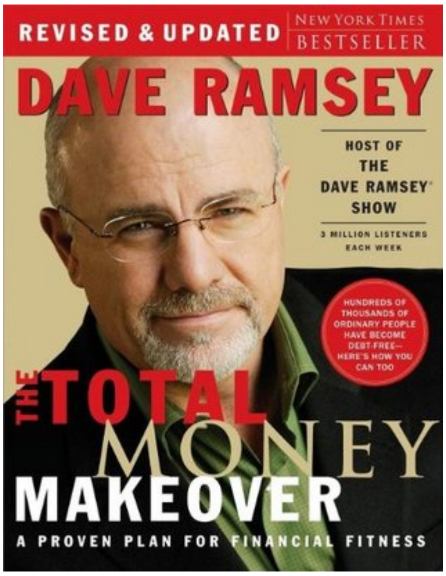

The Total Money Makeover: A Proven Plan for Financial Fitness (Classic Edition)

Dave Ramsey

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The Total Money Makeover: A Proven Plan for Financial Fitness (Classic Edition) Dave Ramsey
If you will live like no one else, later you can "live" like no one else.

Build up your money muscles with America's favorite finance coach.

Okay, folks, do you want to turn those fat and flabby expenses into a well-toned budget? Do you want to transform your sad and skinny little bank account into a bulked-up cash machine? Then get with the program, people. There's one sure way to whip your finances into shape, and that's with "The Total Money Makeover: Classic Edition."

By now, you've heard all the nutty get-rich-quick schemes, the fiscal diet fads that leave you with a lot of kooky ideas but not a penny in your pocket. Hey, if you're tired of the lies and sick of the false promises, take a look at this--it's the simplest, most straightforward game plan for completely making over your money habits. And it's based on results, not pie-in-the-sky fantasies. With "The Total Money Makeover: Classic Edition, "you'll be able to:

Design a sure-fire plan for paying off all debt--meaning cars, houses, everything Recognize the 10 most dangerous money myths (these will kill you) Secure a big, fat nest egg for emergencies and retirement!

The Total Money Makeover: A Proven Plan for Financial Fitness (Classic Edition) Details

Date	:	Published September 17th 2013 by Thomas Nelson (first published 2003)
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From Reader Review The Total Money Makeover: A Proven Plan for Financial Fitness (Classic Edition) for online ebook

Shane says

This book is a great step by step plan to help you get control of your finances by walking you through the 7 baby steps.
1. Small Emergency Fund of $1000
2. Pay off all debt except house with debt snowball
3. Fully Fund Emergency Fund to 3-6x of living expenses
4. Invest 15% of income for retirement
5. Fund kids college fund
6. Pay off mortgage
7. Have fun, give and invest

Definitely a must read and the companion website www.mytotalmoneymakeover.com is hands down the best most practical website I've ever seen from making a budget to tracking all your goals to forums and plenty more.

Linds says

This book is so helpful, straightforward, and inspiring. I have spent my twenties in the misery of consumer debt and student loans.

I am now credit card debt free and am busting up my student loans.

I like his advice. The very first thing you do is to get 1,000 dollars together BEFORE you start tackling your credit cards. Be aggressive, take a second job, sell your prized possessions, whatever, but get that $1,000. This is not $$ to keep in a checking account but in a savings account and with drawn ONLY FOR AN EMERGENCY.

Now you have a buffer for emergencies. Now when the car breaks or a pipe breaks you don't have to break out the credit card, and it is the first step from freeing you from the shackles of debt.

Then you order your debts smallest to largest. Once you pay off the smallest, you can take the $$ from the minimum payment and use it to pay off the next smallest debt. It snowballs.

I'm a substitute teacher and make a small salary. To be free of the unrelenting hundreds of dollars of credit card debt is the best thing that has happened to me in so long.

I am being over dramatic, but I truly feel hope for my financial future since I was about 14.

You gotta buy this book. He has a radio show too but I've never listened.

