

7

How to Take
Control of Your
Financial Future

Money
Rules
for Life

Mary Hunt

Founder of *Debt-Proof Living*

7 Money Rules *for* Life[®]

How to Take Control
of Your Financial Future

Mary Hunt


Revell
a division of Baker Publishing Group
Grand Rapids, Michigan

Published by Revell
a division of Baker Publishing Group
P.O. Box 6287, Grand Rapids, MI 49516-6287
www.revellbooks.com

Ebook edition created 2011

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ISBN 978-1-4412-3610-4

Library of Congress Cataloging-in-Publication Data is on file at the Library of Congress, Washington, DC.

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Published in association with the literary agency of The Steve Laube Agency, 5025 N. Central Ave., #635, Phoenix, Arizona 85012-1502.

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“Packed with practical, easy-to-digest advice, *7 Money Rules for Life* is a no-nonsense approach to money and life that really works.”
Mary provides a road map to recovery driven by a realistic, deliverable promise for a better life that isn't contingent on the actions of anyone but you. If you want more out of life, take on the *7 Rules* and see what happens. You won't be disappointed.”

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“Without a doubt, Mary Hunt is in my ‘Favorite Authors Hall of Fame.’ Whether you are in desperate financial condition seeking hope and a plan or in good financial shape striving to be better, *7 Money Rules for Life* is a book I wish everyone would read and then pass on to their friends.”

David Briggs

director, Enrich Financial Ministries
Central Christian Church of Arizona

“This powerful book is a must-read for you and everyone you care about. Mary Hunt provides a recipe for the art of living below your means. She is an advocate for ordinary people like you and me to do extraordinary things with our finances. *7 Money Rules for Life* comes loaded with tools that are applicable to all of us as we progress toward debt-proof living. Take control of your financial future!”

Stephen Komanapa

pastor, deputy chief of staff, Saddleback Church

“Simple rules of the road that cut through confusion, mystery, and misery. This is what Mary unfolds in her latest treasure that can transform the lives of individuals and families. Financial freedom is possible! And I'm sharing it with my kids, graduates, and newly marrieds. Top of my gift list for 2012!”

Lisa Ro

founder, First Friday Women

“Mary gives us the raw reality of our deadly financial status but empowers us to overcome the obstacles by taking control of our own financial destiny. Every family should have this in their home.”

Melissa Montano

CEO/president, STAR Educational Media Network

“The brilliance of Mary Hunt's latest book, *7 Money Rules for Life*, is that it is a real story. She tells her story of how she got her family into massive consumer debt and their journey to financial health. *7 Money Rules for Life* inspires hope in seemingly hopeless situations and invites people to begin to take steps toward financial health. I can imagine people everywhere reading Mary's *7 Money Rules* and saying, ‘I can do that!’”

Allen Thiessen

Stewardship Team Member
Canadian Conference of Mennonite Brethren Churches

“This book can help no matter where you are financially. It is easy to read and easy to follow. If you put in a little effort, it will change your life! Well worth every penny!”

Marie Barg

Debt-Proof-Living member and forum moderator

“Mary Hunt entered our life in 2006 and transformed it forever. With the help of Mary's rules, our commitment, and the grace of God, we were able to completely rid ourselves of credit card debt. We aren't completely debt-free yet but we are getting there day by day and step by step. We have a plan, and it works!”

Galen and Kathryn Gritter

DPL member

“Mary has done it again! Rich, informative, enlightening, and educational. A simple read with a powerful message for anyone's financial life from Boomers to Gen X. Every household should have this book.”

Kathleen Hairston

DPL member and forum moderator

“Mary's *7 Money Rules for Life* reads more like a conversation with a friend than a financial book, and comes from a place of

understanding and encouragement. Those floundering in financial distress and wondering how they got there would find this book a great blueprint for how to climb out, create margin, and keep going."

Megan La

DPL member and community forums modera

For Harold, again and always

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Acknowledgments

I am fortunate to be surrounded by so many incredible friends and colleagues. Words cannot properly express the gratitude I have for them and for the profound impact they have had on my life and the writing of this book.

To Steve Laube, my agent, who works miracles on my behalf; to Cathy Hollenbeck, who shares my soul, knows my thoughts, and embodies the true meaning of loyalty and support. Thanks for embracing my mission and making it your own.

Thank you to Vicki Crumpton, editor extraordinaire, and the entire Revell and Baker Publishing Group team, especially Dwight Baker, Twila Bennett, and David Lewis. It's so good to be home.

