The Family CFO Return

Your Step-by-Step GUIDE for Creating Your Very Own Financial PLAN!

George Kaadi

Table of Contents

Introduction 2

PART ONE..6

The Tale of the Twin Brothers 7

The Family CFO System 12

PART TWO..25

Week 1 - Get To Know Your Current Financial Reality 27

Week 2 - Where are you – Determine your Net Worth 35

Week 3 – Where Does All Your Money Go – Know Your Cash Flow 38

Week 4 – Where Do You Want to Go - Define Your Life Goals? 42

Week 5 – Finding The CASH You Never Knew You Had..47

Week 6 – The Danger of Debt and the power of the Credit Bureau on Your Live 55

Week 7 - Get Out and Stay Out Of Debt For Life System – Become Debt-Free on $5 Per Day Strategy 61

Week 8 – Get Out and Stay Out of Debt System - Refinance your Home strategy..65

Week 9 – Get Out and Stay Out of Debt System - Alternative Debt Elimination Strategies..72

Week 10 – Put It All Together – Create your Very Own Financial Plan 80

PART THREE 85

Financially Free and Beyond..86

Let's Not Forget The Children..98

Overwhelmed - Don't Quit On Your Dreams! We Wan Help!..102

Introduction

Hello there. I have a good news for you. And also, I have a much better news for you.
First; the good News.
You deserve to have a healthy relationship with money and live money worry-free for life.

You need a financial plan. Not any plan – you need your very own financial plan.
If you think financial planning is not for you think again. You are convinced that financial planning is just for the elite and the affluent - think again.

Everyone deserves the peace of mind that comes from having a good financial plan. I want you to know that "Your life is richer than you believe." And a good plan enriches your life, brings you control over your money and help you sleep at night worry-free about your financial future. t

Second; the much better news!

Well in this book - we are going to talk about money. Yes, your money. I want to teach you how to become the Family CFO of your household capable of creating, implementing and monitoring your very own financial plan to support every area of your life.

- To save money, you need a saving plan
- To better manage your cash flow, you need a spending plan
- To get out of debt and stay out of debt, you need a debt elimination plan
- To live a fulfilled life with the freedom to do what you want to do, when you want to do it, you need a plan

My mission is to take away the blind spots that are keeping you from having a health relationship with your money. Throughout this book, I will teach you key money management principles, give you financial strategies to help you build your financial house on solid ground from the ground up.

The Family CFO Return book, the Family CFO Bootcamp and the Money Coach Client Application (the free personal money management software) are powerful resources designed to bring financial literary to your life and guide you step-by-step to create your very own financial plan.

My friend; I have been a money coach for more than fifteen years. I have met, served and interviewed thousand of people striving to achieve greater freedom with their money and life. Unfortunately, more and more people find themselves stuck with their money, silently suffering from their current financial situations, stressed, unable to save money and less confident about their financial futures

The sad reality many are stuck in a lifestyle that they can't afford and are looking for ways to turn things around.

I want to be the **light in your life**. I wrote this book to transform your life positively, help you break your money taboo, uncover your blind spots so you can forge ahead to take control over your money and life.

By the time, you finish reading this book, implementing the suggested exercises and applicable strategies you will have created your very own detailed financial plan. In the process, you have gained money insights and key money management principles on how to manage your money, have gathered a clear picture of your current financial reality and where you are going to.

I want to help you unstuck yourself, give you the feeling of relief that come with getting in control of your money, help you sleep at night like a baby not having to worry about money and give you your very own financial plan to implement and update to reflect your life changing circumstances.

Not having a financial - is having a default plan that someone else put for you - the same plan that got you in your current financial situation. Not having a plan, causes you lose control over your money, leaves you vulnerable to scary blind spots that will threaten your present and financial future.

Here is why I care so much

You are on earth for a reason. You are on earth to create, enrich society and peruse your passion.
You are free by birth. There is more to life than having to lie in bed at night worrying how you are going to pay your bills and service your debt.
I have witness the Banks and the mortgage industry push mortgage refinancing to pay off consumer and credit card debt without giving the borrowers any credible advises on how to change their spending habits and adopt a different money mindset.

Yes; refinancing your mortgage lowers your monthly payments, improve your cash flow and gives you the impression that you are saving you money in the short-term. But the sad reality - you are consuming your equity and converting your unsecured debts to secure debt and increasing your outstanding mortgage balance. You are pushing down your debt 25-35 years in the future.

This is a recipe for disaster.
This is a recipe for retiring in debt
This is a recipe to end up having a negative home equity should the real estate market correct negatively.

I want to stop this madness - this is financial slavery.
I want to give you the financial literacy you need and a step-by-step tutorial on how to develop your very own financial plan.
There is a bigger problem out there. Governments at all levels are broke and running unprecedented deficits which will require us to pay more taxes to pay down these deficits for generations to come.

Our paycheques are shrinking. Costs of living are going up. Our taxes are going up. Our income growth has been stagnant and our Cash Flow is under stress. It seems that with no fault of our own; we are going nowhere with our finances and many are slipping into more debt. Many people won't have the ability to simultaneously:

- ✓ Cover their current bills
- ✓ Pay off their previous bills (their debts)
- ✓ Save for their future (retirement, emergencies, etc.)
- ✓ Maintain their lifestyles
- ✓ And worry about the future

The SOLUTION - I urge you to be proactive with your finances and take every effort possible to put your financial house in order. That is why I developed this book, the Family CFO Bootcamp **and the Unique** Money Coach Client Application (the free personal money management software).

Do me a favour; do not brush off or put off the exercises in this book. Go through the personal data gathering exercises. I urge not to skip the implementation exercises; each exercise will bring you closer to having your very own financial PLAN. I guarantee that you will learn many actionable strategies that will impact your life positively.

The BENEFITS – Your current financial situation will improve regardless of how distress it is. I guarantee you the following benefits if you give me your commitment. You will gradually move through these financial transformational phases:

Phase I: Become Financially fit – 30-day

- ✓ Get to know your current financial reality
- ✓ Define your goals and priorities
- ✓ Find the cash you never new you had
- ✓ Create your very own Financial Plan

Phase II: Financially Secure – 3–10-year

- ✓ Eliminate thousands in future payments.
- ✓ Become credit card and consumer debt free in record time
- ✓ Get out of debt and stay out debt for life.
- ✓ You will become debt-free including your mortgage(s) in 10 years or less.

Phase III: Financially Free – 10-year plus

- ✓ Start investing your savings into income producing investment so a significant nest egg to support yio=ou in the present and in the future.
- ✓ Reinvest your investment returns so you generate a passive income so you can retire comfortably.

How to read this book

Reflecting on my personal financial experiences and success and on the journey of those I have taught, I have money coached, I have discovered that there are three blind spots standing between most people and the life of their dreams: financial literacy, the hate of the budget and the lack of a credible financial plan.

Consequently, this book comprised of three main sections. In each section, you will learn the basic reasons why part 1-3 are necessary and what type of activities can facilitate your exciting transformation along the way.

Part I - Why we do what we do with our money
You will learn why you do what you do with your money, become aware of your money personality and your way of managing money, learn the best money management principles and strategies that will transform your life for the better.

Part II - 10-week program to become the competent, capable and confident Family CFO so you can put your financial house in in order
You will be guided step-by-step how to implement the Family CFO system in your life, learn actionable money management strategies and create, implement and monitor your very own detailed financial plan.

Part III – A better future awaits you
You will learn where and how you could invest your savings to create a large investment to support your present and future needs and ways you can educate your chidden about money so they can experience a better future.

Each section, contains unique action steps and reading through all these phases is vital if you are going to get a sense of how to control your money, put your house on solid financial order and live money worry-free.

Help me help you succeed with your money. Give me your commitment and let me guide you through the path of financial security and independence.

Should you find it complex to complete any step of this book, or you find yourself overwhelmed by your financial situation, visit my website www.georgekaadi.com to subscribe to The Family CFO Bootcamp – I will give genuine coaching on how to become The Family CFO and how you can create, implement and monitor your very own financial plan. To your success!

PART ONE

Why we do what we do with our money?

“Why we do what we do with our money” is question on people minds regardless of their socioeconomic classes and their wealth. Money means different things to different people.

To understand “Why … our money” we need to examine the underlying money beliefs and values of each person. Without taking time to uncover those beliefs, we make our choices blindfolded. In most cases, we are living someone else life and making their choices despite the fact we make the choices ourselves.

You, me and every person on mother earth have spending behaviors and money belief systems to the most part they dictate our unconscious money decisions and choices.

Money literacy and money beliefs are generational issues and are passed down from the parents to the children and the children continue the passing of the family financial legacy to their children. This topic can’t be explained in a small sentence or chapter, it merits writing a book on the topic of financial psychology and why people live in money dysfunctions. What is the cure?

To have a fulfilling life you need to align your money beliefs and your cash flow to support the life you want to live. Anyone who gets his inside and his outside world aligned has a smile on its face and its children faces for generation to come.

In this book, I focus on the outside – I make money an issue and do they become no issues. I will guide you step by-step to get you to know where you are, where you want to go and help you put your very own plan to get there.

In the “The Tale of the two brothers” chapter, I’ll detail how the two brothers were raised in the same family and how they went about to live a different life from the life they lived with their parent. Describe their money management styles and money mindsets. And tell you how to put your financial house in order based on the lessons learned.

In “The Family CFO system” chapter I’ll give a simple system to follow to put your financial house in order. I encourage to do the suggested exercises and look to creating step-by-step your very own financial plan.

The Tale of the Twin Brothers

This book revolves around two brothers' money management systems and money mindsets. They inherited the same money beliefs system. They both were determined not to live the life they lived with their parents. Then went about living their lives and each followed a different money management system. Whose money management system is the correct one and what lessons can we learned from them.

Typically, after high school or college, young people go to work and find their income does not support their needs and wants. They borrow to fund their needs and wants e.g. home, furniture, cars and educations. There are always more ways to spend money than there is money available to spend. The two brothers left their family home to start their own families to find a new reality. They found that they:

- Have not been taught how manage money properly
- Are poorer than some people and richer than others
- Have to work for a living

Tom and Sam were borne to a modest blue color family. The brothers learned the silent language of money from their parents. Money was tight at the best of time. The parents sacrificed a lot to see the twin go to university. The twin graduated from University - Tom became an accountant earning a good income and Sam graduated with a BS in business. Sam became a salesman for a local food distribution company. His monthly income was made of a small base salary and large commission portion – his income fluctuated from month to month.
Within few years apart; Tom - the accountant got married and purchased a 3200SF home, with 20% down payment and amortized its mortgage for 25 years.

Sam - also got married and purchased a 2000SF home with 5% down payment and amortized its mortgage over 30 years.

Both Tom and Sam are clients of mine. I have helped them arrange their mortgages. I had in-depth knowledge of their personal finances and how they managed their money.

Five years went by; the real estate market appreciated beyond historical level. They booth gained significant equity in their home. Tom was laid off due to business restructuring, an event too familiar to too many people these days. He came to me to explore his options to bridge himself for few months before he lands a new job. I learned from Tom that Sam has been laid off for three months already.

The twin brothers are experiencing income disruption, Tom is looking for work and looking for funds to bridge himself until he finds work again. Sam on the other hand did not seem to be unnerved. He has accumulated a good savings and investments to tide him over. He did not need to stress about making his payments for a year or two.

What is the secret?

The twin brothers emerged as two different money personality with totally different money mindsets.

I took sometime to analyze the two brothers' current financial realities, money characteristics and money management systems. One thing was common among them – their vows not to live how their parents lived. But they went about doing it in two apposite ways. The following is a synopsis of how the brothers managed their money.

Tom’s money management system and money mindset – Tom:

- Was eager to show his success. He bought a large home, leased new cars and took expensive vacations
- Saved 5% periodically to see the savings being spent on unexpected bills
- Did not follow a budget or spending plan
- He carried debt. His debt load got worst when he became unemployed
- He had a blurry line between his needs and wants
- His lifestyle, costs of living and debt are inextricably intertwined
- Was obsessed by paying down his mortgage, he paid his mortgage on bi-weekly accelerated mortgage payments and occasionally paid down his mortgage.

Sam’s money management system and money mindset - Sam;

- Was aware of the irregular nature of his income, he paid his income taxes on a monthly basis
- Saved 20% of his gross income
- Lived within its means – lived on 80% of his disposable income
- Bought a modest home, bought good used cars and paid for them mostly in cash and never took expensive vacations
- He understood the danger of debt and lived mostly debt-free. The maximum he allowed himself to slip into debt was $5,000. He paid back the money in the shorted possible time
- He didn't believe in instant gratification and was not eager to show his success
- He had a clear understanding of his needs and wants
- He paid his mortgage monthly and invested the difference between the monthly and bi-weekly accelerated payments
- He invested his savings religiously in income producing investments
- He reinvested his investment returns
- He spent an average 30-minute per month managing its money

Of course, there are other people in Tom’s financial position and many people are in worst financial positions. They are living paycheck-to-paycheck and not comfortable about their financial futures.

Both brothers turned to be two different money personalities. What can be learned from both brothers?

Let me let you on a secret of mine - I too have followed Sam's money mindset. I still believe in the "Freedom 55" motto, I have done it on a self-employed income. I will show you how you could become financially free at the earliest time possible based on your current income level and the commitment you are willing to make to your financial future.

Here is where the title of this book "**The Family CFO Return**" came from - it came from my life experience and Sam's money management system and money mindset. The Family CFO is a wise money manager that will become debt-free in record time, and quickly get his financial house in order. The book will detail how the Family CFO system works – please keep reading. I urge you to do the suggested exercises so you can progress each week to understand your current financial situation, learn money management strategies, tips and take actions so by the end of the book you will have created your very own financial plan.

My friend; if you are a young individual or a young couple starting your life, I urge you to embrace the Family CFO mindset (Sam’s money mindset) to manage your finances. You will enjoy the same peace of mind and financial flexibility as Sam did and you will be ready to weather any financial storms that could come your way.

If you are in different financial life cycle and feel your current financial situation is similar to Tom, here is you chance to become the competent, capable and confident Family CFO and put your financial house in order like brother Sam. Go ahead learn the money management principles, strategies and tactics and implement them in your life. A life changing result awaits you – the freedom from worry and becoming financially free.

Let's analyze the cash flow of the twin brothers. Both brothers' combine households' income is virtually the same. Here is how each brother allocated his income.

Brother Tom	Amount	Percent.		Brother Sam	Amount	Percent.
Monthly gross income	$8,954.17	100.00%		Monthly gross income	$8,416.67	100.00%
Less				**Less**		
Taxes	$2,686.25	30.00%		Taxes	$2,525.00	30.00%
Housing Cost	$3,133.96	35.00%		Housing Cost	$2,104.17	25.00%
Debt Repayment	$780.00	8.71%		Debt Repayment	$0.00	0.00%
Charitable giving	$0.00	0.00%		Charitable giving	$50.00	0.59%
				Savings	$1,683.33	20.00%
Less				**Less**		
Food	$850.00	9.49%		Food	$850.00	10.10%
Clothing	$100.00	1.12%		Clothing	$100.00	1.19%
Transportation costs	$500.00	5.58%		Transportation costs	$200.00	2.38%
Entertainment	$100.00	1.12%		Entertainment	$100.00	1.19%
Medical Expenses	$100.00	1.12%		Medical Expenses	$100.00	1.19%
Insurance	$450.00	5.03%		Insurance	$300.00	3.56%
Children cost	$200.00	2.23%		Children cost	$200.00	2.38%
Gifts	$100.00	1.12%		Gifts	$100.00	1.19%
Miscellaneous	$100.00	1.12%		Miscellaneous	$100.00	1.19%
Equal				**Equal**		
Cash Flow Margin (Savings)	**-$146.04**	**-1.63%**		**Cash Flow Margin (Savings)**	**$4.17**	**0.05%**

Brother Sam saved 20% of gross monthly income while brother Tom did not save.

The following numbers in the table below shows that Brother Tom has 8.71% of his gross income dedicated to servicing his debt load, while brother has no debt. Also, the numbers show Brother Tom lifestyle asset costs is (Housing costs and Transportation costs) 40.58% of his gross income while brother Sam has dedicated 27.38% of his gross income well in line with his budget. Brother Tom is running a small deficit almost monthly and this why he is in debt to support its lifestyle.

Brother Tom				Brother Sam		
Housing Cost	$3,133.96	35.00%		Housing Cost	$2,104.17	25.00%
Debt Repayment	$780.00	8.71%		Debt Repayment	$0.00	0.00%
Transportation costs	$500.00	5.58%		Transportation costs	$200.00	2.38%
Total/Ratio	**$4,413.96**	**49.30%**		**Total/Ratio**	**$2,304.17**	**27.38%**

 Copyright© B.G.W Money Coach Master Inc.

My friend; many people are in Tom's current financial situation and many are in much more challenging financial reality. The need to show their success and the lack of mindful money management system that help them keep an eye on the present and the future resulted in accumulating lifestyle assets they can't afford; these assets are draining their ability to save and leaving their cash flow under stress.

If you are one of these individuals, you need a warm roof over your head, you don't need a large home that comes with large mortgage payments, large property tax bills and large utilities bills.

You need a reliable car or two to get around, you don't need to have two leased cars, a dependable used car with a small loan will help you save lots of money to put your financial house in order

Being in debt is not healthy – Debt commits your future earnings to service the debt, makes you vulnerable to the unknown and robs your hard-earned cash. Living debt-free is the name of the game – the rest of this book will guide you step-by-step to achieve what your heart is longlining for. At any moment, if you feel overwhelmed or start falling in despair, reach out to me and I will give a hand or alternatively check out this life changing program "the Family CFO Bootcamp", it will change your life positively.

If you are in Tom's current financial situation or tighter, you need to observe the following undeniably true facts of life and take the suggested action to bring your journey to become financially free within few years:

- One dollar spent today is not available for the future
- You can't reduce taxes legally. The only way is to reduce your income or spend money on tax deductible items
- You can't cut debt repayment - cutting debt repayment invites creditors' harassment and a challenge to your credit rating. A pain you don't want to experience.
- You can cut savings, but this will have long-term consequences on meeting your life goals including your retirement and leaves you vulnerable to the unknow.
- The only place to cut is your living expenses. Sometime this is easier said than done due to previous commitments e.g., the house you live in, the new cars in your driveway, external family and friends' factors.
- You may have to undo certain financial decisions that are consuming your cash flow to restore the health to your cash flow.
- You need to become the competent, capable and confident Family CFO

Time to Change

If you are in Tom's financial situation or in less comfortable state with your money, you can't keep doing what you are doing with your money. I can't put a gun to your head and force you to start taking control over your money.

"You will never be younger than you are now." Burt Whitefield

The time is now. You can't control many outside factors, but you can control things under your control. You can control the income you earn, how and where you spend your money, how much you save, and how much debt you borrow and how much you give to charity.

Now it is up to you!

The key to change your financial reality is to change what you are doing with your money. No wizard ever can foretell the future of our economy. It is up to you to embrace the Family CFO mindset. A sensible approach to managing your money - a system that will protect your financial future.

 Copyright© B.G.W Money Coach Master Inc.

Making a change can be frightening, yet at some point, we realize that we must try something different. It is time to make time for what is important to you. It is time to control your money.

It is very important to benchmark where you are and where you want to go, learn how to become the competent, capable and confident Family CFO and implement applicable strategies to your current financial situation.
Then, either change your spending behaviors and non-working money beliefs on your own or have a Money Coach keeps track of your transition and coach you gently to do what you can't make yourself do on your own. A Money Coach will also identify areas where you may need in-depth financial counselling in a series of frequent face-to-face meetings.

Trust your plan, commit to your plan. The odds are good that you will sooner rather than later, begin to achieve the freedom from worry and sound financial fitness.

You can't follow a plan that is not your very own.

Let’s learn The Family CFO system – let’s start building your very own financial plan.

The Family CFO System

Brother Sam has mastered the truth of financial planning. Tom and endless number of people have never learned its value - they think financial planning is for the elite and the affluent. They think they need a lot of money to merit a plan.

What did Sam learned that most people never learned? Sam learned:

- We all have limited resources to buy our endless list wants
- A dollar spent today is gone and never will be available to spend in the future. That is why Sam committed to saving 20% of its gross income
- Satisfied his basic needs and put a lid on buying many of his wants
- Lived within its means
- Set its life goals and aligned them with its cash flow to gradually achieving them
- He focused his decisions on living its present with eyes on the things he will need in the future.
- Sam and his wife were reading from the same financial page
- He dedicated 30-minute every month to managing its money
- He filtered outside pressures, e.g. the pressure to live like the "Joneses"
- Worked with a trusted financial advisor to select the investment that needs his investment objectives
- Invested regularly his saving in income producing investment
- Reinvested his investments' returns
- Committed to a monthly financial date with his wife to review the health of the family finances.

By now, you are saying George enough lecturing, how do I really restore my financial house? I tried budgeting, it did not work. I tried debt consolidation it did not work. I am not sure what to do next.

My friend, you have just summed your current financial situation and your money mindset. I want you to know your situation is not unique and can be turned around.
Before I explain the Family CFO system, first, I want you to read the following two statements and give me your honest answers:

1. Today you are employed and barely making it, how do you suppose you could pay for your basic needs and other costs of living if you experience income disruption for three to six months?

   Answer: ____

2. Let's assume you are going to be working until your 65th birthday and are continuing to do what you are doing with your money - how will you pay for your basic needs during your retirement years? Are you ready for a dignified and peaceful retirement?

   Answer: ____

If you don't like your answers, it is time to change.
It is time to change the way you have been managing your money.
It is time to examine your money beliefs and spending behavior. No permanent change in your current financial reality will stick unless you change what you are doing with your money, and gradually change your spending behavior.

It is time to unlearned your money management style and learn a new one.
It is time to undo any financial decisions that is keeping you stuck where you are.

 Copyright© B.G.W Money Coach Master Inc.

This book, [The Family CFO Bootcamp], and the [Money Coach Client Application] are the ship that you need to sail with to reach the shore of your financial house in order.

The Family CFO System

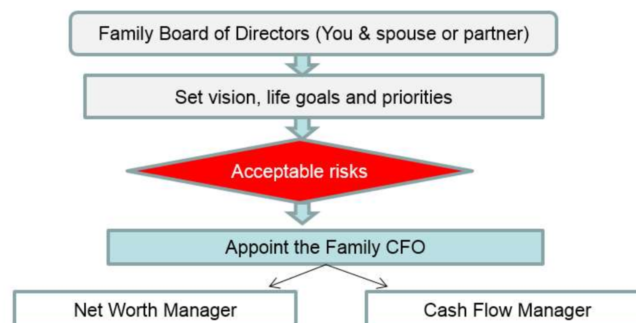
The Family CFO system empowers you to create a better relationship with your money and with your partner and to get more from your life. The Family CFO System enables you and your partner to bring the future you want into the present, so can you can make the right choices to get there. It calls on you to explicitly define your family vision and values; set your real-life goals, priorities, and timeframes; and allocate your resources to achieve them. It calls for a comprehensive written plan that will serve as a roadmap for you to achieve your dreams. Achieving these dreams require you to make intelligent financial decisions, make few trade-offs, align your cash flow with your goals and values, manage the day-to-day family finances, measure progress made toward your goals and update your plan as your situation or goals change.

