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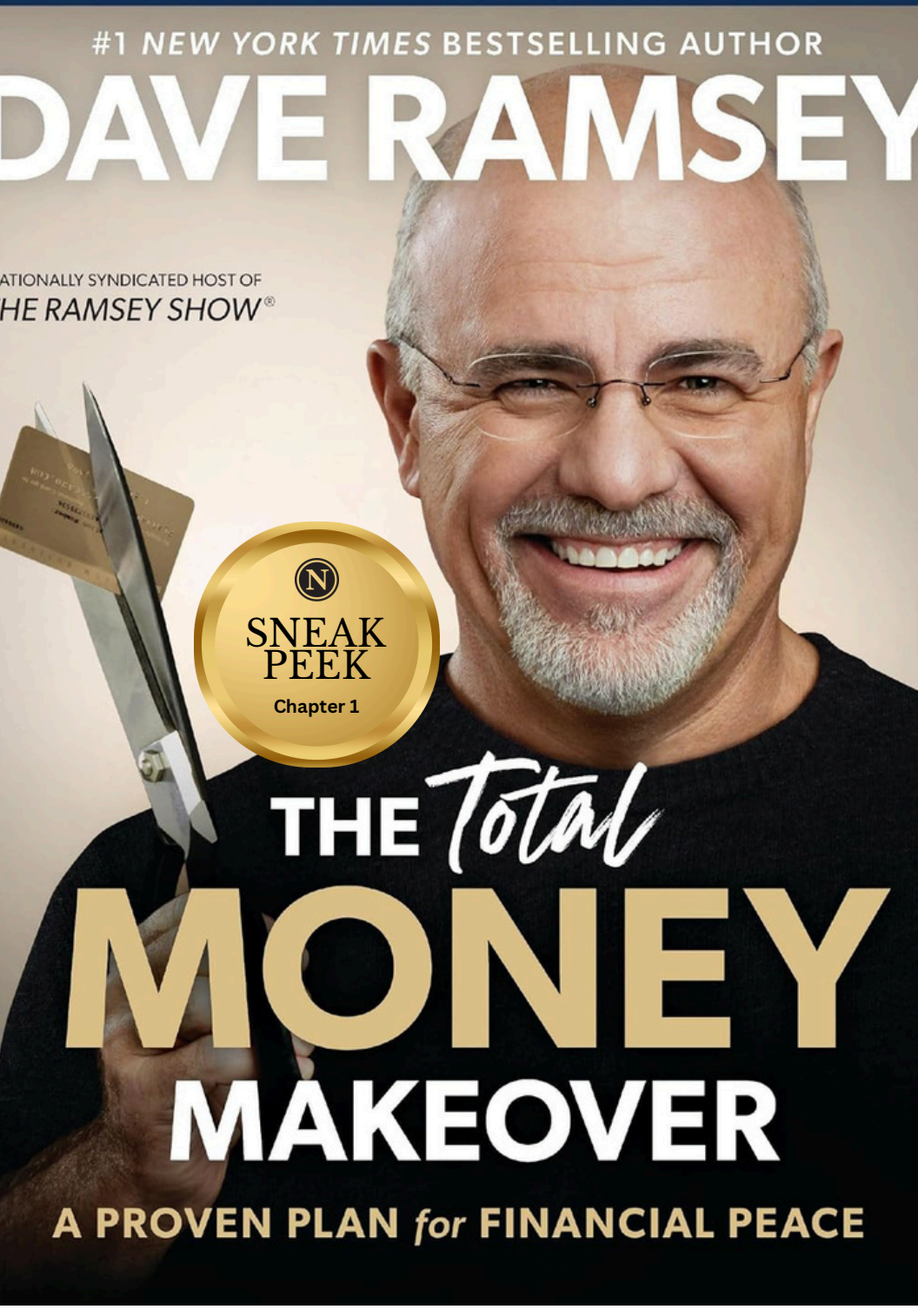

SNEAK PEEK
Chapter 1

THE *Total* MONEY MAKEOVER

A PROVEN PLAN *for* FINANCIAL PEACE

THE *Total* MONEY MAKEOVER

Transform!

Romans 12:2

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Build a Business You Love

THE *Total* MONEY MAKEOVER

A PROVEN PLAN *for* FINANCIAL PEACE

EXPANDED AND UPDATED EDITION

DAVE RAMSEY

NELSON BOOKS
An Imprint of Thomas Nelson

The Total Money Makeover: A Proven Plan for Financial Peace, Expanded and Updated Edition

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To my beautiful wife, Sharon, who walked arm in arm with me through a Total Money Makeover—I love you, honey.

To the superstars all across America who have had the courage to face the person in the mirror, the culture, their family, and even their coworkers as they "lived like no one else so later they could live like no one else." You who have courageously had a Total Money Makeover of the heart and wallet are the real superstars.

