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GET RID OF DEBT

Follow the simple **ACTION STEPS**
For managing Money and Debt
In Today Uncertain Times...
And become **Debt Free**

By **EDNA FERMAN**

***Would you like to have a passionate
love affair with your money?
You don't have to dream about it;
it can become your reality now.***

If you are tired of being in debt and struggling to keep on top of your finances, you are in the right place. If you are tired of arguing about money and would like to change your situation and stay on top of your expenses, keep reading.

You probably think that good **money management** is about being rich or born into money. In actuality, solid money management has nothing to do with how much money you have or earn. It is all about how you spend it.

Money management is about money habits; it is a lifestyle and a way of life. Most wealthy people have many assets but yet, they don't drive a brand-new car every year or fly around the world on private jets. Most of the time, you can't even recognize these people as millionaires. They are careful with their spending. They never overspend. They live below their means, and as a result, save money.

Wealthy people live frugal lifestyles. They live in average neighbourhoods, in average houses. They don't buy expensive boats, watches, or suits, and most don't even buy brand-new cars. They always shop for bargains. It doesn't matter how much money they have; they will always negotiate for the best deal.

This is how they can live below their means and save money. Most of the wealthy people that live in expensive neighbourhood or buy new cars do so after they become rich. They always direct all their attention to saving money and making good investments.

Planning, saving and spending carefully are some of the basics of managing money and reaching **financial freedom**.

I was able to apply some simple and proven money management rules and succeed with my finances. Did this happen because I was a genius? No, it was because I followed simple formulas for success.

There is a simple success formula that everyone can follow and succeed. You simply have to follow this proven formula.

This formula is all about money management. It includes a personal budget, credit management, everyday money management and money goals. It also means taking proper action and maintaining the right mindset toward your finances.

I am very excited to pass this formula on to you so you can succeed too!

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CREATE A BUDGET

In order to become debt-free, you must create a practical budget, it is a vital part of becoming debt free. When you understand what your income and expenses are, you can take more control over your spending. This is a core part to becoming financially free.

When you're in debt, it may be hard to see the light at the end of the tunnel; however, alleviating your debt is simple if you create a structured budget plan.

A simple budget details how much money you earn minus how much you spend. When you create a budget, you get a good look at where you can reduce your spending.

Sometimes, you're aware that you need to set yourself and your spending habits up on a budget but you aren't exactly sure where to start or how to do it. Normally, budgets are set up and based upon a monthly basis. Monthly budgets work; however, weekly budgets may work better for you and your money. You need to decide which type of budget will be easier for you to maintain—a weekly or monthly budget.

Once you set up your budget, you will have a better understanding of your current financial situation, and be more in control of your household spending.



Fast Steps to Create Your Own Budget

Your Earnings: Your first list should consist of your earnings. Write down all your income streams so you can determine how much you are really making. Once you write down what you get from each stream, add them up to get your total income.

Your second list is going to be your **expenses**.

Your expenses are divided into three groups: scheduled expenses, living expenses and unexpected expenses.

Scheduled Expenses are going to consist of those expenses that you take out of your bank account and your credit card each month. This includes car payments, insurance payments, utility bills, loan repayments, mortgage payments and medical expenses. Anything deducted from your account regularly each month is going to go in this list. Once you have it all written down, it is time for you to add them up and write down the total of your scheduled expenses.

Living Expenses consist of the costs of your cell phone, electricity, credit card payments, clothing, toys, child care, schooling, dry cleaning, gardening and anything else, such as that cup of coffee you buy each morning and the movies you rent on Friday night. You need to list all those expenses. These are your living expenses; add them all up for the total amount.

Unexpected Expenses consist of unpredictable expenses such as a new computer, furniture, travel, vacations, and special presents. You have to budget for these expenses too.

The Budget - Once you have all your expense totals, compare them against your earnings.

Remember, a simple budget details how much money you earn minus how much you spend. Now, you can really be in control of your money since you have all the figures in front of you. You can decide which expenses are unnecessary and which ones you would like to eliminate in order to be more on top of your budget.



GET RID OF DEBT

Your aim is to spend less than you earn so you can put aside some money for savings.

It is often difficult to think about the money you spend every day. As a result, you need to create a daily expenses list, detailing everything you spend throughout your daily routine. Write everything down so you can add that onto your monthly expenses. When you add it all together on one list, you can really look at how much money you're spending as well as what specifically you are spending it on.

Categorize your expenses using a budget worksheet. Then determine what your monthly average is. You can also keep track of your money on spreadsheets if you would prefer to use the convenience of a computer. In Microsoft Excel, you can create the same records. Excel can also provide you with calculations such as how much money is spent in individual categories.

This solution provides numerous benefits. It will allow you to refer back to see where your money went, as well as how much money went into each category. This method may help you realize where you are spending too much money and allow you to adjust your spending habits accordingly.

