

FINANCIAL PEACE

University

MEMBER WORKBOOK
4TH EDITION



THIS BOOK BELONGS TO

Empty rectangular box for writing the owner's name.

START DATE
THE DAY YOU DECIDED TO CHANGE

____ / ____ / ____
MONTH DAY YEAR



Waters

We've all done stupid. I did stupid with zeros on the end.

I started from nothing. But by the time I was 26, I had a net worth of a little over a million dollars. And then it all came crashing down.

The short story? I had a lot of debt. And it caused me to lose everything. That was the bottom for me.

You might be on your way to the bottom. You might already be there. Or maybe you were the smart one who didn't borrow money at all. No matter where you are, you can always do better.

And you're not alone.

I discovered God's and Grandma's ways of handling money and learned that the only way to change my situation was to change the guy in my mirror. So, I changed. It was a long, painful process, but it worked. And it will work for you too.

For three decades, nearly 10 million people have found success with the same proven plan that you're about to follow. Stick with us, stay focused, and follow each step, and I promise, you *will* change your life.

If you'll live like no one else now, later you can live and give like no one else.

You got this! It's game on.



Paul Ramsey

THE **7** BABY STEPS

OUR *Proven* PLAN

If you want to win with money, you can't do what you've always done. You need a plan that works. That's why Dave created the 7 Baby Steps. It's a clear path to know where you are and where you're headed next. This isn't a get-rich-quick scheme, and you haven't won the lottery. But if you follow each step—in order and with great focus and intentionality—you will change your life.



BABY STEP 1

Save \$1,000 for Your Starter Emergency Fund



BABY STEP 2

Pay Off All Debt (Except the House) Using the Debt Snowball



BABY STEP 3

Save 3–6 Months of Expenses in a Fully Funded Emergency Fund



BABY STEP 4

Invest 15% of Your Household Income in Retirement



BABY STEP 5

Save for Your Children's College Fund



BABY STEP 6

Pay Off Your Home Early



BABY STEP 7

Build Wealth and Give

COURSE OVERVIEW

You've learned the Baby Steps, but that's not the whole course! You've got nine video lessons ahead of you. The first four will walk you through our proven plan, the 7 Baby Steps. And the last five lessons will teach you how to tackle life on the plan. Let's break it down.



Lessons 1–4 walk you through the 7 Baby Steps. This is your proven plan to win with money. In these lessons, you'll learn how to do more than just treat the symptoms of your money problem. You'll get to the root of the problem: your behavior!

WISE SPENDING

Page 76

LESSON
05

BUILDING WEALTH

Page 100

LESSON
07

OUTRAGEOUS GENEROSITY

Page 126

LESSON
09

UNDERSTANDING INSURANCE

Page 86

BUYING & SELLING YOUR HOME

Page 112

LIFE ON THE *plan*

Lessons 5–9 keep you on track with the Baby Steps. Learn to navigate spending, insurance, real estate and investing so you don't ruin your progress! And protect yourself and your money so you can start fighting for the things you want.



MEET THE

Team

Whether you've done stupid with zeros on the end or you're just trying to do a little better, we know that money is a big deal in your life. You may feel ashamed. You may feel stressed. Or you might be a little unsure of what to do with your money.

That's why we have a team who's been where you are right now. They know how to win with money, and they'll help you get there too.