To the Ramsey Solutions team and the Thomas Nelson team for tireless hours on this project to make this material available to everyone across this great land.

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Introduction

Read the stories of the lives changed by this book! As a matter of fact, I recommend you skip through the book, reading all the stories first. They will inspire you to read all the way through and actually do the Proven Plan to Financial Fitness.

Many years ago I was given a calling: to show people the truth about debt and money and to give them the hope and tools necessary to set themselves free financially. First, I did that with a few speaking engagements and a small self-published book titled *Financial Peace*. Later *Financial Peace* was published by a New York publisher and became our first *New York Times* bestseller. I began doing a small local radio show that's now carried by hundreds of stations across the nation, as well as on podcast platforms like YouTube and Spotify. All that adds up to millions of listeners and viewers who tune in weekly. Thirty years ago, we started teaching a class called *Financial Peace University*, which millions of families have now attended. Then came *The Total Money Makeover*.

I am positive that personal finance is 80 percent behavior and only 20 percent head knowledge. Our concentration on behavior—realizing that most folks have a good idea of *what* to do with money but not *how* to do it—has led us to a different view of personal finance. Most financial

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people make the mistake of trying to show you the numbers, thinking that you just don't get the math. I am sure that the problem with my money is the guy in my mirror. If he will behave, he can make the money thing work. The math of wealth building is not rocket science; it is simple—but you have to DO IT!

So the proven Total Money Makeover plan I teach has become very successful not because I have found the secrets of the rich. Not because I had some revelation that no one else has ever had about credit cards. Not because I am the only one with a debt snowball plan. Instead, this proven plan is having a national impact because I have realized that to change your money thing, *you* have to change. You have to change your life. When you change your life, you will get out of debt, give, and invest at an unbelievable rate. When you read the stories in this book, you will read not about mathematics or magic systems, but about changed lives. You will read about transformed marriages and relationships. Because when you change your life, you really change your life.

So when Mike Hyatt, then the president and CEO of Thomas Nelson Publishers, brought me the concept for a *Total Money Makeover* book, I became very excited. I became excited because I knew this book would inspire readers to take immediate action through a simple, step-by-step process that could only lead to life-changing results. Hope—the light at the end of the tunnel that is not an oncoming train—is a very powerful force.

As excited as I was, though, I had no idea at the time what we were starting. I thought this stuff was common sense, but it turns out common sense isn't that common anymore. This book hit the market like a lightning bolt—it just blew up! And it wasn't because I was some genius; it was because the country was ready for a financial wake-up call. It was because American families—hard-working men and women who were sick and tired of being sick and tired financially—were ready to change their lives. Looking back now, over a decade later, I'm blown away at what these people have accomplished, and I'm humbled to have played a small part in them turning their lives around.

Over all these years, *The Total Money Makeover* has given HOPE to millions of families. This book has given them hope to win, and that hope has caused them to take action and claim ultimate victory over their financial struggles and worries—and to actually *win*! The number of people I meet across this nation who tell me this is the first book of any kind they have read in ten years is staggering. *The Total Money Makeover* is a book for everyone. It is for high-income earners, as I am. And it is for someone beginning at the bottom, which is where I once was.

You are about to read about a process, a proven plan, to win. You will find the plan to be very simple yet very inspiring. The principles are not mine. I stole them all from God and your grandmother. The principles are common sense, which, again, isn't so common anymore. The plan is mine—and I'm no genius—created by simply observing millions of lives with whom I have interacted through radio, TV, books, classes, the Internet, email, podcasts, and our Live Events. I have successfully bottled common sense about money into a plan that anyone can do. And millions are!

When I first started talking about these principles years ago, I knew they had helped my wife, Sharon, and me survive going broke and begin to prosper. The first hundred times I spoke on money, I wasn't as confident of the principles as I am now. Nowadays I look into the eyes of a gazillion people who have followed this plan and experienced, as we did, excitement, hope, and gratitude. I am so thankful that I have not only given them a proven plan but have also inspired them to change their family tree.

I am so confident in *The Total Money Makeover* principles and this process that I cannot stand it when someone doesn't get it. Because I am so convinced my plan will work for everyone, my answers to the same questions will never change. By recognizing and identifying some basic truths and everyday common sense, I have convinced millions of people to change their lives—to have a Total Money Makeover. Are you next?

What This Book Is NOT

I know it may be hard for you to believe, but I get a lot of hate mail and criticism. This book and what I have or have not said in it have generated a lot of negativity and name-calling. That is fun. Not fun because I set out to offend or because I love reading the nasty things people often say. It is fun because the negativity means two things: one, for some people, we are touching a nerve that needs to be touched in order for them to change their lives, and two, I am actively and passionately pursuing the truth. Aristotle once said, "To avoid criticism say nothing, do nothing, and be nothing." I can't help millions of people change their lives by saying nothing, doing nothing, and being nothing. So I take the anger, the criticism, and even the hate mail as encouragement.

