

# **THE SCIENCE OF DEBT ELIMINATION™ & THE ART OF PROSPEROUS LIVING™**

## **YOUR ULTIMATE GUIDE TO TOTAL FINANCIAL FREEDOM**

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## INTRODUCTION

The purpose of this course is to show you how to get completely out of debt, quickly and painlessly. We will show you a proven method that works 100% of the time, every time! A method that will allow the average American to reach this goal(including the debt on their home mortgage) in as little as 5 to 7 years. All you have to do is follow the instructions in this course and you will soon find yourself out of debt and well on your way to financial freedom and wealth.

This course will show you how retail businesses and advertisers have installed the “buy now, pay later” mentality into consumers and use it against us to trap us under huge mountains of debt that 97% of Americans will never be able to overcome, despite the fact that many of us will make well over one million dollars in our lifetime.

Our course will show how all money lenders (whether it be your local bank, your mortgage company, a car dealership, etc.) make their fortunes from YOUR debt. Huge sums of money that is coming straight out of your pocket and going directly into theirs. Money that could be used to make you extremely wealthy will instead (without this course) continue to make them filthy rich. In essence, the strategies revealed in this course are something retail businesses and money lenders do not want you to know about and they certainly don't want you to apply them.

Contained in this workbook are various lists, graphs and charts that will enable you to list your own specific debt, goals, etc. All of these things will be crucial to your overall success in eliminating debt and compiling wealth. It will help you establish the order in which to eliminate each debt so you can reach your debt free goal in the minimum amount of time possible, and then it will show you what you will need to do to build the amount of wealth you desire.

# **CHAPTER 1**

## **THE SCIENCE OF DEBT ELIMINATION**

# CHAPTER 1

## “THE SCIENCE OF DEBT ELIMINATION”

This chapter will show you how you can become completely debt free (including paying off your mortgage) using only your existing income and without altering your existing lifestyle. When asked, many people will tell you that they understand how money and compound interest work, but do they really?

You see, your money is either working “for” you or “against” you. The compounding interest over long periods of time can either be used by you to acquire a great deal of wealth, or cause you to pay many times more for something than it actually costs and certainly much more than it will ever be worth.

Debt is nothing more than a state of mind, it’s a mentality. All of our lives we have been programmed to believe that living the American Dream is to live in a nice home with nice furnishings, drive a nice car, go on yearly vacations and have all the little “extras” life will allow us, even if this means being in debt up to our eyebrows. Advertisers tell us to “buy now, pay later” so we can live the American Dream to its fullest.

People who take this advice are living nothing more than a “rented” lifestyle and to continue to live this way is costing them dearly. Their house is mortgaged, the car is leased (or financed), the home furnishings, yearly vacations, and any of life’s little extras are merely (and continuously) added to credit cards.

This pile of debt keeps growing and growing with no end in sight and creditors keep you “hooked” (much like a drug dealer keeps their customers hooked on drugs) by offering you more credit. What all these creditors fail to tell you is that for luxury of borrowing money from them it is going to cost you many times more than what you actually borrowed in the first place and that your hard earned money is working to make them rich, when in fact it should be working to make you rich.

People develop a very nice lifestyle by using credit but in the process they literally mortgage their entire future, meanwhile getting further into debt until there is no way to get out. The majority of households in the United States are one or two paychecks away from bankruptcy, and that's not the bad news. The bad news is that 97 out of every 100 people will retire with less than \$200 to their name after working all of their lives and generating over 1 MILLION DOLLARS in income.

Now even though it may not seem like you could ever make that much money in your lifetime, the simple fact of the matter is that a very high percentage of Americans will actually make much more than this. If you don't believe me sit down with a calculator and figure it out for yourself.

Let's say a person works from the age of 18 until they are 58 and they have an average over those 40 years of \$25,000 per year. That my friend is 1 million dollars. Now, \$25,000 a year is a very modest income and in this example we're assuming that this person will get to retire early at the age of 58.

Think about a person who works from 18 to 65 years of age and makes an average income of \$40,000 per year. My calculation tell me that is \$1,880,000. That's right, almost 2 million dollars! Now granted, most people are not going to make \$40,000 a year when they are 18 years old, but statistically a persons income increases each year as they progress in age so we are using \$40,000 as a yearly "average".

Now considering in this day and age that most households have two incomes from both the husband and wife working, let's do an example where both are earning (on average) \$40,000 per year over their working lives, that is a whopping \$3,760,000 (that's 3 million 7 hundred and 60 thousand dollars)!

You may be saying to yourself, "a couple with that kind of lifetime income must be in the 3% of Americans that retire with a lot more than \$200 to their names", but guess what? This is exactly the kind of couple that ends up in the 97% of virtually broke retirees!

Where does all of this money go? How in the world can someone make this much money and retire with only \$200 to their name? It makes me sick just to think about it. It's all because people get themselves into debt with this "buy now, pay later" attitude and it ends up eating away their entire life savings. This tells us that people are living well beyond their means.

Prior to the 1950's less than 3% of Americans had mortgages on their homes, this means that 97% of Americans were paying cash for their properties. They were spending only what they could actually afford! That sounds "odd" doesn't it? Spending only what they could "AFFORD"! It was about this time in history that banks and lenders started getting smart, they started selling people on the idea that they could actually have a much nicer and bigger home by borrowing the money and paying it back over a long period of time, say 30 years.

It was no longer, “how much can you afford to pay for this house”, but rather, “how much can you afford MONTHLY”. Let me give you a good example of what I’m talking about.

I have a very good friend who happens to be a Realtor, he knows that I’m not in the market to buy a home but being the salesman that he is; he periodically persuades me to go look at a home or two that he thinks is “my style” of home. I take him up on his offers to show me these homes for two reasons: 1) I have the will power to say no to his sales pitch, and 2) I always like to go look at beautiful homes just for the fun of it.

Anyway, on one particular day after he had shown me a couple of beauties, I merely relayed the message that both of the homes were way out of my price range and he actually said to me, “you really don’t even need to think about what the asking price is, you just need to be concerned with the MONTHLY payment.”

This is a friend of mine and what he is basically telling me is, “buy one of these great homes now and live in a card board box when you retire”! I don’t hold this against him because he is merely using the sales pitch that he has been trained to use. He doesn’t realize what he is saying, but isn’t that something, this is what our society has been reduced to.

Shortly after banks and lenders started giving home loans they got even smarter. They realized how much money they were making over the long haul and said, “if we can make this much on a home loan why not start loaning money on EVERYTHING?” Over the years, since the 50’s, they have done just that and have slowly but surely incorporated loans into every aspect of life and 97% of us are paying the ultimate price, financially speaking of course.

Another reason people get into debt besides credit is their spending habits. I was recently asked by a friend to help her figure out why she was always broke. She assured me that she had kicked the credit card habit and owed nothing on her cards. She was working on paying off her last debt (her car), but nevertheless, she still didn’t have any money left at the end of the month. I told her even before sitting down with her that she was probably spending a lot of money each month on small frivolous things that could be eliminated easily with better spending habits.

Sure enough, we took a look at what she had spent the previous month and after paying all her bills and expenses, she had spent over \$300 on things she could have easily done without. Every month she had been spending \$5 here and \$10 there on things that she really didn’t need. She was just spending money at will, not ever thinking about the consequences of her spending until her money had run out before her month did, and by then it was too late.

She would then turn to her credit card for help, she didn't want to but she HAD to in order to pay the REAL bills, the ones that keep a roof over her head and food in her stomach. I told her that if she kept up this kind of spending habits, not only would she be broke all the time, but ultimately she would end up back in very deep debt.

So you see from this example that between our terrible spending habits, the banks, lenders, and credit card companies keeping our credit addiction fueled, we cannot seem to get ahead. The very sad conclusion is that we are doomed financially unless we change our ways.

For those of you who think that good old Uncle Sam is going to bail you out of retirement, think again. Better yet, to find out how much your Social Security benefits will be call 1-800-772-1213 or visit your nearest Social Security office to obtain a "Personal Earnings and Benefits Estimate Statement" (form SSA-7004). Complete the form and mail it to Social Security and you'll receive a yearly breakdown of salary that has been credited to your account and an estimate of benefits when you retire or become disabled.

I think you will be shocked at your findings, and don't forget, the further we get into the future the less and less these benefits will amount to and at some point (probably within many of our lifetimes) it is estimated that Social Security won't be around at all!

Also, another old standby that is almost non-existent today are company pensions. The days of working your entire life at the same company and then receiving retirement benefits are all but gone. You see it happens day in and day out, companies are downsizing or merging with other companies and hundreds and thousands of people losing their jobs. So for those of you who think you've got it made at your present job, think again!! Job security or should I say, the "lack of" job security is at an all-time high. The absolute bottom line is that you have to start depending on YOURSELF for your financial future.

It is time we reprogram ourselves with information that will allow us to become completely debt-free and financially independent. The first thing you need to do is wage war on ALL debt. From now on debt is your enemy. There is only one debt that is not completely bad, and that is your home mortgage.

The reason I say it is not "completely" bad is because having a mortgage is actually better than throwing your money away on rent. It is the ONLY thing you can justify taking a loan on or going into debt for. Don't get me wrong, if you have the cash, by all means use it to buy your home. The ones that do most, likely don't need any tips on debt reduction!

Buying a home is a tremendous investment and is probably one of the few things you will purchase in your lifetime that will actually "appreciate" in value as opposed to depreciating in value. The loan interest is tax-deductible so it does make sense to go ahead and buy now, even if you have to take out a mortgage to do it.



If you are renting right now or have rented in the past, look back and see what you have to show for months or years of paying that monthly payment, that's right, you don't have anything to show for it and you're out thousands of dollars. So get out of renting just as soon as you can. I realize not everyone is in the position to get a home loan but if you can, by all means do it. If there is absolutely no way for you to get a home loan at this time, don't worry, we'll help you get out of debt and put you in the financial position to change that.

Now, even after having said this about going out and getting a home loan and a mortgage, I still want you to understand that "all" debt (even a home loan) is still "bad" debt (see the Mortgage Manager™ brochure for details on why mortgage debt is still basically bad). We will show you how to pay off your home loan as quickly as possible so once again your hard earned money will get back to making you rich instead of your creditors.

If you don't have a home and are looking to purchase one there are a few simple rules to remember when house shopping. First, don't buy the most expensive house in the neighborhood, it is wiser to buy one of the least expensive ones and allow the others to bring your property value up. Second, if you've found a house and are serious about buying, make sure to have it inspected first. There is nothing worse than moving into your new home and then spending thousands more on repairs.

Third, it is not a good idea to pay the initial asking price for a house right away, you should bargain a little first. It is rare that a seller will start off by asking the price that they actually want for the house. They usually start out high just to see if they can get more money than they want. This is smart because many times it works, so don't let your love for the house interrupt the business at hand. Offer them a lesser amount, they in turn will either counter offer or agree on the price you offered.

If the seller refuses to budge on the price and you know that the house is probably worth what they are asking for it, you should still bargain for something extra. For example, maybe they plan on taking the window treatments with them, see if you can get them to include these things with the house. Just remember, it never hurts to ask! When bargaining for my second home; I not only got the seller to come down almost 10% from the asking price but I also got them to throw in one of the two refrigerators that they were initially planning on taking with them. Keep in mind that everything is negotiable.

Now that we have established a few ground rules for you to go by when shopping for a home, let's get back to the heart of the matter, which is ridding you of all debt.

### THE SECRET TO ELIMINTAINING ALL DEBT

Getting completely out of debt is really not as hard as it may seem, it merely takes discipline. Here is how it works. You first need to sit down and write out all of your debts. This includes credit cards, car loans, mortgage, etc. Any loan that you have to pay interest on each month, write down. An example is listed below:

1. Visa
2. Mastercard
3. American Express
4. Discover
5. 1<sup>st</sup> Car
6. 2<sup>nd</sup> Car
7. Installment Loans (appliances, school, furniture, etc.)
8. Mortgage
9. Etc., Etc., Etc.

On page A-1 in Appendix A of this workbook, you will find a worksheet titled “The Order In Which To Pay Off Your Bills.” You will use this sheet to help you get all your debt down on paper.

The next step is to decide which loans you want to “terminate” first. Follow the instructions on this page to accurately figure out which debt needs to be eliminated first, second, third, and so on. After you have a chronological order in which to pay off your debts, you are ready to set up a plan of attack on how to eliminate all debt while using only your existing income.

This is the hardest part to discipline yourself to do, but remember, if you don’t commit yourself to this action now, you will forever be faced with a mountain of debt and never reach financial freedom. This may sound cruel but it is a cold hard fact of life and one that you must deal with starting right now!

You will start by taking a figure that is equal to at least 10% of your monthly income, or as close to 10% as you can get, and use that toward paying off your first debt. This is known as your Debt Elimination Margin.

Okay, now you’re thinking, “wait a minute, I don’t have one last dime to spare from my income, how do you expect me to use 10% of it to pay toward my debt?” The answer to this is simple, go to the worksheet titled “Where To Find Your Debt Elimination Margin” on page A-2 and A-3. On page A-2 you will list all of your income and on page A-3 you will list all of your expenses. From the table on page A-3 you will be able to find the “extra” money to use as your debt elimination margin, which should be somewhere close to 10% of your monthly income (this will be determined on page A-2).

Okay, here is how you apply your “Debt Elimination Margin.” Let’s say, for example, that you make \$2000 per month and you are able to use 10% of it to pay “additionally” toward your debt. Ten percent of \$2000 is \$200. Add this \$200 to the minimum balance due on the first debt you want to pay off (see column 5 on page A-1 for debt pay off order).

Let's say your Visa card is first on the list and it has a minimum monthly payment of \$20. You will pay \$220 (the \$20 minimum plus your \$200 debt elimination margin) each month to that card until it is paid off. In the meantime you will pay the minimum monthly payments on all other debt. Once this first debt is eliminated you will then have \$220 to put toward your next debt. That is the \$200 (debt elimination margin) you started with, which is 10% of your monthly salary, plus the eliminated minimum monthly Visa Payment of \$20.