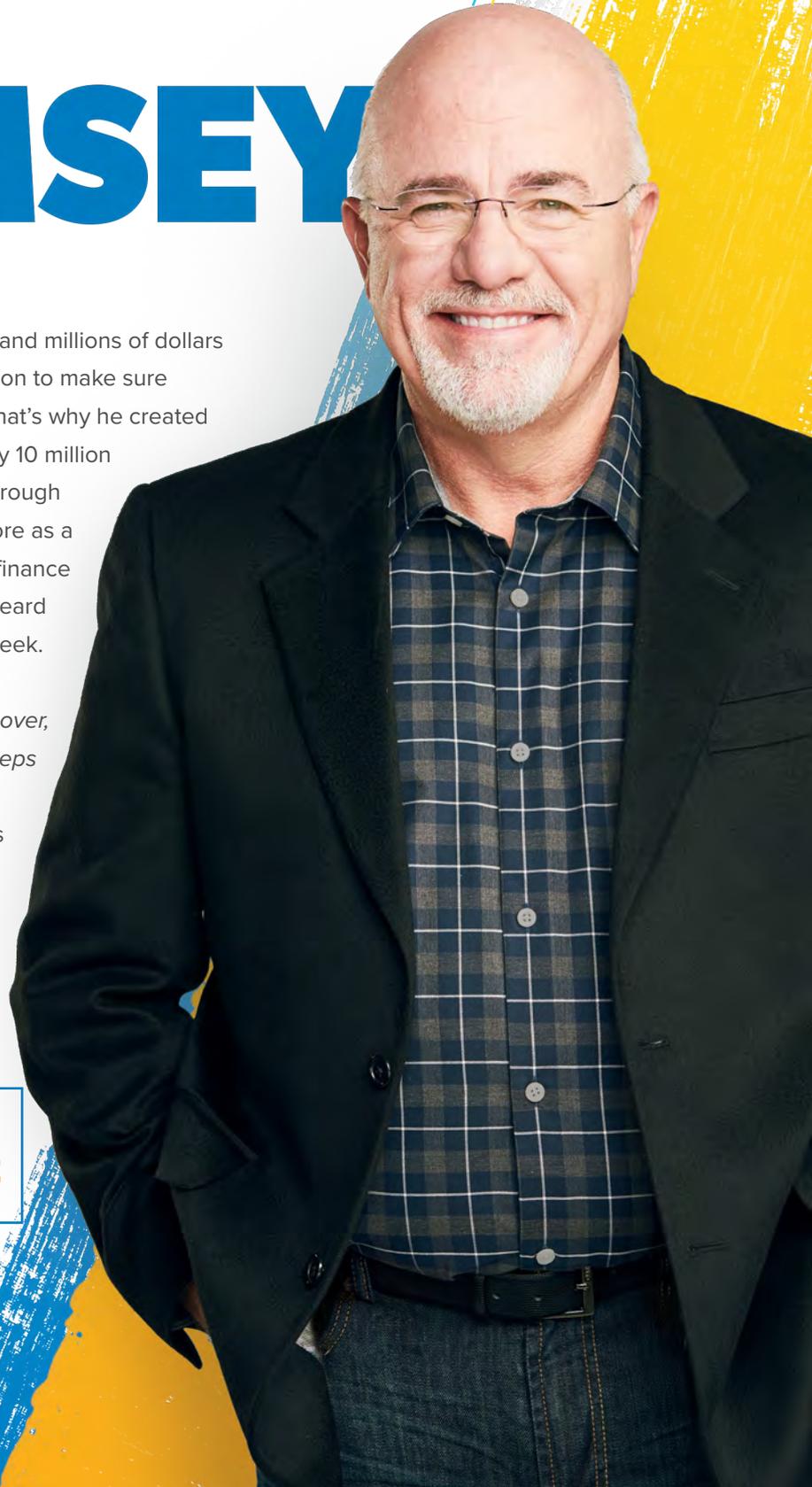
Dave Ramsey, Rachel Cruze, George Kamel and Dr. John Delony are all Ramsey Personalities and America's trusted authorities on the most important areas of your life, including money! Their #1 bestselling books, podcasts and shows have helped change the lives of millions of people. And starting today, they're going to help you change yours.



Dave RAMSEY

After battling his way out of bankruptcy and millions of dollars in debt, Dave Ramsey started on a mission to make sure other people discovered the way out. That's why he created *Financial Peace University*. Today, nearly 10 million people have experienced life-change through this course. And he's helped millions more as a #1 national bestselling author, personal finance expert and host of *The Ramsey Show*, heard by more than 18 million listeners each week. He's authored eight national bestselling books, including *The Total Money Makeover*, *EntreLeadership*, and his latest, *Baby Steps Millionaires*. He also serves as CEO for Ramsey Solutions. Since 1992, Dave has helped people regain control of their money, build wealth, and enhance their lives. His biblical, commonsense advice is for anyone ready to win with money.

“Live like no one else so later you can live and **GIVE** like no one else.”



John DELONY

Dr. John Delony is a national bestselling author, mental health and wellness expert, host of *The Dr. John Delony Show* and co-host of *The Ramsey Show*. He holds two PhDs—one in counseling and the other in higher education. Before joining Ramsey Solutions, John spent nearly two decades working as a senior leader at multiple universities, a professor and researcher, and a crisis responder. Now, as a Ramsey Personality, he teaches people how to reclaim their lives from the madness of the modern world. He's authored two books, including his latest, *Own Your Past, Change Your Future: A Not-So-Complicated Approach to Relationships, Mental Health, and Wellness*. John's goal is to help you navigate tough decisions, improve your relationships, and believe you're worthy of being well.