Managing your money takes a bit of time – the benefits are life long. Take interest in managing your money.

For starters, the Family CFO System embraces the secrets and principles of successful businesses. It calls for the appointment of the Family CFO to manage the family finances beyond the budget mindset. It uses the Cash Flow and Net Worth statements (two powerful tools borrowed from the business world) to manage the family money and a unique "Large-financial Decision Stress-Testing Mechanism" to stress test any major financial decisions before you consummate them so you can make sound critical financial decisions.

Yes, these tools are financial tools used in the business world. You may be wondering why I am complicating an already complex topic. Why not stick to budgeting, a tool that, if followed, will deliver the same outcome? You are raising a valid question. Some people view the budget as a roadmap to achieve their life goals and it works for them. Other people view budgeting as a restrictive tool that never works in real life.

Here is a high-level description of the Family CFO System. This may look complicated and overwhelming to you – yet the system is simple and easy to use. I will explain each component of the system throughout the book.



- The Family CFO board of directors
  - Get to know your current finanical reality
  - Define your life goals and priorities
  - Appoint the family CFO: The Cash Flow Manager and the Net Worth Manager

 Copyright© B.G.W Money Coach Master Inc.

- Cash flow Manager
    - Find the cash you never know you have
    - Establish a spending plan/budget and keep its eyes on staying on track
    - Track actual expenses and measure against estimated expenses to bring further balance to the family Cash Flow
- Net Worth Manager
    - Determine your Net Worth
    - Implement Get out of debt and stay out of debt by leveraging the appropriate debt elimination strategy that applies to your current financial situation
    - Stress test any large decision using the "Large-financial Decision Stress-Testing Mechanism before executing your decision
    - Save, invest and continuously reinvest the investment returns
    - Keep its eyes on the Family investments to make sure it is meeting the investment objectives

The Family Board of Directors

You and your partner make up your Family Board of Directors - no one but you know your values, dreams and goals. You are the only ones that can make them happen. These are your lives, your values, your dreams and your futures. Your lives will go on with or without a plan. Having a financial plan helps you achieve your life goals and readies you to face the unknown. For you and your partner to agree on the real goals of your partnership, you need to talk about money. Talking about money helps you manage your money with ease, minimizes money fights, helps you create a healthy relationship with your money and brings you closer as a couple.

If you are married or in a relationship, it is time to get together with your spouse or partner and have a conversation about your current financial reality, what you value in your life together, your goals and priorities and the kind of future you want to have together.

If you're single, you are the Board of Directors. The same applies to you.

The Family Board of Directors brings the family future in to today to create a new reality; the Board does this by:

- Getting to know the family's current financial reality
- Creating the family value statement, and defining its goals and priorities
- Assessing thoroughly the family's relationship with its money
- Appointing the Family CFO – the person who is mandated to make the old reality become obsolete.

What Is a Family CFO?

CFO stands for Chief Financial Officer – he or she is a key person on the business senior management team. The CFO oversees the financial health of the business and reports to the CEO and the Board of Directors. I am borrowing the "**CFO**" term from the business world and bring it to the family personal finances. The Family CFO brings control to the family finances by creating an overall financial plan that manages cash flow, liabilities, savings, investments, and mitigate risks to achieve the family goals and priorities. The Family CFO makes effective financial decisions to ensure the success of the family "big picture".

Who should be the Family CFO?

"Your, Inc." is made of you (and your partner, if married or in a relationship); you are the Board of Directors of your Family.

If you or your partner, or both, pay the bills, balance your chequebook, decide where to invest your savings, manage your debt, and try to allocate your money to meet your life goals and priorities, you are the Family CFO. You just don't think of it this way. The Family CFO responsibilities can be carried out by you, your partner, or by splitting the responsibilities per each one's individual skills. The Family CFO has two distinct responsibilities: Cash Flow Manager and Net Worth Manager.

Cash Flow Manager Responsibilities

The Cash Flow Manager is the partner who runs the day-to-day dealing of cash flow issues such as accounting for the income, paying the bills on time, paying attention to details and deadlines, keeping an eye on the Family Cash Flow and the savings objective.

The Cash Flow Manager manages:

- **What** is coming in and **when** it is coming in
- And **what** is going out and **when** it is going out

The "**When**" factor is critical to the well-functioning of the Family Cash Flow and simply can't be ignored. You can't pay bills on time if you don't have the cash (if money is not available in the bank account or at hand). Failing to observe the "**When**" factor brings chaos to your Family Cash Flow, tension to your family relationships, and your relationships with your creditors begin to deteriorate due to NSF (Not Sufficient Fund). Not having the money to pay your bills on time will result in damaging your credit, your partner's credit or both credit ratings.

The following are the Cash Flow Manager's responsibilities:

You currently do these tasks:	**You would need to learn to do these tasks:**
Arrange and manage the family bank accounts	Create and maintain the cash flow statement
Pay the monthly bills and tax liabilities on time	Periodically conduct income and expenses analyses to fine tune the Family Cash flow situation
Maintain the family bills, taxes, and banks records	Predict monthly cash flow to anticipate surpluses or deficits
Balance and reconcile bank accounts and credit card statements	Keep an eye on the Family debt and the savings objective
Manage a budget (if you use one)	Openly talk about money

Net Worth Manager Responsibilities

The Net Worth Manager oversees the management of family debts, savings, investments, retirement planning and mitigates against life risks. He or she is responsible for the family's well-being over time.

Here are the Net Worth Manager's responsibilities:

You currently do these tasks:	You would need to learn to do these tasks:
Pay your debt	Manage the Family finances using the Net Worth statement or Spending plan
Maintain the family insurance policies, liabilities, investments and retirement accounts records	Implement the get out and stay out of debt system by leveraging the appropriate debt elimination strategy
Invest your money	Oversee the family savings goals
Save your money	Keep an eye on the Family debt load and savings objective

Report to the Family board of directors

The monthly financial review date should become a date you can't afford to miss. As the competent Family CFO, you should be prepared to present on the health of your family finances. Gather your Net Worth and Cash Flow statements and get ready to report to your family Board of Director. You need to be able to present and explain:

- How and why the Family Net Worth has changed in that period.
- Is the Family Cash flow is on track to maintaining the Cash Flow Margin (Savings). if not, ask why and suggest any revisions.
- How and why the Family Net Worth has changed in that period.
- How the Family investment is fairing. If the investment returns are not meeting your goals, explain why and suggest changes if necessary
- How is your debt elimination strategy working, are you on track? If no explain why and suggest actions to go back on track

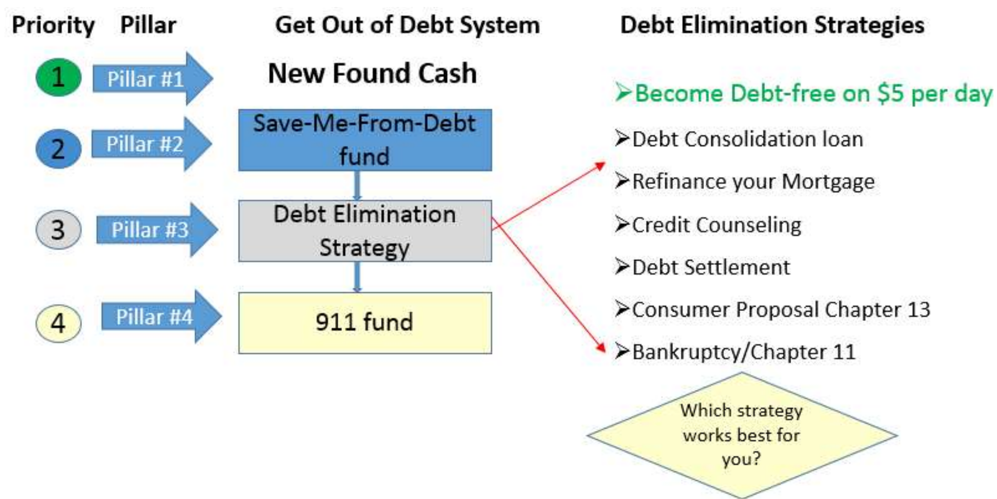
Managing your Net Worth is important part of the financial planning process.

The remining of this chapter, explain two key components of the Family CFO System:

- Get out and stay out of debt system
- Large-Financial decision stress-testing mechanism

Get out and Stay Out Debt System

At the heart of the Family CFO system lies a UNIQUE get out and Stay Out of Debt System. The following are the details of the system:



Pillar #1 – Find the Money You Never know you had

Paying the minimum on your debt is a life sentence and a very expensive one. You need to find the money ou never knew you have that is leaking through your wallet and repurpose it to accelerate your debt-freedom date. Please refer to Week 5 to get to know the process.

Pillar #2 – Establish Save-Me-From-Debt Fund

As the name of the fund suggests, the fund is designed to pay for "life events" as they happen and trust me they will happen on an intermittent basis. These irregular expenses come in the form of car break down, tires need replacing, an appliance needs fixing or replacing and the list goes on. If you don't have the cash to pay for these irregular expenses, you will be forced to get into debt again. Getting into debt is something you need to avoid in the first place.

The need to establish the Saving-Me-From-Debt Fund

Saving-Me-From-Debt fund should be a priority in your life. How much cash at hand can you put in this fund? If you have little cash set aside, do yourself a favor continue to pay the minimum payments on your debt until you save a minimum of $2,000-$5,000 in such a fund. Once you have saved that minimum amount, now you can execute the next pillar of the system. Continue paying the minimum payments while you are building this essential fund.

Save-Me-from-Debt fund: $__________

The use of the Saving-Me-From-Debt Fund

Should an irregular expense need to be paid – charge the expense to your favorite credit card. Once the bill comes in, pay the bill in full from your Saving-Me-From-Debt fund. Pay back this borrowed money into the fund in the shortest possible time. Pay back that money with interest. This strategy insures you getting out of debt and staying out. You will become your own Bank and will never ever have to pay interest on any debt.

 Copyright© B.G.W Money Coach Master Inc.

Pillar #3 – Implement the Debt Elimination Strategy

There are many debt elimination strategies you can deploy to get out of debt. Which strategy serves you best in my opinion is "Become debt-free on $5 per day strategy". However, a thorough assessment by a money coach will help you select with confidence the strategy that works best for you. Here are the strategies available, each strategy will be detailed in subsequent weeks:

- Become debt-free on $5 per day strategy
- Refinance your house strategy
- Debt consolidation loan strategy
- Debt settlement strategy
- Credit counselling strategy
- Consumer Proposal strategy
- Bankruptcy strategy

Pillar #4 - Establish 911 (Emergency) Fund

Now; you are debt-free – you have zero credit card and consumer debt.
It is time to start accumulating your 3-6-month Emergency fund. This is the last step that you need to take to ensure you stay out of debt for life.

The emergency fund should be earmarked for use in major financial upheavals. An emergency emerges when your ability to earn income is disrupted due to losing your job, becoming disabled due to an accident, business failure, etc. An emergency fund is not to pay for **irregular expenses** such as the need to replace the tires of your car or fix the dryer at your house. These expenses should be covered in your Save-me-from-debt fund.

Please note accumulating your emergency fund takes time – don't waiver. This hard work will pay you for life.

The Family CFO Large-Financial Decision Stress-Testing Mechanism

The Family CFO Large-Financial Decision Stress-testing Mechanism is designed to help you make informed financial decisions so you can keep your debt and its payments in line with your income and spare yourself from overburdening your Cash Flow and end up living from paycheck-to-paycheck. The Mechanism does not, however, stop you from acquiring what you want. It does make the impact of your choices vividly visible on your Cash Flow, Net Worth and your goals before and after making the decisions. It empowers you to confidently make the decisions or walk away. Walking away will spare you from paycheck-to-paycheck living, along with regret of having made the wrong decisions.

If you have made decisions in the past that are causing stress to your finances and life, consider undoing these decisions to bring balance into your life.

The Mechanism will help you analyze a new decision you intend to make with confidence or undo a decision you have made to bring balance to your Family finances. If you made poor decisions in the past that doesn't mean you are stuck. You can choose to let go of past decisions and revise your finances.

The Mechanism is a tool that helps you analyze the impact of financial decisions which will require you to make monthly payments for an extended period of time; such as buying a house, a car, or a cottage, etc. Equally, the mechanism helps you to predict the positive or negative impact of a decision on the monthly cash flow and ultimately on your net worth. The use of the Mechanism will support you in the evaluation of life changing decisions such as whether or not to quit your existing job and take another one or whether to start a business. The Mechanism doesn't stop you from making the decision, it brings the future of your cash flow and net worth into the picture so you can visualize the state of your finances before making the decision. The Mechanism helps you answer critical questions, such as these, before you make the decision:

- Is this purchase or decision diminishing your ability to meet your savings goals?
- If you or partner stopped working, how long could your family survive financially?
- Would the purchase or decision become a source of overhead on your cash flow?

How Does The Family CFO Large-Financial Decision Stress-Testing Mechanism Work?

Here is how the Mechanism works, it pulls you away from making decisions based on the affordability factor, and emotions. The Mechanism enables you to forecast the impacts of your decisions on your Cash Flow and Net Worth before making them. It also empowers you to undo any decisions that could be the cause of your cash flow pressure, giving you a chance to restructure cash flow and put an end to financial survival.

The scenario planning is designed to help you evaluate major purchase decisions such as buying real estate properties and cars, financing your home to pay off debt, make an investment, change a job, start a business or any other major decisions that impact your cash flow and net worth.

Assess the Impacts of the Decision on the Family Finances

Changing your job, making purchase decisions small or big will have positive and/ or negative impacts on your Family Cash Flow, and Net Worth. Knowing what the impacts will be before you make the decision is a sure way to help you take control over your money and your financial future. For every major decision, it is advisable to plug the costs of the decision in your up-to-date Cash Flow and Net Worth statements to forecast the impacts before you actually make the decision.

What are the impacts of the decision on the Family Cash flow?

By plugging the numbers in the Cash Flow statement, you forecast the health of your monthly cash flow as if you have already made the decision. Plugging the numbers into Cash flow statement will help you answer these critical questions:

- Does the decision (purchase or changing your job) diminish your ability to meet your savings goals?

 Copyright© B.G.W Money Coach Master Inc.

- How would the decision change your Family Cash Flow?
- Is the change temporarily or permanent?

What are the impacts of the decision on the Family Net Worth?

The decision will have impact on your net worth. Plugging the numbers in the net worth statement will help you answer these critical questions:

- Does the decision (purchase or changing your job) deplete your savings temporality? Can you rebuild your savings gradually overtime?
- How would the decision change your Net Worth?
- Will you be taking on more debt?
- Would you still be able to meet your top goals and priorities?
- What other trade-offs you are willing to make?

Example of how The Family CFO Large-Financial Decision Stress-testing Mechanism works

As a prudent Family CFO, you are urged to do your due diligence away from the mindset of affordability. You should consider analyzing how will your purchase decision affect your personal finances next month and beyond. The Family CFO Large-Financial Decision Stress-testing Mechanism is designed to help you forecast the impact on your family finances. Here is the step-by-step process:

With every major financial decision, the Family CFO system begins with a review of the Family goals and priorities. If **homeownership** is a priority on your goal list, go ahead make a list of the features that you want in your dream home and do your research on the Internet or engage the services of a realtor to identify the ideal property that fits your needs.

Priority	Goals	Timeframe
1	Have Children	This year
2	Buy a house	This year
3	Become Debt-Free	in 10 years or sooner
4	Maintain Lifestyle	On going
5	Save for retirement	On going

You have located your ideal property, have done your research to come up with an estimate of the one-time cost and the monthly carrying costs of the house. Your bank or mortgage broker is on board, a preapproval is in your hand. Your due-diligence is done and the smell of the new home is already in your system – you are ready to make the move.

Here are the one-time closing costs and carrying monthly costs for this example:

Estimate of the one-time closing cost	
Down payment	$50,000.00
Legal cost	$1,250.00
Appraisal cost	$320.00
Land transfer tax	$1,720.00

Estimated monthly carrying costs	
Mortgage Payment*	$1,578.06
Property Taxes	$291.67
Condo fees	$0.00
Property insurance	$45.00

 Copyright© B.G.W Money Coach Master Inc.

Tittle insurance	$210.00
Other disbursements	$123.00
Total one-time cost	**$53,623.00**

Heat**	$100.00
Total Monthly carrying costs	**$2,014.73**

Let's assess the Impacts of Buying your Dream Home on the Family Finances

Now that you know the one-time cost and the monthly carrying costs of your dream home, let's forecast the impacts on your Family Cash flow, and Net Worth.

What are the Impacts of the Home Buying Decision on the Family Cash flow?

Knowing the state of your Cash Flow before and after you buy your dream home is priceless. Are you going to live paycheck-to-paycheck or you will be able to save to meet your other life goals? Let's plug your carrying costs in your Cash Flow statement to see how the numbers impact your Retained Earnings and how-the purchase will affect your other goals. The result may confirm your decision or may deter you from moving forward.

Cash Flow Statement	**Before**	***After***
Cash In		
Your income	$2,850.00	***$2,850.00***
Debt Repayment	$2,050.00	***$2,050.00***
Total Cash In	$4,900.00	***$4,900.00***
Operating Costs		
Fixed cost	$850.00	***$850.00***
Housing Costs		
Rent/Mortgage Payment	$1,250.00	***$1,885.00***
Property Tax	$0.00	***$220.00***
Heating cost	$85.00	***$120.00***
Electricity cost	$100.00	***$1,130.00***
Water/Sewerage	$30.00	***$45.00***
property insurance	$45.00	***$200.00***
Total Housing Coast	$1,510.00	***$3,600.00***
Cash Flow Margin (Savings)	$2,540.00	***$450.00***

This analysis is not meant to stop you from purchasing your dream home, its purpose is to forecast the state of your Cash Flow after the purchase decision so you can make an informed decision to avoid putting yourself in a tight financial situation. The whole exercise is to help answer the following questions:

- Could you maintain your current lifestyle without cutting back and still have the desired cash flow margin (savings) to meet your savings goals?
- Would your cash flow have some wiggle room to pay for unexpected events?
- What trade-offs will you have to make?
- Will you be running a deficit?

- Would you need to make the decision to stop eating out, and cut other entertainment costs to improve your Retained Earnings?

What are the Impacts of the Buying Decision on the Family Net Worth?

Let's plug the one-time closing cost to see the impacts the purchase of your dream home would have on the Family Net Worth.

The purchase of your dream home will deplete the Family savings (hoping that you are not dipping into your emergency fund) and that is OK. Can you build your savings back up? If you go ahead with purchasing your dream home, will your housing costs inhibit your ability to rebuild your savings and save for other life goals?

Net Worth Statement	Before	After
Assets		
Liquid Assets		
Savings account	$50,000.00	**$0.00**
Lifestyle Asset		
House	$0.00	**$600,000.00**
Car	$12,000.00	**$12,000.00**
Working Assets		
Registered Investments	$7,800.00	**$0.00**
Non-Register investments	$50,000.00	**$0.00**
Total Assets	**$119,800.00**	**$612,000.00**
Liabilities		
Car loan	10,000.00	**$10,000.00**
Home		**$550,000.00**
Total liabilities	**10,000.00**	**$560,000.00**
Net Worth	**$109,800.00**	**$52,000.00**

Again; this analysis is not to stop from making the decision, it is to forecast the state of your Net Worth after the purchase decision, so you can make an informed decision and avoid putting yourself in tight financial situation. The whole exercise is to help you answer the following questions:

- How does the change in Retained Earnings affect your Net Worth over time?
- Would you have a deficit and need to spend your savings?

Purchasing your dream home would leave you with little savings and would be taking the risk of being exposed to unexpected life events.

I have good news and bad news

Let me start with the good news. I will educate you throughout this book on how to become a capable, competent and confident Family CFO. You deserve to be happy, and to have financially security in your life. This is a priceless accomplishment for you and the people you love.

The bad news is you have to commit to managing your money. No one is going to run your personal finances for you, even if you pay them (except for investing your money). If you don't manage your money, you won't be able to break away from your current financial situation and create a better future for you and your loved one. I want you to know that, if you are feeling stuck, being stuck is not option. Ignoring your current financial reality may be an easy thing to do, but you are giving up on a brighter and more secure financial future. That is precisely the future you deserve.

You work very hard to earn your money. So it only makes sense to spend some time managing it. Create an explicit financial plan that focuses you on your family goals and priorities. Love your money as you love your children or your pets.

Sadly, there is no shortcut. The Family CFO System is the shortcut that brings balance to your life and empowers you to take control over your money. The Family CFO System brings you closer as a couple and helps you create a healthy relationship with your money. A healthy relationship with your money is the foundation to having a solid predictable successful future.

How to Become the Capable, Confident and Competent Family CFO

I have good news for you. You have been doing these tasks all your life. The only thing you will be doing differently is asking the right questions before you make any major financial decisions. Drop the idea of managing your finances using the budgeting system and learn how to manage your personal finances using the Cash Flow and the Net Worth statements. These financial tools are simple to use. They will help you manage your finances with clarity and efficiency. You will learn how to use these simple tools step-by-step throughout the book.
I may have lost you here. You may be saying, "This is too complex. I can't even get my bank statement to reconcile. How am I ever supposed to figure out how to calculate my Cash Flow and Net Worth?"

Many people are intimidated by personal finances because they *are* intimidating. Honestly, personal finances are not rocket science or complex math. If you can make change, you can take control over your money and master the skills to manage it effectively.

Your Personnel Finance Software

In today's economy, it is NOT convenient or wise to keep jars or envelopes with cash laying around. The money Coach Client Account is a Free, simple and effective Cash Flow system that worked for thousand of people and I am sure it will work for you.

I have prepared a FREE gift for you. I am giving you my Money Coach Client Application (MCCA) to help you put your house in order. Click here to subscribe for the free service.

In this FREE gift, I will provide you with a comprehensive personal finance software that will empower you to:

 Copyright© B.G.W Money Coach Master Inc.

- ✓ Manage all your finances in one place
- ✓ Define your goals and priorities
- ✓ Align your Cash Flow with your life goals
- ✓ Do a what-if analysis on key areas of your finance: debt analysis, mortgage analysis, expenses analysis, income expense analysis, Cash Flow analysis, and Net Worth analysis,
- ✓ Become debt free in record time including your mortgage
- ✓ **Create, manage and monitor your balanced family budget (MCCA uses the concept of a balance budget, rather than the balance sheet)**
- ✓ Take charge of your finances, save for the future and become friends with your money
- ✓ Manage your Cash Flow and Net Worth
- ✓ Reconcile your Bank Credit Card accounts

Through out the book, you will be urged to capture your personal financial data and given a step-by-step instruction how to create your very own financial plan – do yourself a favor do the exercise and implement them the Money Coach Client Application.

The MCCA gives immediate awareness of how your actual spending measures against planned spending. The key is to know as soon as possible when the budget limits have been reached.

Commit to controlling your cash flow. Yes – it needs a bit of time. The benefits are more than the worth the effort.