If you keep good records, you can put your spending into perspective. Keeping up with all the expenses, bills and other receipts helps determine where the money is going. This information is crucial for sticking to a budget. It will also help you ensure that money is not being wasted. The type of system is not important; the information must just be organized, categorized and easy to work with.

REMEMBER:

**If your expenses are LESS than your earnings,
you are living within your means!**



Money Management
Tip No. 2

CONTROL YOUR CREDIT CARD

With today's economy, there are millions of people in the United States who are struggling with debt. The amount of debt in the United States alone totals more than a billion dollars. It is easy to become overwhelmed with debt, and credit cards are the major factors of debt. **Credit cards** are tempting to people because they often view credit cards as free money until they receive the bills. Most people don't take the high interest rates that come along with credit cards into consideration when they begin using them. When used responsibly, credit cards are not bad. However, they can make or break the credit scores of individuals, depending on the manner in which they are used.

TAKE CONTROL OVER YOUR CREDIT CARD

Did you know that you can save hundreds of dollars on your credit cards? Continue reading and you will have a clear...crystal clear picture of how to **save money** on your credit cards. It's easy when you simply know how to do it.

- ★ Pay off your credit card in full (if you can) each month to avoid fees and charges.
- ★ Pay your credit card on time; you will save money on late payment charges, missing payment charges and/or over-the-limit fees as well as all other interest rate charges.



GET RID OF DEBT

- ★ Eliminate all your credit cards except for one:
 - » Close credit card accounts you are not using.
 - » Start a system of paying off credit cards so you will be left with only one credit card.
 - » Pay off the credit cards with the smallest amount due or those with the highest interest rates first.
- ★ Pay as much as you can to your credit card account each month.
- ★ Never take a cash advance; the fees and high interest rates usually apply to the whole amount due on the credit card.
- ★ Don't pay only the minimum amount each month if you can afford to pay more; pay as much as you possibly can and aim to shrink the balance.
- ★ Interest charges are very high on credit card debt and they add up to your balance. When you pay your credit card balance, you reduce the amount you owe in interest. For every dollar you pay off, you will pay less in interest charges.
- ★ Call your credit card issuer and ask for a lower interest rate.
- ★ Find extra money to put toward your credit card bills. Take an extra job to pay off your credit card debt.

FOR TOTAL CONTROL – ELIMINATE YOUR CREDIT CARD!

- ◇ Stop spending on credit cards; aim to reduce your balance every month rather than increase it.
- ◇ Pay off more than the minimum payment due each month.
- ◇ Consolidate your credit card debt.
- ◇ Cut up your credit cards so you are not tempted to use them. You only need one for emergencies.
- ◇ Freeze the “emergency” credit card; put the “emergency” credit card in a plastic bag, wrap it well and secure it with a tape. Put it in a plastic container and fill the container with water. Cover the container and put it in the freezer. You are literally FREEZING your emergency credit card. Keep the container in your freezer to be used only in emergency situations.



- ◆ Use a debit card, or preferably cash, for all your day-to-day expenses.

It is very easy to buy with a credit card; you do NOT feel like you are spending money when you sign for your purchases. A signature does not register in our minds as actual money.

But when you are paying for things with cash (real money), you feel like you are actually spending money (because you are!). You can count the money and see right away how much is left in your wallet. As a result, you limit yourself to what you can afford and you spend only the money you have.

A debit card is similar to cash; you can spend only the money you have in your account, thereby preventing you from getting into debt.

Just imagine yourself with no credit card debt!

Set a goal to pay off your credit card; calculate the exact amount
you can pay each month and set a specific DATE
when you want to be DEBT-FREE.

Feel that feeling; feel that excitement of being debt-free!
Save and achieve!



Money Management Tip No. 3

REDUCE YOUR EXPENSES

People get great thrills from spending money but no thrill at all from saving it. Some people consider savings as the amount of money that is left over after spending. Unfortunately, if you don't plan your savings, it will never happen. By reducing your **expenses**, you can save hundreds of dollars. Saving in all areas – is the key word.

AUTOMATIC Saving

The proven way of saving money is **automatic saving**.

Money is taken out of your earnings before you actually receive your pay check. It is automatically deducted or withdrawn from your bank account. As a result, you are unable to touch that money; it is automatically saved for you.

It is simple to set up this automatic saving plan and fun to watch your savings grow, as more money is added to that account every month.

You can save in many different ways, such as:

- ▣ Buy items on special or at reduced prices (if you need them).
- ▣ Shop around and look for bargains.
- ▣ Ask for a discount. In today's tough economy, even large shops will give discounts, such as 5 to 10% off items. Many people miss opportunities to get great deals because they don't ask for discounts. Ask, "Can you do any better?" or "Can I have a discount?" Make it a habit to do so.



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