



**WSB
Financial
Foundation
Educational
Program**

W o r k b o o k

*A National Campaign for
Financial Literacy*

INCREASE
CASH FLOW
—
DEBT
MANAGEMENT

Financial Goals Worksheet

Category	My Goals	What I'm Doing to Reach My Goals	Where I Need Improvement
Cash Flow Management <i>(income vs. expenses)</i>			
Short-Term Spending/Savings Goals <i>(buying a home, car, etc.)</i>			
Retirement Savings			
Family Savings <i>(college, legacy, etc.)</i>			
Tax Management*			
Net Worth			
Income Protection <i>(planning for a decrease in income)</i>			
Family Protection* <i>(planning for premature death)</i>			
Estate Transfer* <i>(planning to reduce estate tax liability)</i>			

*Neither WFG nor its representatives offer tax or legal advice.

Cash Flow - What you will learn in Class 1:

It isn't about how much money you make, but how much you _____!

Here at WSB, we know that money isn't the greatest wealth, _____ is.

What you will learn in Class 1:

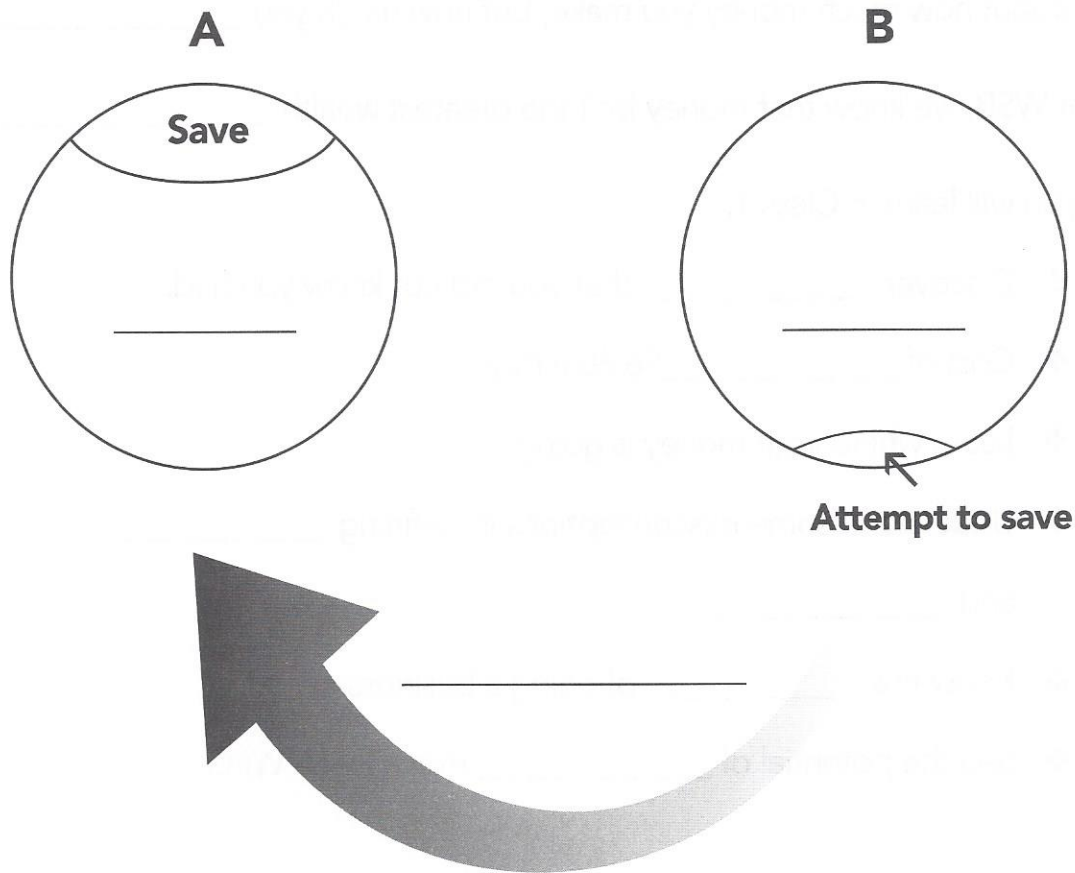
- ❖ Discover _____ that you did not know you had.
- ❖ Cost of _____ \$6.60 a day.
- ❖ Learn where your money is going.
- ❖ Understand some misconceptions in defining _____ and _____.
- ❖ Know the _____ of being a business owner.
- ❖ See the potential of _____ money with WFG.