The Family CFO Action Centre

It is paramount that you gather your most recent banks statement, credit card statements, mortgage document if you are a homeowner and have a mortgage, your insurance policies, any investment you may have. Gathering these documents will be handy in “Week 1 -Get to know your current financial reality.”

Go ahead and subscribe to the Free Money Coach Client Application and familiarise yourself with the functions of this unique personal finance software.

PART TWO

The 10-week program to Put your financial house in order

My Friends!

There is a good news and a better news. All situations can be improved including yours.

All the financial issues raised in assessing Tom's current financial situation represent today's most people common financial problems. The good news is that these problems can be solved. The much better news is that most problems can be prevented.

My friend, it is not hard to bring financial peace to your life. It is not hard to meet your financial goals if you know how to go about it and willing to make at least a minimum commitment to the planning process. In fact, many people, once they get the hang of it, will have fun doing it and eventually will become financially free and achieve peace of mind.

Congratulation, you have been appointed the Family CFO of your family and have been charged to put your financial house in order.

Each week you will become more financially literate, and closer to become the competent, capable and confident Family CFO, and I will guide step-by-step to creating you very own financial plan.

In "Week 1 - Get to Know Your Current Financial Reality", I will guide you through simple exercises to gather your financial data so you and your significant other start reading from the same financial page. You will conclusively know how much you earn, how much debt you owe, what you own, how you are spending your money income and get a sense if you are on track.

In "Week 2 - Where are you - Determine your Net Worth", I will introduce you to the family balance sheet and help you understand your propensity to borrow and propensity to accumulate and give you strategies on how to improve your Net Worth.

In "Week 3 – Where Does All Your Money Go – Know Your Cash Flow", you will learn how to build your cash flow statement and become intimate with how and where you are spending your money, how much you are saving or adding new debt per month and learn ways to improve your cash flow margin (savings).

In "Week 4 – Where Do You Want to Go - Define Your Life Goals?", you will learn why it is important to set your family goals, how to set your family goals and how to achieve them.

In "Week 5 – Finding the CASH You Never Knew You Had", you will learn UNIQUE strategies to find the new CASH YOU NEVER NEW you had. You will learn techniques to cut or eliminate without sacrifices to your current lifestyle, and learn how to make trade off to improve your standard of living.

In "Week 6 – The danger of debt and the impacts of a Credit Bureau on your lives", I will bring to your attention the danger of debt, explain the impact of debt on your cash flow, how much debt is acceptable by

lenders, how the credit bureau works, why it is important to have a healthy credit rating and how to improve a challenged credit.

In "Week 7 - Get Out and Stay Out of Debt for Life System – Become Debt-free on $5 per day strategy", I will introduce you to a unique life changing strategy and how you could become debt-free in record time. The strategy is unique, simple and ATTAINABLE.

In "Week 8 – Getting Out and Stay Out of Debt System - Refinance your Home strategy", I will help you assess if refinancing your property can be a vital strategy to help you become debt-free in record including your mortgage and give tactics on how to best leverage your home.

In "Week 9 – Getting Out and Stay Out of Debt System - Alternative Debt Elimination Strategies", I will help you explore alternative debt elimination strategies to become deb-free in record time should you have challenge financial resources.

In "Week 10 – Put It All Together - Create Your Very Own Personal Financial Plan", I will guide you step-by-step how to create your very own financial plan, how to implement and keep your plan update.

My website has a life changing Bootcamp – Check it out, The Family CFO Bootcamp can change your help positively.

 Copyright© B.G.W Money Coach Master Inc.

Week 1 - Get To Know Your Current Financial Reality

“He who is frugal is the richest of men and the miser is the poorest.” Nicholas Chamfort

The promise of this book is to help you become the Competent, Capable, and Confident *Family CFO*. It is paramount that you get to know your current household financial reality. To get the ultimate result from the *Family CFO system*, you need to know what you own, you owe, you earn and where you spend your money.

It is important to know your current financial situation with a degree of accuracy. I am going to be empower you to take control over your money and build a solid financial house. I urge you to do the work, without your accurate numbers you won’t get the value that I am promising you. Please don’t **skip** the gathering of your financial data exercises. I encourage to do the exercise in the prescribed order.

Do you know how much you owe and the cost of what you owe?

Let’s take a close look at how much debt you owe and the cash flow that you are dishing out monthly to service your debt load. Most people carry: Unsecured Debt and Secured Debt.

- **Unsecured Debt** is a debt that has no collateral (security). Here are examples:
  - **Credit card debt** e.g., Visa, MasterCard, America Express, Discover and department store credit
  - **Consumer debt** e.g., furniture loan, a car loan
  - **Student debt**
  - **Family debt**
- **Secured Debt** is a debt that is backed by collateral e.g., a house, a car, etc.
  - **Mortgage Debt**
- **Government debt** is unpaid personal taxes, sales taxes and other trust taxes. Government debt is generally unsecured, but could become secured at the government’s discretion.

Over 80% of people owe more than they own.

The following exercises – Exercise #1 to #5 are designed to help you know with infinite accuracy how much you, the interest rate that you are being charged on every type of debt, and your monthly obligations to service your debt.

Exercise #1 - Inventory Your Credit Card Debt

Let’s examine the debt issues in your life (if you have any). Go ahead gather all your credit card statements, capture in the table below the lender’s name, your current outstanding balance, the interest you are being charged and the monthly payment you have been paying on each credit card you have in your wallet.

	Creditor	Outstanding Balance	Interest Rate %	Payment Per Month/Min.
1				
2				
3				

 Copyright© B.G.W Money Coach Master Inc.

4				
5				
6				
7				
	Total Credit Card Debt	**$**		**$**

Total all the outstanding balances and monthly payments per month and pencil the figures in the appropriate cells above.

Exercise #2 - Inventory Your Consumer Debt

Let's examine your current consumer debt. If you have car loan(s), furniture loan(s), student loan(s), family loan(s), capture the following details in the table below.

	Creditor	**Outstanding Balance**	**Interest Rate %**	**Payment Per Month/Min.**
1				
2				
3				
4				
5				
	Total Consumer Debt	**$**		**$**

Total all the outstanding balances and the monthly payments and pencil the figures in the appropriate cells above.

Exercise #3 - Inventory Your Mortgage Debt

If you are a renter, or a mortgage-free homeowner, skip this exercise and go to exercise #4. Let's take a close look at how much your mortgage is costing you. I hope you don't have a second mortgage, if you do capture its details as well. Capture the following details of each mortgage you are carrying.

	Creditor	**Outstanding Balance**	**Interest Rate %**	**Monthly Payment**	**Original Balance**	**Maturity Date**	**Amortisation Period**
1							
2							
3							
4							
	Total Mortgage Debt	**$**		**$**			

Total all the outstanding balances and the monthly payments and pencil the figures in the highlighted cells above.

Exercise #4 – Inventory Your Government Debt

If you have any outstanding government debt e.g., Personal Income Tax, sales taxes, go ahead and capture the following details in the table below.

	Creditor	Outstanding Balance	Interest Rate %
1	Personal Income Tax		
2	Sales Taxes		
3			
	Total Government Debt	**$**	

Total all the outstanding balances and pencil the figure in the highlighted cell above.

Exercise #5 – Summarize Your Liabilities

One dollar of debt is one dollar too many.

Now, you have examined the extent of your indebtedness, let's summarize your liabilities. Go ahead and copy the total outstanding balances, and the total monthly payment of each debt type from Exercise #1, #2, #3 and #4, into the appropriate rows in the table below.

	Credit Type	Outstanding Balance	Payment Per Month/Min.
1	Credit card debt		
2	Consumer debt		
3	Mortgage debt		
4	Government debt		
5	Family & Friends debt		
	Total Liabilities	**$**	**$**

Total all the "**Outstanding Balances**" column and "**Payments per Month/Min**." column and pencil the figures in the appropriate cells above.

Exercise #6 – Inventory Your Household Income

Knowing **your household monthly income** is essential to building your cash flow and debt management plan. Let's examine all the income sources of your household.

Most people think of their income in gross annual term. But we all pay for our living expenses and our debt using our net income. *This thinking is unrealistic and leads us to false assumptions and justifications.*

 Copyright© B.G.W Money Coach Master Inc.

Knowing your income is a must, especially if you are self-employed.

If I ask you how much money you earn per year, you would answer me proudly with the gross annual amount e.g., $55,000 (your income may be different). The naked truth is that you and the government are making $55,000. Your true net annual income is $33,000 (after tax) and your true net monthly income is $2,750.

If you are a salaried person, you need to derive your monthly income. It is easier to budget with monthly income. Here is how to derive your monthly income:

- If you are paid weekly; **multiply** *your weekly pay* **X** *4.3 weeks per month.*
- If you are paid every two weeks **multiply** your *two-week pay **X** 2.17 (compensate for the two months you get 3 paychecks per month).*
- If you get paid twice per month*;* **multiply** *your pay* **by** *2.*

If you are self-employed or on commission; your income is *irregular*. It is impossible to succeed with your budget using **irregular income**. To derive your monthly income, use the average of your last year income; **Divide** *last year income* **by** *12 months.* I am assuming the money you are depositing in your bank is your net income. I hope you are remitting your income tax, sales taxes and other payroll deductions every month or you are saving the equivalent amount in a separate account. If you are not, you are heading to a serious trouble with the tax authority.

It is impossible to succeed with your budgeting using an irregular income.

Go ahead and pencil in the sources of your household income in the table below.

Household Income	**Amount**
Your Salary	
Your Partner's salary	
Self-employed income*	
Commission Income	
Bonus	
Rental Income	
Investment Income**	
Pension(s)	
Other Income	
Total Household Income	**$**

Total your household income and pencil the total in the "**Total Household Income**" cell above.

***Special note: if you are a self-employed individual, the income you would use is your net income not your gross income.**

****Special note: if you receive your investment income quarterly, make sure you divide the quarterly income by 3 to derive the monthly investment income. Ideally; you want to top up your Save-me-from-debt fund, 911 fund or reinvest your investments' returns. Do not include your investment income in your budget as monthly income, unless you need it to bring your budget into balance.**

 Copyright© B.G.W Money Coach Master Inc.

Tips to increase your income

Here are few tips you can follow to increase your income:

- Hold a garage sale can be a quick way to make extra money to help you get rid of your debt.
- Work a part time job to increase your income
- Work over time to increase your income if possible
- If you have a hobby, see if you make a bit of money doing it

Exercise #7 - Inventory Your Living Expenses (Operating Costs)

For now; go ahead and list all your living expenses as accurate as you can. Total each expense category and pencil the amount in its total category. Here is an example to help you compile your expenses. Let's take "**Housing"** expense category for example, lists all your expenses in the category, total these expenses and pencil the total in the "**Total Housing**". Apply the same logic to all your expense categories. Add the total of each expense category and pencil the result in the "**Total Living Expenses**" cell below.

Housing	
Mortgage/ Rent	
Property Insurance	
Property Taxes	
Electricity	
Heating	
Water	
Sanitation	
Repairs/Maintenance	
Furnishing	
Supplies	
Other	
Total Housing*	

Groceries*	

Debt Servicing Cost	
Credit card debt	
Student debt	
Government debt	
Total Debt servicing cost*	

Transportation	
Insurance	
Gas	
Maintenance	
Parking	
Public transport	
Total Transportation*	

Telecommunication	
Internet	
Cell Phone	
Home Phone	
Cable and Netflix…	
Total Telecommunication*	

Entertainment	
Eating out	
Babysitters	
Magazine/newspaper	
Vacation	
Classes	
Gym club	
Other	
Total Entertainment*	

Medical Expenses	
Insurance	
Doctors	
Dentists	
Prescription drugs	
Total Medical Expenses*	

Insurance	
Life	
Disability	
Other	
Total Insurance*	

Children	
School lunches	
Allowances	
Tuition	
Lessons	
Total Children*	

Special Occasions	
Christmas	
Birthdays	
Anniversary	
Other holidays	
Total Gifts*	

Miscellaneous	
Toiletries	
Husband - Lunches	
Wife miscellaneous	
Dry cleaning/laundry	
Animal care	
Beauty/Barber	
Other	
Total Miscellaneous*	

Clothing	
Husband/Wife	
Children	
Total Clothing*	

Total Living Expenses	

 Copyright© B.G.W Money Coach Master Inc.

Exercise #8 - Inventory Your Liquid Assets

We all accumulate liquid, lifestyle and working assets throughout our lives. Let's examine the assets mix that you have accumulated. Liquid Assets are those assets that can be turned into cash immediately without losing the principle! Go a head and list all your liquid assets in the table below. When finished, total your liquid assets and put the result in the "**Total Liquid Assets**" cell below.

Liquid Assets	Amount
Cash on hand and checking account	
Savings Account	
911 Fund	
Others	
Total Liquid Assets	$

Exercise #9 - Inventory Your Lifestyle Assets

Lifestyle assets are things you use for personal needs and enjoyments. May people overindulge and purchase expensive homes and cars. Lifestyle assets do not produce any passive income, on the contrary you commit monthly cash to support themGo ahead and capture all your lifestyle assets. When finished, total your Lifestyle assets and put the result in the "**Total Lifestyle Assets**" cell below.

Lifestyle Assets	Amount
Home (Market Value)	
Vacation home (Market Value)	
Boat	
Camper	
Others	
Total Lifestyle Assets	$

Exercise #10 - Inventory Your Working Assets

Working assets are investments that go to work to generate for you a passive income so you don't rely on the need to work. Go ahead and capture all your Working assets. When finished, total your working assets and put the result in the "**Total Working Assets**" cell below.

Working Assets	Amount
RRSP/401K	
TSFA	
Bonds	
Stocks	
Mutual Funds	
Others	
Total Working Assets	$

 Copyright© B.G.W Money Coach Master Inc.

The Family CFO Action Centre

As the competent Family CFO, you know now conclusively your current financial reality. It is paramount to know your family assets mix. Too much lifestyle assets limit your ability to save and grow your working assets. Working assets go to work to earn you money, so one day you will have the choice to stop working if you want or retire when you want without having to worry how you are going to pay for your life needs. I want to leave you with two important action items – do yourself a favor do not brush off doing them:

- First – if you are married or in a relationship, you need to review your income, debt, assets, expenses so you can read from the same financial page.
- Second – I want you to enter your financial data in the Money Coach Client Application (MCCA) – remember the application is FREE. Click here to subscribe or log into the MCCA to get started. Entering your data enables you to put the foundations of your very own financial plan.

 Copyright© B.G.W Money Coach Master Inc.

Week 2 - Where are you – Determine your Net Worth

You have been earning good money and wondering how come you never have any. Do you always feel you spend the money before you deposit your paycheque?

You have goals and dreams but feel stuck. It is time to get unstuck. You have every God given right to achieve what your heart contends. But first you need to know conclusively where you are financially, so you become financially fit to begin planning for the achievement of your dreams and goals.

Let's begin! What is your Net Worth?

If you are like most people you don't know conclusively the true answer.

As the Family CFO, you need to Know your family personal Net Worth. It is the first step in your journey to develop your very own financial plan. Let's compile your Net Worth statement.

What is a Net Worth statement?

A Net Worth Statement is simply **your Total Assets** *minus* **your Total Liabilities**, resulting in **your Net Worth**.

Exercise #11 – Let's Build Your Net Worth Statement

The best place to start is where you are today. The way to do that is with your Net Worth Statement. Your Net Worth Statement is your financial report card at a particular point in time. In black and white, it tells you how much money would be left if you convert everything you own to cash and used the cash to pay off everything you owe.

Step 1 – Add Your Total Assets

Copy your total liquid, total lifestyle and total working assets amounts from exercise 8, 9 and 10 in the table below. Add your liquid, lifestyle and working assets and pencil the result in the "**Total Assets"** cell

Assets	Current Value
Liquid Assets	
Lifestyle Assets	
Working Assets	
Total Assets	
Less Liabilities	
Credit Card Debt	
Consumer Debt	
Mortgage Debt	
Government Debt	
Other	
Total Liabilities	
Net Worth	

Step 2 – Add Your Total Liabilities

Pencil your total credit card debt, total consumer debt, total mortgage debt and total government debt figures from exercise 5 in the table above. Add all your debts and pencil the result in the "**Total Liabilities"** cell.

Step 3 – Calculate Your Net Worth

Here is the formula to compute your Net Worth.

Net Worth = Your Total Assets *minus* your Total Liabilities

That is your net worth. Pencil that amount in the "**Net Worth**" cell in the table above.
If your Net Worth is positive, you **own** more than you ***owe*** and you may be on your way to building up an assets base providing you continue to improve your Cash Flow Margin and eliminating your debt gradually.

If your Net Worth is zero or negative, this means you ***owe*** more than you **own** and you must get busy paying down your debt and build up your savings. You can't effectively turn things around unless you create proper spending plan and commit to it. Stay tune – I will guide you step-by-step in subsequent chapters.

Please – Don't confuse your Net Worth with your Self-worth.

Step 4 - Propensity to Borrow

The propensity to borrow is a measure of how leveraged you are (debt load) relative to the value of your assets. In another word; did you borrow to acquire your current assets rather than by savings.

Here is the simple formula to calculate your Propensity to Borrow:

Propensity to Borrow (PB) = Total Liabilities/Assets

Calculate your PB:

PB = __________________ / _______________

Pencil Your PB = ___________

How to interpret your propensity to borrow (PB%):

- The lower your PB, the better your financial situation is.
- PB = 0%, this means you have ZERO debt and you have accumulated the assets at hand by savings. You are in a good financial position.
- PB = 30% or greater, this means you have no excess cash flow and all your assets has been accumulated by taking on debt. You need to be concerned.

Step #5 - Propensity to Accumulate

Propensity to accumulate (PA) represents how much you are accumulating on the average.

How many years have you been working? Pencil the number of years you have been working in the cell below.

Pencil in Number of years: _____ working

Here is the simple formula to calculate your Propensity to Accumulate

Propensity to Accumulate (PA) = Net Worth / Number of years of working

Calculate your PA:

PA = _________________ / ______________

Pencil in Your PA = __________

To improve your propensity to save, you need to make the long-term a priority over the short-term. The only way to achieve your long-term goals is to spend less than you earn now (save winning the lottery or getting an inheritance.)

The Family CFO Action Centre

As the competent Family CFO, you need to create your Net Worth statement and derive you Propensity to borrow and your propensity to Accumulate.

Go ahead and do exercise #11.

What is your Net Worth? _______________

What is your Propensity to Borrow (PB%): _____________________

What is your Propensity to Accumulate (PA%): _____________________

What is your first impression?

____
____
____
____
____

 Copyright© B.G.W Money Coach Master Inc.

Week 3 – Where Does All Your Money Go – Know Your Cash Flow

As Family CFO, you need to know how healthy is your monthly cash flow. You may use the budget, a spending plan or the cash flow statement to know where and how you are spending your money. Let me show you how to create the cash flow statement.

What is a Cash Flow Statement?

The Cash Flow Statement is simply **your income *minus* your living expenses**, resulting in your **Cash Flow Margin (Savings or Deficit).**

The Net Worth Statement, like the Cash Flow Statement, helps you weed out false priorities by showing exactly how your day-to-day financial decisions affect the status of your short and long-term goals. If quarter after quarter you fail to put money toward your life goals e.g., fund your retirement, your Net Worth Statement will make the result of that decision crystal clear.

Most people have no idea where their money goes or even how they spend it and as a result they are either in debt or missing a serious opportunity to amass significant wealth. Let's build your Cash Flow Statement. Your Cash Flow will give you undisputed facts about your current Cash Flow situation. The building blocks of the Cash Flow statement are:

- ✓ What is coming in (cash in)?
- ✓ What is going out (cash out)?
- ✓ And Cash Flow Margin (Savings/Deficit)?

Before I show you the simple steps how to build your cash flow statement, let me ask you if at a glance, you know how your monthly income is allocated. Do you know what are you living on?

Go ahead and fill the table below. And let's see what percentage of your income goes toward each expense category.

Monthly Gross Income	$	100.00%
Less		
Taxes	$	%
Housing costs	$	%
Debt repayment	$	%
Savings	$	%
Charitable donation	$	%
The rest		
Living expenses	$	%

Knowing the expense category that is putting pressure on your cash flow is a must to bring spending in line with your income.

If your housing costs is greater than 32% of your gross income, your housing costs is draining your cash flow to a certain degree. If your debt repayment is greater than 10% of your gross income, you have too much debt and you need to focus your effort to be come debt-free in record time.

Exercise #12 – Let’s Build Your Cash Flow Statement

Step 1 - What is Coming In (Cash In)

Copy all your income figures from exercise #6, total your income and pencil the result in the “**Total Household Income**” cell in the table below.

Household Income	
Your Salary	
Your Partner’s salary	
Self-employed income*	
Commission Income	
Bonus	
Rental Income	
Investment Income**	
Pension(s)	
Other Income(s)	
Total Household Income	**$**

***Special note: if you are a self-employed individual, the income you would use is your net income not your gross income.**

****Special note: if you receive your investment income quarterly, make sure you divide the quarterly income by 3 to derive the monthly investment income. Ideally; you want to top up your Save-me-from-debt fund, 911 fund or reinvest your investments’ returns. Do not include your investment income in your budget as monthly income, unless you need it to bring your budget into balance.**

Step 2 - What is Going Out (Cash Out) – Living Expenses

For now, please go ahead and copy all your living expenses from exercise #7. I want you add all the category table that have "**" attached to it to the Total Living Expenses, pencil in the financial total in "**Total Living Expenses**" cell below.

Housing	
Mortgage/ Rent	
Property Insurance	
Property Taxes	
Electricity	
Heating	
Water	
Sanitation	
Repairs/Maintenance	
Furnishing	
Supplies	
Other	
Total Housing*	

Groceries*	

Debt Servicing Cost	
Credit card debt	
Student debt	
Government debt	
Total Debt servicing cost*	

Transportation	
Insurance	
Gas	
Maintenance	
Parking	
Public transport	
Other	
Total Transportation*	

Telecommunication	
Internet	
Cell Phone	
Home Phone	
Cable and Netflix…	
Total Telecommunication*	

Entertainment	
Eating out	
Babysitters	
Magazine/newspaper	
Vacation	
Classes	
Gym club	
Other	
Total Entertainment*	

Medical Expenses	
Insurance	
Doctors	
Dentists	
Prescription drugs	
Total Medical Expenses*	

Insurance	
Life	
Disability	
Other	
Total Insurance*	

Children	
School lunches	
Allowances	
Tuition	
Lessons	
Other	
Total Children*	

Special Occasions	
Christmas	
Birthdays	
Anniversary	
Other holidays	
Total Gifts*	

Miscellaneous	
Toiletries	
Husband - Lunches	
Wife miscellaneous	
Dry cleaning/laundry	
Animal care	
Beauty/Barber	
Other	
Total Miscellaneous*	

Clothing	
Husband/Wife	
Children	
Total Clothing*	

Total Living Expenses	

 Copyright© B.G.W Money Coach Master Inc.

Step 3 – Cash Flow Margin is what is left (Savings/Deficit?)

