



BUDGETING
VS
CASH FLOW BANKING

Budgeting is about eating “*rice and beans, rice and beans,*” as one personal finance guru puts it —

Cash Flow Banking *builds wealth consistently*



Budgeting is about eating “rice and beans, rice and beans,” as one personal finance guru puts it — Cash Flow Banking rejects this scarcity mind-set. Many people think you can shrink your way to wealth — meaning, if you just cut back, sacrifice and delay, then one day 30 years down the road it will all be worth it.

This is a 30-year bet that you won't get another chance at.

With a 30-year bet, you only get one chance. There's no time to correct course!!

Budgeters are constantly fretting over their finances.

Cash Flow Banking is another concept entirely.

- Why not make sure you're growing wealthier every month, starting today?
- Why not make sure that growth is protected against losses?
- And because you're sure that you're growing wealthier, why not live wealthy, starting today?

It's the exact opposite approach of “rice and beans, rice and beans” like some personal finance gurus preach. And it works.

But is that too good to be true? Can you really grow wealthier without cutting back, sacrificing or delaying enjoyment?



Cash Flow Banking builds wealth consistently and automatically. Building an infrastructure to pay yourself first. After that, **instead** of obsessing over every purchase, your one rule is to not spend more than you make.

That's it — not eat rice and beans every day and give up all enjoyment — but instead don't spend more than you make.

Add in a few more **powerful concepts** to help you live a life of abundance, and Cash Flow Banking is a comprehensive plan to live a wealthy life — now and in the future. It **IS** possible !!

You can think of Cash Flow Banking as a paradigm shift from scarcity to abundance.

It's the opposite of other personal finance systems, like budgeting, which promise you can shrink your way to wealth.

Instead, it's about growing wealth through increased cash flow and mindful, not manic, personal finance strategies.

Cash Flow Banking is a personal finance system made up of 5 KEYS area and a step process of building your blueprint to success.

There is no EASY BUTTON and your path is going to be the same but different than your next door neighbor.

So let's get started with step one—



Step 1— Categorize your Expenses

We're taught to believe that expenses are bad, but that's just not true. There are 4 types of expenses, and only one of them needs to be cut out.

Here's how to manage the 4 types of expenses:

- 1) *Manage* lifestyle expenses like dining out, European vacations and concert tickets, which are some of my favorite ways to spend money. You can spend money on things you value guilt-free if you make sure not to spend more than you earn or go into debt. Then use the 3 measures of worth, Price-Cost-Value, and the Cost of Money to help you determine if a purchase is worth it. Be sure to read my publication— ***Was it really worth it?***
- 2) Mitigate war chest expenses by building up savings in cash-efficient ways like Cash Flow Insurance and Cash Flow Banking. Stay away from mutual funds that have more than a dozen fees, including a marketing fee, and can eat up half your gains over time.
- 3) Enhance productive expenses, like investments in your business, because by definition this always leads to more wealth. Life insurance, health insurance, college fund, anything that gives you a return on investment. More on this.
- 4) Destructive expenses are the only type you'll want to eliminate. What's a destructive expense? It's destructive if it leads you into debt. It's destructive if it goes unused, like a gym membership to a gym you don't go to, or car insurance for a car you don't drive. All in all, it's destructive if it ***takes value away*** from your life ***instead of adding it.***



Step 2— FOCUS on your cash flow

If you've ever consulted with a financial advisor, i.e. a retirement planner, then you've probably been told to max out your 401(k) or IRA. They say after 30 years of compounding interest, you'll have a mountain of money. There are many problems with this theory, as retirees found out when their 401(k)s dropped in half during the Great Recession.

But here's maybe the **biggest problem**, it's a **30-year bet** that the stock market will perform like it did in the 20th century, even though it hasn't in the first 15 years of the 21st century. (Fifteen years after the Dow's record-high in the year 2000, the Dow was up only 8.4% after adjusting for inflation. According to retirement planners, that's a good **one-year gain, not fifteen.**) With a 30-year bet, you only get one chance. *There's no time to correct course.* That's one reason why Cash Flow Banking concentrates on cash flow instead of accumulation. When you concentrate on cash flow, *any time the cash flow shrinks* you **immediately know that there's a problem** and you can course correct. You can take immediate action to fix the problem.

Conversely, if your 401(k) or IRA went down in value, your retirement planner would tell you it's fine because you're in it for the long haul. *You'll find out in 30 years if they're right.* Plus, when you concentrate on cash flow, you can recover money that you're losing today by making sure that you're not overpaying on taxes, overpaying on interest, paying for overlapping insurance, losing money because you have the wrong business structure and more. Focusing on cash flow creates a focus on efficiency so that you can live wealthy today — with more freedom and more opportunity.



Step 3– Create & Keep More Wealth

The key to creating and keeping wealth is to make it automatic.

In short, set up an automatic transfer or direct deposit into **proper** financial security instrument specifically designed in your blueprint to success and a Mortgage Free Life. This money goes there first, to this account every payday — before you get a chance to spend it.

This way you'll grow wealthier every month, even if you drain your spending account to the bottom each and every month.

This is even more important when times are tight, because it forces you to be resourceful and your wealth still continues to grow.

And the beauty in automatically transferring your income, rather than allotting “what's left”, and that as your income grows, so does the amount that goes into your Wealth Creation Account.

You grow wealth faster and faster as time goes on. The Wealth Creation Account is just the first step to Wealth Cash Flow.

Next, is your Living Wealthy Account, where you earn a safe and reliable 4-5% return, it's guaranteed to never go down and can be used to accelerate your investment, income replacement and business growth.



Step 4— Path Adjustments & Tweaks

Budgeters are constantly fretting over their finances.

But with Cash Flow Banking and the 4th Step, you only need to evaluate your finances once a month.

The main question being, is your wealth growing fast enough or is a course correction necessary?

Every month, hold a Course Path Correction meeting with an accountability partner, someone on my team or me personally, to go over your financial foundation, your loans and your spending to make sure it's adding value to your life and is not destructive, and that your Wealth Creation account is growing.

Consider meeting to make sure that you're not leaking cash. And look to see if there are any investments you can make to produce more in your personal life, current business or maybe starting a new business.

Goals can be adjusted, added or removed during this meeting and it does not have to be a taxing task.

And if your finances ever need a course correction, a monthly Wealth Meeting will empower you to quickly make the change. That beats staying in the dark about your finances any day of the week

It can be a fun time with new ideas and sharing of values or new possible investment strategies.

Be sure to use the resource list in your member area.



Step 5— Increase your Value

When you follow the first 4 Steps of Cash Flow Banking, you can feel confident that your finances are taken care of, and you'll have the freedom to grow personally and in your business.

You can invest in your personal education and expand your authority as an entrepreneur, which increases your mental capital.

And that will help you to improve your relationship capital so you can network, nurture more relationships and enter into joint ventures with other businesses.

Remember the value equation:

$$\mathbf{\underline{\text{mental capital} \times \text{relationship capital} = \text{financial capital}}}$$

By increasing both your mental capital and relationship capital, you can increase your financial capital exponentially.

Abundance, Not Scarcity

As you can see, Cash Flow Banking is not about cutting back, sacrificing, delaying or deferring. It's about abundance today and abundance tomorrow. Maybe most importantly, it's about preserving an abundance mindset so you can produce more in your life personally, professionally and in your business — your greatest wealth creator.