

## Managing Money in Recovery

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## Managing Money

Being in control of your finances is being in control of your life. When people who are substance dependent are using, the out-of-control lifestyle often affects their finances.

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## Managing Money

How many of the following have been true for you?

- Any amount of money over \_\_\_\_ is a trigger to buy drugs.
- I have concealed money to buy drugs.
- I have large debts.
- I gamble with my money.
- I spend compulsively when I feel bad.
- I frequently argue about money with family members.
- I have stolen to get money to buy substances.

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## Money management & addiction recovery

Money management is one of the most important keys to a successful recovery.

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## Money Issues as a relapse trigger

Money management is directly tied to substance abuse.

Leads to debt - debt leads to stress.

Hopelessness can turn to substance use in order to cope.

The key to avoiding relapse is to understand the trigger and learn how to avoid it.

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## Employment & money management for recovering addicts

Recovery should be 1st priority - it requires focus

Returning to work too early puts people at risk

Finding a job IS a critical step - to rebuild confidence, repay debts, & achieve goals

Steady flow of cash could = drug use

Draw a line between focusing on the positive gains and becoming obsessed with obtaining money

Family can help manage money

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## Employment & money management for recovering addicts

Arrange to pay off large debts in small, regular payments.  
 Budget your money carefully, as you schedule your time.  
 Arrange spending agreements with anyone who shares your finances.  
 Use bank accounts to help you manage your money.  
 Live within your means.  
 Make a savings plan.

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## Shopping to fill a void

Associate money & getting high with pleasure  
 Trying to fill the void once filled by substances with reckless spending

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## Money management tips for addiction recovery

Taking an inventory of assets and debts  
 Learning to separate needs and wants  
 Create a budget  
 Store money in a safe place  
 Take advantage of available resources  
 Use the envelope method  
 Set up direct deposit  
 Maintain close contact with sponsor  
 Learn to speak with friends/family about your triggers  
 Set and keep savings goals

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### Why your credit score matters:

- ▶ Credit scores tell most lenders how likely you are to repay them
- ▶ VantageScore:
  - ▶ Poor - 300-600
  - ▶ Fair - 600-660
  - ▶ Good - 661-780
  - ▶ Very Good - (FICO only)
  - ▶ Excellent - 781-850
- ▶ FICO 8 Scores:
  - ▶ Poor - 300-579
  - ▶ Fair - 580-669
  - ▶ Good - 670-739
  - ▶ Very Good - 740-799
  - ▶ Excellent - 800-850



The image shows two semi-circular charts. The top chart is titled 'VantageScore Ranges' and shows a scale from 300 to 850 with color-coded segments: Poor (red), Fair (orange), Good (yellow), Very Good (light green), and Excellent (dark green). The bottom chart is titled 'FICO Credit Score Ranges' and shows a scale from 300 to 850 with color-coded segments: Poor (red), Fair (orange), Good (yellow), Very Good (light green), and Excellent (dark green).

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### What credit information do most lenders use to make their decisions?



The donut chart is divided into five segments: 30% Amounts Owed, 10% New Credits, 15% Length of Credit History, 10% Credit Mix, and 35% Payment History. The center of the chart is labeled 'FICO SCORE'.

- ▶ If you pay your bills on time
- ▶ How much credit you're using
- ▶ Debt-to-income ratio
- ▶ How long you've had your accounts
- ▶ Other's look at accounts in collections
- ▶ Liens/judgements
- ▶ Credit inquiries not resulting in a new line of credit
- ▶ New lines of credit
- ▶ Types of accounts you are using

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### You can check your report for free

- ▶ Annualcreditreport.com
- ▶ Creditkarma.com
- ▶ Discover
- ▶ Experian.com
- ▶ Equifax.com
- ▶ Transunion.com

▶ You can also monitor your credit for a small monthly fee with any of the top three bureaus.

