

# Chapter 2 Exercises

## 1. Big Things

Let's take stock of our major financial commitments by filling out this chart.

Financial Commitment	How much does this cost per month?	How easily does this fit into the monthly budget? (scale of 1 to 5)	How much stress does this cause me? (scale of 1 to 5)	If magically, you no longer had that commitment, how much new-found freedom would you have? (scale of 1 to 5)
Housing				
Car				
Child-Care				
Tuition				
Others:				

Looking down the final column, list what you could do with the extra time that the increased financial freedom would bring you (in terms of career, family, or "me" time). Would you take a yearly family vacation, save up for an MBA, join a gym? Brainstorm here:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

## 2. Little Things

Now, let's focus on our smaller, day-to-day purchases and where we can economize. What could we do with that extra money?

Regular or semi-regular smaller expenses	How much does this cost per month?	How could I cut down on this expense?	How much would this save me per month? per year	What could I do with this extra money (including buying time)
Cable				
Cellphone				
Eating Out				
Coffee				
Others:				

## 3. Bad-Case Scenario Budgeting

Could you get by on only 85 percent of your stable income? If so, you have tons of financial freedom. It can be really hard to get to this point, and the first step is knowing what that number is.

1. What was your total household income last year?

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(If this varies year to year, use an average of the past 3-5 instead)

2. How much of this yearly income can be totally relied upon (e.g., salary from a very secure job)?

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3. Multiply this number by .85:

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4. How realistic is it to pay for all your big, regular financial commitments (that we identified in Exercise 1) with the number on line 3? What can you do to get there? How can you start?