“Alan is sharing the financial secrets that nobody else is sharing because he has a passion for helping people like YOU.”
- Tom McCarthy, author of *Peak Performance*

the super duper simple book on money

the five money principles everyone needs to know

ALAN AKINA

START →

Praise for Super Duper Simple Books

"Alan Akina is the real deal! Every principle he teaches you in this book is something that I've seen him put into practice in his own life. I've seen him go from humble beginnings to creating tremendous wealth and building an INC 500 company. Alan is sharing the financial secrets that nobody else is sharing because he has a passion for helping people like YOU. If you follow the principles he teaches in this book, there are no limits to what you can achieve!

– Tom McCarthy, author *FIRE-UP Your Presentations,* San Diego, California

"Finally! A no-nonsense, clear, powerful financial book I wish I had 20 years ago. Alan Akina has hit it right on the head with this understandable and powerfully strategic book that everyone should deploy in their life. This book can be the difference in living a fulfilling, plentiful life or constantly struggling. Alan's powerful tactics can really move you ahead in a big way.

– Brian Johnson, author *The New Rules of Online Marketing* & CEO, Lifebook

"This book is simple, yet powerful! An outline that will bring financial peace of mind to those willing to try. A great read that needs to be shared with everyone!

– Richie Norton, author *Resumes Are Dead and What to Do About It,* Phoenix, Arizona

"This is a fantastic book and resource! It unravels personal finance into simple, easy to grasp concepts. This is the kind of wisdom that ought to be passed down from generation to generation.

– Olin Lagon, Social Entrepreneur, Honolulu, Hawaii

More Praise

“Read this book over and over again, then give it to someone you care about. This book will inspire you to help our economy by taking care of your personal finances. Kudos to Alan Akina for sharing his Super Duper Money Principles with us!

– Mufi Hannemann, President and CEO Hawaii Lodging and Tourism Association and former Mayor City and County of Honolulu

“Alan – I read your whole book on the plane ride back from Washington DC to Portland. I loved the ‘getting back to basics’ message there which was helpful for a former Financial Analyst (at Intel) like myself. Great job on this!

– Ryan Buchanan , CEO eROI, Inc. Portland, Oregon

“In a time when saving money and being savvy with your financial future is so important to everyday Americans; this book informs and empowers anyone with some smart financial moves to help accelerate your financial savings. Anyone looking to be a savvy and smart saver should read Alan’s new book.

– Ken Thompson, Pres & CEO, Lealta Media, Silicon Valley, California

“Refreshing! Alan’s book will help get YOU back on track with the financial basics. If you want to avoid costly financial traps and get motivated to make positive changes in your financial life, this book is a MUST read.

– Shelby Dredge, Founder & CEO, embellish IT, Salt Lake City, Utah

Visit us at www.SuperDuperSimpleBooks.com

My Purpose

Most financial books on the market have great info, but are too complex for people like me. So I'm writing the books I've been looking for – short, easy-to-read – books that save both time and money, and lead to amazing results.

This book is the first in a series of Super Duper Simple Money Books. The principles taught here have already helped thousands of Americans get out of debt, build wealth, and achieve financial peace of mind.

I promise that anyone who reads and follows the principles in this book, can live better, breathe easier, and build a solid financial foundation that will help you thrive throughout your life.

amazon kindle

This PDF eBook is also available as an Amazon Kindle eBook, and will be available for download from www.superdupersimplebooks.com.

If you are reading this PDF eBook on an iPad or iPhone, the links will not work. If you would like a copy of this eBook with working links for your iPad or iPhone, please download the Kindle version.

Dedicated to Grandma Akina

Thanks for your love and always being there when I needed you.

Quick Start Guide

I know you're busy and might not have the time to read the entire book right now. So here is a quick snapshot of the top five principles taught in this book so you can start learning right away.

1. **Money In [Income]** Understanding the three main sources of Income: Paychecks from a Job; income from a business and investment income from real estate or paper assets.

2. **Money Out [Expenses]** Learn how to control your expenses and stay cash flow positive.

3. **Money we Owe [Debt]** Understanding how banks, debt and interest work against us.

4. **Money we Grow [Investing]** Learn about the three main categories of Investing: 1. Paper Assets 2. Business 3. Real Estate

5. **Money we Share [Philanthropy]** Learn how giving back (time, talents and resources) will bless your life beyond measure.

By implementing these five principles, thousands of people like you have been able to breathe easier on the path of financial peace of mind and prosperity. You too can build a solid foundation by appropriately sticking to these basics. This foundation will be a springboard for you to achieve your financial goals. This is the first book in a series of Super Duper Simple Money Books which build upon each other to help you go from where you are, to where you want to be.

Contents

Contents

Contents

part 1 this thing called money

People are Tired

- Tired of being stressed because they can't catch up financially.
- Tired of fighting with their spouse about which bills to pay.
- Tired of calls from creditors.
- Tired of being unemployed (or underemployed).
- Tired of not knowing how money works.

People are on their hands and knees, praying and looking for ways to figure out this thing called money.

I've been there. It's scary. It's debilitating. It's no way to live.

Just like me, people around the country want to know, "Is there is a better way?"

You've probably asked yourself this question a thousand times: "Is there a better way?" There's got to be a better way, right?

There is a better way.

If everything you've learned so far about managing your money were wrong, when would you want to know?

YESTERDAY! *Right?*

Well, it's true.

Almost everything we were taught about money management, banking, debt, and investing does not benefit us or have our best interest in mind.

Guess who benefits? For the answer, just think about where your money is sitting right now.

Answer these few questions:

- Do you have money sitting in a checking and or savings account at a **bank**?
- Do you have an investment account with a **broker or financial institution**?
- Do you have a **credit card** that carries a balance?
- Do you have a mortgage with a **lender**?
- Do you have a loan for your car at a **credit union**?
- Do you have student loans with the **government or banks**?
- Does a **financial advisor** manage your retirement, 401k, and IRA accounts?

If you answered YES to any one of these questions (some of us can answer yes to all of these questions), you need to keep reading . . .

ANSWER: Who Benefits? The Big Financial Institutions

The information you will learn today is so important and life changing that I suggest you give it your **full attention** and take advantage of the videos and worksheet provided.

Mission Possible:
Financial Peace of Mind

My mission is to help you and your family experience financial peace of mind through the power of financial education.

For years, I've helped thousands of families across the country learn super-simple money strategies. These strategies have helped these families get organized financially, get out of debt and get on with the better things in life.

You can achieve financial freedom, and the serenity that comes along with it, by understanding and applying the basics of money management that are outlined in this book.

SUPER DUPER SIMPLE SPECIAL ALERT

Don't just read this book—**take action.**

Take baby steps.

Do it for you.
Do it for your family.
And do it now!

part
2

where can you GO?

Growing up in Hawaii

I was born and raised on Oahu, Hawaii. It would be nice to say that I grew up in one of those fancy, high-rise, luxury condos in Waikiki—the ones you see on TV. And I wish I could say that I grew up with a mom and a dad, a brother, and a golden retriever. But I didn't.

When I was six years old, my parents divorced. My younger brother and I moved from house-to-house-to-house, juggled between extended family members and friends. Sometimes we were split-up and had to live in separate towns because no one could take both of us.

> "Once we lived in an area similar to what some call a "project." It was a really shady part of town."

The woman we lived with was supposedly a friend of my grandmother. I vividly remember the night this lady fed us a dinner that just didn't taste right. My four-year-old brother vomited it back into the bowl. The woman made him eat the vomit-covered food. I was only seven years old.

I couldn't do a thing. I felt **powerless.**

Later that night, I snuck out of the house and walked through the dark streets until I found a pay phone at a public library. I called my grandmother. She was an older Hawaiian woman who did not drive or own a car. However, my angel of a grandmother walked several miles to where we were, gave that lady a piece of her mind (and fist), and took us out of that awful place.

I don't share this story to gain your sympathy. I've looked back and drawn strength from my grandmother's powerful example. She was willing to go any distance to save my brother and me. Alone, I was powerless, but with one phone call my grandma made me feel powerful. She gave me a voice. She taught me that I can take control of my situation—even if it requires a...

...call for help.

Living in a low-income situation made me feel...

powerless.

Over time, I learned that if I wanted to break the cycle of constant lack of necessities, if I wanted to get out of debt and help others do the same, I had to do something different than what I'd always done. Just as my grandmother had gone the distance for me, I had to be willing to go the distance, too—no matter how painful the path.

I'm happy to say that I've been able to draw strength from my grandmother's example. Today, few things make me feel as good as a call from my grandma after seeing me on TV, to tell me she's proud of me for being a voice for those who don't have a voice of their own.

Free Lunch

I didn't realize that I came from a low-income family until after I graduated from high school. I guess when you're growing up and everyone around you is poor, you don't know the difference.

