

THE  **10 DAY**
DEBT
REDUCTION
PLAN

BY LISTEN MONEY MATTERS

GETTING STARTED

There is only one reason you are in debt and you know why - you're spending more than you make. It's not that you want to drive yourself into debt, declare bankruptcy and lose all your stuff, you just don't know how to reverse the cycle and climb out.

If someone were to ask you if you needed to go out to dinner every week I'm sure you would agree that no, you actually don't. Problem is you enjoy going out to dinner or buying expensive whiskey or whatever it is that you love to do. You wonder if life really is that boring and depressing where you work 40+ hours a week and don't get to enjoy yourself.

I'm here to tell you that's not the case. You can enjoy yourself, in fact, I encourage it - I give you permission. Go out and have dinner, order the wine and have a great time.

However, in order to have your metaphorical cake and eat it too you must first understand what your limits are and how to keep all the luxuries you love in moderation. In this book we are not going to magically solve your debt problems but we will put you forward on the right path so that you can achieve it yourself.

These 10 chapters will be direct and to the point. Our goal is not to have you read a novel for the sake of reading but to receive real actionable advice that you can immediately put to use in your own life.

Being debt free and financially secure is not difficult, millions have done it before you and bad trends are being reversed every day. In the end it comes down to your mindset and developing healthy positive habits that will set your financial future on autopilot. Because who likes stressing over money?

Anyway, let's get into it.

DAY 1
WRITE IT DOWN

I don't care if you are in debt or run a cash surplus of \$100,000 a year, you need to develop a few positive habits or you'll let it all get away from you.

The first of which is deciding what the bare minimum you need to spend each month to survive is. Yes you have to eat but you can cook it yourself, eating out is a luxury that goes on top of your necessities.

You're going to figure out the bare minimum you need to survive so that we can really start to dissect your spending and determine what you can do to fix your finances. Finding out this information will be very easy and you probably already know most of it.

Here are some bare minimum expenses that most people have:

- **Rent / Mortgage Payments** - You need a roof over your head, right?
- **Electricity + Heating Bills** - These days I don't think you can be very effective without power.
- **Internet + Cell Phone Bills** - The Internet is the greatest tool ever created, you need this. Cell phone is a very close second to the Internet.
- **Monthly Grocery Expenses** - You need to eat. Notice how it says "Grocery" and not "Restaurants" or "Take Out". Chances are you can save here too but we'll talk about that later.
- **Monthly Commuting Costs** - In order to pay for even your bare necessities you need earn money so we definitely want to make sure you can get to work. There is a lot of potential to save here as well.

That's it. Notice how Cable TV and Whiskey didn't make the list. It's not that you can't buy these things but they aren't required for your survival. It's important that we are honest with ourselves when we make this list. If you're

already slipping luxuries in at Chapter 1, you don't have the resolve it takes to be financially secure and you're wasting your time.

Hopefully some of your numbers are under control and in line with generally accepted practices but if they are not, don't worry as we will discuss how to fix that later in the book. Before you look at the general spending guidelines below you just need to know one number. The total amount of money you earn after taxes each month. That means the amount of money that actually gets deposited into your bank account each month. It's great that you have a nice pretty salary or income figure but a fair amount of that gets lost due to taxes so we can't include that money in our plans. In order to be clear, going forward we will call this number your ***Real Monthly Income***.

General Spending Guidelines for Necessities:

- **Rent / Mortgage Payments** - You should not spend more than 1/3rd of your Real Monthly Income. So, for example, if your Real Monthly Income is \$3,000 a month, your Rent/Mortgage payment should not exceed \$1,000. Like I said, it's OK for now if it does as we will address it later.
- **Electricity + Heating Bills** - This will vary depending on if you live in a house or an apartment. That said, the number shouldn't exceed 1/3rd of your Rent / Mortgage payment. Even if your bill falls in this very wide net, on the blog we will show you how to cut that bill without actually having to use less electricity or lower your heat.
- **Internet + Cell Phone Bills** - You should not pay more than \$60 a month for Internet (unless you absolutely need higher speeds for a home business) and your Cell Phone bill should not exceed \$80 and that's me being generous. Realistically you should be spending way less on your Cell Phone, even if you have an iPhone and that's something we will show you how to do on the blog.

- **Monthly Grocery Expenses** - This number is really easy because the **government tracks** these numbers every month. Simply put, one adult male can eat for less than \$300 a month, an adult female can eat for less than \$255 a month and each child (11 or younger) can eat for less than \$265 a month. If you want to be thrifty you can shave nearly \$100 off of each of those numbers. This is if every meal is either eaten at home or prepared and brought from home (like lunch at work). For exact figures just check the USDA website.
- **Monthly Commuting Costs** - This will vary so I can't exactly pin point it for you, however, it is very highly recommended that you do not drive to work, especially if you're having money problems. It is the most expensive commuting option by far and despite what you may be thinking now, there are feasible alternatives. It's also important to note that many people are literally driven into debt by cars. Not only are there a TON of hidden costs, they are one of the worst investments you can make with your money as they lose value quicker than just about anything at their price point.

So, did you get all of that? Did you write down your necessity expenses? If so, we're ready to move to the next chapter. Also, I just want to again mention that if your numbers are higher than outline above, that is OK, we will get you on track though a few tips in this book and plenty more on the blog.

DAY 2
MAKE A DEBT LIST

We're going to continue on with our basic documentation of your financial situation because first we must know and understand your problems before we can fix them. Here we are going to make a list of all your debts.