Now let's say your Mastercard is next on the list and the minimum payment is also \$20 per month. Take the \$220 and add it to the Mastercard minimum of \$20 and now you would be paying \$240 toward this credit card each month. You will do this until this card is paid off.

You will now have \$240 to put toward your next debt. Remember, while you are using your debt elimination margin to pay off each debt one by one, always pay the monthly minimum payments on all other debt so you do not become delinquent on them and incur even more costly fees.

At this point let's assume you have now paid off all of your debt with the exception of your car payments and mortgage. Let's say you have two car payments at \$350 each. You will now add \$240 to one of your \$350 car payments and do this until that car is paid off. Now you have \$590 to use toward your second car payment.

Put this \$590 with that \$350 payment and in no time this car will be paid off. You now have \$940 that you can apply directly to reducing the principal balance on your mortgage. Take this \$940 and split it in half and that gives you an extra \$470 you can be paying biweekly to help pay off your mortgage early.

The brochure located in this package explains the Mortgage Manager™ biweekly payment service, will give you more information on why it is so important to pay off your mortgage on a biweekly schedule, instead of the normal monthly payment you are now making.

If you have a mortgage and are not already on a biweekly payment schedule through the Mortgage manager™, you should definitely enroll for that service before you do anything else. This way you will already be reducing your mortgage debt while you're in the process of paying off your other loans. For more information, go to [www.themortgagemanager.org](http://www.themortgagemanager.org)

Once you've paid off all debt (including your mortgage), you will then be able to establish a self funded savings program. Let's say the mortgage payment that you eliminated was \$1000. This coupled with your previous debt elimination margin of \$940 now gives you \$1940. Now that you have no more debt you can start investing this money.

Mutual Funds are an excellent place to invest money without having to be a "Wall Street Wizard" and past history has shown us that you can expect a pretty decent return of about

10% to 12% on just an “average” Mutual Fund over a period of time. Many Mutual Funds earn a great deal more than this. An Average of 18% per year is not uncommon at all. I will go into further detail on this and other types of investments later on.

By utilizing a debt elimination margin with this debt elimination method, by the time you would have normally paid off a 30 year mortgage and no savings to show for it, you could now conceivably have hundreds of thousands or even millions of dollars saved up (see the chart on page B-1 to figure up how much money a couple of thousands dollars invested each month over 15 or 20 years will earn you).

Review the chart on page B-1. Now you understand why it is so important to your financial future for you to utilize the “Science of Debt elimination” and allow it to assist you in reducing your debt to zero. You can start allowing your money to work WITH compound interest to earn YOU money, instead of allowing this compound interest to work for your creditors and against you.

The quicker you get out of debt the better. We’ve already shown you how to accomplish this by using your debt elimination margin, which you will get by reducing some of your monthly bills to free up the 10% you need to pay toward your debt reduction. Other portions of this manual will explain a tremendous business opportunity that can allow you to generate added income. You can use this added income to reduce debt even faster.

#### WAYS TO RAISE DEBT ELIMINATION MONEY

At this point you should have already reviewed page A-3 which will help you establish your debt elimination margin by cutting monthly expenses. The information that follows in this section will not only expand on how to cut down some of your monthly bills (mentioned on page A-3) but will also offer other suggestions on even more ways to cut expenses that will help free up extra money to put toward your debt.

The ideas, methods, and suggestions that follow are merely FYI (For Your Information), how you use this information is totally up to you. Since it is my job to make sure that you become debt free and financially independent as soon as possible, I want to let you know about every possible method you can use to battle your debt. I know that financial debt can be unbelievably stressful (believe me, I’ve been there) and sometimes even unbearable. I know that, if you are like I was, you will want to get out of debt as soon as possible by using every method at your disposal.

#### GARAGE SALES

One of the easiest ways to raise extra money is to look at everything you own and decide whether you really need it or not. There may be many things lying around your home that you not only don’t need, but you’ll also probably never use again. Have a garage sale, not only are you doing yourself a favor by getting rid of a bunch of junk (remember, one mans junk is another mans treasure) but you will also be raising debt elimination

money. I'd be willing to bet that you could pay off a credit card or two right away simply by selling unused and unwanted "stuff".

While you are getting ready for your garage sale think back to how you got all of this junk in the first place. Stop spending money on things you don't need or things that you aren't going to use very often. If you need a rototiller to plow a garden don't go out and buy one, just go down to your local Rent-All and rent one.

If you live in an area that only gets a few snows during the year and you don't want to shovel it, instead of buying the biggest, best (and probably most overpriced) snow blower you can find, pay a neighborhood kid a few dollars to do it for you. You will find that you can probably pay a kid to shovel your drive up until he ahs his own kids for what you would pay for something you will rarely use. Now, don't get me wrong, if you know for a fact that you will use something and get your money's worth out of it, then buy it, but think before you purchase.

## VEHICLES

What about your car situation? If your family has more than one car, do you really need more than one or could you sell one and use that money for debt reduction. Okay, maybe you need all the cars you have but do you really need those particular cars? Perhaps you could sell them, pay off the loans, and then turn around and buy less expensive ones. At this point you might not be able to pay cash for them but by reducing the cost of the car you are also reducing how fast you will pay them off which will make the day you become debt free that much closer.

## MEALS

There are a few more "obvious" things you can do to that really won't affect your life style that much but can really add up to some substantial savings. If you go out to lunch every day of the week, try cutting back. Take your lunch two or three times a week instead, it will not only save you a few bucks but it will probably be much healthier. As a matter of fact, if you start making more nutritious lunches at home and take them with you everyday, you'll be amazed at how much money you will save and how much better you will feel physically.

The same thing goes for dinner. If you are used to going out once a week to a nice restaurant, cut that down to once a month. It is much cheaper to go to the grocery store and make more meals at home than it is to eat out.

When you do decide to eat out, use coupons whenever possible and try to avoid ordering things that have a high mark up. For example, soft drinks and other beverages are one of the most inflated things you can order when you go out. Most of the time I order water to

drink when I'm at a restaurant because I just can't fathom the idea of paying two or three bucks for something that is costing the restaurant a couple of cents.

Also, avoid ordering appetizers or desserts with our meal. After all, why spend the extra money for these things when the main course will be more than enough to fill you up, especially if things like soup, salad or bread are included with your meal.

I don't know how many times I see people leave their tables with a half plate of salad and a full basket or bread sitting there. What a tremendous waste of money, not to mention food. When I was a youngster my dad always said, "always finish all the food on your plate because there are people in the world that are starving for that food." Now that may sound old fashioned, but it's true.

You'll have some people tell you not to fill up on things like bread or salad due to the fact that it will ruin your meal because you will be too full to eat the main course when it gets there. Well, I say eat as much of the cheap and free stuff as possible and then if you get full on the main course, take the leftovers with you. By doing this you create another meal for alter without cost.

## GROCERY STORE

While we're on the subject of food, here is a few more helpful tips to earn you more debt elimination funds. Try to avoid buying food at convenience stores or gas stations, the prices for these types of items are outrageous. When you go shopping at the grocery store, make a list before you go and stick to it. If you get caught up in buying "impulse" items you will always spend much more than you had budgeted.

When buying certain items that have the exact same ingredients such as salt, sugar, aspirin, flour, peanuts, pecans, walnuts, honey, baking soda, distilled water, corn starch, molasses, etc., always buy the generic brand, unless of course you enjoy spending premium prices for fancy packaging or because you've seen the "cute" commercial on television for a particular "brand name" item. You will also want to purchase the "store" brand name items as often as possible because many times they are much cheaper than the "over advertised" brand name items, and normally they're just as good.

If you've got a "green thumb" why not plant a garden? You'll get some exercise and have healthy food to eat in no time, not to mention the most important thing, which is that you will save money at the grocery store. Okay, so maybe planting a garden isn't your cup of tea, at least you can save money by knowing the best time of year to shop for certain items. Let me give you some examples of vegetables and other perishable items and the best time of year to purchase them.

The best time to buy salmon, corn, peas, tomatoes, watermelon, beets, radishes, apricots, peaches, pears and plums is in the summer months of June, July, and August. If you want pumpkins, bananas, squash, cauliflower or chestnuts, the best time to buy is in September, October and November.

The Winter months of December, January and February offer bargains on potatoes, broccoli, poultry and apples as well as cranberries and grapefruits. In the Spring months of March, April, and May you will find discounts on such things like grapefruit (carried over from the Winter months), turnips, pork, cucumbers, beans, artichokes, and strawberries.

Of course the best way to save the most money at the grocery store is to get discounts on as many items as you can, and the best way to do that is to have a coupon for everything in your shopping cart.

### VITAMINS

Here is a subject that always causes controversy but one that I personally take a solid stance on. Don't waste your money on vitamins, unless of course you have some kind of nutritional deficiency or have been advised by your Doctor that you should be taking some. Almost all nutritionist agree that the normal average person gets the needed quantity of vitamins and minerals simply by eating a balanced diet. In other words, the chances are that if you're taking vitamins you are probably wasting your money for very little or no beneficial purposes.

### MOVIES

If you are used to going to a movie once a week, why not cut that down to once a month, or better yet, instead of going to the movie theatre and spending an arm and a leg on popcorn, soft drinks, candies, etc., you can rent a movie. If you're a big movie fanatic you can save a substantial amount of money over a very short period of time by staying home with a rented movie and eating snacks that you bought at the grocery store instead of at the movie theater.

When you do venture out to the movie theater go on a day and time when the theater is offering discounted tickets. Many afternoon showings are classified as "matinees" which offer substantial savings and there are certain days of the week when tickets are reduced because business is slow and the theater wants to attract customers, so be smart and check out the times and dates when you can pay less.

Also, many areas have theaters that show films for as little as a buck "all the time." Of course you are not going to see the newest releases but this is even cheaper than renting a movie. Just remember to eat before you go so you don't end up spending your savings on snacks.

### TELEVISION, CABLE AND SATELLITE SYSTEMS

Speaking of movies, our lives seem to revolve so much around the television nowadays that people forget that they are spending hundreds and sometimes thousands of dollars

per year on it. Remember the days before cable when television was actually free. People that are 20 years old or less probably don't even know this,

Yes boys and girls, there was a day when you flipped on the old TV set and it didn't cost you a dime (except for the electricity of course). Sure there were only 3 or 4 channel's, but back then that seemed to be good enough for everyone. Oh how technology changes things! Now we have access to hundreds of channels through cable TV and satellite systems that deal with just about every subject you can think of.

If you want to listen to music and watch music videos you turn to MTV or VH-1, if you want to learn about the past you tune into the History channel, if you like animals you can flip over to "Animal Planet," if you're news nut, you turn to CNN and the list goes on and on and on.

The only problem with this is that for basic cable you're spending around \$30-\$40 per month and if you want to be privileged enough to have the movie channels at your fingertips you can easily double that figure. So if you are really serious about getting out of debt and you don't think you have any debt elimination funds, you might start by discontinuing your cable service (at least until your debt free).

Now I know what you're thinking, "this guy is one brick shy of a load, what am I going to do without my precious cable?" Believe me, there are many things besides television and movies that can keep you and your family entertained. Let me give you some examples.

## BOOKS

Whatever happened to the days when we curled up in a nice cozy chair with a good book. There are thousands upon thousands of good novels for our entertainment and I think that you will agree that a novel is almost always better than the subsequent movie. The best part is that you don't have to spend one penny on these books, you simply need to make a trip to your local library. Besides novels you will also find informational books on all kinds of subjects. If the saying "knowledge is power" has any substance at all, then you gain unlimited power by spending more time at the library.

Libraries offer much more than just books, you can also get video tapes, audio tapes, compact disks, etc. on various subjects. The bottom line is that the library is full of free things to keep you and your family entertained. Look at this way, the more time you spend doing something free the less time you will have to spend money.

## MUSEUMS

What other free entertainment possibilities come to your mind? I think back to my childhood when we used to take field trips to museums and other historical sites. Not only do you learn some very interesting things but you also get to see some of the most wonderful exhibits ever displayed. Sometimes there is a cost involved for these type of



excursions, but often times you can get free passes. Where can you get these free passes? Check your local library (of course)!

## TRAVEL

The next time you and your family go on vacation or trip, instead of spending money on airline tickets why not drive? Or, if you're like me and despise driving a vehicle for long periods of time, you can take a bus or train. Then when you get there, instead of spending money on a hotel you can rough it. That's right, do some camping. Do you realize how much money you can save when you go on vacation by camping rather than staying at a hotel? You do not only get close to nature but you will take in some of the most breathtaking sites you will ever see.

## LONG DISTANCE

One great way to cut spending and save money is to use the vicious advertising techniques of various competing companies to your benefit. For example, phone companies are constantly trying to take each others business by offering lower rates, discounted fees and so on. When one of these companies offers you a better deal and offers to switch you for NO cost, then by all means switch.

Then when one of the competing phone companies offers an even better deal, switch again. You might find that you are constantly changing long distance companies in the meantime you will also be enjoying the lowest possible rates while watching your phone bill continuously shrink.

## CLOTHING

In the clothing department there are so many ways to cut spending without you or your family members having to look like hobo's. Let's face it, your financial situation is much more important to you and your child's future than making sure that either of you have the latest "name brand" apparel.

You can find a pair of athletic shoes that looks and wears just as good as the one's Michael Jordan wears at about 1/5 the cost, and why pay \$250 for a pair of Oakley sunglasses when you get a pair that looks just like them and serves the exact same purpose for a few bucks? After all, you're most likely going to sit on them or lose them anyway.

I know this from experience, at one time I had a pair Oakley sun glasses and made the mistake of taking them to the lake on vacation. Sure enough, I accidentally dove into the lake with them on and when I came up to the top of the water, my Oakleys were gone. I might as well have thrown \$250 in cash in to that lake, it would've amounted to the same thing.

