

BUDGETING, BALANCE SHEETS, & CONTROLLING DEBT



LONGBOW
FINANCIAL SERVICES, LLC


818 West Riverside Avenue, Suite 200 | Spokane,
Washington 99201

509.343.9227 | michael.furrer@lpl.com
longbowfinancialservices.com | on target.



Content

- 03 Calculate Your Net Worth
- 04 Your Monthly Budget
- 05 The Real Credit Card Costs
- 07 Workable Debt Repayment



Longbow
a powerful weapon of medieval warfare that ultimately ensured the rights of the common man making him master of his own destiny...

NET WORTH STATEMENT

ASSETS-WHAT YOU OWN

	Amount
Cash: On Hand	_____
Checking Accounts	_____
Savings Accounts	_____
Money Markets	_____
Other	_____
Real Estate/Property:	
Principal Residence	_____
Second Residence	_____
Land	_____
Income Property	_____
Other (Business, partnerships, etc)	_____
Investments: (Market Value)	
Cash Value Life Insurance	_____
Certificates of Deposit	_____
U.S. Treasury Bills/Savings Bonds	_____
Stocks	_____
Bonds	_____
Mutual Funds	_____
Limited Partnerships	_____
Annuities	_____
IRA-Regular/Roth/Keogh Plan	_____
401(k), 403(b), or 457 Plans	_____
Pension Plan/Retirement Plans	_____
Other (Stock options, bonuses, etc.)	_____
Personal Loans Receivable	_____
Personal Property: (Present Value)	
Cars, Trucks, Vehicles	_____
Recreational Vehicle/Boat	_____
Electronic Equipment	_____
Home Furnishings	_____
Home Entertainment	_____
Equipment	_____
Appliances and Furniture	_____
Collectibles/Antiques	_____
Jewelry and Furs	_____
Other	_____
Total Assets	

Total Assets minus Total Liabilities = **Net Worth**

DATE COMPLETED _____

LIABILITIES-WHAT YOU OWE

	Amount
Current Debts	
Household	_____
Medical	_____
Credit Cards	_____
Department Store Cards	_____
Back Taxes (Federal State, Property)	_____
Legal	_____
Child Support	_____
Alimony	_____
Other	_____
Mortgages:	
Principal Residence	_____
Second Residence	_____
Land	_____
Income Property	_____
Other	_____
Loans:	
Home Equity	_____
Bank/Finance Company	_____
Bank/Finance Company	_____
Automobiles, Vehicles	_____
Recreational Vehicle/Boat	_____
Education/Student	_____
Life Insurance	_____
Personal (from family or friends)	_____
Retirement Accounts	_____
Other	_____
Total Liabilities	

Total Net Worth \$ _____

MONTHLY BUDGET WORKSHEET

INCOME SOURCE					Person A	Person B	Person A	Person B	Savings Reserve	
Net Income Total Amount										
	Expenses	Amount	Date		Date Rcv:					
			Due	Paid						
Fixed Amounts	Mortgage/Rent									
	Car Payments									
	Other Loans (student)									
	Internet Access									
	Day Care									
	Insurance (Auto)									
	Insurance (Auto)									
	Clubs/Dues									
	Savings Emergency									
	Savings Goals									
	Savings Reserve									
	Allowance/Mad Money									
	Fixed Variables	Electricity								
		Oil/Gas								
Water/Garbage										
Telephone/Cell Phone										
Cable TV/Satellite										
Groceries										
Meals Out										
Auto Expense/Gas										
Auto License										
Activities										
Child Allowance										
Church/Charity										
Occasional		Household Photos								
		Personal Spa								
	Clothes/Dry Cleaning									
	Medical Prescriptions									
	Child Expense (School Exp.)									
	Recreation (Season Ticket)									
	Counseling									
	Books, CDS, Movies/Videos									
Installment	Credit Cards									
	Visa									
	MC									
Total	Total Income									
	Total Expense Excludes*									
	Total Excess									
	Total Short									

Expenses showing an * are paid from Reserve Savings (Yearly Budget Worksheet) and not included in this Total Expense Funds