The only debt that we will exclude from this exercise is your mortgage. Yes it is a debt and yes you do pay interest on it but generally speaking the rate is very low, compounds very slowly and is tax deductible making it only a minor concern in the bigger picture of massive debt reduction. If the only debt you have is your mortgage, you're on the right track and you can go ahead and skip this chapter.

Below is a list of debts that you may have with a little summary of how painful it is. FYI, this list is not to be used to find the "least bad" loan so you can increase your debt.

- **Payday Loans** - This is basically legalized loan sharking. If you have any of this debt we need to get rid of it ASAP!
- **Credit Card Debt** - Close to but not quite the most evil debt you can have. Reducing this is definitely a major priority as the rates are high and it compounds quickly.
- **Small Business / Miscellaneous Loans** - While the rate generally isn't terrible here, it's usually not that great either. Rates are on the higher side as these loans are pretty risky for a lender.
- **IRS Debt** - The IRS definitely tries to encourage you to pay your taxes on time and in full every year. If you don't, they attach a nice penalty of roughly 8% annually. Not very fun.
- **Crowd Sourced Loans** - Sites like [Lending Club](#) and [Prosper](#) offer crowd sourced loans with rates that beat those offered by banks by a few percentage points. If loan is necessary I usually recommend this as it's the lowest rate you'll get for a non specialized purchase (home, car,

etc.). It's also an excellent way to refinance your existing debt that is higher up on this list.

- **Student Loans** - Thanks to Obama the rates have gone down significantly here. They are still worse than car loans (irony) but not too terrible.
- **Auto Loan** - If you read the last chapter you are probably starting to realize that I'm not a fan of cars and I'm definitely not a fan of taking a loan out for them (terrible idea on top of a bad idea). The only bright spot is that Auto loans are usually pretty tame. The rate is higher than Home Equity loans because a car's resale value is terrible (just like the idea of buying one).
- **Home Equity Loans** - It's important to mention that this is not a mortgage. This is when you borrow against the existing equity you've built in your home. Interest rates are usually pretty good here because when you fail to pay the loan they can just take your home. This collateral makes the loan relatively low risk for lenders.

Now that you can't forget any type of debt since we listed them all above, you're going to take out a piece of paper and write down all of the debt that you have. On the list, be sure to include the financing institution, how much debt you have there and the interest rate (or APR). Go write it all down, I'll wait.

(waiting...)

Have you written it all down yet? Good, now just like in high school math, I'm going to show you an easier way than just writing it down. Before I do that, you're probably wonder why I made you write it all down by hand. Good question, first reason is to punish you. Shame on you for spending more than you earn. Second reason is that reducing your debt

and becoming financially secure is mostly a mental/motivational issue. There is something about writing your debt down with a good old pen and paper that makes it feel a bit more concrete and real.

So, how can you easily track all of your debt and their interest rates? There is simply nothing easier or more feature filled than [ReadyForZero](#). Not only will ReadyForZero track everything for you but it will help you implement the debt reduction plan that we will discuss in this book. They will also remind you by email when payments are due and how much you should pay to meet your debt reduction goals. It's really a great tool in addition to being very motivational. I always highly recommend it to people I meet who are in debt. The best part is the basic reporting/alerting features are all free!

Now that we know who we owe money, how much we owe and how painful each debt is it's time to move forward!

DAY 3
CUT'EM UP

You've been irresponsible, something you probably already know at this point. Owning up to it is a big deal and it's the first major step on the road to recovery. So for that, congratulations. You're not alone in this as it affects millions of people.

Luckily that does not mean you're an utter failure at life so wear your badge of failure with pride. I strongly believe that **the most effective way to learn is to fail - learn from your mistakes and you'll be fine.**

Now tell all your friends and family that you have a problem, you understand it and you're on the road to recovery. Why tell everyone? You need to fully own up to your mistakes for once but more importantly "social contracts" are very powerful. It's well documented that if you tell your closest people you're going to do something you actually have a much higher chance of actually doing it.

This step will be the easiest on your road to recovery. You're going to take ALL of your credit cards and cut them up into tiny pieces. Throw these pieces in the air like confetti, flush them down the toilet, give them to your cat to play with, whatever, just do it. We're in agreement that you have a problem and it's absolutely critical that we make sure you keep it under control until it's fixed. That means not adding new debt to the existing mountain.

From here on out you're a strictly cash/debit card only shop. I

recommend using your debit card over cash for reasons that will become more apparent in the fourth chapter of this book. If you do use cash, that is fine as well. It is nearly impossible to drive yourself deeper in debt using these options. I say nearly impossible as you still can overdraw your account so please be conscious of your account balances!

We're cruising right along, good work so far. If you need to, go take a nap or something because the next chapter is by far the most important of this entire book. You will need to not only read it but absorb as much as you can.

DAY 4

GET MINTY FRESH

This is going to be a long chapter so I'll cut to the chase. I'm guessing you know what Mint.com is because it's pretty popular but if you don't, it's ok. We're going to be going over exactly how to use this tool so that you can start tracking your spending without spending a lot of time every week or even every month on it. I just want to say it again, we will spend some time setting it up now so that it will mostly take care of itself. The goal is to fix your finances and not spend a lot of time on them. I take the goal of spending less time managing money so seriously, I guarantee that completing the below will only take 2-3 hours. That's it, and then your done with only minimal additional work to do a month to keep it running. It will absolutely be of the most effective 2-3 hours you've ever spent.