Shying away from name brand apparel goes for shirts, pants, shorts, dress suits, etc. Hey, I like wearing thousand dollar Armani and Hugo Boss suits just as much as the next guy, but when I was in debt these name brands were not even in my vocabulary. Now of course, things have changed for me and they will for you too, but as long as you're in debt this is simply a luxury you cannot afford. Sacrificing now will enable you to splurge later.

If you simply must have name brand apparel there is no one way to get it without paying the tremendous mark ups that many retailer's charge. You need to find factory outlets or some kind of discount clothing stores. These stores cut out the middleman and thus can offer their clothing at tremendous discounts.

The absolute best place to buy clothing at the lowest prices is at "Goodwill" stores or other similar stores that can be found in every city under various names. People donate clothing to these stores and they in turn sell them for a fraction of what they would cost at your local shopping mall. I have a friend that buys almost all of her clothing at these types of stores.

I would estimate that she spends about \$100 for every \$1000 worth of clothing she buys. That, my friend, is "smart" shopping and the great part is that you cannot tell the difference in her clothes from those of her friends that spend 10 times more for virtually the same thing.

Other stores that offer big discounts are "Half-Price" and "Army-Navy Surplus" stores, as well as stores that buy in volume thus lowering the price to the consumer such as "Marshall's," "T.J. Max," and "Burlington Coat Factories."

Also, what about clothing that is "less than perfect." Many times you can find sales on items that have the slightest flaw and the store marks them down as much as 50% and more. Most of the time the imperfection is so small that you wouldn't even know there was one if the piece of clothing weren't in this type of sale.

If you get home with an item you purchase and decide (for whatever reason) that you don't want it, then by all means take it back and get a refund (providing of course that a refund is offered on that specific item). Don't let it lie in your drawer and collect dust, that is like wasting cash that can be used to eliminate your debt.

This goes on for gifts too. If someone gives you something that you know in your heart you will never wear, return the item and get the cash. Otherwise, you may as well tell the gift giver that the next time instead of buying you a present, they might as well just throw their money out the window, at least that way it will be doing somebody (whoever finds it) some good.

In order to make your clothing last longer wash them as little as possible. Now I don't expect you to be unsanitary or wear the same clothes until people start handing you money thinking that you must be a homeless person, but use common sense.

If you ever wear a clean shirt to Sunday Church services and then come home and take it off immediately afterward and it still smells like it just came right out of the dryer, then instead of throwing it in the clothes hamper, hang it up and wear it again some other time before washing it. Also, don't wear good clothing to do your chores in, not only do you take the chance of tearing or ripping them but you may get stains on them that you can't get out.

## UTILITIES

While we're on the subject of laundry, you can save a lot of money on your monthly utility bills by doing (or not doing) some very obvious things around the house. When doing laundry try to do full loads at all times, but if you are forced to do just a few items, make sure you set your washer on the lowest water level possible.

Also, by washing all your clothing in cold water you use about 1/8 the energy that washing in hot water would take. Again, if you simply must wash certain things in hot or warm water make sure you set your machine for the rinse cycle to be in cold water. Some washers do not have this ability but if yours does, then by all means use it.

The same goes for your dishwasher. I have heard of people who actually run their dishwasher after each meal, regardless of whether it is full or not. This is ridiculous to say the least. Run it only when it is full and for those of you who have a brand that offers energy saving options, such as allowing the dishes to air dry instead of heat dry, then use them.

You can additionally save on your water bill by regularly checking your faucets, toilets, etc. How many times have you gotten a water bill that was unusually higher than normal, only to find out that you had a slow leak somewhere in your plumbing. These slow leaks add up to a lot of money, usually much more than it would cost to fix the problem, even if you have to hire a plumber to do it.

Which brings me to another point; on any of the things I mention in this section of the manual, that you can do yourself, that have to do with repairs, servicing, or just plain upkeep around your house, on your cars, etc., you should do. Hiring these things done can be very, very expensive and can literally eat up your income in a short period of time.

If you do need to hire them out, then make sure to get several estimates and more importantly, several references. A cheaper estimate may also bring a cheaper quality of workmanship and that can lead to more repair bills down the road, so the lowest price may not always be the best bargain.

Another way to save water for those of you who have an automatic sprinkler system in your yard is to water your lawn only when it needs it. Again, this sounds so obvious that you probably are wondering why I'm mentioning it, but you would not believe how many times I wake up in the morning and it will be absolutely pouring rain outside and I will

look out the window and see sprinklers running in various yards throughout the neighborhood. I hate to say it but my neighbors may as well be shooting money out of their sprinkler heads instead of water.

There are devices you can buy that can help save on energy around the home, for instance, you can put timers on things like your outside lighting so that the lights come on at a certain time and shut off at a certain time, so you don't have to worry about forgetting to shut them off each night before you go to bed.

You can put "slow flow" shower heads on your showers that regulate the flow of water that will allow you to save a good chunk of change over time and you most likely won't even notice the water pressure difference.

## MAINTENANCE

Maintenance and upkeep around your home is very important and unfortunately I've learned this the hard way on more than one occasion. If I would have painted my house a couple of years sooner than I did I could have avoided costly repair bills to damaged wood around my windows and doors. So if you're thinking of putting off maintenance, think again, whatever you are delaying will only get worse and cost more!

Another good example of this is gutter cleaning. If you allow your gutters to fill up with leaves and crud, it can cause things like water damage to your basement because the water cannot flow normally along the gutter and down the down spouts and away from your house. It ends up draining straight down to the ground and along your basement wall and that leads to trouble.

If you are in the market for a new appliance make sure to buy one with a "high energy efficiency" rating. In this day and age, the cost for these more efficient models are really not that much more expensive. If you do have to spend a little extra, you will save that money on your utility bills in no time.

When a television is not in use turn it off. Again, this sounds obvious but it is something that you sometimes do not think about. How many times do you walk into a room to find a TV blaring and no one is watching it? I used to have 3 to 4 televisions going at one time because if I had to leave one room to go to another, I didn't want to miss any part of the show I was watching. I also like to lay in bed and watch TV. The problem with that is that I would end up falling asleep and the TV would get left on all night. Easy solution, I set the sleep timer. I know usually 30 minutes after I am in bed, I am out, so I set the sleep timer for 45 minutes.

I found out that it costs anywhere from 50 cents to \$1.00 of energy per hour to run one television set. That means I was spending around \$8.00 to watch a 2 hour movie. Now I have learned to watch one television at a time and if I have to go to another room, I wait until a commercial.

Also, make it a habit to turn off all other things that use electricity such as lights, fans, etc., when you leave a room. Leaving these things on when no one is using them is draining your wallet for no reason.

In the months that you are running your air conditioning or furnace make sure to always close the door behind you when you enter or exit your home. I think we've all been asked the question (probably by our parents), "were you born in a barn?" To tell you the truth, I've never really understood that saying, but I know that it means SHUT THE DOOR! There is no use cooling or heating the great outdoors.

There are other ways that cold air and heat escape your home besides leaving windows and doors open, and that is due to air leaks around the windows and doors. Many times you can get weather stripping to put around these areas and that will fix the problem. Other remedies might include caulking or insulation. Someone at a local hardware store could always help you troubleshoot.

You should sure to have furnaces and air conditioning units, especially older models, inspected periodically to insure the highest performance. If you have an old furnace or air conditioning unit, you may want to upgrade to a newer more efficient model. The price upfront can seem costly, but you will save that expense in no time on utility savings.

Another way to help cut down on your utility expenses is to use windows to your advantage. In the winter time, when it is cold out, open all shades and blinds and let the sun shine in. This will aid in the heating of your home, as well as cut down on the electricity needed to turn on lights/lamps. In the summertime, when it is hot, shut your shades and blinds to keep the heat out.

Let's say you have windows that are not meant to have blinds on them, the best thing to do is put window tinting on them. There are many different types to choose from, but you will most likely want to use the tint that is the least detectable (in other words, the kind you can't tell is there).

The important thing is to make sure it has the highest rating for protection against the sun's UV rays. This will help to protect your furniture and carpet from fading, as well as assist in keeping the heat out. Putting up window tint can be very tricky and a bad job is really noticeable so this may be something you might want to leave up to a professional.

## TREES

Another thing that will help keep you and your home cool in the heat of summer are trees. If you don't have any trees in your yard, you should plant some on the west and south side of your home. This will also add to the resale value of your property.

I was just informed recently that an old silver maple in my yard (it's the biggest tree in the neighborhood) raises the value of my property by a whopping \$20,000 to \$30,000. Now, this tree has been there for a very long time, but even small trees that have just been planted will usually increase property value from \$500 to \$1000 per tree. The bigger the tree gets, the more they increase in value, so get to planting. Just remember that before doing so, you must contact DIG SAFE or your utility companies to make sure they do not have lines running where you plan on digging, this is for your safety.

## TRANSPORTATION

Now let's look at some ways to help save on your transportation bills. First, you should never buy a brand new vehicle. I know that "new car smell" is tempting, but the depreciation of a vehicle is simply outrageous. The second you drive it off the car lot, you've lost thousands of dollars! Then after you've owned it for a couple of years, it worth can plummet to about half of what you originally paid. If you took a loan on it, this most likely mean that you would be upside down in it. Meaning if you had to sell or trade, you would owe more on the loan, than what you could sell it for.

A smart car shopper will always buy used, and the best time to buy is after this 2 year period. If you buy after 2 years, you've let the original owner take the brunt of the depreciation and you're left with an "almost new" way of transportation, with a lot of good years of use left. You should also try to buy from an individual if possible. This will help you to avoid the hefty dealer mark ups.

You do need to exercise caution when buying a used vehicle. You do not want to get stuck with a "lemon." Always request a "CARFAX" report on the vehicle, and always have a trusted mechanic check it out. If the seller hesitates on your requests, then walk away from this vehicle. That is a sure sign that there is something not quite right with the vehicle. If at all possible, try to make a purchase from someone you know. Most likely they will not want to sell you unreliable vehicle.

While your in the debt elimination stage, I would strongly advise against purchasing a vehicle unless absolutely necessary. Drive your present vehicle for as long as you can to help get it and all other debt paid off.

If your present transportation simply won't cut it anymore and you are forced to buy now, pay cash if you can and if you can't, then make sure you do not go over a 36 month loan. Then add this loan to your debt elimination process and get it paid off ASAP. Also, never ever lease a vehicle. It is the same as renting a house or an apartment; you pay thousands of dollars and when the lease is up, you have nothing to show for it.

An automobile is similar to a house when it comes to upkeeps. The better you take care of it and maintain it, the longer it will last and the more money you will get when you sell it. Of course, unlike a house, you will never get more than what you paid for your vehicle, unless it's a classic or you buy and fix up cars for a living. Also, taking care of a problem as soon as you detect one can keep repair bills to a minimum. For example,

something as minor as replacing your brake pads when a problem first arises can save you from replacing the rest of your breaking system (shoes, drums, etc.) later.

The two most important things to you vehicle's life are oil and water. I had a radiator leak and accidentally ran my car out of water on the highway. Instead of immediately pulling over to the side of the road, I kept driving to the next exit-HUGE mistake. The engine overheated to the point of no return and I had to have the entire engine rebuilt.

What would have been about a \$150 radiator bill ended up being thousands of dollars. Costly mistakes like that teach you some very good lessons. First, always make sure your car has plenty of water and always keep an eye out for leaks of any kind. Second, if you feel something is wrong, pull over immediately-don't risk driving to that "next" exit.

Oil is just as important to your engine as water, if not more. Regular oil changes not only keep your engine clean, but also extend its life. You should change your oil and oil filter every 3000 miles or 3 months, whichever comes first. If you do these oil changes yourself, it will only cost about \$10 or \$15, or you can have it done at your local Jiffy Lube for about \$20 to \$25. Companies like this frequently run specials on oil changes or send coupons in the local mailer. Keep your eye out for these and try to take advantage of the savings!

You can save money at the gas station by using regular unleaded gasoline. I know that you can buy a higher grade of unleaded gas, but for the majority of vehicles, this is not necessary. There are a few models that do run better with this higher performance gasoline, but they are far and few between. Over your entire driving life, you will save a lot of money by using regular unleaded.

To save even more money at the "pump," you may want to consider carpooling. This is a method of transportation that many of us have forgotten about, but it was only a few years ago when gas prices skyrocketed and millions of people began carpooling to and from work, school, and other activities. Not only do you save money on gas, but you also keep the wear and tear on your car to a minimum.

If carpooling is not an option, you still have other means of transportation available other than your automobile. Subways and buses are inexpensive especially if you work in a big city and have to fight traffic day in and day out. Not only do you save gas money, but if you have to park somewhere that costs money, you will also save money on that.

Are you starting to see the light, am I getting the point across on how easy it is to save money and come up with your debt elimination funds? Extra money is everywhere you look and is in everything you do. Let me give you a few more tips before we continue with the next portion of this chapter.

In this day and age of high technology, most companies offer direct deposit of payroll checks. If your employer offers this you should take advantage of it. Again, it keeps you from having to run down to the bank (thus saving gas, and vehicle wear and tear), but

more importantly it keeps this money out of your hands. It is human nature to spend money that we have in our possession, direct deposit takes this money out of our hands and puts it in our bank account where we are less likely to blow it on something we don't need.

## TAXES

One thing many people don't think about is their tax situation. I used to work with some guys who would brag and boast every year when their tax refund checks came in about how much they were getting back from old Uncle Sam. What they didn't realize is that they could have increased the number of dependents they claimed throughout the year, thus reducing the amount of taxes that Uncle Sam took out of their weekly paychecks, which would have given more spending money.

They then could have used this money throughout the year for debt reduction or investment purposes, whereas the way they were doing it, they were allowing Uncle Sam to earn interest on their hard earned money all year long. I like to help the government out as much as the next guy, but allowing them to use your money when you should be using it is not smart. So if you're winning the bragging rights each year for the biggest tax refund check, what you're really doing is bragging about your ignorance.