I attended six different public schools during my childhood years. Each one had three types of lunches available. The first meal plan was called "full-price," the second was "reduced," and the third was "FREE." I always qualified for the free lunches. When I got into the 4th grade, things got worse for our family financially, but better for me because I now qualified for free breakfast, too!

Getting a free lunch seemed great until I was left to fend for myself. I suddenly realized that fending for myself was something I'd never learned how to do.

Having to figure out how to navigate the world after high school, and especially after starting a family, was a complete money shock. I had a lot of sleepless nights and stressful days. Yet, those tough years taught me to appreciate life and to be grateful for even the smallest things I've been given.

Financial struggles taught me a lot about money. I became painfully aware that...
...life in middle class America is expensive!

Life in the middle class costs more **than being rich!**

Americans have this understanding that if we work hard enough, we will eventually break out of the debt cycle. So I worked and I worked and I worked. Yet, no matter how hard I pushed, I was still stuck with higher interest rates on credit cards; I constantly got hit with infuriating bank overdraft fees; and I had to deal with weeks of check holding at banks. And on and on and on. Sadly, these types of expenses are the institutional shackles that come along with being part of middle class America – shackles that the financially educated are able to avoid.

These expensive experiences ignited my fiery passion for personal finance . . . and a burning desire to find a way to free myself, once and for all.

Since I knew little about money, I figured I needed to start at the beginning, the ground level. I needed financial basics, but I didn't know where to turn. My friends and family obviously didn't know any more than I did, and the books I found were all too complicated for a beginner like me to understand. Sure, it would have been great to learn "How to Make a Million Dollars in the Stock Market Overnight" or "Make a Fortune Buying and Selling Real Estate." But I needed to learn the basics of money management first. I needed a solid financial foundation!

So, where could someone like me go for financial help?

We certainly don't learn about money in our school system. Our universities are teaching subjects like Accounting and Corporate Finance...

...but no one is teaching Checkbook Management 101

Does our government provide us with financial education? Come on! They need it more than we do. They have been spending more than they are bringing in for a long time – and that's breaking the **"Golden Rule of money."**

Some people tell me they go to their banks for help. Really? Do banks really help us? They might give us a lower rate to consolidate our high interest debt, but they do not teach us about money. It's not in their best interest for us to know.

Can our families help educate us to get out of debt? I wish more families knew how to get out of debt and thrive. Unfortunately, many of us got into our bad money habits as a result of following the poor examples of our parents or by taking the wrong advice. Where can we turn for effective financial education?

WHERE?	EFFECTIVE?
School	**No**
Government	**No**
Banks	**No**
Family	**Not really**

Sadly, the people and institutions we think should be helping us with personal financial management just aren't doing it effectively.

I just couldn't find

what I needed,

no matter where

I looked.

So I did the only thing left to do ...

... I experimented.

I tried everything I could think of. I read lots of financial books. I personally interviewed successful individuals. I tested all sorts of ideas.

Finally, I found a plan that worked! I found a way to manage my finances so I could rest easy at night.

Want to know how I achieved
financial peace of mind?

Education.

All of this testing, studying, and experimenting with my finances gave me a financial education that I couldn't find anywhere else.

Financial education is the secret key to achieving the financial peace you seek.

Financial Education - the Difference Between Security and Ruin

U.S. Senators, Thad Cochran and Roger Wicker, recently encouraged people to improve their financial literacy. They said, "A proficient understanding of personal finances can be the difference between financial security and ruin for individuals and families. The economic hardships experienced by many people were not just caused by poor judgment on Wall Street, but also by a lack of financial understanding on a personal level."[1] It's true!

If *understanding* personal finances makes the difference between financial security and ruin, then *understanding* money is essential to your family.

1. http://1.usa.gov/xiQXls

After meeting with thousands of people about finances, I’ve learned that many people think the root of their problem is debt.

It’s not!

Debt is just the by-product of our lack of financial education, a problem that touches every single person in America in some way, shape, or form.

Then how do you know if whether you have a solid enough financial education?

Like the old saying goes, "The proof is in the pudding."

Imagine you are looking in your life's rear view mirror. Think of all of the hard work you put in and look at all the money you have made in your lifetime.

Now, ask yourself:

> "What do I have to show for all of my hard work?"

If you're living a life of abundance and you have financial peace of mind, then you've done a good job and you're one of a select few who can be considered...

financially educated.

But... if you still have debt or financial stress, and you are not where you want to be, then you are what I call...

financially illiterate.

101 Financial – From Bondage to Freedom

Fast-forward a few years. Today, I'm the founder and CEO of 101 Financial, a financial education company that makes available the very principles I put into practice to eliminate my own debt and overcome being a financial stress case. I'm humbled at how people across the nation have taken to heart the financial principles we teach. Incredibly, in only a few short years, our company has received awards such as the *Inc. 500 "National Award,"* the *Better Business Bureau "Market Place Trust Award,"* the *Bank of Hawaii "Community Leader of the Year Award,"* and the *Pacific Business News "Fastest 50 Award."*

AWARDS

Inc. 500 — 2009 - 2010 INC.500 National Award

BBB — 2008 Torch Award Marketplace Trust

2007 BOH Community Leader of the Year

HO'OULU 50 — 2007 - 2010 PBN Fastest 50 Hawaii Business

While awards are great, and recognition is humbling, the greatest reward of all is watching people take the time to learn and apply the money principles we teach, and achieve the new and better life that comes from financial education!

AWARDS

Inc 500 Award: www.101financial.com/about/inc500.html
BBB Torch Award: www.101financial.com/about/BBB-Torch-Award.html
BOH Leader Award: www.101financial.com/pdfs/101Financial40under40.pdf
PBN Fastest 50: www.101financial.com/about/2008-fastest-50.html

Believe it or not, it's not uncommon for 101 Financial students to look forward to getting their bills.

They feel excited about paying their bills down to ZERO as fast as they can.

I'm privileged to receive e-mail and Facebook messages like these:

"I just paid off another credit card."

"We now have the note to our car."

"You saved our marriage."

"We bought our first home."

"I paid for my daughter's college tuition."

"I don't fight with my spouse about money anymore."

"The bank teller told me that I only need to pay the minimum...I just looked up and smiled."

"I can be a stay-at-home mom now."

"We took our family to Disneyland and did not worry about the bill."

"We bought an investment property."

"I made a big payment to my debt."

"I have financial peace of mind."

It’s amazing what a little financial education can do!

And the message I have for you is that...

it’s possible for you, too.

part 3

the 5 super duper simple money principles

Building a Rock Solid Foundation

It's essential to build a rock solid financial foundation in order to thrive.

When I say thrive, I mean experiencing lasting peace of mind. I mean security and stability. Most of us want control and confidence in our money management so we can make money, *keep it,* and not live with the constant stress that accompanies financial struggles and not knowing what to do.

> "I've seen many people make large amounts of money and then lose it all because they didn't have the fundamentals of financial management in place."

Why does this happen? Why do some people win big and then quickly lose it all? It's because they haven't learned the following...

5 Super Duper Simple Money Principles:

1. **Money In**
2. **Money Out**
3. **Money We Owe**
4. **Money We Grow**
5. **Money We Share**

While the specifics of the 5 Principles, when put in practice, are different for everyone, it's essential that you begin by following the action steps below. Taking action is the key to better understanding the details of your financial life and moving towards **financial peace of mind.**

Understanding these 5 Principles is *essential* to building a strong financial foundation.

TAKE THESE STEPS:

1. **Watch** the short video (1:20) of me on KHON 2, Hawaii's Morning News, talking about Money In, Money Out, and Money We Owe.
   http://bit.ly/Ajolex

2. **Download** the Starting Line Worksheets. *(6 worksheets total)*
   www.SuperDuperSimpleBooks.com/Download/index.html

3. Fill out the worksheets as you read the 5 Super Duper Simple Money Principles.

If you fill out the worksheets as you read, then at the end of this book you'll have a clear snapshot of your financial life. That's the very first step to achieving the financial peace of mind you deserve!

Principle 1: MONEY IN

Understanding income keeps it coming in.

All of us need money coming in each month to sustain ourselves. To be successful, we first need to learn some basic Money In rules.

Rule #1 is to try as hard as you possibly can to have more Money In than Money Out each month. We need to spend less than we make. It's as simple as that!

There are many ways to put money in your pocket. Here are the three main categories of Money In:

1. Paychecks from a job.
2. Income from a business.
3. Investment income from real estate or stocks.

The more ways you find to have Money In from all of these categories, **the better off you will be.**

Again, the three ways to keep your income coming in are:

JOB

Wherever you're employed, do the best you can to put in an honest day's work. Even if you don't think you're being paid enough, put in the extra effort to be the hardest and smartest working employee in the company. Produce results. An extraordinary work ethic will eventually put more money into your pocket by either earning you a pay raise or moving you on to a better job elsewhere.

BUSINESS

If you have your own business (or side business), go the extra mile for your customers. Treat them like royalty. In business, your income depends on other people choosing your product or service over the competition. This is a huge responsibility. Your goal is to find more and more effective ways for people to want to pay you to fulfill their needs. If you don't have your own business, decide and act on ways you can have a side business to earn more Money In.