For those of you who don't know what Mint.com is, it's basically the best free budgeting software out there. It's also better than most of the budgeting software that you can pay for. I'll also be honest, this exact same content lives on Listen Money Matters under my article: [Budgeting for Dummies: The Complete Guide](#). I feel like it was already well described there and there is no reason to rewrite it.

CREATE YOUR MINT.COM ACCOUNT

Total time: 8 seconds

First order of business, you'll need to create an account for yourself. If you do already, great, if not, just go to: <http://www.mint.com>

ADD IN YOUR ACCOUNTS

Total time: 10 minutes

Ok, you've created your account and you're logged in. Now we're going to add in all of your checking accounts, saving accounts, credit cards, mortgages, investment accounts, 401k's, IRA's, etc. Everything. No stone can be left unturned, we want an absolute complete view of your financial situation. Maybe your finances suck and are painful to look at but obviously ignoring it didn't solve the problem so we're trying something new here.

Occasionally you may have to come back to the accounts screen if your bank updates its security process like making you answer new security questions for example. Generally speaking, you won't need to come back to this screen unless you open a new account (like [Betterment](#)).

REVIEW YOUR TRANSACTIONS AND SET YOUR RULES

Total time: 1-2 hours

Yea, this is the most time consuming step. If you set aside the time and just do this step right the first time, you'll never have to spend this long in Mint ever again.

It might take a few minutes after you add your accounts for all the transactions to get imported so be patient and wait for those little spinning refresh animations to stop. Did they stop? Ok, great, Lets get started.

Click on Transactions up top and you'll notice all of your spending, credit card payments, money transfers, 401k contributions, etc will show up here. There is a lot of information here and it can definitely be overwhelming at first.

Don't get lost in your head about how much work this is going to be, just put your big boy (or girl) pants on and get started.

If you look at the first transaction you will notice that Mint has already grabbed the likely name of the Vendor, a suggested category and the price. Most of the work has already been done for you. Lets use an example from my Mint account for how you should approach each transaction.

Click on a transaction which is listed as Uncategorized or is improperly categorized and then click Edit Details. Click on the two arrows next to the category, browse to a high level category and then select a more detailed sub category.

In my Fandango example you will see that I first hovered my mouse over Entertainment and then selected Movies & DVDs. That wasn't too bad, right?

There is one more step that will make your budgeting infinitely easier into the future. That's creating a Transaction Rule. As you can see, from your Mint.com transaction it automatically suggests a rule for you (image on the right).

Again using my sample Fandango transaction, you can see that Mint is allowing me to make all future transactions from Fandango fall into the Movies & DVDs category. Better yet, it's going to automatically change this on all my existing transactions. Huge time saver!

Basically you're just going to rinse and repeat. Continue to do this for all of your transactions. Do your best to put them into the most correct categories while not spending too much time worrying about any individual

transaction. If you think something is in error, make note of it and address it later. Be very thorough here, you only want to ever do this once.

EXAMINE YOUR SPENDING TRENDS

Total time: 25 minutes

Now that we've put all of our spending into nice understandable categories we're going to look at our train wreck of a financial history. Don't beat yourself up over the past, we're turning over a new leaf here and we're going to start doing things right from now on.

Let these graphs be the proof of your crazy spending habits and the fuel for your future saving efforts.

Click on Trends up top.

What we're going to do is look at specific categories and decide what kind of waste is in there. I included a picture of my monthly grocery shopping as an example.

As you can see, I was spending quite a lot for my fiancé and I on groceries. Fancy expensive chicken, over priced oils, too much beef jerky, you get the idea. About halfway through the year I caught this terrible habit and went on a grocery spending diet. If I were to continue on my trend of \$500 a month for groceries, I would have spent an additional \$1,150 in groceries just through to November. Instead I added that into my savings pile, a pile that is on it's way to buying me my first house. It's the little things that count.

Go find savings across the board and make note of your goals. Don't be too crazy, we will tune this in time. We don't want you to get overwhelmed and exhausted causing you to bounce back to your bad spending habits.

Patience my friend. Rome wasn't built in a day.

OK, NOW WE CAN START BUDGETING

Total time: 25 minutes

By now you've hopefully located a few areas of potential savings so we're going to save these goals and work on it through out the month. Click on Budgets.

If you want some general guidelines on what are acceptable budget numbers, check out my earlier post: [Don't be Cheap, Be Smart. Budget!](#)

Be sure to budget for all your main spending areas. I'm not going to know all of them but for example, if you spend \$200 on coffee a month, that might be something you want to put into your budget. Little spending leaks like that are what destroy your savings because they are multiple tiny expenses that are hard to keep track of. If you were buying a flat screen TV every month, I think you would know and be able to keep track ;)

One cool thing Mint includes on the Create a Budget screen is your historical spending vs the US National Average. Meeting or beating the US National Spending Averages should in general be a good goal to start with.

BUDGETING MONTHLY

HOMEWORK

Total time: 1-2 hours monthly

I break it down into small chunks to make it more manageable.

Ok, great job, you've successfully set up your Mint.com account, trolled through all your spending since what seems like forever, made a budget and survived! The hard work is done, now you just need to keep things going. Over the course of the month, just log into Mint really quick and check things out, make sure you're still on track. This is just something you will need to develop as a habit, as it will never be "complete". Get the Mint.com app for your iPhone/Android phone, it's great. On the apps, you can do a thorough review in like 5 minutes and then you're good for at least a week. It isn't called Budgeting for Dummies because it takes no effort, just it's very easy once you learn how.