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## Ways to build your credit

- ▶ Get a secured credit card
- ▶ Get a credit-builder loan or a secured loan
- ▶ Use a co-signer
- ▶ Become an authorized user
- ▶ Get credit for the bills you pay
- ▶ Get financing for a larger purchase

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## Self.inc

Self builder loan  
 Credit card - (must have builder account with \$100 saved and 3 m history)  
 Bill payment and rent reporting services - can add 2 years of past payments \$50

Pricing:  
 \$25 - \$520 saved after 24 months  
 \$35 - \$724 after 24 months  
 \$48 - \$992 after 24 months  
 \$150 - \$3,076 after 24 months

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## Practice good skills

- ▶ Make 100% of your payments on time
- ▶ Keep utilization low
- ▶ Avoid apply for multiple credit accounts close together
- ▶ Keep credit card accounts open

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### Raising your score quickly

- ▶ Paying off any old debts can raise your score 10-50 points per debt
- ▶ Missing even one payment can lower your score by as much as 100 points - so pay all your bills on time.
- ▶ Good mix of credit lines
- ▶ Opening a new line of credit or becoming an authorized user
- ▶ Paying your debts down below 30% of their balance

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### Who wants to be a millionaire?

- How many of you have \$1,000 in a savings account?
- How many of you have 3-6 months worth of living expenses in your savings accounts?
- How many of you have zero debt except for a mortgage?
- How many of you have a 401K or some other retirement plan?
- How many of you know anything about the stock market?
- How many of you have a trading account with the stock market?

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### Baby Steps - Dave Ramsey



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**1 - \$1,000 emergency fund**  
 Save at least \$1,000 in an emergency fund so that you are prepared to pay a medical or automotive deductible- as fast as you can. Depending on how much experience you have saving money, you could be in and out of this step in no time—or it could feel impossible. That's why you need *gazelle intensity*. Dave Ramsey coined the term after reading Proverbs 6:4-5 (NKJV), "Give no sleep to your eyes, nor slumber to your eyelids. Deliver yourself like a gazelle from the hand of the hunter, and like a bird from the hand of the fowler."  
 In other words, when you're in over your head with money problems, you need to work as hard as a gazelle works to run from a cheetah. You need that kind of serious, "run like your life depends on it" action. That, you guys, is gazelle intensity. Save like your life depends on it!

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**5 ways to save \$1,000 in one month**

- ▶ Cut back on spending
  - ▶ Avoid eating out, cut out cable, manicures, unlimited cell phone data, Starbucks, or Amazon prime
- ▶ Sell some stuff
  - ▶ Savings should be more important than having stuff - host a yard sale or sell on FB marketplace, clean out the closet and sell on Poshmark
- ▶ Increase your income
  - ▶ Part-time job, work overtime - "normal" is broke
- ▶ Gather up all your loose change and cash
  - ▶ Gather the money out that old birthday card, the change in your console, look under the sofa cushions
- ▶ Check your tax deductions
  - ▶ Adjust your tax withholding

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**2 - Pay off debt**  
 Get rid of all your outstanding credit card debt or student loans. You don't need that negativity in your life. Debt snowball.

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**BABY STEP 1**  
Save \$1,000 for Your Starter Emergency Fund

**BABY STEP 2**  
Pay Off All Debt (Except the House) Using the Debt Snowball

**BABY STEP 3**  
Save 3-6 Months of Expenses in a Fully Funded Emergency Fund

**BABY STEP 4**  
Invest 15% of Your Household Income in Retirement

**BABY STEP 5**  
Save for Your Children's College Fund

**BABY STEP 6**  
Pay Off Your Home Early

**BABY STEP 7**  
Build Wealth and Give

3 - 3-6 months expenses  
Add even more money to your emergency fund in case you lose your job or discover a medical issue

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4 - Invest 15%  
Invest in your future. You want to be able to retire comfortably knowing that you won't have financial concerns  
401k max  
IRA max  
Other investments

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5 - Save for college  
Send your kids to college and remove the burden of crushing student debt from their shoulders

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6 - Pay off your home  
Hooray! You're officially a home owner!  
Now you just need to pay property taxes  
Additional payments should be specifically applied to the principle

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Build Wealth and Give

7 - Build Wealth & Give  
You can do whatever you want guilt-free!  
Invest in something. Donate to someone. The world is your oyster.

