

# Money To Burn

*Save More of What You Earn,  
Earn More on What You Save*

**By Bob Brumm**

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*People helping each other makes the world...*



*...a better place!*



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## DISCLAIMER



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## FOREWORD



Today's society is always "on the go." We are constantly running from place to place full speed ahead, trying to keep up with the Jones' - whoever *they* are. Our society is so fast paced with instant messaging, fast food, instant potatoes and the like that people spend their money as fast as they make it and wonder, "Where did it all go?" We need to slow down a bit and find out! With this publication I want to **expand your knowledge** of ways in which YOU CAN save the money you earn. I'd like to **encourage** you to get that money to grow and work harder for you over time, and to show you how to give back with what you have learned. The ideas in this book will assist to build a strong financial foundation and allow you to save money on various items and expenditures. If you can keep more of what comes in, you can build a better future for yourself and for others. This book will show you personal growth **opportunities** and ways to help others grow. If you have gained knowledge, the benefit of that knowledge is sharing it with others and watching them grow.



# Introduction



*Money to Burn* was written as a result of my deep belief in several core concepts. First and foremost:

**Mathew 7:12 - The Golden Rule** –“Do unto others as you would have done unto you.”

If someone has knowledge of something which can help me out, I would like to learn what it is because I can then pass it on to others. Once you learn something no one can take it away, and when you SHARE knowledge it increases your value as a person, group or corporation.

The second concept is the desire to motivate people to accomplish any goal they may have - ideas of positive influence which help people learn, grow and accomplish goals they may have only *thought* about. As Andrew Carnegie once said, “No man is a free man until he learns to do his own thinking and gains the courage to act on his own personal initiative.” The formula **Education + Inspiration + Action** is a good start. I hope to give you the

Knowledge (**Education**), Opportunity Awareness and Encouragement (**Inspiration**) to save money through your **Actions**.

The third is to show you how to “adjust” the way you may see your current situation and then take action to change it. Most of us were shown how to *spend* money, but were we ever shown how to *save* it? Were we ever shown the benefits of building a strong financial base before engaging in frivolous spending? The answer is usually NO.

It is time to take action to correct this mindset. I will show you some examples, and provide work areas so your grasp of these concepts can be solidified. My desire is to assist as many people as I possibly can in negotiating today’s hustling bustling economy/society. As I stated previously, we are always “on the go” - from event to event, work to practice, work to recitals and then back home. We don’t have much, if any, time to research money-saving strategies. The paychecks we get from our J.O.B.’s (Just Over Broke!) disappear before we know it, and by the time we realize we need to “adjust” our habits we are doing the same thing over again the next pay period.

I make saving money a principle of mine, and I want to share some ideas. Some will call me a cheapskate. I prefer the term

“fiscally attentive.” A lot of these strategies are available to anyone who wants to look for them – assuming you have the time to do for on-line research, solicit company and colleague references, etc. If the savings don’t fall into our laps, we don’t have the time to find them. Nor do we have the time to go after the savings. Let’s face it, we choose not to find any money savings strategies once we are home with our feet up watching T.V. Heaven forbid we should interrupt *Desperate Housewives* or *American Idol!* We’ll spend good money for a TiVo to record shows we can’t watch when they are on-the-air, but we won’t investigate better ways to save our hard-earned wages. Once we are home we even edit out the commercials so we can watch our shows without interruption, but we don’t take the time to look for the money saving strategies which will benefit our families more than any TV show can.

If we look at causes of marital problems, number one on the list is *money*. What if we could eliminate that problem? No one wants to live in hardship because they mismanage money or spend it unnecessarily. Doing so usually causes feelings of distrust, and leads to stress between a husband and wife. Not to sound like an infomercial, but how much easier would your life be with more cash

available? Imagine having the freedom to look at your bank statement without fear? Wouldn't it be nice to watch the balance of an investment grow?

Those are not the only ideas in this book. It is also being written to show you some new opportunities, and to encourage you to try some things you may not have heard of before. The desired result is to get out of the "everyday grind" you think you are in. *Money to Burn* will show you to get out of your current financial predicament if you do not like where you are.

Let's get going on changing your outlook, redefining your futures and saving a whole lot of money!

# CHAPTER 1

## *Daily Expenses*





# CHAPTER 1



## *Daily Expenses*

Revelation! Many of the ideas in this book have been around for years, but unfortunately a lot of people don't want to reveal these solutions to just anyone. They have kept these ideas close to themselves and their immediate circle of friends. I believe we should *all* have a chance to gain knowledge which will encourage each of us to seek and find opportunities that will better our lives. We should *all* have the opportunity to "Save what we earn, and earn on what we save."

So how to start? One of the first orders of business is to see what your daily expenses are. Have you really ever figured this out? If you have ever read a good personal financial growth book, on-line financial web page, or seen some of the finance shows on television, they often talk about taking an inventory of what you spend. What they want you to do is **LOG ALL YOUR SPENDING**. Write down what you spend your money on. This means if you buy a pack of gum for sixty cents you mark it down. If you buy that morning coffee and bran muffin you track that. Yes, this can be

tedious, but if you try it for thirty days you may find some interesting facts about what you spend your money on. Not to mention, after thirty days logging your expenses will be a lot easier. I have included an example sheet for your convenience (see Appendix).

**〔 Log all of your spending. 〕**

Let's look at some items that you could reduce, cut back on or even eliminate to build your financial future...



**The Latte Factor:** I found this phrase in a book by David Bach, author of *The Automatic Millionaire*, and I'm sure the

people at *Starbucks* don't want me to tell you this. Realistically, does one cup of coffee need to cost you \$4 or more, depending on how 'continental' you get? A Venti Java, mocha frappe with extra whipped cream and caramel??

**〔 \$4 X 20 working days = \$80 a month,  
or \$960 a year. 〕**

If you look at what this does to your daily expenses, you may find some money in your 'non-budging budget' which can be used. A *whole can* of Folgers Hazelnut coffee is only \$4.19 at my local grocery store. That can makes seven 12-cup pots of coffee, or a total of 84 cups. The grocery stores even have flavored creamer to enhance the flavor of your coffee. At the coffee shop, you spend that amount or more for one cup of coffee! If you do that every day, the cost adds up.

I know you're saying "Bob I can't go without my coffee in the morning!" Well, I didn't say anything about going without, did I? Review the scenario again.

If your workplace has a coffee pot, try drinking the sludge mud they offer. I know it may not be the best, but at \$960 a year I

think I can get used to the taste. Or bring your own from home. Remember, for \$4.19 you can have 84 cups of coffee. This beats getting *one* for that price.

If you are pressed for time in the morning, use a coffee pot with a timer. This way, the coffee is already made when you get to the kitchen, saving you some time.

All we are doing is shifting what we do, performing a ‘paradigm shift’ on our personal actions. Eighty dollars a month adds up over time - that is \$960 a year on just coffee! What would an alternative option cost? Let’s take a look at this example:

**\$4.19** gives you **84** cups, at **5 cents per cup**.

**\$2.50** gives you enough flavored creamer to flavor **20** cups of coffee, so you will need 4 creamers for 84 cups of coffee.

**Total cost of “Flavor From Home Coffee”: 18 cents!**

What other spending habits can we look at?



**Eating Out:** Eating is one of my favorite activities, but so far my metabolism doesn't realize it needs to slow down. I enjoy eating out because like many other people, I don't like the cleanup after cooking a meal. Many times we eat out because we are out at practice or late coming home from work or just running errands and we don't feel like preparing a meal. You do this as well, so who are you kidding?

The thing is you don't have to eat cheap food to save money when you eat out. Look for "kids eat FREE" days. For instance, there are several restaurants near my home which offer these types of money-saving meals on different nights of the week. For example, in St. Petersburg Florida some of

the local restaurants offer “Kids eat FREE” nights. Monday is *Cody’s Roadhouse Grill* and *Rib City*, Tuesdays is *Lone Star Steakhouse*, and on Wednesdays *Durangos*, *Bennigans* and *IHOP* offer these deals. Look for these special evenings at your local area restaurants. You can save a lot of money and still eat good food.

The reason I bring up these savings is because I have three boys, and no, I am *not* trying for a girl! We are done having children. Besides the fact I will have to re-mortgage my house when they turn fifteen to feed them, I want to know of restaurants which can ease the financial burden of eating out. These types of deals give us the chance to save about \$15 off the dining bill. Do that once a week and that is \$60 a month, or \$720 a year. This also gives the family some time together when you aren’t running in three different directions.

**Soda/Pop or Fountain Drinks** – Depending on where you live you may call the Pepsi, Coke, Mountain Dew something different. I was born and raised in Michigan, so I refer to these beverages as ‘Pop.’ I now live in Florida, and they look at you very funny when you say that.



They still think I am a Yankee.

Perhaps you are not the type to drink coffee in the morning, afternoon or evening. But don't take away that Mountain Dew or Diet Coke! At least with these items you won't have to get a second mortgage to buy one cup or figure out how to pronounce your order. Soda or Pop may be a daily item you purchase, and you may want to take note of what it is costing you. First, how many 'pops' do you buy a day? Two, three, five? I didn't forget how to count. I am just explaining my point. If you get these at the convenience store perhaps the 20-oz bottle will cost you \$1. That would be **\$3 - \$5/day**, \$15 - \$25 a week, \$60 - \$100 a month, **\$720 - \$1,200** a year. Do you see how this adds up so quickly?

If you bought enough pop in bulk at *Sam's Club* or another wholesale club each month, you probably wouldn't spend half that amount spent at the convenience store. Not to mention, you wouldn't be spending an extra \$1 on a Lotto ticket because the Jackpot sign is staring you in the face and the candy and gum aren't screaming "BUY ME TOO!"

Here are some figures to prove my point. I'll use Sam's Club pricing since I am a member there:

A case of twenty-four 24-oz bottles of Pepsi at Sam's Club is **\$13.12**. To equal the three 20-ounce pops you buy every day at the convenience store you will need 2.5 cases. That comes out to about **\$26.24 a month**. You would spend a total of **\$315 a YEAR** compared to **\$720 a year** buying from the convenience store.

You see, no one is saying that you have to stop doing what you are doing. Just look for a better method and save a bundle of cash.

An alternative would be to drink more water. No, not *that*... I hear this from my kids a lot, and the doctor will tell them to drink more water as well because Mom and Dad can't possibly be right. The facts are these: the sucrose in carbonated beverages actually dehydrates you and contributes to a loss of calcium in adults.