Your next steps are based around optimizing your spending. Here we won't even try to change any spending habits, we'll just shave off easy over spending. No lifestyle cuts, only lifestyle improvements and savings, I promise!

DAY 5
**PLUG YOUR
SPENDING LEAKS**

Money is a terrible thing to waste and chances are you're wasting a ton of it yourself and may not realize - I was too until recently. Maybe you're paying for HBO and never watching it or you signed up for the [Dollar Shave Club](#) and you're not using your blades. Whatever it is, you gotta find these leaks and stop them!

Saving money is really important and the easiest savings you're going to find are when you stop paying for things you don't actually want or need. When you plug your spending leaks it could feel like you just got a raise!

Plugging leaks is just a way of optimizing your spending and often times it still includes buying the things you want/need but paying a lower price for them. There are a ton of potential leaks that you can have so we can't go over each one. What we will do is go over some major types of leaks as well as a process on how to detect leaks on your own and how to plug them.

DETECTING YOUR LEAKS

Ok, I'm going to assume you have a budget, however if you don't you can follow my handy budget guide and you should have things rolling in no time! Basically I'm going to ask you to look at the past month or so of your spending and go down the list from most expensive to least expensive and look at where your money went. Anything reoccurring month to month that is more than \$50 should be seriously questioned as well as any spending you can't explain.

In terms of reoccurring payments, things like your cable TV bill can easily be reduced. First of all, I have no idea why you even have a TV bill to start with. Want to watch live TV as much as you want, any channel with 20 hours of DVR space? Try [Aereo](#) for \$8/month. You also have the ability to watch

unlimited movies or TV shows on [Netflix](#) or [Hulu](#) for \$15/month each. Hell, get all three of them, you're still probably beating your Cable TV bill by \$70/month on average!

The point is, there are plenty of alternatives to the old school expensive take-all-your-money-and-still-show-you-ads services. Google is your friend, use it to stop wasting your cash, chances are there is a better alternative out there and you just haven't found it yet.

Next, we have your fear of commitment penalties. This is the money that you throw away every month on services that you know you're going to keep but don't want to commit to an X month or year contract. A perfect example is web hosting. If you take my favorite hosting provider, [Media Temple](#), and look at their Grid Hosting service (which can scale incredibly well) it costs \$20/month, however if you buy it for a year it costs \$200. That's a 17% savings for doing nothing. Sure \$200 may be a lot to put up front, however you need to make strategic decisions that will save you money in the long term. If you're only thinking about today then your F-You Money is at risk!

WAYS TO PLUG YOUR SPENDING LEAKS

When looking for ways to plug your spending leaks you need to look no further than the four C's: **Cancel, Challenge, Cut or Commit.**

Like in my example above, Cable TV is a solid Cancel or at least Cut for a much cheaper service that serves nearly the same purpose like Aereo.

However, most of your Cancels will be services that you no longer use but don't realize you're still paying for.

This is where your budgeting skills come into play because you'll never find these charges unless you review what you've spent your money on (budgeting!!!). Don't underestimate this category, I'm a seasoned money saving veteran and I've found quite a lot of savings here time after time. Sometimes you just forget about things you signed up for and that's OK... as long as you realize and fix your mistake!

Challenging charges is a personal favorite of mine. I remember when World of Warcraft came out you could get into the beta if you just signed up for a \$15/month Game Stop account online. \$15 was a great price to get into the beta of a game I was going to keep playing so I did it!

Then, the following month, I forgot to cancel it and I was charged again. Now, that's not a lot of money but I was in college and to me that was a loss of more than 6 beers, something I didn't take lightly. Long story short I called my credit card company, challenged the charge saying that I canceled the service (which I did before I called) and Game Stop didn't fight it. \$15 saved! From my experience, most companies which pull that crap move of making money off your terrible memory never contest the charge because there are plenty of people who don't fight and that's good enough for them.

Cut is something you can look at your cell phone bill, cable bill or even Netflix bill for. Do you really need 5,000 text messages a month? I know you're an adult but do you really NEED the Playboy channel with the internet? Sure Netflix is awesome but come on, two DVD's at a time? Most everything can stream!

I think you get the point. If you're not using something, cut the fat and save the cash. A company will never remind you that you're not using everything you pay for so it's up to you to find those easy savings.

Finally, Commit, the hardest one, especially for us guys ;) Like I hinted to up top, if you know you want something/need something longer than one month, pay for it. When you pay upfront you get a discount for your commitment and since you were going to use the service anyways the savings are free. It's easy, all you have to say is "I Do".... or something like that.

DO SOMETHING WITH THOSE SAVINGS!

Hopefully this whole exercise wasn't too difficult for you. I bet that if you took a good hour and did some solid investigation you could find at least \$100 in savings.

Now that you've either found those savings on your own or got me to help you, we need to put that money to action. See, a major **difference between wealthy people and the rest of us** is that wealthy people put their money to work. Wealthy people may go to work to earn money but every day their savings is also going to work for them earning them even more money.

You could use simple set it and forget it services like **Betterment** or you can get a bit more involved. There is no best way, it's just what works for you. If you're interested in making those savings earn then definitely check out my **No Effort Investment Strategy** post!

Onwards to more savings of time and money!

DAY 6
**SAVE MONEY &
TIME ON
NECESSITIES**

You can always earn more money and improve the way you save. As a result, your potential for wealth is infinite. Unfortunately your time is not infinite.

