The

TOTAL MONEY MAKEOVER

A Proven Plan for Financial Fitness

Dave Ramsey
Denial:  
I’m Not *That* out of Shape

Several years ago I realized I had let my body dissolve into flab. I had worked so hard for so many years that I had abandoned the care of my physical condition. The first step to getting into shape was to realize I needed to change my ways, but the second and equally important step was to identify the obstacles to getting there. What would stop me from getting into shape? Once I understood those obstacles, I began a process to lose weight, grow muscle, and become more fit. Your Total Money Makeover is the same. You need to realize there’s a problem, but you must also see what could hinder your move toward financial fitness. The next few chapters will identify some major obstacles to YOUR Total Money Makeover.

Look in the mirror. Take a long look. What do you see? Suck in that gut; hold up your chest, and really look at yourself. It doesn’t matter how many angles or poses you take, the mirror is cruel. “Well, I’m really not *that* fat, maybe just a little flabby.” My dad used to say that...
90 percent of solving a problem is realizing there is one. Focused intensity, life-or-death intensity, is required for you to reset your money-spending patterns, and one of your biggest obstacles is DENIAL. The sad thing is that you can be financially mediocre in this country, financially flabby, and still be average. And if the truth be known, being average, normal, and financially flabby is pretty much okay by most folks’ standards. This, however, is not a book for the wimpy among us. This is a book about winning, about really having something.

Wound very tight.” That was the best way to describe me when I started listening to Dave Ramsey. I could fast-talk people into thinking I knew how to make money; but the bottom line was, I didn’t have a clue. I was in total denial. Reality was sleepless nights because of “floating” checks in the mail to pay bills and having to run my check to the bank at lunch to cover them. I used credit cards like everyone does. I argued that it was a wise use of my money. After all, it helped me to stretch my paycheck—to the tune of 18 to 29 percent in interest!

Then I hit bottom. Frustration was at its peak, and I knew I was not in control. I had racked up $45,000 in credit-card debt alone!

By following The Total Money Makeover plan, I have reduced that to $24,000 in twenty-four months. That’s an average extra $875 going to kill debt each month! I pay my bills on time now, no more bounced-check reports in the mail, and I sleep like a baby! It took my admitting that I wasn’t in control of my money, that my money was controlling me. I thank God for finding out about Dave Ramsey and The Total Money Makeover. If you think you may be
Don’t Wait to Have Denial Knocked out of You

For several years I have spoken about fifteen times a year to live audiences of two thousand to eight thousand people, teaching them the ideas in this book. After one live event where I spoke to four thousand people, Sara told me that her Total Money Makeover came only after life placed a call to her. She said she had heard me quote the Wall Street Journal as reporting that 70 percent of Americans live paycheck to paycheck, but she honestly thought she was in the 30 percent who were fine. She had financially struck a pose, and the pose was denial.

With two sons from her previous marriage, Sara had just remarried and was happy and secure in her job, as was her husband, John. Their new life together seemed awesome. Their household combined income was about $75,000 per year, with the “normal” debts of a small student loan, a car loan, and “only” $5,000 on a credit card. With life under control and even going well, Sara and John decided their new family needed a new home, so the builder was selected and construction
began. Somewhere deep inside there may have been uneasiness, but it was very deep. Finally the day came when the new home was complete. Everything was going to be fine now, the new family in the new home, the way it is “supposed” to be. In May they moved into the new home, complete with big new payments.

In September Sara’s boss asked to see her in his office. She was excelling at work and braced herself for a big “atta, girl” followed by a nice bonus or raise. Instead, the boss explained her job was being eliminated. “Downsizing, you know,” he said. Her life’s work was cut from her—and $45,000 of their $75,000 income—with the boss’s chilling words. Not only was her pride hurt and her career path cut short, a creeping terror grew deep down inside as she drove home to tell John. That night there were tears, fears, and the sudden stark realization that she and John were financially fat. Suddenly, Sara and her family were facing foreclosure on the house and repossession of the car. The basics of life had become precious.

Sara and John had listened to The Dave Ramsey Show on the radio, but they always thought someone else needed a Total Money Makeover. After all, they always held their stomachs in when standing in front of the mirror. The night after her layoff was the first night they looked in the financial mirror and saw fat people. The sight wasn’t pretty—big house payments, fat car payments, large student loans, bloated credit cards, anorexic savings, and no budget. They saw fat people.

When you are physically fat it is hard to be in denial, because there is the ever-widening belt line. When you are financially fat, however, you can fake it and look good for a while. Your friends and family will

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**IF YOU WILL LIVE LIKE NO ONE ELSE, LATER YOU CAN LIVE LIKE NO ONE ELSE**
participate in your fantasy/denial, which makes you believe you are doing just fine. One of the four major factors that keep people from winning in money by getting a Total Money Makeover is not realizing they need one. Sadly, some of the most dramatic Makeovers I’ve seen have been by people who had life smack them so hard they got the denial knocked out of them, like Sara. If life isn’t smack-ing you around at the moment, you are actually in greater danger than Sara and John the night of the layoff. You are a real candidate for financial mediocrity or even a major crisis brought on by denial, and you have to see the need to make dramatic changes. If you are apathetic because everything seems “just fine,” then you will be unwilling to make the huge changes needed to get huge results.