In June of 2000, Harvard University had an article that stated the following:

*"Our findings have implications both for the health of teenagers and for the health of women at later ages," says Grace Wyshak of the Harvard School of Public Health and Harvard Medical School. She conducted research that examined the relationship between the soda-drinking habits, activity levels, and history of bone fractures of 460 adolescent girls...Colas*

*contain phosphoric acid, which interferes with calcium metabolism and the building of bone mass, a process that apparently affects girls more than boys. The difference becomes especially important as teen drinking of sodas rises steeply while consumption of milk plummets.”*

**Water:** If possible, try to drink more water or juice to offset the cost and effects of drinking carbonated beverages and coffee. Yes, I know, bottled water costs money too. Again, let's compare some costs of water:

1 20-oz bottle of water from the convenience store at **\$1.09 each**, 3 times per day = **\$3.27**, for an annual cost of **\$784.80...**

vs.

28 20-oz bottles of water from Sam's Club for **\$6.38**. Yearly cost? **\$120.00!**

(5)

That's **23 cents** per bottle! And you're getting more water per bottle. You would spend **\$120 PER YEAR** buying in bulk

from Sam's Club. Do you think the convenience store is making a profit?

Again, the idea is not to say you have to stop doing what you are doing. Just look for a better method and save a bundle of cash.

I recently had to take my youngest son to the hospital to do an outpatient dental procedure, and when he came out the hospital staff gave him a 8-oz bottle of Dasanni water. Well, about a month later I received the itemized list of charges which would be going to the insurance company and guess what the cost of that water was?? \$33! Yes, that is *dollars*... this is highway robbery!

Most adults need at least 64 ounces of water a day. That is eight 8-oz glasses, or the three 28-oz bottles from our example will get you there. Don't forget your kids need water too. Get them in the habit of drinking drinks which will help them.

The water in your system is essential for many things, especially when it comes to your joints. As you get older, when you are not hydrated very well your joints will start to rub together more, causing you the aches and pains of bone rubbing against cartilage or bone against bone. Also, if you find yourself getting muscle cramps a lot, you may want to try drinking more water along with some stretching exercises.

## **Vending Machine Snacks** – This category

is one that gripes me every time I am starving and “need” to get something from a machine. Yes, there will be times that we all “need” to get something from a



vending machine because we are starving or forgot to bring our snack or meal from home. This is where that spare change you carry around starts to nag you, saying “spend me.”

However, we are learning some principles of how to save money and we need to look at this as a daily expense because some people do use the vending machine as a daily source of “food.” I see people all the time using the vending machine to get one of those “great” sandwiches for lunch. I say that because the contents of those sandwiches don’t seem to “whet my appetite.” Not to mention, the price of that sandwich is usually \$1.50. On a smaller scale, let’s go to the machine that has the important stuff in it, the machine with the snickers bars or M&Ms. Now we’re talking!

Yes, late in the afternoon before that long four o’clock meeting, a Snickers bar can

keep you going. Again, if we look at that price, there goes at least sixty cents for a “quick snack.” It may be convenient, but it will be costing us as follows:

**1 Snickers/day = .60 cents  
\$3.00/week  
\$12/month  
\$144/year.**

If we look at buying from a bulk store, here is the difference:

**A 48-count box of Snickers is \$17.48.  
That’s only .36 cents per bar. Over the  
course of the year you would only  
spend \$91.**

We can do the same for the other snacks in the machine - Doritos for example. We know they will be .60 cents in the vending machine too. If we buy our own in bulk it would be as follows:

**1 bag of Doritos = .60 cents/day, \$3/week,  
\$12/month, \$144/year.**

**50-count Doritos is \$9.68**, that's **.19** cents a bag. Care to sell your own? Anyway, that would add up to:

**\$1/week, \$4/month, \$48/year.**

OK, I think you may be getting the point here. The cost we pay for “convenience” or a quick fix to our daily expenses does add up. Using the example above, what could you do with an extra \$100 a month just by adjusting how you get your daily snack? You could help pay down that nagging credit card balance, or set up a type of savings account for Christmas gifts or go on the vacation you want. Just to make sure you are getting this “cost of spending” we will show you one more item.

**Lunch** – This is a subject which often comes up when we talk about saving money. Yes, we know we can save money by eating in or bringing our lunch. So why don't we do this? Some people reason that lunchtime is the “only” time I can get away from the office. It is the time



I get a break from the phone ringing. I run my daytime errands at lunch, and eat while I am out. I know this to be true because I work in an environment with no windows, and if there are problems people are constantly calling and coming to my desk. I also like to go out at lunchtime to see daylight or just get warmed up, but I can eat a sandwich outside or warm up my leftover pizza and take it outside, or eat those items while I'm driving to my errands. Just carry some napkins or handy-wipes in your car!

Have you really looked at the cost of going out to lunch every day? You probably have seen the statistics with the average price of lunch being \$5. Where have they been? A 'value meal' at most fast food restaurants costs more than this. To eat at a sit-down restaurant off the lunch menu with a drink, the average cost is about \$10 when you're done with taxes and a tip.

So let's go over the number again:

**Lunch out, \$10/day, \$50/week,  
\$200/month, \$2,400 a year.**

**Hot Pocket Calzones (4 pack) \$9.12,  
\$36.48 month, \$438/year.**

I realize some of you will not want to eat Calzones all the time, but this is just an example. Sam's Club carries many varieties of lunch foods. If you cook at home you might have leftovers, and you could bring some of those to work for lunch. Another idea is to discuss business with vendors over lunch. I haven't seen too many who will turn this down. They need to eat anyway, and can usually expense the meal on their dime. Of course with lawyers and accountants you will pay for that lunch at a later time, since they usually bill by the hour.

By the way, if you look at the calculation, it is only for four days a week... We have to see daylight *sometime*. Go out to lunch with your co-workers on Friday.

Again, we are not saying to starve yourself, or totally cut out everything you do. Just "adjust" what you do to save money. Money is hard enough to earn, so why not keep as much as you can for what *you* want.

**Phone Service:** I believe I am very fortunate in that my mother-in-law lives in the same city we do. You can take that whichever way you



want. Think of it this way: when my wife calls her mom three to five times a day, it is a local call. Do you have that luxury? Let's face it guys, moms and daughters are usually closer and talk more than fathers and sons. A father and son phone conversation can last an infinite five minutes and both don't know what else to say at the end of that time. The weather is covered in the first minute, how they feel is covered in the next, the latest ballgame scores are covered in the third minute and current events are covered in the remaining time. A mother and daughter, on the other hand, can talk for an hour and not even cover the original topic the call was made for. I don't understand that, and guess I never will. We'll leave that to the laws of nature.

If we look at the phone as one of our daily costs, we can "adjust" there as well. **THIS DOES NOT MEAN YOU SHOULD TELL YOUR SPOUSE TO STOP CALLING HER MOTHER!** Don't go there if you know what's good for you. Look into using an alternate source of service. The phone company is the phone company, but lately technology has been making them compete and lower their prices. Not by much, but they offer some price reductions. As an alternative source, you could look at what

the cable companies and Internet providers have been offering, Voice over IP (VoIP).

VoIP allows phone calls to go over the Internet. You get a lot, if not more, of the same features the phone companies offer for a lot lower price. Local and unlimited long distance, calling line ID, forwarding, voice mail and more for \$35-\$39 a month! This is offered by Vonage, Brighthouse, Verizon, Earthlink and others.

If you are worried about how this will affect your emergency calls, that is a legitimate concern. In May of 2005 the FCC adopted rules in response to the threat such misunderstandings pose to public safety. The FCC adopted rules requiring providers of interconnected VoIP services to supply 911 emergency calling capabilities to their customers as a mandatory feature of the service by November 28, 2005. "Interconnected" VoIP services are VoIP services which allow a user to receive calls from and make calls to the traditional telephone network. Under the FCC rules, interconnected VoIP providers must:

- Deliver all 911 calls to the local emergency call center.
- Deliver the customer's callback number and location information

where the emergency call center is capable of receiving it.

- Inform their customers of the capabilities and limitations of their VoIP 911 service.

Another trend being seen is people aren't getting a phone line installed in their home, and use their cell phone as their only number. With some of the great calling plans offered by the cell phone carriers, this is an option as well - not to mention there is no installation charge. You can even get pre-paid cell service. I've seen this offered at many stores like *7-11*, *Home Depot*, and the gas stations.

In summary, if we "adjust" some of the things we do on a daily basis we can come up with some amazing results. After all, Rome wasn't built in a day, and neither can your wealth. We will cover this more in later chapters.

Let's summarize what we could save per month by buying our own items in bulk, or just not from a vendor, as we did with the previous examples. I have a table on the next page which summarizes these savings.

## Expense Summary Table

	From Vendor	Your or other Savings	Monthly Savings
Coffee	\$80	\$9.20	\$70.80
Dinner Out	\$200	\$140	\$60.00
Phone Service	\$60	\$39	\$21.00
Pop/"Soda"	\$60	\$26	\$34.00
Water	\$65.40	\$4.60	\$60.80
Snickers	\$12	\$8.74	\$3.26
Dorito's	\$12	\$4.84	\$7.16
Lunch	\$200	31.48	\$168.52
<b>Total Monthly Savings</b>			<b>\$425.54</b>

What could you do with that extra **\$425** per month? You could give 10% back to a charitable organization. That can pay for the registration fee for the kid's soccer, baseball or other activity. That will help to pay for the cleats or special clothing the kids may need for whatever activity they are involved with. Or you can pay down debt or build up your savings. Now this is just with one type of saving: savings on your daily spending. No one says you need to "stop" drinking coffee or having a candy bar in the afternoon. Just take a look at the source and the cost of these daily items. Perhaps you can "shift" your spending with some minor action and save a lot of that hard-earned money you make.



# CHAPTER 2

## *Low-Cost Consumer Goods*





## CHAPTER 2



### *Low-Cost Consumer Goods*

Whenever someone says “Low-Cost Consumer Goods” the term “Cheap” comes to mind. Why? Low-cost doesn’t *mean* cheap!

Dictionary.com defines low-cost as:

- **“That you have the financial means.”**

Cheap has a definition of:

- **“Relatively low cost,”** (relative to what?)
- **“Achieved with little effort”**
- **“Of poor quality.”**



If you look at these definitions, I may have the *means* to spend \$50 a week on lunch, but why should I? And at \$10 per lunch I wouldn't think that was poor quality. The money to pay for that lunch didn't come at a "relatively low cost." My time is worth a lot, and so is yours. What about the value of your time to your family? That is a cost few of us consider.

To re-affirm what we have been saying in the previous chapter, we are not suggesting anyone do without or cut off all spending to build your wealth. That is not possible unless you are a hermit living in a cave. We are suggesting "alternatives" to your spending habits. I try to explain this to my wife a lot. Sometimes I win, and sometimes I lose.