Last year I got into a huge time optimization kick. I was achieving a lot but I knew I could do more. It wasn't that I didn't have any time or there were things I couldn't stop doing (like watching Breaking Bad), it was just that I was wasting a lot of time on stupid things. Things I hate doing or things that don't create any value for me or anyone I care about.

For example, I hate going to the supermarket. Shopping for food sucks, the place is always freezing, I buy way too many things that I don't need and then I have to carry all of it seven blocks and up three flights of stairs. Thankfully the trek home controlled my spending because if I could just dump it all in the trunk and drive home, the sky would have been the limit.

Not only that but some days I had to get more toilet paper or deodorant and walk blocks out of my way to a drug store just to carry the bunch of bulky annoying stuff home that I needed. The whole painful process got me thinking, there must be a better way (and there is). It's called the internet and it delivers stuff to your house that's cheaper than a store and saves hours of my time.

Let me explain what I did to shave a few hours off things I hate so that I could be productive and do more of what I want.

SUBSCRIBE AND SAVE

Amazon is a truly wonderful place. If you're like me and live in a state where you pay no sales tax to Amazon, often times you will find them cheaper than the competition. I'm all about saving money, and convenience which is

exactly what excites me about Amazon. In the past I've bought things like gifts for my sister there but that was about it. That is, until I heard of their new service, [Subscribe and Save](#).

Subscribe and Save combines the savings and convenience you're use to with Amazon and saves you time every month of your life for as long as you continue to use it. What is it exactly? It's a way for you to get things like your toilet paper, cat food, toothpaste and any other daily goods directly to your door for up to 15% cheaper than Amazon's already low prices.

How does it work? You subscribe to all of your common reoccurring goods and then let it ride. While you're picking your reoccurring items, Amazon helps you decide on the frequency that hey should be delivered based on what most people do. For example, the default for a reoccurring item is monthly but Amazon suggests I should by my shaving cream every 5 months.

What if Amazon is wrong in their estimates? It's no problem because they are easily changeable. About a week before Amazon ships out your goods they remind you of what you're getting and ask if you would like to skip something to your upcoming delivery, change the item's frequency of delivery or add in something you forgot.

I'm sure that sounds great but you're probably wondering, what about the shipping cost? The icing on the cake is that there is no shipping cost.

Subscribe and Save has become a major driver of savings for me. Now, every month I don't have to spend the hour or so I would in a drug store allowing me to pet my cat, vegetate on the couch and sometimes even accomplish something. Beyond the time savings, I'm saving on average 18% on all my

reoccurring items because Amazon is already cheap so 15% on top of cheap is very cheap - plus there is no sales tax!

GROCERY DELIVERY

There are few things I hate more than grocery shopping. I'm not a fan of having to find everything I need, almost always buying more than I need and carrying the food back to my apartment. Maybe the worst of all is carrying it all up two flights of stairs while trying to unlock the two doors between the street and my fridge.

It's all very annoying and consumes a lot of my time, something I've been finding I have very little of. Between working my day job, working on my side hustles, investing and keeping my relationships together I really don't want to share my time with things I hate doing.

Finding **Fresh Direct** changed my life. They boast that their food will be fresher, using their service will require less of my time than I'm use to and they will be price competitive with physical grocery stores.

The way the services work are so obvious, I can't help but kick myself for not thinking of it first. It's really simple. You go online, choose the food and necessities (like ziplock bags) you need, choose the two hour time window you want it delivered and then go about your life. Shopping online takes all of 15 minutes as we're all pro at that by now. Not only is shopping easy but they remember what you buy making each successive shopping experience even easier. Now I don't have to constantly remind myself to buy more cold cuts and less broccoli.

From there you just make sure you're home during delivery time and they show up, all happy and nice, and drop you boxes off directly in front of your refrigerator. The only thing I have to do is open the boxes and put everything away. Beginning to end the whole process takes me 30 minutes max and I don't have to hassle and fight with the million plastic bags or carry heavy groceries up stairs. What about the exercise I get from carrying the groceries? I use the saved time and go to the gym instead and get a real workout!

At first I was a bit skeptical. How can I get all this greatness and still save money? Surely I must have to pay for this convenience. As it turns out that's not really the case. You can either pay for shipping per order which comes out to be \$6 - \$8 per delivery depending on where you live or you can sign up for DeliveryPass.

DeliveryPass costs 1 cent for the first two months and then \$69 per 6 months after that. If you like Fresh Direct it definitely makes sense to sign up for DeliveryPass as it winds up significantly reducing shipping costs. I get some food every week to maximize freshness so with delivery pass it winds up only costing me \$2.88 per delivery. Quite the bargain considering the food is brought to my apartment and dropped off directly in front of my fridge.

Your time has value. Maybe shopping for necessities takes away from time you could be working and earning cash or maybe it takes away the time you get to have fun. Either way, you should put a number to it so you can really quantify how much saving an hour of your time is really worth. Unless your time is worth less than \$2.88/hour I think you'll find it worth it to have your food delivered and for necessities it actually doesn't make any sense to not automate it.

Beyond calculating out the value saved, you get your time back. We all don't have enough time as it is so an easy way to claw some of it back is always an opportunity that I jump at.

DAY 7
SLOW DOWN!
YOU'RE NO BILL
GATES

Chances are you don't have that rich Microsoft blood pumping through your veins. You don't have unlimited wealth and income that allow you to buy and do whatever you want. The reality is that 99% of us are in the same boat.