FRIENDS are your
emergency fund
for life.

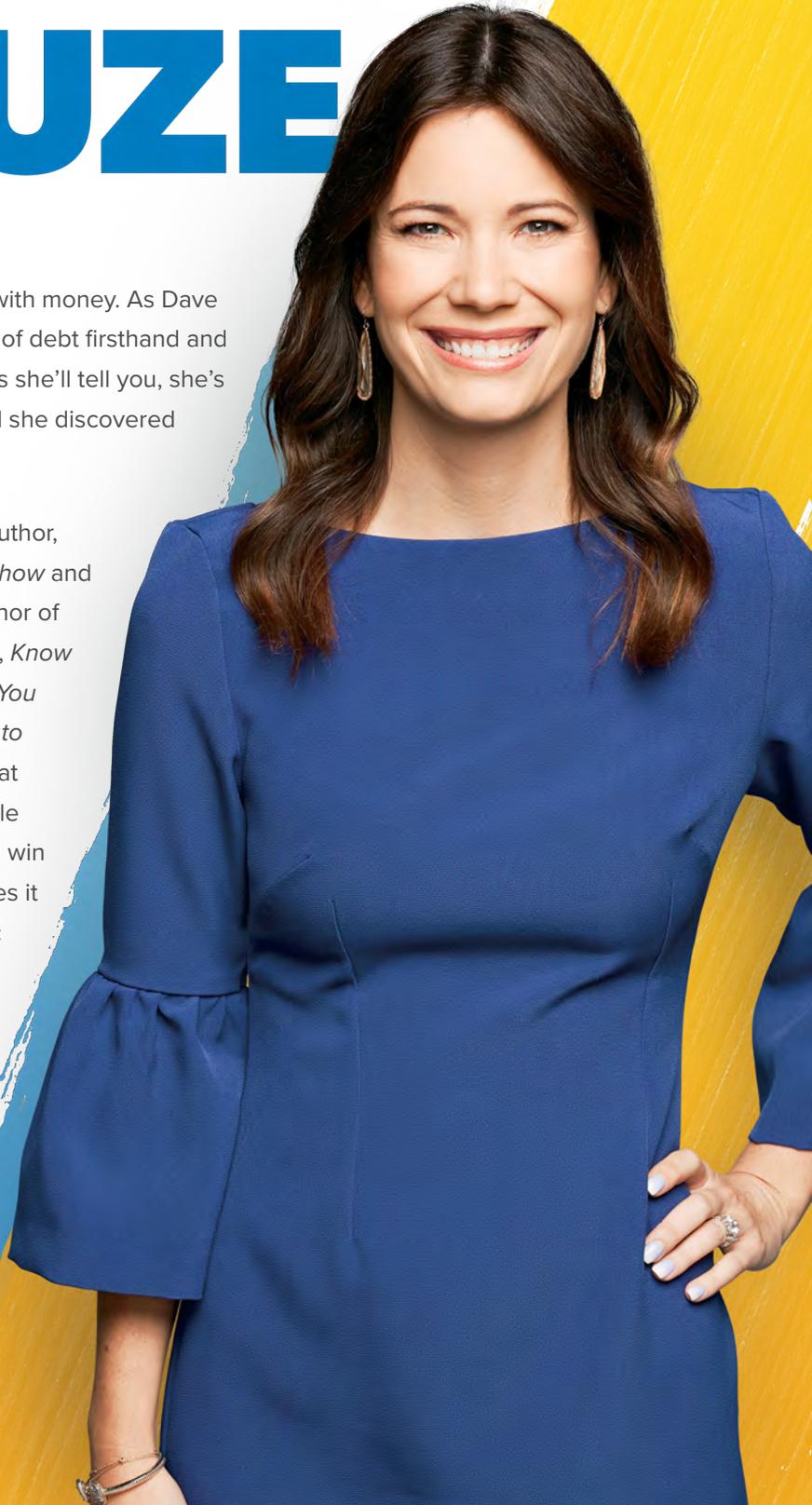


Rachel CRUZE

Rachel Cruze grew up learning how to win with money. As Dave Ramsey's daughter, she's seen the dangers of debt firsthand and understands the power of budgeting. But, as she'll tell you, she's a natural spender and hated budgeting until she discovered what a budget can really do!