There are only 2 ways to increase your cash flow:

1. _____

2. _____

People Live in Either Circle:



A: INCOME ⇒ SAVE ⇒ INVEST = WEALTH

B: INCOME ⇒ DEBT ⇒ SPEND = BROKE

Let's find the ways to _____ .

Pay yourself first!

Areas to Re-Evaluate to Find \$ to Save

Possible Monthly Savings

1. Increase Federal tax refunds (increasing your deductions puts more in your monthly check)
 - ❖ Check with your HR/payroll dept. \$_____
2. Eliminate or reduce premium cable or satellite to basic level \$_____
3. Consider larger deductibles on auto, RV, trailer, homeowners, collision insurance policies
 - ❖ Check out \$1,000 deductible \$_____
4. Reduce number of lattes/alcohol/cigarettes each month \$_____
5. Cancel extras on cell phone (data, features)
 - ❖ Corporate discounts \$_____
6. If you have over 20% equity in home, eliminate PMI insurance premium \$_____
7. If you own a cell phone, cancel regular land line \$_____
8. Cancel or lower accidental death and dismemberment policies \$_____
9. Credit line on auto, appliances, cycles, trailer
 - ❖ Items you finance \$_____
10. Eat out early - Choose happy hour menus \$_____
11. Re-evaluate your property & casualty insurance on a regular basis \$_____
12. Take sack lunch 2-3 days per week \$_____
13. Cancel gym membership you don't use; find alternate ways to exercise \$_____
14. Cancel magazine subscriptions on automatic renewal \$_____
15. Organize errands and carpool with others \$_____
16. Do own chores \$_____
17. Keep warmer/cooler house \$_____

- 18. Use coupons (for groceries and dining out) \$ _____
- 19. Own your own business (for tax deductions) \$ _____
- 20. Consider buying used cars \$ _____
- 21. Play free video games \$ _____
- 22. Cut down on online subscriptions \$ _____
- 23. Avoid ATM fees, checking and savings accounts fees,
overdraft charges, bounced checks, money orders, etc. \$ _____
- 24. Reduce gas and parking costs. Save by carpooling,
walking, biking or taking public transport. \$ _____
- 25. Cut down on shopping (clothes, gadgets) \$ _____
- 26. Spend less on gifts for family and friends \$ _____

Your Total: \$ _____

Wants Vs Needs: Cash Flow is a Decision

Potential monthly amount to save and apply to debt: \$ _____

Take Control of Your Cash Flow

Cost of wasting vs. investing _____ per day earning 10% annually:*

10 years = \$42,074

20 years = \$151,204

30 years = \$434,263

**This is a hypothetical example for illustrative purposes only and is not intended to represent any specific investment. This example does not consider any costs associated with investing*

Determine Where My Money Is Going

Monthly Cost of Living Worksheet

Income for Month of _____

Taxes

Federal _____
 State _____
 Local _____
 Other _____
Total _____

Net Income After Taxes

My Salary _____
 Spouse _____
 Part-time Business _____
 Other Income _____
Total _____

Less

Tithe/Charity - (10%) _____
 Savings - (10%) _____
 Retirement - (10%) _____

Net spendable income _____

Savings & Investments

Savings _____
 Emergency Fund _____
 Stocks, Bonds _____
 Real Estate _____
 Retirement _____
 Pension _____
 Other _____
Total _____