Thank you to the many friends who keep me focused, on track, and happy: Susan Anderson, Marsh Willsey, Carol Vaughn, Herta Thiessen, Kathleen Chapman, Jan Sandberg, Mary Brock, Rosalie Copeland, Posy Lough, Kathy Chapman, Carolyn Walthall Haber, Melissa Montana, Paula Cowan, Judy Bergman, Lynn Fann, and Hannah Linden. Your unconditional friendship means the world to me.

Thank you to those I consider my spiritual mentors, all of whom have taught me so much about stewardship, personal finance, and right living: Mark Copeland, Rob Bernabé, Dave Briggs, Dick Townsend, Rick Warren, Greg Laurie, Chip Ingram, Randy Alcorn, and Sarah Young.

Thanks, Dan and Molly Rice, for the keys to your lake house and Lexus for two weeks to write in total seclusion. I didn't know how brave I was.

Finally, thanks to my wonderful husband Harold, to my children, Jeremy, Josh and daughter-in-law Wendy, and to my grandson Eli, with love; I am so proud of you.

Introduction

The Great Recession hit Americans like a bucket of cold water in the face. We awakened from a 35-year drunken credit orgy with a terrible hangover. Almost overnight the American dream became a national nightmare as millions found themselves unemployed and underwater, owing more than they earn.[\[1\]](#)

Here we are, several years later, and things aren't much better. Unemployment is still high, gas prices continue to soar, it appears that the real estate market is still losing ground, and the US dollar heading into a downward spiral.

Kinda makes you want to pull the covers up over your head and go back to sleep, doesn't it? Actually, that might not be such a bad idea because there's absolutely nothing you can do about any of that, anyway. So, I've got a better idea: forget the national economy. Stop dwelling on what you can't change and focus on the economy you do control—your personal economy.

We pay a high price for our financial illiteracy in the US. I have statistics you may find shocking. Honestly, they don't surprise me. I get it. I understand how we can be academically educated and socially prosperous in this great country, but also financially ignorant. I was. I couldn't be bothered with the daily grind of personal finances, budgeting, and planning ahead. Why bother? I had so many better things to do. Besides, I had credit.

I banked on the fact that the US economy all but guaranteed an upward spiral of increasing prosperity, better-paying jobs, and appreciating home values. There would always be plenty of jobs, lots of credit, unending supplies of loans to pay for kids' educations. If we worked hard, bigger and better cars and homes would always be within reach.

And I got away with that kind of attitude for years. But our lifestyle was built on a house of cards that could teeter only so long before it came crashing down.

I came to the end of the line and had to face just how ignorant and illiterate I was about money, or lose everything. Learning and applying simple, sound principles of money management saved my life.

Things are a lot different in America now than they were even five years ago. I believe that even greater challenges lay ahead. But despite all of that, I have very good news for you. Starting where you are right now, you can take control of your finances. You have the power to control your financial destiny.

The 7 Money Rules in this book have the power to change your life. I know, because they changed mine. The 7 Rules are the foundation on which my organization, Debt-Proof Living, is built and when over the past 20 years, thousands of people have learned how to get out of debt and live below their means.

7 Money Rules for Life will empower you to take control of your personal economy by helping you fix your finances one step at a time, moving you out of debt and ultimately to financial freedom, regardless of the country's progress.

If you're ready, so am I. Let's get going . . .

The Cost of Financial Ignorance

1

All the perplexities, confusion and distresses in America arise not from defects in the constitution or confederation, nor from want of honor or virtue, as much from downright ignorance of the nature of coin, credit, and circulation.

—John Adams, second president of the United States

If you had to pass a test to prove you could handle money before you could get your next paycheck—the way you have to pass a test to prove you can drive a car—would you get paid? The sad truth is that millions of us wouldn't. When it comes to managing money, Americans young and old are flunking out.[\[2\]](#)

The results from surveys, polls, and tests that measure financial literacy are in, and the results are grim. Most people don't have a clue.[\[3\]](#)

Jumpstart Coalition, the nonprofit organization that promotes personal finance education, concluded from results of its latest survey that three-quarters of Americans are ill-equipped to make critical personal financial decisions.[\[4\]](#)

A survey of Americans[\[5\]](#) conducted by the Harvard Business School found strikingly low levels of financial knowledge. Two-thirds of respondents didn't know how credit cards work. Many people didn't know the terms of their mortgage or the interest rate they're paying. And, at a time when we're borrowing more than ever, most Americans couldn't explain compound interest.