Why do we need to buy something at the retail price that we can get it at wholesale for much less? I won recently when we were looking for plantation shutters for our new house. We looked at some of the local retailers who didn't have our window sizes, but could order them as a "custom" order. Translation: they would have cost me an arm and a leg! I went online and did a Google search for plantation shutters and found an outlet near me in Florida that had the shutters we wanted - at **HALF** the price of another local store and online "outlet."

We were able to order all the shutters for the downstairs windows and the immediate needs of our children's rooms for less than half what our original order would have been. When did I find the time? At 11:39 on a Friday night. It wasn't the most convenient time, but I needed to get some window treatments for the new house so I *made* the time. Besides, sleep is overrated. I'll be able to get all the sleep I need when God says I'm done here on earth.

Some other items I think a lot of people may be able to save significant amounts of money on are below.

**Printer Cartridges** – This is an item which runs out whenever you are trying to finish a report or print that beautiful picture at 11:30 at night when the only store open is the 24-hour Wal-Mart and you are forced to pay that “low price” of \$29.95 for a black and white printer cartridge. Even if it is earlier and you go to the office supply store, you get hammered for the \$34.95 color cartridge. I went to *Target* one time and got a color and black and white printer cartridge and spent close



to \$60. It was after the birth of my third son and I “needed” the printer cartridge for the baby announcement. Let’s take a look at one example:

Office Depot Epson C60 Black & White  
cartridge: **\$29.49**  
Store model **\$24.99**

Office Depot Epson C60 Color  
cartridge: **\$29.89**  
Store model **\$25.39**

Online at **printpal.com**

Epson C60 B&W cartridge: **\$6.96**

Epson C60 Color cartridge: **\$7.95**

I’m sure a lot of you skeptics are saying that this is an old printer and that this has to be an OEM model cartridge or several other things.

The point is not what type of printer I use or the actual ink cartridge. With newer printer cartridges the savings may not be as large, but the online sources can be cheaper than the cost at the store. Besides, who will

really know whether you have a name-brand printer cartridge or not? Yes, I have heard some of the printer vendors have incorporated the ability to read the type of printer cartridge into the printer and won't let anyone else play in their "reindeer games." The point is, if you do some research you can find some great savings. I get **both** of these cartridges shipped to my house, 2<sup>nd</sup> Day, for a little over **\$19**. Have you noticed this amount is almost half the price for **one cartridge** at the other stores?

No, this does not account for the last minute failures at 11:30 pm, so try looking at the ink monitor on your PC every once in a while. It's there to let you know when you are running low on ink. Also, if your printer supports cartridges which can be refilled, look at the ink re-fill kits.

**Clothing** - I was reminded the other day about this because I made the comment that "no one buys shoes without trying them on." The person I was talking with responded by wondering how all that stuff gets sold online. Touché. But it did make me think. What type of savings



are out there? I looked around on the Internet and found some good savings. One source is called *closeoutexplosion.com*. This is one wholesaler which sells to the public. I know what you're thinking: This guy is just out to rip people off. Well, go review his website. The idea of getting some tank tops for my workouts for only \$2.35 apiece sounds like a *good* rip-off. For that price I can get five shirts and pay about the same as what a local sports store would charge me for one. Socks on this website sell for .39 cents a pair, long-sleeve oxford shirts for \$9.99. Take a look for yourself. Things like this are great for me because like most other men, I HATE shopping and sure don't want to spend a lot of money doing something I hate. Not to mention, I don't have to add the price of a storefront or "non-customer oriented" store staff to the price of the clothing.

Another venue for "lower priced" clothing is the thrift stores and garage sales. Yes, I know they are second-hand clothing, but if any of you have siblings you should be used to that anyway. I'm sure you have heard people say garage sales are great places to find baby wear. If you think about it, how many times will a newborn wear all the outfits their parents, grandparents, aunts and uncles buy for them? As far as

cleanliness goes, I think most parents would wash the clothing. If the idea of others peoples' germs in the clothes bothers you, **WASH THEM** before you wear them. And yes, it takes some effort to find the right stuff sometimes. Perhaps we need to be less picky? There is nothing wrong with paying less for something you need, although I realize everyone has their own feelings about personal things. Again, the realization that I (or my wife) can get three or four pairs of Dockers' shorts for under \$4 works for me.

This may sound like my "fiscal attentiveness" coming out, but when you need to buy three boys clothes and sometimes get clothing for yourself, you need to watch these costs. Besides, will anyone really ask to see the receipt from the store where you bought your clothes? Most of the time people will just compliment you on what you are wearing if they like what they see.

**General Household Items:** By this I mean items you may find at the dollar store. Hand soap, toothpaste, buckets, cards, candy, some snacks. Yes we have all been in a *Dollar General* or *Dollar Store*, but



whatever the name is, the theme is the same: You don't need higher math to figure out how much it will cost you to get out the door with your purchases.

These stores have some interesting items every once in a while. I have seen very nice plate sets, silverware, glasses etc., and best of all they will only cost you a dollar. These stores are a good source for some of your staple items such as hand soap, toothpaste, paper towels, notebooks, and candy. I wouldn't try to bring home the toilet paper from these stores unless you see they have a VERY soft brand. I have seen softer sandpaper than some of these brands, not that I speak from personal experience. To reiterate our theme, we are giving you suggestions on how to save what you earn. Don't stop buying what you have to buy. I like the fact I don't have to get ripped off buying a name-brand tube of toothpaste or hand soap at the grocery store by going to the dollar store in the same shopping center. When it comes down to it, no one will smell a difference in the Crest toothpaste whether I buy it from the grocery store and pay \$3.49 for the tube or pay \$1 for the same brand at the dollar store. If I save this amount every time I buy this or additional items the savings will add up, and that money will grow to be a very big amount on your account

statement someday. Having a large account balance is the only type of large “receipt” I like to get.

Another item most people forget to take a look at is all around them. Have you noticed the light in your home? Specifically, the light *bulbs*? I have found that fluorescent lights offer a much brighter and whiter light than a regular bulb, although most people think of the fluorescent bulbs as those in shop lights and industrial buildings.

There is a reason why they are there. These lights **SAVE MONEY!** A fluorescent bulb can produce between **50** and **100** lumens per watt. This makes fluorescent bulbs **four to six times more efficient** than incandescent bulbs. With incandescent bulbs, the filament inside the bulb glows because of the heat produced by the filament. Guess what? Heat wastes a lot of energy, not to mention the safety concerns. With fluorescent lights, you can buy a 15-watt fluorescent bulb which produces the same amount of light as a 60-watt incandescent bulb. These bulbs are initially more expensive than the incandescent bulbs, but the energy savings, the better lighting and the length of time the fluorescent bulbs last is a much bigger benefit. How many times a year do you have to change a regular light bulb? Have you ever felt the amount of

heat produced from 40 or 60-watt bulbs? This means you get to save on energy consumption at home and reduce that electric bill. I like lower bills, don't you? This concept saves me about \$70 a month on my electric bill. I like that!

Some other great money saving strategies that will help your household costs come down include what you get at the grocery store. We all need to clean our houses by vacuuming, dusting, etc., but what type of things do we use to do this? When you "dust" or wipe things down, do you use paper towels or rags? How about using a micro-fiber washable rag? As the name implies these are washable, meaning you get to use them more than once and don't have as much stuff in your garbage. The towel's soft microfiber weave can remove dust and dirt from compact discs, eye-glasses, camera lenses, and other easily-scratched surfaces. This deep cleaning can probably assist with any allergy issues you may have around your house. There are several places to get these type of products online such as like **microfiber.org** or other sites and local stores. These products can save you about \$300 a year for the reduced amount of paper towels you may purchase. Micro-fiber products can cost less than \$1 apiece and remember, they can be used more than once.

Another item may be your cleaning products. How many different window cleaners and cleansers do you have under your kitchen sink or in your bathroom? What did all that cost? I know there are all kinds of “natural” cleansers out there, and those are much better for our environment than most of the “well known” products. Can you pronounce most of the ingredients in your cleansers? I know of one that can save you about \$80 a year and I *can* pronounce it. VINEGAR! Here are some interesting facts about Vinegar.



- Vinegar has been used for 10,000 years. It just might be the world’s oldest ingredient!
- The main uses for white distilled vinegar are cooking/food preparation and **cleaning/disinfecting**.
- An open dish of white distilled vinegar will help remove paint smells from a room.

- Soothe a sore throat with a mixture of apple cider vinegar, water and honey. This beats the \$20 co-pay at the doctor's office and reduces your waiting room activities of enjoying old magazines.
- Soak your feet in white distilled vinegar to stop athlete's foot.
- Drink a teaspoon of white distilled vinegar to stop the hiccups.
- Pantyhose last longer when rinsed with water containing one tablespoon of white distilled vinegar.
- Massage white distilled vinegar into your scalp, rinse, then wash with regular shampoo and watch dandruff disappear. Who needs Head N' Shoulders shampoo?
- Spray white distilled vinegar on furniture to stop the cat from scratching it.
- To shine chrome sink fixtures that have a lime buildup, use a paste made of two tablespoons salt and one teaspoon white distilled vinegar.
- Make your own scouring cleanser by combining 1/4 cup baking soda with

one tablespoon liquid detergent. Add just enough white distilled vinegar to give it a thick but creamy texture.

- **Clean counter tops** and make them smell sweet again with a cloth soaked in undiluted white distilled vinegar.
- **Clean and deodorize a drain** by pouring in 1 cup baking soda, then one cup hot white distilled vinegar. Let this sit for 5 minutes or so then run hot water down the drain.
- **To clean a grease splattered oven door window**, saturate it with full-strength white distilled vinegar. Keep the door open for 10 to 15 minutes before wiping with a sponge.
- **Remove mineral deposits from coffee makers** with white distilled vinegar. Fill the water reservoir with 1 cup or more of white distilled vinegar and run it through a whole cycle. Run it once or twice more with plain water to rinse clean. (Check the owners' manual first.)
- **Remove stains from coffee and teacups** by scrubbing them gently with equal parts of salt (or baking

soda) and white distilled vinegar.  
Rinse clean.

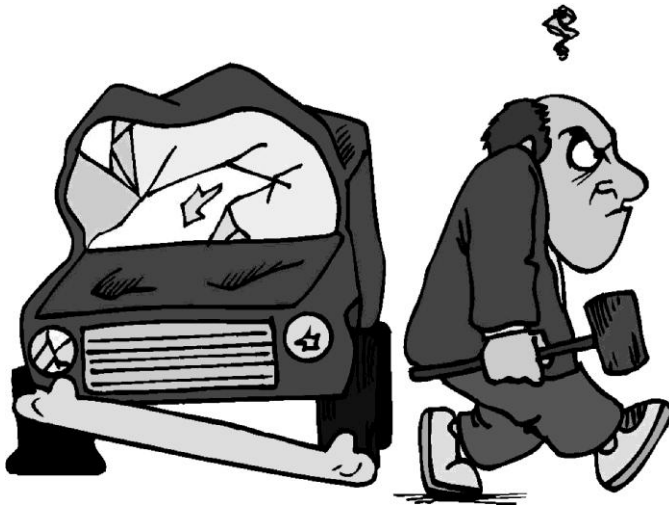
- **Discourage ants** by spraying undiluted white distilled vinegar outside doorways and windowsills, around appliances and wherever you find the pests coming in. What are you paying a bug sprayer to come to your house?
- **Deodorize the garbage disposal** by pouring in 1/2 cup baking soda and 1/2 cup hot white distilled vinegar. Let sit for 5 minutes then run hot water down the disposal.

