

MONEY GRADES®

FINANCIAL FOUNDATION

1. CASH IS KING = (Total Cash) ÷ (Monthly Expenses)

[# of months coverage]

A	6 months	D	1 month
B	4 month	F	0 months
C	2 months		

2. MINIMIZE DEBTS = (Consumer Debt Payments) ÷ (Monthly Income)

[% of income]

A	0%	D	33%
B	10%	F	50%
C	20%		

3. MAXIMIZE MONEY FLOW = (Monthly Income) ÷ (Monthly Expenses)

[ratio of income to expenses]

A	1.2 to 1.5	D	0.9
B	1.1	F	0.8 or less
C	1.0		

FINANCIAL FREEDOM

4. PAY YOURSELF FIRST = (Monthly Savings) ÷ (Monthly Income)

[% of income]

A	20%+	D	0%
B	10%	F	Buried in debt
C	6%		

5. REDUCE LOAN BALANCES = (Liabilities minus taxes) ÷ (Total Assets)

[% of assets]

A	Under 10%	D	75%
B	25%	F	100% or higher
C	50%		

6. INCREASE MONEY WORTH = (Total Assets - Home Value) ÷ (Monthly Expenses x 12)

[# of years coverage]

A	Over 5 years	D	0 years
B	2 - 5 years	F	What assets?
C	1 year		