Only a minority of respondents had any idea that borrowing at an interest rate of 20 percent, compounded annually, will lead to a doubling of debt in fewer than five years.

The subprime mortgage fiasco that sent the US economy into a tailspin is the poster child for the national cost of financial ignorance. Even though unscrupulous lenders and overleveraged investment bankers played a huge part in escalating the madness, consumers had a choice when it came to entering into those mortgages. Financial illiteracy fueled the madness. Four years after the bubble burst, estimates are that one in four homeowners are underwater, making it nearly impossible to refinance their homes or relocate to take another job. How far under? Another report shows 5.5 million US households are tied to mortgages that are at least 20 percent higher than the current home value.[\[6\]](#)

It is heartbreaking to think that so many Americans were lured into toxic mortgages and home equity loans, unaware that they were willingly agreeing to big balloon payments on interest-only contracts. Or found adjustable rates to be the pathway to smaller payments that allowed them to buy more expensive homes. The sad truth that I am hearing now from so many people is that they didn't have even the foggiest idea what the lender was talking about, and assumed everything would be okay.

Not surprisingly, a study by the Federal Reserve Bank of Atlanta found that borrowers with the lowest math skills were four times more likely to have bought homes that wound up in foreclosure.[\[7\]](#)

The fallout from this rampant financial ignorance is shocking:

- 77 percent of Americans are living paycheck to paycheck with no savings or emergency preparedness, up from 49 percent in 2008.[\[8\]](#)

- Outstanding revolving credit card debt has reached \$828 billion.[\[9\]](#)
- ~~The average credit card debt per household with credit cards: \$14,788 at 16.82 interest.~~[\[10\]](#)
- Credit card fees paid by low-knowledge individuals are 50 percent higher than those paid by an average cardholder.[\[11\]](#)
- Student loan debt in the US recently shot up to \$850 billion and now exceeds the total credit card debt.[\[12\]](#)
- A shocking 43 percent of Americans have less than \$10,000 saved for retirement, while 49 percent could cover less than one month's expenses if they lost their incomes.[\[13\]](#)

What grade would you give yourself? Knowing what you do know about money and managing your finances, how would you rate your financial proficiency, knowledge, and confidence to manage your massive lifetime income?

Massive? Yes, you read that right. In your lifetime, you will handle *millions* of dollars in earned income, and that's not a typo. Let me prove it to you.

Let's use the latest US Census median household income figure of \$52,029.[\[14\]](#) Now multiply by 45, which is the commonly accepted number of income-producing years. Are you ready? The answer is \$2,341,305. And that's an average. Your number could be significantly more.

I know what you're thinking, so let me address that. I realize that you may not have made \$52,029 (insert your figure here) every year. But your income will not remain the same for the rest of your income-producing life, either. Over time, your income will increase. So consider it a kind of average and a very conservative estimate at that.

My point is that when you look at the big picture, the total amount of money that will flow through your hands and which you will control during your lifetime is significant. You are a millionaire, receiving that fortune one paycheck at a time.

Managing your income skillfully is at least as important as your ability to drive a car. You worked hard to learn how to drive. You took a written test to prove you knew the laws and rules of your state. You took a road test to prove that you are a safe, knowledgeable driver.

Yet, chances are high that you entered adult life without any kind of financial training that would prepare you for handling something of such value and importance as a lifetime of income. And you didn't even get an operating manual.

If you did arrive at adulthood with a good grasp of personal finance and money management as a life skill, you are fortunate. That puts you miles ahead of many of your peers as you look forward to your income-producing future. Sadly, most people enter adulthood lacking personal financial intelligence. They have no rules to follow, not even a list of suggestions or any kind of mental framework for how to manage an income or even what that would look like.

Every day my email inbox bears witness to the high cost of financial ignorance. I hear from men and women who are overwhelmed by debt, have no savings, don't invest for retirement, go back to school on student loans because they're broke and can't get a job, find divorce to be a solution, and just flat-out make terrible financial decisions. And my mail is also peppered with cries for help.

"I'm just not good with money."

"I'll never have enough."

"I don't know where to start."

"I'm such a loser, I've made so many mistakes."

"My financial situation makes me so depressed."

“I’m so overwhelmed I am paralyzed.”

