

<https://youtu.be/5dYm596-Pb0>

## The 4 Laws of Financial Prosperity

Anyway, I found this to be a really good book. None of the Laws are really anything new. But financial success is like dieting success. We all know what to do, but we may need some encouragement to do it. I found this book to be great encouragement!

The Four Laws of (Debt Free) Prosperity by Blaine Harris and Charles Coonradt with Lee Nelson is an excellent book that explains the principles of financial control necessary for enjoying a well-balanced life.

The book is entertaining and easy to read as it explains the laws through the story of a man named Paul Smith and his neighbor Mary Sessions (based on a true story). Paul is a man deeply in debt and on the brink of financial disaster. Mary is his elderly neighbor who befriends him and teaches him The Four Laws of Debt Free Prosperity.

Though the book was written in 1996, its financial principles are timeless and in accord with the teachings of many of today's financial gurus.

### Tracking - The First Law

The book asserts that, "Tracking daily expenses is the first necessary step toward any kind of financial success." It goes on to explain that without record keeping, you have no way of telling how well you are doing. It suggests that you keep a record of every single expense. I started to think about this and came to the conclusion that recording only my daily earnings and savings is not giving an accurate financial picture. I think I could use some improvement in this area, so beginning in August, I am going to add a record of my expenses to my Daily Progress Report.

### Targeting - The Second Law

The book claims that setting targets, or goals, is necessary for financial success. It presents some guidelines on setting and achieving goals from the book *The Game of Work* by Chuck Coonradt. (I have added that book to my list of books to read.) He asserts that goals must be written ("goals not written down are wishes"), they must be your own, they must be measurable and specific, they must be stated in the most visible terms available, and they must contain a deadline. I figure that I've pretty much got this one covered with my clearly defined goal of paying off \$44,000 by 10/01/10. And I figure that it doesn't get much more visible than on a blog!

## Trimming - The Third Law

"The third law is: live on less than you earn so you can have a surplus to get you out of debt and invest in assets that appreciate." Also described as trimming, as in trimming your expenses. They suggest that you pay yourself first, by using 10% of your income to pay off debts or invest, and living on the 90% that is left. In this way you will automatically adjust your spending, whereas if you try to wait and see what's left at the end of the month, there will be nothing left. (I can attest to that!)

## Training - The Fourth Law

The book asserts that "The people who understand money spend it on assets that generate wealth. Those who don't understand money, spend it on things that consume wealth, and thus the rich get richer and the poor get poorer." So, financial education is necessary for financial success. I think this makes sense. When I am finally out of debt, I will need to brush up on what to do with my money. (I got a good start with this from another book that I will be reviewing soon.)

So, that is a summary of the four laws. The book also explains how to pay off your debts from smallest to largest, using the "debt eliminator" strategy, which is exactly the same thing as a Debt Snowball.

It also contains several investment tables that are very encouraging. One shows how in just 6 years you could pay off \$31,131 of debt AND save \$51,467 by paying/saving \$1,120 a month (which happens to be very close to my current debt and the amount I am currently snowballing!).

## Example:

### Our Monthly Income (Take Home)

Husband: \$4,400 + commission

Me: \$500 - \$1,000 varies

Total (Avg.): \$5,000

### Our Savings

Emergency Fund Goal: \$30,000

Current Emergency Fund: \$22,500