You do need to be careful however on what you claim, you don't want to go overboard. If you claim too many dependents, you will end up owing Uncle Sam at years end and that can cause a financial burden to you also. You want to work it out so that you are coming as close to breaking even at the end of the year as possible.

The absolute best scenario would be if you paid in the exact same amount of taxes throughout the year and not to get a refund check or have to pay Uncle Sam anything either. Having it work out this way though is virtually impossible, so the next best thing is to pay in enough that you don't owe anything and you're getting back a very, very small refund check.

## DOUBLE CHECK BILLS

Another way to save money is to not throw it away. When making purchases of any kind, double check the sales figure to make sure it is correct. People are human and make mistakes so the next time you are at a restaurant, convenience store, shopping mall, etc., check to make sure you only being charged for what you purchased and make sure the charges are correct. Once again, I speak from experience, I am guilty of allowing this to happen to me, so be on your guard because it happens all the time. Here is an example: I ate at a restaurant and I left our waitress a \$10 tip, but when I checked my online bank statement an extra 0 had been added, so my bill was \$100 more than it should have been. It was just an accidental slip of the finger, but had I not been checking my bank statements, my account would have been short.

## ESTATE SALES



Earlier I spoke of having a garage sale to get rid of a bunch of stuff you'll never use again but what about "going" to garage or estate sales for purchasing things at a discount? You will often times be able to find some great deals on different products and merchandise. I have a friend who gets some unbelievable deals at estate sales.

At one such sale, the people having it were moving and had to sell everything that weekend, so my friend spent \$100 and came away with about \$1000 worth of merchandise and it was top quality stuff. The important thing to remember is to buy only things you absolutely need. Don't get caught up in buying things just because they are cheap or you'll be buying a bunch of junk that you will end up reselling at your next garage sale.

### KICK THE HABIT

One sure fire way to save money is to kick some bad habits. If you smoke or drink, you know what I'm talking about, spending money on these vices can really add up. Kicking these habits is always easier said than done though. If you can't completely stop, then try cutting back. Smoking is especially hard to conquer, but there are many things out now that can assist you. Nicotine patches, gum, etc., and other things have been proven to help people quit. Kicking the tobacco habit will not only help your wallet, but your body will thank you as well. Just think, if you smoke a pack a day at roughly \$5 a pack, that is \$35 (\$5 a day X 7 days a week) per week, \$140 per month, and roughly \$1800 a year (\$35 per week X approx. 52 weeks). That is a lot of money that could help with the debt elimination process.

### EXTRA INCOME

There will be various times in your life that you will receive "extra" money from various sources. This additional money may come from a raise at work or it may come from a rich relative who passes away and leaves you some money, or it might come from a birthday or Christmas gift. Anytime you come up with extra money, immediately apply this money to your debt reduction. Don't go spend it on something frivolous.

### GIFTS

When shopping for presents for friends and relatives, keep it to a minimum. I know people who max out their credit cards every Christmas and go further and further into debt. They get so much into gift giving that they forget the real reason we celebrate Christmas. A good thing to remember around holidays and birthday is "it's not the price of the gift, but the thought that counts."

As you can see by the many examples I have given, you can find hundreds of ways to cut out unneeded spending which can then be used in the debt elimination process. See page A-4 for more ideas (and come up with some of your own) on things you can do to

increase your debt elimination margin and then use this money to reduce your debt even faster.

## WHOLESALE BUYING NETWORKS

You may get things periodically in the mail from companies that offer you a membership into a “wholesale buying network.” Now, there are many names for wholesale buying networks, but they are all basically the same. Some companies charge an upfront fee to join, some charge monthly fees, and some charge both. You don’t want to get caught up in which one is the cheapest, that is a big mistake that many people make.

You need to make sure you are getting the best bargain for the buck. For example, some companies may offer wholesale pricing on different types of products. Other companies may offer discount pricing on travel expenses such as airline tickets, hotels, rent-a-cars, and so on. You may find companies that offer discounts on health and pharmaceutical needs. In other words, there are many different ways to purchase wholesale products and services, the key is to find what networks offer the most of what you need at the lowest price possible.

It would be wise to start utilizing such networks because the more money you save on your purchases, the more money you can put towards your debt elimination margin and the faster you will be completely out of debt and on your way to financial freedom. After all, there is really no sense in paying more for something than you have to.

We wouldn’t be much of a debt elimination company if we weren’t able to provide you with a wholesale buying network that will allow you to purchase products and services at discounted prices, so we’ve put together what we feel is the best package available today in the United States. It’s called the Preferred Benefits Package (PBP). The PBP offers discounts on virtually everything you buy or use. We have included a brochure which explains the benefits and discount pricing.

I think you will find by “shopping around” that the PBP is the most complete wholesale buying network package on the market today. You will also find that the cost of the PBP is minimal for the savings you will be able to establish through it. Many PBP members save more on one purchase than they pay for the package itself.

## TIMING IS EVERYTHING

I’m sure you’ve heard the phrase, “timing is everything.” Well it’s true when it comes to purchasing products. Do you realize that making certain purchases at certain times of the year can either save you a bundle or cost you an arm and a leg for the exact same item?

Most people don’t really think about it, but you can actually save a lot of money over a period of time simply by knowing when to purchase things. For example, I had a friend whose air conditioning had gone out in his vehicle. He ran all over town getting bids to

get it fixed and let me tell you, the prices he was getting quoted were down right outrageous.

One of the reasons the prices were so high was because he was trying to get this problem fixed at the very start of summer, which of course is the hottest time of year. Auto repair shops know that people simply cannot go without air conditioning in their vehicle when the temperatures start getting close to the 100 degree mark, so they mark up their pricing during specific months to take advantage of this.

What my friend had was merely slow leak in his cooling system, so we suggested to him to go ahead and have Freon added (which didn't cost much at all) and then wait until winter rolled around to have the leaked fixed. By this time, the prices will have come down and he'll save a bundle of money.

Now I realize that in certain situations this won't always work. If my friend would have had a major problem with his air conditioning system that couldn't have been delayed by the quick fix of Freon, he most likely would have had to bite the bullet and pay the outrageous repair bill, but this brings up another good point.

You should always be aware of things, in this situation he could have tested his air conditioning throughout the winter and found out before summer hit (along with the "summer" prices) that something was wrong. So always be on your toes and try to stay one step ahead of your purchases and repairs!

In the Appendix A of this manual there is a listing for the best times of year to purchase certain items. I would strongly suggest keeping this list handy and referring to it anytime you need to make a purchase. Try to stick to it and don't let the "I want it now" attitude get to you. If you have to wait a few months to get the best deal, then wait. You will be glad you did.

Now, you will want to use common sense with this list. Obviously there will be some things that are lumped into one category that may have a better time of year to purchase than what is listed. A good example of this is automobiles. You will see that the classification of "used automobiles" is listed in the month of February.

Overall and statistically this is the best month to purchase a used automobile, however, depending on where you live and what type of automobile you're talking about, that can change. For example, if you live in a state that has heavy snowfall during the winter months and you are looking to buy a used four wheel drive vehicle to get around in, then the best time to buy is immediately AFTER winter is over. Why?

There is not much demand for this type of vehicle once winter is over so anyone wanting to sell their vehicle will have to lower their price. If you purchase right before the snow is ready to fall, the seller knows that there are a lot of people that NEED what they've got, so they in essence are able to "stick it to you" on pricing!

Now let's look at the reverse side of this type of transaction that will not help you save money, but instead, help you make money. Let's say you are selling a 4-wheel drive vehicle and live in an area of heavy winters. Don't sell it after winter is over because the need for this type of vehicle won't be as high as it is before winter, and very few people will be buying. If they are buying at that time, they will expect a lot lower price than you should be able to get for it. Sell it right before winter when the demand is high and you'll be able to profit nicely.

#### IN CLOSING

As we close this chapter you should now have a very good understanding on how to get completely out of debt. I've shown you various methods, some of which will not change your present life style at all and some that will. You can use anyway that is best suited for you, but remember, the faster you get completely out of debt, the sooner you will once again "own" your life!

# **CHAPTER 2**

## **THE ART OF PROSPEROUS LIVING**

## CHAPTER 2

### THE ART OF PROSPEROUS LIVING

Once you've gotten completely out of debt, you need to start investing your money. To be able to understand why it is so important to get out of debt as soon as possible and start investing money, please refer to the "Retirement Investment Chart." The younger you are when you start investing, the more years your money will have time to grow!

### INVESTING YOUR MONEY

The best investment you have in America today is retirement investment accounts, such as IRA's (Individual Retirement Accounts), the Roth IRA, the Education IRA, SEP's (Simplified Employee Pensions, for self-employed individuals), Keogh's (also for self employed people), etc. The reason this is the best type of investment is because your contributions are tax deferred.

This means that you are not taxed on the income from the interest and dividends until you take the money out of the account (which shouldn't be until you retire). This allows your money to grow "tax free" over many, many years.

When you have money invested in accounts that you have to pay taxes on each year, it can really eat up your profits so the best advice here is to put the maximum amount you can in all possible retirement accounts before doing any other investing.

There are limits to how much you can invest in an IRA each year. The same is true for SEP's and Keogh's. The advantage of SEP's and Keogh's is the most of the time (depending on your income) the amount you can invest is much higher than what you can invest in an IRA. With these two plans you get to invest a certain percentage of your income, you should contact your accountant to find out the exact percentage.

If you are self employed you will be better off opening up a SEP account over a Keogh account. While Keogh's offer more advantages, they are very complicated and would definitely require the help of a CPA, so for most of you a SEP will be a better choice.

Of course the only problem with SEP's and Keogh's is that you must be self employed to take advantage of this type of investment. This is another reason why so many people opt to quit the rat race of a "normal" job and set out on their own in the business world. Besides getting some very good tax benefits you also are able to invest much more money for retirement into tax deferred accounts.

If you are one of the unlucky ones who still punches someone else's time clock, you will be happy to know that you can still cash in on some investment opportunities. You will be able to put a small portion (usually about \$2000) in an IRA, but you may also have retirement plans at your job like 401K's.

In the past there was only one type of IRA, but the government has expanded it into various IRA's. You might be thinking that they do this just to confuse people, but believe it or not, the new IRA's they have set up actually do help most people more than the original IRA.

The idea behind these new IRA's is to make it easier for people to use their savings for major expenses such as for college and new home purchases as well as offering tax savings. The original IRA basically allowed you to put some money in now (in most cases \$2000 per year limit) and you were able to deduct the amount you invested from your taxes.

Then when you turn 59 1/2, you can take the money out without any kind of penalty, however, you would have to then pay taxes on that money. If you withdraw the money before you are 59 1/2, not only will you have to pay taxes on it but you are also stuck with a 10% penalty.

One of the biggest advantages of the newest IRA's (the Roth IRA and the Education IRA) is that if you have had the money invested for more than 5 years when you reach 59 1/2, you can take out the money without paying ANY taxes on it. That means that not only has it grown "tax deferred," it has really grown "tax FREE." As I stated earlier, you can also borrow money from this type of account without paying any penalties to pay for such things as a first home or a college education.

One more thing to consider, if you presently have an IRA set up you may want to convert it over to a Roth or Education IRA, but before doing that you should check with a competent tax or financial advisor because there are certain situations where a person is better off staying with their regular IRA instead of switching due to tax laws, etc.

If you have a 401K plan at your work, by all means take advantage of it to the fullest. In other words, put as much money in this type of account as the company will allow. With 401K plans most employers will match a certain percentage of your investment. This means they will pay so much into your investment account for each dollar you put in. The average match is 50 cents on the dollar.

For example, for every dollar you put in your employer put in 50 cents. This means that if you invest \$100 in your 401K, your employer will put in \$50. That means you have 50 "FREE" dollars. You can't beat that!

Most companies allow you to put up to 10% of your salary into this type of account, but they will usually only match up to about 6%. This means that if you make \$20,000 per year, they will allow you to put \$2000 (which is 10%) in your 401K, but they will only match \$1200 (which is 6%). So in this scenario, you would be putting \$2000 in your account and they would be adding \$600 (half of \$1200) to it.

Now, these percentages may vary from company to company, but I strongly recommend putting in the maximum amount that they will match. If you don't, you are throwing away free money!

When putting money in a retirement account, there are several different types of investments you can choose.

### PICKING THE RIGHT INVESTMENT FOR YOUR NEEDS

As I mentioned earlier, Mutual Funds are an excellent investment for the average individual. You can open up a retirement account in Mutual Funds and you can also open up a regular investment account. What I mean by "regular" investment account is that, unlike retirement accounts, you will be required to pay taxes each year on the interest and dividends you earn, just like you pay taxes on the interest you earn from savings account.

The advantage of a regular investment account over a retirement account is that you can take your money out any time you like without being penalized. With a retirement account, if you take the money out before you're 59 ½, you will have to pay a 10% penalty. This means that if you had 1 million dollars in a retirement account and choose to take it out of the account before you reached 59 ½, you would have to pay a \$100,000 penalty. With a regular investment account, there is no penalty for withdrawing your money at any time.

You may be asking yourself, "what exactly are Mutual Funds and how do I go about picking the right ones?" In the simplest terms, Mutual Funds are a combination of a lot of different stocks all in one fund. Allow me to expand on that, Mutual Funds are managed by investment companies who purchase stock (with investors money) in hundreds of different companies and these different company stocks are all managed in one fund.

For example, the investment company might buy stock in Coca Cola and IBM and Microsoft, and many other companies. In other words, instead of putting all of your investment dollars in one company's stock, these Mutual Fund investment companies diversify so that your money is spread out over a wide variety of companies.

This is much safer than using your money to buy stock in just one company. You see, when a person buys stock in one company, that stock could go up or down. If the stock in that particular company goes down, you could lose a major portion of your investment over night. On the other hand, if the stock skyrocketed in price in a short period of time, you would make a lot of money.