Yolanda says

I can not believe that I've spent the last 12 years working in the Accounting field being such a good steward of my employers money but could never get a good grasp on my own money. The Total Money Makeover book has helped me go from paycheck-to-paycheck-thinking to wealth-building-thinking. Once my eyes were opened (I read the book in 2 days) I knew my financial life would never be the same. I asked my husband to read the book and when he started sending me texts like: Do you know that if we invest X dollars in a good mutual fund from age 30 to age 70 that it will be around 5.5 million dollars?!! I knew Dave had him hook, line & sinker. A good percentage of our marital issues surrounded money but there are no arguments on that subject anymore. We understand what the short term goal is (get debt free) and what the long term goals are (remain debt free & build wealth) so most of the decisions have already been made. Once we saw what "keeping up with the Joneses" does to your greatest wealth building tool (income), we decided that we could cut our life down to "rice & beans" for 2 to 2 1/2 years, clean up the massive mess we had made, and reclaim the nearly $2,000 per month we were paying on debt. I sure wish we had this book as teenagers/ younger adults, I can only imagine where we would be now. But even still, my son will never remember how his parents where up to their eyeballs in debt. We still have about $35k (down from 73k) in consumer debt to go, but thank God our financial family tree has been changed forever.

Cori says

From my blog:

My friend Amanda was nice enough to buy me Dave Ramsey's book. It must mean it's pretty good if someone else is willing to shell out $25.00 to buy you a book on money management! This book was really repetitive, but I thought it was a fantastic planning tool for those of us who aren't making a gobzillion dollars doing...whatever Paris Hilton does, for example. I have a small bit of debt -- mostly due to 2007: The Year of Dental Nightmares -- and literally no savings. I had quite a bit saved up for a while, but my bills started to eat into my nice little nest egg and the next thing I knew it was gone. Anyway, I think Ramsey has some great ideas for getting back on the right track with your money.

One thing he does say, over and over again, is that it is not hard to follow his plan, but it's very difficult to actually pull it off. It's not complicated, but it takes determination and focus if you want to get out of debt and start controlling your money, instead of the other way around. He sets out baby steps for a Total Money Makeover, beginning with scrimping and saving until you have a $1,000 emergency fund (Ramsey notes that things like Christmas are not emergencies: "Christmas is not an emergency; it does not sneak up on you. Christmas is always in December, they don't move it, and therefore it's not an emergency." Heh.). Baby step two is to pay off all your debts using a Debt Snowball. Basically you list your debts from smallest to largest, and pay the minimum payments on all but the smallest, to which you devote as much money as you can possibly can. Then, instead of just moving on to the next debt when the first is paid off, you roll over the amount you were paying for the first debt in addition to the minimum payment for the second debt. And so on. It snowballs so that you are paying debts off faster. Seems easy, not sure how the life application will be. The third baby step is to increase the emergency fund to where it could sustain you for three to six months. Baby step four is to invest, which I do a little of right now, and probably won't stop, even though he recommends it. It's too much of a hassle when I'm pretty sure I can climb out of my mini-hole relatively quickly. The next two steps are to save for college (done and done, thank you Grandma), and to pay off the mortgage (which I don't have). But I'm sure they are helpful for parents who own a home.

Seriously, though. The people in this book really did some drastic things to get out of debt (they sold cars, houses, first borns, etc.). I'm not nearly in that kind of trouble, but I think using a watered-down version of his money makeover, I can get my credit card and dental bills paid off a lot sooner than I would have without having read this book. I want to be completely credit card free by the new year, and to the point where I am saving some money AND to where I am able to pay for my Scotland trip with cash. I am also going to attempt to budget October, so we'll see how that goes. It terrifies me to think how much I spend eating out. Yikes.

Ramsey is a Christian, but I wouldn't expect anyone who isn't to be turned off by anything he has to say. Basically he quotes a few Proverbs and the people in their testimonies thank God. That's about it. I think the book is totally reasonable if you're not a Christian -- it's not preachy at all.

I also checked out Ramsey's website, and was able to answer a few of my questions that weren't answered in the book, such as whether or not I should continue tithing while trying to get rid of the debt (answer: although he won't beat you up if you stop, he highly encourages tithing -- if you can't live on 90%, you can't live on 100%). So that was cool, and I think I'll find more info on there about other things should they come up.

Sam says

This book is an insult to the intelligence of any rational human being who has even the slightest notion of what personal finance is all about. Full of filler, fluff, weak-sauce stories trying to be inspirational.

Let me tell you in one sentence what this book took over 200 pages to tell:

Take personal responsibility for your finances and start living within your means; you'll be happy and wealthy eventually because of it.

Don't read this book!

Candace says

Recently, a good friend of mine who knew that I had read this book asked me whether or not I found it helpful. This friend has struggled with managing her personal finances and is drowning in credit card debt. She was feeling pretty hopeless and was worried that she'd never be able to take care of her bills and set enough aside for retirement.

