

I WAS BROKE.  
NOW I'M NOT.

# HOW DO I PAY OFF DEBT



By Joseph Sangl

[www.iwbnin.com](http://www.iwbnin.com)



# HOW DO I PAY OFF DEBT

I have found that a vast majority of those who sign up to attend the Financial Freedom Class or the Financial Learning Experience are living paycheck-to-paycheck and carrying debt. In fact, statistics from surveys I recently conducted show that 72% of those attending my classes are living paycheck-to-paycheck. Of those 72% living paycheck-to-paycheck, 24% are behind on payments.

Only 3% feel that they were doing well financially.

This is a national problem. No matter where I go, I see the trappings of debt—marriages failing, stress, depression, and hopelessness. And all of this is happening in the wealthiest country on the planet. This is entirely unacceptable!

So, as part of my crusade to help America become debt-free, I am going to share the process I followed to become debt free.

Before I get started, I want to ask you these questions:

- Will you join me in this crusade?
- Will you share this with others?
- Will you commit to become debt-free?

I want you to become debt free. It changes your life. It enables you to accomplish far more than you ever thought possible with your personal finances. It allows you to go do exactly what you were put on earth to do—regardless of the income!





# HOW DO I PAY OFF DEBT

## STEP ONE:

### Understand WHY you want to be debt-free!

I believe this is the most important step in becoming debt-free. In the hundreds of financial counseling sessions I have held, it is amazing how many people do not have a plan for their lives.

I ask them, “Why do you want to win with your money?” and they stare at me like I am from outer-space.

“Why?” they stammer back at me.

Seriously, I believe that it is the first time that many of these people have ever seriously thought about what they want to accomplish with their lives. As a result, they are stumbling through life just “trying to make it through the day.”

What a miserable way to live!

I cannot overstate this fact—if you aim at nothing, you will hit it every single time! When Jenn and I wrote down our hopes and dreams on paper, it opened our eyes to the fact that our money management (or lack of) was literally robbing us of our future! We wanted to move back to Anderson, SC, to take a job that paid way less than what we were making, but every single dinner at Outback was robbing us of that opportunity. Every single debt payment went off to make the bank wealthy while at the same time robbing us of our God-given dreams!

That made me mad. It made me furious. It made me realize how incredibly stupid I was to be managing our money so crazily! I had \$755 per month going out to pay car debt, credit card debt, and student loan debt. Add in the house payment and I had over \$1,700 per month running off to make the bank wealthy!

By writing out our hopes and dreams on paper, Jenn and I were motivated to manage our money differently. It caused us to view debt differently.

Are you ready to get rid of your debt?

Take your first step today by taking the time to sit down and write out your hopes and dreams on paper. If you are married, you need to do this separately and then take time to discuss it with each other.

By the way, one of my hopes and dreams is for you to become debt-free.



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## STEP TWO: List your debts

During financial counseling sessions, it is a guarantee that I will calculate everyone's debt freedom date. You should see people's reactions as I put together a list of their debts. Their reactions relay to me the true facts of debt. Here are some very common reactions that I see/hear:

- Hiding their eyes
- "Oh no!"
- "I've never added it up."
- "This is scary."
- Moving to a defensive position as if to guard themselves against the debt
- Turn their head so they don't have to look at the debt total

I know that it can be scary to total up debt. The mere fact that it is so scary tells me two things:

1. People do not like debt.
2. People have not been paying attention to their finances and do not have a well-defined plan for their life. Otherwise, they would not have incurred most of the debt. It is literally robbing them of their financial future.

Here is what I say to them—"If you don't know how many heads the dragon has or how large the dragon is, how can you effectively defeat it?"

It is time to slay the dragon. Prepare a well-organized list of your debts including the name, the outstanding balance and the minimum monthly payment.



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## STEP THREE: Calculate your Debt Freedom Date

It is really very simple to calculate your Debt Freedom Date. You need two numbers to calculate your Debt Freedom Date - **Total Debt Owed** and **Total Monthly Payments**. I pretend that there is actually only one debt—with one big balance and one big monthly payment.

$\frac{\text{Total Debt Owed}}{\text{Total Monthly Payments}}$	=	Months Until Debt Free!
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Look at the sample debt list below. This family will be debt free in just 33 months!