Now, let's see where you are standing with your Cash Flow Margin. Deduct your "**Total Household Monthly Living Expenses**" from your "**Total Household Monthly Income**" and pencil the result in the "**Household Cash Flow Margin (Savings or deficit)**" cell below.

Monthly Cash Flow Statement	Summary
Total Household Monthly Income	$
Less Total Household Monthly Living expenses	$
= Household Cash Flow Margin (Savings or Deficit)	**$**

The Family CFO Action Centre

At the monthly financial review date, as the competent Family CFO, you should be prepared to present to the Family Board of Directors the health of the family Cash Flow.

- Are your living expenses (operating expenses) are in line with your planned expenditures? If not, explain why.
- Did you have a negative cash margin, because you had a surprise expense like a car repair? Such surprise expenses should be paid from your Save-Me-From-Debt fund, if you did not create one, refer to the Family CFO system for more details.
- Did you have more cash flow margin that anticipated due to a windfall, if Yes – top up or fund your Save-Me-From-Debt fund and your 911 fund. If you have funded adequately these two fund divert the cash to your savings and investment. Don't deposit your windfall in you're your checking account, the amount will be spent before you know it.

If you are reporting a **positive** Cash Flow Margin, and have been funding your life goals - congratulations. You are on your way to a solid financial future. You may increase your Cash Flow Margin by spending less on certain expense categories. The increase in your Cash Flow Margin can help you pay down debt faster (if you have any), achieve your life goals faster and make room for other dreams you may have.

If you are reporting a **negative or weak** Cash Flow Margin– you are spending too much. It is time to get yourself out of the red. Please read on and do not despair.

The question is where do you cut:

- Taxes can be cut without reducing your income
- Debt repayment can be cut and should not
- Charitable giving can be cut but it should not
- The only are left is your lifestyle. However, many lifestyle expenses can' be easily cut because of previous commitment

Week 4 – Where Do You Want to Go - Define Your Life Goals?

"**Money is coined liberty.**" Fyodar Dostoyevsky

Life without goals is a default plan and you won't like its outcome – it is a journey to no where.

Let's start the goal setting process. I encourage you and your partner to do this exercise alone as a first step. Choose a quiet place. Don't let your current financial reality limits your dreams – it is ok to dream like a kid again. I suggest you adopt the following goal categorization:

- Short-term goals should be something you want to accomplish in a relatively brief period of time say 2 to 12 months
- Medium-term goals can be classified as those that require one to five years to accomplish
- Long-term goals are those that require five years or more to fulfill

As the competent Family CFO, you need to set your family life GOALS. Here is why:

1. Goals provide direction and purpose
2. Goals help crystallize your thinking
3. Goals provide personal motivations
4. Goals become your statement of God's will for your life
5. Goals help bring order from chaos

Set "SMART" goals

SMART is an acronym which stands for **S**pecific, **M**easurable, **A**ttainable, **R**ealistic and **T**imely. I suggest you follow these steps to set your SMART goals:

- **Step #1: Reflect on what is important to you**. What do you want to do during the next 12 months? What do you want to see in your life the next 2 years, next 5 years, and next 10 years? It is important to be specific. For example; if you set your goal to take a romantic vacation - this is not specific enough. Specify the country and the resort that you want to visit. Here is an example "We want to **travel to Cancun Mexico for 7 days all inclusive vacation**." Going to "Cancun Mexico for 7 days all inclusive vacation" is **Specific**.

- **Step #2: Research the cost to achieve the goal.** If your goal is to go to Cancun Mexico in the next 12 months, find out how much it is going to cost. Your goal would read "We want to **travel to Cancun Mexico for 7 days all inclusive vacation**, at the **cost of $3,000**". The cost of "$3,000 and the time to attain you goals in 12 months" is **Measurable**.

- **Step #3: Decide on the timeframe.** When do you want it to happen - in one year, two years, five years or on going? In the example, we are discussing, your timeframe may be in 12 months. Your goal would read "We want to **travel to Cancun Mexico for 7 days all inclusive vacation** on **December 23, 2017**, at the **cost of $3,000**".

- **Step #4: Figure out how much money you need to save monthly for each goal**. Do a little math on how much money you need to save each month? You can do that by dividing the cost of the goal by the timeframe you want to accomplish it. For example; if the trip for two to Cancun Mexico will cost you $3,000. You simply divide $3,000 by 12 months; the result is $250. You now know that will need to save

$250 every month, if you want to achieve the goal of going to Cancun Mexico in Dec 23, 2017. Saying "I will save "$300 per month for the next 12 months" is **Attainable**. I can't afford it now, is **Realistic**. The twelve months' plan to achieve this goal is **Timely**.

Exercise #13 – What Do Want to Achieve in Your Life

Step #1 - Let the Dreaming Process Begin

We all have our own unique dreams and ambitions. It's critical to make a habit of setting and reaching the goals that you and your partner have set together. Find a quiet place at home, put the kids to sleep, put some soft music on, ignore your current financial reality and your priorities for now. Take a white paper or use the form below to start writing what your heart desires. What are your needs, wants and unmet needs?
Write your short-, medium-, and long-term goals and follow the above steps to capture your dreams.

Here is the formula to derive the monthly savings needed to achieve a specific goal.
Monthly Savings = **Divide** the *Cost of the goal* **by** *the timeframe* you want to achieve that goal.

Short term goals: Timeframe within the next 2-12 months

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Medium term goals: **Timeframe** within 1 to 5 years (12-60 months)

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Long term goals: **Timeframe** more than 5 years (No of years X 12 months)

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Step #2 - Share Your Dreams (If you are single; skip this step and go to Step #4)

Now that you each have crafted your short, medium and long term goals, it is time to share them with each other. I suggest you make an agreement to listen to each other's goals with compassion, refraining from passing

any judgments. Ask your partner for this agreement in advance – stick to the agreement. Once you have agreed, take turns in explaining your goals openly.

If you are intimidated by who should start first, flip a coin to decide who would start first. Start by sharing you goals with each other. It is extremely important to listen to why this goal is important to achieve from your partner's perspective. Remember that this is a judgment free zone. Passing judgments will only torpedo your efforts to set your family goals, intimidate both of you and make you more reserved.

You may be surprised to hear what some of your partner's goals are. You will learn where each person wants to spend money. Being aligned with each other goals, can create a strong bond with your partner. Getting an agreement is better than no agreement (conflicts). Did you know that 70% of divorce happens over money squabbles?

Step #3 - Agree On Your Dreams (If you are single; skip this step and go to Step #4)

I am sure you came up with lots of goals and you would love to achieve them all. Acknowledging that "Dreams are endless, money and time is scarce", start with your common goals, and negotiate your individual goals, prioritize them and see if you have enough financial resources to make them happen in the desired timeframe.

Short term goals: Timeframe within the next 2-12 months

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Medium term goals: **Timeframe** within 1 to 5 years (12-60 months)

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Long term goals: **Timeframe** more than 5 years (No of years X 12 months)

Priority	Goal Description	Cost	Timeframe	Monthly Savings

Step #4 - How Will You Fund These Goals?

Congratulations! Now you have tentatively agreed on your family common goals and negotiated your unique goals. You have *Researched the cost of each goal* to learn how much you need to be saved per month to reach each goal.

What does "tentatively agreed on your family common goals and negotiated your unique goals" mean?

This is an important question! It means; do you have enough money to achieve all your goals? How are you going to fund your short, medium and long term goals?

If your monthly cash flow can fund all your goals, all the power to you. You have peace and harmony in your household, enjoy your life.
But if your cash flow can't fund all your goals, review your goals, priorities and timeframes. It may sound daunting. I have good news; it is going to be simpler and more fun than the previous round. Now you are talking about money and reading from the same family financial page.

You can see all your goals in front of you. Now – simply focus on your highest priority. It doesn't mean you will be giving up on your goals, if your goal is to buy a new car in 3 years you may need to lengthen your timeframe to achieve it, make more money, or buy a cheaper car.

Do what is realistic. You may have to spend less on one goal to free some cash to improve your chances to achieve another goal more quickly. Instead of having 15 goals, you might want to shrink your list to just a few. Work through the rest of your goals, and check your cash flow margin to see how many you can fund at this time. Keep in mind that you can always revisit the ones that may, for finance sake, be temporarily put aside.

This is normal, but shouldn't translate to conflict. Remember that a healthy relationship with your partner is a give and take. A little compromise will go a long way in getting an agreement on how you want to fund your goals. If you end up with a conflict, the conflict can't be ignored, don't get discouraged, work it out.

Don't forget to add the cost of these goals and the monthly savings needed to achieve them. Pencil the result in the appropriate total in the table below.

Goals	Whose goal it is?	Priority	Goal Description	Cost	Timeframe	Monthly Savings
Short Term						
Medium Term						
Long Term						
Total				**$**		**$**

Savings to Fund Your Goals

Now here is the part where you're probably wondering: "How can I save for my short-, medium- and long-term goals, for things that are important to me, bringing joy to my life when it is tough to just stay on top my current bills and necessities."

I will guide you through a process to help you find the cash you need to fund your life goals. Get passionate about achieving your goals. **No one can stop you from achieving your DREAMS except you.**

The Family CFO Action Centre

Let me leave you with two action items – do yourself a favor don't procrastinate to do them know.

- Spend sometime setting your goals and research their costs. If you are married or in a relationship, follow the process described in this chapter to reach an agreement on your joint and individual goals.
- Log in your Money Coach Client Application (MCCA), and enter your goals. The MCCA excels at managing goals. Adding your goals into the MCCA integrates your goals into your cash flow (budget) and your net worth.

 Copyright© B.G.W Money Coach Master Inc.

Week 5 – Finding The CASH You Never Knew You Had

The major key to financial success in reducing your living expenses is recognizing that every dollar saved in any category goes directly to your cash flow margin. Your goals need funding; this module will help you fine-tune your household expenses to find the cash needed. Finding the money that is leaking from your wallet daily is easier than done. Here are a few tips that I followed myself to stop the leak in my Cash Flow and recovered lost of cash – I call the "**New Found Cash**".

Le me guide you guide to find the cash you need you save. You can derive that much needed savings by

- Without any changes to your lifestyle
- With conscious lifestyle changes

Exercise #14 – Let's find the CASH You Never knew You Had Without Any Changes To Your Lifestyle

This exercise explores a simple strategy. The strategy has one single and simple tactic - it is simply getting the same service for less. Apply this strategy to your telecommunication cost, banking cost, insurance cost and any other expense category you may think you can.

Step #1 - Cut Your Monthly Telecommunication Cost

I looked at my TV, Internet and Home phone monthly bills. I was able to maintain the same service and save $143.05. I did this by simply getting unlimited internet access for less, buying a device called OOMA to replace my phone service provider (local and long distance calls), and choosing an alternative TV provider.

Services	What I paid before	My new cost
TV	$98.99	$65.00
Internet	$69.95	$39.99
Home phone (local & Long distance calls)	$82.52	$3.42
Total	**$251.46**	**$108.41**

Monthly Savings	**$143.05**

You can do the same – Go ahead and see if you can apply this strategy to your monthly communication cost!

Monthly Services	Your current costs	The new cost
TV		
Internet		
Home phone (local & Long distance calls)		
Total	**$**	**$**

Monthly Savings	**$**

 Copyright© B.G.W Money Coach Master Inc.

Step #2 – Cut your Monthly Banking Cost

Review your personal checking account statement. What is your monthly service charge plus all the additional charge you are accumulating each time you withdraw money at ATM outside your bank network? These fees can amount to $25 or more per withdrawal if you are using your overdraft.

To eliminate these charges, change to an Internet banking institution that offer free banking. Go only to the Bank's ATMs and the ATMs in the affiliate Banks network.

Monthly Services	What I paid before	My new cost
Bank	$15.00	$0.00
Total	$15.00	$0.00

Monthly Savings	$15.00

You can do the same – Go ahead and see if you can apply this strategy to your banking costs!

Monthly Services	Your current costs	The new cost
Bank A		
Bank B		
Overdraft protection		
Total	**$**	**$**

Monthly Savings	$

Step #3 – Cut your Monthly Car Insurance Cost

Review your car insurance policy. Shop around for cheaper rates and get higher deductibles.

Services	What I paid before	My new cost
Car Insurance	$398.00	$298.50
Total	$398.00	$298.50

Monthly Savings	$99.50

You can do the same – Go ahead and see if you can apply this strategy to your car insurance cost!

Services	Your current costs	My new cost
Car Insurance		
Total	**$**	**$**

Monthly Savings	$

Here is a SUMMARY of my "New Found Cash" without changing my lifestyle.

Services	What I paid before	My new cost
TV	$98.99	$65.00
Internet	$69.95	$39.99
Home phone	$42.52	$3.42
Car Insurance	$398.00	$298.50
Banking service fees	$15.00	$0.00
Total	**$624.46**	**$406.41**

Monthly Savings	**$217.55**

Savings per day	**$7.25**

Let's summarized your "New Found Cash" without changing your lifestyle.

Please copy all the new amounts from your step #1, #2 and #3 in this exercise.

Services	Your current costs	Your new cost
TV		
Internet		
Home phone		
Car Insurance		
Banking service fees		
Total	**$**	**$**

Deduct the total OF "**Your current costs**" from the total of "**Your new cost**" and pencil the result in the "**Monthly Savings**" cell below.

Monthly Savings	**$**

Divide the "Monthly Savings" amount **by** "30 days", pencil the amount in the "Saving per day" cell below

Savings per day	**$**

Needs vs. Wants Analysis

Here is a simple definition of a need: "A need, when you satisfy it, sustains you".

Here is an example of a need: Your need to consume food nourishes you, satisfies you and sustain your body. Food at McDonald or your favourite restaurant. Is a want and it causes an overhead on your monthly cash flow.

Here is a simple definition of a want: "A want, when you satisfy it, entertains you."

Here is an example of a want: Going to the movies entertains you. Going on vacation relaxes you and entertains you. Failing to discern between your needs and wants creates a blurry line between needs and wants. Spending more on your wants is often the cause of financial troubles and the entrapment into debt prison.

It is imperative that you differentiate between *needs* and *wants.* This differentiation is an essential step in finding the $5 or more per day. Often, people spend their hard-earned money on things that bring only temporary gratification eventually leaving them further in debt, stressed and with bills that cannot be paid. Learn to ask yourself the question. "Do I want this?" or "Is this something that I need?" before spending your money. Many people confuse wants with needs and consequently they become as needs.

Examples:

WANTS	NEEDS
• Entertainment • A holiday every year • A new wardrobe every season • Eating out on regular basis • Coffee out	• A holiday is a want not a necessity • New wardrobe is a luxury, not a necessity • Food is a necessity, eating out is luxury

The "Needs vs. Wants" distinction carries significant weight when YOU attempt to restructure your financial life. You need food; without it, you will not survive. If you don't pay your rent or mortgage, eventually you will become homeless. These are clear examples of *needs and you need to make sure they are paid on time.*

Although we all need a vacation from time to time, it's actually a *want.* Let's face it although vacations are nice, it's not a requirement for one's survival.

Exercise #15 – Let's Find the Cash You Never Knew You Had With Conscious Lifestyle Changes

Take a close look at each living expense item and see what is a need and what is a want using the concept I already explained. But I encourage you to conduct a thorough review of your needs and wants, I am sure you will find lots of items that you can cut without missing them. Please approach this exercise with an open mind and keep your emotions in the ice box while you are going through the review of your living expenses. Ask yourself if any reduction is possible.

Let me give you an example to guide you through the process of reducing or eliminating any of your living expenses. Let's say you are not prepared to eliminate eating out lunch. But you are willing to reduce your spending to $50. Please pencil the $50 in the "**Revised Amount**" corresponding cell, and deduct the "**Revised Amount**" from the "**Current Amount**", pencil the result in the corresponding "**Savings**" cell below.

Living Expenses	Current Amount	Revised Amount	Savings	Priority*
Groceries	$800	$0	$0	3

Eating out – Breakfast	$50	$0	$50	1
Eating out – Lunch	$75	$50	$25	1
Eating out – Dinner	$0	$0	$0	1

***Priority: 1= low, 2 = medium and 3 = High**

Apply this process to all your living expense items in your Cash Flow Statement. As you finish revising each expense category, total the "**Current Amount**", "**Revised Amount**" and "**Savings**" of each category and pencil each total in the appropriate total in the table below.

Housing	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Mortgage/Rent				
Property Insurance				
Property Taxes				
Electricity				
Heating				
Water				
Sanitation				
Repairs/Maintenance				
Furnishing				
Supplies				
Others				
Total Housing				

Food	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Groceries				
Total Food				

Debt	**Monthly Payment**	**Revised Amount**	**Savings**	**Priority**
Credit card debt		N/A	N/A	
Student Debt		N/A	N/A	
Car loans and Line of credit		N/A	N/A	
Government debt		N/A	N/A	
Government debt		N/A	N/A	
Total Clothing		N/A	N/A	

Clothing	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Husband				
Wife				
Children				
Total Clothing				

Giving	**Current Amount**	**Revised Amount**	**Savings**	**Priority**

Charitable giving				
Total Giving				

Transportation	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Insurance				
Gas				
Maintenance				
Parking				
Public transport				
Others				
Total Transportation				

Telecommunication	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Internet				
Cell Phone				
Home Phone				
Cable. Netflix …				
Total Telecommunication				

Entertainment	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Eating out				
Babysitters				
Magazine/newspaper				
Vacation				
Classes				
Gym club				
Others				
Total Entertainment				

Medical Expenses	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Insurance				
Doctors				
Dentists				
Chiropractor, etc.				
Prescription drugs				
Total Medical Expenses				

Insurance	**Current Amount**	**Revised Amount**	**Savings**	**Priority**
Life				
Disability				
Others				
Total Insurance				

 Copyright© B.G.W Money Coach Master Inc.

Children	Current Amount	Revised Amount	Savings	Priority
School lunches				
Allowances				
Tuition				
Lessons				
Others				
Total Children				

Special Occasions	Current Amount	Revised Amount	Savings	Priority
Christmas				
Birthdays				
Anniversary				
Oher holidays				
Others				
Total Gifts				

Miscellaneous	Current Amount	Revised Amount	Savings	Priority
Toiletries				
Husband – Lunches				
Wife miscellaneous				
Dry cleaning/laundry				
Animal care				
Beauty/Barber				
Others				
Total Miscellaneous				

Total Living Expenses/savings				

Summary of your "New Found Cash"

Copy the "New Found Cash" figures from exercise #14 and Exercise #15. Total the two amounts and pencil the result in the "**New Found Cash**" cell below.

New found cash without changes to your lifestyle (exercise #14)	
Plus New found cash with conscious lifestyle changes (exercise #15)	
Equal The "**New Found Cash**"	

The "**New Found Cash**": $______________ amount should be positive. This amount will help you meet your goals. We will use the "New Found Cash" to accelerate your **Debt-Freedom Day** and achieve your life goals.

The Family CFO Action Centre

As Family CFO, I want to leave you with two important action items – do yourself a favor keep building you effort to create your very own plan:

- It is paramount that you spend time reviewing your expenses to find the "**New Found Cash**" – this amount is the fuel to getting out of debt using the Become debt-free using the $5 per day strategy.
- Log in into your Money Coach Client Application (MCCA) and revise the expenses that you have reduced or eliminated. You are almost at midway in your creating your very own financial plan.

Week 6 – The Danger of Debt and the power of the Credit Bureau on Your Live

Your Net Worth statement gave a clear picture of how much debt you are carrying and your track record in savings. Most people owe more than they own. In the 21st century (in our society) living expenses, lifestyle and debt are intertwined and most people are accumulating lifestyle assets encumbered by debt. As the competent Family CFO, it is paramount to understand the concept of good debt vs. bad debt, the impact of debt on your future and the danger of being in debt. Equally; you need to understand how the credit bureau works and how to make sure your credit score stays healthy at all times.

Good Debt vs. Bad Debt: Is There Such Thing?

Yes - there is.

If you have debt, know you are not alone. It is important to differentiate between various types of debt.

Money, you borrow to buy an asset that appreciates in value or pay for education is considered to be a good debt. Two examples of good debt include the mortgage on your house and student loan. The value of your home generally appreciates overtime and the education increases your earning power significantly over your life time. However, if you have bought bigger home and have a bigger mortgage, your monthly cash flow will be consumed by this choice. Be ware that you are accumulating too much lifestyle asset and have taken too much debt. Please refer to Week 8 for more details on how to refinance your home.

Bad debt is money you borrow to buy something that you consume or an asset that doesn't appreciate in value. Examples of bad debt include a car loan, money to remodel your kitchen and everything you buy on credit including that memorable vacation. Accumulating lifestyle assets could make or brake your family cash flow. It is important to have control over how much cash you invest in your lifestyle assets – this type of asset consume cash flow and does not have a return on investment. Here is an example of how you can satisfy your needs for transportation without investing lots of money.

Transportation needs

Your transportation needs can be satisfied by using the public system, by using a taxi, by buying or leasing a new car, or by buying a 2-3-year reliable used car. The best way to satisfy your transportation needs is to buy a reliable 2-3-year-old car and finance it for 2 or 3 years – better yet pay for it in cash. The life of the car is more important than the monthly payments.

Your car will last you more than 3 years. However, if you finance your car for 5 years or more, your car loan will outlive the life of the car. For most people buying or leasing a car is the second most expensive lifestyle asset after the home. The cost of the new car generally consumes of 7-10% of the person's disposable income.

How much debt should you carry?

Banks are masters at evaluating potential clients' risks. Before they extend the borrower a mortgage, a secure line of credit they assess the risks the borrower represent by analyzing the borrower's income into consideration, its credit score, its debt load to determine how likely the borrower will pay back the loan with interest. Here are the standard ratios the Banks use before extending any kind of credit to any borrower.

Debt load Banks accept	Ratio	Status

Housing costs	30-32%	30-32% of gross income is dedicated to mortgage payment, property tax, condo fees (if applicable) and heating cost. Mortgage payment (interest and principle) not to exceeds 25% of gross income.
Consumer debt repayment	12%	12% of gross income is dedicated for credit card and consumer debt repayment
Total Debt-Service Ratio (TDSR)	40-44%	Banks consider TDSR of 44% an acceptable risks

Let me agree with the Banks that your housing cost should not exceed 32% of your gross income.

Let's analyse the people credit card and consumer debt load in attempt to quantify the financial states people are living in. we are trying to quantify the debt load in term of the "Consumer debt % of gross income".

Consumer debt % of Gross income	Situation Assessment	Recommendation
Zero%	Ideal	Start/keep investing in investments that generate passive income
1-12%	Acceptable	Stop adding any new debt Establish a spending plan and stick to it Embrace applicable debt elimination strategy
13-25%	Problem	Stop adding any new debt Establish a spending plan and stick to it Embrace applicable debt elimination strategy
26-45%	Bigger Problem	Stop adding any new debt Establish a spending plan and stick to it Consider filing for a consumer proposal
Greater than 45%	Chaos	Consider filing for bankruptcy Stop adding any new debt Establish a spending plan and stick to it

If you ask me, I would tell you one dollar of debt is one dollar too many.
Debt for many is a fact of life. The answer to how much bad debt you should owe as percentage of your gross income.

Do you know your consumer debt % of gross income?