Rather than go into the ins and outs of the book, I downloaded the audiobook version and we listened together while working on paperwork during the work day. Honestly, I just didn't think I could communicate the underlying message of the book without coming across kind of "preachy". This provided a nice way to share the major concepts of the book with her, while providing a strong reminder for me.

As you can imagine, personal finance isn't exactly the most entertaining topic. That is especially true when the take away message is to exercise restraint and behave responsibly. Nobody wants to face the fact that we are to blame for our own financial situations. It is far less painful to blame somebody else for the damage we do to ourselves.

That being said, I really like Dave Ramsey's common sense approach. He tells some hard truths and forces you to take a long, hard look in the mirror. If you're looking for excuses or a pity party, you won't find it here. He is brutally honest.

Sacrifice today for wealth tomorrow is idea. There is no get rich quick scheme presented, just old-fashioned wisdom. Essentially, his advice is to turn back the hands of time and handle money the way my grandparent's generation, and the generations before theirs, did. Don't spend money that you don't have. Save for future expenditures. Quit trying to keep up with the Joneses. It's that simple.

Of course, he does provide guidance for how to get out of debt if you've already accumulated it. His personal story of bankruptcy and how he was able to turn around his finances was inspirational. He made it clear that anyone could do it, but they had to be willing to work hard and make some sacrifices. Most importantly, they would have to evaluate their attitudes toward money and be willing to make some changes in their behavior.

Although I'm not a very religious person, I wasn't bothered by the bible verses that were interspersed throughout the book. Some people might be put off by that, but it wasn't an issue for me. Clearly, his religious views are an important piece of his identity. For people that are more spiritual than I am, this might prove to be a great source of inspiration. It was neither here nor there for me.

All in all, I think that this is a great book. It didn't feel gimmicky or too good to be true. There were no promises or schemes presented. It was just good, sound advice for eliminating debt and living within your means.

In fact, I'll probably make my children listen to this as they get older. I'm planning to purchase the book he wrote with his daughter that is geared toward children as well. Might as well start early.

Check out more of my reviews at www.bookaddicthaven.com

Christy says

Listened to the audio version of this book

Tim says

This is a pretty decent plan for getting out of debt and starting to invest. In the time-honored tradition of such self-help books as How To Win Friends and Influence People, Ramsey uses personal stories from other people to drive his points home.

But in essence, the plan is like this:
1) stop buying things, sell off everything you don't need, stop using credit cards, etc.
2) save up a $1000 emergency fund
3) throw all possible cash toward paying off your smallest debt
4) once the first debt is paid off, throw all possible cash toward paying off your second smallest debt, and so on until all you have left is your mortgage (if you have one)
5) save up a 3-6 month emergency fund
6) start a college fund (if you have kids) and pay off your mortgage
7) invest, have fun, etc.

Oh, and while Ramsey uses some Bible quotes here and there, it's pretty easy to ignore the parts about "God's plan for you" and other religious nonsense, and focus on the financial advice.

McKenzie says

After hearing about Dave Ramsey from a number of people, I decided to pick this up out of curiosity. I skimmed this book quickly, partly because it is mostly fluff. His crams the book full of testimonials about other families who have gotten out of debt- that's for the outside of the book, not the inside of it. Most of his actual advice (pay for things with cash, don't buy what you can't afford, live below your means, start investing for retirement early) consists of things my parents have been telling me since they started giving me an allowance. Ramsey is also vague about the actual saving of money- he suggests that everyone can get together $1000 in less than a month for their emergency fund. If people could find instantaneously $1000 of their income they weren't using elsewhere, wouldn't they have avoided falling into debt in the first place? I am glad other people have been able to use this system to get out of debt and put their finances in order, but this book did pretty much nothing for me. I would like to find a book that's more explicit about budgeting and investing, and one that doesn't tell me being in debt is like being fat, or that our government is completely incompetent at every opportunity, or one that doesn't belittle my chosen career path.

Angela says

This guy's claim is basically that the key to accumulating a lot of money is to (1) become debt free, (2) save a sizeable nest egg (3-10k)for the big emergencies that typically send people into debt in the first place, and (3) put the rest of your savings in mutual funds. He's particularly insistent that you suck it up and drive old cars that you've paid cash for rather than make payments on a new car.
Good advice, but it would help if he offered more insights on how to follow it, especially since he seems to think that even those deeply in debt can achieve steps (1) and (2)in a year or two. He uses a lot of catch phrases like "live like no one else!" and "save with gazelle-like intensity!" but some more details would go a long way.