The problem is, picking the right stocks at the right time. This is very difficult to do and even if you do pick a certain stock at the right time, you then have to know when to sell at the right time. This whole process can be very nerve racking and quite risky.



As I stated, with Mutual Funds you are diversified so the chances of losing your investment is minimal because your money is invested in a fund that consists of stock in hundreds of different companies, not just one. There may be some companies in a fund that don't perform very well but there will also be companies that perform at a very high level. Actually, a well managed fund will have many more winners than losers in their portfolio and the fund should average some very nice returns over long periods of time.

The best advice that I can give you on selecting a Mutual Fund or funds to invest in, is to call around to different Mutual Fund companies and get a "Prospectus" on the different Mutual Funds they offer. This information will tell you how the fund has performed over certain lengths of time, such as what it has earned over the last 1 year, 5 year, 10 year periods, and so on. You can compare the earnings between various Mutual Funds to see which have the best track records.

### THE DIFFERENT KIND OF MUTUAL FUNDS

You will also want to be concerned with the "type" of Mutual Fund you are investing in. for example, there are "Stock" Mutual Funds, "Bond" Mutual Funds, and so on. Each type of fund is geared to perform certain objectives. One type of fund may have a long term objective and another fund may be more suited for short term investing.

Mutual Funds are also broken down into different categories. The seven main categories are "Balanced" "Equity Income," "Growth and Income," "Growth," "Aggressive Growth," "Small Company," and "International and Global." As previously stated, Mutual Fund investment companies invest in many different companies in each fund they manage.

The investment company has to establish what companies they will be investing in and what type of fund that company's stock is best suited for. For example, in the category of "International and Global," an "International" fund would invest in stocks outside the United States and a "Global" fund would invest in both foreign and U.S. stocks. So if you wanted to invest some money in overseas stocks you would look at Mutual Funds in the "International and Global" category.

Let's take a look at what other categories of fund objectives are. A "Balanced" fund does just what it says it will. It aims for a balance of stocks and bonds. Funds in this category are less risky than funds that invest solely in stocks, but they don't earn as much when the stock market is really booming. A "Balanced" fund is considered to be a very conservative fund.

"Equity Income" funds primarily invest in dividend-paying stocks, typically those of well established companies. "Equity Income" funds are also considered to be fairly conservative.

"Growth" and "Aggressive Growth" funds both invest in the stocks of companies that the funds' managers believe have the potential for rapid appreciation. The one main

difference is that “Aggressive Growth” funds may use riskier investing strategies and thus it is usually a riskier investment, however, this also means that it offers a high income potential than a “Growth” fund.

As you can tell by now, most of these category names pretty much explain what the funds objectives are and the same holds true for “Small Company” funds. As you may guess, these types of funds invest in small or young companies that have a potential for rapid growth. These funds are considered to be aggressive.

So, let’s review. For long term investing you probably want to go with a fund that invests in a more aggressive manner, which would include any funds in the “Aggressive Growth” and “Small Company” categories.

The “Growth” or “Growth and Income” funds are the next in line for the best potential for long term growth of your investment. Then you have the “Balanced” and “Equity Income” funds which are much more conservative and might be better for someone who is a little older. Last on the list “International and Global” funds. Now these funds can be as aggressive as any other funds but the overall return is similar to what you might expect from a “Balanced” or “Equity Income” fund.

Okay, now your thinking that this is getting a little confusing, but it really is quite simple. If you are younger you most likely want to invest in “stock” Mutual Funds or basically, funds that are more aggressive. If you are older and closer to retirement you may want to look at funds that are more conservative with less risk of loss; such as, a fund that invests in both stocks and bonds, or just bonds.

Also, don’t forget about Money Market accounts. If you are getting close to retirement and don’t want to risk the chance of a dip in the stock market affecting the money you will soon need to live on, then just transfer your funds over to a money market account. This type of account usually only pays about 4% to 6% and you certainly don’t want to keep your money here for the long haul, but it is good place to store some funds when approaching retirement.

The reason a younger individual will want to look at more aggressive funds is because there is greater chance of gain over a long period of time and even if the market takes nose dive you have time on your side which will enable your funds to recover. An older individual doesn’t have this kind of time to allow their funds to recover and would stand to lose a large portion of their investment if they were in an aggressive fund and the bottom fell out of the market.

Many investment advisors will recommend splitting up your investment dollars into different funds. For example, a certain percentage of your investment would go into stocks, ca certain percentage into bonds, and so on, to diversify. Again, the percentage you put in each type of fund or investment depends heavily upon your age.

If you are fairly young (40 years or younger) many times an advisor will recommend putting the majority of your money in more aggressive type funds and then smaller percentages of your money into more conservative funds. A good example of this might be to put 70% of your money into a stock fund, 10% in a bond fund, 10% in a money market fund and the final 10% in an international fund. So, in this example you would set up four different types of funds and for every \$100 you invest you would put \$70 into the stock fund and \$10 each into a bond fund, and international fund.

As you start getting older you will want to invest less and less of your money in stock funds. For example, if you are between 40 and 50 years old most financial advisors will tell you to put approximately 60% in stocks, 20% in bonds, and 10% in both a money market and international fund. If you are over 50 they usually suggest putting the highest percentage into bonds and money markets and just a small portion into stocks and international funds.

I personally don't think you need to diversify this much, I mean after all, that is what a Mutual Fund is all about in the first place, diversification. So why mess around with all these different funds? Pick yourself one or two good funds and start investing. I think the main thing to remember is that as you get older you should watch your investments more carefully, which means putting your money in funds that are more conservative (bond funds and money markets) as you increase in years.

If you are young (under 40 and actually even as you get close to 50) you don't need to be too concerned with splitting money up between various funds, as a matter of fact I would strongly suggest dumping 100% of your investment dollars into stock funds because they will return the highest profit over time and you've got plenty of that on your side as we discussed earlier.

You will be able to see by looking at the Investment Percentage Table in Appendix B, why you should try to be more aggressive with your money while you have time on your side and thus able to take more risks. The higher the percentage of return you get on your money can make an unbelievable difference in the wealth you accumulate. Even one percentage point will make a tremendous difference over time.

One more bit of information you need to know about Mutual Funds that will increase your income. With any fund you invest in, the investment company will charge what is basically a small service fee for managing your money. This small fee is usually around 1% of what you invest.

For example, if you invest \$1000, they will take out about \$10 for servicing and managing your money. This small fee will vary from company to company and from fund to fund. Some fees will be a little higher and some will be a little lower, but 1% is about average. These fees are unavoidable and are well worth the cost for the management of your money.

Some funds will have another type of fee that you can avoid paying. You can distinguish between which funds you will have to pay an “extra” fee on and which funds you will not have to pay this extra fee on. These two different types of funds are called, “Load” Mutual Funds and “No Load” Mutual Funds.

If you invest in a “load” fund that means that the investment company charges you an additional fee over and above the small service fee we discussed earlier. These additional charges can range anywhere from about 2% to 9%, with 5% being the approximate average. For example, if you invested in a fund that had a 5% “load” and you invested \$1000, the investment company would take out \$50 in addition to the service fee. So a fund that had a 1% service fee and a 5% load would cost you \$60 on a \$1000 investment.

With a “no load” fund you do not have to pay any extra fees, so if there was a 1% service fee you would only have to pay \$10 on every \$1000 investment. In these two examples, you would be saving \$50 by investing in the “no load” fund over the “load” fund. This type of savings can add up after a while, especially if you are investing money each month, so the best advice here is to invest your money in “No Load” funds.

There are some people who will argue that if you can get a higher percentage of return from a “load” fund then that will justify paying the additional fees and this certainly makes sense, however, in my investigations of Mutual Funds (as you will find out by looking into different funds yourself), I have found that there are enough good “no load” funds that earn just as high a percentage as “load” funds, so again, to take the guess work out of it, go with “No Load” funds.

Other than deciding on “no load” or “load” funds, don’t let the talk of all these different kind of funds confuse you. If you are still not sure what funds will be best for your personal needs, the best advice is to talk with a representative of a Mutual Fund company and have them explain which funds are more aggressive (thus offering a greater return on your investment but are therefore more risky), and which funds are more conservative (less potential for gain but not as risky).

While a representative of a Mutual Fund company cannot actually recommend which fund or funds to invest in, they can certainly help you better understand which fund will be more suitable for your investment needs.

Mutual Fund companies are not hard to find. In the business section of your daily paper where the Stock Market information is listed, you will also find Mutual Funds. These companies are listed in alphabetical order and all of the funds they manage are then listed below their company name.

There are various publications such as “Money Magazine,” “Consumer Reports,” “Smart Money,” “Kiplinger’s Personal Finance,” and so on, that offer listings of Mutual Fund companies and their toll free numbers that you can call for assistance. You might check your local library or book stores for these types of publications. For your convenience, we

have listed several Mutual Fund companies and their toll free numbers in Appendix B of this manual.

Even though you can contact many Mutual Fund companies by referring to Appendix B, I would still strongly suggest getting some of the publications previously mentioned because many of these magazines also have a yearly run down on how different funds are performing. These types of reports are great for allowing you to see which funds have been the top performing funds over certain periods of time.

You can then go through and pick out certain funds that have good track records and this will not only give you a good idea of which fund companies to contact but also on which of their funds to request a prospectus on. This will narrow your choices tremendously so you won't have to waste your time calling hundreds of different fund companies.

For those of you with Internet access, you will be able to find out all kinds of information on different funds as well as the companies that manage them by browsing through stock information on the Internet. The best source that I've found offering mutual fund information on the Internet is at <http://www.findafund.com>

Some newspapers such as USA Today run periodic tables in their business sections on how Mutual Funds are performing over certain periods of time. Your local paper might do this also, but probably only a quarterly basis. If you get one of these types of publications then you should have access to this information.

Once you have chosen the fund or funds that you wish to invest in, you can take the debt elimination margin money that you were using to pay off your debt and start investing it monthly into your new investment accounts. Investing on a monthly basis, or "dollar cost averaging" as it is often called, enables you to buy the fund shares at different prices each month as the market fluctuates.

Over a period of time this method of investing has worked much better than just dumping a lump sum in the investment all at one time. For example, previously in our example of how to pay off your debts using the build up of your debt elimination margin, we had built up \$1940 that could now be used to invest each month. Over years time this is \$23,280. History has proven that you are much better off investing this \$1940 each month during the year rather than investing the whole \$23,280 all at one time.

The reason for this is simple, the chances of you picking exactly the right time of the year to invest this money is very improbable. Sure, if you could invest it each year when the market is at its lowest that would be great, but even the best stock market guru's can't do this on a consistent basis. By using the Dollar Cost averaging method there will be months that you can buy in when the market is high, but there will also be months when you buy shares when the market is low. This will normally equal out to a nice overall consistent percentage of return on your investment.

Also, another advantage of dollar cost investing is that if you were to invest the entire \$23,280 all at once, you would have to do it at years end because you wouldn't have it saved up until then and that means that throughout the year this money would be building up in a savings account and the percentage you earn on a savings account is too small to do any good.

The best method for dollar cost averaging is to set up an automatic debit from your checking or savings account each month that goes directly into your Mutual Fund account. This will keep you disciplined in making the investment and also assure you of making it the same time each month.

You can get additional information on setting up an automatic deposit each month to your investment account from the mutual Fund company (or companies) you decide to start investing with, and they will also be able to help you with any information you may need on actually getting your investment funds set up in the first place.

## OTHER INVESTMENTS

Diversification is and always has been preached by investment advisors and is good idea. If you can find other investments that are fairly safe with a good upside and little risk, then by all means look into it. There are certainly other investments you can choose to put your money in such as buying Individual Stocks (as I talked about earlier), Real Estate, Rental Property, T-Bills, etc. Some of the publications I mentioned earlier like "Money Magazine," "Smart Money," and "Kiplinger's Personal Finance," offer good advice on stock investments as well as other investments.

Buying individual stocks can be quite lucrative but as I discussed before, the risk factor is much, much greater than Mutual Fund investing and I would not recommend it for the average individual.

Real Estate investing can also be very lucrative but this requires knowledge about the industry to insure success. There are many good books and courses on this subject that can help you in this area if you are interested. In the same classification as Real Estate is also Rental Property. Buying and then renting out homes, duplexes, four-plexes, apartments, etc., can be a tremendous investment.

Since this is not meant to be an investment guide I will not go into further detail on these or any other types of investments, however, I will give you some final key pointers on investing for the average person.

## KEY INVESTMENT POINTERS FOR THE AVERAGE INDIVIDUAL

1. Mutual Funds are a good, solid investment with less of a risk factor than most other investments, and it is certainly better than having your money sitting in a bank savings account earning 3% to 5% interest. At this pace you're not even keeping up with inflation, so consider a savings account a "bad" investment.

2. ALL investments (even Mutual Funds) have some level of risk to them, so be careful and do your homework before investing.
3. Use the “Dollar Cost Average” method of investing in Mutual Funds and other similar investments.
4. Diversify. Even if you decide to invest in just one type of investment such as Mutual Funds, invest in two or three “separate” funds that have different investment objectives. If you are fairly young and want to mainly invest in aggressive Mutual Funds, then invest in two or three different stock funds from different Mutual Fund companies.
5. When investing in Mutual Funds, invest in “No Load” funds to avoid paying an additional service fee on the account.
6. Start Investing Now (after you’ve paid off ALL your debt, of course). I have seen so many people that take forever to start investing because they want to go through all the information they get on every possible fund out there (I know from personal experience because I’ve done this myself).

This could take years, so the best advice is to simply start investing now! Pick one or two funds and start investing. You can always open up other funds later on, and if you feel that you have found better funds than the ones you originally opened, you can simply transfer your money from the old fund to the new fund.

# **CHAPTER 3**

## **A BUSINESS OPPORTUNITY WORTH INVESTIGATING**



## CHAPTER 3

### A BUSINESS OPPORTUNITY WORTH INVESTIGATING

If you're in the same boat that I used to be in, you probably work a 9 to 5 type job, bringing home a paycheck that does little to enhance your day to day life and offers you nothing in the way of pleasure after paying your bills. After all, not making enough money is how you got into debt in the first place, right? Well, that can all change right now!