INVESTMENTS

Investments are things you own that put more money into your pocket. Investments include rental properties, interest earned from a bank account, stocks and bonds, or interest in a business. Investments that put more money into your pocket are also referred to as assets. We'll discuss investments in more detail in the section Money We Grow. For now, simply remember that when you have more Money In than Money Out, you'll be in a position to make investments.

ACTION STEP: THE MONEY IN WORKSHEET

Look at the Money In section on the Starting Line Worksheet you downloaded. In the space provided, enter the source of each stream of income and how much you are paid. Add up the money you receive and total it on the Total Monthly Income line.

Income (Money In)

Paycheck(s): $ ______	**Rental property:** $ ______
Business Income: $ ______	**Other/Misc.:** $ ______
Investments: $ ______	Total Monthly Income: $ ______

What's your *Money In?*

Download the Money In Worksheet.
www.SuperDuperSimpleBooks.com/Download/index.html

Dan and Monica's Success Story

In 2004, Monica and I were living with her parents, in a spare bedroom. I was working for the County of Maui, and Monica was working as an accountant for a non-profit organization. I started out with a car loan and a credit card. Monica didn't have debt.

Within a month of taking money management classes from Alan, we were able to pay off our two liabilities. It was such a big relief for us to be debt-free. Then Alan opened both our minds to the world of investing and growing our money. We spent time learning from Alan about more ways to leverage our monies and how to invest in real estate and business.

A year later, we got our first chance to put our knowledge to the test. We were able to purchase our first rental property. It was an exciting time for us, as we never dreamt of owning a home on the mainland. **Our strategy was to get more money in** and purchase one home at a time.

A year and a half later, we purchased our second investment property, a duplex on the Big Island. A year after that, we finally were able to buy our home on Maui and move out of my mother-in-law's house into our very own home. This was a dream come true!

Monica and I got married in 2009, and to make things more amazing, we purchased the franchise rights and opened the first Sanrio (Hello Kitty Store) on Maui. We have now made two years with Sanrio and celebrated our second wedding anniversary. We are still taking classes with Alan and preparing for our next investment.

These money-managing principles have made a foundation for us to break out of the box and open a whole new world of possibilities. I hope everyone can follow Alan's important money management principles and make their dreams become a reality.

- Dan & Monica Takamura, Maui, Hawaii

Principle 2: MONEY OUT

Understanding your expenses helps you keep them under control.

Money Out is anything that takes money out of your pocket.

Money Out is spent on things you cannot ever pay off. These are recurring living expenses that will ***always*** take money out of your pocket. These recurring living expenses include things like food, gas, cell phone plans, and electricity, and they are generally due weekly or monthly.

Other things that could fall into the ***Money Out*** category are expenses like clothes, taxes, insurance, entertainment, and other miscellaneous items **paid for with cash, check, or debit cards.**

Debt payments will be covered in the next category, ***Money We Owe.***

Needs vs. Wants

Money Out can be divided into two major categories: **Needs and Wants.**

Needs are the essentials that we must have to sustain ourselves and our families, things like food, water, and housing.

Wants are things that we really don't need, but desire. For example, do we really need that brand new car or the newest, biggest, slimmest, super-light 3D HD OLED Smart TV?

After filling out the Starting Line Worksheet, you will be able to pinpoint your Wants. By distinguishing your Wants from your Needs, you will be able to make better financial decisions in the future.

The key is to keep your Wants to a **minimum**.

ACTION STEP: THE MONEY OUT WORKSHEET

It's time to be honest with yourself.

Is your goal to truly get your financial life in order and achieve lasting peace of mind? If so, it is vitally important that you begin by getting an accurate picture of where your money is actually going.

This is where the Money Out section of the Starting Line Worksheet comes into play.

> "Filling out this worksheet *accurately* should feel like a wake up call."

There is no way to get around this step. It is essential to achieving the financial freedom, the clarity, and the peace of mind that you deserve! So, include all of your expenses – even that Slurpee and bag of chips you just ate!

DOWNLOAD the Money Out Worksheet

Quick tips to accurately filling out and assessing the Money Out section of the Starting Line Worksheet:

1. It's often difficult to remember exactly what your expenses are. In fact, it's not uncommon to be surprised when it becomes clear! Look at your last 1-2 months of bank statements, and record on the worksheet where your money is actually going.

2. Review your past two credit card statements to see if you can find additional expenses to record on the worksheet.

3. Add up all of your expenses, and put the total on the Total Monthly Expenses line.

Are you putting it together?

- What's your *Money In?*
- What's your *Money Out?*
- Is your *Money In* currently more than your *Money Out*?
- If not, what would happen if you were to only spend money on those expenses that you have identified as needs?

Would you then have more Money In than Money Out?

If yes, you have what we call positive cash flow. This puts you in a good position to build a solid financial foundation.

If not, you have what we call negative cash flow. You need to focus additional effort on increasing your Money In and/or decreasing your Money Out.

Note:

I'm not suggesting that you shouldn't spend money on things you want. The eventual goal of financial peace of mind is to be able to help you have the highest quality of life possible. However, your focus first must be on getting your finances under control. You may need to make some small, temporary sacrifices to help you get to that point. You may also find some areas where you need to make major changes in spending habits.

ACTION STEP: THE MONEY OUT WORKSHEET

Super-Duper Simple Books PUBLICATIONS

2. Money Out (Expenses)

Household Expenses	Amount	Frequency
Rent/Lease	$________	( )
Home Maintenance	$________	( )
Property Taxes	$________	( )
Association Fees	$________	( )
Electricity	$________	( )
Home Gas	$________	( )
Water	$________	( )
Sewer	$________	( )
Cable/Satellite TV	$________	( )
Internet Service	$________	( )
Newspaper/Magazine Subscription(s)	$________	( )
Telephone	$________	( )
Cell/Mobile Phone	$________	( )
Groceries/Household Items	$________	( )
Trash Pickup Fee	$________	( )
Yard Maintenance	$________	( )
Pool Service	$________	( )
Pest Control	$________	( )
House Cleaning Service	$________	( )
Miscellaneous/Other	$________	( )

Personal Expenses	Amount	Frequency
Medical/Dental Co-Payment	$________	( )
Medications	$________	( )
Retirement Fund	$________	( )
Savings	$________	( )
Tuition/Materials	$________	( )
Eating Out	$________	( )
Child Care	$________	( )
Lessons	$________	( )
Sports	$________	( )
Fitness Club Membership	$________	( )
Presents/Gifts	$________	( )
Vacations	$________	( )
Clothing	$________	( )
Dry Cleaning	$________	( )
Donations	$________	( )
Tithing/Offering	$________	( )
Leisure	$________	( )
Miscellaneous/Other	$________	( )

[DOWNLOAD the Money Out Worksheet]

Tim and Kim Stuck's Success Story

“My wife and I have had a wonderful experience in learning and applying the money management principles, especially as it relates to controlling our outgoing expenses. There are simple tools and procedures to follow that don't make you feel like you are on a budget, which before this we always tried and failed at.

We were able to cut our expenses by 30% by putting simple controls in place that have become life long educational tools. You never truly understand how much money you waste until you put yourself in an accountable situation. Thanks to the simple delivery from Alan, we were able to move fast and we saw immediate results.”

- Tim & Kim Stuck, Kauai, Hawaii

Principle 3: MONEY WE OWE

Understanding debt helps you get rid of it.

Money We Owe is debt we need to pay off.

Debts to pay off include:

- Credit cards
- Mortgages
- Home equity loans
- Bank lines of credit
- Car loans
- Student loans
- Pay Day loans
- Personal loans
- Furniture loans
- Retail store cards
- Also, loans from our friends, parents, and other family members

Basically, anytime we owe money, it's a debt – also known as a liability. All of the liabilities listed here can be detrimental to our financial lives. They can cost us hundreds of thousands of dollars in interest and put us in unduly stressful situations. We need to take each debt seriously. If we don't, we will surely (and literally) pay the price.

I'm going to focus the next few pages on four main debts currently enslaving much of middle class America: 1) mortgages, 2) credit cards, 3) car loans, and 4) student loans.

1. THE MORTGAGE

The biggest struggle I have found in helping people get out of debt is to first enable them to realize they have a debt problem.

If people don't realize they have a problem, they can't get out of it. It's like trying to help an alcoholic or smoker quit their behavior when they are in denial about their problem. Once people accept the fact that there is a problem, they can discover a way to get out.

Sometimes I hear people say, "I'm not in debt. I only have a mortgage." Ha-ha! The bank or some financial "guru" has somehow lulled these people into thinking a mortgage isn't debt or that it's "good debt." Oh, really?! How many broken homes across America today have resulted from a mortgage-gone-wild? How many people struggle everyday and sometimes even compromise their integrity in the name of "having to pay my mortgage?"