Housing

Mortgage/Rent _____
 Property Taxes _____
 Home insurance _____

HOA dues _____
 Electricity _____
 Gas _____
 Water _____
 Waste disposal _____
 Internet _____
 Telephone _____
 Cable TV _____
 Gardening _____
 Housekeeping _____
 Repairs/Maintenance _____
 Other _____
Total _____

Food

Groceries _____
 Eating out _____
 Other _____
Total _____

Transportation

Car payment _____
 Gas _____
 Insurance _____
 License/Registration _____
 Repairs/Maintenance _____
 Other _____
Total _____

Health

Insurance _____
 Medications _____

Doctor _____
 Dentist _____
 Optometrist _____
 Other _____
Total _____

Insurance

Life _____
 Disability _____
 Long Term Care _____
 Final Expense _____
 Other _____
Total _____

Personal

Cell phone _____
 Clothing _____
 Cosmetics and toiletries _____
 Barber, salon _____
 Cigarettes, alcohol _____
 Laundry, dry cleaning _____
 Other _____
Total _____

Family

Child support/Alimony _____
 Day Care/Babysitting _____
 Classes/Sports/Clubs _____
 Other _____
Total _____

School

Tuition _____
 Materials _____
 Other _____
Total _____

Recreation

Books, newspapers, magazines _____
 Club memberships _____
 Movies, sport events, concerts _____
 Sport and hobby equipment _____
 Tech equipment _____
 Online subscriptions _____
 Video games _____
 Vacations _____
 Parties _____
 Continuing education _____
 Pets: food, Vet, grooming _____
 Other _____
Total _____

Debts

Credit cards _____
 Student loans _____
 Other _____
Total _____

Other

Income vs Living Expenses

NET SPENDABLE INCOME _____

TOTAL LIVING EXPENSES _____

SURPLUS OR DEFICIT _____

CASH FLOW

Determine Your Assets / Liabilities / Net Worth

What is an Asset? _____

What is a Liability? _____

What is Net Worth? _____

	Assets	Liabilities	Net Worth
Real Estate			
1st Mortgage			
2nd Mortgage			
Line of Credit			
Rentals			
Cars, Boats			
Liquid Assets			
Checking			
Savings			
Money Market			
Stock Options			
Bond Funds			
CDs			
Qualified Money			
401(k)			
457			
IRA			
Pension			
Retirement			
Annuity IRA			
403(b)			
Roth IRA			
Non-Qualified Money			
Annuity			
Life Insurance Cash Value			
Children - 529 Plan			
Other Debts			
Credit Cards			
Student Loans			
Total			
Net Worth (Assets minus Liabilities) =			

Getting Out of Debt

- ❖ Living debt free is a less _____ way to live.
- ❖ Just imagine the day when you had no _____ or payments and think about how much simpler life was.
- ❖ If you could use your income for building financial independence, how much _____ would life look and feel with no financial stress?

Example:

Credit Cards	Debt	Interest rate	Monthly interest*
Dept. Store	\$1,500	22%	\$27.50
ABC Bank	\$1,250	17%	\$17.71
OTP Finance Co	\$500	19.5%	\$8.13
Store H	\$250	15%	\$3.13
	\$3,500		\$56.47

What is your credit card debt situation?

Credit Card	Amount Due	Interest Rate	Monthly Interest*	Minimum Payment	Typical Monthly Payment	Target Date Paid in Full
Total						

*Interest rate divided by 12 months multiplied by the amount of debt. Figures are used for illustration purposes only.

My strategy for reducing credit card debt includes:

In the US, the average family owes _____ in credit card debt.*

The objective is for a person to get out of debt and begin living within their income means.

What can a family do? _____ them!

There are 2 good ways to freeze a credit line:

Contact the creditor and ask them to freeze the _____.

Take the credit cards out of your purse or wallet and _____.

Once a credit line is paid off, it is a good idea to close the account. True or False

Why?

