



# How to Stop Living Paycheck to Paycheck: **A STEP-BY-STEP CHECKLIST ACTION PLAN**

Use this checklist to stay on track down the path to financial recovery. Check off each task as you complete it. If you get stuck, move on to the next task for the time being. Later on, return to finish the un-checked items.

***You can get your financial situation under control!*** Go for it.

## **Step One: Acknowledge Your Current Financial State**

- 1. I know approximately how much money I have.  
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- 2. I know how much debt I have.  
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- 3. I  am  am not living paycheck to paycheck.
- 4. I know the interest rates charged by each of my credit cards.

## **Step Two: Know Your Income Amount and What You're Paying for Each Month**

- 1. List all my monthly income from all sources and add it up.
- 2. List every debt I pay monthly and approximately how much and total them all.

- 3. Subtract my monthly debt total from my monthly income total.

**Step Three: *Cut Excess Spending Today***

- 1. Keep track of all expenses for a 7-day period.
- 2. My frivolous expenditures are for:

Coffee and Other Beverages   Alcohol   Snacks  
Jewelry   Tools   Clothes   Shoes   Video Games  
Books   Music   Eating Out

Other \_\_\_\_\_

- 3. Look at my outgoing monthly expense list I did in Step 2, and select any services or debts I can reduce or eliminate.
- 4. Choose one monthly expense I can completely eliminate and eliminate it.
- 5. Select two monthly expenses I'll reduce. Write down how I'll do it, and then do it.
- 6. Remove all credit cards from my wallet or purse.
- 7. Determine which credit card that has the lowest interest rate and keep that one.

- 8. Write, "For emergencies only" on a sticky note and stick it on the one credit card I now have in my wallet or purse.

#### **Step Four: Start Saving Money This Week**

- 1. Get a jar or container with a lid or a piggy bank to collect loose change and the \$1 bills I put in when I don't have any change at the end of the day.
  - 2. I put my change in the container every single day after work.
  - 3. I take my change container to the bank at the end of the month and deposit all the money into my savings account.
  - 4. I designated the day I will deposit \$5 in the bank (or will place it in my money container if the bank is not nearby).
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#### **Step Five: Begin Paying Off all Your Debt**

- 1. List all my credit cards that have balances, their interest rates, and the total amounts I owe to each.
  - 2. Decide which credit card to pay off first.
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- 3. Once the first credit card balance is paid off, move on to pay off the next credit card.

- 4. Take 50% of the money I placed in my savings account last month to apply toward the credit card I'm currently working to pay off, in addition to the payment I normally make.

### **Step Six: Earn Extra Income However You Can**

- 1. Do an inventory of my skills. List everything I can do.
- 2. Select a few jobs I'm willing to do for pay.
- 3. Write an ad to tell people I'm looking for work. Make it short and sweet. Include my phone number and email address.
- 4. Run my ad in free newspapers and flyers.
- 5. If the elderly are my customer base, call the local independent living facilities to speak to the director about my skills and interest in doing jobs for the elderly. Ask for permission to advertise in the facility.
- 6. Call small business owners I know to tell them I'm looking for work.
- 7. Start earning extra money right away, even if I have to mow lawns and babysit to do it.

### **Step Seven: Save the Other Half of Your Daily or Weekly Savings**

- 1. Keep saving the other 50% of my savings account dollars until it reaches the total amount I need to live for 6 months. Then move it to its own separate savings or money market account.
- 2. Next, save \$500 for emergencies such as refrigerator breakdowns, car repairs and similar issues.
- 3. After that, continue the habit of saving money.
- 4. In the event I receive a pay raise, I'll bank half of the amount of the increase in my savings account automatically. This way, I'm increasing the total amount I save monthly.

### **Step Eight: Design a Budget and Stick to It**

- 1. Find a budget form I like.
- 2. Fill out the budget form or write out my budget on a piece of paper.
- 3. Watch my spending by reviewing my budget and expenditures often.

***Congratulations! You've learned new skills and are practicing stellar financial management!***