POP QUIZ

Question: What does the word “mortgage” mean?

Answer:

I looked for the origin and definition of Mortgage from dictionary.com. What I found was pretty scary:

mortgage *(noun)* [mawr-gij]
1390, from Old French: *mort* "**dead**" + *gage* "**pledge**" = "dead pledge"

A mortgage is a death pledge.

A mortgage is a "death pledge," and until the home is completely paid off and the mortgage "dies," you own a debt, not a home.

The same is true for anything you've purchased with debt. You don't own anything on which you still owe money!

Death Pledge!

Here is how a mortgage works:

Since most of us don't have an extra $250,000 under our pillow (or $500,000+ where I live in Hawaii) to pay for a house, we have to borrow the money from a bank. This type of loan is called a mortgage, but from now on we will call it a "death pledge."

Let me clear up a common misconception about a death pledge. You might have an extremely low interest rate on the loan - let's say around 5% - so you have "affordable" monthly payments. That's the deceiving part. Take notice of the real issue... the monthly payment!

For most of us, the interest portion of our monthly payments equals 80-90% of what we pay.

The principal portion, the part of our payment that is deducted from what we owe, is only 10-20% of the payment.

And most death pledges are set up to last for ***30 year terms.***

My question to you is:

Who said a 30 year death pledge has to be for 30 years?

Who made that one up?

You guessed it...

The Bank!

Why do the banks want to keep you in debt for 30+ years? Because it's in their best interest!

Get it yet?

Let's look at the way the banks calculate the repayment of your death pledge. The banks and lenders call this repayment an amortization schedule. To "amortize" is to reduce or extinguish the debt.

Paying the bank their interest first (instead of paying down the amount you borrowed on the home) won't make sense until you understand the difference between "P" (principal) and "I" (interest). When you make death pledge payments, you are paying both P&I: Principal (the amount you borrowed on the home) and Interest (the code name for PROFIT at the banks). However, what many people don't realize is that the bank will typically charge you two to three times more in Interest (the bank's profit) than the principal you borrowed.

For example, imagine you bought a home with a death pledge for $165,000 with a 6% fixed interest rate for 30 years. Take a look at the Amortization Table below for the first year of this death pledge.

Amortization Table for $165,000

Month / Year	Payment	Principal Paid	Interest Paid	Total Interest	Balance
Jan.	$989.26	$164.26	$825.00	$825.00	$164,835.74
Feb.	$989.26	$165.08	$824.18	$1,649.18	$164,670.66
Mar.	$989.26	$165.91	$823.35	$2,472.53	$164,504.76
April	$989.26	$166.73	$822.52	$3,295.06	$164,338.02
May	$989.26	$167.57	$821.69	$4,116.75	$164,170.45
June	$989.26	$168.41	$820.85	$4,937.60	$164,002.05
July	$989.26	$169.25	$820.01	$5,757.61	$163,832.80
Aug.	$989.26	$170.09	$819.16	$6,576.77	$163,662.71
Sept.	$989.26	$170.94	$818.31	$7,395.09	$163,491.76
Oct.	$989.26	$171.80	$817.46	$8,212.54	$163,319.96
Nov.	$989.26	$172.66	$816.60	$9,029.14	$163,147.30
Dec.	$989.26	$173.52	$815.74	$9,844.88	$162,973.78
TOTAL	**$11,871.12**	**$2,026.22**	**$9,844.87**		

BankRate.com

While looking at the amortization table, notice what the payment is in January. (Payment: $989.26.) Out of that payment, how much of your hard-earned money is going towards paying off the amount you paid for the home? (Principal Paid: $164.26.) How much is being paid to the bank as profit? (Interest Paid: $825.)

Did you catch that?

Do you realize that out of your $989.26 payment, only $164.26 is going towards paying down the amount you borrowed to buy your home? Do you understand **that the bank is pocketing $825 of your hard earned cash?!?**

Did I just hear your jaw drop?

In the first year alone, after 12 monthly payments, you will have paid a whopping $11,871.12, and only $2,026.22 of your money will have gone towards paying off the $165,000 you thought you were paying for your home. In other words, the bank will have received a $9,844.87 premium.

Almost **83%** of your home payment will have gone into the **bank's pocket!**

That’s not the scariest thing though.

The way the amortization schedule works, in this scenario, you will be paying more interest than principal for the first 18 years and 4 months (220 months) of a 30-year payment plan!!! By the end of the 30-year period, the home you bought for $165,000 actually will have cost you $356,133.01! That’s $191,133.01 in interest.

And we didn’t even calculate the closing costs, insurance, property taxes, or maintenance.

Yikes!

A mortgage really is a death pledge.

Note: Google "mortgage calculator" or just go to www.bankrate.com to calculate your own death pledge or to see what your future *death pledge* might look like.

Here is a quick view of how much people think they bought a house for vs. how much it really costs after considering a 6% fixed interest rate for 30 years:

BUYING A HOME AT A 6% FIXED INTEREST RATE FOR 30 YEARS		
HOW MUCH YOU THOUGHT YOU PAID	**INTEREST TO THE BANK**	**HOW MUCH YOU ACTUALLY PAY**
$100,000	$115,838.19	**$215,838.19**
$200,000	$231,676.38	**$431,676.38**
$300,000	$347,514.57	**$647,514.57**
$400,000	$463,352.76	**$863,352.76**
$500,000	$579,190.95	**$1,079,190.95**

www.mortgagecalculator.org

After looking at these numbers, if you have a "mortgage," can you tell me with a straight face that you're not really in debt and that it is "just a mortgage?"

2. CREDIT CARDS

Credit card companies are sneaky. They change their policies constantly. Since the Credit CARD Act of 2009,[2] credit card companies have been required to disclose their tactics—but how good are you at reading that tiny, tiny fine print on all those pages of those booklets they send out? Those booklets are very difficult to decipher. Most people need an attorney sitting next to them to explain what the credit card companies are trying to say in such an indecipherable manner!

If your credit card company warned you that you were going to have an interest rate hike, would you know? Has your Annual Percentage Rate (APR) ever gone up (or your credit limit dropped) without you realizing it? Chances are that when you called them on the phone they told you they "disclosed" it to you and mailed you something about it, right? Well then, why didn't you know about the change? When credit card companies are forced by law to disclose details (and not because they want to), you can be assured that this billion-dollar industry will find every way possible to ensure that the small print is in their best interest, not yours.

> "Credit card companies are sneaky."

2. http://bit.ly/xVJzFM

It is currently estimated that the average credit card debt per household in America is $15,799.[3] It is also estimated that the average credit card with a balance in America has an APR of 13.10%.[4]

Let's think about that for a minute.

When people perpetually carry credit card debt, how much money do you think they normally pay on the credit card each month? My experience has taught me that they pay the minimum required. On a credit card statement there are options to pay the balance in full, to pay the "minimum," or to pay some other amount above the minimum that the cardholder can choose.

If the average American has $15,799 in credit card debt with an APR of 13%, how long will it take to pay that credit card off by only paying the minimum?

(Remember: APR or Annual Percentage Rate is used to determine the interest or finance charge you will pay. This interest payment is the bank's profit.)

3. "Calculated by dividing the total revolving debt in the U.S. ($793.1 billion as of May 2011 data, as listed in the Federal Reserve's July 2011 report on consumer credit) by the estimated number of households carrying credit card debt (50.2 million)." http://bit.ly/wV4irQ

4. Source: Federal Reserve's G.19 report on consumer credit, released July 2011. http://1.usa.gov/AfMAti

The minimum payment is normally calculated by taking the interest rate plus 1% - 5% of the balance. Let's assume that the credit card company really wants to make it easy on you to make the minimum payment, and so they only require you to pay the interest rate plus 1% of the balance.

THE MINIMUM PAYMENT PLAN	
Balance	$15,799
Interest	13%
Minimum Rate Calculated	Interest + 1%
Minimum Payment	$329.15

As shown in this illustration, it feels great to know you can spend $15,799 and only have to pay $329.15 a month for it. But have you ever stopped to ask yourself why the credit card company made it so easy for you to do this? I'm going to tell you right now, it's not because they're nice.

Simply put, the longer you take to pay off the card, the more money the credit card company makes.

For you to pay off the balance in this situation, paying only the minimum, it will take you 376 months (more than 31 years!) to be rid of your debt. Over that time period, you will pay $16,636.29 in interest.[5] That means the $15,799 in debt really cost you $32,435.29. ***That's more than double your original debt!!!***

5. These credit card minimum payment figures were calculated here: http://bit.ly/zz22tN

The astounding thing is that we haven't yet calculated the cost of the dark side of the credit card company's profit-making strategy.

Fees.

Credit card companies make fees a profit center, including charging you late fees, annual fees, fees to expedite payment with the help of a representative, over-the-limit-fees, collection fees, foreign transaction fees, cash withdrawal fees, fees for using rewards, penalty rates, and on and on and on. Further, those fees are added into your overall balance amount and you're charged interest on top of the fees! Ouch!