GETTING OUT OF DEBT

CHART A: THE COST OF CREDIT CARD PURCHASES								
BALANCE \$2,000								
TOTAL COST WHEN PAYING ONLY THE MINIMUM PAYMENT						SAVINGS WHEN ADDING AN EXTRA \$.25/DAY TO PAYMENT		
CARD	INTEREST RATE	MINIMUM PERCENT PAYMENT	MINIMUM PAYMENT	TOTAL INTEREST COST	YEARS* TO PAYOFF	INTEREST RATE AFTER EXTRA \$.25/DAY	TOTAL INTEREST SAVED	YEARS* SAVED BY EXTRA \$.25/DAY
CARD A	19.8%	2%	\$40	\$7,636	42	\$2,720	\$4,916	28
CARD B	19.8%	2.78%	\$56	\$2,585	17	\$1,557	\$1,029	8
CARD C	12.5%	2%	\$40	\$1,840	18	\$1,071	\$769	8
CARD D	8.25%	3%	\$60	\$542	10	\$400	\$142	3

*This information was in months, which was rounded up to make the extra year.

Source: *The Banker's secret Credit Card Software*. This program makes it easy to crunch the numbers for your own credit cards, so you can see how much you can save by making payments greater than the required minimums. (www.goodadvicepress.com)

CHART B: HOW SOON CAN YOU BE DEBT FREE ?

The following figures are based on a debt with an average of 14 percent interest rate.

If you want your debt paid of in the following years, see the chart below to find out how much your monthly payment would be to reach your debt-free goal.

TOTAL DEBT DUE	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	6 Yrs.	7 Yrs.	8 Yrs.	9 Yrs.	10 Yrs.
\$ 3,000	\$ 270	\$ 144	\$ 103	\$ 82	\$ 70	\$ 62	\$ 56	\$ 52	\$ 49	\$ 47
\$ 5,000	\$ 449	\$ 240	\$ 171	\$ 137	\$ 116	\$ 103	\$ 94	\$ 87	\$ 82	\$ 78
\$ 10,000	\$ 898	\$ 480	\$ 342	\$ 273	\$ 233	\$ 206	\$ 187	\$ 174	\$ 163	\$ 155
\$ 15,000	\$ 1,347	\$ 720	\$ 513	\$ 410	\$ 349	\$ 309	\$ 281	\$ 261	\$ 245	\$ 233
\$ 20,000	\$ 1,796	\$ 960	\$ 684	\$ 547	\$ 465	\$ 412	\$ 375	\$ 347	\$ 327	\$ 311
\$ 25,000	\$ 2,245	\$ 1,200	\$ 854	\$ 683	\$ 582	\$ 515	\$ 469	\$ 434	\$ 408	\$ 388
\$ 30,000	\$ 2,694	\$ 1,440	\$ 1,025	\$ 820	\$ 698	\$ 618	\$ 562	\$ 521	\$ 490	\$ 466
\$ 35,000	\$ 3,143	\$ 1,680	\$ 1,196	\$ 956	\$ 814	\$ 721	\$ 656	\$ 608	\$ 572	\$ 543
\$ 40,000	\$ 3,591	\$ 1,921	\$ 1,367	\$ 1,093	\$ 931	\$ 824	\$ 750	\$ 695	\$ 653	\$ 621
\$ 45,000	\$ 4,040	\$ 2,161	\$ 1,538	\$ 1,230	\$ 1,047	\$ 927	\$ 843	\$ 782	\$ 735	\$ 699
\$ 50,000	\$ 4,489	\$ 2,401	\$ 1,709	\$ 1,366	\$ 1,163	\$ 1,030	\$ 937	\$ 869	\$ 817	\$ 776
\$ 75,000	\$ 6,734	\$ 3,601	\$ 2,563	\$ 2,049	\$ 1,745	\$ 1,545	\$ 1,406	\$ 1,303	\$ 1,225	\$ 1,165

TOTAL MONTHLY PAYMENT

Worksheets and additional information can be found in:
The Budget Kit- Fifth Edition by: Judy Lawrence



GETTING OUT OF DEBT

After you **pay off one debt**,
apply that same payment amount
to another debt *[preferably one with the highest interest]*,
to **shorten the term** of that debt.

An exception is if you have a smaller debt (even those with a lower interest rate) and you need the psychological satisfaction of making progress, then you pay off that debt as soon as you can.



DEBT REPAYMENT WORKSHEET

- Outline all of your debt.
- Do not become overwhelmed.
- ***THERE IS A SOLUTION.***

This worksheet is provided to help when you are in a very tight financial situation and choose not to declare bankruptcy or use the services of any nonprofit credit counseling agency.

This approach will **take time and patience.**

The Payoff -

This process can help with preservation of your personal and financial integrity.