My publisher suggested I "answer my critics." I will pass. My grandmother used to say, "Those convinced against their will are of the same opinion still." However, I do not want you, dear reader, to be misled. So it is appropriate that I tell you what this book is NOT. That way you can decide whether or not to spend your hard-earned money on it.

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This Book Is NOT Sophisticated or Complicated

If you are looking for a detailed, in-depth guide to investing, you have not found it. If you are looking for boring academic chirping that will put you to sleep using words only to support the author's ego, you have not found it. What I have discovered is that some of the most profound and life-changing truths you will ever discover are very simple.

In our culture we worship the complicated and the sophisticated. If you know what all the buttons on your remote control do, you may not have a good one. In the financial world we have been taught to be arrogant snobs. Some believe that simple ideas are not profound, that instead, simple ideas are for the "little people." That is a false and arrogant notion. I have met with thousands of millionaires, and in almost every case they keep their investing and money philosophies *very* uncomplicated. Just this week I was discussing investing and business structure with a friend of mine whose net worth is over twenty million dollars, and his words to me were, "I always keep it simple and clean." Only the financial goobers like to complicate things for the sake of justifying their existence or justifying how much they paid for their education. Please do not look here for a detailed guide to set up an estate plan or a deep theory on investing. That is not what I do. What I do is help people understand and act on time-honored truths about money that will truly change their whole lives.

This Book Is NOT Something That Has Never Been Said

There are many great money authors out there today, and there are even more in our past. Very little that you read in this book will be something that someone else has not written or said. We often say on our radio show that we give the same financial advice your grandmother would, only we keep our teeth in. I suggest you read a lot of different people, as I do. I have invented very little in this area of money. What I have done is packaged the

time-honored information into a process that is doable and has inspired millions of people to act on it. Most of us know what to do; we just have trouble doing it. How do you lose weight? Exercise more and eat less. I know that, and yet I bought and read a couple of books on the subject while I took action, and I lost thirty pounds. Did the authors of those books tell me big ideas that were groundbreaking? No, they simply gave me an action plan and some supporting details to what I already knew had to be done. Welcome to my world.

This Book Is NOT Going to Mislead You on Investment Returns

There are several people in our country today who are ignorant on the returns offered by investing well. Ignorance is not lack of intelligence; it is simply "not knowing." Sadly, many intelligent but ignorant people seem to think that making a 12 percent rate of return on their money in a long-term investment is impossible. And that if I state that there is a 12 percent rate of return available, then I have lied to them or misled them.

I recommend good growth-stock mutual funds in this book as a long-term investment and dare to state that you should make 12 percent on your money over time. The supporting data for that bold statement can be found by looking at the historical averages of the Standard & Poor's 500 index. Widely regarded as the best single gauge of the US equities market, the S&P 500 is an index with five hundred of the largest companies in leading industries of the US economy. The S&P 500 has averaged 11.59 percent per year for the last ninety-plus years, as of this writing. This includes some pretty significant recession periods.

Does that mean you can expect to see 11–12 percent growth every year? Of course not. That's not how this thing works. The market goes up and down all the time, and sometimes it's a pretty wild ride. Just looking back over the past few years as of this writing, it looks like a roller coaster. In 2020, the market's annual return was 18.02 percent. In 2021, it was 28.47 percent. In 2022, it was actually down for the year at -18.01 percent.

But true long-term investors don't worry too much about the year-to-year returns. They look at the history over the long haul, knowing that some years it'll be up, and some years it'll be down.

Most experts and anyone who has had even one finance class agree that the S&P 500 is a great statistical measure of stock market returns. This is such a standard, or bellwether, that virtually every stock fund will show you its returns in comparison to the S&P 500. And again, the lifetime average of the S&P 500 is just under 12 percent. That's why I use it in my examples. It's not a magic number. It's just part of the conversation about investing.

I purchased a growth and income stock mutual fund many years ago that I still invest in, and it has averaged 12.03 percent per year since 1934, as of this writing. I bought another last week that has averaged over 13.9 percent per year since 1973, as of this writing. And yet another with average annual returns of 12.01 percent since 1984, and another averaging 12.39 percent since 1973, and yet another averaging 11.72 percent since 1952. Any decent broker with the heart of a teacher can, in his or her sleep, lead you to funds with long track records averaging over 12 percent. So don't let anyone tell you that you can't predict a 12 percent rate when you are considering investments for ten years or longer.

This Book Is NOT Just About Math, Statistics, Facts, and Figures

This book is about life. I've already said that personal finance is only 20 percent head knowledge. The other 80 percent—the bulk of the issue—is all about behavior. There's no magic number that will change your life, no interest rate or rate of return that will suddenly turn everything around. That's why I teach concepts, not mathematical formulas. The economic numbers, averages, and percentages may change over time, but the concepts and principles in this book won't.