*CNN, "Controlling Your Personal Debt," CNN Money, 2012
<http://money.cnn.com/magazines/moneymag/money101/lesson9/>

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The average family spends about _____% of their income on taxes and about _____% on servicing debt.*

What's the true cost of debt? _____

To use the Rule of 72, divide 72 by the _____. The result is the number of years it takes for debt or investment to double.

$$72/4 = \underline{\quad\quad} \qquad 72/8 = \underline{\quad\quad} \qquad 72/12 = \underline{\quad\quad}$$

If a credit card has an interest rate of 18%, how long will it take before the borrowed amount doubles? _____

*Kelly Phillips Erb, "Higher or Lower: How Do You Think Your US Tax Burden Compares to Other Countries?" Forbes 18 April 2014. <http://www.forbes.com/sites/kellyphillipserb/2014/04/18/higher-or-lower-how-do-you-think-your-u-s-tax-burden-compares-to-other-countries/>

All figures are for illustrative purposes only and do not reflect an actual investment in any product. Additionally, they do not reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. The Rule of 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return. The performance of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation.

Is There Another Way?

Apply the principles of _____.

Debt rollup starts by increasing _____ flow from principles learned in Class 1.

Attack the _____ debt balance first.

Write down your current debt accounts and begin to think about your own debt rollup plan.

Account Name	Balance	Interest Rate	Monthly Payment

Are we creatures of habit?

Here at WSB we believe that it is important to create good habits by getting out of debt AND saving money.

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List 5 emergencies where an emergency fund could help a family:

1. _____
2. _____
3. _____
4. _____
5. _____

Step 1: Start by saving \$_____.

Step 2: Increase to _____ times monthly income.

Step 3: Increase to _____ times monthly income.

Three good options to consider for emergency funds are:

1. _____
2. _____
3. _____

Final Thoughts

Would you be willing to be _____ with _____ and live the rest of your life debt free?

Cash is _____. Maybe it's time for you to perform " _____ " surgery on most of your credit cards.

Buy things that you _____, not what you _____.

Who are you working for?

Who will benefit the most from your hard earned money? _____

With Savings, a Person Can Walk Tall

The state of your savings does have a lot to do with how tall you walk. Your savings affect the way you stand, the way you walk, the tone of your voice, your physical well-being and your self-confidence.

A person without savings is always running. He or she must. She must take the first job offered, or nearly so. She sits nervously on life's chairs because any small emergency throws her into the hands of others. Without savings, a person must be too grateful. Gratitude is a fine thing in its place. But a constant state of gratitude is a horrible place in which to live.

A person with savings can walk tall. He may appraise opportunities in a relaxed way, have time for judicious estimates and not be rushed by economic necessity. A person with savings can afford to resign from his job if his principles so dictate. And for this reason, he will never need to do so. A person who can afford to quit is much more useful to his company, and therefore more readily promoted. He can afford to give his company the benefit of his most candid judgements.

A person with savings can afford the wonderful privilege of being generous in family and neighborhood emergencies. She can take the level stare of any man, woman, friend, stranger or enemy. That ability shapes her personality and her character.

The ability to save has nothing to do with the size of income. Many high-income people spend it all, darting through life like minnows. But as the dean of American bankers, J.P. Morgan, once advised a young broker: "Take waste out of your spending; you'll drive the haste out of your life."

If you don't need money for college, a home or retirement, then save for self-confidence. And with the self-esteem and peace of mind that comes from having savings, walk tall through life.

How Do We Increase Cash Flow?

We know that one way to increase cash flow is to spend less. Another aspect of increasing cash flow is to earn more.

