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MONEY

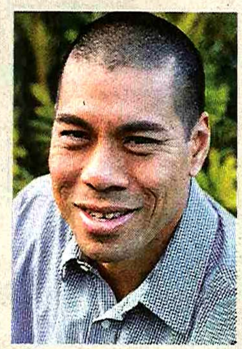
Know your 'starting line' to properly manage money

AKAMAI MONEY

"Akamai Money" seeks out local experts to answer questions about business in Hawaii. If you have an issue you would like us to tackle, please email it to business@star-advertiser.com and put "Akamai Money" in the subject line.

QUESTION: In your book you advise people to cut their spending and increase their income until they have positive monthly cash flow. What do people tell you is the most difficult challenge they have accomplishing that?

ANSWER: We have been helping thousands of Hawaii's working class over the past 10 years. These are great families that have jobs, children and want to do better with their finances but are having a difficult time keeping up with the rising cost of goods. Everything from gas, food, health insurance and even the cost of taking the family to see a movie is having a negative impact.



PROFILE

ALAN AKINA

>> **Title:** Founder & CEO
>> **Organization:** 101 Financial
>> **Age:** 42
>> **Education:** BYU-Hawaii 2010
>> **Book offer:** Akina's book "The Super Duper Simple Book on Money" a No. 1 Amazon Best Seller for Personal Money Management is available free (for a limited time) as an ebook at www.superdupersimplebooks.com.

Q: Do you have any suggestions on how to cut down on spending?

A: The first step in smart money management is knowing your "starting line." We always start our new students out with a cash flow analysis. We ask them to write down their monthly income, all of their expenses and their debt. It's a funny thing because something so simple is often never done. In fact 90 percent of the people we work with have never done something this detailed. When you can see the entire picture, you will find ways to cut back. If you do not have your starting line, you will be playing a guessing game with your money.

Q: You encourage everyone to maximize income. What prevents most people from increasing their income?

A: Most people have never learned how money works. When we do not understand the money game or have a plan, your mind never opens up to the possibilities. The first thing we teach is to do an outstanding job at work, make yourself valuable, go the extra mile. If you do a great job, the potential is there for raises or promotions. Once you are cash-flow positive, you can look to diversify your income with businesses and other types of investments.

Q: You tell people to stay away from debt of any kind, including mortgage. Are you saying it is best to rent until you have enough money to pay cash for a home? Doesn't that mean for some people they will never own a home?

A: No, no, no. We are not opposed to debt; we just like to pay it off as quick as we can to minimize the interest cost. Most of us will never have enough cash to buy a house outright. We need mortgages, but when you learn the true cost of the mortgage, you will want to do everything in your power to pay it off quick. One of the most rewarding things for me is to see one of our students become first-time homeowners, which happens quite a bit at 101 Financial.

Q: Why are you opposed to car loans?

A: Again, I am not opposed to car loans; I just want everyone to realize the cost of interest from all of their loans. You see, the banks will never pay us more in interest than we are paying them for our loans. Just look at how much interest you are earning from your checking (0 percent) and savings accounts (0.15 percent). Compare that to your mortgage (5 percent), car loan (4-8 percent) and credit cards (14-29 percent). It's easy to see why we are so passionate about teaching people about personal finance.

Q: You are living on the North Shore with your wife and five kids. That must be expensive. How does your family save money?

A: Here are two things that we did that allowed my family to save money. First, we have never bought a brand-new car, all used cars. Second, for the past 14 years we have been living in a house that is less than 1,000 square feet. Yes … all seven of us. Our house has been paid off for the last eight years.

Interviewed by David Butts