Name	Debt Balance	Monthly Payment
MBNA	500	50
Home Depot	1,000	30
Furniture	1,250	50
Home Equity	5,600	250
Student Loan	8,300	125
Total	16,650	505
Months To Pay Off:		33.0

In the Tools section of the I Was Broke. Now I'm Not. website, there is a free tool called the Debt Freedom Date Calculator. If you enter your debts and monthly payments into this tool, it will calculate your Debt Freedom Date for you.



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## STEP FOUR: Establish Accountability

The strongest among us can still fall to temptation. You could be making fantastic progress toward debt-freedom and then a new truck pulling a new boat passes you on the road. If you are not careful, you will also be pulling a new truck and boat down the road.

**If married, work together with your spouse. If unmarried, have someone you trust (someone who has won with their money) hold you accountable!**

There is incredible power when you work together with your spouse toward debt-freedom. It is a common goal that will unify your marriage and cement your commitment to managing your resources together.

I have also found that when I have a bad case of the “I Wants” and the “I Gotta-Haves,” Jenn does not. She shuts me down. Then, when Jenn gets a bad case of “I Really Want This,” I do not. I shut her down. Why? Because we are not doing debt. We are through with it!

**Plan your spending every single month!**

Planned money goes farther than unplanned money. Every single month, Jenn and I sit down together and spend every single dollar on paper before we are paid. Don't miss that. **Every. Dollar. On. Paper. BEFORE. We. Are. Paid.**

From the day that Jenn and I started budgeting, we have not incurred any new debt. In fact, we became debt-free (minus the house) in just fourteen months.

I can tell you this. I HATED the idea of budgeting and now all I do is yell from the mountaintops about how important it is and how EZ it is to budget. There are free budget forms that are available on the I Was Broke. Now I'm Not. website in the Budget section under the Tools tab.

Your budget will hold you accountable. I wouldn't be surprised if it helped you free up \$200 - \$500 per month to attack your debt even harder (it did for me).



# HOW DO I PAY OFF DEBT

## STEP FIVE: Secure Your Debt Freedom - Save at least \$1,000 before attacking your debt!

I have seen so many people calculate their Debt Freedom Date and get all fired up about attacking their debt. They sell everything and everyone in sight. They can't shut up about getting out of debt. It is all they talk about with their spouse. They have even sold their Clay Aiken AND Celine Dion albums!

Everything goes great for two months. They smile every time I see them. "This is awesome," they tell me enthusiastically.

Five months later, they avoid me. When I ask them what is up, they say something like, "Well, Johnny broke his arm and the emergency room bill and doctor bills cost me \$1,500. I had no savings so now I am right back where I was—falling back into more debt."

How demoralizing is it to attack debt so fervently and then have to go right back into debt? It is awful. Don't do that. Instead, save up at least \$1,000 into an emergency fund before attacking your debt and then you can attack your debt all you want.

What happens if you have an emergency pop up while you are attacking your debt? You can use the emergency fund to cover the expense. To replenish the emergency fund, slow down on the debt payoff plan until you have the \$1,000 back in the emergency fund.

By the way, if you have a house, kids, or more than one car I highly recommend \$2,500 for your emergency fund.

Secure your debt freedom plan with your emergency fund.

Congratulations! You now know the process that Jenn and I used to become (and stay) debt-free. You are now equipped!

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# **ABOUT I WAS BROKE. NOW I'M NOT.**