Chad Warner says

Ramsey presents some sound financial principles in the book, but it came across as a sales pitch because he mentions his other books and live events, and practically every other page contains a lengthy testimonial from people gushing about their Total Money Makeover. I skipped all of these since I'm looking for practical financial advice, not feel-good stories.

I didn't like Ramsey's strict no-debt stance. The only exception he allows for is a 15-year fixed-rate mortgage. Although I agree that most people are better off avoiding credit cards because they can't resist the temptation to abuse them, I like to use cash-back and other rewards cards to pay for the things I'd be purchasing anyway. I don't think I spend more money simply because I charge purchases rather than dropping cash or using my debit card. For example, I paid my college tuition on my credit card and earned 1% cash back on thousands of dollars. I also charge all my gas purchases, and make 5% cash back. Did I spend more on tuition or drive more than necessary because I had charged those purchases instead of paying cash? I didn't perform a scientific experiment to determine that, but I'd guess not.

I've also reviewed the abridged audio version.

The Steps of the Total Money Makeover

1. Set up a $1000 emergency cash fund
Sacrifice, work extra hours, and sell stuff to get the money.
Keep as paper bills or in a savings account.
Don't put it in checking or any other account or investment.

2. Pay off your debt snowball
List your debts, smallest to largest.
Pay them off.

3. Finish the emergency fund
Must cover 3 - 6 months of living expenses. 3 months if you have a truly steady job, otherwise 6 months.
$5,000 - $25,000
Put in Money Market with no penalties and check-writing abilities

4. Invest 15% of gross income in retirement
Don't count any company-matched funds.
Don't count on Social Security.
Use these accounts, in this order:
1. 401K if company matches.
2. Roth IRA.
3. growth-stock mutual funds:
25% large cap
25% mid cap
25% international
25% small/emerging

5. Save for college for your kids
Use these accounts, in this order:
1. Educational Savings Account (ESA) in a growth-stock mutual fund
2. If you want to save more, use a flexible 529 that allows you to choose your funds
3. Scholarships

6. Pay off the house mortgage
Spend every extra dollar you have left after setting aside for living, retirement, college, and mortgage.
Don't keep a low-rate mortgage just so you can invest at a higher rate. After you pay taxes on your investment returns, and factor in the additional risk that the mortgage debt brings, it's not worth it. In the long term, you'll come out ahead by being debt-free.

7. Build wealth
At this point, you're completely debt-free.
The next step is the Pinnacle Point: when your money makes more than you do.
There are 3 good uses for money:
1. Fun
Guilt-free enjoyment, if you can afford it.
2. Investing
Think long-term.
Don't try to time the market.
Choose simple mutual funds and debt-free real estate.
3. Giving

Giving it away can be the most fun you have with your money.

Additional advice
Winning at money is 80% behavior and 20% head knowledge.
"If you will live like no one else, later you can live like no one else."
Debt brings risk, not prosperity. You can't leverage debt to build wealth.
You don't need to build credit because you won't use it if you follow the Total Money Makeover.
Credit card rewards aren't worth it. You end up spending more in unnecessary purchases and interest payments than you make back in rewards. No one ever became rich from credit card rewards.

Choose high deductibles for auto and home insurance.
Make a will.
Choose a term policy, not Whole Life or Universal Life insurance.
Don't prepay your kids' college expenses. You'll make higher returns by putting this money in mutual funds.
Buy a house for 100% down, or if that's absolutely not possible, get a 15-year fixed-rate mortgage.

You don't have to wait until retirement to do what you love. Get a job that you enjoy.
A college education improves the quality of your adult life and career. But, it doesn't ensure a job or success.
If you have cash or a scholarship, go to college. But pay cash; avoid student loans.

Don't get a 30-year mortgage with the intention of paying it off in 15 years. You'll find other things to spend your money on. Having a 15-year mortgage forces you to pay off your home in 15 years.
Don't pay points on your mortgage, since you're just paying interest up front.
Your house payment should be less than 25% of your take-home pay.

Don't lend to friends. If you must give your friends money, give it as a gift. Loans ruin friendships.
"Wealth will make you more of what you are", whether you're a jerk or a generous person.
"The love of money, not money, is the root of all evil." You have a duty to possess wealth to ensure that it's used properly.