You now have the ability to become your own boss, and as such you will be able to enjoy the business freedom of working the hours YOU want to work, taking breaks when YOU decide your ready for one, making up YOUR OWN business schedule, etc., etc., etc., all the while you will also be helping people. Now that is a business you can be proud of!

In addition to the new income and business freedom you will have as your own boss, you will also enjoy many other benefits. I've already discussed some of the tremendous investment opportunities (being able to invest more into tax deferred retirement accounts, etc.) but there are other tax benefits you will be able to take advantage of also.

Did you know that you can deduct things like the mileage you put on your vehicle when you are using it for business purposes? If you go out to dinner and discuss business with a client or potential customer, then that meal is tax deductible. If you set up an office in your home, your house payment as well as a portion of your utility bills are deductible, and the list goes on and on! So besides all the obvious perks that being your own boss brings, there are many others that will help increase not only your total "net" income but also your net "worth."

The business opportunity we offer has an outstanding income potential through a multilevel pay out structure which will enable you to make money from OPE (other peoples efforts). The majority of millionaires in America today reach this status by utilizing a Network Marketing pay out system. Our system allows you to reach a tremendous income level.

Now before you stop reading because you are sick of Network marketing programs that don't ever work, hear me out. With other Network Marketing business opportunities you must constantly be recruiting people into your down line to reach a substantial income. With our system you recruit a minimal amount of people (3) and work with them to help them do the same. You, in essence, teach these 3 people to recruit 3 people and they in turn will teach their 3 people to recruit 3 people and so on.

The best part is that we actually do a lot of the recruiting for you. Do you realize that if you are reading this manual right now and decide to get involved in this business, the person who was responsible for selling you this package not only earned a commission

off of that sale but will also be getting commissions from all the activity that you generate as a distributor as well as any activity that people in your down line generate!

In other words, they didn't have to contact you in any way, shape or form, but if you decide to join us as an authorized distributor you will automatically be entered into their down line. So, if you become a distributor, we (the company) will also be actively recruiting down line distributors for you.

What this basically boils down to is that you could quite possibly establish your entire "3 for 3" down line (and a whole lot more) without recruiting one single person yourself. Another thing to remember is that in this day and age of such tremendous technology there are an unlimited amount of ways for you to recruit people into your down line.

The Internet, fax machines, e-mail, etc., are all great ways to reach people about our opportunity without having to meet with them face to face, so if the old method of talking with people to sell our product or to recruit them is not your cup of tea, then we will show you exactly how to use these other very effective methods.

In addition to having the company assist you in recruiting your down line, the key to success in Network Marketing involves 4 ingredients. First, you must have a good product, second your product must be in high demand and needed by a very large volume of people. Third, it needs to be a consumable product and fourth, the company that manufactures the product and is operating the entire Network Marketing system must be solid, reputable company that you know is going to be around for a long, long time to pay you your commissions!

Let's cover these four issues one by one to see if this kind of business that you would be interested in and can succeed with.

**1. Is it a good product?** Our product is not only good, it's the BEST!! Forgive me if I sound arrogant, but it's the truth. Our course on showing people how to use their present income to get out of debt and then build great wealth is outstanding as I'm sure you will agree as soon as you start implementing the strategies in this package. You will soon see for yourself the tremendous difference it will make in your life and that it truly does work! Marketing a product that you believe in and does what it says it will do is very easy to promote.

**2. Is it a product that is in high demand and is there a big market for it?** A high demand and big market is an understatement! Our product is not some nutritional supplement that no one is ever going to use and it is not a long distance service which everyone is tired of being hassled over and it certainly isn't a cleaning agent that is similar to hundreds of other cleaners that anyone can purchase at their local grocery store for less money. What our product is, could very well be classified as the most needed product in America today, "The Science of Debt Elimination" and "The Art of Prosperous Living!"

Talk about meeting a huge demand, consumer debt is at an all time high. There are over 250 MILLION Americans trapped under 12 TRILLION DOLLARS worth of debt. How many of these people do you think want to be in debt? I would guess none of them, so obviously this is a product that everyone wants and needs! Is 250 million people a big enough market for you? This means that there will never be saturation of the market or to put it another way, if the market ever did get saturated, every distributor in our company would be rich beyond their wildest dreams!

**3. Is this a consumable product?** Now, when I say consumable I don't mean that it has to be food or a nutritional product, etc. I simply mean that what is being offered has to be more than a one time purchase. It must require continuous purchases or payments to provide the residual income for the distributor. Our system is set up so that our multilevel distributors are put on a monthly membership so they continue to receive monthly marketing tools to help their business grow.

Most of your customers will want to become distributors because of the tremendous profit potential, so this makes it easier for our company and you as a distributor to recruit your down line.

With other Network Marketing companies you have to hassle everyone in your down line to keep buying "this months supply" so you keep getting paid. With our distributor program you do not have to worry about collecting any money or carrying any inventory.

# **APPENDIX A**

## **THE SCIENCE OF DEBT ELIMINATION**

## The Order In Which To Pay Off Your Bills

This section will help you decide which bills to pay off first. Prioritizing the order in which to pay off your bills will help you to eliminate them one by one. There are many methods you can use to calculate which bills to pay off first but the method I will show you now provides the best results. In Column 1 below you will list all your debts by name. For example, you might have Visa, Mastercard, Mortgage Payment, Car Payment, etc., all listed in Column 1.

In Column 2 you will list the total amount you still owe on each debt. In Column 3 you will list the monthly payment for each bill. To get the figure that will go in Column 4 you will divide the figure in Column 2 by the figure in Column 3. After calculating each remaining debt, you will arrive at the number in Column 5 (which will be the order in which you pay off each debt) by starting with the lowest number in Column 4 as the first bill to pay off, the second lowest number will be the second bill to pay off and so on.

Column 1	Column 2	Column 3	Column 4	Column 5
<b>Debt</b>	<b>Balance You Still Owe</b>	<b>Monthly Payment</b>	<b>Answer After Dividing Column 2 By Column 3</b>	<b>Order Of Payoff</b>

## Where To Find Your Debt Elimination Margin

The first thing you will need to do is figure up your total MONTHLY household income. Please include all income generated by the bread winners of the family. In the table below, simply enter the figures asked for. You do not need to use cents. Just round off to the nearest whole dollar amount.

SOURCE OF INCOME	AMOUNT
Salary (Net or "Take Home" Pay)	\$
Self Employment or "Part Time" Income	\$
Investment Income	\$
Veterans Benefits	\$
Social Security	\$
Pensions	\$
Any Other Source Of Income	\$
<b>Total Monthly Income</b>	<b>\$</b>

After you have listed ALL of your monthly household income, you will now want to total up ALL of your monthly expenses. Go to the next page and fill in your current monthly expenses in Column 1. In Column 2 you will list how much you estimate that you can reduce that expense to. For example, let's say you presently spend \$200 a month on groceries, you would then put \$200 in Column 1. Now let's say that you think you can cut that down to \$175 per month, you would then put \$175 in Column 2.

The figure in Column 3 will be the total after subtracting the second column from the first column. In the above example you would take \$200 and subtract \$175 which would leave you with \$25 and this is the amount that would go in Column 3. The figure in Column 3 represents the amount that you feel you can extract from each monthly expense. Total up Column 3 by going down and adding all the figures in that column together and that is the additional amount that you will be using each month to pay toward your debt.

The ideal figure that you should aim for as the total in Column 3 should be at least 10% of your Total Monthly Income (listed above), or as close to 10% as you can get. If you can find more than 10%, great, it will be that much sooner that you are completely debt free. If you do not have any other debt besides your home mortgage then the total amount in Column 3 that you should shoot for should be about 25% to 30% of your monthly income.

A-2

	Column 1	Column 2	Column 3
<b>Monthly Expenses</b>	<b>Approximate Amount Spent Monthly</b>	<b>Monthly Expense Reduced To</b>	<b>Accelerator = Margin</b>
Groceries	\$	\$	\$
Child Care	\$	\$	\$
Television (Cable, Dish System, etc.)	\$	\$	\$
Telephones (Home, Mobil, etc.)	\$	\$	\$
Car Maintenance (Gas, Oil, Repairs, etc.)	\$	\$	\$
Parking (Tolls, etc.)	\$	\$	\$
Mortgage	\$	\$	\$
Landscaping Maintenance	\$	\$	\$
Lawn Maintenance	\$	\$	\$
Subscriptions (Papers, Magazines, Clubs, etc.)	\$	\$	\$
Lunches (Work Related)	\$	\$	\$
Dining Out (Non Work Related)	\$	\$	\$
Pet Care (Food, Health Care, Toys, etc.)	\$	\$	\$
Sports (Racquetball, Golf, etc.)	\$	\$	\$
Other Entertainment	\$	\$	\$
Video Rental	\$	\$	\$
Health & Fitness (Clubs, Spas, etc.)	\$	\$	\$
Computer Services (On-line Services, etc.)	\$	\$	\$
Savings	\$	\$	\$
Retirement Contributions (IRA's, 401K's, etc.)	\$	\$	\$
Insurance-Home	\$	\$	\$
Insurance-Life	\$	\$	\$
Insurance-Automobiles	\$	\$	\$
Insurance-Health	\$	\$	\$
Insurance-Other	\$	\$	\$
Utilities/Gas	\$	\$	\$
Utilities/Electric	\$	\$	\$
Utilities/Water	\$	\$	\$
Laundry	\$	\$	\$
Other Expenses	\$	\$	\$



	Column 1	Column 2	Column 3
Other Expenses	\$	\$	\$
<b>Total Monthly Debt Elimination Margin Available →</b>			<b>\$</b>

A-3

## Where To Find Your Debt Elimination Margin

The first thing you will need to do is figure up your total MONTHLY household income. Please include all income generated by the bread winners of the family. In the table below, simply enter the figures asked for. You do not need to use cents. Just round off to the nearest whole dollar amount.

SOURCE OF INCOME	AMOUNT
Salary (Net or "Take Home" Pay)	\$
Self Employment or "Part Time" Income	\$
Investment Income	\$
Veterans Benefits	\$
Social Security	\$
Pensions	\$
Any Other Source Of Income	\$
<b>Total Monthly Income</b>	<b>\$</b>

After you have listed ALL of your monthly household income, you will now want to total up ALL of your monthly expenses. Go to the next page and fill in your current monthly expenses in Column 1. In Column 2 you will list how much you estimate that you can reduce that expense to. For example, let's say you presently spend \$200 a month on groceries, you would then put \$200 in Column 1. Now let's say that you think you can cut that down to \$175 per month, you would then put \$175 in Column 2.

The figure in Column 3 will be the total after subtracting the second column from the first column. In the above example you would take \$200 and subtract \$175 which would leave you with \$25 and this is the amount that would go in Column 3. The figure in Column 3 represents the amount that you feel you can extract from each monthly expense. Total up Column 3 by going down and adding all the figures in that column together and that is the additional amount that you will be using each month to pay toward your debt.

The ideal figure that you should aim for as the total in Column 3 should be at least 10% of your Total Monthly Income (listed above), or as close to 10% as you can get. If you can find more than 10%, great, it will be that much sooner that you are completely debt free. If you do not have any other debt besides your home mortgage then the total amount in Column 3 that you should shoot for should be about 25% to 30% of your monthly income.

	Column 1	Column 2	Column 3
<b>Monthly Expenses</b>	<b>Approximate Amount Spent Monthly</b>	<b>Monthly Expense Reduced To</b>	<b>Accelerator = Margin</b>
Groceries	\$	\$	\$
Child Care	\$	\$	\$
Television (Cable, Dish System, etc.)	\$	\$	\$
Telephones (Home, Mobil, etc.)	\$	\$	\$
Car Maintenance (Gas, Oil, Repairs, etc.)	\$	\$	\$
Parking (Tolls, etc.)	\$	\$	\$
Mortgage	\$	\$	\$
Landscaping Maintenance	\$	\$	\$
Lawn Maintenance	\$	\$	\$
Subscriptions (Papers, Magazines, Clubs, etc.)	\$	\$	\$
Lunches (Work Related)	\$	\$	\$
Dining Out (Non Work Related)	\$	\$	\$
Pet Care (Food, Health Care, Toys, etc.)	\$	\$	\$
Sports (Racquetball, Golf, etc.)	\$	\$	\$
Other Entertainment	\$	\$	\$
Video Rental	\$	\$	\$
Health & Fitness (Clubs, Spas, etc.)	\$	\$	\$
Computer Services (On-line Services, etc.)	\$	\$	\$
Savings	\$	\$	\$
Retirement Contributions (IRA's, 401K's, etc.)	\$	\$	\$
Insurance-Home	\$	\$	\$
Insurance-Life	\$	\$	\$
Insurance-Automobiles	\$	\$	\$
Insurance-Health	\$	\$	\$
Insurance-Other	\$	\$	\$
Utilities/Gas	\$	\$	\$
Utilities/Electric	\$	\$	\$
Utilities/Water	\$	\$	\$
Laundry	\$	\$	\$
Other Expenses	\$	\$	\$

	Column 1	Column 2	Column 3
Other Expenses	\$	\$	\$
<b>Total Monthly Debt Elimination Margin Available →</b>			<b>\$</b>

A-3

## The Right Time To Buy

Knowing when to buy products can save you a bundle. Below is a breakdown of the best months to purchase certain items. There are a few exceptions to the rule, however, you will find that the majority of the time the listings below will hold true.

You will also notice that some items are listed in more than one month, so if you miss buying a specific item during the first “best buy” month, you will still have another chance before the year is out.

We only have a few items listed in the months of December and January but a good thing to remember is that after Christmas many stores have sales to get rid of overstocked items that they did not sell during the Christmas rush, so this is a great time to go shopping (especially at your local malls) to get some very good deals.