Many more ideas which can save you \$80 or more per year can be found at:  
**[vinegartips.com](http://vinegartips.com)**

Another grocery store item we tend to overlook which can save about 60% on the cost of our drinks comes from the frozen food section. I am just as guilty as anyone of thinking we have to do everything FAST in today's society. That includes the type of things I buy for my kids to drink at practice and games etc. A juice box, water bottle etc. are easy to carry and quick to grab. Why not take about ten minutes and mix up some juice from concentrate? It still tastes like orange juice, and is pasteurized to kill

microorganisms etc. The container you put the juice into to take to practice or a game can be washed and re-used, and once again we are not putting as many items into our garbage and landfills. Not a bad deal when we can do a good thing for the environment *and* save some money.

How about cutting your own fruit etc. Many times those convenient pre-cut packages of fruit make our life easier, but saving money for the long term can also be easy. We just need to discipline ourselves to re-focus our time to take the actions necessary to accomplish our goal of saving money. How long does it take to cut up a Honeydew melon? Maybe a whole fifteen minutes. That can save you probably \$2 and you will get a lot more melon than what you get in the pre-cut, pre-packaged containers. Try to get the fruits which are in season. January is not the time to buy watermelon or corn. Many stores have the “fruit-of-the-month” advertised on sale in their flyers at the store and in their weekly ads. Pay attention to these! It helps save at least \$50 a year on your grocery bill.



**Auto Insurance** - I am not going to tell you about a green iguana or green lizard here. This is just an expense you need to accept you will have to pay for and hopefully never use, but in the event you need it your records will show you are paid in full and haven't made any previous claims.

If you have driven to different downtown areas such as Tampa, Atlanta, Cincinnati etc., you need to look for a common theme. The next time you drive past one of these clusters count how many buildings have an insurance company name or a bank name at the top. I bet you will find at least three bank buildings and about three insurance company buildings. What this means is they either own the building or have the largest lease. What that means for the *customer* is we pay for that "advertising." Auto

insurance companies charge you a premium (your premium) to pay for their overhead and expenses. They also have to add in the cost of all the mail they send out to you in triplicate.

I found an auto insurance company that *doesn't* have a bunch of regional offices to charge you for, and they *don't* send you snail mail in triplicate.

The end result is a savings of about \$1,000 on car insurance. I can insure a two door car and our Toyota van for a little over **\$780** every 6 months, and the company is *not* Geico. I don't have any lizards around my house, except for the ones outside. The name of the company is Esurance.

**[www.esurance.com](http://www.esurance.com)**

What I like about them is statements aren't mailed to you. You get an e-mail saying your policy is ready for renewal, and you can then print the insurance cards at your convenience. Yes, they have 24/7 support and claims input.

With the use of modern technology, which I like, I don't have to go through my mail all the time to verify what I have on my car insurance. If you want to review your bill or any of the policy documentation, you log onto the website and review your policy.

This worked great for me once when I was driving as a chaperone for my son's field trip at school and they needed to verify insurance. I had forgotten my card but was able to log onto the Esurance website and pull up my proof of insurance and the coverage I had within a couple of minutes. This company is able to save me a minimum of **\$215** every six months over one of the competitors who says you'll save with them. Another competitor was \$235 more every six months. See what overhead does to your bottom line?

If you are not familiar with Esurance, here is some background. They are a subsidiary of White Mountains Insurance Group, LTD. It is a publicly traded financial services holding company (NYSE: WTM). Esurance Insurance Company and Esurance Property and Casualty Insurance Companies are rated A (excellent) from A.M. Best, which means you can count on your coverage. Since their corporate parent and their insurance relationships provide such extensive industry know-how and financial stability, you can be sure that Esurance will be there for you when you need them - especially if you ever have to file an auto insurance claim.

I recently had to put the company to the test when my wife's van was hit from

behind. I made a claim at 8:30 p.m. (24/7 claims) and I had a claim number before I hung up the phone. The adjuster came to our house and reviewed the damages on the car the next morning.

**Gasoline:** With auto insurance rates what they are, perhaps we can see if we can get a reduction with our rates and the costs of our automobiles - not to mention saving A LOT of \$\$ when you don't have to buy as much gas for your car by car



pooling. This could save you about \$1,200 a year. Look at **erideshare.com** to see if there is someone in your area you can carpool with, or post your own profile.

For gas prices check out **gasbuddy.com** and see what stations in your area have the lowest prices and try and go that way on certain days. Fill up on Tuesday's or Wednesday's if possible and don't use stations near freeways. The prices tend to be higher there, and they tend to go up Thursday thru Monday. I used to see this activity a lot up north at our cottage. Prices would go up Friday morning to cover the

“weekend rush” of vacationers and boaters. Then Monday afternoon the prices would come back down. Make an effort to find the savings that benefit you and your pocket book.

Here are a few tips to reduce your fuel consumption:

- Remove Unnecessary Mass - Each reduction of 45kg (100 lbs) will increase fuel efficiency as much as 2%. One of our partners observes “Another good reason to diet.”
- Proper Tire Inflation - This simple item can increase fuel efficiency as much as 3%. Even if you must pay for air, you'll get a return on your investment.
- Tune Up - Having the right grade and fresh motor oil along with a clean air filter can increase fuel efficiency as much as 5%.
- Drive Sensibly - Interestingly, the thing which is most in our control is the thing that we least frequently do. Drive the speed limit, avoid hot rod starts and stops, and try to use your brakes as little as possible. Depending

on your driving technique, this can yield 5-33% better fuel economy.

- Combine Trips - This pre-planning makes it possible to reduce overall driving and fuel demand.
- Don't Idle - Any stop longer than a traffic light and you should consider switching your engine off; idling simply burns fuel with no forward momentum.
- Alter the Commute - There are several ways to do this including biking to work, taking public transit, telecommuting, and even shifting your work schedule to spend less time simply sitting in traffic.

Try some or all of the techniques above and see how your fuel efficiency changes. Most importantly though, *measure* your consumption. Before you change anything, establish a baseline consumption level, and once that is calculated make one change and observe the result. Then make the next change and observe the result. In this way, you can make a 10% difference and know which items have the most impact in your situation.

Here's an example of how gas prices should be listed these days:



Some other information for people on gas savings:

- Get Outside - If you are close enough to work or going to a local restaurant, why not WALK? Yes, I said walk... or ride a bike, scooter or motorcycle. Our society's health needs help anyway, and walking or riding a bike will allow us to get some fresh air, see things you may not even notice while driving your car in your local area, and enjoy the beauty of the outdoors - not to mention the money savings from gas we won't be using and helping out the global "green" effort we need to be a part of.
- Gas Discount Cards - These can help but remember, **THEY ARE CREDIT CARDS**, which we will go over in chapter 3. This may get you some discounts on future purchases of gas or on a limited purchase amount (First \$100 purchased on card each billing period) or event 2 or 3 cents off on current purchases, however, **READ THE FINE PRINT** because the interest you may pay if you leave a balance on the card could be 14% or higher.



**Life Insurance** – This is always an interesting topic. Life insurance, like any type of insurance, can get quite complicated. Professional insurance people are very good at knowing the details of the policy and how a specific policy may fit with your situation. Personally, I don't believe life insurance is an "investment." I think it is a necessary evil to protect my loved ones in the event I pass away. The premiums paid are sunk costs I won't get back, meaning if I don't pass away when the policy is in effect I don't get any money back.

In the previous chapter I asked you to take a look at the tallest buildings in the downtown area of most metropolitan areas. Whose names were at the top? Banks and

insurance companies. There is a reason for that!

Some insurance “sales” people try to convince a potential customer that they can use their insurance policy as an “investment vehicle.” It sounds really good because you can pay your insurance premium and “save” with one payment, however how many of us have read the fine print when we were considering purchasing an insurance policy? When do *you* read the fine print? Probably when you need to take some type of action, such as at the time of cancellation or collection.

The piece that is not told to you is the “Investment” return. They will give you a whole 2% – 3 % on your savings! Woo hoo! I can do that at a bank, and get even more by putting money into a CD (currently 4.0% or higher).

You see the insurance companies take your money, premium and “investment” deposit and turn that around into another investment that offers them a return of 10% – 20% or more. Why do you think they have the largest building in town? It certainly is not from paying benefits on insurance policies.

Why aren’t *you* getting a piece of that action? How *can* you? As I mentioned before when discussing auto insurance, this

is something you know you probably need “just in case” something happens - then you will be glad you had it. However, why pay so much for life insurance?

Many “sales people” will try and make the policy “pretty” with interesting names such as:

- Whole Life
- Variable Life
- Universal Life
- Universal Variable Life

My head hurts, does yours? If you have one of these policies, your *wallet* is hurting. Here is a breakdown of definitions of these different policies I found on **insurancefinder.com**:

**Whole life** insurance provides permanent protection for your dependents while building a cash value account. With this type of insurance, the insurance company manages the policies’ various accounts.

**What it does:**

- ✓ It pays a death benefit to the beneficiary you name and offers you a low-risk cash value account along with tax-deferred cash accumulation.

- ✓ It provides a fixed premium which can't increase during your lifetime as long as you continue to pay the planned amount.
- ✓ It allows the insurance company to exclusively manage the cash value account in your policy.
- ✓ It provides you the option to receive dividends from your policy or apply them to reduce payments.
- ✓ It offers you the right to withdraw from the policy during your lifetime.

### **What it doesn't do:**

- It doesn't offer the account flexibility to invest in separate accounts such as money market, stock, and bond funds.
- It doesn't allow you the account flexibility to split your money among different accounts or to move your money between accounts.

- It doesn't offer premium flexibility.
- It doesn't offer face-amount flexibility.

**Variable life** insurance provides permanent protection for you and is the type of life insurance with account flexibility for the more risk-oriented policy holder.

**What it does:**

- ✓ It pays a death benefit to the beneficiary you name and offers you low-risk, tax-free cash accumulation.
- ✓ It allows the death benefit to vary in relation to the fund returns of the cash value account.
- ✓ It allows you to borrow from the policy during your lifetime.

**What it doesn't do:**

- It offers no guarantee to the amount of cash value during your lifetime.