“Just tell me what to do. I don’t need to know why, just what and how!”

Can you identify? It is scary to be in a situation where the lifestyle you’ve chosen requires every last nickel of the income you produce just to get by. And that’s in a good month. When something comes up that you didn’t expect, it can throw your life into the kind of turmoil that has debt written all over it.

I know personally what a lack of financial training will do to you, and the ways financial ignorance can change the course of your life. Let me tell you my story . . .

Even when I'd get the ugly call from the bank, I never thought of myself as being overdrawn, I was just under-deposited!

—Mary Hunt

My pulse raced as I signed my name. What if the salesclerk called the bank to see if I had money in my account? Or worse, what if she called the police? I was about to attempt to pass a hot check, something I'd never done before, and I was sweating bullets.

Just days before, I'd arrived in Southern California and moved into the college dormitory, which would become my home for the next four years. The student handbook was filled with rules for student life and helpful hints, including information on how to open a student checking account in a local bank, which I did.

Fitting in and getting up to speed socially was a top priority, so when my roommate invited me to go to the mall, I jumped at the chance. Honestly, I'd never seen such an amazing place.

I have no idea what I bought that day, it was all so spur of the moment. The other girls were shopping, and I wanted to be cool and independent like them. Making my own decisions and getting to decide what I liked was new for me, and boy, did it feel good.

I experienced a few moments of anxiety as I traced in my mind what I was about to do. I knew that I didn't have enough money in the bank to buy anything. The good girl in me was cautiously reluctant. The naughty girl said, just go for it. Nothing's going to happen, and besides, you deserve what you want.

And so I wrote a check, knowing I didn't have the money in my account. This was back in the late sixties before the days of electronic checks, high-speed computers, and instantaneous transactions. I would soon get a paycheck from my new campus job, and with any luck I'd get it to the bank before this one cleared, and all would be well.

This powerful event, in some sick, twisted way, fulfilled the promise I made to myself at the ripe age of eleven: when I grow up, I am going to be rich.

The second of four children, I grew up in a sheltered environment. Looking back now, I can see that we were a frugal family, but at the time I didn't see it that way. My childhood perception was that we were dirt poor and poverty stricken. My mother didn't work, my father was a pastor, and I had to wear clothes from the thrift store. It was embarrassing. I hated my life and dreamed about how things would change when I grew up and could make my own decisions and have things other people had.

The Sears catalog was my planning tool. I'd secretly "shop" and make lists of all the beautiful linens, furniture, and household items I would buy to furnish my dream house. I found my future family in their respective sections of the catalog and outfitted all of us with beautiful new clothes. I "bought" my children toys and my husband a riding lawn mower. I even bought a white picket fence. I lived in a fantasy world, creating the life I would have one day when I was old enough to leave home.

Now, seven years later and far from home in a big, beautiful department store with checkbook in hand, I felt as if I'd arrived. I could buy anything I wanted. I felt rich, and it felt fantastic.

My experience that day was a defining moment that would change the course of my life. Simply knowing that as long as I could get away with it, I could have what I wanted even if I didn't have enough money to pay for it, changed me in ways that would all but ruin my life. We're not even talking about credit cards here. I managed to squeeze that kind of promise from a checking account.

It's not like I had experience with deceit or breaking rules. In fact, I'd always been a compliant, obedient child and certainly never one to flirt with dishonesty or anything else that might be considered sinful. In all of my strict upbringing, which mostly centered on what not to do, I didn't learn a thing about managing money. Reconciling a checking account was completely foreign to me. APY? A budget? Not a clue.

To this day I do not know if my parents assumed I would learn money management skills through some kind of financial osmosis. They may have thought that one semester of high school bookkeeping would set me on the right fiscal path.

Maybe they figured I'd do what many women did in those days, marry a man who would take care of all of the money details for me.

Most likely it didn't cross their minds to teach me how to handle the currency of life. It was simply not a topic that anyone talked about.

I did graduate from college and managed to stay out of jail in the process. Unfortunately, my financial shenanigans didn't stop with my first hot check that day at the mall.

I came to enjoy the option of being able to spend my money before I had it in my possession. I discovered that having more than one checking account allowed me to do that more efficiently because I could buy more time. Honestly, I didn't know that having checking accounts in several different banks and then passing checks between them in order to create more time to cover checks I'd written, a practice known as "check kiting,"[\[15\]](#) was illegal. I thought I'd discovered a very clever way to manage all the money I didn't have yet. I don't claim to have been a master of manipulation. I was pretty good at it, but now and then I'd mess up and get nasty phone calls from the bank or, on occasion, a merchant letting me know that my check had bounced. I hated when that happened.