Remember, these companies are in the business of making money for themselves and their investors.

Go to the **Federal Reserve** site or the **Bank Rate** site to see how long it will take to pay off your credit cards.

3. CAR LOANS

Cars are cool. People love cars. They make life convenient. In some parts of America, if you don't live near a bus, trolley, subway, or train station, cars are a necessary part of modern life.

Car loans, on the other hand, create all sorts of problems and debt issues.

It's important to understand that a car loan is a contract—a contract written by fancy lawyers to whom the car companies pay big bucks to make sure you are locked in tight when you purchase.

The slick car lenders or "finance managers" and salespeople will tell you not to worry about the price: "Let's talk about getting you a 'comfortable' monthly payment." Within the past year, I have noticed more and more of our students coming to us with eight-year car loans. Unbelievable! Just a few years ago, you could only get up to 60 months of financing, and now it's up to 96 months.

With a longer pay period, the interest rate is higher and the total interest paid is more than double or triple that of a traditional car loan.

Car salespeople even convince you that they'll buy your old car, and if it's worth less than you owe on it, they'll conveniently "roll" your old loan into your new loan. The car companies know as well as you do that as soon as you lock in the contract, start the car up, and drive it off the lot, it is worth far less than the amount you just financed.

How sad.

You just got rid of your old car, made a huge new purchase, and now you can't even trade your new car or sell it for what you bought it for.

Do you know what the car company does with your old car? Of course you do. They sell it. For a profit. You are still stuck paying for your old car as well as your new car every month in your "great new loan" which was such a "good deal."

This is no small problem. Car loans are similar to home loans. You may have heard on the news recently of homeowners being "upside-down" on their mortgages – meaning they owe more on the home than it's worth. Well, those homeowners bought the home thinking that it would go up in value. The thing about car loans is that you already know as soon as you buy the car that you'll be "upside-down."

For example, after a few years, many car owners and families are ready for a new car because they've outgrown it, it's worn out, or they just want something new. Unfortunately, these same families go to sell the car but **Kelley Blue Book** tells them it's worth thousands less than they owe. These families then have to either 1) sell the car for less than they owe and fork up the cash to pay off the rest of the loan, or 2) go through the vicious car loan cycle again by rolling their loan into a newer car loan, or 3) go unsatisfied with their car until it's beat into the ground, and even then, they still owe money on it! When will the madness end?

In fact, my parents told me they once had a used car loan with a 23% interest rate. **That's ridiculous.**

Further, many people painfully come to the realization that they can't afford the payments on the car as a result of job loss, medical bills, or the need to pay other debt that they've incurred. In this case, if they stop making car payments, they start getting calls from collectors or even threats of repossession. All across America there are people, everyday, hiding their cars so they won't have them repossessed. Obviously, this creates a lot of stress, anxiety, and worry, which extend to every part of these people's lives.

Go to Bankrate.com to see how long it will take you to pay off your car loans.

4. STUDENT LOANS

According to an article on NPR with Mark Kantrowitz, founder of FinAid.org, "the amount of money Americans owe on student loans recently exceeded the nation's credit card debt," and the average student today is graduating with $27,000 of student loan debt.[6]

Many financial problems start when we're in college or when our children are in college. Students will get a student loan, on which they don't have to make payments until they graduate. They don't worry about the debt because they plan on getting a great paying job when they graduate. Then they meet a representative of a bank at a student orientation who convinces them that they need to get a credit card. (FYI: Credit card companies spend millions for the chance to sell to students.)[7] Many students max out their credit cards very quickly. It's not a big deal, because with a small credit line they only pay about $20 a month; and then, they get even more credit extended.

Before they know it, these students graduate and their post-school payments start kicking in. All of a sudden, these former students also have burdensome credit card payments, higher rent and living expenses, and perhaps even a spouse. They start to feel the pressure of debt. So they take the first job they can – maybe not even a job in their field. They entered school with dreams to change the world, but now the pressure of the debt is driving them harder than their dreams.

6. http://n.pr/wXy1D1
7. "According to a recently released Federal Reserve report, 17 credit card companies in 2009 shelled out millions for the ability to sell to students and former graduates credit cards emblazoned with their school mascots and logos." http://bit.ly/x12hqV

A student loan will follow you wherever you go. YOU are the investment that the loan providers "banked" on, and they expect a return on their investment. Don't think that just because it's easy to get a student loan, it will be made easy for you to pay the loan back when the time comes.

Even President Barack and Michelle Obama know the difficulty of paying off student loans. On February 18, 2008, Michelle Obama spoke to a group of rally supporters and talked about the student loan debt that she and Barack were finally able to pay off from the profits of Barack's two bestselling books. Michelle said,

> *"Imagine a President of the United States that has just paid off his student loans?"*

Click here to watch a quick clip of Michelle Obama's speech where she talks about student debt.

Go to the student loan calculator and see how long it will take to pay off your student debt.

America's New Middle Class

You may have seen the movie ***Transformers***, where cars and airplanes transform into fighting machines. Interestingly, in real-life America, another transformation is going on, but it's not cars and airplanes. It's America's hard working middle class dramatically transforming into what I call America's New Middle Class.

The New Middle Class (NMC) has contracted what I call the paycheck-to-paycheck syndrome.

The cushion that was once available in their income is long gone. They have cut back on just about every expense ***(Money Out)*** possible, but no relief is in sight.

If you were to ask the NMC which months they hate the most, they'd tell you: January, March, May, July, August, October, and December because those months have 31 days—"more month than money." The NMC can't save for the future because each dollar is stretched to its limits in the present. Sadly, the NMC have almost no confidence that they will be able retire in the future and they have no guarantee of Social Security.

Quick tips:

It's important to understand your debt so you can pay it off as quickly as possible. Here are some quick tips to further your understanding of your debt and to help you make your payments on time:

1. **Write down** where (or to whom) your money is owed.

2. **Schedule it**
   a. Watch this quick video to learn about scheduling debt payments (1:33).
   b. Download this Financial Fitness Calendar - Worksheet.

3. **Automate it**
   a. Watch this quick video to learn about automating payments.

By following these three steps, you'll soon begin to realize financial peace of mind.

ACTION STEP: THE MONEY OWED WORKSHEET

Look at the Money Owed section on the Starting Line Cash Flow Worksheet you downloaded. Enter the debts that take Money Out of your pocket. Add up your minimum monthly payments and total them on the Total Monthly Debt line.

Super-Duper Simple Books PUBLICATIONS

3. Money We Owe (Debt)

Mortgage	Balance	Interest	Monthly Payment
	$	%	$
	$	%	$

Credit Card/LOC	Balance	Interest	Monthly Payment
	$	%	$
	$	%	$
	$	%	$
	$	%	$
	$	%	$
	$	%	$
	$	%	$
	$	%	$

[Download the Money We Owe Worksheet]

What is the amount of your total debt? ____________

How much is your total monthly payment? ____________

Brad and Keahi's Success Story

"On July 27, 2008, Brad and I started our journey to become financially literate. I must say that this was one of the best decisions that we have ever made in our lives. Prior to taking the classes, we had accumulated $46,199.00 in debt through various loans, credit cards, and lines of credit, just to name a few, and had really nothing to show for it.

Brad and I both had jobs but just couldn't seem to get ahead. We made our payments, but there was never really anything left over from our paychecks to save for the future or plan any vacations that we would want to take. It was so disappointing to think that we could not plan to take our kids to Disneyland or go on a family vacation without worrying about the cost that it would take to get there. The reality was that it was just out of our reach. It was depressing to even think about the future when all we had was what little we had left over to get us barely through to our next paychecks.

It was at this time that I started praying for help. In my prayers, I asked God for direction, knowing that this wasn't supposed to be all that there was for our lives. Our whole mindset was about wanting to help others and being a blessing to others, so I asked God, if we are supposed to be a blessing to others and help those in need, how could we when we are just getting by ourselves? About a week later, a friend gave me information about the 5 Money Management principles and told me to find out more. We did. And the rest, as they say, is history.

In 2009, Brad was laid off from his job in construction due to the economic downturn. He was unemployed for one year. Without our newfound knowledge, we would not have been able to make it. Going from a construction worker's salary every week to five hundred dollars every two weeks was rough because our bills and payments remained the same. However, we were able to maintain and survive due to the principles.

On January 3, 2011, with the coming of the New Year, things turned around. Brad got back to work. But what is truly unbelievable is that only eight months after being laid off for a year, we have completely paid off all of our debt and were able to purchase our first home. We spent the first night in our new home on Brad's 38th birthday. The mortgage broker was absolutely amazed at how we could go from unemployment to purchasing a home in eight months. I thank God for Alan and his teachings."

Brad & Keahi, Waikoloa Hawaii

Principle 4: MONEY WE GROW

Understanding investments helps us make smart dollars.

Money We Grow is a portion of our income that we use to invest (not spend or use to pay down debt) to put more money into our pockets.