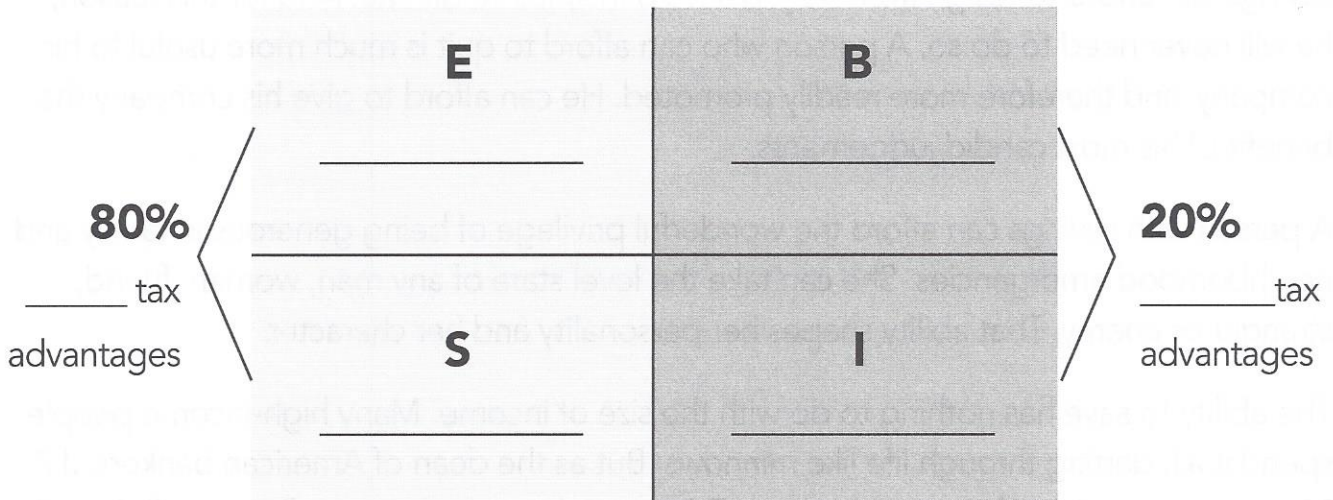
How do we accomplish that?

Be a business owner

Understand the cash flow quadrant

Robert Kiyosaki, author of *Rich Dad's Cash Flow Quadrant*, makes distinctions on how money is generated.*

You have a _____. You own a _____ and people work for you.



You _____ a job. _____ works for you.

Which of these would you rather be? _____

REMEMBER: MONEY IS TIME.

*Source: Kiyosaki, Robert. *Rich Dad's Cash Flow Quadrant 2nd Ed.*

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The World Financial Group Opportunity

Start a part-time business!

Help one family per month!

Potentially earn an extra \$1,000 per month.*

What would an additional \$1,000 per month do for you?

Tax breaks of being a business owner

Deduction Possibilities:

Home Office

Office Supplies

Furniture

Other Equipment

Software and Subscriptions

Mileage

Travel, Meals, Entertainment & Gifts

Insurance Premiums

Retirement Contributions

Social Security

Telephone Charges

Put the extra savings in your pocket!

**Many people have experienced various levels of success with World Financial Group. However, individual member experiences may vary. This statement is not intended to nor does it represent that any current member's individual results are representative of what all participants achieve when following the World Financial Group system.*

Tax and/or legal advice not offered by World Financial Group, Inc., or their affiliated companies. Please consult with your personal tax professional or legal advisor for further guidance on tax or legal matters.

Become Your Own Money Manager

You can _____ and _____ in the financial industry.

Moving toward wealthier habits:

Financial independence is not a dream. It's a decision.

Continue tracking your spending habits for one more week.
Finish your own debt rollup plan.

What You Learned in This Class

Did we help you find ways to increase your cash flow?

Contributing \$200 per month in an investment returning 10% annually equals \$434,263 over 30 years!* Wow! Yes, it requires commitment and discipline, but it is feasible for all!

You can never have true freedom without financial freedom!

What did you learn that could help you increase your cash flow?

 \$ _____

 \$ _____

 \$ _____

 \$ _____

 \$ _____

*All figures are for illustration purposes only and do not reflect an actual investment in any product, nor do they reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. Actual results may vary substantially from the figures in the example.

Homework:

- ❖ Sit down with your Trainer to go through your Personal Financial Strategy.
- ❖ Have you utilized our membership discounts so you can put more money into your pocket?
- ❖ Read pages 1 to 15 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?
 1. _____
 2. _____
 3. _____
 4. _____
 5. _____
- ❖ Commit to introduce one person this week: _____