This Book Is NOT Written by Someone with No Academic Credentials

I seldom list my formal academic credentials because, honestly, I don't think they are important. I have met so many broke people with financial credentials that I almost think it discredits me to have had formal training. Yes, I have a degree in finance. Yes, I have been or am licensed in real estate, insurance, and investments. Yes, I do have many of the stupid letters to put after my name. But the thing that qualifies me most to teach about money is that I have done stupid things with zeros on the end. I have been there, done that. I have a PhD in D-U-M-B. So I know what it is like to be scared and scarred. I know what it is like to have my marriage hanging by a thread because of financial stress. I know what it is like to have my hopes and dreams crushed by my own stupid decisions. *That* qualifies me uniquely to teach and to love hurting people. The other huge qualifier is that I used the principles I teach to personally build wealth. My wife and I have truly lived this book. The things we teach are not theory—they work!

But the teaching credentials that I am most sure of and which further qualify me are the hundreds of thousands of stories of people across America being set free by this book. This stuff simply works. So don't take financial advice from broke people.

This Book Is NOT Politically Correct

I stated earlier that personal finance is 80 percent behavior. To properly view behavior and to understand how to change behavior intelligently, we must consider several things. Behavior intelligently viewed takes into account the emotional, the relational, the family history, the socioeconomic impacts, and the spiritual. To ignore any of these while discussing behavior change about money is incomplete and very naive. So I openly discuss

the spiritual in this book. As a Christian, I include some Bible verses. This is not a "Christian" book, and it for sure isn't a Bible study on the subject of money. But this is a book about a Proven Plan to Financial Peace that my team and I have developed over several decades, and that plan includes addressing the spiritual issues surrounding money. So I upset both sides—those who don't like it because I include spiritual thoughts in my teachings and those who don't believe my writing is spiritual enough. Either way, you have been warned.

This Book Is NOT Wrong

Don't confuse extreme confidence with arrogance. I am extremely confident that this material works because millions of people have benefited from it. I am not arrogant because I realize I am not personally responsible for any of the lives changed. The stuff I teach is the truth, and those principles are responsible for changing lives. But I always answer the same questions with the same answers even though sometimes folks think their situation may be different. It isn't different. The principles stand, and they work every time.

This Book Is NOT the Same as My Other Books

When we took on *The Total Money Makeover* project, we had to answer a question of integrity: Could we honestly go into the market and ask my readers to buy another book that said the same thing? I couldn't in good conscience do that. *Financial Peace* has sold millions of copies as of this writing, so did I really need to write another book? I came to the conclusion that there was a distinct difference in the two projects. *Financial Peace* is "what to do with money." It is a great textbook for common-sense money management. So how is *The Total Money Makeover* different? It is more than a "what to do" book—it is a "how to do it" plan. This is a process book. We are aiming at carefully weaving inspiration and information

together into a step-by-step plan. Yes, you will find in this book a lot of the same subjects, along with many of the same principles I discuss in my other books, but this book is different in that it is a process-driven work.

If you are looking for a ton of new information because you are someone who only gathers facts and figures, then you will be disappointed. If you are looking to engage this money thing head-on, you will love this book. Many *Financial Peace* readers have told me that *The Total Money Makeover* gave legs to the concepts to which they had been introduced, so they were thankful to read it as well. But again, don't look for some big revelation or chapters of new principles.

This Book Is NOT Getting Any Complaints or Criticism . . .

. . . from people who do it. I have never had someone write to me, saying, "I got on a budget, got out of debt, got on the same page with my spouse, built wealth—and I HATE IT." For those who have followed this plan and discovered a new life of financial freedom, their lives have been changed *forever*! Wouldn't you like to experience the same transformation? You can be the next success story people hear about. You can have a Total Money Makeover starting today!

Flying Turkeys and Skinny-Dipping

When I was a child, my grandmother—a second-grade schoolteacher who also taught drama—used to sit me on her knee and read to me. She read with great enthusiasm and a *lot* of drama.

One of the children's stories she read to me was about the three little pigs. One built his house out of straw, one out of twigs, and one out of brick. You know the story—the two who built their houses "quick and dirty" goofed off, partied, and made fun of the bricklayer because he was taking too much time and effort to do it *right*. Of course, when the wind and rains came, the two short-term thinkers ended up moving in with their brother. Why? Because he had prepared well enough to weather the storms. The other two found their lives completely blown apart.

The Good News and Bad News About Economic Storms

If you are reading this and you are over the age of 25, you have already endured several significant economic storms. You have seen the Dot-Com Crash and the economic fallout from the terror attacks of 9/11. You have been witness to high-profile corporate scandals and huge stock market losses. You have survived the Great Recession that led to 10 percent

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unemployment, record numbers of foreclosures, and the gutting of retirement accounts for millions of Americans. And, as if we could forget (if only we could forget), there was the COVID-19 recession, a steep but thankfully short-lived recession sparked by lockdowns, closings, and an inevitable decline in consumer activity. These are real economic storms with real consequences for real people. And they are just the tip of the iceberg. The U.S. has powered through more than a dozen recessions, rising (and falling) interest rates, inflation, stock market twists and turns, wars, and conflicts since World War II.