The Debt Repayment Worksheet summarizes how to work out a fair share repayment plan for all of your creditors using what disposable money you have available to pay off your debt.

DEBT REPAYMENT WORKSHEET



- First - Complete the Monthly Budget Worksheet
- Next - Determine the amount available to pay toward your debt
- Then - Work out each Creditor's percentage and the amount of money you have available for paying them

The Plan -

To make this method work, there are four things you need to do:

Contact each creditor

and explain your plan by including a copy of your budget, the first payment check, and this outline of debt repayment.

Stay honest and stick to your commitment [religiously]

and make every one of these monthly payments on time.

Track and manage your spending [diligently]

Do not incur any new debt

SAMPLE REPAYMENT WORKSHEET

Step 1 - Calculate - **DISPOSABLE INCOME**

Total Amount of Disposable Income Available to Pay Off Debt

Step 2 - Calculate - **TOTAL COMBINED DEBT**

Total Amount of All Debt Combined

Step 3 - Calculate - **NEW PAYMENT**

- List the total balances that you owe each creditor
- Start with the smallest balance and then follow the formula to calculate the new payment for each Creditor

Creditor	Balance Due	Total Combined Debt	Share Percent [of Total Combined Debt]	Disposable Income	New Payment
Dentist	\$500	\div \$11,500 =	4.3%	\times \$700 =	\$30.42
Visa	\$1,500	\div \$11,500 =	13%	\times \$700 =	\$91.30

THE AGGRESSIVE APPROACH



If you have three factors in place -

You can **pay off** *any credit card balance* in just

11 Months...

- One - Interest Rate is Less Than 20%
- Two - Pay 10% of the Current Balance & Make the Same Payment Every Month
- Three - Make No Additional Charges on Your Credit Card

For Example -

If your balance is \$5,000, you would pay \$500 every month.

If your balance is \$7,500, you would pay \$750 every month.

The total amount of finance charge you are paying overall will vary depending on the interest rate, but the 11 months to pay off the total balance will stay the same provided your interest rate is under 20%.

MONTHLY PAYMENTS OVER 3-5 YEARS

CHART C: PICK A MONTHLY PAYMENT TO PAY YOUR DEBT OFF IN THREE TO FIVE YEARS

Total Debt Due	Years	Consolidation Loan Rate						
		8%	9%	10%	11%	12%	13%	14%
\$5,000	3	\$157	\$159	\$161	\$164	\$166	\$168	\$171
	5	101	104	106	109	111	114	116
7,500	3	235	239	242	246	249	253	256
	5	152	156	159	163	167	171	175
10,000	3	313	318	323	327	332	337	342
	5	203	208	212	217	222	228	233
12,500	3	392	398	403	409	415	421	427
	5	253	259	266	272	278	284	291
15,000	3	470	477	484	491	498	505	513
	5	304	311	319	326	334	341	349
17,500	3	548	557	565	573	581	590	598
	5	355	363	372	381	389	398	407
20,000	3	627	636	645	655	664	674	684
	5	406	415	425	435	445	455	465
25,000	3	783	795	807	818	830	842	854
	5	507	519	531	544	556	569	582
30,000	3	940	954	968	982	996	1,011	1,025
	5	608	623	637	652	667	683	698
35,000	3	1,097	1,113	1,129	1,146	1,163	1,179	1,196
	5	710	727	744	761	779	796	814
40,000	3	1,253	1,272	1,291	1,310	1,329	1,348	1,367
	5	811	830	850	870	890	910	931
45,000	3	1,410	1,431	1,452	1,473	1,495	1,516	1,538
	5	912	934	956	978	1,001	1,024	1,047
50,000	3	1,567	1,590	1,613	1,637	1,661	1,685	1,709
	5	1,014	1,038	1,062	1,087	1,112	1,138	1,163

Source: This table is reprinted with permission from *Slash Your Debt: Save Money & Secure Your Future* (2001, Financial Literacy Center, www.goodadvicepres.com).



LONG BOW

FINANCIAL SERVICES, LLC



818 West Riverside Avenue | Suite 640
Spokane, Washington 99201
michael.furrer@lpl.com | **509.343.9227**
longbowfinancialservices.com | on target.

For illustrative purposes only. | Securities and Advisory Services offered through
LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.
Worksheets and Additional Information can be found in -
THE BUDGET KIT - Fifth Edition [by Judy Lawrence]
LPL Financial does not endorse or promote The Budget Kit or Moneytracker.com