Rachel is a #1 *New York Times* bestselling author, financial expert, host of *The Rachel Cruze Show* and co-host of *The Ramsey Show*. She's the author of three bestselling books, including her latest, *Know Yourself, Know Your Money: Discover WHY You Handle Money the Way You Do, and WHAT to Do About It!* Since 2010, Rachel has served at Ramsey Solutions, where she teaches people how to avoid debt, save money, budget and win with money at any stage of life. And she does it all with a dose of fun! Rachel is an energetic and thought-provoking speaker who travels the country teaching thousands of people how to live a life they love.

**A budget doesn't LIMIT
your freedom. A budget
gives you freedom."**



George KAMEL

George Kamel is a personal finance expert with a countercultural approach to money. Since 2013, George has served at Ramsey Solutions and has faithfully walked the Baby Steps—climbing from \$40,000 in consumer debt to Baby Step 7 in eight years. Today, as a Ramsey Personality, George is the host of *The Fine Print*, a co-host of *The Ramsey Show*, a speaker and the friend who has your back. His mission is to help people spend less, save more, avoid consumer traps, and have some good laughs along the way.

“ If you follow
the **TRENDS**,
you will fall for
the traps.”





“

A budget gives you
PERMISSION to spend.

— RACHEL CRUZE

”

LESSON 1

BABY STEP & BUDGETING

KEY POINTS

- ✓ The 7 Baby Steps focus on changing your behavior toward money through a proven, step-by-step plan.
- ✓ Baby Step 1 is saving \$1,000 for your starter emergency fund.
- ✓ A zero-based budget is the tool that helps you take control of your money.

BABY STEP



Save \$1,000 for Your Starter Emergency Fund

Your first goal is to save \$1,000 for your starter emergency fund as fast as you possibly can. You have to make saving a priority. Focus all of your energy on getting this Baby Step done—fast! An emergency is going to happen, so you have to be ready when it hits. We're talking no credit cards, but real cash in the bank to cover it.

THE BABY
7 STEPS

LESSON 1 //
BABY STEP 1



GUIDE
Dave Ramsey



GUIDE
Rachel Cruze

BABY STEP 1

Save _____ for your starter emergency fund.

If you will live like no one else now, later you can live
and _____ like no one else.



**No *discipline* seems pleasant
at the time, but painful. Later on,
however, it produces a *harvest* of
righteousness and peace for those
who have been trained by it.**

— HEBREWS 12:11 (NIV)

BUDGETING

A budget is simply a _____ for your money.

A zero-based budget means that your income minus your
expenses equals _____.

The _____ feels controlled by the
budget.

The _____ enjoys doing the budget.

ANSWER KEY

- \$1,000
- Give
- Plan
- Zero
- Free Spirit
- Nerd

LESSON 1 //
BUDGETING

In the Budget Committee _____, you'll meet with your spouse to review next month's budget.

The budget gives you _____ you never knew you had.



Suppose one of you wants to build a tower. Won't you first sit down and estimate the *cost* to see if you have enough money to *complete* it?

— LUKE 14:28 (NIV)

NOTES

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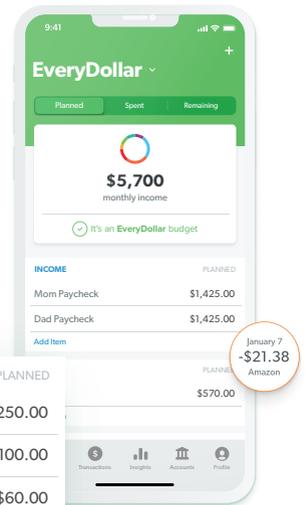
ANSWER KEY

Meeting
Control

LESSON 1 // BUDGETING

BUDGET WITH **EVERYDOLLAR**

Ready to take control of your money and start making progress toward your Baby Step goal? In the Action Steps, you'll create your own zero-based budget with the premium version of EveryDollar! Great news—you get this free as part of your Ramsey+ membership!



HOUSING	PLANNED
Mortgage/Rent	\$1,250.00
Electric	\$100.00
Water	\$60.00
Natural Gas	\$30.00
Add Item	

You'll have a one-minute Takeaway at the end of every lesson! Wait here until the video ends.



WHAT TO DO:

Take this fun quiz to figure out if you're more of a Nerd or a Free Spirit! If you're married, this will help you identify your role in the Budget Committee Meeting. If you're single, this will help you determine your strengths in creating your budget, and where you'll need some accountability.

NERD & *Free Spirit* QUIZ

PERSON 1

A B

PICK THE ONE THAT SOUNDS MOST LIKE YOU

PERSON 2

A B



A: You're prepared for Tax Day months in advance.
B: Tax Day? That's in October, right?