The good news about economic storms like these is that we do recover. Some of us learn painful lessons on a private, individual level; others learn the economic lessons on a more widespread, national level. Many people don't learn anything at all.

The great news is that, for some, events like these can become your Great Depression, emotionally speaking. The Great Depression permanently changed the way many people of that generation handled their money. If you are fortunate enough to know someone who was an adult during that time, he or she likely has a completely different way of looking at debt, saving, and giving than most people of other generations. That is because they had an experience. And as my pastor says, "A man with an experience is not at the mercy of a man with an opinion."

I went broke in my late twenties, and that experience changed my life. It even changed how outside economic turmoil affected me. Take the Great Recession, for example. By the time it hit in 2008, I had already been applying the principles of this book to my life for two and a half decades before, so I was just a spectator. It didn't hurt me a bit. I actually came out ahead by buying real estate at great prices and investing heavily in the stock market while both were down.

I've spent the last thirty years trying to get people to live these Total Money Makeover principles. Those who listened are just as ready as I am for the next time the winds blow and the storms come. They have a strong foundation.

Flying Turkeys

What does all this mean for your Total Money Makeover? The first lesson of this economic storm is that your financial process and principles must work in good times *and* in bad times—otherwise, they don't work. An interesting fact about modern economic cycles is that the average period of recession lasts about ten months while the average period of economic growth is nearly six times longer—57 months. When the economy is booming for that long, really stupid ideas start to look like they work in the short term. That fools people into believing that stupid is smart. But when stupid finally gets stress tested, it comes up looking, well, stupid.

When times are booming, you can do dumb things with money, get sloppy, and take huge risks without realizing it. I have heard it said this way: "Even a turkey can fly in a tornado." People run around buying things they can't afford with money they don't have to impress people they don't even like, and they do it in record numbers. Worse, they seem to get away with it!

They're like the two little pigs with straw and twig homes: As long as the sun is shining, life is a party, and the pig with brick seems kind of nerdy, or overly conservative, or even fanatical. But when their stupid theories are stress tested, their houses fall.

Jim Collins, one of America's greatest business writers, wrote a book called *How the Mighty Fall*. In this book, he discusses the five stages of decline when a business fails, or falls. There is a great application here for our nation's economy and for *your* life and mine.

Collins says the first stage of decline is marked by hubris. Pride and arrogance, mixed with a false notion of invincibility, lead the mighty to take huge, ridiculous risks. In our case, that would be borrowing lots of money and not saving any because "my job is 'stable.' I can afford the 'easy payments' with my 'job.'"

This hubris causes sloppiness and denial of risk. Hey, that sounds like me in my late twenties—right before I went broke. I had been taught a

group of myths—*lies*—that I accepted as truth about money. I thought the rules of risk and restraint didn't apply to me because I was so smart. That led me to build a house of cards that fell the first time there was a light breeze, much less a real storm.

Here's the lesson: Just because you see a turkey flying in a tornado doesn't mean turkeys can fly. Just because some wild-eyed theory of investing, borrowing, and living without cash reserves works in good times doesn't mean you can survive a storm. Remember, your ways of handling money have to work in good times *and* in bad.

Skinny-Dipping

Warren Buffett has a great saying: "When the tide goes out, you can tell who was skinny-dipping." I have taught for years that if you have a bad map, you will be late for—or completely miss—the party. The principles that you build your life on will determine your level of success. If you plan your marriage around a bad map, or bad set of assumptions, then it will likely fail. If you have all the good intentions in the world but build your financial house on bad ideas, it will fall. I personally experienced this a long time ago. With each recession or bubble, many more Americans discover that their theories about money and their assumptions about how money works are wrong. And they discover they are wrong the hard way—through pain.

Overspending that doesn't *feel* like overspending because things are going well is *still* overspending. Using debt to invest in real estate or the stock market with the hope of a quick return will cause you to go broke the minute the market turns. Chasing the next get-rich-quick scam, like the lottery or investing in cryptocurrencies or, heaven help us, NFTs, will always bring you pain. Hiring someone else—like some debt-settlement company—to fix your life virtually never works.

The myths—*lies* spread by our culture—that were covered in this book's first three editions have *all* been proven by the economic storms

we've encountered. If you live the way we teach in this book, you will prosper in good times *and* in bad times.

