarding your money. We call these budget meetings and you'll learn more about them in part 4.
2. **Your expenses shouldn't be more than your income.** Pretty straightforward, but sometimes we forget that. Don't spend more than you make.
3. **Understanding debt.** Getting rid of debt is one thing, but before even taking that step, you need to understand the true cost of debt, and have a firm stance against it.
4. **Prioritize savings.** Everyone knows they should save money, but not everyone realizes just how much they lose by not saving something right away. And unless you have savings, you don't realize how much peace comes from it.

Let's talk a little more in depth about debt and savings.

We all know debt is not good. But it tends to creep into your life and sneak up on you. Or sometimes we know we shouldn't be spending but can't control ourselves.

Again, you're not alone if debt is your biggest financial struggle right now. The average American household has over \$137,000 in debt and a whopping \$16,000 of that is credit card debt. Debt is such a normal part of everyday life that we often forget how expensive carrying that debt really is.

Let's look at this simple example to highlight this point. Suppose you purchase a new furniture set for \$5,000. To loan you the money, the credit card company or retailer is going to charge 18.9% interest. How long do you think it would take to pay off that purchase if all you paid was the minimum payment? The answer might astonish you.

It would take nearly 11 ½ years to pay off the \$5,000 balance. And what's worse is, you'd pay back over 8,000 dollars during that time... that's 63% of the original amount. This seems like a terrible deal for that furniture that you will probably sell or will break long before you get to 11 years. But yet, many of us find ourselves in this situation everyday... and sometimes it's much worse. Once you have a large debt balance and interest is accruing, it can be very hard to dig yourself out of that hole!

In our culture, we often think that debt is just something everyone has to have. A mortgage, car payment, student loans, a few credit cards...it's normal, right? This is a dangerous mindset. It's so easy to finance and often people only look at the monthly payment. We've been guilty of this. In life, it can be extremely difficult to not take on debt. Being debt free is the biggest step to financial peace. In a perfect world, you would never go into debt. However, that's not always realistic for most people. The ONLY two forms of debt that, in our opinion, are acceptable are a mortgage and an education.

Everything else, if you can't pay cash for it, you probably shouldn't buy it.

Now let's dive into savings. We absolutely love this graph here because it shows just how important it is to start saving as soon as possible. It's so powerful and changed our entire perspective. It gives the example of 3 different people: Susan, Bill, and Chris. They all invest \$5,000 annually but at different ages and different lengths of time. Susan begins at age 25 but stops at 35, Bill begins at age 35 and invests until age 65, and Chris begins at age 25 and also invests until 65. Chris is the picture perfect saver and earns over a million dollars by starting early and consistently investing nearly his whole life. However, you'll notice that Susan, although she stopped investing after 10 years, still earns more than Bill, despite the fact that he saves/invests \$100,000 more. The point here is that the time to start saving is RIGHT NOW.

Taking that example a little bit further, let's look at Dave and Emily. They invest the same amount of money, but Emily begins 10 years early. Ultimately, she contributes 33% more than Dave over the course of her career, but ends up with almost twice as much wealth as he does.

It's never too late and never too early to start saving. We will go into more detail in part 3 about prioritizing savings.

We want to share one last thing we find to be very powerful when it comes to money.

It's not part of the roadmap or the vehicle metaphor that we gave before, but it's something that's a major part of our story. With anything in life, you have to want it really bad. There will be sacrifices and it won't be easy at times. But it will be worth it. Becoming financially free is a goal that you have to set and work hard at. It will take time and will require you to start small and change some of your habits in order to achieve it.

In the resources/downloads section below, you will find a worksheet that will help you to start setting those specific goals. If you don't specify exactly what you want, it's hard to know where you are going. Be realistic, yet hopeful, and find ways to hold yourself accountable or have someone else help you.

But before you can begin any of this program, it's important for you to recognize and acknowledge your current feelings towards and relationship with money. It's amazing how much your upbringing can influence your overall thoughts towards money. It's truly okay to talk about money, want money, and think about money. That's what makes it so powerful and what makes you feel even more powerful when you gain control over it.

Lastly, allow yourself to dream too. There is so much power in putting your dreams on paper. You'll find another worksheet that guides you in doing this. Visualize yourself achieving those goals and your dream financial situation. Write down exactly what it is you want and we think you'll be surprised by how much those things start to happen just by manifesting it. We aren't here to make you feel bad about your financial situation, or have regrets, or feel like a failure. You've already taken the first step towards freedom, so congratulations.

We hope this introduction to our program helped you start realizing the importance of money and why implementing a budgeting process is so valuable. You should also understand the 4 core components, or "wheels", of personal finance, how costly debt is, and why you should start saving NOW. This concludes part 1 of Finance Your Detour, but before moving on to part 2, be sure to go download the worksheets in order to set some goals and visualize your success.