

The Total Money Makeover

W O R K B O O K

UPDATED EDITION

A Proven Plan for Financial Fitness

Dave Ramsey



NELSON
BOOKS

An Imprint of Thomas Nelson

The Total Money Makeover Workbook Updated Edition

© 2018, 2025 by Dave L. Ramsey III

All rights reserved. No portion of this book may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopy, recording, scanning, or other—except for brief quotations in critical reviews or articles, without the prior written permission of the publisher.

Published in Nashville, Tennessee, by Thomas Nelson. Thomas Nelson is a registered trademark of HarperCollins Christian Publishing, Inc.

Thomas Nelson titles may be purchased in bulk for educational, business, fund-raising, or sales promotional use. For information, please e-mail SpecialMarkets@ThomasNelson.com.

Scripture quotations are taken from the New King James Version®. Copyright © 1982 by Thomas Nelson. Used by permission. All rights reserved.

ISBN 978-1-4003-5085-8
ISBN 978-1-4003-5151-0 (eBook)

Printed in Canada

25 26 27 28 29 TC 5 4 3 2 1

Contents

1. The Total Money Makeover Challenge	1
2. I'm Not <i>That</i> Out of Shape: DENIAL	15
3. Debt Is (Not) a Tool: DEBT MYTHS	39
4. The (Non)Secrets of the Rich: MONEY MYTHS	67
5. Ignorance and Keeping Up with the Joneses: TWO MORE HURDLES	95
6. Walk Before You Run: SAVE \$1,000 FAST	107
7. Lose Weight Fast, Really: THE DEBT SNOWBALL	139
8. Kick Murphy Out: FINISH THE EMERGENCY FUND	161
9. Be Financially Healthy for Life: MAXIMIZE RETIREMENT INVESTING	169
10. Make Sure the Kids Are Fit Too: COLLEGE FUNDING	189
11. Be Ultrafit: PAY OFF THE HOME MORTGAGE	201
12. Build Wealth Like Crazy: BECOME THE MR. UNIVERSE OF MONEY	215
13. Live Like No One Else: REACH THE PINNACLE POINT	231
 <i>About the Author</i>	 239
 <i>Notes</i>	 241

The Total Money Makeover Challenge

Key Concept #1

No Money . . . Is No Fun

I remember the feelings vividly. For several years in my twenties, I faced the end of every month with dread. I had too much month left at the end of my money. I was not having fun.

I wasn't afraid of hard work and sacrifice. I didn't need a secret formula for making money. I didn't need a positive-thinking guru to pump me up and tell me to have a positive attitude. I was simply sick and tired of being sick and tired when it came time to "do the bills." I felt hopeless, as if I were running a financial race with no traction and no ground covered. Money came in and money went out, with nothing *real* to show for my effort or income.

What About You?

Do you feel as if you have full control over your money . . . or are your bills controlling you? The amount of control you have over financial matters is often reflected in how you *feel* about money matters in general.

2 THE TOTAL MONEY MAKEOVER WORKBOOK

The same thing is true, of course, when it comes to any area of your life in which a “makeover” might be needed.

If you are in very bad health—or your physician tells you that certain numbers in your lab reports and exams are “abnormal”—you may become highly motivated to undertake a new exercise, diet, or better-health plan. If your spouse tells you the end of your marriage is on the horizon, you may become highly motivated to seek out a counselor to help you revamp the way you relate to your spouse and to improve your marriage. There’s a feeling that hits the pit of your stomach when you finally wake up and say to yourself, “Something’s got to change! I can’t continue to live this way . . . the fact is, to continue this way isn’t really *living*. It’s just existing, enduring, putting in the time and the miles and hoping I end up somewhere I like.”

Before you are truly willing to embark on a Total Money Makeover, you need to face up to how you feel about your current financial situation. That will tell you how motivated you are to do something about changing your financial situation.

Plain and simple, if you like your current financial situation, you probably feel pretty good about money matters, and you don’t need a makeover.

On the other hand, if you *don’t* like your current financial situation, you probably feel pretty lousy about your finances. A makeover is for you!

Exercise #1

How Do You Feel About Money?

I challenge you to take the Ten Situations Test below.

Respond to each of the statements quickly and instinctively with a simple “I like to talk about this” or “I don’t like to discuss this.”

LIKE to Talk: The “LIKE to Talk” category includes responses such as “I enjoy getting new ideas about this” and “I don’t have anything to hide on this subject.”

“LIKE to Talk” should reflect an enthusiasm—not a reluctance—for talking, and a willingness to be open, honest, and candid. Finally, the “LIKE to Talk” category should not reflect just an “I’ve got a pat answer already prepared” attitude, but rather an “I think this is a good opportunity for a candid sharing of ideas and opinions” attitude.