A: Rules are important and should always be followed.
B: Rules are more like suggestions.



A: You are always on time. Always.
B: You show up "on time," give or take 15 minutes.



A: You make a plan for each day of your vacation.
B: Vacations are more fun with no schedule.



A: You read the introductions of books. They're in there for a reason!
B: You skip introductions—only chapters count.



A: Your life's motto: "A place for everything and everything in its place."
B: You live by the phrase, "It'll all work out!"



A: You organize your shirts by color. Doesn't everyone?
B: You're doing good just to get your shirts off the floor.



A: You can't wait to create your EveryDollar budget!
B: You're considering faking an illness for the Budget Committee Meeting.



A B

TOTAL YOUR SCORES AND CIRCLE THE HIGHEST ONE

A B

IF YOU HAD A HIGH SCORE OF: **A**

SCORE

4-5: NERD-ISH

You have a pretty good idea of how much money is in your account.

6-7: NERD

Budgets are for awesome people.

8: ULTRA NERD

You canceled your plans with friends so you could start drafting next month's budget.

IF YOU HAD A HIGH SCORE OF: **B**

SCORE

4-5: FREE SPIRIT-ISH

You've got a budget somewhere. You could find it if you needed to.

6-7: FREE SPIRIT

Budgets are for boring people.

8: ULTRA FREE SPIRIT

Budgets are like putting on a straitjacket. Why would you ever do that to yourself?

OFFICIAL RULES OF THE BUDGET COMMITTEE MEETING



FOR THE NERD

1. Create the budget.
2. Thank the Free Spirit for being there!
3. Show the budget to the Free Spirit. Then be quiet.



FOR THE FREE SPIRIT

1. Come to the Budget Committee Meeting.
2. Be realistic and don't use the phrase "whatever you want."
3. Have an opinion and change something.

WHAT TO DO:

Fill out your estimated monthly expenses for the following categories. Then add up the total for all categories.

SEE WHAT YOU'RE *Spending*

Now that you know whether you're more of a Nerd or a Free Spirit, it's time to take the first step into budgeting. Don't panic—this first step is simple!

THE BUDGET IS YOUR MAP FOR THE MONTH

Rachel taught you how to create a zero-based budget with EveryDollar. But to get to where you want to go, you have to know where you are.

It's just like driving: If you don't know your starting point, it's impossible to get to your destination! That's why you do a **Quick-Start Budget**.

IT'S TIME TO FILL OUT THE QUICK-START BUDGET

This activity is a simple way to put pen to paper and get you thinking about how much you're currently spending in each category, each month. You'll notice there are a few categories missing, like income and debt. That's okay! Remember, this is just your starting point.

Free Spirits,

make sure there's fun in the budget!

 STEP 1

Write down what you're spending for the month in each item of each category. If you don't know exact numbers, just make your best guess!

Needs,

this is where you get to work with numbers!

 STEP 2

Add up each item in each category and write the TOTAL at the bottom.

 STEP 3

Add up the numbers in all of the TOTAL boxes and write that number in the TOTAL FOR ALL CATEGORIES box.

YOUR QUICK-START BUDGET

Follow Steps 1–3 on the previous page to list and add up your monthly expenses.

♥ GIVING	Planned
Church	\$
Charity	\$
TOTAL	\$

🚗 TRANSPORTATION	Planned
Auto Insurance	\$
Gas	\$
Maintenance	\$
TOTAL	\$

🍴 FOOD	Planned
Groceries	\$
Restaurants	\$
TOTAL	\$

🏠 HOUSING	Planned
Mortgage/Rent	\$
Utilities	\$
TOTAL	\$

👕 PERSONAL	Planned
Clothing	\$
Phone	\$
Fun Money	\$
Gifts	\$
TOTAL	\$

TOTAL FOR ALL CATEGORIES	\$
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Remember, this total does not include every category that will be in your monthly budget—just a few of the big ones!

Great Start!

You've taken the first step to creating your monthly budget. In the Action Steps, you'll **create a zero-based budget with EveryDollar—just like Rachel showed you!**

DISCUSSION

This is where change happens—in a safe space where you can talk about real life. This is where you *start* connecting with other people and *stop* believing you're in this alone. Whether you're taking this class online or in person, be honest with your answers and remember to encourage one another!



Think about a time when an emergency stressed you out. How would a starter emergency fund have made that a *stress-free* emergency?



