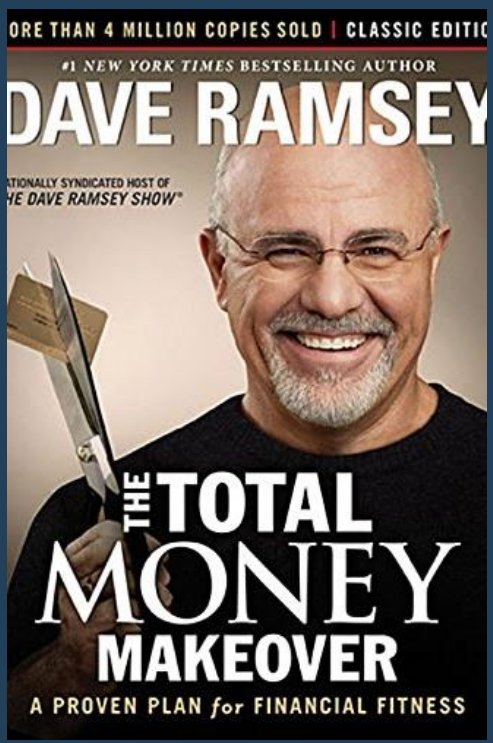

The Total Money Makeover

Year of publication: 2013
Author: Dave Ramsey
272 pages
Link for purchase: https://amzn.to/2y4HFt0

The book The Total Money Makeover, released in 2013, was written by Dave Ramsey. The Total Money Makeover is the most popular personal finance book of all time. It has more than 5 million copies sold.
In this book, Dave Ramsey shows you how to stop accepting debt, eliminate it completely and build the financial future that you crave.

Score

8

8 Aplicability
7 Inspiration
7 Innovation
9 Impact on results
8 Structure

Main ideias of the book

- You are not as financially secure as you think;
- Start by taking small steps;
- Create an "emergency fund";
- Pay for what you can afford;
- Do not take the lives of others as an example;
- Have fun with your money;
- How to spend the money you have earned so ambitiously;

For whom is this book suitable?

Debt will always be your worst expense, even if it is not your biggest expense per month. That's because it will always grow over time. With each passing day, the debt will increase with the aggressive interest rates of the banks.
In "The Total Money Makeover" Dave Ramsey offers us a project to reach wealth and get out of debt and credit cards.
If you wish to reeducate financially, this work is for you.

Overview of the book

Time to act

If someone asked you, "Are you financially comfortable?" What would your answer be? Many people feel secure enough in their finances, giving the impression that the difficulties seem far away.
It does not matter if you feel safe or insecure at this point, the insecurity is closer than you think. Maybe you have a house, a car, probably a job too.
Imagine now that you suddenly lose your job, could you continue to pay your bills? Stability is an illusion, even if it sometimes does not seem. One way to avoid unpleasant unforeseen things is by acting. Now.
Sometimes financial difficulties arise and before you can notice, it is already too late. However, it is easy to leave things as they are and do nothing, just wait. This attitude is completely irresponsible, because things will continue to change until they go wrong, it is only natural.

> *We buy things we don't need with money we don't have to impress people we don't like*

Therefore, taking the first step is essential. It's time to make a change.

The Real Face of Debt

Debt is now part of our lifestyle and it's hard to imagine living without it. Be it in the form of loan, mortgage or credit card. Although credit cards increase the purchasing power of their users, they will not lead them to financial happiness, on the contrary, in the long run, it will only lead to instability.
According to the American Bankruptcy Institute, 69% of people applying for bankruptcy declare that the debts were caused by the credit card. On the other hand, truly wealthy people are inclined to avoid debts altogether.
Another interesting fact is that 75% of individuals from Forbes 400 have stated that avoiding debt is the best way to build wealth. Companies like Harley-Davidson and Walgreen are run without debt.
Ramsey says, "If these individuals and companies can achieve success without debt, why can not we do the same?"

Setting up an emergency fund

Although you know you need to adjust your financial situation, you can not change everything at once. So you have to take one step at a time, that way you will make a gradual breakthrough and stay motivated, without radical changes in the short term.
Where to start? The author suggests that the first step is to create an emergency fund. According to Money Magazine, 78% of people go through an unforeseen negative life in an estimated 10 years. So being prepared for it is critical.

A good start value for the emergency fund would be $ 1,000, however, this figure does not cover many things, but it's a start and it will lessen the chances of getting into debt. Remember, the purpose of this fund is emergencies, if you take something from it, reset it as soon as possible.

Pay your debts and increase your emergency fund

It's time to take your payments seriously. Start by listing your debts, from the lowest to the highest. As you settle the smaller ones, you get inspired to deal with the bigger and more complex ones.
Now that you already have a plan to deal with your debts, it's time to raise the emergency fund. The goal now is to make it cover a period of 3 to 6 months of your expenses.
Everyone has different needs, so count yours and see how much you need to save. By doing so, you will gain confidence and security to continue on your life path.

Building Wealth

From here you should be debt free and have already begun to save for your future. This is the time to create your wealth. Surround yourself with experts, tax consultants and attorneys planning estate. Anyway, people who will give good advice on what to do with your money.
Keep in mind that understanding about financial management does not mean that you should live like a miserable one. Have fun using your money as much as you can, after all, fun is essential in all of our lives.
Should someone have a $ 30,000 watch? A car of $ 200,000? Of course, but only those who can afford it. Remember to spend your money on only what you can buy and forget the rest.

> *For your own good, for the good of your family and your future, grow a backbone. When something is wrong, stand up and say it is wrong, and don't back down*

What other authors say about it?

For Robert Kiyosaki, author of the best-selling book "Rich Dad, Poor Dad," the journey to enrichment should begin as early as possible, and it consists of evaluating your finances, setting personal goals and pursuing the knowledge necessary to reach your objectives.
According to the author of "Think and Grow Rich", Napoleon Hill, the first step to becoming rich is to have a strong desire to be rich. It may seem simple, does not it? But that desire has to be a real "blood in the eye" and possess a good deal of persistence.
Finally, Paulo Vieira, author of the book "Enrichment Factor" says that the journey of enrichment is made of peaks and valleys. Be prepared and willing not to stop in the middle of the road.
Remember that not giving up is what will make you a millionaire. Make you have a success mindset, be able to see adversity and move on, doing what has to be done.

Okay, but how can I apply this in my life?

For most people, financial stability is just a comforting illusion. However, you have the ability to change your financial situation through this book.
Following the advice of Dave Ramsey your life will remain debt free and you will be financially successful.
Do not take the lives of others as a basis. You probably have some people in your life who seem to be "well off". Do not worry, there are also those who are doing more than they actually seem.
It is also important that you keep track of your personal finances, with information and details about your monthly income and expenses, and the listing of all your expenses.

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