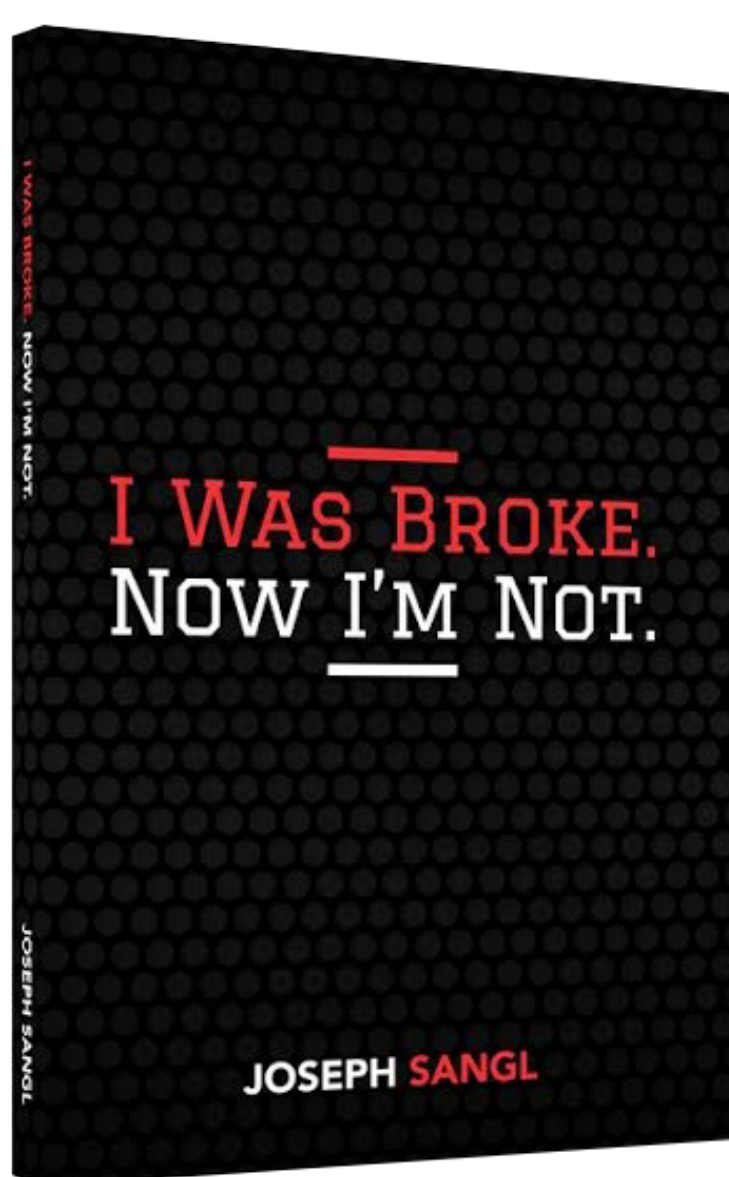
I Was Broke. Now I'm Not. was founded by Joseph Sangl who had a dream to teach people practical ways to win with their money. The IWBININ Team is passionate about equipping people to accomplish far more than they ever thought possible with their personal finances.

The IWBININ Team accomplishes its Passion Statement through the following means:

- Providing FREE personal finance tools via its website
- Writing books, studies, articles, and blog posts that teach practical and relevant personal finance tools
- Teaching live online experiences that build knowledge on financial topics
- LIVE speaking and teaching at churches, business and non-profit organizations throughout the world

Contact the IWBININ Team via email at [info@iwbnin.com](mailto:info@iwbnin.com) or call [864] 332-4151

# **I WAS BROKE. NOW I'M NOT.**



Money doesn't have to be a frustrating or confusing topic. When you apply the practical tools shared by Joseph Sangl in I Was Broke. Now I'm Not., you will gain control over your finances. As your financial education increases, you will begin to see your plans, hopes, and dreams become a reality as you start living a fully funded life! In this book, you will learn the fundamental rules of money. Even more importantly, you will walk away with HOPE that you can live a fully funded life!

U.S. \$20.00

This book and additional resources at [www.iwbnin.com](http://www.iwbnin.com)

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# ABOUT JOSEPH SANGL

Joseph Sangl is a leading teacher of personal finances. It is his passion and mission “to help people accomplish far more than they ever thought possible with their personal finances.” He firmly believes that when people are financially free, they are much more likely to go do EXACTLY what they have been put on Earth to do – regardless of the cost or income potential.

He is the founder of I Was Broke. Now I'm Not., an organization that provides financial teaching through live events, print and web resources.

Joe has taught hundreds of thousands of people through Financial Learning Experience, Financial Freedom Experiences, one-on-one financial coaching sessions and personal finance messages. He is the author of the books, I Was Broke. Now I'm Not., What Everyone Should Know About Money Before They Enter The Real World, Funded and Free, and OXEN: The Key to an Abundant Harvest. His story has been featured in Money Magazine, the world's largest personal finance magazine.

He obtained a BS Degree in Mechanical Engineering from Purdue University in 1996 and an MBA from Clemson University in 2001.

Joe resides in Anderson, South Carolina, with his bride, Jenn, and their three children.



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