What are some categories that you think might bust your budget? What can you do to keep those categories under control?



Cashing out your budget can help you stay ahead of problem categories. Which categories could you use cash for to help you stick to your budget?



Based on your results from the Nerd & Free Spirit Quiz, what strengths can you bring to the Budget Committee Meeting?

ACTION STEPS

Personal finance is 80% behavior. It's only 20% head knowledge. So, it's time to live out what you just learned! Complete each of the Action Steps before the next lesson. (If you're married, do this with your spouse.) You got this!

- SET UP YOUR RAMSEY+ MEMBERSHIP**
Your **Ramsey+** membership is the one-stop shop for everything you need to win with money—tools, education, custom recommendations, financial coaching and more! Be sure to answer every question that pops up in your membership—your answers help us personalize your plan and give you a great picture of where you stand today.
- CREATE A BUDGET WITH EVERYDOLLAR**
Your Quick-Start Budget was a great way to get the hang of budgeting. Now you'll create a zero-based budget with **EveryDollar**. Married couples, don't forget the Budget Committee Meeting. And singles, show your budget to your accountability partner. If you need extra guidance, watch the budgeting videos in your membership!
- SAVE MONEY IN BABY STEP 1**
It's time to draw a line in the sand! If you're on Baby Step 1, see how much money you can save in just one week and then track your savings progress in **Ramsey+**. If you've already got your \$1,000, well done! Move on to the next Action Step.
- COMPLETE YOUR FINANCIAL SNAPSHOT**
If you're in a class, fill out the Financial Snapshot card found in this lesson and turn it in to your coordinator at the start of Lesson 2.
- READ "THE POWERFUL ZERO-BASED BUDGET" ON THE NEXT PAGE**
Want a quick refresher on how to easily make a zero-based budget with **EveryDollar**? Read on!

THE *Powerful* ZERO-BASED BUDGET

Whether you're on Baby Step 1 or 7, you need a budget. It's your map for every month. And it puts you in control of your money.

Want to pay off debt? *You need a budget.* Want to build your emergency fund? *You need a budget.* Already investing? You're not off the hook—you *still need a budget.* And not just any budget—that's right, a zero-based budget.

A zero-based budget simply means your income minus your expenses equals zero. One more time: Your income minus *everything else* equals zero. That means you give every dollar a job to do—every month. *Hint: That's why we named our tool EveryDollar.* Make a plan on purpose for every dollar, every month!

- 1 START WITH YOUR INCOME**
- 2 LIST ALL YOUR EXPENSES**
- 3 SUBTRACT EXPENSES FROM INCOME**
- 4 TRACK YOUR EXPENSES**
- 5 BE FLEXIBLE!**

HOW TO DO A MONTHLY BUDGET

1 START WITH YOUR INCOME

Write down all the income you expect for the month.

INCOME

Paycheck \$3,500

2 LIST ALL YOUR EXPENSES

This is *everything* going out this month, from giving to groceries to miscellaneous!

EXPENSES

Giving	\$350
Saving	\$450
Rent	\$875
Utilities	\$350
Groceries/Restaurants	\$525
Transportation	\$350
Insurance	\$500
Miscellaneous	\$100

3 SUBTRACT EXPENSES FROM INCOME

If your income minus your expenses equals zero, you did it! You've just made a zero-based budget. If it doesn't, you've got some work to do! Adjust some categories and get to zero.

INCOME

–  EXPENSES

= \$0

4 TRACK YOUR EXPENSES

Track your expenses every day during the month to make sure you're sticking to your budget. If you're overspending, make adjustments in your categories and then learn to say no!

5 BE FLEXIBLE!

Planning for payments shows you just how much debt steals your income! Let's say you have a car payment of \$325 and a student loan payment of \$150. You need to include those debts in your budget and adjust other categories to account for those expenses. Remember, your income minus *everything else* has to equal zero.

DEBTS

Car Payment	\$325
Student Loan	\$150

EXPENSES

Saving	\$200
Groceries/Restaurants	\$300

Updated Totals



BABY STEP 1

As soon as you get \$1,000 in the bank, come back to this page and mark the date you officially knocked out Baby Step 1!

 **GOAL**

\$1,000

 **DATE COMPLETED**

____ / ____ / ____
MONTH DAY YEAR

This is the
EASIEST
and the
HARDEST
STEP



“

Your income is your
most **POWERFUL**
wealth-building **TOOL.**

— DAVE RAMSEY

”