I have a friend whom we will call Chris. Chris told me an interesting story in the middle of the Great Recession that illustrates what I am pointing out to you. For thirteen years, Chris worked for a large corporation whose name you would recognize. He started his Total Money Makeover a few years before the recession began. When I saw him five years later, he ran up to me with a big smile and big hug to proudly proclaim that he was "DEBT FREE!!" including his home. He had absolutely no debt and had saved $38,000 in his emergency fund.

When I saw him again a year later, he had another fun story to share with me. It seems that he and his boss had become best friends over the years that they worked together. That week his friend—his boss—came into his office, with blood drained from his face and his lip quivering, saying, "I don't know how to tell you this, but corporate is making me lay you off." Chris jumped up from his chair, ran around the desk, gave his friend a big hug, and said, "Cool! How much is the severance?"

The company gave him more than $70,000 in severance, which he used to start his own business—something he had wanted to do for years. He wasn't stressed, but instead saw only opportunity, because he was ready. It wasn't long until he made almost double his old salary with his new business. Wow.

However, most people live on the other side of the coin. When they get news of a layoff, they have the blood drain from their faces and it is their lips that are quivering. If you have lost your job and are struggling, I am not picking on you. I have seen hard times. But I want you to do what I did when I faced pain brought on by my own stupid decisions and lack of preparation. I said very loudly, "NEVER AGAIN!" Next time . . . well, there won't be a next time.

That doesn't mean there won't be another economic storm to endure. My faith in our government to screw things up is strong enough for me to guarantee you will see many more recessions, bear markets, and inflationary

spirals in your lifetime. In fact, there will always be some big-picture economic chaos going on. And there's nothing you or I can do to control that. The whole point of your Total Money Makeover is for you to learn to control the things you can control. What can you control? Your habits, your choices, and your actions. When you build good money habits like budgeting and living on less than you make, when you choose to stop doing what broke people do and start doing what rich people do, you can win no matter what is happening with the economy. What are you waiting for? It is time for your Total Money Makeover. Are you ready?

1

The Total Money Makeover Challenge

"As lost as a ball in tall weeds!" That is exactly how I felt. Although it was decades ago, I can still taste the emotion as if it were yesterday. Out of control, lost, no sense of power, I felt dread creep across the room like the afternoon shadows on a cold winter's day. Sitting again at the kitchen table with too much month left at the end of the money, I was not having fun. This "adult" stuff where a wife looks to you to provide and kids expect to be fed and kept warm was not exactly working. I didn't feel like some powerful adult; instead, there was a little boy inside me who was very afraid—afraid of this month's bills, afraid of this month's mortgage, and absolutely terrified when I considered the future. How was I to send kids to college, retire, enjoy life, and not live at the edge of money worries?

The "Normal" American Family

It seemed every month I sat at that same table with the same worries, fears, and problems. I had too much debt, too little savings, and no sense of control over my life. No matter how hard I worked, it seemed I couldn't win. I was to forever be a slave to some banker, to the government, and to the "needs" of my family. When Sharon and I "talked" about money, we

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ended up in a fight, leaving her feeling afraid and me feeling inadequate. The next car purchase, the next house, the kids' college—our entire future seemed out of reach.

I didn't need a get-rich-quick guy to pump me up or tell me to be positive. I didn't need a secret formula to riches. I wasn't afraid of hard work or sacrifice. I didn't want to "feel" my way into being "positive." I was positive of only one thing: I was sick and tired of being sick and tired. I was tired of sitting down to "do the bills" and having a heaviness come over me. The hopelessness was overwhelming. I felt like a gerbil in a wheel—run, run, run, no traction, no ground covered; maybe life was just a financial illusion. All the money came in, all the money went out, and only the names were changed to protect the innocent. I owe, I owe, so off to work I go. You know the drill and all the clichés that go with the drill.

Oh, some months everything seemed to work, and I thought maybe we were going to be okay. I could tell myself then, "Oh well, this is how everyone lives." Those times offered enough wiggle room that I could continue to lie to myself that we were making headway, but deep down, I knew we weren't.

I Did It My Way, and My Way Wasn't Working

ENOUGH! THIS STINKS! I finally decided that this nonplan wasn't working. If you have ever had any of those feelings, you are going to love this book, and, more important, you will love your Total Money Makeover.

Back in our late twenties, my wife, Sharon, and I went broke. We lost everything due to my stupidity in handling money, or not handling it, as the case may be. Hitting bottom and hitting it hard was the worst thing that ever happened to me and the best thing that ever happened to me.

We started with nothing, but by the time I was twenty-six years old, we held real estate worth over $4 million. I was good at real estate, but I

was better at borrowing money. Even though I had become a millionaire, I had built a house of cards. The short version of the story is that we went through financial hell and lost everything over a three-year period of time. We were sued, foreclosed on, and, finally, with a brand-new baby and a toddler, we were bankrupt. *Scared* doesn't begin to cover it. *Crushed* comes close, but we held on to each other and decided we needed a change.