- It doesn't offer you premium flexibility.
- It doesn't offer you face amount flexibility.

**Universal life** insurance provides permanent protection for your dependents and is more flexible than whole or variable life.

**What it does:**

- ✓ It pays a death benefit to the beneficiary you name and offers you a low-risk cash value account and tax-deferred accumulation.
- ✓ It allows you to earn market rates of interest on your cash value account.
- ✓ It offers the right to borrow or withdraw from the policy during your lifetime.
- ✓ It allows you premium flexibility and face amount flexibility.

## **What it doesn't do:**

- It doesn't offer you the account flexibility to invest in separate accounts such as money market, stock, and bond funds.
- It doesn't allow you the account flexibility to split your money among different accounts or to move your money between accounts.

**Universal Variable life** is the type of insurance which gives you more control of cash-value account policy features than any other insurance type.

## **What it does:**

- ✓ It pays a death benefit to the beneficiary you name and offers you low-risk tax-deferred cash value options.
- ✓ It offers separate accounts for you to invest in, such as money market, stock, and bond funds.

- ✓ It offers premium flexibility.
- ✓ It allows you to make withdrawals or borrow from the policy during your lifetime.
- ✓ It stipulates that if you terminate the contract in early years you will receive less cash value total return than in a whole contract.

### **What it doesn't do:**

- It requires you, the policyholder, to devote time to managing the accounts.
- The policies' long term success is contingent on the investments you make.
- It doesn't work well with small premium amounts because the premium must cover both your accounts and the insurance.

I'm not knocking anyone for trying to make a living, in fact I had received my insurance license and was about to start selling this stuff. Then I realized how these policies worked. Don't get me wrong,

insurance is very important. Knowing how much coverage to have and knowing the details of the policy coverage is important, and you may need a professional to guide you through it. When was the last time you read any of your insurance policies coverage material? Did you really understand it? Professionals can help us become more knowledgeable with regard to the different policies and how they work.

There is one other type of life insurance policy which has not been mentioned yet, TERM LIFE. Term Life is the simplest and cheapest of all types as defined by **insurancefinder.com**:

*“Term life is the simplest and least expensive type of policy. It's pure insurance with no cash value account. A term life policy has only one function: to pay a specific lump sum to whomever you've designated, upon a specific event - your death. The death benefit and the policy limit are the same - - a \$200,000 policy pays a \$200,000 death benefit. The policy protects your family by providing money they can invest to replace your salary, as well as to cover final expenses incurred by your death.”*

As my “fiscal attentiveness” kicks in I see a pattern: Low premium cost and a benefit

when I need it, or rather when my family will need it. Why pay higher premiums for a “savings” account? Keep your money in your control. Pay the low cost premium, get the coverage you need and take what you save and place the funds into a higher rate of return mutual fund. Then you can get a modest 8% – 12% on your investment like the big guys. Shouldn’t you keep more of what is yours? “Save What You Earn And Earn On What You Save.” Is the picture becoming clearer?



**Coupons** – Do these really work? Have you ever used an Entertainment Book? In this type of book there are all kinds of 2-for-1 price breaks, from *Subway* sandwiches, car washes and discount dinner cruises. I believe they do. You can get a great meal for

two for the price of one. This amounts to a savings of about \$15 per meal. That adds up to \$60 a month, or \$720 a year in Savings! There are over 246 restaurant options offered in an Entertainment Book with savings worth \$21,500. The little \$60 a month is the cost of some extra gas to go out on dates or some extra money to pay the babysitter so you can go out. I even found a source which offers you both sides of the equation: get the gift card or coupon at a discount and still get the savings. It is called **Restaurant.com.**

There are of course the traditional coupons that everyone thinks of which are clipped from the Sunday paper. You know the scene of mom going the grocery store with her little box of coupons. These can be valuable coupons as well. There are programs out there which show you how to use coupons properly and best take advantage of their value. I have seen programs where a guy can go to the grocery store and, using common coupons properly, spend less than \$40 for \$260 worth of groceries. I need to start that now because when my boys turn fifteen they will be saying "I'm Hungry" all the time. I hear that *now*, and they're not even ten.

**Window Treatments** – I stumbled on this when we bought a new house and my wife wanted plantation shutters for the windows. I said, “Gulp.” I explained to her there are 34 windows in the house, but of course that did not matter. She realized that putting shutters on all the windows at once would be a very big cost; so we broke it down and covered the necessary windows first – the downstairs’ and the boys’ rooms. Of course a house built in 1920 does not have windows which are standard by current-day sizes, so the shutters would need to be customized. Another gulp. I went to my trusty computer and did a Google search for low-cost plantation shutters, and one of the sites that came up was **netshutters.com**.



NetShutters offers customized plantation shutters online. Pretty cool, although you do need to be pretty accurate with your measurements and allow just a bit for swing factor. And in my case, the window frames were not all square. I did comparison shopping with *American Blinds* and *Wallpaper* and some other sites. Most will allow you to input your measurements to get an idea of a price.

My best price came from netshutters. I was able to get a faux plantation shutter for a window size of 44 X 60 3/4 inches for \$219, and a 24 X 60 1/4 inch window for \$131. These prices were just about half of other sites I looked at. Yes, these are faux wood plantation shutters - a plastic composite which is built the same as the original wood style shutters - but living in Florida, having less wood is good. Not to mention, not having to paint wooden shutters is a big plus. After we put them up we got all kinds of compliments from people who said shutters accented the house and looked great. The shutters were shipped to the house and I installed all eighteen myself in about seven hours. Not bad, as I saved money and didn't have to go "shopping" through any stores or endure any sales pitches. I'm happy. My wife got the shutters she wanted, the way she wanted, in the color she wanted, the house looks great, and she's happy. See how happy you can be when less money goes "out the window"?

# CHAPTER 3

## *Credit*





## CHAPTER 3



### *Credit*

This chapter has something for everyone. You'll see how the way you manage and maintain your credit will always affect you. I found a valuable article written by Audrey O'Dell, a Credit Education Specialist at **TrueCredit.com** that really clarified a lot of details about credit and is included the information below.

There are three national credit reporting agencies that collect information about your finances: TransUnion, Equifax and Experian. These agencies don't share their data, so you have three distinct credit reports that record your credit and debt use.



Using your credit responsibly *now* can make a big difference in the rates you'll receive *later*. When you apply for credit or loans, the financial institution checks your credit history from one or more agencies to see how “risky” you are as a

borrower and what interest rates you deserve.

**Credit Score:** This is where your credit score comes into play - many creditors use a mathematical formula to quickly evaluate the information on your report and determine your credit risk. This calculation produces a credit score that commonly ranges from 300-850. A credit score above 650 will qualify you for standard interest rates and a score over 750 will help you get the best rates available.

Your credit score evaluates thousands of factors but the following five categories are the most significant:

- **Payment history** - A good record of on-time payments each month will help boost your credit score.
- **Outstanding debt** - High balances can harm your credit. Aim for balances under 35 percent.
- **Credit account history** - An established credit history makes you a less risky borrower. Think twice before closing old accounts.
- **Recent inquiries** - When a lender or business checks your credit, it causes a hard inquiry and a slight ding to

your credit score. Apply for new credit in moderation.

- **Types of credit** - A healthy credit profile has a balanced mix of 4-6 credit accounts and loans.

Negative information such as late payments, collection records and bankruptcy will remain on your credit report for 7-10 years. Too many negative records mean that you could be charged a higher interest rate or even be turned down for credit. Students should take extra care to ensure their borrowing options will be plentiful post-graduation. Staying closely in touch with credit-card debt is an important first step.

Using your credit responsibly now helps you build a good credit foundation for years to come. When the time comes to buy a car or a house, your credit history will be an important factor in determining your interest rates and approval. You can read more about understanding and managing your credit online at **truedcredit.com**.

I recently read an interesting book by Larry Winget entitled ***You're Broke Because You Want to Be***. This book is a hard-nosed look at several aspects of debt: the excuses, the whining and all the ways we get into debt. There is an interesting quote in

the book that really says how valuable your credit score is.

***“There are two things you will never be without: One is your reputation, and the other is your credit rating. You can ruin both in an instant, and you may never be able to fix either.”***

A bad credit score never really goes away. You can certainly take steps to fix a bad credit score and the bad rating will drop off your credit report eventually, but if creditors dig deep enough those little dings will still always be there like a dark cloud hovering over you.

You see ads on television all the time about good numbers and they talk about your credit score. A good credit score should be in the 700 range. This will allow you to get reasonable rates on lines of credit when you need them for a home or business need. I will get into this later.

To find out more about your credit score, contact any of the three major credit reporting bureaus:

- ❖ Equifax: [www.equifax.com](http://www.equifax.com)
- ❖ Experian: [www.experian.com](http://www.experian.com)
- ❖ TransUnion: [www.tuc.com](http://www.tuc.com)

Find out what your rating is and what is on your credit report. Are there credit cards you no longer have or use on your report? Are there department store credit cards that have gone out of business or are located in another state on your report? Do you possibly have more than one line of credit with the same company? Find out what your story is and get it organized.

If you have pending credit or outstanding balances with credit card companies, please make sure to make some type of payment on your debt. So many times people get into a crunch and make the mistake of not talking to their creditors when things get tight. Stop doing that! Open up the lines of communication and talk to your creditors. For one thing, it shows them you are being responsible for what you owe and that you are acknowledging your obligation. In most cases the creditor will allow you to make payment arrangements for your debt. I have seen this in many cases where the company will allow you to make a very small payment on your debt so they don't have to shut off your service or re-possess something. It costs the company a lot of money to shut off, and then turn on, a service after some type of payment is made. You see, the credit company pays for a collection service. That costs them more

money, which you will eventually pay for. Why not avoid that and call the creditor to arrange some type of payment schedule? You need your creditors on your side, so don't alienate them.

**Using Credit:** Now that we have covered the topic of your credit score, what about the use of credit? How do you use your credit? Here is where one word comes to mind, DISCIPLINE! I cannot stress that enough. We see advertisements all over for the “low” introductory rate of 0 – 1% interest. Read the fine print and what the *real* costs are. Know how much discipline you have.

Using your credit wisely is where the big benefits pay off. An article written by Sanyika Calloway Boyce shows some very good discipline rules.

Here are a few things you should consider before and after applying for credit or a credit card:

- “Student” credit card deals aren't always your best bet. Students with a limited credit history are considered a "credit risk." Although they may get the card, it will probably have a high interest rate.