While some of us may earn more than others, almost all of us live above our means. We spend more money than we have or in most cases, more than we should. Just because you can buy a new iPad every year, does that mean you should? After you ditch last year's iPad in favor of a thinner one, what do you have to show for the hours of work you spent working to buy last year's model? Unfortunately, little to nothing which leads me to make one of the most difficult arguments in this book. **You need to spend less and save more.**

While I choose to first teach you how to spend less without compromising your lifestyle, now I need to appeal to you to at least reevaluate your lifestyle. I choose to help you optimize your spending first with the hope that you could start to see how powerful saving can be. It's not out of your reach, it just requires a few hours of effort and follow through.

Why is it the most difficult argument of the book? It's because it's the one that nobody wants to hear. Really, we are all looking for the magic bullet. It's time I tell you what you probably already know. The magic bullet that will solve all of your money problems does not exist. I'm sorry. Once you come to terms with that we can move forward and start trimming your spending. I'll wait.

Ok, ready? Good. This is the chapter where we'll apply everything we've learned to start making changes to your spending habits and set you on the path towards financial success. I'm going to distill it down to two actionable steps that you can use to fix your broken spending habits. The steps are also

designed such that you should revisit them every month in the beginning and then every few months down the line to make sure your spending is under control.

BRINGING YOUR SPENDING UNDER CONTROL

Time: 2-3 hours

1. Check Your Head

Mindset is everything. We need to get honest for a second, you're not having money problems because you're not making enough money (although you could make more), and it's definitely not because life is too expensive (although it kinda is some times). You're having money problems because you're head hasn't been in the right place.

Why did you let your debt get so high? Did your credit card company hold a gun to your head and make you underpay/not pay at all? Why did you upgrade your perfectly good iPhone even when you had to do it on credit? Steve Jobs surely didn't make you do it. You've got to own up to the problems you created and realize that it's just as easy to say no to a new iPhone as it is to say yes. In fact, it's easier because you don't even have to get up off your couch or speak to another human.

Remember, as soon as you want to start fixing your financial situation, you will. You need to make an effort and that involves actually wanting and committing to it.

2. Find Disturbing Spending Trends And Take Action

Ok, here is where we go back to what we learned in the Get Minty Fresh chapter and actually do something. I hope you set a budget but I'm to guess that it's probably wrong or at least incomplete. While we told you to check out the trends, we didn't specifically tell you what to look for. If you think you have it under control, feel free to skip this section.

First, look at your your entertainment expenses. These are the easiest to cut and have the least impact on your life. Interestingly, when I swore off watching TV and canceled cable, instead of sitting on the couch twiddling my fingers I actually spent more time with my wife. Saved money and improved my marriage, net positive! Cutting cable is an easy one, especially with Netflix and Hulu easily filling the void for a fraction of the cost but you need to look a bit deeper. If you're going to a ton of shows, movies, concerts, etc.. during the month, you need to slow it down. Cut whatever you're doing in at least half and adjust your budget accordingly. Sure it may suck but you put yourself in this situation.

Next, look at your food/restaurant budget. I'm sorry but you're capped at eating out no more than once a month. Until you get your things in order you honestly shouldn't even be eating out once but I'm nice like that. You owe me now. Update this in your budget now!

How much do you spend on alcohol a month? More than \$100? Cut it! You need to stay sharp so you're not over spending when you don't realize it (drunk). Trust me, drinking will not go out of style and you can always partake when your financial situate is a bit more under control.

See that scary amount of money you spent on gas in the past few months? You've got to cut out at least 30% of it. Combine chores into one a big trip, do a bit less cruising and most importantly, ride your bike! You may accidentally get in shape and save money, how crazy is that?

I think you get the point. When you're reading fitness books they say "no pain, no gain" and climbing out of a shitty financial situation is no different. In the great words of Albert Einstein "Insanity is doing the same thing over and over expecting different results". Remember, unless your insane, **you need to actually change your habits** if you want to improve your finances.

DAY 8
MAKE IT
AUTOMATIC

The single biggest cause of financial destruction is forgetfulness. Maybe it's forgetting to pay a bill on time, forgetting that you even have a bill due or forgetting how much you've already spent this month. It's not that our intentions are bad, we want to succeed, it's just that life is crazy and money isn't always on the forefront of our minds.

If you were reading this in 1950 the solution to this forgetfulness might be to tie a string around your finger, force yourself to memorize dates or develop a complex sticky note system. You can still do all those things but there is a better way. You can leverage technology - free technology.

If you read our [blog](#) and I hope you do, you'll notice that I'm a huge fan of using technology to make our lives easier. My primary focus is on [automation](#). Not only do I want to convince you to turn menial tasks over to the computer but I will provide you with all the tools and instructions you need to quickly and easily automate your own finances.

AUTOMATIC BILL PAYMENTS

All of your bills need to be automated, nuff said. I'm not even going to try and convince you here because not doing it just doesn't make any sense. Automatic payments can be for your bill minimum, a set amount or the full bill. Obviously I recommend full and complete payments but in absence of that kind of money you should try and make the largest payments possible.

How can you automate your payments? There are two options so pick the one right for you.

Automate at each institution. Here you will log into each and every credit card and bill and configure each one for automatic payment from your checking account. This is a perfectly good solution, it is just by far the most time consuming. You can do better.

The way I highly recommend doing it is through a central system that you can do all of your debt planning from. [ReadyForZero](#) is an excellent choice here and I have a full walk through on the blog [here](#). They will track your debt, schedule your payments, send you alerts when there are issues, basically everything you need.