HATE to Talk: Included in the “HATE to Talk” category are responses such as “I wouldn’t be caught dead discussing this” and “I’d do just about anything to avoid a serious conversation about this.” “HATE to Talk” should be checked if you feel reluctance, awkwardness, or dread.

LIKE	HATE
to	to
Talk	Talk

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. Someone asks, “How are you doing financially?” |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Your spouse wants to discuss this month’s budget. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. Your tax accountant calls and says, “Let’s meet.” |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Your pastor wants to have lunch with you (and you know he wants to discuss the possibility of your making a specific contribution). |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Your child asks you to cosign a loan (or a credit card application). |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. The money manager in your family says, “I have some concerns about a few credit card charges.” |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. A friend says, “What do you invest your money in?” |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. A supplier or vendor asks, “Do you want this automatically deducted from your bank account each month?” |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. A loan officer says, “Tell me about your financial situation.” |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. A parent asks, “Did you ever pay off that debt you had?” |

4 THE TOTAL MONEY MAKEOVER WORKBOOK

Most thin, fit people I know enjoy telling those who ask about their exercise routine, the diet plan that helped them shed the pounds, and other health matters. Plus, if they encounter health problems, they are quick to see the doctor or read health articles about their symptoms.

In the same vein, I've seen that those who have children who are excelling, or who have marriages that are loving, usually enjoy talking about their family relationships.

And . . . those who are financially fit usually enjoy talking about money matters and sharing their insights into money management.

Take another look at the way you responded to the situations listed above. Overall, how do you rate your willingness to face and discuss your financial situations?

Circle one of the two responses below . . . and then cross through the statement that does NOT reflect the way you feel:

Response #1: Overall, I am WILLING and EAGER to discuss financial matters openly and candidly.

Response #2: Overall, I am NOT WILLING and NOT EAGER to discuss financial matters openly and candidly.

Exercise #2

Scared or Smiling?

How do you feel—gut-level, first response—about each of the eleven money matters below, on a scale of 1 to 4 (1 being “Scared” and 4 being “Smiling All the Way”)?

(1)	(2)	(3)	(4)
Scared	A Little Worried	Under Control	Smiling All the Way

1. Paying this month's utility bills: _____

2. Making the current car payment: _____

3. Paying next month's mortgage: _____
4. Funding retirement: _____
5. Paying for the kids' college: _____
6. Paying back a loan: _____
7. Paying the minimum on this month's credit card bills: _____
8. Paying off all this month's credit card bills in full: _____
9. Ability to handle an emergency expense: _____
10. Prepared to pay for a child's wedding: _____
11. Taking a nice family vacation this year: _____

The truth of the matter is . . .

If you feel SCARED or fearful about any of these money matters, you likely are *not* in control of your finances—they are running your life, and perhaps even ruining your life!

If you feel A LITTLE WORRIED, you also are *not* in control of your finances—you very likely just aren't admitting how scared or fearful you are that things could spin out of control at any moment. Those who are A LITTLE WORRIED are only "a little confident" that things are going in the right direction.

If you feel UNDER CONTROL, you may very well be in control . . . or you may be in a state of denial about your finances. I have encountered numerous people who just say, "No problem" because that's the way they want their lives to be, when in truth, anybody looking objectively at their situation would shout out loud, "Man, you've got a *problem!*" *Control* is a term we sometimes use to talk ourselves into believing that things are going to turn out all right and that a negative situation is manageable—similar to how riding a bucking bronco is manageable if you manage to stay in the saddle.

SMILING ALL THE WAY should be interpreted as "smiling all the way to the bank and back"! If you checked "SMILING" for most of these statements, it's likely you don't need a *Total* Money Makeover. But . . . you may need money makeover

tips for those specific areas in which you answered anything other than SMILING ALL THE WAY.

Key Concept #2

If You Don't Know How Money Works . . .

What Future Is There in Working for Money?

When I was in my late twenties, my wife and I went broke. We lost everything due to my stupidity in handling money, or not handling it. We hit bottom hard and lost everything. It was then that I began a serious quest to learn how money works. I came to realize:

1. *It's up to me.* My money problems, worries, and shortages largely began and ended in my mirror—nobody “made” me poor or a bad money manager. I had to take full responsibility for my own stupidity.

2. *God's and Grandma's way of handling money works.* Wealth building isn't rocket science. The principles are simple, time-proven, and effective. In a nutshell, “spend less and invest more” is a five-word financial strategy that every person over the age of five can comprehend!