- Jobs providing access to money, from fast-food cashiers to accountants to middle-managers typically require credit checks. Know what your credit report says about you.
- Always try to pay \$25 to \$30 more than the minimum payment required to stay ahead of your credit card bills.
- Be realistic about how much credit you can “afford.” A good measure is no more than 20% of your net income.
- Know what you owe. Keep track of what you have charged on your credit cards so you don’t get an unpleasant surprise when you receive your bill. A lot of small purchases can add up - especially when you move, go on vacation or have guests in town.
- Know yourself. If you use your credit card at specific stores or the mall, don't go there. As my father used to tell me when I said something hurt, “Then don't do that!” This goes for our credit card balances as well. It hurts to have a large balance and it even hurts more when you have to

pay that balance off - especially with the extra interest charges.

- Limit your accounts. As the commercial says “What’s in your wallet?” Well, take a look. How many credit cards do you have? Do you really need that many? Having a lot of credit cards gives lenders a red flag that you may be a risk. These are all potential extra amounts owed. Limit your credit cards to one or two and limit the credit limit to an amount you can afford. Do we really need a credit limit of \$20,000 if we only make \$50,000 a year?

Getting and using credit without a game plan in place is like sliding down a slippery snow-covered slope in winter; the rush of speed may feel great but you’d better brace yourself for the crash that’s coming when you reach the bottom.

You can see that your credit score and your credit history will affect you in many ways. One way is with housing. Landlords and mortgage lenders look unfavorably on late payments, no payments and defaults. After all, if you can’t keep up with paying your cell phone or credit card bills on time, what is the likelihood of you paying a much

**“If you haven’t been faithful  
with little – who will entrust  
you with much more?”**

larger rent payment or mortgage on time? The old adage, “If you haven’t been faithful with little – who will entrust you with much more?” rings true with landlords and banks!

Sanyika Calloway Boyce offers some great advice for both students and adults with respect to credit and financial responsibility. Her web site is located at:  
**[financialfitnesscoach.com](http://financialfitnesscoach.com)**



# CHAPTER 4

## *Mortgage Savings*





## CHAPTER 4



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### Mortgage Savings

Your mortgage payment is usually your largest monthly expense, and the biggest factor in getting a mortgage is your credit score. As we showed in the previous chapter, your credit score will determine what type of interest rate you qualify for and your credit score is the first thing you need to look at when you apply for a mortgage. Most experts recommend you get a copy of your credit report at least once a year to verify where your score stands and to make sure there are no items on your it that should not be there.

The idea of saving money on your mortgage usually has two schools of thought.

- You need to pay it off early and avoid the huge amount of interest you will pay.
- You shouldn't pay off your mortgage early because you can use the interest as a big tax deduction.

I will try to address both these scenarios with our vision to educate you, show you

opportunities and encourage you to make the best choice for yourself. In other words, talk to your CPA or financial advisor to clarify these points and what the financial benefits will be for you. Both of these strategies are beneficial in their own way, so let's get started and take a look.

**Pay off the mortgage early:**

Doesn't this sound nice? You can pay off your mortgage early and have the amount of your mortgage payment to do what you want with. With this scenario I am not talking about re-financing your mortgage from a



30-year mortgage to a 15-year mortgage. By doing that, you are paying closing costs and a higher payment for a shorter time. How about paying it off in 22 years instead of 30 years *without* re-financing? If you look at the closing costs for a \$150,000 loan you're probably looking at about \$3,000, on the conservative side. The idea of not paying that \$1,500 and reducing my mortgage to 22

years sounds pretty good, but what's the catch? Let's go over some details.

Let's say you have a \$150,000 mortgage at a 6.5 % interest rate. Over the course of the loan you will pay over **\$191,000** in **INTEREST**. Do you think you could put just a *portion* of that to a better use than giving it to the bank? I can already hear some proponents of the other school of thought griping. Please be patient, and let's finish this example - we will be covering both sides of the equation.

You see, there is a way to reduce the term of the mortgage without re-financing or going to a 15-year term mortgage. It is called bi-weekly payments. What happens is you take your mortgage payment and split it in half and pay half the mortgage payment every two weeks. "But Bob, isn't that is still the same amount as the single payment?" Yes it is.

However, if you look at a yearly calendar, how many weeks are there? 52. Now divide 52 by 2 and you get 26. When people first think of this they think of 24 bi-weekly payments, 2 per month - but, some of the months actually have 5 weeks. Because you're paying half your payment every two weeks, you are actually reducing the principle every 26 weeks.

This allows you to actually pay **one full extra payment per year**.... and you didn't even miss the money. "But Bob, I thought this was a book about *saving* money?" It is, and you are. As you send in the bi-weekly payment you are actually reducing the principle amount of the loan (\$150,000) that you owe, and in doing this you pay less interest. By having less principle outstanding sooner, the loan is paid off more quickly, reducing the total amount of interest you have to pay out.

I am starting to hear a lot of people say, "I can do this myself." Can you? When is the last time you saved for Christmas gifts and didn't dip into the savings account? Have you ever had to replace a tire because you blew it out on the way to work, or another emergency came up and you needed the money you "intended" to save?

Things happen and we as humans are not as disciplined as we could be - so there is another way to do this. Many banks offer this schedule when you set up your mortgage loan now - at least mine does, *Bank of America*. They will ask you if you want monthly or bi-weekly payments and let you get that automatically deducted from your account. Isn't that nice of them? I like that because I don't like writing checks and licking stamps. Now let's go to the end of

the term of the loan, not in the 30<sup>th</sup> year, but the 22<sup>nd</sup>. Yes, you can pay off your 30 year mortgage in 22 years!

How will that look on your credit report? Here is where the big savings come in. With a \$150,000 mortgage at 6.5% and an \$800 annual insurance payment, your payment is about **\$1,181 a month**, or \$590.50 bi-weekly. If you take the mortgage payment you have set up in your budget every year and used \$1,000 for a deposit into a growth mutual fund, which we will cover later, you can earn even more on the money you have already accounted for. The idea is to get your money to work for you harder than you have to work to earn the it in the first place.

Here is an example:

**\$150,000** loan amount at **6.5%** interest, assume \$2,000 a year for property taxes and \$800 a year for property insurance. These numbers are low, I know.

Principle & Interest	-	<b>\$948</b>
Taxes & Insurance	-	<b>\$233</b>
<b>Total Payment</b>	-	<b>\$1,181</b>
52 weeks a year/2 = 26 weeks		
Bi-weekly payments would be 13		
payments		
<b>Total paid per year</b>	-	<b>\$15,353</b>

- ✓ Eliminate 83 monthly payments totaling \$98,023. You save \$51,439 in interest.
- ✓ Equity after 10 years on a 30-year mortgage is \$23,617.
- ✓ Equity after 10 years on a bi-weekly mortgage \$40,926.
- ✓ Cash available after 30-years, (10% investment) \$112,799.25.

This is what I mentioned earlier; saving what you already have in your budget. I can hear a lot of people saying “OK, how can I get this or what cost is there to me?” Some of you may have received letters that state someone can do this for the low cost of \$189 which is paid up front when this is set up. Don’t reply to those letters. Save your money.

There is a program that will get this set up automatically with your bank. This way, you don’t have to call the customer service number and be on the phone for an hour. They do charge a small fee for the automated transaction that the bank charges, about \$3.95 per transaction or \$7.90 a month, or less than \$96 a year. Over the course of this loan, for 22 years, you would

pay about \$2,085 for this service. Do you think you could live with the idea of paying \$2,085 over 22 years for the benefit of saving \$51,439, with the potential of earning \$112,799? I thought you could. Here is a link where you can download software which can show you this savings program. You can review it yourself in your home, or use it for your clients or your fundraising needs:

<http://bobbrumm.com/MMZip/MM78772.exe>

**Carry the mortgage full term:** This sounds like we are having a baby! I have heard from many financial people about the benefits of carrying your mortgage because of the tax benefits.

Yes, there is a benefit to getting a tax deduction for the interest you pay on your loan. If you look at our previous example of a \$150,000 loan at 6.5%, we could write off \$8,083 in the first year! This reduces your adjusted gross income. Not bad, and if you have kids the government currently gives you a deduction (\$3,300 for each child as of 2006). So by claiming myself, three kids, and my spouse because she doesn't work I get to reduce my taxable income by \$15,500 + the \$8,083 interest I paid on the mortgage. Is this a benefit? Yes it is. The big difference

comes into play when I cannot claim my children on my taxes anymore.

Then I lose the extra \$15,500. Now my taxable income is higher and I get taxed for that. Thank you, Uncle Sam. What this doesn't mention is the \$8,083 deduction the first year progressively goes down for the remainder of the loan. The other item that is not mentioned is people who just paid off a 30-year mortgage may be in the age range of retirement or, if current trends stay true, the retirement age won't be until age 75 anyway - so you could carry another thirty year loan. By that time I'm sure you will have enough money set aside and alternative investments set up that you won't have to worry about this so much. By the way, that mortgage you took out thirty years prior of \$150,000 won't get you near what you originally got for that amount. Inflation takes its toll. I doubt you will be buying a house for \$150,000 thirty years from now.

I understand the benefit of the interest deduction, and that by not carrying a mortgage or loan for that deduction you are giving your money away to the government. The real benefit of this deduction is when you can combine it with the child deduction. This is when you really need additional money – while you are raising your children.

Because the deduction is reduced progressively over the term of the loan, you are getting used to paying that higher tax slowly.

These two methods are not the only ways to save on your mortgage, however, they do provide a way to help others while you save. You can use this type of program as a fundraiser to build residual income. How about giving your employees something of real value by teaching them this method and giving them the opportunity to pay off their mortgage 7-8 years earlier and saving them literally thousands in interest?

Another idea is to pay an additional \$100 extra per month on your mortgage payment, thereby making an additional payment each year. Any amount can work: \$50, \$100, \$200. The idea is to get into a habit or get the discipline to pay off the outstanding principal balance early.

**“Give a man fish, feed him  
for a day. Teach a man to  
fish, feed him for a lifetime.”**

You are not only paying off a mortgage balance but a debt. The key is to get in the habit of paying off *any* debt so you are not indebted to someone else.



# CHAPTER 5

## *Tax Strategies*





## CHAPTER 5



### *Tax Strategies*

Let us start this chapter with a simple disclaimer. I am *not* a CPA or Financial Planner. If this is your first time hearing this advice, review it with a financial planner or your CPA.



There are two things in life we can count on: death and taxes. Yes, some day we will all depart from this earth and yes, Uncle Sam will be trying to get part of whatever money we may have even after our bodies have expired. Now I know there are a lot of people who can't stand the fact that the

government takes our money in taxes. The government taxes our income, our sales, our estates, etc. Isn't the idea of taxation why we got into that big fight with England? Yes, taxation goes back a long way. We started to tax people to help pay for the first roads and the beginning of the Post Office and other items in 1775. Taxation was mainly created to fund an infrastructure to carry communications between the Second Continental Congress and the armies.