Of course, there are an infinite number of investment options, including interest earned through Savings Accounts, Certificates of Deposit, Stocks, Bonds, Mutual Funds, 401(k)s, IRAs, Capital Gains collected upon the sale of a security or other assets, etc. The important thing to understand at this point is simply:

When you have more Money In than Money Out (and Money Owed), you have the ability to allow your money to **grow.**

Getting to a point where your income exceeds your expenses is key to financial peace of mind.

Depending on your situation, you may be ready to start growing your money, but if not, don't worry. You will learn the basics of growing money in this section. It's always a good idea to be educated before investing. Investing wisely means doing your homework and knowing what you're getting yourself into. So if you're not ready to invest money, now is the perfect opportunity to invest your time into understanding financial investments.

You need to understand three main categories of Money We Grow in order to build for your
retirement and move on to the better things in life.

These are:

1. **Paper Assets (stocks, mutual funds, bonds)**
2. **Businesses**
3. **Real Estate**

Besides your income from your job, you will eventually want to generate income from at least one of these categories, if not all three.

Let's briefly break these investments down.

Disclosure: *The following information is not investment advice. It is an educational overview of various investments. Always consult with a qualified investment advisor about your personal situation before investing.*

PAPER ASSETS

Stocks: Say you were to invest in the stock market. A "stock" basically represents ownership of a company. Companies will issue shares of their stock as a way to raise money. If you buy a stock, then you own the part of the company that that particular stock represents – no matter how small the ownership. Let's pretend that McDonald's has one million shares of stock that they are offering for sale. Even if you only buy one share, then you own a piece of McDonald's, and you are one of their "shareholders." If McDonald's does well, then the value of your share of stock goes up. If McDonald's does poorly, then the value of your share of stock goes down. Mind you, I'm simplifying.

Dividends: Some companies pay "dividends" to their shareholders. A dividend is when the company takes a portion of corporate profits and divides them among shareholders. In other words, if you own shares of a company that pays dividends, you may periodically get a check in the mail proportionate to your share holding.

Bonds: A bond is basically an IOU. Governments and companies will offer bonds for sale as a way to borrow money. A bond is different than a stock in that when you buy a bond you are lending money to the bond issuer and you don't own any portion of the company. When the bond issuer offers a bond, it sets the terms to pay the investor (you) back the amount the investor paid for the bond (known as the "principal") plus interest. The interest payment will be made on a certain date known as the "maturity" date. So if you buy a bond, you are lending the bond issuer money with a fixed term and interest rate. However, like all investments, buying bonds can be risky. A good rule of thumb is that the higher the interest rate, the riskier the bond.

Mutual Funds:

A mutual fund is a pool of thousands of investors' money. A mutual fund manager will use the investment to buy stocks, bonds, and other "securities." Securities are various types of financial investments. If you invest in a mutual fund, then you have a stake in all the investments in the fund, proportionate to how much money you put in. Many investors like mutual funds because the fund manager diversifies the investments to reduce risk. However, mutual funds are still subject to all the ups and downs of the stock market, which of course as we see today, can be extremely risky.

401(k):

A 401(k) is an employer-sponsored retirement plan. The "401(k)" name comes from a section in the Internal Revenue Code, which talks about the rules for these types of retirement plans. Basically, an investment in a 401(k) is similar to a mutual fund. Sometimes an employer will "match" or pay into your 401(k) up to a certain percentage of your participation.

Further, a 401(k) comes with additional tax benefits – you contribute pre-tax dollars and your money can grow without having to pay taxes on it until it's time to make withdrawals. Such tax benefits don't come without strings attached, though. If you try to touch the money before you reach the age of 59 ½, you'll have to jump through hoops and pay a large penalty to withdraw early.

Also, when you go to make withdrawals in retirement, the taxes can be painful and significant. Many people didn't like the idea of having to pay large amounts of taxes in retirement, and so, in 2006, something called a "Roth 401(k)" was created. In this plan, you can contribute after-tax dollars so that your money can both grow tax-free and be distributed tax-free.

BUSINESS

"America was built on the backs of entrepreneurs. Starting a business is one of the best and most satisfying ways to earn and grow money."

You can start a profitable business at any level with which you feel comfortable. From mowing lawns to buying a franchise to starting a business online, there are limitless opportunities out there!

Numerous resources can be found online, from A to Z, to help you learn how to start a business.

Watch a short video of me (1:33) **talking about starting your own business by clicking here.**

If you have your own business (or side business), go the extra mile for your customers. Treat them like royalty. Walt Disney said, "Do what you do so well that they will want to see it again and bring their friends."

In business, your income depends on other people choosing your product or service over the competition. This is a huge responsibility. Your goal is to find more and more effective ways to help people live a better life because of what you have to offer.

If you don't have your own business yet, take action and get started on your best idea. (I know you have one in you.) Once you do, you will be on your way to building up for more Money In.

REAL ESTATE

Do you live in a home, an apartment or condo? Everyone needs a place to live. Real estate is obviously a product that society has need for and, with good timing, knowledge, and research it can be a great investment. The two main categories of real estate investing are what I call *Cash Flow* and *Cash Now*.

Cash Flow: Real estate investments that you invest in and hold onto that can provide cash flow—like rental units with tenants who pay you monthly (rent).

Cash Now: Real estate investments that you buy to sell for a one-time payout that provide cash now—like land you buy and improve and then sell for more money later or a house that you "flip."

Real estate opportunities to grow your money with Cash Flow and Cash Now have built the fortunes of many people around the country.

Here are the main professional players in the real estate game that are important to know:

▶ *The real estate agent* helps identify properties, writes offers, makes contracts/agreements, and negotiates deals.

▶ *The mortgage consultant* lender or loan officer helps you qualify for and receive financing to buy property.

▶ *The escrow agent* makes sure that the property is free and clear of "encumbrances" or anything that needs to be handled regarding the property before it is sold. The escrow agent makes sure both the Buyer and the Seller fulfill the details of the contract and that the funds for purchase are disbursed correctly.

▶ *The home insurance agent* helps to ensure that the home gets properly insured.

▶ *Other real estate investors* are people you can share ideas with and learn from, and possibly go in on business deals with.

▶ *Property managers* help you to fill and manage your rental properties. A good manager is worth more than his or her own weight in gold.

▶ *Handyman/Maintenance* helps with fixing up properties and turning them around as quickly as possible for you to either sell in a timely manner or rent out quickly.

It is critical to create a trusting relationship with each of the above-mentioned players in the real estate world.

Cash Flow Real Estate Investments

The goal in buying a Cash Flow property is to buy a property that is cash flow positive. This means that the renters pay more each month than the monthly costs, such as the mortgage payment, insurance, taxes, property management, and maintenance.

For example, let's say you buy a property with monthly costs of $1,000 a month. If you're able to rent that property out for $1,500 a month, then your property is $500 cash flow positive. The challenge, however, is in making sure you always have renters that pay on time. You should have reserves to cover any of the challenges of being a real estate investor.

Now imagine, instead of buying just one property, you buy a four-plex. Using the same figures, you wouldn't just have $500 a month cash flow positive; you'd have $500 x 4 units. That's $2,000 a month! The numbers get bigger as you buy more units. Imagine owning a 20-unit apartment complex where everyone pays rent and your cash flow is positive $500 with each of the 20 renters. That's $10,000 a month!

Of course, these numbers would not remain constant every month. You would need to pay taxes on that income. Unfortunately, not all renters pay their rent; but you get the idea. Many great possibilities exist in real estate.

Some additional benefits from a tax standpoint are phenomenal for Cash Flow real estate investors. Significant tax breaks are also possible because you are helping to provide good quality housing for families in your community.

Cash Now Real Estate Investors

The goal in buying ***Cash Now*** real estate is simple: buy low and sell high. Successful investors will see potential in a fixer-upper, be able to negotiate well, or have contacts that bring them deals that fit their criteria.

Unlike ***Cash Flow*** properties, ***Cash Now*** properties aren't generally meant to be rented out or to be held onto for extended periods of time. Cash Now properties are typically short-term investments. This type of real estate investing strategy is also known as "flipping."

Say, for example, you found a property that was selling for $100,000 when the market shows it could reasonably sell for $150,000. If you were able to buy it for $100,000 and turn around and sell it for $150,000, you could make a handsome profit.

Of course, expenses would be involved, such as improvements, closing costs on the loan, monthly loan payments, maintenance, taxes, insurance, and perhaps a 6% fee to a real estate agent on the sale. These costs must always be factored in when buying and selling. Some investors have bought properties to flip and have lost their investment because they couldn't sell it for as much as they thought or because the costs associated with the purchase and sale weren't accurately factored in.

The key to Cash Now investing is knowing your market and numbers like the back of your hand.

That said, real estate, when invested in wisely, can grow your money in impressive ways.

