

THE MONEY HABIT STARTER KIT

STEPS TO UNLOCK YOUR NATURAL WEALTH POTENTIAL

STEP 1: SLAY THE DEBT DRAGON

Before your money can work for you, it has to stop working against you.

1. DEBT SORTER

- Dedicated Subscription Credit Card:** Use a one credit card solely for monthly subscriptions (e.g., streaming services, magazines). Brings strong awareness.
- Paper Statements:** Request paper statements for all your credit accounts. Physically seeing your debts will make them more tangible and easier to manage.
- Debt Inventory List:** List all your debts, including the creditor's name, balance, interest rate, and minimum monthly payment. This will be used for the Debt Destroyer.

2. DEBT CONTROLLER

- Reduce Credit Available:** Reduce your available credit (to control temptation). Maintain your credit card balance below 25% of your credit limit to keep a good credit score (720 or higher). For example, if your credit limit is \$10,000, keep the balance under \$2,500.
- Weekly Installments:** Schedule automatic weekly payments that, over 4 weeks, cover your minimum due. This will stop late fees and penalties.
- Single Payment Date:** Consolidate all your loan payment dates to a single day each month. Always pay what was borrowed, plus apply the Debt Destroyer.

3. DEBT FREEZER

- Credit Freeze:** Freeze on your credit reports with major credit bureaus. This prevents new credit accounts from being opened - protecting you from others and yourself.
- Emergency Fund:** Start building an emergency fund (EMERGENCY account) to reserve 6 months expenses.
This reduces the need to rely on credit in case of unexpected expenses.
- Debit Cards:** Use debit cards for primary, frequent purchases. This allows you to feel the cash consequence immediately. Advanced: Pay credit card each day/week for all expenditures.

4. DEBT DESTROYER

- Debt Snowball Approach:** List your debts from smallest to largest balance. Focus on paying off the smallest debt first while making minimum payments on others. Once the smallest debt is paid off, move to the next smallest. This builds momentum and motivation.
- Reward Your WANTS:** Every debt that is paid off, make one extra "minimum payment" of that debt to the WANT account.
- Debt Cascade Strategy:** Now apply the extra funds from the snowball method to debts with the highest interest rates. This minimizes the total interest paid over time and can save a huge amount of money.

STEP 2: PUT EVERY DOLLAR TO WORK

Give your income a job, a purpose, and a plan.

Part 1: The Single Account (Income Only)

Imagine you have **ONE account** where all your income sits, and you spend freely from it.

Scenario:

You receive _____ in monthly income. Use the table below to allocate funds and cover all the expenses.

Category	Expense Amount (\$)	Remaining Total Balance (\$)

Reflection Questions:

1. How did it feel to use one account for everything?

2. Did you have clarity on how much money was left for each category?

3. Were there areas where you overspent or underspent?

Part 2: The 6-Account System

Now imagine you divide your income into **6 dedicated accounts**:

- 1. Income Account:** The main account where all income arrives.
- 2. Needs Account:** Essentials like rent, utilities, and groceries.
- 3. Wants Account:** Fun and leisure like dining out and entertainment.
- 4. Fix/Future:** Pay down debt. Once debt is zero, save for the future expenses like home repairs.
- 5. Dreams Account:** Savings for vacations or long-term dreams.
- 6. Emergencies Account:** Funds for unexpected events like medical costs.

Scenario:

You still receive _____ monthly income. Allocate and spend across the 6 accounts.

1. Start by **splitting your income** into these 6 accounts:

Account	% of Income	Allocated Amount (\$)	End of Month Account Balance
Income Account	100% (to start)		
Needs Account			
Wants Account			
Fix/Future Account			
Dreams Account			
Emergencies Account			

2. Now “spend” the allocated money on the same expense categories as Part 1.

Expense Category	Expense Amount (\$) (modify)	TMH Account Type	TMH Account Balance (\$)	Decision	Total Remaining Balance

Reflection Questions:

1. How did managing your money with the 6 accounts feel compared to using just 1 account?

2. Did you feel more in control of your spending? Why or why not?

3. Were you able to allocate funds for emergencies and dreams without overspending on wants?

4. What was the biggest “aha!” moment for you during this exercise?

Takeaway:



Using purpose-specific accounts helps you prioritize essentials, plan for unexpected costs, and achieve your dreams—without sacrificing your wants.