If you look at why the Internal Revenue Service was set up, the roots of the IRS go back to the Civil War when, in 1862, President Lincoln and Congress created the position of Commissioner of Internal Revenue and enacted an income tax to pay war expenses. We were having an internal fight with each other and someone had to pay for the issue. It sounds like a brotherly squabble. When parents don't want to hear the bickering of who started the fight or why, they punish everyone involved.

Being aware that we will be taxed somehow allows us to build strategies: To save some of the money that goes to taxes while we are alive and when we pass on. Some of these strategies are based off the IRS form 1040. Let's take a look at one of the savings the government gives us on this form.

**Standard deduction** - This is a deduction where the government allows you to adjust your gross income based on your age and tax bracket. There are three types: Single or Married Filing separately; Married Filing Jointly or qualified Widow(er); Head of Household.

If you look at the amounts for the deductions, the first eye-catching deal is when you get married. Yes, I said get married. As a married person your deduction amount goes from \$4,750 filing single, to \$9,700 for married filing jointly in 2005. In 2006, the rates are adjusted to \$5,150 filing single and \$10,300 for married filing jointly or widow(er). I can hear you already saying, “I don’t want to get married yet.” Now don’t get me wrong, the institution of marriage is a wonderful thing. I recently celebrated my 11th anniversary and am still very much in love with my wife. At the same time, we sometimes get “grumpy” at each other. The ability to hold true to the belief that no matter what happens, you can stay with this person through these “grumpy” times and other issues makes the relationship stronger.

The deduction allows you to reduce your income so you won’t get taxed on every dollar. If I file as Married Filing Jointly, we got our combined gross income reduced by

\$10,300 instead of \$5,150 in 2006. If we filed separately we would only get a \$5,150 deduction - half of the \$10,300. Head of Household will reduce your income by \$7,550 on the 2006 1040 form, but you need to be “single” by the end of the year and pay for over half of the upkeep of your home or have a “qualified person” live with you that you support.

These rules are detailed in IRS publication 501. The overall point here is you can get your income taxes reduced by certain events in your life. If these occur, take advantage of them. Once you are married and you want to raise a family, you get a deduction for the children, \$3,100 per child in 2004, \$3,200 in 2005. No, that doesn't pay for all the diapers, food and necessary care they need - but it does help. Let's look at some other tax strategies.

**Business Expenses** – This is where a lot of people can and will realize how having your own business really benefits you. Your business can be a network marketing business like *Pampered Chef*, *Avon*, *Neways* etc., a hobby that grew into a profitable venture, or a fresh idea intended to make a profit. The key is to run it as a business and not a part-time hobby. There is a great book out by Ronald Mueller, MBA, Ph.D. with

John Craft, CPA and John I. Harrison, CPA entitled *It's How Much You Keep That Counts! Not How Much You Make*. The book gives many tax advantages and how to use these advantages for businesses, along with the IRS code references. The website is: [www.homebusinesstaxsavings.com](http://www.homebusinesstaxsavings.com)

Some examples of business deductions you can claim as business expenses on your federal tax return include:

**Paying your minor children** instead of giving them an allowance. If you hire your kids ages 7 – 18 to work in your home-based business, the wages you pay them are tax deductible, and the money they earn up to \$5,150 in 2006 and \$5,350 in 2007 is tax free to them (and not subject to the Kiddie Tax).

**Write off business assets purchased.** If you use assets for business; computers, office equipment, furniture at least 51% for your business, under the “Section 179 Election” you can immediately depreciate the entire amount of new or used business assets you purchase up to \$108,000 in 2006 and \$112,000 in 2007. Be sure to clarify your local rules with your CPA because

local taxes may apply and each individual situation is different.

There are also some IRS publications you will want to review to get a better idea about how some of these deductions work. I would not recommend reading these after 6 p.m. at night unless you have insomnia.

- IRS Publication 583 Starting a Business and Keeping Records
- IRS Publication 535 Business Expenses
- Publication 587 Business Use of Your Home
- Publication 17 Car Expenses and Other Employee Business Expenses.

These can be downloaded from the IRS web site [www.irs.gov](http://www.irs.gov) or linked to from:

**[www.taxsites.com/topics/business-expenses.html](http://www.taxsites.com/topics/business-expenses.html)**

As mentioned earlier, I would talk these items over with a qualified CPA to get specifics about your individual situation.

**Real Estate Deductions:** Yes, you can get deductions for the real estate you own. Whether you do your own taxes or have a CPA do them, you can qualify for the interest deduction on real estate. Whatever amount of interest you pay on your mortgage in a year is a line-item deduction from your taxes, so when the bank sends you the 1099 INT form put it in a safe place and be happy because that amount reduces the amount of income taxes you pay by reducing your gross income.

On another real estate deduction note, did you know that when you sell your main house you can exclude a significant amount of the gain from the sale of the real estate? Yes you can. You can exclude the first \$250,000 of gains from your income if you are single and \$500,000 in gains as a married couple from sales profits from real estate. You do not need to report the sale if your gains are within these limits. You can even adjust your gains by some of the costs like settlement and closing costs of the transaction. There are some specifics to this. You must have owned and lived in the house for two of the last five years or if you have not, you are selling due to a job transfer, health reasons or other unforeseen circumstances. You can get further details

from *IRS Publication 523 - Selling Your Home*.

**Flexible Spending Account:** Today some employers are using these in benefits packages. They are set up so employees can put money aside for medical expenses, child or dependent care, and even parking, bus and train fares which are not covered by your medical benefits plan. Medical items include doctor visit co-pays, qualified medicines, and non-covered medical expenses like Lasik. The money is set up in an account for you and deducted from your paycheck *before taxes are taken out*. Yes, I said before taxes are taken out. This means that you get a reduced reported income by participating in these plans. For example, a \$100 per-pay-period contribution might reduce your paycheck by \$75 because a smaller amount of taxes is withheld. Keep in mind these accounts do have a “Use it or Lose it” policy. In other words, if you don’t use up all the money set aside in this account and send in qualified expenses by March 15 of the following year, the money is gone. Most plans have tools to help you calculate how much to set aside and what the annual benefit will be in using the flexible spending account. A similar type of account can be set up for dependent care and

transportation expenses as well, so if you use child care and have to pay for parking where you work you could really get a lot of benefit in tax savings.

**Health Savings Accounts:** A health savings account is an account you can put money into to save for future medical expenses.

Contributions to your account can be made by you, your employer, or both, however the total contributions are limited



annually. The best part is your contributions are deductible on your taxes. HSA accounts are usually used when you do not get medical coverage by your employer or are not covered by Medicare. Any adult can contribute to an HSA if you:

- Have coverage under an HAS-qualified “high deductible health plan” HDHP.

- Have no other first-dollar medical coverage.
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return.

A good reference document for this type of account from the Treasury Department is:

:

<http://www.treasury.gov/offices/public-affairs/hsa/pdf/HSA-Tri-fold-english-05.pdf>

**Retirement Savings** – I will mention this here because retirement savings accounts do have tax benefits as well as long-term investment



benefits. If you have heard anything from the government lately about retirement benefits, it has been gloomy. The statements I receive from the Social Security Administration

which state the estimated age I can retire to claim my social security benefits is currently age 67. I still have another thirty years of work in front of me after already completing 22 - all this time to receive about \$2,000 a month.

I am not personally betting on Social Security to be around when I retire. Instead, I have been saving money into my personal retirement accounts since I was 19 years old.

There are several types of retirement savings vehicles like 401K, 403B, SEP, Roth IRA, and a regular IRAs just to name a few. These alphabet soup names are based off the tax codes these accounts were created under and the acronyms for the account names.

401K accounts are usually provided by an employer to an employee as a benefit to SAVE LONG TERM for retirement. With most 401K plans, your employer will match the amount you put in, up to a certain percentage. That is FREE money. In other words, if you put in \$100 and that is only 3% of your monthly salary and your employer matches your 3%, guess what? You get *free money* of an additional \$100 from your employer. These contributions are taken out before taxes, so you don't get taxed on the amount you contribute as income.

403B plans are the same type of accounts except they are for tax exempt organizations, cooperative hospitals and educational employees. SEP accounts are Self Employed Pension for self-employed people and an IRA is an Individual Retirement Account. There are regular and Roth IRA's. With the Roth IRA the contributions are made after taxes and the account grows tax free. With the regular IRA the money you contribute is pre-tax based on your income, so it reduces your taxable income but eventually the withdrawals will be taxed as ordinary income - so pick your poison, pay now or pay later.

If all of these letters and terms give you a headache look at **[www.investopedia.com](http://www.investopedia.com)** for clarification. Also check with a financial advisor.

Another type of deduction you can get is from what you give back. Donating to a charitable organization can help you with your itemized deductions. These donations can be in cash or valued goods. If one gives the 10% of their income that is asked by God, you can benefit by giving and by receiving the deductibility of that gift. I personally don't do this because I feel I should give unconditionally. If I have the means to give, I don't need to claim the

deduction. Some say I'm foolish, others think that is nice. This is just my opinion and my preference.



# CHAPTER 6

## *Investment Strategies*





## CHAPTER 6



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### *Investment Strategies*

Here is where the rubber meets the road. You have seen where to save your money with all kinds of daily, monthly and annual expenses. Now let's get that money working for us!

Once again, I would suggest you go over this with a licensed financial planner or investment advisor for the proper investment for your situation.

I recently read an article by Barbara Whelehan at **bankrate.com** about a study done in 38 countries where the participants were asked: "Once you have covered your essential living expenses, which of the following statements best describes how you normally spend your spare cash?"

The choices were:

- Put into Savings
- Put into Mutual Fund/invest in stocks
- Put into retirement savings fund



The United States was ranked **33<sup>rd</sup> of 38** in the world. We only save 37% after we pay our bills. The top five were all far eastern countries - Philippines, Taiwan, Singapore, Indonesia and China. The lowest percent of these five was 80%.

To me, this spells discipline and commitment. In the United States everyone tries to get us to spend every bit of money we have. This is done through relentless marketing of products and services we “need.” We are not a disciplined society when it comes to saving our money for a long-term goal. Here is another fact. We will all get old and we will all die some day. As the Boy Scout motto suggests, “Be Prepared.”

Sometimes I get the opportunity to speak to student groups and I find it interesting how much the children know about saving money. Congratulations to the teachers who read their student books with the idea of saving your money and how your money can grow. I always ask this question to children, and I'll ask you as well.

If you were given the choice of getting \$100,000 today, or getting one cent doubled every day for thirty days, which one would you take?

What would *you* take? You may be surprised by the value a penny can bring. I will put down some of the amounts here. Check it on your computer with an Excel spreadsheet or other formulating program.