ACTION ITEM: MONEY WE GROW WORKSHEET

Growing your money is critical to gaining financial peace of mind and building for your future. To help you start growing your money, take the following steps:

1. Download the Money We Grow worksheet.
2. Fill in the investments you currently have.
3. Set goals for the types of investments you would like to have.

This is a great starting point to getting a better understanding of where your money could be going and invested once you're organized and ready to grow your money.

Paper Assets

Type (Name)	Amount Invested	Value
Cash	$	$
Stocks	$	$
Bonds	$	$
Mutual Funds	$	$
401(K)s	$	$
Life Insurance	$	$
Other	$	$
Sub Totals	$	

Myron and Jean's Success Story

"As the year 2002 drew to a close, I began looking forward to retiring at age 60. However, I had five mortgages from various time periods remaining to be paid, and I knew I would be living on a fixed retirement income. I sure did not want to have to work at another full-time job because that would not mean "real" retirement.

Fortunately, my eldest son introduced me to his friend, Alan Akina, who he felt could help me with the right financial knowledge. Alan's money management principles taught me how to significantly improve the management of my income. This resulted in paying off my five mortgages within three years. While clearing out my five mortgages, I was able to purchase a property in Boca Raton, Florida, and another sizeable residential property in Lihue, Kauai.

I also added to my paper asset portfolio during that time and my wife was able to fully retire as a schoolteacher at age 56 to enjoy doing whatever she wanted. I have only one personal regret. It's unfortunate that I did not acquire this invaluable financial knowledge 40 years ago."

- Myron & Jean Dobashi, Kauai, Hawaii

Principle 5: MONEY WE SHARE

Understanding sharing money has a surprising relationship to receiving more.

Money We Share is money you designate to give back in gratitude for everything you have received.

Have you ever noticed that people who give more tend to receive more? I have discovered the saying, "the more you give, the more you receive," to be true. Giving and sharing has been the primary secret to my success and financial peace of mind.

You don't have to wait until you're wealthy to start giving. You also don't have to necessarily "give back" monetarily. Giving back also includes sharing your time and talents.

A few ways to give back:

1. **Tithing** (10% income) to your church.
2. **Donating** to your favorite charity or non-profit organization.
3. **Giving back** your time and/or talents to your community.
4. **Supporting** community fundraisers like scouts, sports, etc.

In Hawaii, I like to buy laulau at the local football and basketball team fundraiser. However, my favorite way to share is to invite people over for a get-together and provide the food. There's nothing better than blessing the lives of others with a party and a full belly!

Tenzin Gyatso, The 14th Dalai Lama, once said, **"If you wish to experience peace, provide peace for another."** My goal is to help as many people as possible experience financial peace of mind. I've written this book with the intent of sharing my message and personal knowledge far and wide, so that financial peace of mind can be achieved through the points I have outlined.

More specifically, my mission is to help 1 million individuals and families to each save $100,000 in interest costs from their loans.

That would bring the grand total savings to **$100 billion.** We could create our own economic stimulus plan!

I plan to do this by bringing financial education into people's lives through this book series, 101 Financial, and YOU. Together we can make a difference.

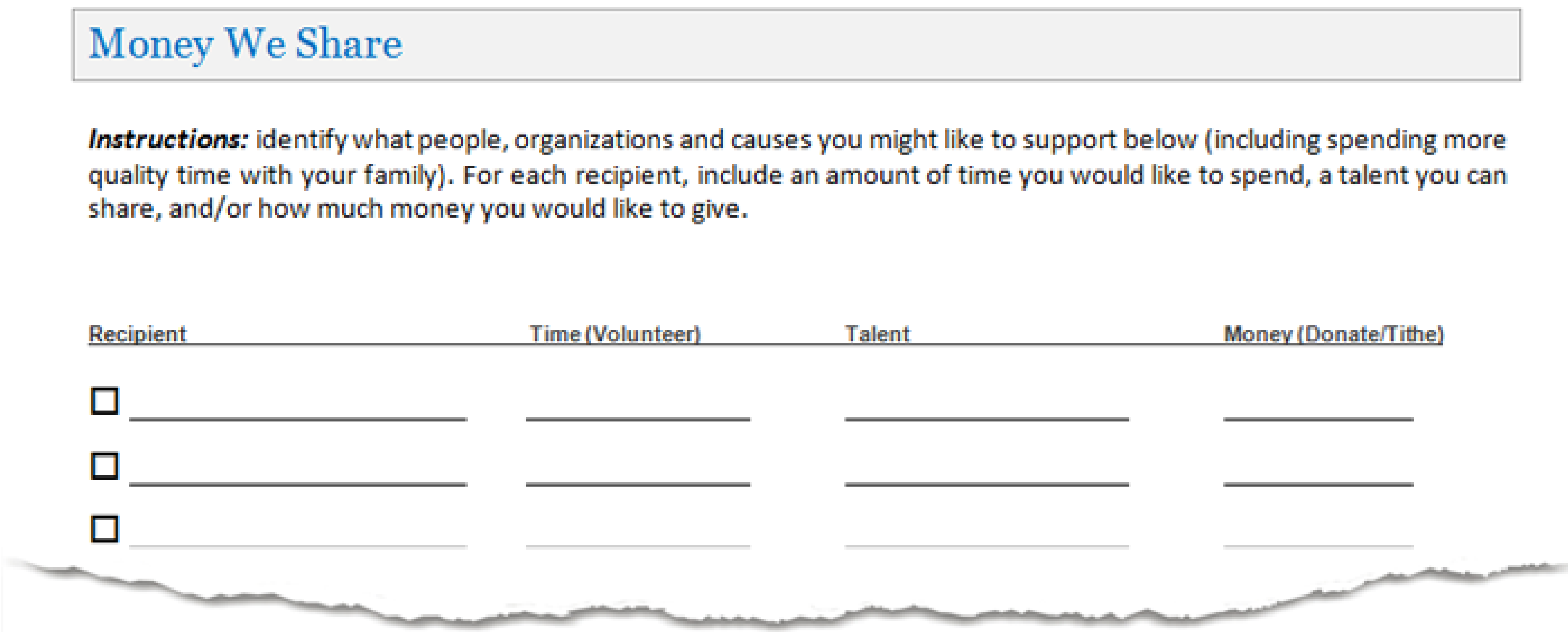
I would really appreciate your help in making this possible. Join me in my crusade to help bring ***financial peace of mind to everyone*** by adhering to the principles taught in this book and other books to follow in the series. ***Share this book*** with everyone you know. Give it to everyone you care about, post it on your Facebook page, tweet it, share it however you can. Together we will change people's lives forever by sharing this message of financial hope and by being a good example to follow.

ACTION STEP: MONEY WE SHARE WORKSHEET

Take a moment to evaluate what is most important in your life. Giving and sharing with your family, community, and others will increase the quality of your life. Do the following:

1. **Download the Money We Share worksheet**.
   a. Fill it out and identify what people, organizations, and causes you'd like to support (including spending more quality time with your family).
   b. Set a plan to do something about it. Start with one and see how it goes.

2. Meet with the people and organizations you care about. Learn about the causes that mean the most to you. Help them. Donate. Be a contributor to society.



Money We Share

Instructions: identify what people, organizations and causes you might like to support below (including spending more quality time with your family). For each recipient, include an amount of time you would like to spend, a talent you can share, and/or how much money you would like to give.

Recipient	Time (Volunteer)	Talent	Money (Donate/Tithe)
☐ ____________	____________	____________	____________
☐ ____________	____________	____________	____________
☐ ____________	____________	____________	____________

CONGRATULATIONS!!!

You now have your **Financial Starting Line!**

You have taken the first steps to regaining control over your finances from those who don't have your best interest at heart!

We refer to this Financial Starting Line as your **Personal Economy.**

Butch and Winter's Success Story

"Butch and I were married in 1975. He was 22, and I was 18. We had no concept of money management, but we did know that we never wanted to be in debt. He was a baker, and I was a stay-at-home mom. We lived paycheck to paycheck. We gave a tithe to our church, we paid all of our bills, and if we had any money left over we would buy a treat for our children. If we didn't have the money, then we didn't buy it. We never got in debt.

In 1998, we decided to buy our first home. We took out a loan and, for the first time in our married life, we were in debt. In 1998, we decided to buy our first home. We took out a loan and, for the first time in our married life, we were in debt. The first eight years consisted of paying on the interest to our mortgage and very little to the principal. Our income was very minimal. During that time Butch became a pastor, and I got a retail job so that I could help out financially.

Fortunately our neighbor for over thirteen years, Alan Akina, taught us some basic money management principles and told us that he could guarantee that if we followed these principles that we could be out of debt in seven years. We followed those principles just as he said, and we were out from under our mortgage in 2 1/2 years! Debt free once again.

Being out of debt has allowed us to do so many of the things that we love. We are able to give to our church and community both with our time and our finances. We go almost every summer to Mexico on missions to help at an orphanage. Being out of debt frees us to invest in the things that are the most important in life."