Take your total debt load minus your mortgage outstanding balance (if you have one) and divide by your annual gross income.

Consumer debt % of gross income = _____%

Map it to the above table above. What is the assessment of your current situation? _______________

Lets' determine your current debt load. Assuming you are a homeowner and have a mortgage, **total your Monthly Housing costs** (mortgage payment (interest and principle), property tax, condo fees (if applicable) and heating cost) and **divide** by your **Monthly Gross Income**. Pencil the result in the appropriate cell in the table below.

Take your total monthly consumer, credit card debt payment and student debt (if applicable) and **divide** by your **Monthly Gross Income**. Pencil the result in the appropriate cell in the table below.

Total these two ratios and place the result in the TDSR cell below.

 Copyright© B.G.W Money Coach Master Inc.

Debt load Banks accept	Ratios Acceptable by Bank as an acceptable risk	Your Ratios
Housing costs	30-32%	
Consumer debt repayment	12%	
Total Debt-Service Ratio (TDSR)	40-44%	

If your TDSR is greater than 44%, you are in more trouble than you realize. Being in debt stinks – it is time to deleverage. People get in and out of debt periodically. Many people are trapped under mountains of debts. The day has come for you to become debt-free regardless of how much debt you are carrying and your current financial reality.

In this book, I give you a system to get out and stay out of debt for life. The system has many tactics and strategies to help you become debt-free in record time.

I have mentioned before and I will mention it again. I am a mortgage broker and I make money arranging people mortgages and I love arranging a mortgage for you. I make good money doing it. You don't have to remortgage house to pay off your unsecured debt. The following is general guide of the strategy you may benefit from.

If your debts are current meaning up-to-date, you would benefit greatly from implementing my favorite and simple strategy – Become Debt-free on $5 per day. It works with any situation as long as you have an income and willing to work the system. More details can be found in Week 7.

If your debt load is heavy and have equity in your home, you would benefit from refinancing your property, but refinancing has its rules. More details ca be found in Week 8.

If you have less than 3 debts and are in arrear, and you have 30%-70% of the outstanding balance, you may benefit from settling your debt. More details can be found in Week 9.

If your debt load is heavy, have equity in your home, and can't cope with debt obligation, you would benefit from Filing a consumer proposal or filing from bankruptcy. More details can be found in Week 9.

I intentionally ignored pointing out the value of credit counselling as strategy to deal with your debt. In my opinion, you will be best served with filing a consumer proposal instead. More details on this can be found in Week 9.

Excess debt creates a downward spiral that make escape increasingly difficult.

Impacts of Debt on your Cash Flow

Many people buy things and charge their purchases to their credit cards; very seldom do they look at the total costs of borrowing. They don't consider how much the purchase will end up costing them when they pay it off, how much time it will take them to pay off the debt nor are they fully aware of the impact on their cash flow.

To illustrate the impact, let's say you and your significant other took a vacation to Cancun Mexico. The cost of the trip was $3,000. You have charged the trip to one of your credit cards that charges 18% interest and have decided to pay the minimum payment of $90 (3% of the outstanding balance) per month.

 Copyright© B.G.W Money Coach Master Inc.

Here is the time it would take you to pay off your trip and how much interest you will be paying over that period:

- Pay off time will be 3 years and 11 months
- Total interest paid is $1,190.21, which represents 40% of the purchase price
- Total of money paid (interest and principal) $4,190.21

The above example shows clearly that using credit makes things more expensive and adds stress to your monthly cash flow. This is how many people add one minimum payment at time and end up with a debt load that limits their ability to save for life goals and priorities. The minimum payment becomes the strategy to manage the debt load for many people. The commitment to pay back the debt load entraps many people in jobs they hate; they stay at work just to earn money to service their debts. They become stuck in a situation they hate and are anxious to turn things around.

I hope you are not one of these people. If you are, what is your strategy to get yourself unstuck?

Debt entraps people of all walk of life and mortgaged their future with both economic and spiritual dangers. The first priority of income must focus on debt repayment, not charity, not investing.

Debt make things you purchase extremely expensive, especially if you adopt the minimum payment method to service your debt. Too much debt takes away your freedom to choose and the ability to leverage the right opportunity.

The Danger of debt is real and can cripple one's life. Here a high-level danger of debt:

- ✓ Debt robs your monthly cash flow
- ✓ Debt makes things more expensive
- ✓ Debt always mortgages the future
- ✓ Debt is extremely deceptive
- ✓ Debt creates bondage

To comprehend how expensive credit could be for you, let me introduce the Rule of 72 to you.

---

*"The **rule of 72** is a shortcut to estimate the number of years required to double your money at a given annual rate of return. The **rule** states that you divide the rate, expressed as a percentage, into **72**: Years required to double investment = **72** ÷ compound annual interest rate."*

Let's assume you owe on one of your credit card $3,500, the interest charged on the card is 18% and you are paying the minimum payment. Let's divide 72 by the interest rate (18% in this case), the result is 4 years. The balance will double in 4 years in your lender's pocket.

If you are carrying any form of debt, **the Rule of 72 is working against you**. Your debt is your lenders' investments

If you are saving and you carrying no debt, investing your money gets **the Rule of 72 to work for you**.

Credit Bureau and Your Credit Score

A credit bureau is a number that ranges between 300-900 assigned to anyone that has applied and gotten credit. The credit score is often called FICO (Fair Isaac Corporation). You can obtain your free annual credit report from each of the three major credit bureaus: Equifax, Experian and TransUnion.

> A challenged credit makes obtaining credit very expensive that if you can get it.

It is very important to have a healthy credit rating. Without a healthy credit, getting credit becomes extremely expensive that if you can get it. The FICO score is used by lenders to determine how responsible where you with the credit you have at hand.

The following is a high-level level classification if the health of any given FICO score.

Above 720 = Excellent	680 = Good	620 = Fair	Below 600 = Poor

If you don't know your credit score, it is wise to get a copy of your credit bureau and see where you stand.

What is your FICO (Beacon) Score? __________

While you are at it, try find out your spouse or partner FICO score too so there are no surprises if you have plan to obtain a mortgage or refinance existing one.

What are the factors that affect your FICO score?

In summary, the following are the most important factors that affect the health of your credit score.

Payment History Factor

Late payment is a killer for your credit rating. All bills regardless of the outstanding amounts must be paid on time all the time. If you can't pay the bill in full, pay the minimum payment on time. One or two recent late payments will drag your score down significantly. The payment history factor makes 35% of your FICO score.

Credit Utilization Ratio Factor

Credit Utilization Ratio (UR) is the % of the revolving credit limit that is actually used on each revolving credit facility. A credit card is an example of revolving credit. The UR shows what percentage of your available credit you are using. UR is calculated as follows:

UR = Outstanding balance of a revolving account/ Account Credit Limit

 Copyright© B.G.W Money Coach Master Inc.

Example:

UR = \$2,800 / \$3,000 = 93.33%, the higher the UR is, it suggests you may be desperate for credit and you are living on credit.

The ideal utilization ratio is 50% or less of available credit. The Utilization Ratio factor makes 30% of your FICO score.

Over the Limit condition

Over the limit condition occurs when your outstanding balance exceeds your credit limit, even by one cent. This has serious impact on your credit score.

Credit Limit

Outstanding Balance

Bank A Visa
I*544888876 08/08 01/10 3000 45 3001 R9 00 00 00 00 01/08
ACCOUNT NUMBER XXX…665
PREV HI RATE R9 08/08, 07/08, 06/08
AMOUNT in H/C COLUMN IS CREDIT LIMIT
MONTHLY PAYMENTS

Length of Credit History Factor

The length of your credit history shows how long your accounts been opened and how long they have been active. This factor makes 15% of your FICO score.

New Credit Factor

The New Credit factor represents what percentage of your accounts have been recently opened and how many recent inquiries were made on your account. This factor makes 10% of your FICO score.

Type of credit Factor

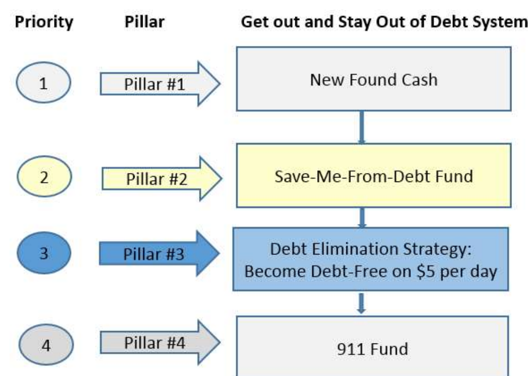
The Type of credit represents the types of credit you have in your wallets. Its best to have a mixed of revolving credit e.g., credit card and installment credit e.g., car loan or the like. This factor makes 10% of your FICO score.

The Family CFO Action Centre

If you have not been making you payments on time, or you have been declined for credit, it is time to get serious about your debt load and credit rating. Go ahead and get a copy of your credit bureau from the credit bureaus reporting in your area and work on gradually fixing it. Reread the FICO score section if this chapter and take corrective actions. There is no immediate fix, don't be fooled by third party promises to fix your credit. You can do what they promise yourself.

Week 7 - Get Out and Stay Out Of Debt For Life System – Become Debt-Free on $5 Per Day Strategy

People get in and out of debt all the time. Getting out of debt requires a system and a plan. Here are the details of the Get out of debt and stay out debt system that I am suggesting you embrace. The system relies on finding "**New found Cash**" in your Cash flow and executing the following Pillars of the system. The following diagram depicts the Get out and Stay out of Debt system and it is pillars. These pillars are critical components of the system and they must be executed in the recommended sequence to yield the ideal result.



Exercise #16 - Get out of debt and stay out of debt for life system using the $5 per day strategy

Pillar #1 – Find the cash you never know you had

You don't stand a chance to dig out of debt by paying the minimum payments. You need to go through your wallet and recover any leaks you many have. Finding the money, you never knew you had is paramount. If you haven't already found the "New Found Cash", I suggest you revisit the process covered in Week 5.

Pillar #2 – Establish Save-Me-From-Debt Fund

You need to establish the Saving-Me-From-Debt fund **-** Saving-Me-From-Debt fund should be a priority in your life. How much cash at hand can you put in this fund?

If you have little cash set aside, do yourself a favor continue to pay the minimum payments on your debt until you save a minimum of $2,000-$5,000 in such a fund. Once you have saved that minimum amount, now you can execute the next pillar of the system. Continue paying the minimum payments while you are building this essential fund.

Save-Me-from-Debt fund: $___________

Should an irregular expense need to be paid – charge the expense to your favorite credit card. Once the bill comes in, pay the bill in full from your Saving-Me-From-Debt fund. Pay back this borrowed money into the fund in the shortest possible time. Pay back that money with interest. This strategy insures you getting out of debt and staying out. You will become your own Bank and will never ever have to pay interest on any debt.

 Copyright© B.G.W Money Coach Master Inc.

Pillar #3 – Implement the Debt Elimination Strategy – Become Debt-free on $5 per day

There are many debt elimination strategies. The one will serve you best requires a detailed assessment of your financial situation. We will only be detailing the "**Become debt-free on $5 per day**" strategy. The other strategies will be explained in the webinar. The strategy assumes that:

- you are adding no new debt
- and you were able to find "New Found Cash" amount

Here are the steps of the simple "**Become debt-free on $5 per day"** strategy. I ask you to execute the steps in the prescribed order.

Save-Me-from-Debt fund: $__________

Let's say you have the following debt load:

Debt No.	Creditor Name	Outstanding Balance	Interest Rate %	Payment per month/Min.	Pay this Amount
1					
2					
3					
4					
5					
6					
7					
8					

Step 1: Sort all the unpaid unsecured debts by the highest interest rate that you are paying.

Debt No.	Creditor Name	Outstanding Balance	Interest Rate %	Payment per month/Min.	Pay this Amount
1					
2					
3					
4					
5					
6					
7					
8					

Step 2: Add the "New Found Cash" amount to the minimum payment amount of debt No. 1.

- Step 2.1: Pay the new amount on debt No. 1 and continue paying the current minimum payment on each one of the remaining debt. Repeat steps 2.1 until debt No. 1 is paid off.

Debt No	Creditor Name	Outstanding Balance	Interest Rate %	Payment per month/Min.	Pay this Amount

 Copyright© B.G.W Money Coach Master Inc.

1					
2					
3					
4					
5					
6					
7					
8					

Step 3: When the first debt is paid, repeat the process by adding the amount that you paid on debt No.1 to the minimum payment of debt No. 2.

- Step 3.1: Pay the new amount on debt No. 2 and continue paying the minimum on the remaining unpaid debt. Repeat step 3.1 until debt No. 2 is paid off.

Debt No.	Creditor Name	Outstanding Balance	Interest Rate %	Payment per month/Min.	Pay this Amount
1					
2					
3					
4					
5					
6					
7					
8					

Step 4: Begin eliminating debt No. 3. Follow the same logic applied in Step 3, until debt No. 3 is paid off.

Debt No.	Creditor Name	Outstanding Balance	Interest Rate %	Minimum Payment	Pay this Amount
1					
2					
3					
4					
5					

Step 5: Should you have more creditors; you would repeat step 4 until all debts are paid off.

Pillar #4 - Establish 911 (Emergency) Fund

Now; you are debt-free – you have zero credit card and consumer debt.
It is time to start accumulating your 3-6-month Emergency fund. This is the last step that you need to take to ensure you stay out of debt for life.
Accumulating your 911 fund is now more attainable than ever. Go ahead and start funding your 911 fund and don't stop until you attain a 3-6-month of Emergency fund. Please note accumulating your emergency fund may takes time – don't waiver. This hard work will pay you for life.

The Family CFO Action Centre

As the Family CFO of your household you have the following actions to take to implement what you have learned in this week.

Log in your Money Coach Client Application, go to the goal section and create a Save-Me-From-Debt fund goal. If you have liquid cash move that cash to that fund, if not choose the monthly contribution that you want to allocate to this fund.

Scenario A – need time to accumulate you Save-Me-From-Debt fund

In this case, pay the minimum payments on your debt as you have been doing, once you accumulate the fund you need to accumulate in your Save-Me-From-Debt fund, go to step 1 in scenario B.

Scenario B – ready to implement the "Become debt-free on $5 per day strategy

If you have the cash to fund your Save-Me-From-Debt fund and have found the "**New Found Cash"** your ready to implement the "Become debt-free on $5 per day strategy". I want you to follow these steps:

- Step 1 – go ahead and add the "**New Found Cash"** amount to the payment amount of the credit card that charges the highest interest rate, pay that amount until that debt is paid off while paying the minimum payment on the rest of your debt load.
- Step 2 – take the payment you just made and add it to the next payment of the debt in line to be paid. Pay that amount until that debt is paid off while paying the minimum payments on the rest of your debt load.
- Step 3 – repeat step 2 until you become debt-free

Should you have any unexpected payment such car repair, pay the bill from your Save-Me-From-Debt fund, pay the borrowed money with interest back to your Save-Me-From-Debt fund. This is how you get out of debt and stay out of debt.

Sweat – You became your own bank. Congratulation.

Week 8 – Get Out and Stay Out of Debt System - Refinance your Home strategy

If you are a renter or a homeowner with little equity in your house, skip this section.

For most people, paying off the mortgage as a major goal. They maintain living mortgage-free give them a sense of security and peace of mind. This mentality has merits but you can get more from your money.

Home equity is to be conserved not consumed.

The mortgage is the most complex product you will ever deal with in your life. The mortgage needs to be managed properly beyond getting the best rate you can get.
I want you to know that "**Home equity is to be conserved not consumed." And I urge you not to get obsessed by the taught you want to become mortgage-free as early as possible, there are higher priority goals that you need to meet in your life.**

I am a mortgage broker and I make money arranging mortgages for people. I urge you to give the $5 per day strategy a chance to work, before you decide to refinance your mortgage to pay off your debt.

If you have to remortgage your property to pay off your unsecured debt, be ware that you are converting your unsecured debt to secure debt. You did not pay off your debt, you simply paid them off and added them to your mortgage – you have kicked down debt 25 or 30 years down the road. As a homeowner, you have the following options – which options you qualify for depends on your income, your debt load and the health of your credit score. Here are your options:

- Option 1 – Home Equity Line of Credit
- Option 2 – Refinancing your mortgage
- Option 3 – Private second mortgage

I have a problem with private second mortgages, you too should have problem with them.

let me deal with option 3. I urge you to avoid taking a second mortgage if it is possible. Yes – it is cost effective to pay the penalty to break your existing mortgage and take a new first mortgage instead of taking a private second mortgage. Second mortgages are extremely expensive to set and maintain and they create a bigger problem down the road.

Yes – you can go to your Bank or existing lender to refinance your mortgage. I urge you not to do that. Instead, find a mortgage broker or a cash flow planner to help you create a debt elimination plan.

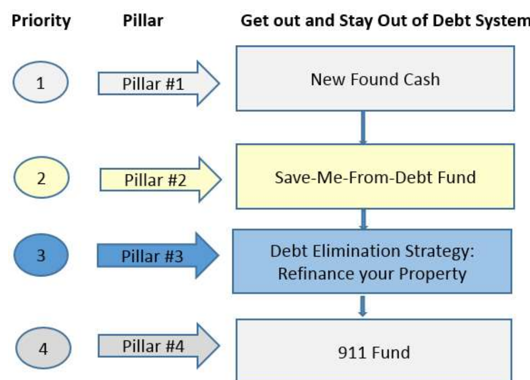
There are two ways you can manage your mortgage but they contradict each other.
I want you to know each method presents a sound strategy, and has its advantages, disadvantages and risks.

To simplify the discussion. I want to address the issue where mortgage interest is tax deductible. If you live in a country that allows the mortgage interest deduction on your personal income tax - you have a bigger advantage if you embrace the "**New Way**" to manage your mortgage.

The "Old Way" of managing the mortgage – calls to paying off your mortgage as early as possible and look forward to retiring mortgage-free.
If you are contributing regularly to your retirement savings, and have funded adequately your Save-Me-From-Debt fund and 911 fund, paying off your mortgage in the shortest possible time is a goal worth pursuing.

Should you decide to refinance your property to pay off unsecured debt, you need to consider adopting the following debt elimination system and tactics to pay off your mortgage sooner and avoid getting into debt again?

- Regardless whether you refinance your property, take a secured line of credit or a second, you need to develop and commit to a spending plan.
- Change your shopping behavior and how you view money.
- Consider accelerating your payment frequency e.g., bi-weekly accelerated.
- Consider shortening the amortization period. e.g., instead of amortizing your mortgage over 25-year, amortize your mortgage for 20-years.
- Make use of prepayment privileges (if it is within your resources):
    - ✓ Increase your monthly payments e.g., 20%
    - ✓ Make lump sum payment e.g., up to 20% during a given calendar year
- Top up or fund your Save-Me-From-Debt and 911 funds.



Paying off your mortgage without a proper savings and investment, you would become house rich and cash poor.

Many people follow this strategy and end up house rich and cash poor in their golden years, experiencing income shortage, to fund their retirement they end up taking reverse mortgages to fund their retirement. Nothing is wrong with taking a reverse mortgage – they provide a solution to the much need income supplement in retirement years. But if you manage your mortgage properly, you would get more from your money – let's explore the other school.

The "New Way" of managing your mortgage – calls to paying your mortgage payment monthly, amortise the mortgage for 25 or even 30 years and invest the difference between the bi-weekly accelerated mortgage payment and the monthly payment.

 Copyright© B.G.W Money Coach Master Inc.

The stock market has increased an average off 11% per year. Investing $100 per month at this historical rate would net you almost $40,000 after accounting for capital gain taxes in 15 years. Even if you invest $100 at a more conservative 7% rate, you would net almost $25,000 after capital gain.

Paying the extra $100 toward your mortgage would save you less than $25,000 over the same period. I want you to know that the real estate has more risks than the stock market. The rest of this chapter details the real estate market risks.

You could liquidate your investment at any time and pay off your mortgage. The rest of this chapter reveals the complexity of the mortgage as a product and depicts the mortgage inherent risks, explains the best way to manage your mortgage and how to get more from your money.

The Mortgage is a Complex Product

The concept of Home Equity is rightfully cherished by homeowners, but misunderstood, underutilized and definitely not properly managed. For most homeowners, investing in a home is the most expensive investment they ever make in their lives and consider such investment as a prudent investment. People do not recognize that owning a home holds very important implications for the rest of their financial plan. Let me define what Home Equity is and the misconceptions that Home Equity is a prudent investment. What constitutes a prudent investment? There are three elements a prudent investor should look for: liquidity, safety and rate of return.

What is Home Equity?

Home equity is defined as the market value of your home minus all outstanding loans against the property.

Home equity is the difference between the market value of the home and any outstanding mortgages and secured lines of credit on the property. Let's assume that the estimated value of your house is $400,000 and you have a first mortgage of $130,000 and a secured line of credit for $70,000. So, the value of your home equity in calculated as follows: $400,000 – ($130,000 + $70,000) = $200,000. You have $200,000 of equity in your home.

Many Canadians believe that the following statements about Home Equity are true, in reality they are myths and are far away from the truth:

Statement	True/False	Why this is a myth?
Home Equity is a prudent investment	False	The real estate market may crash or correct downward, which will result in loosing substantial amount of money.
Extra principal payments on your mortgage saves you money	False	You will definitely save interest on those extra payments, but in the same token you will lose the opportunity of earning money on that money.

 Copyright© B.G.W Money Coach Master Inc.

Mortgage Interest should be eliminated as soon as possible	False	Paying less interest is extremely desirable, no mortgage is a nice thing to have. Having no mortgage means having 100% equity in your home, where the equity is vulnerable to real estate market downturn.
Home Equity has a return	False	You home will appreciate or depreciate in value regardless of how much equity you have in your home. Home equity has zero return on investment.

How Liquid Home Equity is?

Home Equity is not liquid.

Let's say you have a substantial amount of home equity in your house, and you suddenly lose your job, and can't find work for an extensive period of time. How liquid is your home equity? The bank won't refinance you because you have no job. The bank won't finance you simply because you have no capacity to make the monthly payment. So, you have to resort to the private funds to get a second mortgage. Second mortgages in this situation are very expensive – normally with a 10-15% interest rate, plus 2-5% lender and broker fees and legal fees. It will cost you thousands of dollars to have access to your home equity. Home Equity is not LIQUID. You can't get at it easily or quickly.

How Safe Home Equity is?

We all have equity in our homes regardless how much the value is. What happens if the real estate market takes a down turn or crashes when we need the money? You could be forced to sell your home at a much lower price. This has happened during the great depression in the 1920s, in the late 1980s, early 1990s, in the US between 2007-2009, and it may happen in Canada, so it isn't hypothetical.

Home Equity is neither secure nor safe.

Let's say your house current market value is $400,000 and your mortgage is $200,000.00 that means that your equity position is $200,000. Let's say the real estate market corrects downward by 20%. This modest correction will result in you losing $80,000 if you were forced to sell in the weak market.

What rate of return can you expect from your home equity?

Home Equity has no return on investment.