So after losing everything, I went on a quest, a quest to find out how money really works, how I could get control of it, and how I could have confidence in handling it. I read everything I could get my hands on. I interviewed older rich people, people who made money and kept it. That quest led me to a really, really uncomfortable place—my mirror. I came to realize that my money problems, worries, and shortages largely began and ended with the person in my mirror. I realized also that if I could learn to manage the character I shaved with every morning, I could win at money. That quest, the one that ended with me staring at myself in the mirror, led me on a new journey: the journey of helping others, literally millions of others, take that same quest to the mirror. Live Events, *Financial Peace University*, *The Ramsey Show*, and the national bestsellers *Financial Peace*, *More Than Enough*, *The Total Money Makeover*, *EntreLeadership,* and *Baby Steps Millionaires* have enabled me to tell millions of Americans what I have learned—the hard way—about money.

The Big Challenge: Find a Mirror

I have a challenge for you. Are you ready to take on the guy or gal in your mirror? If you are, you are ready to win. I rediscovered God's and Grandma's simple way of handling money. Wealth building isn't rocket science, which is a good thing for me (and probably you). Winning at money is 80 percent behavior and 20 percent head knowledge. What to do isn't the problem; doing it is. Most of us know what to do, but we just don't do it. If I can control the guy in the mirror, I can be skinny and rich.

We will let other books work on the skinny, and I will help you with the rich part. No, there are no secrets, and yes, this will be very hard. Hey, if it were easy, every moron walking would be wealthy.

So my Total Money Makeover begins with a challenge. The challenge is you. You are the problem with your money. The financial channel or some late-night infomercial gimmick aren't your answer; you are. You are the king of your future, and I have a plan. The Total Money Makeover plan isn't theory. It works every single time. It works because it is simple. It works because it gets to the heart of your money problems: you. It is based on a series of prices that must be paid to win. All winners pay a price to win. Some losers pay a price and never win, and that is usually because they didn't have the benefit of a proven plan for financial fitness.

Ordinary People

Tens of thousands of ordinary people have used the system in this book to get out of debt, regain control, and build wealth. I've scattered their stories throughout the book. If at any point during your makeover you are tempted to quit or you just need a little encouragement, read one of these stories. These people have sacrificed for a short period of time so they will never have to sacrifice again.

If you are looking for a road map to get you home, you've found it. If you are looking for something easy or fast, you have the wrong book. If you are looking for a book to help you pass your CPA exam in the area of financial knowledge, you have the wrong book. If you are looking for a writer who has intricate academic theories (that don't work in the real world), you've got the wrong guy. I have many of the academic pedigrees, but I ended up broke. I have actually twice become a millionaire from nothing. The first time I was in my twenties, the money was in real estate, and I lost that due to my stupidity; the second time I was not yet forty, but I did the money thing right that time, and I am debt-free.

I often hear about broke finance professors who bemoan that I am way too simple, or as an emailer told me on *The Ramsey Show* one day, "You are a one-trick pony." To those of you who say you have great but unexecuted plans, I say, "Prove it. I have." I like the way I've built wealth better than the way you haven't. You will meet people, educated and uneducated, throughout this book who have won, or begun to win, with money for the first time in their lives. The Total Money Makeover works!

The Total Money Makeover Motto

This plan works, but it will cost you. It will teach you to say new words, like *no*. In short, your Total Money Makeover will be a personal money makeover where you learn this motto: IF YOU WILL LIVE LIKE NO ONE ELSE, LATER YOU CAN LIVE LIKE NO ONE ELSE. This is the motto of your Total Money Makeover. It's my way of reminding you that if you will make the sacrifices now that most people aren't willing to make, later on you will be able to live as those folks will never be able to live. You will notice the motto all through the book, even across the bottom of the pages. I'm sorry there isn't an easier path to feature in the motto, but the good thing about this one is that it works. You can repeat the motto to yourself as you pass up a purchase in order to hit your goals. When you work late and are tired, you can say the motto to yourself. Of course, this isn't a magic formula; I'm not into that. But it does remind you that you *will* win, and the payoff *will* be worth the cost.

Some of you are so immature that you are unwilling to delay pleasure for a greater result. I will show you exactly how to get the result you want, so the price you pay will not be in vain. I don't want to walk across hot coals because it is fun, but if I can be shown how a short, painful walk will do away with the lifetime of worry, frustration, stress, and fear that being constantly broke brings me, then bring on the hot coals.

Early on in our marriage, we decided that Kari would stay home with our children rather than working outside the home. This decision has perhaps disadvantaged us financially at times, but it has been the best choice for our family in many other regards.