Mmm . . . Frog Legs

Years ago, in a motivational seminar by the master, Zig Ziglar, I heard a story about how mediocrity will sneak up on you. The story goes that if you drop a frog into boiling water, he will sense the pain and immediately jump out. However, if you put a frog in room-temperature water, he will swim around happily, and as you gradually turn the water up to boiling, the frog will not sense the change. The frog is lured to his death by gradual change. We can lose our health, our fitness, and our wealth gradually, one day at a time. It might be a cliché, but that’s because it is true: The enemy of “the best” is not “the worst.” The enemy of “the best” is “just fine.”

Shocking Stats

80% of graduating college seniors have credit-card debt—before they even have a job!
We were doing just fine in our “glass house.” Talk about denial! We could pay all the bills; we just didn’t have anything left over to save for the future. I work in collections, so I know all the problems from being in over your head. I really began to see how fast people could get into financial ruin. I knew we were headed in the same direction as the people I was trying to collect from. The road to financial ruin is a fast track, we were definitely on it, and I knew we had to get off quickly!

We needed direction. We started The Total Money Makeover plan and got on the narrow road to Financial Peace. We’ll have paid off $11,000 in eight months and are well on the road to debt FREEDOM! It’s amazing how I had bought into the same problems and denial I faced every day on the phone. I’m glad we saw the exit before we traveled too far.

Everyone needs The Total Money Makeover, not just those who are in over their heads. If you’re not paying cash, you’re paying too much. The Total Money Makeover plan gives hope not only to those who are hopeless; but it can give hope also to anyone who makes money. We all need direction on our financial road. So quit denying it!

Kathy (age 47)
and James (age 49) Smith
Asset Recovery Officer;
Maintenance Technician
The Pain of Change

Change is painful. Few people have the courage to seek out change. Most people won’t change until the pain of where they are exceeds the pain of change. When it comes to money, we can be like the toddler in a soiled diaper. “I know it smells bad, but it’s warm and it’s mine.” Only when the rash comes will we cry out. I hope Sara’s story and the others in this book will make you unwilling to stay where you are. If you keep doing the same things, you will keep getting the same results. You are where you are right now financially as a sum total of the decisions you’ve made to this point. If you like where you are, keep it up. Keep in mind, however, why you are reading a book called *The Total Money Makeover*. Is it because deep down you have the same uneasy feeling Sara had but didn’t address until it was almost too late? Are you really looking for something more? If so, I’ve got great news. This plan works! Break through the temptation to remain in the same situation, and opt for the pain of change before the pain of not changing searches you out. Don’t wait for a heart attack to show you that you are overweight. Cut the carbs, the fats, the sugars, and lace up the running shoes now.

The good news about Sara and John was that the financial heart attack they had made them address their financial eating and exercise habits. The layoff was a wake-up call and the end to denial. After a year of very hard times, Sara was able to find a whole new career. Only this time when the checks started rolling in, Sara and John were using this system. Every paycheck became an exciting event because they had a plan. They were financially losing weight and toning up. It wasn’t a quick process, but after following the steps over time, today they are really winning.

Denial: I’m Not That Out of Shape

Few people have the courage to seek out change.
The night I met Sara and John, they were two years into their plan—and smiling. They told me they were debt-free except for their house, and they had $12,000 in the bank just for emergencies. They had broken through their own denial, but they made their family uncomfortable because they refused to live like everyone else. Albert Einstein said, “Great spirits have always found violent opposition from mediocre minds.” John’s dad had made fun of their plan and the extra jobs they took to win. He asked if they had joined some cult or something. Once Sara and John had realized they were the emperor with no clothes, denial was no longer an option. They also realized all they had been doing with money to impress others—but no more.

Sara chuckled as she told me how she used to think: “We must be doing well; all these credit-card companies think I’m creditworthy.” “If I’m getting approvals from all these banks, I must be okay because, otherwise, they wouldn’t want to loan me money.” “Besides, I pay my credit cards off every month. How could I be in any trouble?” “I can afford to buy that car or that furniture if I can afford the payment.” John was grinning now, too, as they both laughed at the language of financially fat people who think they are fine, the language of denial.

As we closed our conversation that night, Sara told me that while she hoped she or John never lost another job unexpectedly, they are ready if they do. “We are no longer living a lie. We know where we are, we know where we are going, and we know how we are going to get there,” she said. She and John wanted to leave me a gift for inspiring their Total Money Makeover, but I assured them they already had.