Shortly after my twenty-second birthday, I made a big life decision I knew would fix my money problems and move me closer to my goal of being rich.

I got married. And I don't mean that I just got married. *I got married to a banker.* I was madly in love, of course, but it didn't hurt one bit to know I was marrying well.

It was shocking to me to learn after we'd been married for a few months that as a management trainee, Harold did not make the insane amounts of money I'd always associated with the banking profession. And it took even less time for that banker to discover that his new wife had, shall we say, a little problem with spending.

To say that I was a prime target for the consumer credit industry is putting it mildly. In my heart, I knew that a checking account was never intended to be a financing tool. It took a lot of effort to make that work. But a credit card? Now that was something completely different, and exactly the instrument I needed to kick up my buy-now-pay-later financial habit more than a few notches.

Companies were falling all over themselves to give me credit cards because, of course, they discovered that I was so creditworthy. (This was before the law was amended to make it illegal for companies to send out their credit cards unsolicited.) Even better, they trusted me with a lot of money (read: credit), which elevated my opinion of myself. After all, if they thought I could handle thousands of dollars in available credit, apparently I could. And wasn't that a pleasant surprise?

I began collecting credit cards the way some people collect baseball cards. It was fascinating to see just how many I could get. I didn't intend to use them, but I loved the sense of security I had just

knowing they were safe in my wallet.

It didn't take long, however, for me to find plenty of reasons to use them. After all, I had emergencies. And since the reason for having the cards in the first place was to be prepared in case of emergency, I found it perfectly reasonable to use them in that way.

My *modus operandi* was simple: spend money until you run out, then spend credit to cover the rest. Or, use your credit to preserve your money. My method for handling money on any given day depended on how I was feeling at the moment. I would often default to the "if it feels good, do it" method, which was closely related to "if it's on sale, it's a sign that God wants me to buy it."

The arrivals of our two sons, Jeremy and Joshua, gave me new reasons to need more money, which meant chasing ever-increasing amounts of credit. What began as monthly balances that we could pay in full soon turned into only the minimum payments required each month. The debt grew little by little at first. It didn't seem like a big deal because the monthly payments seemed affordable.

It took no time at all for the line between Harold's income and our available credit to blur to the point that I lived as though credit was the same as income. Just one big pile of money with which to make the best life possible for my family. And when the pile would evaporate, I'd find more credit.

I learned quickly the various stores' and banks' credit card rules: use them often, pay the minimum monthly payment, and view credit limits as if they are gold stars on your character and personal worth. And if you need us to increase your credit limit? Just call!

Being a good consumer and playing by retailers' rules was like getting regular raises. While I didn't dwell on it, somewhere in the back of my mind I knew the debt I was amassing would have to be repaid. Someday. In another time and place, far, far away. I believed that it would all work out. Like magic.

When we'd been married for about 12 years, I begged Harold to quit the bank so we could start our own business and become rich entrepreneurs. I knew that his banker's salary would never cut it. Finally he did leave his job because he wanted to make me happy, and we became the newest independent distributors with a group that promised us that we would become rich.

We committed the two fatal errors of self-employment: we got into a business we knew nothing about and we did it with borrowed funds. Within four months my dream turned into our collective nightmare as we lost our business and walked away with nothing but more debt.

I didn't intend to ruin my life. But gradually, over time, I came this close to doing it. I made a horrible mess, one that put our home into threat of foreclosure and left us unemployed.

In the fall of 1982 my world came crashing down. I had no idea how much debt we had, but I knew it was a lot. There were even accounts and debts that Harold didn't know about. And that day, I found myself flat on the floor on my face. I've never felt so alone and afraid in my life. I had no more options, nowhere to turn, and no idea what to do. I was completely out of hope. That day was my turning point. Lying there on the floor, I knew that my only option was to look up, and that's when I had an amazing encounter with the God of the universe. For the first time I saw the ugliness of my greed, and what it had done to my life was almost more than I could bear. I wept in remorse for what I'd done. It wasn't my rotten luck, my husband's underpaying career, or any of the things I blamed that landed me in this pathetic place. It was me. I'd been demanding, self-serving, manipulative, and deceitful. I was in the worst jam imaginable, and I had taken my family with me. I had no idea what to do, except to call out to God and ask him to forgive me. I asked for another chance and an opportunity to pay back the debt and change my ways.