Basic tracking is free but it's a small fee for centralized payment scheduling. In my opinion it's a small price to pay for the convenience and security that your payments will land on time as you intended.

DIRECT DEPOSIT

There are a fair amount of you out here that don't use direct deposit. Shame on you! Why waste time going to an ATM to deposit your checks? More importantly, without direct deposit it makes it even harder to automate your bill payments since you don't know the exact dates your account will reflect your recent income.

Just do it, it will make your life easier.

SCHEDULED SAVINGS

The most important part about saving money is doing it on a regular basis. Sure a bulk transfer of \$500 is good but \$100 a month while it may seem small can quickly out pace the one-off lump sum deposit.

Just about every bank/investment firm that can accept your money will offer scheduled money transfers into your savings account. I highly recommend you set something up, even if it's only \$50 a month. Something is better than nothing.

For an example of combining automatic savings with exponential growth check out our article series, [The Betterment Experiment](#).

SPENDING ALERTS

A healthy financial life in its most basic form comes down to spending less than you make each and every month. It's easier said than done and definitely requires a measure of self control. Of course, if you're guessing on these numbers than it makes it all that much harder. Luckily there are systems that help you automate this, and some of them are free.

Out of all of the tools, I'm sure you know by now that our favorite is [Mint.com](#). It's free, easy to use and incredibly robust. In with Mint's excellent budgeting and trending tools, it also automatically categorizes your spending for you and then alerts you based on thresholds you define.

For example, I generally set pretty ambitious budgets for myself to try and keep spending to a minimum. I set my budget once for the month and that's it, I usually don't log into Mint again for another month. However, I've configured Mint to alert me when any budget category is more than \$80 over what I set at the beginning of the month. This lets me know when I need to curb specific spending categories like eating out before they become a real problem.

Not only is setting up Mint a must for financial success but it should be a requirement to setup alerts to let you know when you stray from your budget.

DAY 9
**REDUCE,
CONSOLIDATE &
FOCUS**

Ok, you've now got the tools and know-how to reduce your spending, make some more money and save some of it in the process. Hopefully you don't have any debt and if that is the case, you can skip this chapter. If you're like the majority of this country, chances are you do have some debt and if that's the case, you need a **strategy** on how to pay it off.

In this chapter, we're not only going to give you some tips on how best to pay the debt off but also things you can do to significantly reduce the time it takes to do that (without having to contribute more money).

REDUCE

The first order of business is to reduce the cost of our debt. By reducing the cost of your debt, it allows us to pay down our debt faster all while paying less money to our creditors (credit card companies, banks, etc.). That's great, but how do we do it? We do what almost always works yet everyone is afraid of doing.

Asking our creditors for a break and lowering our interest rate. Conventional wisdom is that the banks would never help us and are only interested in maximizing their profit. Yes, that's mostly true but you need to consider all potential scenarios.

One scenario is that the bank doesn't get paid off at all and you declare bankruptcy. This happens all too often in normal day to day life and it happened with an alarming frequency in 2008 during the financial crisis. While the banks do want everything they were initially promised, they would rather have a piece of something than all of nothing. Keeping that in mind, they are almost always willing to reduce your interest rate if it helps you actually pay them back.

How do you do this? Call up every one of your credit card companies and ask them to reduce your interest rates. Tell them you're serious about paying down your debt but it's currently not possible based on your interest rate. It may take 20 minutes of your time but it's absolutely worth it.

For example, say you have \$10,000 in debt and you want to pay it off completely in 2 years. If your interest rate is 18% and you're able to get them to drop it just 2% to 16%, over those 2 years you'll save almost \$240! The most important thing to remember is it only took you 20 minutes of time to save \$240. If you did that same thing for a total of three credit card companies you would have basically made \$720 in one hour!

CONSOLIDATE

Possibly more important than reducing your interest rates is consolidating your debt. Not only because it makes it easier to focus your money and time but you'll likely even further reduce your interest rate. The reason I say to reduce first, then consolidate is because consolidation usually takes some time (up to a month if you're even eligible) so first we want to lock in some savings with an hour of work and then put ourselves on the track to save even more money. How can you do this? Easy!

Lending Club or Prosper - This could quite possibly be the best thing you ever do to reduce your debt. With Lending Club or Prosper (personally, I prefer Lending Club) you can get one large loan and use it to pay off all of your credit cards. Not only will you be able to focus all your time and energy on one payment but that payment is almost certainly going to be lower than your existing debt payments combined. How is that possible? Easily, these are crowd sourced loans so a bunch of normal people like you or me are

contributing to your loan, no banks are involved. Since there are no banks, the rates are much lower! Mmmm how I love technology!

Home Equity Loan - I really recommend using a crowd sourced loan but this is also another viable option. Basically, when you bought your home you had to put a certain amount of money forward as a down payment. That money is the equity you have in your home and you continually build upon it with each mortgage payment. With a home equity loan you basically borrow against that equity. You get an awesome interest rate but the major downside is that it's a real possibility that you could lose your home if you don't pay the loan back in a timely fashion. You always need a place to live so while it does make sense to get the lowest interest rate, I would really think long and hard about this. A mistake here could potentially be much more costly and devastating than just declaring bankruptcy (which I definitely don't recommend).

FOCUS

Finally there are two things you need to consider while you're paying down your debt.