Financially, we have made some mistakes, such as keeping our student loans around because of the "low interest" and even leasing a car at one point. To us, credit cards were a status symbol, and we had a few. Our debt peaked at about $375,000 (including the mortgage). That's not the smartest situation to get yourself into when you have four kids and one salary. By the time we got on Dave's plan, we were ready to work with gazelle intensity to get rid of our debt! During one six-month period we paid off $57,000 and gave $7,000 to our church. That really encouraged us and kept us going! It was also great going to Atlantis with Dave and Sharon as finalists in The Total Money Makeover Challenge!

Now we are debt-free and helping our daughter through her first year of college. We are also saving for retirement at a good rate and building a new house. We enjoy earning interest now, rather than paying it. We couldn't have done it without Dave. We pay cash for everything, and we tell our money where to go. We can't even tell you the peace and freedom this has brought our entire family!

The first months were the most painful as we went from credit to cash. But it's so nice not to be paying for today and yesterday anymore! By following Dave's Total Money Makeover plan, you will gain peace of mind as you get control of your money. Just remember to stay focused.

The key to our success was both of us getting on the same page at the same time. We now work together to plan our spending rather than racing to outspend each other. We are each other's source of strength during weak moments when spending sounds fun again. We have learned to have FUN talking about money and financial goals. It's no longer a contentious subject.

Our advice: Honestly assess your earning capacity and live below your means. Be in control of your own destiny and your own happiness!

Mark and
Kari Stolworthy (both age 43)
CPA/Systems Consultant;
Stay-at-Home Mom

My Promise to You

My promise to you is this: If you will follow the guidelines of this proven system of sacrifice and discipline, you can be debt-free, begin saving, and give as you've never given before. You will build wealth. I will also promise you that it is totally up to you. The Total Money Makeover isn't a magic formula to wealth. This system will not work unless you do, and then only to the degree of your intensity in implementing it. In the following pages, you will meet many individuals and families who have won many money victories, but not one of them won until they won the battle with the guy in the mirror. Your situation isn't your spouse's fault (well, maybe, but we'll talk later), it isn't your parents' fault, it isn't your children's fault, and it isn't your friends' fault. IT IS YOUR FAULT!

But guess what? That means that if you're the one who got you into this mess, you're the one who can get you out. No law, regulation, or mandate will fix you. No politician's promises or government handout will fix you. No dream job or sky-high salary will fix you. Some of those things may help, but none of them will do a thing unless you take charge of your own life. This is your life, your call, your future. This is 100 percent your decision. If you're ready to move, then let's get going. Right now. I'll lead the way. But I won't push you across the starting line, and I can't drag you across the finish line. This whole journey from start to finish is up to you.

My financial life began turning around when I took responsibility for it. People all across America have used these steps to become free, regain

DAVE RANTS . . .

Savings without a mission is garbage. Your money needs to work for you, not lie around you.

a sense of confidence and control, and build a future for their families. Please join me on a journey away from the young man I was, the one I described earlier who was racked with worry, fear, and guilt over money. Take this journey with me to your own Total Money Makeover, but remember, the first part of the quest is confronting the man in the mirror. That man in the mirror is your Total Money Makeover Challenge.

About the Author

Dave Ramsey is a nine-time national bestselling author, personal finance expert, and host of *The Ramsey Show*. He's also the founder and CEO of Ramsey Solutions, where he's helped people take control of their money and their lives since 1992. After battling his way out of bankruptcy and millions of dollars of debt, Dave set out to change the toxic money culture for good—making it his company's mission to provide biblically based, commonsense education and empowerment that give hope to everyone in every walk of life.

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SNEAK PEEK

FROM

THE TOTAL MONEY MAKEOVER, EXPANDED AND UPDATED

BY **DAVE RAMSEY**

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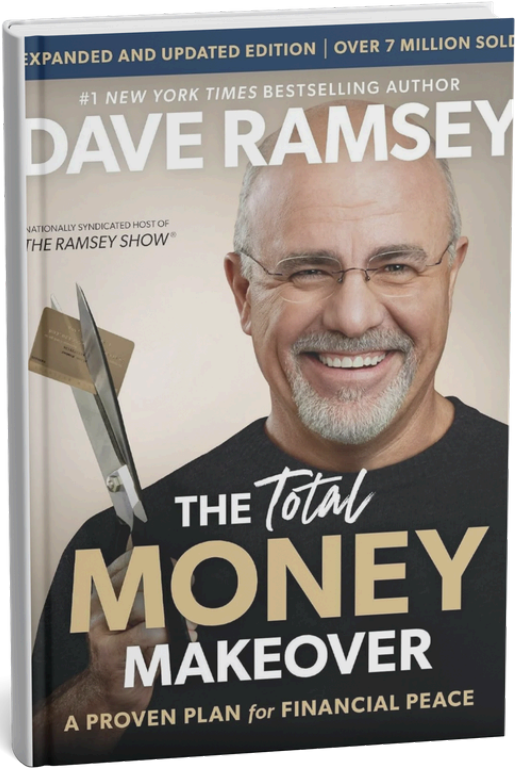

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