As I got up off the floor that day, the fog didn't lift to reveal a pile of money that would fix everything. But I knew I'd been forgiven, and in that promise I found new hope that my life could be

better.

You might assume that I, with my newly found determination to become money wise, together with my husband and his banking and finance background, would know exactly how to take charge of our personal finances. But you'd be wrong. Honestly, we didn't have a clue what to do.

Within a few weeks, through what I can see now as an amazing set of circumstances, I went to work as a part-time industrial property manager. Odd because I didn't seek that job, it came looking for me via a phone call out of the blue. A gentleman whom I'd met years before sought me out, offering me a job on terms that I could choose, to work in his family's real estate development company. For the next two years Harold and I reversed roles as I became the breadwinner and he a stay-at-home dad.

As I began receiving regular paychecks, I realized how ignorant I was about what to do with the money. Admitting that I didn't know it all was somehow refreshing. My heart had become tenderized and that diluted my arrogance and pride, making me willing and eager to learn.

Compared to our bills and outstanding debts, a single paycheck was like a raindrop in the ocean. I mean, what's \$400 when you're staring at one month's stack of past-due bills that added up to more than \$4,000? It was beyond overwhelming.

Normally, my approach for how to spend such a piddly amount compared to the amount we needed to get current would have been something along the lines: "Since we don't have enough to pay all of the bills, let's buy groceries and then take the kids to Disneyland." But I'd just had a transformational experience. Even though I didn't know what to do with our personal finances, I knew that what I had been doing wasn't working. There had to be a change, and it needed to start now.

That's when I sat down and made a list. Little did I know that those first few written decisions for how we would appropriate any amount of money that came into our household would develop into the 7 Rules.

Over the years, as Harold and I walked through the dark night of debt and into the bright light of solvency and then on to founding Debt-Proof Living, I've reworked, refined, expanded, and consolidated the rules to the 7 I'll share with you in this book. Since making that turn on the road to financial devastation, more than a few people have expressed their shock by asking, "How could you let that happen?" My answer is simple. At several defining moments in my life (the day I stood in the department store with my new checkbook in hand; the day I accepted a credit card without telling my husband; the day I filled out the form to get my own secret post office box where I could receive statements for my secret credit cards, to name a few), I faced critical decision points, and each time I made the wrong choice.

I have no doubt that at the time I made them I could have convincingly defended those choices, but that would not have made them the right decisions. Absent a simple set of rules to follow for how to manage money well, I had no foundation on which to stand; no fundamentals to turn to.

I learned a lot from my journey back from the brink. I didn't become an heiress or win the lottery. I worked harder than I'd ever worked in my life. The process shaped my attitudes and beliefs. As God provided the opportunities, we paid back more than \$100,000 in unsecured debt. Now I find the greatest joy in my life's work of leading others out of debt.

Through it all, the most important thing I've learned is this: money management is not difficult. Personal finance is not brain surgery. Anyone can learn how to apply a simple set of reliably sound rules to manage money and discover the path to financial freedom.

While I have determined that I will not live with regret, I do wonder how things might have turned out if someone had taught me simple principles for making financial decisions. I believe that I would have saved years of heartache and untold amounts of money to say nothing of lost opportunities. At

those pivotal defining moments I would have made a different decision because a specific Rule would have been my guide. I would have known, almost instinctively, what to do, not come up with some wild, manipulative response in the absence of a specific guiding principle on which to rely.

I am so grateful for how God has taken the broken pieces of my life and woven them into a tapestry of beauty that reflects his grace and mercy. It is a daily testament to the way that God can take even our worst mistakes and turn them into something of value.

If your current financial situation has you all tied up in knots and stressed out of your mind, get ready for some relief. Things are not likely to change overnight, but perhaps for the first time you will know what to do to get the change started.

Wouldn't it be nice to find out that there are simple rules of the road that can cut through all of the confusion, mystery, and misery and enable us to get our financial lives on track? I have great news . . . there are.

The rewards for “getting it” have never been so immense, and the penalties for financial ignorance have never been so stiff.

—Niall Ferguson

Money mastery is not hard. It’s the lies we believe about what money can do for us and the dumb decisions we make out of ignorance that cause so much misery. Once the misery sets in, then personal finance and money management can take on high levels of difficulty, to the point we are overwhelmed.