First, you need to pay off your highest interest rates first, no matter what - always. There are other cleverly named debt reduction methods but once you put them up against simple math they don't make sense. I want you to get out of debt as quickly as possible with the lowest cost to you. Pull out that list we made in chapter 2 and contribute the most money possible to your debt with the highest interest rate. For all other debts, just pay the minimum payment. Once the debt with the highest interest rate is paid off, go for the second highest and so on until all of your debt is paid off. The strategy is simple, just make sure you follow it relentlessly.

Second and most important of all, do not miss a payment! Not only will it set you back at least a month but there will be all sorts of additional fees related with missing a payment (I'm sure you know this by now being in debt and all). Plus, it will further destroy your credit rating, something we will be working on fixing though a variety of posts on [the blog](#). If you're going to commit to paying down your debt then just do it. Sure it may suck but at least with a plan there is an end in sight. There is life after debt and you deserve it!

DAY 10
MAKE MORE
MONEY

Saving and cutting your spending is a major part of a healthy financial life. It's definitely more than half of the equation. However, an incredibly powerful way to increase your income and pay down your debt is to make more money. In fact, it's highly recommended.

It's easier said than done, right? Not really, making quick money in the short term isn't too difficult at all and increasing your income over the long term is not only not difficult but an absolute necessity. Chances are you're underpaid (and feel that way) so we're going to work on changing that.

Below are a few actionable steps you can take to bring in some money now and set yourself up to increase your income over the long haul.

SELL YOUR STUFF ON EBAY & CRAIGSLIST

The reason you're in this mess is because you spend too much money on things you don't really need. It's even more likely that a fair amount of this stuff that you didn't really need in the first place is definitely no longer needed now. Sell it!

When I stopped using my Sega I sold it, as I did with my first iPod, old computers, unused gift cards, old bicycles, furniture, books and even shoes! Your garbage is another person's treasure and you need to take it to heart. I've been in a money crunch many times in my life and the easiest way to close the gap between the money you have and the money you need is to jettison the needless crap. Do yourself a favor and do it, having empty closets and a few extra bucks will feel liberating and bring you that much closer to your money goals.

EARN IN YOUR SPARE TIME

There are a ton of sites out there that help you monetize your free time. You would be surprised not only with what people will actually pay to have done but how much money they will pay for it. Places like McDonalds are corporate machines that will make you bust your ass for minimum wage but there are plenty of other people/companies out there who won't work you as hard and will pay more. For the people who look, there are big rewards to be had.

Elance - Ever considered being a virtual assistant? Or contracting out your talents as a writer, organizational guru or programmer? Anything and everything that can be done remotely is contracted through Elance. I've used it quite a lot in the past few years and paid for things from internet research to social media management to iPad app design. You would be very surprised not only at how many jobs are available but how well they pay. Please, go look!

Task Rabbit - Have some free time on a Saturday? Don't mind handing out flyers in your local neighborhood or maybe helping someone move? Task Rabbit will let you apply to all kinds of miscellaneous tasks and they generally have a pretty solid pay. The great thing about Task Rabbit is that it's more one-off type jobs so if you only have a free day here or there it's a great way to make money with minimal commitments.

Sitter City - Love animals and have some spare time here and there? Pet sitting is where it's at. Not only do pet owners pay a lot to take care of their fur babies but pet sitting usually comes with some interesting perks. My sister pet sits in the city and has often had the option to stay over in ultra swanky apartments in the city while the owners were away. They encouraged

it! One even had a pool table in the apartment! Besides random cool perks, how hard can watching a cat or feeding fish really be? Would you pick up dog poop twice a day for \$100? I know I would.

Mechanical Turk - Wish you had tasks you could do at home that require virtually no thought. Things like filling out surveys, clicking through websites, writing 2-3 sentence blurbs? If you said yes to any of that then Mechanical Turk is for you. Mechanical Turk is a "human automation" service started by Amazon. It consists of a bunch of quick easily repeatable tasks that can't yet be completed by a computer. While each individual task may not pay a lot, you could easily make over \$10/hr if you're quick and efficient. Did I mention that it requires little to no brain activity?

Sure there are a ton more things you can do like start a website or blog to make passive income but first you need to start with the basics. While bigger and longer term projects have the potential to make a lot more money, usually you're making next to nothing for the first few months or years. Start with the above and when you're ready, check our [blog](#) and we'll detail out a few more longer term options in details.

KEEP GOING, FRIEND!

We've given you a bunch of actionable advice that you can start doing now to save some serious money, reduce the size and cost of your debt and make yourself a bit richer. It's really up to you if you take this advice and do something with it. I really hope you do.

Being in debt sucks, I know. It feels like you're climbing an endless mountain while trying not to drown. The good news is things can get better if you want them to. All it takes is a first step, then a second step and then you just keep walking. You will live to see the end of your debt, just be patient.

What's next? Head over to the blog, subscribe, and join the conversation. Not only will you get a ton more actionable advice on how to improve your financial situation and escape debt but we will also teach you what to do with your money once you're running a surplus. The end of the line isn't getting out of debt, it's having enough money for complete freedom to live the life that you want.

Need some inspiration? Read these posts from our blog:

- [You're a Failure and It's a Good Thing](#)
- [Being Wealthy is a Choice](#)
- [The Money Matters Manifesto](#)

Have some time during your commute to work? Want to listen to awesome conversations between Matt and I about money, life and achieving F-You Money? Check out our [Podcast!](#)

Most importantly, if you have ANY questions, concerns or would like to just say hi, feel free to contact me (Andrew) or Matt and we will do our best to help! We read every email!

Good luck and remember, **the hardest part is getting started!**

-Andrew