<b>January</b>	Small Appliances such as Coffee Makers, Toasters, Blenders, Irons, etc., All Christmas items such as Wrapping Paper, Cards, Ornaments, etc.
<b>February</b>	Used Automobiles, Drapes, Dishes, Drinking Glasses, Bedding, Sporting Goods.
<b>March</b>	Major Appliances such as Refrigerators, Washers, Dryers, Dishwashers, etc.
<b>April</b>	Winter Coats, Home Entertainment Systems, Winter Sports Equipment such as Ice Skates, Skis, Snow Boards, etc.
<b>May</b>	Outdoor (Lawn & Patio) Furniture, Air Conditioners, Fans.
<b>June</b>	Vehicle Tires, Home Furnishings such as Furniture, Accessories, Wall Hangings, Paintings, Pictures, etc.
<b>July</b>	Major Appliances such as Refrigerators, Washers, Dryers, Dishwashers, etc.
<b>August</b>	Linens, Sporting Goods, New Automobiles.
<b>September</b>	Gardening Supplies, Bicycles.
<b>October</b>	Boys Clothing, Men’s Clothing, Home Furnishings such as Furniture, Accessories, Wall Hangings, Paintings, Pictures, etc.
<b>November</b>	Toys, Luggage.
<b>December</b>	Home Entertainment Systems, Nursery Items such as Strollers, Blankets, Playpens, etc.

# **APPENDIX B**

## **THE ART OF PROSPEROUS LIVING**

## Investment Calculator

The table below represents the amount of income you will have by investing a set amount of money each month after you have paid off all your debt. As you will see, the sooner you get started on your savings plan the better, so the faster you get out of debt, the larger the fortune you will accumulate for retirement. You will notice that time is the key factor. If you can invest even just a small amount each month over many years, you will build up a tremendous amount of money. If you are older and don't have a lot of time to invest, don't worry, you will still be able to put away a pretty good nest egg, you'll just have to concentrate on investing a larger sum each month. The top figure listed in each box is the total amount of money you will have for retirement and the bottom figure represents how much this will give you to spend each and every month throughout your retirement years. The calculations are based on an average of a 12% investment yield. You may have a higher or lower investment yield depending on the investment.

Monthly Investment ↓	-----Years of Investing-----							
	5 Years	10	15	20	25	30	35	40
<b>\$100</b>	\$8248 \$68	\$23,233 \$193	\$50,457 \$420	\$99,914 \$832	\$189,763 \$1581	\$352,991 \$2941	\$649,526 \$5412	\$1,188,242 \$9902
<b>\$250</b>	\$20,621 \$171	\$58,084 \$484	\$126,144 \$1051	\$249,786 \$2081	\$474,408 \$3953	\$882,478 \$7353	\$1,623,817 \$13,531	\$2,970,605 \$24,755
<b>\$500</b>	\$41,243 \$343	\$116,169 \$968	\$252,288 \$2102	\$499,573 \$4163	\$948,817 \$7906	\$1,764,956 \$14,707	\$3,247,634 \$27,063	\$5,941,210 \$49,510
<b>\$750</b>	\$61,864 \$515	\$174,254 \$1452	\$378,432 \$3153	\$749,360 \$6244	\$1,423,226 \$11,860	\$2,647,435 \$22,061	\$4,871,451 \$40,595	\$8,911,815 \$74,265
<b>\$1000</b>	\$82486 \$687	\$232,339 \$1936	\$504,576 \$4204	\$999,147 \$8326	\$1,897,635 \$15,813	\$3,529,913 \$29,415	\$6,495,269 \$54,127	\$11,882,420 \$99,020
<b>\$1500</b>	\$123,729 \$1031	\$348,508 \$2904	\$756,864 \$6307	\$1,498,721 \$12,489	\$2,846,452 \$23,720	\$5,294,870 \$44,123	\$9,742,903 \$81,190	\$17,823,630 \$148,530
<b>\$2000</b>	\$164,972 \$1374	\$464,678 \$3872	\$1,009,152 \$8409	\$1,998,295 \$16,652	\$3,795,270 \$31,627	\$7,059,827 \$58,831	\$12,990,538 \$108,254	\$23,764,840 \$198,040
<b>\$3000</b>	\$247,459 \$2062	\$697,017 \$5808	\$1,513,728 \$12,614	\$2,997,443 \$24,978	\$5,692,905 \$47,440	\$10,589,741 \$88,247	\$19,485,807 \$162,381	\$35,647,260 \$297,060
<b>\$4000</b>	\$329,945 \$2749	\$929,356 \$7744	\$2,018,304 \$16,819	\$3,996,591 \$33,304	\$7,590,540 \$63,254	\$14,119,655 \$117,663	\$25,981,076 \$216,508	\$47,529,680 \$396,080
<b>\$5000</b>	\$412,431 \$3436	\$1,161,695 \$9680	\$2,522,880 \$21,024	\$4,995,739 \$41,631	\$9,488,175 \$79,068	\$17,649,568 \$147,079	\$32,476,345 \$270,636	\$59,412,101 \$495,100

As you can see by looking at the chart, if you invest \$250 per month for 25 years you would then have \$474,408. This would give you \$3953 to spend each and every month at retirement, and considering that you will not have any debt because your home, cars, etc. will all be paid for, the only thing you will HAVE to spend money on is basically food, gas, insurance, utilities, etc. This means that you will have plenty left over to buy some pretty nice toys and go on some very luxurious vacations or whatever you choose to do!

Now, \$250 per month is actually a very modest investment considering once you have eliminated ALL of your debt you should have a lot more than \$250 to invest. If you were to invest a more realistic figure of \$500 per month for 25 years you would have \$948,817 and that would translate into \$7906 per month to spend. If you are fairly young you will be able to invest for quite a few more years so your income would really skyrocket. If you are a little bit older you may have less time, but larger investments will get you there.

## Investment Percentage Table

The table below shows why it is so important to put your money into an investment that will give you the highest percentage of return. As you will see, even just one percentage point can make a huge difference in your wealth build up over a period of time. These figures are based on investing the amounts listed each month for a 25 year period. For example, if you invested \$1500 per month for 25 years and received an average of 12% on your investment, you would end up with \$2,846,453. To see how I got this figure simply go down the left hand column of the chart to 12% and then run your finger straight across until you get to the column that has \$1500 at the top.

Let's say that you invested the same \$1500 each month over the same 25 year period and received an average of a 13% return on your investment. This would give you \$3,407,153. In both examples the exact same amount of money has been invested but because of averaging just one percentage point higher over time, the amount accumulated is over "half a million dollars" more. Pretty amazing isn't it?

Now that we've seen what one small percentage point can mean to your investment dollars, let's see what happens when you double the amount of interest you make on your investment. You would think that by doubling the amount of interest you earn you would double the amount of money you make but let's take a look below and see what really happens.

For this example, let's say you invest \$1000 a month for 25 years and earn 8%, the amount you would accumulate would be \$957,367. If the amount of interest you earned on this same investment doubled to 16%, you would end up with \$3,965,218. That is not double or even triple, it is more than quadruple (4 times) the amount earned at 8%.

-----Monthly Investment For 25 Years-----

Percentage Earned ↓	\$100	\$250	\$500	\$750	\$1000	\$1500	\$2000	\$4000
8%	\$95,737	\$239,342	\$478,683	\$718,025	\$957,367	\$1,436,050	\$1,914,733	\$3,829,466
9%	\$112,953	\$282,383	\$564,765	\$847,148	\$1,129,530	\$1,694,296	\$2,259,061	\$4,518,121
10%	\$133,789	\$334,473	\$668,945	\$1,003,418	\$1,337,890	\$2,006,836	\$2,675,781	\$5,351,561
11%	\$159,058	\$397,645	\$795,291	\$1,192,936	\$1,590,581	\$2,385,872	\$3,181,162	\$6,362,325
12%	\$189,764	\$474,409	\$948,818	\$1,423,226	\$1,897,635	\$2,846,453	\$3,795,270	\$7,590,540
13%	\$227,143	\$567,859	\$1,135,718	\$1,703,576	\$2,271,435	\$3,407,153	\$4,542,870	\$9,085,740
14%	\$272,728	\$681,819	\$1,363,639	\$2,045,458	\$2,727,273	\$4,090,917	\$5,454,555	\$10,909,111
15%	\$328,407	\$821,018	\$1,642,037	\$2,463,055	\$3,284,074	\$4,926,111	\$6,568,147	\$13,136,295
16%	\$396,522	\$991,304	\$1,982,609	\$2,973,913	\$3,965,218	\$5,947,827	\$7,930,436	\$15,860,871



## Retirement Investment Chart

John		Betty		Jose		Tyrone		Amy		Ben		Nancy	
Age	Investment	Age		Age		Age		Age		Age		Age	
0	-0-	0	-0-	0	-0-	0	\$100	0	\$100	0	-0-	0	\$100
1	-0-	1	-0-	1	-0-	1	100	1	100	1	-0-	1	100
2	-0-	2	-0-	2	-0-	2	100	2	100	2	-0-	2	100
3	-0-	3	-0-	3	-0-	3	100	3	100	3	-0-	3	100
4	-0-	4	-0-	4	-0-	4	100	4	100	4	-0-	4	100
5	-0-	5	-0-	5	-0-	5	100	5	100	5	-0-	5	100
6	-0-	6	-0-	6	-0-	6	100	6	100	6	-0-	6	100
7	-0-	7	-0-	7	-0-	7	100	7	100	7	-0-	7	100
8	-0-	8	-0-	8	-0-	8	100	8	100	8	-0-	8	100
9	-0-	9	-0-	9	-0-	9	100	9	100	9	-0-	9	100
10	-0-	10	-0-	10	-0-	10	100	10	100	10	\$500	10	100
11	-0-	11	-0-	11	-0-	11	100	11	100	11	500	11	100
12	-0-	12	-0-	12	-0-	12	100	12	100	12	500	12	100
13	-0-	13	-0-	13	-0-	13	100	13	100	13	500	13	100
14	-0-	14	-0-	14	-0-	14	100	14	100	14	500	14	100
15	-0-	15	-0-	15	\$2000	15	1000	15	1000	15	-0-	15	-0-
16	-0-	16	-0-	16	2000	16	1000	16	1000	16	-0-	16	-0-
17	-0-	17	-0-	17	2000	17	1000	17	1000	17	-0-	17	-0-
18	-0-	18	-0-	18	2000	18	1000	18	1000	18	-0-	18	-0-
19	-0-	19	-0-	19	2000	19	1000	19	1000	19	-0-	19	-0-
20	-0-	20	\$2000	20	-0-	20	-0-	20	2000	20	-0-	20	-0-
21	-0-	21	2000	21	-0-	21	-0-	21	2000	21	-0-	21	-0-
22	-0-	22	2000	22	-0-	22	-0-	22	2000	22	-0-	22	-0-
23	-0-	23	2000	23	-0-	23	-0-	23	2000	23	-0-	23	-0-
24	-0-	24	2000	24	-0-	24	-0-	24	2000	24	-0-	24	-0-
25	-0-	25	2000	25	-0-	25	-0-	25	2000	25	-0-	25	-0-
26	-0-	26	2000	26	-0-	26	-0-	26	2000	26	-0-	26	-0-
27	-0-	27	2000	27	-0-	27	-0-	27	2000	27	-0-	27	-0-
28	-0-	28	2000	28	-0-	28	-0-	28	2000	28	-0-	28	-0-
29	-0-	29	2000	29	-0-	29	-0-	29	2000	29	-0-	29	-0-
30	\$2000	30	-0-	30	-0-	30	-0-	30	2000	30	-0-	30	-0-
31	2000	31	-0-	31	-0-	31	-0-	31	2000	31	-0-	31	-0-
32	2000	32	-0-	32	-0-	32	-0-	32	2000	32	-0-	32	-0-
33	2000	33	-0-	33	-0-	33	-0-	33	2000	33	-0-	33	-0-
34	2000	34	-0-	34	-0-	34	-0-	34	2000	34	-0-	34	-0-
35	2000	35	-0-	35	-0-	35	-0-	35	2000	35	-0-	35	-0-
36	2000	36	-0-	36	-0-	36	-0-	36	2000	36	-0-	36	-0-
37	2000	37	-0-	37	-0-	37	-0-	37	2000	37	-0-	37	-0-
38	2000	38	-0-	38	-0-	38	-0-	38	2000	38	-0-	38	-0-
39	2000	39	-0-	39	-0-	39	-0-	39	2000	39	-0-	39	-0-
40	2000	40	-0-	40	-0-	40	-0-	40	2000	40	-0-	40	-0-
41	2000	41	-0-	41	-0-	41	-0-	41	2000	41	-0-	41	-0-
42	2000	42	-0-	42	-0-	42	-0-	42	2000	42	-0-	42	-0-
43	2000	43	-0-	43	-0-	43	-0-	43	2000	43	-0-	43	-0-
44	2000	44	-0-	44	-0-	44	-0-	44	2000	44	-0-	44	-0-
45	2000	45	-0-	45	-0-	45	-0-	45	2000	45	-0-	45	-0-
46	2000	46	-0-	46	-0-	46	-0-	46	2000	46	-0-	46	-0-
47	2000	47	-0-	47	-0-	47	-0-	47	2000	47	-0-	47	-0-
48	2000	48	-0-	48	-0-	48	-0-	48	2000	48	-0-	48	-0-
49	2000	49	-0-	49	-0-	49	-0-	49	2000	49	-0-	49	-0-
50	2000	50	-0-	50	-0-	50	-0-	50	2000	50	-0-	50	-0-
51	2000	51	-0-	51	-0-	51	-0-	51	2000	51	-0-	51	-0-
52	2000	52	-0-	52	-0-	52	-0-	52	2000	52	-0-	52	-0-
53	2000	53	-0-	53	-0-	53	-0-	53	2000	53	-0-	53	-0-
54	2000	54	-0-	54	-0-	54	-0-	54	2000	54	-0-	54	-0-
55	2000	55	-0-	55	-0-	55	-0-	55	2000	55	-0-	55	-0-
56	2000	56	-0-	56	-0-	56	-0-	56	2000	56	-0-	56	-0-
57	2000	57	-0-	57	-0-	57	-0-	57	2000	57	-0-	57	-0-
58	2000	58	-0-	58	-0-	58	-0-	58	2000	58	-0-	58	-0-
59	2000	59	-0-	59	-0-	59	-0-	59	2000	59	-0-	59	-0-
60	2000	60	-0-	60	-0-	60	-0-	60	2000	60	-0-	60	-0-
61	2000	61	-0-	61	-0-	61	-0-	61	2000	61	-0-	61	-0-
62	2000	62	-0-	62	-0-	62	-0-	62	2000	62	-0-	62	-0-
63	2000	63	-0-	63	-0-	63	-0-	63	2000	63	-0-	63	-0-
64	2000	64	-0-	64	-0-	64	-0-	64	2000	64	-0-	64	-0-
Total Earnings⇒	\$966,926	\$2,075,509		\$2,333,606		\$2,373,481		\$5,415,916		\$1,028,151		\$1,206,680	
Total Investment⇒	(\$70,000)	(\$20,000)		(\$10,000)		(\$6500)		(\$96,500)		(\$2500)		(\$1500)	
Interest Earned⇒	\$896,926	\$2,055,509		\$2,323,606		\$2,366,981		\$5,319,416		\$1,025,651		\$1,205,180	
Investment Grew⇒	13 Times	103 Times		232 Times		364 Times		55 Times		410 Times		803 Times	

B-3

You can see by looking at the Retirement Investment Chart (on page B-3) that there are many different outcomes to how much money a person will have to live on when they retire based on the amount of money they invest over a number of years. There are basically three things to take into account when figuring out how much money one will have to spend during their retirement years.