I hate to think what life would be like if there were no rules. From morning to night, every day of our lives, we live by some kind of rules.

Most families have rules of the house—expectations of conduct and decorum that are expected of all those residing therein, with age-appropriate consequences for failure to follow the rules.

If you’ve ever built or remodeled a home, you know something about rules in local building codes which I will admit that to a layperson can appear to be a total waste of time and money. Still, those rules make for much better, safer, and more pleasant living conditions when all is said and done.

Like guideposts that mark the sides of the road, rules keep us from wandering off into danger. They offer assurance that we’re on the right path.

Meet the 7 Rules

Over the years, I have taken the lessons I’ve learned, the mistakes I’ve made, the principles in Scripture, and wisdom from experts, counselors, and teachers whom I respect and boiled it all down to these simple rules that changed my life.

Rule 1: Spend Less Than You Earn

Rule 2: Save for the Future

Rule 3: Give Some Away

Rule 4: Anticipate Your Irregular Expenses

Rule 5: Tell Your Money Where to Go

Rule 6: Manage Your Credit

Rule 7: Borrow Only What You Know You Can Repay

The 7 Rules are not seasonal, nor are they based on emotion. They work for people who have lots of money as well as those who are struggling to survive on a single income or are between jobs.

The 7 Rules are for every income, every age, every stage of life. They apply to an unemployment check, an allowance, a paycheck, a dividend check, a bonus check, a trust account, an inheritance, and even a vast estate.

The 7 Rules apply to individuals and families who are deeply in debt, just as they do for those who

are debt free. The rules do not change, because they are based on timeless truth and unchanging principles. They're like anchors that keep us from drifting off course or running aground even in the midst of a storm when visibility is all but lost.

Here's the best part: the 7 Rules are simple. So simple, in fact, they can fit on the back of a business card. Given 15 minutes you could even memorize them. In fact, I recommend you do.

Why You Should Care

About once a month or so I travel to speak to groups of people about money, something I love to do. Just before I step to the podium, I look out at the audience. I can almost hear what they're thinking: *Great, she's going to talk about money. Why should we care?* That question revs my engine and puts me into my zone. I hope you're asking the same question, right now. Here are four reasons:

1. Because money is important. Its impact is also emotional, spiritual, and personal, which can be tricky, especially the emotional part.
2. Because money impacts our lives. It determines where we live, what we drive, where the kids go to school. It's the means by which we pay our bills, protect our families, and prepare for the future. Wrong choices and bad decisions can turn an otherwise pleasant life into a miserable existence.
3. Because Americans are finding themselves more financially challenged as prices soar but paychecks remain stagnant. Recovery from the Great Recession is turning out to be slow and uncertain. Those sitting on the sidelines waiting to move ahead with their lives until everything gets back to "normal" may be in for a very long and disappointing season.
4. Because you may be called upon to handle a significant amount of money in the future. It might be an inheritance, a job promotion, or a sizable investment portfolio. Or it might be simply a second chance for getting things right. Will you be ready?

Clean Sweep

I'm a sucker for home improvement TV shows, especially the ones that focus on organization and decluttering. That's where I learned this important tip on organization: don't try to organize your clutter. Instead, move everything out to create a clean, clear, open space. Then go through everything you removed, sorting and evaluating what you want to keep. Next, bring things back into the room in an orderly manner.

In your mind's eye, picture your financial life as a big room that is filled with every aspect of your current financial situation: bills, debts, income, taxes, mortgage, savings, student loans, unemployment, retirement concerns—everything that you identify as part of your money life.

Using the "clean sweep" approach, empty that room. Haul everything out onto the lawn or somewhere far from your mind's view. Don't stop to ponder over stuff, just round it up and move it out.

Mentally, give that space a good "cleaning" or whatever it takes for you to be able to take a deep breath, sit back, and enjoy the absence of financial noise.

It is against the backdrop of this fresh, clean slate that I want to offer you the 7 simple money rules in theory so you can grasp how they work and fit together, without interference from what may be going on with your finances at the moment.

We are going to do this one chapter, one rule at a time. I will explain the rule then tell you why the rule is integral to your life. I will include clear instructions, suggestions, and frequently asked questions for how to apply the rules to your life starting with your current financial situation. Think of this as an orderly way to move items back into the “cleaned room” of your personal finances. I can’t promise an overnight transformation. But by facing the truth and applying the rules, change can begin right away.

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