



Sharon's Master Plan

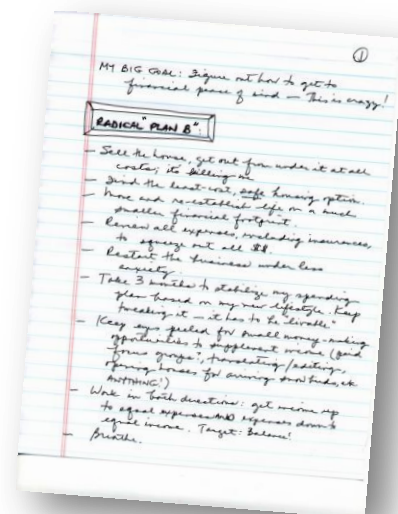
Hi, there! I cleaned this up because my original document wasn't so easy to read! I hope it gives you some ideas of how I structured my efforts to get back on my feet financially ... so I could thrive! Just keep in mind that I had my back to the wall, literally. (By the way, I consider this a proprietary document, so please don't share it far and wide ... ;-)



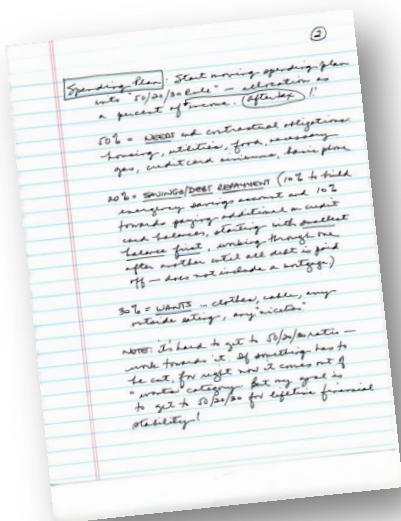
MY BIG GOAL: *Figure out how to get to financial peace of mind. This is crazy!*

Radical Plan B:

- *Sell the house, get out from under it at all costs; it's killing me.*
- *Find the least-cost safe housing option.*



- Move and re-establish life on a much smaller financial footprint.
- Review all expenses, including insurance, to squeeze out all \$\$\$.
- Restart the business under less anxiety.
- Take 3 months to stabilize my spending plan based on new lifestyle. Keep tweaking it – it has to be “livable.”
- Keep eyes peeled for small money-making opportunities to supplement my income (paid focus groups?, translating, editing, opening houses for arriving snowbirds, etc. Anything!)
- Work in both directions: get income up to equal expenses AND bring expenses down to equal income. Target: Balance!
- Breathe.



Spending Plan: Start moving spending plan into “50-20-30 Rule” – allocation as a percent of after-tax income:

50% = “needs” and contractual obligations: housing, utilities, food, necessary gas, credit card minimums, basic phone

20% = “savings and debt repayment” (10% to build emergency savings account and 10% towards paying additional on credit card balances,

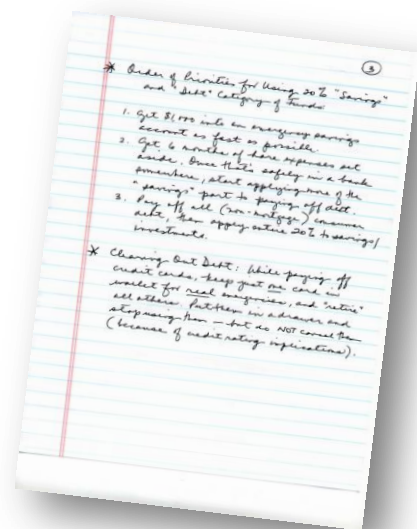
starting with smallest balance first, working through one card after another until all debt is paid off – this does not include the mortgage)

30% = “wants” ... clothes, cable, any outside eating, any “niceties”

NOTE: *it’s hard to get to the 50-20-30 ratio – work towards it. If something has to be cut, for right now it comes out of the “wants” category. But my goal is to get to 50-20-30 for lifetime financial stability!*

Order of Priorities for Using 20% “Savings” and “Debt” Category of Funds:

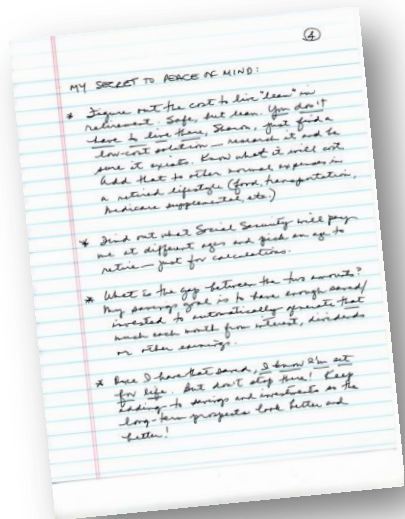
- 1. Get \$1,000 into an emergency savings account as fast as possible.*
- 2. Get 6 months of bare expenses set aside. Once that’s safely in a bank somewhere, start applying more of the “savings” part to paying off debt.*
- 3. Pay off all (non-mortgage) consumer debt and then apply entire 20% to savings/investments.*



Clearing Out Debt: *While paying off credit cards, keep one card in wallet for real emergencies, and “retire” all others. Put them in a drawer and stop using them -- but do NOT cancel them (because of credit rating implications).*

My Secret to Peace of Mind:

- *Figure out the cost to live “lean” in retirement. Safe, but lean. You don’t have to live there, Sharon, just find a low-cost solution – research it and be sure it exists. Know what it will cost. Add that to other normal expenses in a retired lifestyle (food, transportation, Medicare supplemental, etc.)*



- *Find out what Social Security will pay me at different ages and pick an age to retire – just for calculations.*

- *What is the gap between the two amounts? My initial savings goal is to have enough saved/invested to automatically generate that much each month from interest, dividends or other earnings.*

- *Once I have that saved, I know I’m set for life. But don’t stop there! Keep adding to savings and investments so the long-term prospects look better and better!*

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