Home equity doesn't have a return on investment (ROI). To illustrate this principal, let's assume you and your brother have purchased two adjacent and identical houses from the same builder for the same price e.g., $300,000. You put $150,000 as down payment and your brother puts $30,000 down. This table shows that your house market value is subject to the ups and downs of the real estate market and has no correlation to how much equity you have in your house. In other words, the house value goes up or down regardless of how much equity is invested in the house.

This analysis proves that Home Equity has zero return on investment (ROI).

 Copyright© B.G.W Money Coach Master Inc.

	Brother Tom	Brother SAM
Purchased price	$300,000	$300,000
Down payment	$150,000	$30,000
Mortgage	$150,000	$270,000
Home Equity	$150,000	$30,000
	Let's assume 5 years later The real estate market is healthy	
Outstanding Mortgage Balance	$144,500	$264,500
House market value	$400,000	$400,000
Home Equity has increased to	$255,500	$135,500
	Let's assume 7 years later The market corrects downward by 20%	
Outstanding Mortgage Balance	$132,500	$215,500
House market value	$320,000	$320,000
Home Equity has fallen to	$187,500	$104,500

The Ultimate Mortgage Plan

Any homeowner can implement the strategy of the wealthy to increase its net worth. Too often, people buy homes in a vacuum, without considering how that purchase is going to affect other life goals. This can be a big mistake, and therefore you must recognize that owning a home holds very important implications for the rest of your financial plan. Although owning a home is a fine goal, owning a home is not the ultimate financial planning tool, and in fact you need to manage your mortgage properly to get the most out of your money. Neither the "**Old Way**" nor the "**New Way**" is wrong. Adopting either school is a choice and a comfort level issue.

> The strategy is simple, it calls for a disciple and commitment: start saving at early age, continue to invest the committed savings every month, invest in income producing investments and re-invest your investment returns.

Each brother purchased their homes 4 years ago, they enjoyed a significant appreciation, they are sitting on healthy home equity. Brother Tom, believes in the "**Old Way**" of paying off a mortgage, which is as soon as possible. Also, in an effort to eliminate his mortgage sooner, Brother Tom sends an extra $100 to his lender every month.

Brother Sam, in contrast, subscribed to the" **New Way**" of mortgage planning, choosing instead to carry a big mortgage amortized over longer-term. He paid his mortgage monthly, not bi-weekly accelerated. Every month he added $100 to his investments (the same $100 Brother Tom sent to his lender), plus the saved amount between the payment bi-weekly accelerated mortgage payment and monthly mortgage payment. His investment account earned an 8% rate of return.

Which brother made the right decision?

The answer can be found by looking into the future. Both Brothers receive year-over-year a significant tax saving. Brother Sam had a bigger outstanding balance and enjoyed a larger tax savings.

Brother Tom sent his tax savings to his lender in an effort to pay off his mortgage. Brother Sam, on the other hand, had received larger tax savings and his savings and investment account had grown to $95,500.

Now, what if both brothers suddenly lose their jobs?

The situation would turn rather bleak for Brother Tom. Without any money in savings, he has no way to get through the crisis. Even though he has over $200,000 of equity in his home, he can't get a loan because he doesn't have a job. With no job and no savings, he can't make his monthly payments and has limited choices and each choice is more painful than the other. Brother Tom may have no choice but to sell his home in order to avoid power of sales or foreclosure, take a private second mortgage or go through with a fire sale. Brother Tom may have to sell at a discount, pay real estate commissions, find a rental to move in and live with slew of painful emotions – a position none deserve to go there.

Brother Sam, while not particularly happy at the prospects of searching for a new job, is not worried because he has $95,500 in savings to tide him over. He doesn't need a loan and can easily make his monthly payments, even if he is unemployed for a year or two. He has no reason to panic, as he is still in control. Remember… **Cash is King!**

Now, let's say neither brother lost his job. We'll check in on them after fifteen years have passed since they purchased their homes and evaluate the results of how they managed their mortgages.

Brother Tom paid off his mortgage and he started saving the equivalent of his mortgage payment each month, and owns his home outright. Not too bad, right?

Now let's check on his Brother. Brother Sam has $300,000 in savings and investments. If he chooses to, he can pay off the remaining mortgage balance of $190,000 and still have $110,000 left over in savings, free and clear.

The mortgage is a complex product and need serious management. As you can see you would fair better if you subscribe the Brother Sam Mortgage Planning strategy.

The Family CFO Action Centre

As the competent Family CFO, you have the following actions to take to implement what you have learned in this week.

Log in your Money Coach Client Application (MCCA), and follow the actions in your chosen scenario.

Scenario A – Refinance your property to pay off debt

Go you to the property section, **Edit** the property that you are trying to refinance and follow the following steps

- Step 1 – **Edit** the current mortgage you want to refinance, select the "Pay off mortgage" button, the system prompt you to enter the transaction details. Please follow along the instructions and click "Save". This updates your Net Worth, liabilities and budget.
- Step 2 – Select the property that you want to refinance, **click "Create an Amortized Mortgage"** button, enter the new mortgage details and click save.
- Step 3 – **Edit** the Debt account that you have paid off and click the "Create a New Transaction" button to enter the detail of the payment. The system will guide you with the details.

Scenario B – Pay the mortgage monthly and invest regularly

Go you to the property section, **Edit** the property that you own and follow the following steps:

- Step 1 – If you adopt this option, make sure you connect with your mortgage lender to change your mortgage payment from (weekly, bi-weekly, semi or bi-weekly accelerated) to monthly
- Step 2 - Edit your current mortgage record and adjust the mortgage payment amount to reflect the monthly payment.
- Step 3 – Go to the investment section, and create a new investment type record. Make sure you automate your investment amount. Follow the instruction on the screen.

The mortgage is a complex product. You can't JUST get the best interest rate, and set it and forget it. You would benefit from using a seasoned mortgage broker. I can lend you hand in implementing the appropriate mortgage plan. Give me a call at 416-399-0094 or email me at george@georgekaadi.com

Week 9 – Get Out and Stay Out of Debt System - Alternative Debt Elimination Strategies

If becoming debt-free on $5 per day strategy failed for you due to lack of financial resources, if you are a renter or homeowner with little or no home equity and carrying a serious debt load, I encourage you to consider the following alternative debt elimination strategies:

- **Debt consolidation loan strategy** could work if you can get one. The Debt consolidation loan can be secured and unsecured. The unsecured loans are generally hard to come by. If you are burdened by debt and have a challenged credit rating this strategy is impossible.
- **Debt settlement strategy** is a good strategy if you have 3 or less delinquent debts and have a lump sum payment to offer.
- **Credit counselling strategy** is a good strategy if you qualify for it. Credit counselling is an arrangement to pay your outstanding balance over a maximum 60-months interest free. Bare in mind this option is a **NOT** legally binding and not all your creditors would participate.
- **Consumer Proposal strategy** is a legally binding strategy. It allows you to make a deal with your creditors and enables you to avoid Bankruptcy.
- **Bankruptcy strategy** – Bankruptcy offer debt relief and a fresh start but it should be the last strategy you should consider.

Executing any of these debt elimination strategies requires the help of a seasonal professional. Which strategy serves the best is subject to your income, debt load and other financial resources. Let's discuss each strategy, details the advantages and disadvantages and what you need to do to succeed with each particular strategy.

How to make any of these strategies work for you

All these alternative solutions would help you become debt-free but they don't address the money dysfunctions that led you to needing to implement one of above mentioned alternative debt elimination strategies. You, either change your spending behaviors and non-working money beliefs on your own or have a Money Coach keeps track of your transition and coach you gently to do what you can't make yourself do on your own.

A Money Coach will also identify areas where you may need in-depth financial counselling in a series of frequent face-to-face meetings.

More details on how to succeed are discussed within each strategy.

I am a seasoned insolvency counsellor. I can lend you a hand to sort which strategy serves you best. Give me a call at 416-399-0094 or email me at george@georgekaadi.com

Get Out and Stay Out of Debt System using the Debt Consolidation Loan Strategy

What is a Debt Consolidation Loan?

"A Bank is a place where they lend you an umbrella in fair weather and ask for it back when it begins to rain" - **Mark Twain**

A debt consolidation loan is a refinancing process that allows you to pay off existing debt by borrowing money from a new or existing lender. The new loan can be a secured or unsecured loan.
The best place to get an unsecured loan is your current Bank. Should you decide to apply for a debt consolidation loan, the Bank will review your income, debt load, and credit score, they may approve or reject your loan request. If your Bank declines your request, you may approach another lending institution. In most instances, they too will not extend credit for the same reasons. You need to know no Bank will take the risk on extending you a debt consolidation loan if you have too much debt and a challenged credit.

Are debt consolidation loans a good deal? Let's explore the advantages and disadvantages of this type of debt solution.

Advantages of debt Consolidation Loan

A debt consolidation loan has many advantages:

- Most debt consolidation loans are secured by a real estate property, and given at lower interest rates
- Reduces monies spent on interest
- Enables you to have one low monthly payment, versus many
- Improves your monthly cash flow

Sounds great, doesn't it? Before you apply for a Consolidation loan, let's look at the disadvantages.

Disadvantages of Debt Consolidation Loans

This list exposes few disadvantages of debt consolidation loans:

- Consolidation loans are a bandage. This type of loan does not solve long term financial problems.
- The deadliest form of a debt consolidation loan is a private second mortgage. The interest rates and fees often exceed the current cost of servicing existing debts. In most situations, they make matters worse.
- Debt consolidation loans make it easier to accumulate more debt. With more money, left over at the end of the month, many people start using their credit cards again and continue with poor spending habits.
- Secured Debt consolidation loans convert **unsecured** short-term debt into **secured** long-term debt and disguises the cause of financial problems.
- Most people, who take these types of loans, end up owing more money over time and end up in a negative equity position with their home. That is especially true if the real estate market corrects negatively.
- The second most deadly form of a debt consolidation loan is the one where the home is financed and the amortization is extended to thirty-five years or longer. Monthly payments are lower, but more interest is paid over the long-term.
- Debt consolidation loans take longer to pay off.

Why Debt Consolidation Loans Fail

Debt Consolidation loans often fail because they don't address the cause of your debt. These loans simply reduce the negative symptoms caused by bad debt without actually treating the related causes such as; poor money management skills, and the absence of a budget.

 Copyright© B.G.W Money Coach Master Inc.

Generally speaking, many people who consolidate debt will manage to build a sizeable debt load within twelve to eighteen months after taking that loan. Often, ending up in the same financial situation as before. Sounds familiar, doesn't it?

How to succeed with your debt consolidation loan?

Debt consolidation loans work well for individuals who stop relying on credit to pay their living expenses and embrace the concept of financial planning. Here are the action steps that maximize you chance to succeed with your debt consolidation effort.

- Get to know your current finanical reality
- Determine your Net Worth
- Define your life goals and priorities
- Find the cash you never know you have
- Implement a spending plan/budget, fund your life goals and your costs of living and keep your eyes on your cash flow to keep it in line with your planned budget
- Track actual expenses and measure against estimated expenses to bring further balance to the your cash flow
- Commit the savings to funding your Save-Me-From-Debt and 911 funds
- Commit to adding no new debt
- Should you have to deal with an irregular expense, pay it from your Save-me-From-Debt fund and pay back the borrowed fund in the shortest possible time

Get Out and Stay Out of Debt System using the Debt Settlement Strategy

What is Debt Settlement?

Debt settlement deals with unsecured credit only. Settlement may be negotiated by yourself or third parties. This option will reduce harassment from creditors. Debt settlement involves paying 30% to 70% of delinquent debt. Full disclosure of your financial affairs is required by your creditors. Based on that disclosure, creditors then determine a settlement amount.

Debt Settlement has a few prerequisites:

- Unsecured debts must be three or more months in arrears (settlement is not an option on secured debt such as a car or a house).
- A lump sum amount of cash is required to make a final payment on an agreed amount for settlement. It is rare that instalments will be accepted in this circumstance.

I want you to know that you could negotiate the settlement of your debt. If you decide to hire a third party to settle your debt, make sure to engage the services of a reputable debt settlement company. Further, make sure that the lump sum payments made by you to settle the debt are final and without recourse. Get everything in writing from your creditors before making a payment, and make no payments in advance. Pay the lender directly via money order or certified cheque.

Advantages of Debt Settlement

If you have one or two credit accounts to settle, you may be in a position to settle all delinquent debts. A settlement will stop collection calls and legal action from creditors. Debt settlement can save 30-70% up front, plus the interest. Debt settlement lowers your overall indebtedness.

Disadvantages of Debt Settlement

Debt settlement will not be a gold star on your credit report. Here are some of the disadvantages:

- You must pay the settlement amount in full
- Settlement will impact your credit negatively

Providing that there are no further delinquencies and your bills are paid on time, the impact is short lived. Your credit rating will gradually recover.

How Debt Settlement Companies Are Paid

This service is not free. You will be charged a percentage of the total debt or a percentage of the debt savings. Some service providers charge a fee upfront, while others deduct their fees from the payment made to creditors.

How to succeed after you settle your debt?

Settling your debt load does not solve the problems that create the delinquency in the first place. Debt consolidation loans work well for individuals who stop relying on credit to pay their living expenses and embrace the concept of financial planning. Here are the action steps you, you should take to put your financial house in order.

- Get to know your current finanical reality
- Determine your Net Worth
- Define your life goals and priorities
- Find the cash you never know you have
- Implement a spending plan/budget, fund your life goals and your costs of living and keep your eyes on your cash flow to keep it in line with your planned budget
- Track actual expenses and measure against estimated expenses to bring further balance to the your cash flow
- Implement a debt elimination strategy to deal with the debt that are current (if you have any). I recommend you use the $5 per day strategy to become debt-free
- Commit the cash flow saving to fund your Save-Me-From-Debt and 911 funds.
- Commit to adding no new debt

Get a copy of your credit report from the three credit bureaus and see how damaged you credit is. It merits re-establishing your credit. Establishing your credit is a simple process – your credit will recover gradually providing you observe the following rules:

- Stop applying for credit you don't need
- If you have no active credit left after the settlement, get yourself two credit cards
- Pay your bills on time
- Never miss a payment
- If you disagree with a lender on any outstanding charges or bill, do yourself a favor, dispute the charges in writing (write a dispute letter), pay the bill in full if you can else make the minimum payment and take your creditor to a small claim court. Refusing to pay the bill gets you nothing but annoying collection calls, challenge to your credit rating, a law suit by your lender and eventually a default judgement. So, spare yourself the aggravation and deal with the issue as prescribed.

Get Out and Stay Out of Debt System using the Credit Counselling Strategy

What is Credit Counselling?

If you are behind on payments for unsecured debt, credit counselling agencies can help you get back on your feet. Credit counselling is an arrangement to pay your outstanding balance over a maximum 60-months interest free (some lenders may not lower their interest rate to zero or accept a payment plan). Bare in mind this option is a **NOT** legally binding and not all your creditors would participate.

Credit counselling is the same as debt management. As long as you commit to a debt management plan, they offer great support and are able to teach numerous money management skills. Including, how to establish and follow a budget. They also offer many insights on how to avoid certain debt pitfalls in the future.

Credit counselling is one option that debtors should seek to avoid bankruptcy. Fifty percent of people who engage credit counselling services successfully complete their plans, the other half, drop out or file for bankruptcy.

I suggest the following options when considering a debt consultant:

- Use a non-profit credit counselling organization
- Avoid paying upfront fees
- Engage ethical and reputable credit counselling agencies
- Avoid agencies that promise to relinquish debt for pennies on the dollar (reputable agencies do not make such promises)

A word to the wise: remain cautious when choosing a credit management counsellor. The industry has many fly-by-night outfits that can disappear with your money, and damage what remains of your credit.

Credit counselling may not be an option if your debt load is too heavy. Creditors have a limit on the amount of monies that they are willing to accept as settlement of a debt. This means, that a credit counselling agency may not be able to completely eliminate your debt. If this is the case, a Consumer Proposal (Canadian) or Wage Earner Plan/Chapter 13 (USA) may be your best option. Another consideration is to declare bankruptcy.

Although bankruptcy sounds like an easy way out, it should be used as a last resort.

Advantages of Credit Counseling

Credit counselling offers an end to your creditors' harassment or legal action. Follow their direction and you will learn new money management tools and skills that will serve you well throughout life.

Disadvantages of Credit Counseling

Creditors will report to the credit bureaus that you are in credit counselling. This demonstrates an inability to take care of your financial affairs which adversely affects your credit worthiness for a minimum of seven years. Your credit score will maintain R7 (Account is consumer proposal or credit counselling) up to five years depending on the duration of the debt management plan. Then change to an R3 (Account is more than 60 days but no more than 90 days, payment is past due) for another two years after the last payment is made. Credit Counselling impacts your credit negatively.

The result, you will end up paying all outstanding debts without interest over a maximum of five years.

 Copyright© B.G.W Money Coach Master Inc.

How Credit Counseling Agencies Are Paid

Most credit counselling agencies' fees are paid by the lenders themselves. They get paid by holding back a certain percent of your payments for their fees. Some critics complain that the credit counselling industry is just a tool of the lending industry.

How to succeed your debt management plan?

Leveraging credit counselling as a strategy to deal with your debt doesn't solve the problems that create the delinquency in the first place. Here are the action steps, you should consider taking to put your financial house in order.

- Get to know your current finanical reality
- Determine your Net Worth
- Define your life goals and priorities
- Find the cash you never know you have
- Implement a spending plan/budget, fund your life goals and your costs of living and keep your eyes on your cash flow to keep it in line with your planned budget
- Track actual expenses and measure against estimated expenses to bring further balance to the your cash flow
- Commit the savings to funding your Save-Me-From-Debt and 911 funds
- Commit to adding no new debt

Make sure you complete your debt management program.

Get Out and Stay Out of Debt System the Consumer Proposal Strategy

What is Consumer Proposal or Wage Earners Plan?

A Consumer proposal (Canadian) or Wage Earner Plan/Chapter 13 (USA) is a legal process that is filed and administered by a licensed trustee in bankruptcy or bankruptcy lawyer. It enables the debtors to restructure their financial affairs. This option creates an opportunity for the debtor to make reasonable, interest-free payments to creditors' for up to five years. The debtor will then be able to retain all assets and avoid bankruptcy.

Advantages of a Consumer Proposal or Wage Earner Plan

A consumer proposal or Wage Earner Plan is an ideal choice for persons employed within the financial industry. These individuals are better served by a proposal and are urged not to file for bankruptcy. A proposal to creditors is not the same as filing for bankruptcy, even though they are governed under the Bankruptcy Act in many jurisdictions.

The debtor is required to attend two mandatory counselling sessions pertaining to budgeting, money management and credit education. This is an advantage that not only helps you figure out what went wrong, but it will also help you find new ways to budget, pay bills, and spend money. These counselling sessions insure that the same financial situation is avoided in the future.

Disadvantages of a Consumer Proposal or Wage Earner Plan

A consumer proposal or wage earner plan will have a negative impact on your credit score. In addition, your credit report will show that a proposal has been filed, and stays on your credit bureau for six or more years. Your credit score will drop to an R9 status *(Account is flagged as bad debt, placed for collection, or account is in bankruptcy)* for the duration of the debt management plan (three to five years). It will then change to an R7 *(Account is consumer proposal or credit counselling).*

How to succeed your consumer proposal?

Leveraging consumer proposal as a strategy to deal with your debt doesn't solve the problems that create the delinquency in the first place. Here are the action steps you need to take to put your financial house in order.

- Get to know your current finanical reality
- Determine your Net Worth
- Define your life goals and priorities
- Find the cash you never know you have
- Implement a spending plan/budget, fund your life goals and your costs of living and keep your eyes on your cash flow to keep it in line with your planned budget
- Track actual expenses and measure against estimated expenses to bring further balance to the your cash flow
- Commit the savings to funding your Save-Me-From-Debt and 911 funds
- Make sure you honor you consumer proposal so you can pay it off successfully

Get Out and Stay Out of Debt System using the Bankruptcy strategy

What is Bankruptcy?

Bankruptcy should be considered the option of last resort. It is a legal proceeding that enables the insolvent person to deal with a financial crisis by relieving them of financial obligations such as unsecured debts.

Bankruptcy is filed and administered by a licensed trustee in bankruptcy or Bankruptcy Lawyers. The insolvent person is required to pay the trustee fees for nine to thirty-six months. The trustee fees and length of payments are dependent on the debtor's surplus income, assets and the desire of the debtor to retain ownership of some of those assets and whether the bankrupt is a first time, second time or third time bankrupt. Once the last payment is made, the trustee will apply for the insolvents discharge.

Bankruptcy is a serious step and not one I recommend lightly. However, it can be a legitimate option for those who really need a fresh start.

Advantages of Bankruptcy

Bankruptcy eliminates unsecured debts, stops harassment from collection agencies, lifts garnishment orders, and stops any legal action against you by creditors.

The bankrupt person is required to attend two mandatory counselling sessions that teaches money management skills such as budgeting, how credit card interest works, and how to avoid the pit-falls that forced that person into bankruptcy in the first place.

Disadvantages of Bankruptcy

Often, when people consider bankruptcy, they don't appreciate the potential for a psychological fall out that can last longer than the financial effects caused by the bankruptcy.

Bankruptcy will have a serious impact on your personal life and credit score for six years or longer depending on where you reside, resulting in an R9 status *(Account is flagged as bad debt, placed for collection or account is in bankruptcy)*. During that time, your credit report will reflect that you filed for bankruptcy, and when.

How to succeed your Bankruptcy?

Leveraging bankruptcy as a strategy to deal with your debt doesn't solve the problems that create the delinquency in the first place. Here are the action steps, you should take to put your financial house in order.

- Get to know your current finanical reality
- Determine your Net Worth
- Define your life goals and priorities
- Find the cash you never know you have
- Implement a spending plan/budget, fund your life goals and your costs of living and keep your eyes on your cash flow to keep it in line with your planned budget
- Track actual expenses and measure against estimated expenses to bring further balance to the your cash flow
- Commit the savings to funding your Save-Me-From-Debt and 911 funds
- Make sure you honor the payment terms of the bankruptcy so you can be discharged without complication

The Impact on Assets

The decision to file for a consumer proposal or bankruptcy may have a negative impact on assets. If you own a home with a mortgage and that mortgage matures while you are still involved in a consumer proposal, or bankruptcy, the lender may refuse to renew that mortgage.

Lenders do not want to take possession of your home. They simply want to be paid and on time. Whatever you do, insure that your mortgage payments remain current or the lender may refuse to renew that mortgage.

If the lender declines to renew the mortgage and an economic downturn such as a recession occurs resulting in a decline in the real-estate market, you could face a negative equity situation. Negative equity means that the mortgage on your home is greater than the current market value of your home. This type of circumstance will make it next to impossible to find a new lender. You may be forced to sell the home at a financial short fall.

Regardless of the shortfall amount, you are responsible for the outstanding balance owing on that mortgage.

The Family CFO Action Centre

Implementing any one of these alternative debt elimination strategies require assistance from a qualified professional. The only action I can recommend is gather your financial record, find a reputable professional in your area and follow their guidance.

Of course, I can lend a hand.