3. *Winning at money is 80 percent behavior and 20 percent head knowledge.* It's not enough to know good financial principles—it's *acting* on those principles that's important.

What About You?

One of the first things a fitness advisor will ask a person is this: What are you looking to achieve? To answer this question, the adviser might suggest that you stand in front of a mirror to take a long, hard look at yourself or to reflect on what workout strategies you've done in the past. Do you *like* the place where you are physically? If not, are you willing to own up to the fact that you are the person who is in charge of your body and your health?

Are you willing to own up to the fact that the three basic principles

of fitness aren't all that difficult to comprehend? Eat less, eat the right foods, and exercise more are concepts even a child can understand.

Are you willing to own up to the fact that it doesn't matter how much you know about diet plans, good nutrition, or exercise *unless* you are willing to put what you know into high gear? You won't get fit unless you actually eat right, eat less, and exercise more.

These are givens in achieving physical fitness.

The same is true for financial fitness.

Exercise #3

Whose Fault Is It?

Check true or false for each of the statements below.

TRUE FALSE

- 1. My money problems AREN'T my fault.
- 2. My money problems are only PARTLY my fault.
- 3. My money problems are MY fault.

If you checked TRUE for statement number one or number two above, you need a reality check. The truth is, your money problems are *your* fault.

"But," you may say, "it *isn't* solely my fault." Let's explore that. Whom do you blame for your money problems?

Check any of the following that you believe apply . . . and then tell why.

	My Money Problems Are the Fault of . . .	My Part in This Was . . .
My spouse	<input type="checkbox"/>	_____
My parents	<input type="checkbox"/>	_____
My children	<input type="checkbox"/>	_____

8 THE TOTAL MONEY MAKEOVER WORKBOOK

	My Money Problems Are the Fault of . . .	My Part in This Was . . .
My "bad luck"	<input type="checkbox"/>	_____
Interest rates	<input type="checkbox"/>	_____
My employer	<input type="checkbox"/>	_____
The government	<input type="checkbox"/>	_____
My bank	<input type="checkbox"/>	_____
My financial adviser	<input type="checkbox"/>	_____
My personality type	<input type="checkbox"/>	_____
A bad loan	<input type="checkbox"/>	_____
My stockbroker	<input type="checkbox"/>	_____
The stock market	<input type="checkbox"/>	_____
Other:	<input type="checkbox"/>	_____

Why did *you* allow that person to give you money problems? Your "bad loan" was a loan *you* took out or *you* issued to another person. Right? Your spouse's overspending occurred because *you* agreed to let overspending go unchecked. Right? For any items above that you checked, be honest in completing the following:

	My Money Problems Are the Fault of . . .	My Part in This Was . . .
My spouse	<input type="checkbox"/>	_____
My parents	<input type="checkbox"/>	_____
My children	<input type="checkbox"/>	_____
My "bad luck"	<input type="checkbox"/>	_____
Interest rates	<input type="checkbox"/>	_____
My employer	<input type="checkbox"/>	_____
The government	<input type="checkbox"/>	_____
My bank	<input type="checkbox"/>	_____

	My Money Problems Are the Fault of . . .	My Part in This Was . . .
My financial adviser	<input type="checkbox"/>	_____
My personality type	<input type="checkbox"/>	_____
A bad loan	<input type="checkbox"/>	_____
My stockbroker	<input type="checkbox"/>	_____
The stock market	<input type="checkbox"/>	_____
Other:	<input type="checkbox"/>	_____

Why am I being so tough with you on this point? Two reasons:

Reason #1: Until you take responsibility for your money situation, you aren't going to do anything to change because you don't think you *can* do anything. You'll wait for the "other party" to take responsibility, or you'll wait for your luck, stockbroker, or personality to change!

Reason #2: The way you *allowed* another person or entity to impact your financial situation very often gives good clues about what you need to "undo" as you seek to become financially fit.

Think for a moment about physical fitness. If you are blaming too much ice cream and Mexican food for your excess weight, there are clues in your laying blame! You have a weakness when it comes to ice cream and Mexican food. The solution for your problem? Well, in part it's this: don't bring ice cream home from the supermarket, and don't go out to eat at Mexican restaurants!

At the same time, own up to the fact that *you* are the one who turns your car into the ice cream parlor's parking lot, and *you* are the one who is quick to say, "Let's eat Mexican tonight." You haven't gained extra weight because there's a great ice cream store less than a half mile from your home or a Mexican restaurant just around the corner. You'd find a way to overeat or eat the wrong foods, even if all ice cream and all Mexican food disappeared from the planet tomorrow!