Recommended percentages for allocating your money
Charitable Giving 10-15
Saving 5-10
Housing 25-35
Utilities 5-10
Food 5-15
Transportation 10-15
Clothing 2-7
Medical/Health 5-10
Personal 5-10
Recreation 5-10
Debts 5-10

Anita L. says

This book is great for those who are in debt because of overspending. Unfortunately Dave Ramsey groups everyone in the same category with the undisciplined, regardless of their background. He uses unrealistic examples of people having a mortgage of $50,000, or someone paying $250/month for a small apartment while paying off debt. He uses examples of young people in their mid-twenties making $50,000 a year.

These are completely unrealistic numbers in most regions of the country.

He proudly says that his business is debt-free. Dave Ramsey is not a dentist or a chiropractor or a manufacturing business owner who would need expensive equipment to run his business.

He fails to understand that many people grow up in poverty and are always just barely keeping up with their bills. They may have a mentally ill spouse or child. People face unfair lawsuits, unemployment, death, and other tragedies in life. His self-righteous response is that you should have had your emergency fund in place before these things happened.

Many of us are college-educated, frugal, and self-disciplined. We don’t pay for manicures, we cut everybody’s hair in the family, we don’t buy meat, our vacations are mini-vacations within an hour’s drive from our home, we drive 15-year-old cars, and we live in a small condo.

Perhaps his most arrogant statement is that “there is no excuse to retire without financial dignity in the United States today.”

If you are educated, hard-working, disciplined, and understand how money works, you will waste your money on this book. You can learn a lot more about money and compassion from Suze Orman than from Dave Ramsey. Buy a book by Suze Orman instead.

Melissa says

I read Financial Peace years ago. We tried to live the plan, but looking back we could have done a lot better. The Total Money Makeover takes the same plan and breaks it down into more detailed babysteps. This REALLY works! We've had our $1000 emergency saving account for years now and have hardly had to dip into it because we really think through what an emergency is. Most of the time we have been able to wait a few weeks until the "extra paycheck," tax return or a bonus comes through instead of using our savings. The debt snowball really works. I was amazed when I saw how much money is going toward our last debt! It will only be a few more months to get it paid off. Yes, we did stop retirement for the past year--it was a simple form to fill out at work and only took a couple minutes. The money that was previously in our IRA is still growing, but we're not adding to it right now. When that debt is gone and we have our 3-6 month savings we'll start it up again. What doesn't make sense is having debt when you retire and using your money from your 401K/IRA to pay off the debt.

This book is just common sense in a big way! There is so much peace in being in control of our money and our marriage is so much better because we have GOALS that we plan together.

This book is a great gift for college graduations and weddings! We buy it on Dave Ramsey's website when it goes on sale for $10 a copy.

Update: June 2018.
I wrote the original post Jan 2008. We still follow this plan. We've been debt free for the past 10 years. no credit cards for even longer. My husband started his own company--debt free and has never borrowed money for it. We paid for six vehicles in cash (a "dave" car for my husband, a family can, then a truck to replaced the "Dave" vehicle, one replaced the worn out family vehicle, the others are the high schoolers and a college car. Currently have 4 good running, paid for vehicles). We have paid college tuition, missionary support and cash flowed a wedding. Our only debt is our house. It will get more attention after our children are grown. We've been amazed at what we can do by being intentional and planning large purchases, vacations and

budgeting!

Laura says

Buy it, live it! An amazing system that's not a system--just living within one's means. Worth the investment many times over!

Tonya Aiossa says

I probably should have given this book more than three stars, because it's a good start to figuring out a critical piece of the financial puzzle; getting out of debt. This book is debt-centric, so, if you're in debt, then yes, you really should read this book.

However, while focusing on getting out of debt is a crucially important step of freeing up your income (because if the money you make every month is spent every month, you're not financially fit), there are many aspects of your financial self that are not addressed in this book. And, while Mr. Ramsey would probably tell you that these aspects of your financial self can wait until you're out of debt, I don't think it's wise to procrastinate an awareness of your financial whole.

This is not to say that you should rationalize being in debt and/or put off getting out of it; and Mr. Ramsey has a sure-fire way of doing that. So, to the person in debt, the book does contain a money makeover plan; just not a total money makeover plan.

If you want a money makeover that is total, you can combine this book with others ... or my sister, Taibi, has recommended a book called "Making the Most of Your Money," and she says it is a "total" guide to managing money. I'm going to read it myself, soon, and I'll let you know how I like it.

Other books I would recommend about money; "Money Harmony" by Olivia Mellan, and "Secrets of the Millionaire Mind." I'll post reviews of those separately.