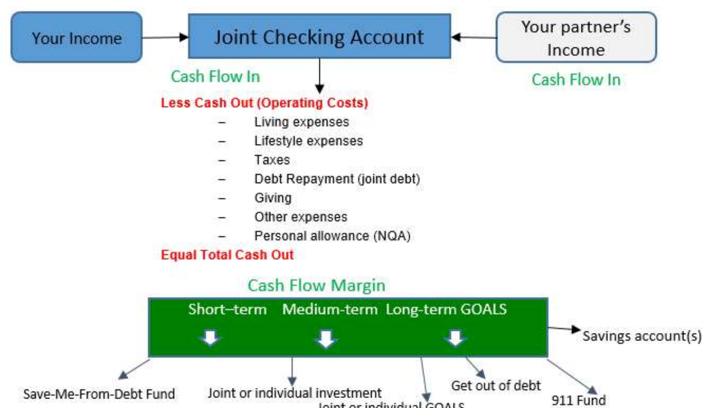
Week 10 – Put It All Together – Create your Very Own Financial Plan

"**Money is coined liberty.**" Fyodor Dostoyevsky

If you have been following along, have done the exercises and inputted your data into the Money Coach Client Application, your plan is 95% done. All you have to do is update the monthly servicing amounts of your debt, enter your actual living expenses, reconcile your Personal finances with your Banks account(s) and your credit card statement(s) and review and set next month budget.

Exercise #16 – Let's create YOUR Very Own Financial Plan

You need to implement a cash control system to manage you Cash Flow and Debt Management plan. The Client Money Coach Application adopts the model below. The model below suggests that you pool your income and your spouse or partner income in a joint checking account and allocate your monthly cash flow to fund your cost of living, Save-Me-From-Debt fund, 911 fund, your individual and joint goals, saving account.



In case, you did not do the exercises

My hope is you have been doing the exercises and input your income into the Money Coach Client Application. If you didn't you, this is your chance to change your life for the better. **Sorry – there is no short cut. The only short cut is doing the work. NO one cares about your money and your situation except you.** Go ahead and do the exercises in the prescribed order.

Every Situation Can Be Improved

I want you to know that every financial situation can be improved including yours. It took you time to get your current situation, it will take you time to get out of it and improve.

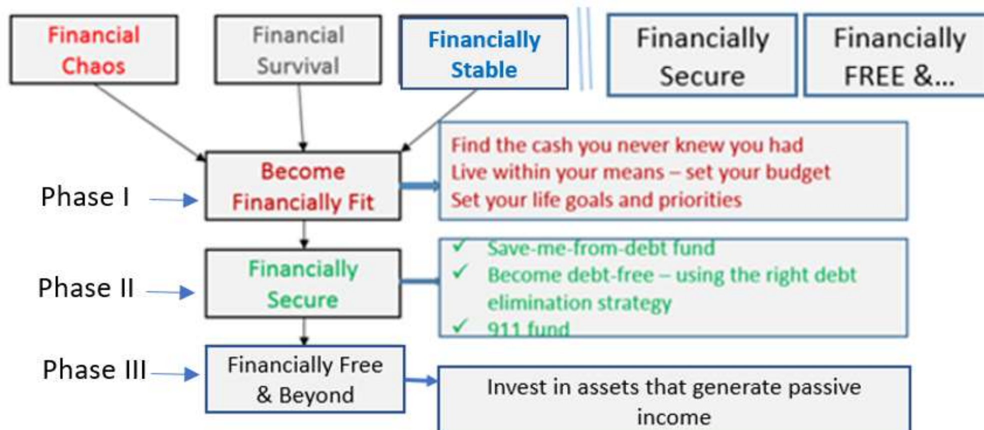
Controlling your cash flow, becoming debt-free over time and living on a budget is the ticket to financial peace of mind. You will turn your financial situation around in a fairly short period. Here are the three phases you will gradually go through from your current situation:

- Phase 1 – Becoming Financially Fit – timeframe within 30-day
- Phase 2 – Become Financially Secure – timeframe within 3-5-year
- Phase 3 – Becoming Financially Free and beyond – timeframe within 10-year

You may move through the above phases within the stipulated timeframe or it may take you a bit longer to work your way to becoming financially free. I want you to know that financial planning is a process. The key to real financial freedom is simple: work the plan, trust the process, trust yourself and trust your God.

If your current financial situation is in the "Financially Secure" phase, you would benefit immensely if you adopt the action steps and strategies outlined in these phases.

If your current financial situation is in "Financial Chaos", in "Financial Survival" or in "Financially Stable"; I urge you to embrace phase I and commit to the process so you can gradually turn things around and graduate through these phases so can become financially free.



Become Financially Fit Phase – Cash Flow Plan

If you have done the following steps – that is great. Skip ahead to the "Financially Secure" Phase. None of these steps are new, these steps were covered in previous modules.

- Step 1: Audit your current financial situation – if you didn't do the exercises, go back to Week 1 and do the data gathering exercises. Exercise #1-#10
- Step 2: Find the cash you never knew you had - if you didn't do the exercises #14 and #15, go back to Week 2 and do them.
- Step 2: Set your life goals and priorities - if you didn't do exercise #13, go back and do the exercise.
- Step 3: Implement your Cash Flow Plan
  - ✓ Set your budget – estimate your living expenses and set your spending allocation (Live within your means) - if you didn't do exercise #12, go back to Week 3 and do the exercise.
  - ✓ Align your cash flow to meet your life goals
  - ✓ Track your actual expenses

 Copyright© B.G.W Money Coach Master Inc.

Financially Secure Phase

This phase requires the establishment of Save-Me-From-Debt fund, 911 fund and the execution of the right debt elimination strategy to get out of debt.

- Step 4: Find the cash you never new you had. Go back to Week 5 and do exercise #13
- Step 5: If you didn't do exercise #12, go back to Week 7 and do the exercises
  - ✓ Step 5.1: Establish the Save-me-from-debt fund - FIRST
  - ✓ Step 5.2: Implement the right debt elimination strategy to become debt-free - SECOND
  - ✓ Step 5.3: Establish the 911 fund - LAST

Financially FREE & beyond Phase

You would get to this phase if you have achieved the financially secure phase. In this phase, you are debt-free including your mortgage, or you are on your way to become mortgage-free. Now you are in a position to start investing in registered and non-registered investments. Time to step on the path of financial freedom. For more details, refer to the "Financially free and beyond" chapter.

Creating, Updating and Monitoring Your Financial Plan

Creating your very own financial plan is one thing, succeeding with it is another matter. The key to successful financial planning is to start and stay committed. You will have your ups and downs, don't quit on your dreams. I want you to know if you can't adhere to plan 100% of the time and that is understandable. The key is to shoot for 80% accuracy and gradually make improvements to the areas where the plan is not working as you expect. Here are the steps, I suggest you follow to succeed with your financial plan.

Step 1 – Estimate your living expenses

Go back to your exercise #7 (living expenses worksheet), enter your estimate for each expense item in each category in the Money Coach Client Application.

Step 2 – Find out where you are actually spending your money

Enter your actual expenses in your Money Coach Client Application. Reconcile your Bank and credit card statements. The minute you enter your actual spending, the software will show any variances and give a chance to look at why. Look at any expense item that has a negative variance, make the appropriate adjustment. Keep your eyes on your cash flow margin, make sure your cash flow margin is in the green.

Step 3 – Set the budget for next month

Revisit your budget and change any amount that had any a variance. Ask why? And adjust as needed.

Step 4 – Implement a cash Flow System

Reducing your spending is not unlike reducing your weight. Most of us have tried strict dieting and lost weight to regain it as fast as we lost it. The only permanent weight reduction is to make long term and gradual change in your eating habits and exercise. Budgeting does not work, most if us view budgeting as constraining and depriving. Do yourself a favor, drop your anti-bias budget attitude and look at your budget as a liberating tool to help you meet your current and future needs.

Put your budget or spending plan in place and don't worry if you are a bit over or under in each category. The key is to stick to your spending plan and adjust it gradually to reach your life goals.

- **Assign accountably** – The Family CFO system calls for appointing the Family CFO and specific responsibilities – take the time to manage your money – a little time spent on managing your money will bring control over your money and peace of mind.
- **Immediate awareness** – Becoming aware of how your actual spending measures against your planned spending is key – you need to know as soon possible as when the spending limit has been reached so you can take corrective actions.
- **Commitment to consistency –** Yes; controlling cash-flow is extra work you are not used to do. However, the benefits are more than worth the effort. It shouldn't take you more than 30 minutes per week.
- **Adhere to a strict use of credit card -** Nothing will destroy your budget faster than having to meet unexpected expenses. Use your Save-Me-From-Debt fund to pay any irregular expense that arise and repay your fund with interest.
- **Keep you eye on your cash flow margin –** Transfer any amount not used during the month to your 911 fund or Save-M-From-Debt fund. If you are running a negative cash flow margin for the month, don't dig deeper, review the situation to see why and take corrective actions if at all possible.
- **Be flexible** – At time you may have to use funds allocated for one dedicated purpose for another one. This is perfectly normal but requires realigning your decisions.
- **Evaluate and revise** – Once you have been operating with the cash flow control system – you need to evaluate and revise the plan periodically. One of the purpose of implement your very own financial plan is to decide where you want to go and know when you have arrived.

The Family CFO Action Centre

As the competent Family CFO, you need to make reviewing the health of your financial plan a habit.

Make time to review your financial plan. Set a predetermined date in your calendar and your spouse or partner calendar. Gather your document, report on the state of the household finances, take corrective actions if needed.

It is critical that you evaluate and revise YOUR cash flow plan monthly.

The purpose of the review is to ask yourself the following questions:

1. Is the household sticking to the planned budget? If not: find out why? What needs to be adjusted?
2. Is the household cash flow margin meet? If not – Why

 Copyright© B.G.W Money Coach Master Inc.

3. Is the household funding its goals as planned? Time to adjust: drop one goal, extend the timeframe, postpone on
4. Is the household Net Worth decreasing? If not – Why
5. Have your family insurance needs changed?

PART THREE

A better future awaits you

You have created, implemented and monitored you very own financial plan. You are pleased of the transformation reached and you are ready to step into the Financially Free and beyond. phase A CONGRATULATION is in order. KUDO – you have done extremely well for yourself.

You are ready to start your investment journey and are excited about your financially free future. Nothing remains but to know where to invest your hard-earned cash, continue savings and investing and investing your investments returns.

In the “Financially free and beyond” chapter, I will introduce you to investing in general and explain all the risks attached to investments, guide you to make the right investment choices by opting to use a seasoned financial advisor.

In the “Let’s not forget the children” chapter, I will explain our responsibilities as parents and what to teach our children to ready them to have financial peace in their adult lives. Our responsibilities go beyond providing them with love, safety, food and shelter. Our responsibilities are to pass to them the right values and the right money belief system so they can live fulfilled adult lives.

 Copyright© B.G.W Money Coach Master Inc.

Financially Free and Beyond

"***The key to financial independence is knowing how much is enough***." Bert Whitehead

There's is more to life than having the need to work to earn a living. You know and I know the concept of a job for life is long gone and the chances are you will have multiple setbacks on the employment front. You may experience income interruption due to period of unemployment, illness and/or disability.

The need to work to earn a living especially in my old age scares me and if this is your situation, I am scared for you. You should be concerned.

Sooner or later, you will reach retirement age where working to earn an income wouldn't be a viable option - that day is around the corner for all of us.

The bills don't stop coming at age 65, you won't be able to borrow to supplement your income. The government will give you a pension and other old age supplant income if you qualify for it. Don't bank on that income to be enough - this income most likely will be less than 20% of your current net income. You can't borrow to finance retirement. The banks won't loan you a dime. You need to become your own Bank – YES you have heard me well – you need to become your own Bank.

How will you fund your retirement when working becomes not an option?

You become financially free by choice - we all need to work to achieve this stage in our lives.

No one will save and invest for you. The only one who has a vested interest in becoming financially free is you and that doesn't happen by scratching the Aladdin lamp.

Hope in this case is not a strategy. Hopping you could win the lottery - enjoy wasting your money.

Expecting an inheritance to become financially free - you are banking on the labors and the fruits of others.

Robbing a Bank is a good strategy - I am in. I will drive the escape car and you go in the Bank and do the robbing **- let's get serious.**

The only way to achieving your financial freedom is to go to work, save your money, invest it wisely and reinvest your reinvestment returns. In simple term send your money to work.

Sending your money to work will empower you and give you choices - do what you want to do when you want to do it.
Your investment should become big enough to generate a passive income to look after your current and your future needs. The only way to achieving that is to save your money and become a disciplined and prudent investor.

Savings

Savings should be a bill you can't afford not to pay. Savings should become a habit.

My friend, if you are a young person starting your productive life, you need to do what Brother Sam did. Sam understood time value of money and the magic of interest compounding. He saved 20% of his gross irregular income (before income taxes) and lived on the rest of his income.
But if you are in a different life cycle and haven't saved much, you are not getting any younger than you are today - you need to embrace a different money mindset.

You need to implement The Family CFO system in your life. Getting out of debt should be a priority for you. The money that you have been paying to service your debt load could be redirected to exponentially increase your savings.

If you are saying "I am not earning enough to save and invest". I have a news for you - it is NOT what you earn that matters, it is how much you keep. The more you keep, the earlier you reach your financial freedom.

Let me agree with you that you are not earning enough. If you are unable to save now how are you going to pay for your retirement. If you are banking on the government to fund your retirement you are going to be in a big shock. If you are lucky you will get a pension that will be less than 20% of what you are earning now.
Stop making excuses and make savings a bill you can't afford not to pay.

How much should I be saving?

Brother Sam saved 20% of his gross irregular income. How much should save?

" A journey of thousand miles begin with a simple step." Lao-tzu

Here are few tips to help you gradually attain your 20% savings target. You won't get there overnight. Be patient and work the system. You can't start with this figure due to your current lifestyle and commitment - don't get discourage.

- Start saving what you can. But start by making savings a habit.
- Focus your effort on becoming credit card and consumer debt-free
- Don't get obsessed by paying down your mortgage, change your current mortgage payment frequency to monthly and invest the difference
- If a large purchase is putting pressure on your monthly cash flow, consider undoing that decision to bring the health to your cash flow.
- Fine tune your cash flow periodically to make sure you are on track

Let's fast forward few years, you are debt-free, maybe you are mortgage free, the money you no longer have to pay to service your debt load can be directed to start your investment.

The big question - where can I invest my savings.

Here is a simple recipe to get started:

- Start by opening a savings account with a Bank that does not charge banking fees and pays you interest.
- Make sure you have no ATM access card linked to this savings account.
- Automate your monthly deposit into your savings account. Make the transfer before you pay any expense and stick to living on the rest.

Before you know it, you have saved $5,000 and you are ready to start investing.

The early you start investing the more you have when you retire. The older you become, you would need to double or triple your savings to reach your goals. Saving at an early age has the advantage of time and the compound interest on its side.

Where do you invest your saving?

Financial free occurs when you have no debt to service and your investment is big enough to last you well into your eighties.

You don't become wealthy by investing in savings account; and it is hard to be an investor these days especially after the 2008-2009 recession. Trust became a rare commodity and a challenge for many but that doesn't change the fact that most people need to invest their money to create wealth or stretch their retirement dollars. The stock market was volatile, is volatile and will continue to be volatile. Investing is a double-edge sword. If done prudently, it can increase your wealth. If done foolishly, you can lose your hard earned-savings.

> **Insider Tip:**
>
> "In any investment, you expect to have fun and make money." - Michael Jordan
>
> Never invest on speculation, such investments will cost your life savings.

The fundamentals of successful investing have not changed. Financial success is a product of time, savings, investing, diversification, risk tolerance and after-tax return. Time can be your best friend or worst foe. Time and savings are your ticket to financial abundance and security. If you are young, time is on your side, the older you get, the less time you have. You must start saving at an early age, don't stop and let the compound interest do its magic.

Some people say Albert Einstein called "Compound interest is the eight wonder of the world. He who understands it, earns it … he who doesn't … pays it." the eighth wonder of the world (some say he never said that), but that doesn't discount the wonder of the compound interest when it comes to building wealth and creating financial success. For the magic to happen you need to save regularly, start early and don't stop.

The insights that you are about to learn in this chapter won't make you an investment guru. It is simply a start to help you learn how to invest ~~to~~ for the purpose of achieving financial success. It will educate you to the point where you won't agree to any investment strategy suggested by the qualified financial advisor you may choose to work with, if the suggested investment strategy doesn't meet your investment objectives. The insights will help you stay away from aggressive strategies and stick to the fundamentals of investing. Risk is synonymous with investing; if there were no risks investing would be easy. The higher the return on any given investment, the higher the risk of losing your money.

Principles of Financial Success

Financial success is doing what you love to do, when you love to do it without having to worry about how to pay for it. To do this you need continuous flow of monthly savings and the right investment strategies. Financial success is yours if you adhere to these principles: time, savings, investing, diversification, risk tolerance, and after-tax return.

Time

Time has many meanings, for the purpose of investing, time is simply the time you start investing and stay invested. The earlier you start, the more time you have to grow your money. The more time you have, the better

 Copyright© B.G.W Money Coach Master Inc.

you can adjust to the ups and downs of various markets and still achieve your financial success. The time horizon of your investment should stretch beyond your retirement date, it should be as long as you will live.

Savings

Savings is the amount left over when your costs of living is subtracted from the amount of disposable income. Saving money should become a habit, a bill you can't afford not to pay. Savings should be considered as a down payment on your comfortable and dignified retirement as well as the means to accomplishing your other life goals. To start investing you first need to save. Time without savings doesn't get you anywhere.

Investing

Investing is putting your saved money to work so your money can grow, or appreciate in value to fund your medium and long term financial goals. The one-million-dollar question that deserves an answer is "Where can you invest your money safely and generate a decent return on your investment?"

Of course, there are many investment products out there to invest in. You can invest your money in your mattress, interest-bearing savings accounts, GICs (Guaranteed Investment Certificates), real estate, stocks, bonds, mutual funds and alternative investment products. Investing is easier said than done. All investments come with risks. Some come with rewards and ALL must be properly and mindfully managed.

Your investment in financial products can be held within Registered Accounts and/or Non-Registered Accounts. Ideally; hold your investment in Registered Accounts and once you reach your allowed limits, hold your investment in Non-Registered Accounts.

It is important to define the key products and investment vehicles such as "Stock", "Bond", "Mutual fund", "Registered Investment Account", and "Non-Registered Investment Account". Many people don't know what they mean - let me explain what they each mean and how to leverage them to grow your money.

What is a Stock?

Stock is a share in a public or a private company. Owning shares in a company makes you a shareholder. The stock price in a given company is volatile and generally appreciates over time – in other cases, it may experience a price down pressure. Certain companies pay dividends to their shareholders. Normally the dividend payments are paid to the investors on quarterly basis. There is no guarantee that dividends will continue to be paid to shareholders. There is no guarantee that you will keep getting a dividend. The dividend payments may increase, decrease or stop at the discretion of the company board of directors.

If you sell the stock, you could experience a capital gain or capital loss. The higher the return of a specific stock, the higher is the risk.

What is a Stock Market?

The stock market (Stock exchange) is a collection of companies that are publicly traded. If you are willing to pay the purchase price for the stock of a specific company, you are an owner in that company. You buy the stock of any publicly traded companies through a stock exchange. The stock exchange facilitates the buying and selling of the shares and tracks who owns them.

You have most likely heard of the TSE (Toronto Stock Exchange), NYSE (New York Stock Exchange), DJIA (Dow Jones Industrial Average), S&P 500 (Standard & Poor's' 500). These are stock exchanges in North America. Most countries have their own stock exchanges.

At the end of each business day, each exchange publishes the result of its trading activities. When you hear the stock market was up or down today, that means the total value of the stocks traded in a specific stock exchange

 Copyright© B.G.W Money Coach Master Inc.

is up or down. Your portfolio may be up, down or in line with however the stocks moved that day.

What is behind the volatility in the Stock Market?

Investors' emotions and sentiments drive much of the stock volatility. There are many reasons that contribute to the volatility of the stock market. Here is a sampling of some:

- Human emotion – Investors' fear and greed is a major contributor
- Expected profit of a specific company may surprise or disappoint the company guidance
- Retail and institutional brokers, stock analysts cause a specific stock to go up or down
- Analysis projection reports drive the price of a specific stock and sometimes a specific sector of the economy up or down
- Short-term changes in the monetary policy almost always causes a sharp movement in the market
- The market typically reacts negatively to major economic and political crises

How is a specific share price established?

Profit is one driver that causes the price of a specific company to edge higher or lower. There is no set price, it is what an investor is willing to pay for the profit.
Investors' pessimism and optimism about the future each greatly affect the price of a specific company and the value of the stocks in the market.

If you (as an investor) are optimistic about that a specific company will be profitable in the future, you would buy more stock in that company which would drive the stock price higher. If you are pessimistic, you would want to pay less because of your concerns about the company profitability going forward.

Over the last 100 years investors have paid up to $15 for every dollar of profit in the stock market. This is what is referred to P/E Ratio. P/E Ratio stands for Price Earnings Ratio. Investors paid as high as $35 and as little as $6 during bad economic cycles.

What is a Bond?

A bond is an IOU (I owe you). A bond is loan between the borrower (the government: federal, provincial, and municipal or a company) and the lender (the investor). The investor loans the borrower his capital in exchange for a guaranteed interest payments. This is why bonds are referred to as fixed-income. Bonds have a starting date, a maturity date (end date), an interest rate and guaranteed interest payments. Unlike stock, the value of a bond generally has nothing to do with profits.

Bonds are generally safe, but governments and businesses could go bankrupt which will cause the investor to lose their principal amount (the original amount invested into the bond).

What is a Bond Market?

The bond market is where bonds are publicly traded. The Bond market facilitates the buying and selling of all types of bonds and tracks who owns them. The bond market is as big as the stock market. The bond market is more complex due to there being so many different bonds issuers and different types of bonds.

The Bond market in Canada consists of Federal government bonds, provincial government bonds, municipal bonds and corporate bonds. Other countries have similar bond market offerings.

The Bond market in the U.S consists of U.S Treasury Bonds, U.S Agency Bonds, Municipal Bonds, and Corporate Bonds. Their bonds offer different safety and interest payments. Generally the safer the bond, the lower the interest payments.

Municipal bonds are exempt from federal income tax.

Corporate bonds may be a good fit for certain people, but they need a deeper understanding of what they are buying. Unlike government bonds, there is a risk of default with corporate bonds. They represent a credit risk.

Bond prices fluctuate predominantly because interest rates and inflation can swing significantly from one economic cycle to the next. It makes no sense to lock into a long-term fixed interest rate. Dollar-cost averaging is valid for stocks and bonds purchasing.

Buying a 5-year bond means you are lending your money to the government or a specific corporation for five years, during that time, you get 5% interest and at the end of the five years you will get your money back. This is why bonds are a very conservative way to invest. But in exchange for the guarantee, your return is capped at relatively modest interest payment.

What is a Mutual fund?

Investopedia defines 'Mutual Fund' as “An investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.”

What is Mutual Fund Market?