10 THE TOTAL MONEY MAKEOVER WORKBOOK

Ditto for your money problems. If you are blaming another person or situation for your money problems, you are in denial. The problems are *yours*. Own up to your responsibility in creating money problems for yourself, and then you can do something to turn those problems into solutions.

Exercise #4

The Person in Your Mirror

Check all the statements below that you believe apply to your financial situation.

This Applies to Me

- 1. I don't know enough about how money works.
- 2. I struggle with my bills because of my own poor choices.
- 3. I am the number one person responsible for turning around my financial situation.
- 4. I know what to do with money . . . I just don't do it.
- 5. I haven't ever *really* taken responsibility for learning how money works.
- 6. I have been lazy when it comes to disciplining myself about money.
- 7. I am willing to take full responsibility for my current money situation.
- 8. I am willing to make the changes necessary to enjoy success with my money.

If you checked any of the above, you need a financial makeover—and you know it. Congratulations! You have taken the first reality-check step toward improving your handling of money.

Key Concept #3

Take a Short, Painful Walk into a Lifetime of Success

This *Total Money Makeover Workbook* is based on one very simple motto:

If you will live like no one else *now* . . .
later you can live like no one else.

Living like no one else *now* means living a sacrificial, highly focused, purposeful life when it comes to your money.

Living like no one else *later* means living without the worry, frustration, stress, or fear that comes from constantly being on the brink of financial disaster. It means living later with feelings of confidence, hope, and joy related to money.

What About You?

Are you willing to change *you*? Honestly?

According to the global data platform Statista, 35 percent of American adults said they wished they engaged in more exercise—and 28 percent said they wished they prioritized getting more sleep.¹ Many people who want to be healthier would say, “Yes, I *need* to change. I’d *like* to change.” But when it comes right down to changing, they *don’t* change. Why? The foremost reason is because they don’t like change—period. They don’t want to alter any aspect of their lives. They see change as difficult to impossible or, at the very least, uncomfortable.

I agree. Change always has an element of sacrifice to it. It always has an element of self-denial. Any change that truly results in growth or improvement has an element of pain associated with it.

So let me ask again: Are you willing to change *you*?

Exercise #5

The Willingness to Change

In each pair of opposite statements, circle the one that most clearly represents you in *all* areas of your life.

I like change.

I hate change.

I'm willing to learn.

I'm not willing to learn.

I'm willing to adjust my habits if it means a better life.

I like my habits, and I don't believe I'll have to change any of them.

I'm capable of changing.

I don't think I can change.

I am capable of enduring some pain, difficulty, and sacrifice if the goal is worth it.

I'm truly not willing to experience *any* pain, difficulty, or sacrifice.

I am willing to sacrifice now to reap the benefits later.

I find it hard to stay motivated to sacrifice now for benefits I'll only see in the future.

I am willing to do without some things now in order to have the life I truly want later.

I'm not willing to give up anything I currently have or routinely experience.

I'd rather have the pain of change than have the pain of money problems.

I'd rather live with the pain of money problems than experience the pain of change.

Take a long, hard look at your answers above. If you aren't willing to make some painful changes in your life for the short run, there's no reason to continue on in this book. I suggest you stop reading and come back to this workbook when the pain of your current financial situation becomes unbearable or you've reached the point that you *are* willing to trade in the pain of money problems for the pain of change. It's only as you are willing to *change* that a money makeover will work for you.

Complete the motto if you can:

I am willing to live *now* like _____ one else . . .
 so I can live *later* like _____ one else!

Simple Q & A

Q: According to the Federal Reserve and the New York Fed, the average credit card debt for households that have a balance is _____.

- A.** \$6,501
- B.** \$14,484
- C.** \$19,865

Answer: C²

Exercise #6

Taking Charge

Fill in the blanks in the seven sentences below. Use the Word Pool if you need help!

1. My financial life will begin turning around when I take full _____ for the money problems I have.
2. I know I'm smart enough to learn how _____ works.

14 THE TOTAL MONEY MAKEOVER WORKBOOK

3. I know I am capable of making the _____ necessary to get rid of my money problems and worries.
4. I am _____ to live like no one else *now* in order to live like no one else later.
5. I'd rather be *smiling* than _____ when I think about paying bills.
6. I want to be in _____ of my money, rather than have my money _____ me.
7. If it's going to be, it's up to _____ !

Word Pool

money • willing • me • scared • control • responsibility • changes • control

Answers:

1. responsibility
2. money
3. changes
4. willing
5. scared
6. control; control
7. me

Go back and read aloud each of the statements with the correct words filling the blanks!