- Winter & Butch Perreria, Kahuku, Hawaii

part 4

what's next?
Financial Peace of Mind

Your Personal Economy

We hear about "improving the economy" all the time, but I don't think most peo-ple really are concerned with *THE economy.*

Most people are concerned with THEIR economy.

As mentioned earlier, we are unfortunately not going to get this kind of personal economic education from the places you'd expect to receive it, like banks, the government, or the school system.

It's disappointing to know that a hard-working middle class citizen does not have many places to turn for financial education. When was the last time a banker told you how to save money on interest costs and fees? And the government! We may even feel that our politicians need this book more than we do.

The information that we teach in this book and at 101 Financial should be taught to every high school junior and senior in the country.

Remember, banks are businesses and, like people, they often do what is in the best interest of their bottom line.

Sadly, it's not in a bank's best interest to teach you how to become debt free. If it were, why would they spend millions of dollars on ad campaigns and junk mail formulated to convince you to get into programs with long terms and high interest rates?

Big financial institutions are not in the business of educating us regarding the ins and outs of personal money management because ***they need you and me to stay in debt***; it keeps them in business.

A bank's **interest** is in making **interest** by getting us **interest**ed in paying them **interest**!

However, it's important to note that even while I do like to poke at the Big Bad Banks, they are necessary. You have to use them. Having your money in the bank is clearly safer than hiding it underneath your pillow. When you learn smart banking techniques, in an upcoming super duper simple book, you can play the game at a different level.

Again, I can't stress enough how important it is to be educated in financial matters. You must understand how to organize, keep, and grow your money, so you can earn peace of mind and financial stability.

It's my promise that the 5 Principles outlined in this book, when learned and applied, will help you understand and begin to improve your personal economy.

Promise.

Don't be a Statistic

Get educated.

Get started.

And remember, baby steps.

This book cannot provide you with all the solutions to your problems – that isn't the point. This book is a wake-up call. Unless you get your act together and put your numbers on paper, you're not likely to get out of a losing situation and move on to better things in life.

However, if you follow the steps and really use this book to get your financial life organized, this book could be the best thing that ever happened to you financially.

The *Financial Starting Line* you've just created is your first step towards getting out of a stressful situation, eliminating debt, and achieving financial peace of mind.

Start with the 5 Super Duper Simple Money Commandments

Write down your "actual" money situation today and set a realistic 12-month Goal for where you'd like to be a year from now.

1. **Know thy Money In**
   - How much money do you have coming in?
   - Actual __________ 12-month goal ________

2. **Know thy Money Out**
   - How much money do you have coming out?
   - Actual __________ 12-month goal ________

3. **Know thy Money Owed**
   - How much money do you owe?
   - Actual __________ 12-month goal ________

4. **Know thy Money to Grow**
   - How much money do you have set aside to grow?
   - Actual __________ 12-month goal ________

5. **Know the Money to Share**
   - How much money are you sharing?
   - Actual __________ 12-month goal ________

How would it feel if you could reach each of the above goals in 12 months? Simply by writing down your goals, you have significantly improved your chances of obtaining them. Imagine yourself having already reached your goal. I know you can do it! As we say in Hawaii, *"IMUA."* Go Forward!

Now that you've determined where your money comes from and where it's going, you are in a position to make an educated decision about what to do next.

Your goals:

1. To have more ***Money In*** than ***Money Out.***
2. To eliminate ***Money You Owe.***
3. To have ***Money to Grow.***
4. To have ***Money to Share.***

Read more success stories of what others have done after they have understood and applied the Five Super Duper Simple Money Principles here. Please note that while these people have had remarkable success, your success will depend on your personal situation and the strength of your commitment to change your financial life.

Elizabeth Warren, Chair of the Congressional Oversight Panel – created to oversee the banking bailouts – wrote an article entitled *America Without a Middle Class* for the Huffington Post. She reported:

> "Today, one in five Americans is unemployed, underemployed, or just plain out of work. One in nine families can't make the minimum payment on their credit cards. One in eight mortgages is in default or foreclosure. One in eight Americans is on food stamps. More than 120,000 families are filing for bankruptcy every month. The economic crisis has wiped more than $5 trillion from pensions and savings, has left family balance sheets upside down, and threatens to put ten million homeowners out on the street."

These statistics are not only frightening; they're only going to get worse unless we do something about it . . .

. . .unless YOU do something about it.

We Can Do It! YOU CAN DO IT!

I know you can!

I've seen it happen thousands of times before. No matter what your financial situation is now, you too can achieve financial peace of mind. You have to start somewhere. I hope this book has been enlightening, and I hope you have followed the suggestions while reading so you and your family can begin to walk with confidence during the day and sleep more easily at night.

God Bless and ALOHA,

Alan Akina

part 5

how to get further information

More Information

Now that you have your starting line, you're ready to take the next steps to achieving financial security with what I call the Four Fundamentals of Personal Finance. I will explain each fundamental in future books.

The Four Fundamentals of Personal Finance are:

1. **Better budgeting**
2. **Smart banking**
3. **Debt elimination**
4. **Credit building**

These Four Fundamentals are the pillars of 101 Financial. They build upon the Five Principles you learned about in this book.

If you would like to learn more about the Four Fundamentals now (and/or if you would like free help getting organized to live the Five Principles) just enter your email **here**. We will be happy to answer your questions with absolutely no further obligation.

About Alan Akina and 101 Financial

"101" says it all in the name: it's the basics.

After many years of struggling, researching, and learning the basics of finance and making it work for him, Alan Akina wanted to teach others. So, he followed his passion and started 101 Financial in Hawaii in 2002 with the goal to help middle class America get financially educated, organized, and out of debt in order to move on with the better things in life.

Alan started the company with no investors and no loans. He worked his way out of a generational financial stress hole and utilized the savings that he and his wife had accumulated (using the very principles that are taught at 101 Financial) to start the company.

He didn't expect it to happen this way, but as he dedicated his life to helping people like him get over their fears of money, a movement began.

Today, thousands of families across the nation have turned to 101 Financial to break the chains of financial bondage.

In 2007, Alan Akina received both the Bank of Hawaii Community Leader of the Year Award as well as the Pacific Business News Top Forty Under 40 award. In 2008, the Better Business Bureau gave 101 Financial the Business Ethics Award for advancing trust in the marketplace. Alan was selected to the Pacific Century Fellows class of 2008 by Mayor Mufi Hannemann. In 2009, Inc. Magazine featured 101 Financial as one of the INC 500 fastest growing companies in America. 101 Financial was listed as one of Hawaii's Fastest 50 growing companies for the years 2007-2010. Alan is the host of Fox Affiliate KHON 2 Morning News: Financial Fitness and Watch Your Wallet Wednesday segments. You can catch him every Monday and Wednesday morning on the KHON 2 Wake Up 2Day Show.

Alan is married to his beautiful wife LeeAnn and they have 5 amazing kids (Keanu, Kawika, Kiani, Kihei and Kiliana). He and his family live on the North Shore of Oahu, Hawaii.

How to Contact 101 Financial

CONNECT WITH ALAN

PACIFIC CENTURY FELLOWS PROGRAM
Class of 2008

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Like what you read? Want more info?

Please go to our website at **www.101Financial.com** where you can learn more about the 101 Financial education program. We'd be happy to have one of our instructors chat with you for a **FREE** initial consultation with no obligation.

Bonus Gift

Want to see how fast you can be debt free and financially secure?

Thank you so much for reading this e-book. As a gift, here is a link to get started for your FREE Financial Analysis (a $250 value). It will help you see how fast you can become debt free and financially secure:

http://www.101financial.com/start/analysis.html

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Visit My Blog

http://www.superdupersimplebooks.com

Special Video Message from Alan

http://superdupersimplebooks.com/message.html

Resources

Notes

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3. Page 62: Minimum Payment Plan – http://www.bankrate.com

Links

1. Page 33: Inc 500 Award: http://www.101financial.com/about/inc500.html
2. Page 33: BBB Torch Award: http://www.101financial.com/about/BBB-Torch-Award.html
3. Page 33: BOH Leader Award: http://www.101financial.com/pdfs/101Financial40under40.pdf
4. Page 33: PBN Fastest 50: http://www.101financial.com/about/2008-fastest-50.html
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8. Page 68: Student Loan Calculator - http://www.direct.ed.gov/calc.html
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Videos

1. Page 39: Money In, Money Out, and Money We Owe video - http://www.youtube.com/watch?v=461A_fBeDgw
2. Page 68: Michelle Obama Video - http://www.youtube.com/watch?v=LBIyX0Tgrkk
3. Page 70: Schedule Debt Payments part 1 - http://www.youtube.com/watch?v=iEpvWyBSgiA
4. Page 70: Schedule Debt Payments part 2 - http://www.youtube.com/watch?v=uljJgf879MY
5. Page 76: Starting your own Business - http://www.youtube.com/watch?v=CfQRD592sZ4

Worksheet Download Page

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