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## Budgeting

- ▶ Step 1 of budgeting is knowing where your money is going
  - ▶ Keep track for 30 days
  - ▶ Log everything
- ▶ Many types of budgets
  - ▶ Envelope system
  - ▶ Excel spreadsheet
  - ▶ Mint - <https://mint.intuit.com/>
  - ▶ Every Dollar app
  - ▶ Rocket Money App
  - ▶ Acorn - rounding up to the next dollar for savings
  - ▶ Oportun (formally digit) - internationalized savings "naming your money"
- ▶ Be intentional with your money! Every penny should have an assignment or a name
  - ▶ Zero-based budget

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## The Envelope System



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## Zero-based budget

- ▶ Doesn't mean you have zero dollars in your account
- ▶ It means you have subtracted all your monthly expenses from your monthly income until the amount left is zero
- ▶ You have given every dollar a job to do!
- ▶ Your zero-based budget is you plan for the month, not just a way to track spending your money on whatever you want
- ▶ If you keep going way over or you're not making progress on your money goals, you really need to buckle down and stick to what you decided you could afford before the month began

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## Numbers you'll need to know



Add up all the money you bring in and put this total at the top of your budget. This includes paychecks, side hustles, residual income, child support and any other cash you expect to bring in. If it's money that comes into your household's bank account, it's income!

**Monthly Income**

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### Numbers you'll need to know



You need to include every expense you'll have for the month. Most expenses will fit into the categories I recommend in this guide, but feel free to come up with your own too!

The best thing to do is to look at your last couple of bank statements and make sure you've included everything.

### Monthly Expenses

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### Numbers you'll need to know



Pull out your calendar as you work through this part. What expenses do you have coming up that you can start planning for now? Christmas is in December every year, so it doesn't exactly sneak up on you. Birthdays, anniversaries and car tag renewals shouldn't surprise your budget either.

For example, if you're going to spend, say, \$500 on Christmas, you'll need to start budgeting about \$40 per month in January. If you start saving in June, that number jumps to about \$70 per month.

### Seasonal Expenses

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### Numbers you'll need to know



You're aiming for zero dollars left in your budget, but it would make anyone nervous to have zero dollars in their *bank account* at the end of the month. Most people leave an extra cushion—anywhere from \$100-300—in their checking account that isn't counted in their income. When you start this process, budget for that cushion and then try to forget it's there. So, your first month would have a line under the Saving category labeled Cushion. You only budget for it once, and every month after, it just provides a small, invisible buffer in your checking account.

### Your cushion

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## Term Life Insurance

- ▶ I know it isn't fun to think about life insurance, but it needs to be a priority. If you were to pass away unexpectedly, how would your spouse pay for monthly expenses without your income? In a time like that, the last thing anyone should worry about is making ends meet.
- ▶ So, how much coverage should you get? A 15- to 20-year term life policy that covers 10 to 12 times your annual income is what you need to take care of your loved ones—and it's actually really affordable. Most people can get term life insurance for the cost of a Netflix subscription (or less!).
- ▶ And even stay-at-home parents need life insurance. There's no one-size-fits-all because every family is different, but a 15- to 20-year policy between \$250,000-400,000 is a general rule. You need to think through what you'll do in three major areas: childcare, education and household duties (if the stay-at-home parent were to pass away). Those decisions might mean you get a bigger policy to cover any extra costs.
- ▶ So, those are the types of insurance you can't afford to go without. But there are some types of insurance you *don't* need. If someone tries to sell you accidental death insurance, mortgage protection insurance, supplemental insurance for medical issues, or whole life insurance . . . run!

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## Learning about the stock market

Best overall: Investors Underground  
 Best for Beginners: Udemy  
 Best value: Bullish Bears  
 Best free option: TD Ameritrade  
 Best for technical analysis: Skillshare  
 Best for day traders: Bear Bull Traders  
 Best for live training: Bulls on Wall Street  
 Best for University training: Coursera  
 Best for emerging/alternative markets: Financial Edge

Others: Investopedia (can look up many articles about topics for free)

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