Mutual funds are not directly traded in an exchange like stocks in a stock exchange or like bonds over bond market. Since most mutual funds have stocks and bonds holdings, these financial instruments are traded in their respective market and the value of the funds is maintained by the fund manager and the dealer that market these funds.

What is a Registered Account?

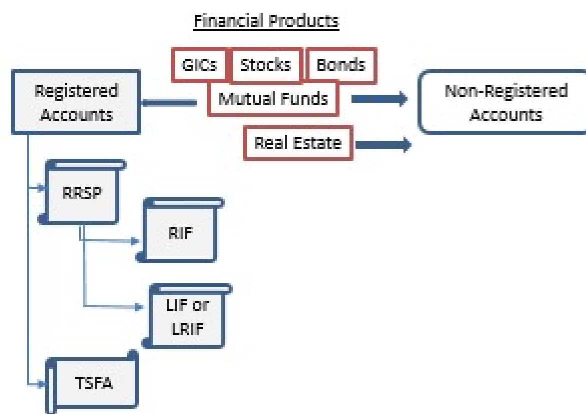
A Registered Account is an account where your investment can grow on a tax-deferred basis until you decide to retire or are forced to retire (when you reach certain age e.g., 65. At that point, you can ~~and~~ start withdrawing your money and at which time you will have to pay taxes bases on your marginal tax bracket.

In Canada, as is the case in most of the industrialized world, there are three types of Registered accounts: RRSP (Registered Retirement Savings Plan), RIF (Retirement Income Fund), or LIF (Life Income Fund) and TSFA (Tax Free Savings Account). In other countries, these instruments may be called by different names, but they basically behave in a similar manner:

- RRSP - There are three reasons why you should consider RRSP to be your primary savings vehicle:
    - RRSP contributions are tax-deductible, which makes your savings goals easier to attain.
    - If your employer has a match contribution program, it helps you build more retirement capital quickly.
    - You fund your RRSP with pre-tax money, they grow on a tax-deferred basis and when taken as income, then the taxes become due.

- RIF - Your money continues to grow tax-sheltered, just as it does in an RRSP:
    - You can manage your investments in the same way you do with an RRSP
    - You no longer have the option to contribute new tax-deductible funds.
    - You use your RIF to withdraw income for retirement.
- LIRA or LIF – if you leave a job and have a pension plan, you usually have a choice between leaving the pension money in the pension plan and transferring it to LIRA or locked-in RRSP.
    - The LIF or LRIF pays you an income.
    - There's a maximum you can withdraw each year, which is intended to ensure that your money will last long enough to help support you in your retirement.

- TSFA contributions are not tax deductible. You can fund your TSFA with your after tax money, the investment in the TSFA grows tax free with no taxes to be paid when you want to draw on your investment.

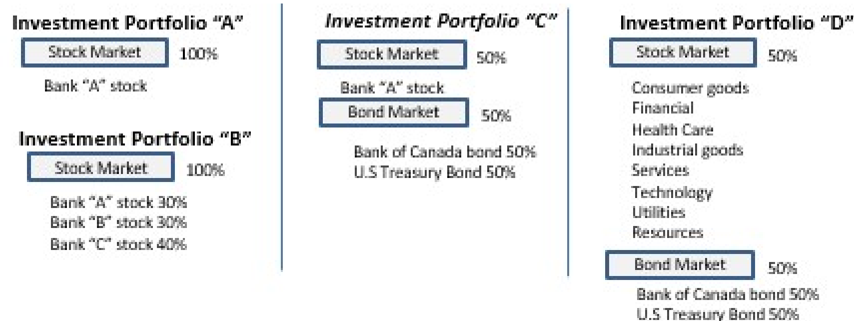


What is a Non-Registered Account?

It is an account where you invest your money in financial products and which is subject to capital gains and capital losses – meaning it is subject to tax as it grows. The contributions are not tax deductible.

Diversification

Diversification is the art of allocating your investment in various sectors of the economy to minimize the risks and attain the maximum return on investment possible. To illustrate how important diversification is, let's analyze the following four portfolios:



The investment in Portfolio "A" is 100% invested in the stock market and in one particular stock. The investment in Portfolio "B" is 100% invested in the stock market and 100% concentration in the financial sector. Both portfolios are examples of concentration, not diversification. These portfolios are exposed to three different risks:

- the stock risk,

 Copyright© B.G.W Money Coach Master Inc.

- the financial sector risk
- the stock market risk

The risk of losing lots of money is in the cards at any crisis that hits that sector.

The investment in Portfolio "C" is partially diversified. The investment is spread 50/50 in the stock and bond markets. The stock market portion of the portfolio is 100% invested in one particular stock (Stock A) and well diversified in the bond market. There is risk of losing capital in the stock portion should a correction hit this sector and this stock in particular.

The investment in Portfolio "D" is a perfect example of well diversified portfolio and one every investor should aim to achieve. The allocation ratio is split 50/50 between stocks and bonds. The stock portion of the portfolio is well diversified, and the risk is spread over many sectors of the economy. The bond portion of this portfolio is on solid ground.

Risks Tolerance

Investment risks are everywhere. Your tolerance of risks dictate what products you could invest in and the return you could expect.

After-Tax Return

Nothing in life is free. The return on your investment is subject to taxes; you either pay now or pay later.

Insider Tip:
Albert Einstein declared compound growth the eighth wonder of the world … and for good reason.

Investing your money in Registered Accounts clearly has tax advantages especially if your tax bracket at retirement will be lower than your current marginal tax bracket. Non-registered investment returns (capital loss or capital gain) are subject to taxes and are to be accounted for at liquidation time at the investor's tax bracket.
Compound growth is how the average person can attain extraordinary wealth. It is how lots of little things done right can grow into very big results during your lifetime.

The Secrets of a Successful Investor?

A successful investor has the mindset of a well-rounded individual who has clear vision and goals, has knowledge of how investment works, is well-disciplined and adheres to the principles of investing. You can know more about investing than anyone else in the world, but without discipline, that knowledge is useless.

You achieve nothing if you have no clear vision and disciplines. Henry David Thoreau said it best, when he said "In the long run, you only hit what you aim at."

A Danish proverb puts it well "Trust everybody, but trust yourself most of all."

The secrets to become a successful investor is to take interest in your personal finances, get educated about money in general and investing in particular, trust yourself and others, define your goals and priorities and become disciplined with your actions.

Discipline is an integral part of investing, and no financial planner can give you discipline. To build financial independence you need discipline, sound judgment, moderation and restraint. Without these traits, you will never become a successful investor.

- It takes discipline to save, and it takes savings to seed real wealth.
- It takes discipline not to get impatient.
- It takes discipline not to change horses in midstream.
- It takes discipline to buy and sell an investment.
- It takes discipline not to make an investment fueled by greed.

Where can you Invest your Money?

"Rather than invest for appreciation, my rich dad taught me to invest for cash flow and to treat appreciation like icing on a cake. I encourage you to do the same." ~ Robert Kiyosaki, author of Rich Dad Poor Dad

As an investor, you have many options where you can invest your money – they range from investing in your mattress, savings account, GICs, stocks, bond markets, mutual funds and many other alternative investment vehicles. Each investment vehicle has its risk and return – the higher the risk, the higher the return.

Even stuffing your money in your mattress has its risks – you can get robbed, experience fire or flood, and have uncomfortable and sleepless nights. The only benefit of the matrices is you can touch and feel your money, your money doesn't grow; as a matter of fact, it loses its purchasing power to the inflation of the day. The mattress may win in a down stock market, over the long run the stock market is more likely to win out.

Your investment can be held in Registered and Non-Registered Accounts. Your investment portfolio will need to be diversified and not concentrated in one stock or one sector of the economy to safeguard against serious capital losses and insure proper exposure to risks. Your portfolio should be well diversified with a mix between stocks and bonds.

Stocks offer greater potential of return, but are riskier. Bonds are more conservative and are safer but their returns are typically lower than the stocks returns. The question is, which investment strategy to adopt. Consider splitting your investment between stocks and bonds at different stages of your life.

Here is a recommended stock/bond allocation based on your age and your risks tolerance.

Age →	45 or younger	45-61	61 or older
Investment Ratio	60/40	50/50	40/60

These investment ratios balance your time horizon with market risks to achieve your investment goals. Here's what they mean:

- 60/40 – if you are 45 years of age or younger, consider investing 60% of your money in stocks and 40% in bonds.
- 50/50 – if your age is 45-60, consider investing 50% of your money in stocks and 50% in bonds.
- 40/60 – if you are 61 years of age or older consider investing 40% of your money in stocks and 60% in bonds.

The allocation strategy and the financial assets you invest in determine the risks you are taking and the potential rate of return on your portfolio. There is a cost associated with buying and owning any financial assets, so do your research to find the stocks that help meet your investment goals or consider working with a qualified advisor who can assist you with making informed decisions that meets your needs. Don't simply rely on the name of the fund or the investment and assume it will do what you want it to do. Be prudent, it is wise to be informed about the structure, costs, objectives, and risks of any security that you may consider buying.

The Advice that I Can Give

My friend, I am not a financial advisor or financial planner who can make recommendation where you should invest. I urge you to find a trusted advisor and work with him or her. Or spend the time to do the research. But investment has to its rules:

- Rule 1 - If you don't understand the investment don't invest
- Rule 2 - Don't speculate, focus on investing for income
- Rule 3 - Don't invest in one single product or sector, diversify in multiples sectors
- Rule 4 - Maximize your investment in tax investment program like RRSP, 401K - don't invest in mutual funds, make sure you invest in income producing investments
- Rule 5 - Reinvest your investment returns. This puts the compound returns to work for you
- Rule 6 - Don't stop investing your monthly savings on a regular basis even if you reach your 65th birthday.

Choosing to Work with a Qualified Financial Advisor/Planner

Best-selling author and financial journalist Jane Bryant Quinn puts in this way in making the most of your money; "Most of us don’t need a professional planner. We don't even need a full-scale plan.
Conservative money management isn't hard. To be your own guru, you need only a list of objectives, a few simple financial products, realistic investment expectations, a timeframe that gives your investment times to work out, and a well-tempered humbug detector, to keep you from falling for rascally sales pitches."

Do you need a financial plan?

For most people, I believe the answer is NO. If you don’t have enough money to require a financial planner/advisor to help you draw up a complicated financial plan, then you won’t need one. You simply need education and discipline; a financial planner/advisor can't and won't give you either.

You would benefit greatly from working with a certified money coach who can help you create a financial plan that helps you align your cash flow with your values and life goals. This coach can help you improve your cash flow and savings so you can start investing comfortably.

But if you feel you need a financial advisor or financial planner in your life, you still have to play a responsible role.

The difference between a financial planner and financial advisor

Many Financial advisors are simply commissioned salespeople who are paid to sell the mutual funds, stocks, and annuities or insurance of their respective employers. They sell you what benefits them and their employers, not you.

Your option is to buy investment products that are available from banks and anchor wealth management companies. Buyers beware.

Much of what is being sold is garbage, but most people don't know the difference. Just look around and see how many companies are under regulatory investigation, prosecutions and settlements.

That doesn't mean there are no qualified and ethical financial advisors and financial planners out there.

The onus is on you – you need to find them.

If you really do think you need a financial plan, make sure you work exclusively with a fee-based financial planner. There is a big difference between fee-only financial planner and fee-based financial planner – they are not the same thing.

A fee-based financial planner takes your money and their commissions. Make sure your planner is fee only and that they have no conflict of interest.

The Family CFO Action Centre

What are your Responsibilities as the Family CFO?

When it comes to investing your money, you have a major role to play. You need to stop saying "I don't understand this stuff. That is what I pay the advisor for…" – you are simply mistaken.

Many feel like sitting ducks when they are in front of their financial advisor.

You can't afford to be a sitting duck.

Do your due diligence:

- Find out what questions to ask
- Know what options are available
- Do the best you can with your research and if there is something you don't understand, ask
- Evaluate what is being proposed
- Sign nothing until you are confident in what you are signing

If you are unsure, you are a sitting duck... in that case, do yourself a favor, and leave your savings at the bank. It's safer for you.

What you are doing is betting, betting that the advisor knows what he or she is doing, betting he or she will put your interest first. How good of a bet do you think that is? If you want to gamble go to the casino.

The best person qualified to handle your money is you – no one cares about your money more than you. It would be irresponsible to put your personal stamp on what your financial advisor proposes without understanding the investment, the risk involved, the expected return and how it can affect your wealth building goals.

You must have a meaningful conversation with your financial advisor, on equal footing for the relationship to work positively for you.

You can't place your investment and forget it. Your investment would need to be managed; stay connected with it.

 Copyright© B.G.W Money Coach Master Inc.

Let's Not Forget The Children

Humanity future depends on is its children and their unborn ones. Parents job is to ready these young soles to a life that knows no boundaries.

The average cost of raising a child born in 2013 up until age 18 for a middle-income family in the U.S. is **approximately $245,340** according to the U. S Department of Agriculture. The is cost is almost identical in the western world.

Clearly having kids is a major investment. Having children is a emotional not a financial decision. Having children in our life buys us unlimited joy and stress to our cash flow. It takes significant amount of money to raise a child and ready him or her to face the world.

Raising children is a responsibility – the responsibly goes beyond providing love, safety, food and shelter. There is more to raising children than providing for material needs. The ideal thing is to take part in our children formative years to teach them gradually what is money, how it works and make sure we don't pass to them our limiting money beliefs. Studies out there suggest; most people pass to their children their money beliefs unconsciously.

Like it or not, money will shape many aspects of our children's lives.

The Harsh Reality of Life

As children, we don't choose our parents. Our parents are the providers of money education not the school system. The parents have definite responsibilities, they are the providers of love, safety, shelter, and food. They are also responsible to teach the children life values and manners.

Mother, father in each family, they come from different socioeconomic classes with multi-generational belief systems that have been passed down from generation to generation. The sad reality many people don't even know that - they think this is how things work in the world. Even though we understand our duties toward our children. We get blinded by our current financial reality and our belief systems.

The unintended teaching, we give our children

As a Money Coach I came to learn from working with my clients over the years how many parents unintentionally pass their money beliefs to there children. Let be bring to your view couple stories to illustrate how we unintentionally poison our children brains.

First story: Kim one of five kids borne into a modest home. The father worked when he could find work. Money was tight and the family barely made ends meet. Kim the oldest was aware of how scarce food was and how tight money was, she saved whatever money she earned baby sitting for the neighbors' kids.

Kim bragged about her savings habits, how fat her piggybank was becoming, and her frugal habits hopping to get her siblings to do the same. One day after school, Kim came home to find the piggyback busted open and all her money was gone. The father did not work for a week, no money came in to feed the family. The culprit was her mother, she desperately needed Kim's money to put food on the table. The mother self-esteem and dignity could get her to ask the child for money - she just took the money.

 Copyright© B.G.W Money Coach Master Inc.

Kim the child didn't know how to behave, she struggled with the emotion of betrayal and was chocked how could her mother do such a thing. After a while, she settled emotionally and felt good that her mother used the money to put food on the table for that week.

The long-term impact of this flashback on Kim's adult life was a constant struggle with her money. She became a successful woman earning a good income. Her problem was she spend the money as fast as she earned it and even she borrowed to spend. Kim money belief system dictated that she should spend it before someone else take it.

Kim's struggle with money took serious financial therapy to change her money belief and accept that savings is a must to meeting current and future needs and what happened in the past was a grounded in the family situation and that isn't how thing work.

Second story: A successful lawyer, married with two boys and one girl. The family was wealthy. The children have been provided and care for equally. The money language that the father spoke with the boys is totally different from the money language he spoke with his daughter. For the boys, he instilled in them how the stock market worked and how they could make money investing in it for the long-term. The money language he spoke with his daughter was "Honey you don't need to worry about money and all you have to do is to find a rich husband and he will take good care of you."

The boys enjoyed a healthy relationship with their money in their adult lives. They became good savers and investors while the daughter did not want to do anything with money. The daughter struggled with her relationship with money in her adult life. She confused her self-worth with her net worth and had an arm length relationship with money. She spent the money as fast as she earned it and even went into debt to spend. She made unconscious money decisions based on negative money belief, she always assumed she will better off to spend the money before the money get stolen and spent by someone else.

There are many stories I can detail, the moral of all of this - parents know their responsibilities toward their children, but many are unaware of their money belief systems. Many are unaware their belief systems are dictating why they do what we do with their money. Our children are like a sponge, they collect what they see and hear, they don't have the capacity to validate these messages, they end up interpreting as the absolute truth about how things work in the world. These messages become their belief systems dictating what they do with their money.

Formative Years of a Child and the Ideal Role Parents Can Play

Parents have an indispensable role in reading their children to face life, Parents must teach their children the concept of money, how to manage money and make sure they don't poison their money belief systems. Teaching the concept of money management at an early age will spare the children living in money dysfunctions later in their adult lives. The table below depicts three distinct phases of the life of a child.

Stage Age	Early Childhood 0-5 years	Middle Childhood 6-12 years	Teen Years 12-18 years
Financial learning	Learn the concept of value	Receive allowance	• Earns own money • Think they are supporting themselves
Strategies	• Don't waist money • Don't eat the money	• Learn the concept of savings • Money can be exchanged for things • Relative value	• Budgeting • Earn own money • Money make money

 Copyright© B.G.W Money Coach Master Inc.

Early Childhood

From birth to age 5 years old, children often learn the world by trying to taste it. Many parents at a point in the early childhood find themselves saying to their children "don't eat the money" .
Waste is a form of eating money. Kids must learn to eat what they put on their plates. They must be taught in gentle ways, wasting food is waiting money and the waste is not both economical and environmentally unfriendly.

Freedom from financial dysfunction - financial freedom - is knowing how much is a enough. Learning the concept of how much is enough at an early age will have a long-lasting impact on their adult lives.
The point is not to start yelling at our children about the food wasting - it is to teach the children at early age the value of things.

Middle Childhood

From age 6 to about 12 years old, children start learning about the relative value of money. For example, they learn that a dollar is worth more than a quarter, and quarter buys more what they can buy with a dime. During this stage, the children form their basic money belief system.

Here is where parents can help. They can:

- Teach the children to save using a piggybank, this is an opportune time to help them understand why saving money is a must in life and teach them how to best use their savings. In reality, parents are teaching the children a dollar spent today is gone and can't be used tomorrow.

- Show the children a dollar set a side to give to a needy family member, a needy friend or a charity - teaches the children, the enjoyment of martial things will fade away if we don't express the gratitude for having it.
- Savings to give teaches the children the value of generosity and gratitude. We have an obligation that goes beyond our families and ourselves to the community we live in – the need to support those who are less fortunate.

- Teach the children that money saved up to buy a bike is something worth saving for. Saving to buy things later teaches the children the value of delayed gratification. This concept helps them not to embrace in the future the mindset "if I want something - I will buy it and put it on my credit cards".

- Teach the children the need to learn to identify what they want, set savings goals, save the money and then (and if) they have reached their goals.

Later in life, they will understand that things cost less if saved for and bought with cash rather then paying for it with interest.

The Teen years

From the age 13 to 18, children begin to learn how is money is earned, work is rewarded with money, money can be made by buying something and selling at a profit, and money can work and earn money

Teen starting to earn their money tend to have two blind spots:

The first blind spot, they are not sophisticated enough to understand the cost of supporting themselves, they tend to work for a primary goal is to buy name brand clothes, latest cell phone and other gadgets and a car. Teenagers often get the message it is OK to support themselves and the parents continue paying the

rest of their life costs. The mistake we make as parents, we shrug off those realities and we are too protective of them.

The second blind spot, without direct guidance from the parents, the absence of financial education in the school system, the children become adult not ready to cope with life harsh reality. The harsh reality is:

- They must work to earn a living
- They are richer than some and poorer than others
- They have limited knowledge and experience how to manage their money
- There is more needs and wants than there is money available

Children allowance – Conditions or No Strings Attached

Giving our children everything they ever want, create a sense of dependence and entitlement. Parents in my opinion should give any allowance with no string attached. In my opinion, they need to do something around the house to earn an allowance. They also need to be accountable how they spend their money. This a very complex to enforce especially in the teen years. Parents will have challenge with the issue of allowance. Whatever you do, don't give the children allowance to push them away from you. Having a discuss around money with the children is invaluable.

The Family CFO Action Centre

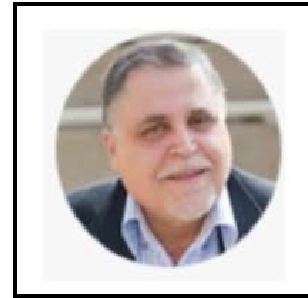
As parents, no doubt we love our children. Loving our children alone doesn't readying them to have a productive and peaceful adult lives

Parents need to play the ideal role in their children formative years – but this easier said then done.

Parents need to understand their money belief systems and make sure they filter any negative and non-serving limiting beliefs to the children. The parents need deeper education on how to deal with this complex and deep rooted issues.

As parent, you need to help the children get started with money. Help them open savings accounts that pay interest (regardless of the interest rate) and guide them to top there savings accounts every month with more savings. Emphasis on the interest that the money earned every month, this help them understand the value of investing money at an early age. This teaches that their money can go to work to earn them money. The concept of money going to work is not understood by many adults these days.

Overwhelmed - Don't Quit On Your Dreams! We Wan Help!



I have prepared a FREE gift for you. Please go to my web site **client.moneycoachmaster.com** and subscribe for the free service.

In this FREE gift, I will provide you with a comprehensive personal finance software that will empower you to:

- ✓ Manage all your finances in one place
- ✓ Define your needs and wants
- ✓ Align your Cash Flow with your life goals
- ✓ Do a what-if analysis on key areas of your finance: debt analysis, mortgage analysis, expenses analysis, income expense analysis, Cash Flow analysis, and Net Worth analysis,
- ✓ Become debt free in record time including your mortgage
- ✓ Create, manage and monitor your balanced family budget
- ✓ Take charge of your finances, save for the future and become friends with your money
- ✓ Manage your Cash Flow and Net Worth
- ✓ Reconcile your Bank Credit Card accounts

I dare you to set your debt Freedom Day – this free gift enables you to zoom in on this goal and become debt-free including your mortgage in record time.

Why am I doing this?
Because I am committed to helping all of my clients and readers become DEBT-FREE on or before they hit the retirement age. For those who are older, I will help them eliminate their debt in record time. I am on a personal mission to create debt-freedom and prosperity, one household at a time. I guess you can say it is part of the legacy I want to leave behind. But I cannot do it all by myself. I need your help.

If you want to work with me or my seasoned team; I or a member of my seasoned team will also give you a one-on-one consultation session and a Cash Flow plan packed with actionable debt elimination strategies to put you on your DEBT-FREEDOM journey.

Becoming Debt-Free for life is an exceptionally liberating achievement – that is the future we envisioned for you.

Together, we can begin a financial revolution and restore true financial prosperity to our lives and country.

So be sure to visit https://client.moneycoachmaster.com site to claim your gift.

Explore how the Family CFO Bootcamp can help you become the competent, capable and confident Family CFO.

To your success!

George Kaadi

Ps. You can email me at george.kaadi@moneycoachmasters.com or call me at 416-204-0158. Or go to www.moneycoachmasters.com and look for a money coach that suits your needs.