First, you must figure out how many years you will be investing. Second, how much money you will be investing each year and third, how much interest you will earn on your investment. The only one of the three that you do not have complete control over is the amount of interest you earn. I say “complete” control because you do have some control. You just need to make sure you are making your investments in something that will earn you the kind of interest you are expecting.

The calculations for this chart are based on a 12% return on the money invested which is about average. You will find investments that pay much more than this and others that pay less. You should try to get at least 12% over the long haul with your investments, if you aren’t getting this kind of return with present investments, you may want to look at other investment possibilities.

You will notice that our first investor, who we’ll call John, represents the majority of people in America. Now I don’t mean that the majority of Americans end up with this type of retirement nest egg, because as we’ve discussed before, 97% of Americans actually wind up broke at retirement. What I am referring to is the fact that most of us don’t get around to investing money into some type of retirement account until we are around 30 years of age or older and that is very unfortunate, and you will soon see why.

John started putting \$2000 per year in his retirement account on his 30<sup>th</sup> birthday. He did this faithfully every year all the way through his 64<sup>th</sup> birthday. When John turned 65 he had a very nice nest egg built up of \$966,926. Over the length of 35 years John had invested only \$70,000 of his own money and because of time and compound interest he ended up earning \$896,926 in pure interest on his total investment. This means that in 35 years John’s money grew 13 times. This may sound great but let’s continue with the other investors to see how their investments performed.

Betty decided that she was going to invest \$2000 per year into a retirement account starting on her 20<sup>th</sup> birthday. She did this faithfully for 10 years and at the end of that time she met the man of her dreams, fell in love and decided to get married. She and her husband wanted to start a family right away so they both decided it would be best if she quit her job and became a homemaker.

Without a job outside the home, Betty was not earning any more money so she stopped the yearly contributions to her retirement account. She did however decide to leave the

money in this account that she had already invested. Her money continued to grow over the next 35 years and when she reached 65 she was pleasantly surprised to see that she had a whopping \$2,075,509 built up. Betty had only invested \$20,000 but she had an extra 10 years of growth over the investments that John had made. She had invested \$50,000 less than John but ended up with over One Million Dollars more than him. It is hard to believe but that is the beauty of compound interest.

Now let's go to Jose and see how his investments did. When Jose entered high school at the age of 15 he had a part time job. He had read an article in a business journal once that talked about compound interest and how it could make one very wealthy with a minimal investment if the person just started investing at an early age. Jose decided he wanted to be a millionaire when he retired so each of the four years he was in high school he put \$2000 in a retirement account.

The following year after graduation, he worked one more year at his job and tucked away another \$2000. At this point in his life his parents insisted that he get a college education. Not wanting him to touch any of his retirement savings, Jose's parents agreed to pay his way through college. Jose went on to school, without a job and not having any money to invest, he pretty much forgot about his retirement account and the money that was in it. He forgot about it that is until he reached the age of 65 and when he went to see how much money he had, he almost had a heart attack.

His \$10,000 investment from his high school days had grown into \$2,333,606. Again, let's go back to our previous investors and compare. Jose invested half the amount that Betty invested and 7 times less than John invested but ended up with a quarter of a million dollars more than Betty and almost two and a half times the amount John had. At this point, Jose realized that the business journal he had read as a teenager was more than just a magazine article, it was "money in the bank".

Tyrone was fortunate enough to be born to parents who understood the importance of time and compound interest. When Tyrone was born his mother and father opened up a retirement account in his name and put \$100 in it. Each year on his birthday besides all the toys they blessed him with, they also would contribute another \$100 to his retirement fund. When Tyrone turned 15 his parents felt that he had earned an increase in this yearly gift so they increased the investment to his fund to \$1000 per year.

They did this for five years and at the end of that time Tyrone had grown into a young man and his parents felt it was time for him to fend for himself, so they stopped making these yearly contributions. Since Tyrone had never actually made a contribution into this account himself, he wasn't exactly sure how to go about making future investments, so like Jose, he really just forgot all about it. When he reached retirement age, his parents

who were both in their late 80's at this point, reminded him of the retirement account they had established for him.

Tyrone was relieved because he had never concerned himself with investments throughout his life so he didn't have much money saved up for his golden years. When he called and got the total amount that was now in his account he literally fell off his chair. His parents yearly investments which added up to a mere \$6500 was now worth \$2,373,481. This ended up being \$40,000 more than our last investor (Jose) had, and Tyrone's parents had invested \$3500 less.

Let's move on to our next investor shall we? Amy had a very similar situation to Tyrone in that her parents opened up a retirement account after her birth. Each year they made \$100 contributions to the account. Amy was a very ambitious youngster, as a child she was always the one you would see with the lemonade stand or doing odd jobs for the neighbors for a buck or two. From about the age of 8 on she insisted on helping her parents with her retirement fund. She would save up as much money as she could and her parents would make up the difference.

When she turned 15 both her and her parents decided it was time to up the yearly contribution amount to \$1000. Again, Amy did the best she could and then her parents would put in the remainder. Like Tyrone, at the age of 20 Amy's parents decided that she needed to be in total charge of her investments from then on, but unlike Tyrone, Amy not only continued the yearly investments but she increased the amount to \$2000 per year.

Amy was not a financial whiz by any stretch of the imagination but she made sure that each and every year she made her \$2000 deposit. When it came time for Amy to retire, she had invested a total amount of \$96,500. Now that is a lot of money and you might think that she must have had a tremendous job to be able to sock away almost One Hundred Thousand Dollars, but the fact of the matter is, Amy never made much more than \$20,000 per year.

She was able to save this much by making these small contributions over many, many years. While Amy never had a lot of money before retirement she certainly did at retirement, to the tune of \$5,415,916. Amy was now a multimillionaire and could go anywhere and do anything she wanted.

Our next investor, Ben, made 5 small investments of \$500 each (also with a little help from his parents) from the age of 10 until he was 14 and then stopped and let that money grow until he was 65. His \$2500 worth of investments made him a millionaire at retirement. Because of time and compound interest his investment grew an unbelievable 410 times.

Last but certainly not least is Nancy. Like Tyrone and Amy, Nancy's parents put \$100 per year in a retirement account for her until she reached the age of 14. Nancy nor her parents made any further contributions to this account. She had the least amount of money invested of all our investors, but she too would reach millionaire status by retirement. Her parents \$1500 investment had grown a phenomenal 803 times to a whopping \$1,206,680. As a matter of fact, she ended up with more money than John or Ben and don't forget, John invested \$70,000 which is more than 46 times the amount Nancy had invested.

John, Betty, Jose, Tyrone, Amy, Ben, and Nancy are of course all fictitious characters, however the figures and amounts listed on this chart are far from fictional. As stated earlier, these are the figures one would get if they invested the amounts shown for the years shown and received an average of a 12% return for the life of the investment.

The key is time. The more time your money has to compound and grow "tax free", the more you will have. The quicker you get out of debt, the quicker you can start your retirement investing, thus the more money you will have to spend on retirement.

Not many of us were blessed enough at birth to have parents with the knowledge of compound interest, thus there aren't many of us who got the head start that Tyrone, Amy, Ben and Nancy got, however, by utilizing "The Science of Debt Elimination" and "The Art of Prosperous Living" course, no matter how old you are you can still get out of debt and get started on retirement savings. Also, with the ability to become a distributor for this package you can build up a tremendous "residual" income in a relatively short period of time thus giving you more money to put toward your retirement investments, which will help make up for lost time.

One more important point for all of you parents or soon to be parents out there. Do your child a favor and invest a small amount of money when they are very young (the younger the better) and if you can afford it, invest more than one lump sum on a regular basis (once a month or at least once a year) in a retirement account for them. It should build a substantial amount of income for them.

## Mutual Fund Company Listings And Their 800 Numbers

There are hundreds of Mutual Fund investment companies in America, some of which are listed below. Many of these companies manage several different types of funds. It is best to first decide what type of fund (or funds) will best suit your investment needs and then you should consult various investment publications to decide which fund companies you want to invest your money with.

<b>Fund Company</b>	<b>Toll Free 800 Numbers</b>
<u>AARP</u>	<u>322-2282</u>
<u>AIM</u>	<u>347-1919</u>
<u>American</u>	<u>421-4120</u>
<u>American Century</u>	<u>345-2021</u>
<u>Dean Witter</u>	<u>869-3863</u>
<u>Dodge &amp; Cox</u>	<u>621-3979</u>
<u>Dreyfus</u>	<u>645-6561</u>
<u>Eclipse Financial</u>	<u>872-2710</u>
<u>Fidelity</u>	<u>544-8888</u>
<u>Founders</u>	<u>525-2440</u>
<u>Franklin</u>	<u>342-5236</u>
<u>Harbor</u>	<u>422-1050</u>
<u>Hotchkis &amp; Wiley</u>	<u>346-7301</u>
<u>IDS</u>	<u>328-8300</u>
<u>Invesco</u>	<u>525-8085</u>
<u>Janus</u>	<u>525-8983</u>
<u>Kaufmann</u>	<u>237-0132</u>
<u>Lexington</u>	<u>526-0057</u>
<u>Liberty</u>	<u>245-5051</u>
<u>Mutual</u>	<u>553-3014</u>
<u>Neuberger &amp; Berman</u>	<u>877-9700</u>
<u>Oppenheimer</u>	<u>525-7048</u>
<u>PBHG</u>	<u>433-0051</u>
<u>PIMCO</u>	<u>426-0107</u>
<u>Prudential</u>	<u>225-1852</u>
<u>Putnam</u>	<u>225-1581</u>
<u>Scudder</u>	<u>225-2470</u>
<u>Smith Barney</u>	<u>451-2010</u>
<u>SteinRoe</u>	<u>338-2550</u>
<u>Strong</u>	<u>368-1030</u>
<u>T. Rowe Price</u>	<u>638-5660</u>
<u>USAA</u>	<u>382-8722</u>
<u>Vanguard</u>	<u>662-7447</u>
<u>Vista</u>	<u>648-4782</u>
<u>Warburg Pincus</u>	<u>257-5614</u>

# **APPENDIX C**

## **REALIZING YOUR DREAMS**

## Your Prosperity Wish List

This list will be comprised of anything and everything you want in life. List everything you can think of that you would buy and/or do if you were rich and had all the time in the world to spend your wealth, because after following “The Science of Debt Elimination” and “The Art of Prosperous Living” strategies, you will have more time and money than you ever thought possible. Think big and don’t limit yourself. Remember, the wealthiest people in the world would have never made it to their destinations if they would have put restrictions on their dreams! Feel free to use as many additional sheets of paper as you need and make the list as long as you can. I’m sure you’ll be able to come up with hundreds of ways to spend unlimited time and money! This will be the list that you will refer to often to keep you focused on becoming Debt Free and Financially Independent. I’ve put down a few examples to get you started.

1. Take a trip to Hawaii
2. Buy a Ferrari
3. Give donations to help the less fortunate
4. Build my dream house
5. Sleep in everyday until noon
6. Go to a different restaurant every night
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_



## **Your Financial and Business Goals**

Every successful entrepreneur sets goals before they even get started building their business. If you want to be successful you should take notes and follow the lead of what other financial wizards have done so you can do the same. In the spaces provided below you will want to list all the goals you would like to accomplish over the next few years. You'll want to refer to these goals daily to make sure you are on track to reach them.

If you find yourself falling behind then you need to do something to get yourself back on schedule. Remember, you and only you are in charge of your financial future. Make It Happen!! If you need room for more goals then take a separate sheet of paper and add as many as you would like. Pay particular attention to your goals over the next year as this will be very important in establishing a solid foundation for your financial future and it will be the key in reaching your long term goals. I've given you a couple of examples to get you going.

### **What I Would Like To Accomplish In The Next Year.**

1. Start my own business as a distributor for The Science Of Debt Elimination & Art Of Prosperous Living Program
2. Use the money I make from my new business to speed up my debt elimination.
3. Concentrate on making my business grow
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

### **Where I Would Like To Be In The Next Five Years.**

1. Be completely debt free and have \$100,000 in investments
2. Have 5000 down line members
3. \_\_\_\_\_