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**SESSION 3: PERSONAL COACHING**

**We will be discussing the following:**

1. **How to Eliminate Debt**
2. **Budgeting Assistance**
3. **Understanding Money Decisions**

*Please make sure you have a pen and paper for notes with your budget sheet. If you do not have the budget sheet, please go to Streams2Success.com/free-resources to download one now*

**HOW TO ELIMINATE DEBT**

1. **Stop Creating More Debt**

This alone won’t get you out of debt, but at least your debt won’t get worse. When you continue adding debt while you’re paying it off, you won’t make much progress, if you make any progress at all. Reduce your temptation to create more debt by cutting up your credit cards or even freezing your credit.

1. **Increase Your Monthly Payment**

If you’re only paying the minimum on your debts, it will take the longest time to get out of debt. By the time you finally pay off your balance with minimum payments, you’ll probably have paid double or even triple what you originally charged. It’s only ok to pay the minimum on your credit cards when you have a debt-repayment strategy that requires you to make a big payment on one of your credit cards.

1. **Build an Emergency Fund**

An emergency fund may sound counterintuitive if you’re trying to get out of debt since you could be using that money to pay off your debt instead of sticking it in a savings account. But an emergency fund can keep you from creating more debt by providing you with a safety net you can use instead of a credit card when an emergency comes up. The ideal emergency fund is six to twelve months of living expenses but focus on building up at least $1,000 in the short-term.

1. **Pick One Debt and Give It All You've Got**

Some people increase all their minimum payments by just a little bit, but that way your payments only drop by a small amount each month. You can make more noticeable progress by making a big payment to just one of your accounts each month until that debt is completely repaid. In the meantime, make the minimum on all your other accounts. Then do the same for another debt, and another until they’re all paid off.

1. **Ask Your Creditor for a Lower Interest Rate**

Higher interest rates keep you in debt longer because so much of your payment goes toward the monthly interest charge and not toward your actual balance. Ask your credit card issuers to lower your interest rate. Often, customers with good payment history can negotiate lower rates. If you use a balance transfer to get a lower rate, try to pay off the balance before the promotional rate expires. After that, your balance will be subject to the higher interest rate.

1. **Look for Ways to Put More Money Towards Your Debt**

The more you put toward your debt, the faster you can pay your debt off for good. If you don’t already have one, create a monthly budget to better manage your money and possibly help you figure out how you cut out some expenses and use that money for your debt. You may also be able to come up with money for debt by selling things from your home or generating income from a hobby.

1. **Withdraw from Your Retirement Fund**

You may consider pulling money from your retirement account to pay off your debt. Beware, if you’re not 59 ½, you’ll face early withdrawal penalties and additional tax liability if you withdraw money from certain retirement plans. Plus, when retirement comes around, your savings will be short not only from the money you withdrew but also from the interest you could have earned. Borrowing from your retirement is also risky since you’ll have to pay back the loan within a few months if you leave your job.

**Budgeting Assistance**

*Please pull out your Budget Sheet and follow along.*

**Understanding Money Decisions**

**Financial Decision Making**

Every choice we make has consequences, but **financial choices or decisions have more consequences than most others.** For that reason, it is essential to understand the process inherent in financial decision making.

**Results of Financial Decision Making**

If we choose to spend more than we make we end up in financial chaos. If we choose to save even a little every month we can eventually end up with a great deal of wealth.

If we make good financial decisions, we can be at peace with money and use it productively. If we are careless and sloppy in our financial choices, we will be stressed out with unpaid bills and overdrawn check accounts.

If we waste all our money on frivolous things, we feel empty. If we spend some of our money on others who are in need, we feel positive about ourselves and our contribution to society.