Day 1 - \$0.01	Day 16 -\$327.68
Day 2 - \$0.02	Day 17 -\$655.36
Day 3 - \$0.04	Day 18 -\$1,310.72
Day 4 - \$0.08	Day 19 -\$2,621.44
Day 5 - \$0.16	Day 20 -\$5,242.88
Day 6 - \$0.32	Day 21 -\$10,485.76
Day 7 - \$0.64	Day 22 -\$20,971.52
Day 8 - \$1.28	Day 23 -\$41,943.09
Day 9 - \$2.56	Day 24 -\$83,886.08
Day 10 -\$5.12	Day 25 -\$167,772.16
Day 11 - \$10.24	Day 26 -\$335,544.32
Day 12 - \$20.48	Day 27 -\$671,088.64
Day 13 -\$40.96	Day28-\$1,342,177.28
Day 14 -\$81.92	Day29-\$2,684,354.56
Day 15 -\$163.84	Day30-\$5,368,709.12

May I recommend you make a bet with your child that you will do this if they behave etc. As you can see after the tenth day, it starts to get expensive. This shows how money can accumulate, and is how the interest on your savings can help you accumulate wealth.

What I am documenting in this chapter will be ideas and growth “possibilities” for your money to get you to think a bit differently. As I mentioned earlier, if you look at any major metropolitan area in the U.S you will see a consistent thing among downtown areas. The insurance companies and banks have the tallest buildings with their company names at the top. They take your money and pay you a small fee or “interest” (1 % - 3%) and turn around and get a higher rate (15% – 25%) of interest on “their” money to grow their “return on investments.” You should do the same thing with your *personal* money. The objective is to get your money working harder than you do working for it. Money can grow 24/7 365 days a year. I know I don’t want to work like that, and I doubt you would want to either, so let’s look at some ideas for getting your money to work like that and grow.

**Mutual Funds:** With over 14,000 American mutual funds to choose from in the market today it may get kind of confusing or intimidating to a new or inexperienced investor. The key to remember is not that there



are so many choices, but that a mutual fund is a *diversification* tool. A mutual fund allows individual investors the ability to have a piece of the many company stocks which are part of the funds' portfolio. A mutual fund invests in a lot of companies, and you own a piece of each one. Your portion can be quite small compared to the whole fund, but this gives you the idea. These companies are from many different industries: computer, food industry, medical, pharmaceutical, farming, automotive, telecommunications, manufacturing, and real estate to name just a few. You get the idea. If one of the stocks in the fund goes down the other industrial stocks will keep the fund "floating" above the water so the

whole boat doesn't sink. Mutual funds' returns go up and down with the market, so you are not guaranteed a positive return. This is why you get three pounds of prospectuses in the mail when you have mutual funds. One, it is required by law so you know how the fund performed, and you get to see what stocks the mutual fund are invested in.

When you look at a mutual fund's returns, don't just look at the annual 1-year return or even the 3-year. Look at the five and ten year returns or longer. When you invest with mutual funds you need to think of this money as something that will be "put aside" for a while. This is something you won't need for several years - more than three years, but longer is better. Most good performing mutual funds can average a **10% – 15%** return over five and ten years. Is this the type of return you get at the bank? If you need money in the short term we can look at other avenues later in the chapter. For now let's stick with this topic and your long-term goal of building your money stock pile.

You may be wondering "how can I get into a mutual fund?" Good question. You can start at work if your company offers a 401K Plan. You can purchase 401Ks through your financial advisor, and you can

purchase them yourself by contacting the mutual fund companies. Yes, there are limits to what you can start with. The easiest is the 401K plan because the initial investment requirements are definitely met with a group plan. If you get a fund yourself, the limits are lower for IRA accounts. You can start these funds with \$50 a month as an automatic deposit. This is because these are *long-term investments* that you will not be pulling out in six months or one year when an “emergency” comes up unless it is a *true* emergency - and when you withdraw money before the age of 71 for most IRA’s you get a nice penalty tax for the early withdrawal. Yes, the government wants you to **SAVE** your money and make it grow and there are some reduced taxes if it is truly an emergency, death or other event. “Needing” that new car is *not* a life emergency!

I can hear some people saying they are already saving money... but are you “investing” your money? Are you getting a return of greater than 3 %? If you are not, that is not an investment. That is a savings account or mutual fund account, which does give you a type of return on your money. So let’s look at those.

**Money Market/Savings account:** These are a type of “savings” for your money.

These give you a place to store your money temporarily and give you a small return for that. Have you read the return on your “Savings” account? Is it 3 %? I doubt it. I saw a sign the other day for a Certificate of Deposit rate of a whopping 4.5% with a minimum investment of \$1,000. That would give you a grand total of \$45 for holding your money up for a whole year. Now doesn’t that sound great? This is not a place to “save” for the long term. This is where you put money when you want the principle back the following year. Perhaps you could put your property tax money into this so you get some extra money and don’t use it for something else. These types of accounts are a holding account for money you will be spending in the short term – one year or less. You will not build any type of nest egg with these types of returns. These accounts *are* less risky, and will maintain your principal for the most part. A money market account can lose money, but not nearly at the risk level of a mutual fund because it does invest in the market with more conservative funds.

**What most people *don’t* talk about is how much they *lost* trying to pick that one stock.**

**Stocks:** We have all heard people bragging about all the money they made with their



great stock pick. What most people *don't* talk about is how much they *lost* trying to pick that one stock. Don't get me wrong, stocks can be a great investment. In fact, that is what mutual funds are made up of - however, who has the time or futuristic views to see exactly

if the stock will go up or down? Who wants to worry about that all the time? Picking stocks individually is a VERY hard task. Even experienced stockbrokers take a lot of time to pick the best stocks. They do not pick the No. 1 stock that year by what they heard from their brother-in-law Harold at a dinner party. They pore over charts, company information, accounts payable and receivable records, plus all kinds of other data to make a decent choice. As a novice or a family on the go all the time, we don't have this type of time to review all this information. Try to tell your son or daughter that you cannot go to the Christmas Musical

at school because you are verifying corporate records and information for a single stock pick you want to make next year!

What I am saying is picking a good performing stock is not easy. Why not make your life a lot less stressful and less complex with your investments by using a mutual fund as a stock vehicle to get your money growing. Then, when you have some “extra” money that you can afford to lose, dabble in some stocks or have a stockbroker help you. Definitely try it on paper before you commit funds to the effort.

**Tax Lien Sales:** Some of you may be asking “what are tax lien sales?” This is a bit more risky than a money market or a CD, but you can get a good rate of return on your money. This is when you buy delinquent property tax liens. What? Yes, I said that correctly. You can buy tax liens from local governments. What you are doing is purchasing the owed taxes on a property which is three years late or delinquent. The local taxing authority will put these liens up for bid and you pay them what is owed (or close to it) through a bidding process. In return you will get your initial investment + a rate of interest. In Michigan you get 1.5% per month, or 16% per year.

What happens in the event the previous owner pays off that lien? You get that money back plus the interest (they pay the penalty). If they do not pay the lien off you can gain title to the property after a certain time and proper filings. Check with your local county officials for details. These are not gorgeous homes. Most are probably vacant land in odd spots, and if they have a house on them it will not be a good shape. So **BE AWARE** and **DO YOUR RESEARCH**. You need to do your homework about the property for which you are interested in purchasing the lien for. Many of these are distressed properties or small unusable lots. Some are larger lots, but people with big checkbooks usually get those.

Let's look at the better side of these types of properties. Let's say you go through the process and you are fully aware of the condition of the property and all the liens subject to that property and you have the means to pay them off. Then you go through the process of gaining title to the property. This is very important because you cannot do anything with these properties until you are the owner with title. Anyway, let's say you have done all this and are the proud owner of a piece of property with a market value of \$10,000 that you put \$1,000

into to pay off the existing liens and processing fees. What can you do with that?

For starters, this is a paid-for asset in your portfolio. That means your net worth is higher. Not to mention, this is an asset you can use for a loan or barter for something else you may want. Another option is to sell the property to a person in another country. The eyebrows just went up, didn't they? Some countries will not allow people to get a visa to leave until they own property in another country. Do you know how many people in China would like to own a piece of property in America, no matter *what* it is? How many people are in China? Over 1.3 *Billion*. With a "B." That is a *lot* of people! The point here is that you can use this property as a cash-building tool. Put an ad in a Chinese paper that you have property for sale in the United States for \$5,000. I know the property is worth \$10,000, but you only have \$1,000 into the property you would be making a profit of \$4,000! Let's not get greedy. The object in this example is to unload the property and build cash. Most of these people will not really care what the property looks like or ever even see it. They are using this as a tool to get a visa out of the country. Please verify how your local and state real estate transactions work for your individual situation.

With the strategy mentioned, you are able to help others while helping yourself and without spending a lot of cash or financing to build your reserves. See how helping others helps *you*? Now imagine if you could expand this idea into other areas of your life and business, etc.? Do you think you could do this type of thinking for social groups to build the “party fund” or for your religious organization to build up funds for missions, etc.? More on the concept of “giving back” in Chapter 8.



# CHAPTER 7

*Saving on Home Improvements*





## CHAPTER 7



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### *Saving on Home Improvements*

I know, I can hear some of you groaning already, or making the ‘Tim the Tool Man’ grunts. Well, there is a reason for this chapter, just as there is a reason for this entire book - to save money!

Since your home is usually the biggest monthly expense why should you pay outrageous prices for someone else to come to your house, where *you* pay the mortgage and have to maintain the establishment, only to get bad service or something you don’t want? Why not use someone who knows the ins and outs of the house and will care how it looks when the improvements are complete? Like you!

I know your time and my time are worth money. I understand the value of your time, and the fact that an experienced contractor can bring a lot of value to many projects. As a novice it will take you longer to complete a job the first time, and there is a learning curve. I am not suggesting you try to add your own addition to your home if you have near turned a screwdriver, changed a sink faucet, or completed other minor tasks. You will need to weigh the value of your time, experience and the task at hand to see how

your dollars are best spent. Let me explain this to you with an example. I wanted to get a price from a contractor to put a roof over our existing deck. The roof was to extend out an additional seventeen feet. My wife and I wanted the roof and the trim to match the existing motif of the house. Keep in mind the original house was built in 1925 as a bungalow style home. Well, the so-called “professional” wanted to try and put on a “scissor truss,” which wasn’t anything like the original trim or truss on the house. When he gave me his 15-minute quote I was shocked to say the least. \$17,000! I “re-affirmed” with this person that I just wanted to add a roof and not close the space in. He gave me the look that he understood what I was looking for.

Well after getting him on his way, I researched the price of material the way I wanted it myself, for example,  $\frac{3}{4}$ -inch roof decking, not common in today’s roofs, even in a hurricane zone. I also put in the proper roof structure that matched the existing house. What a concept! I did this for the low, low price of \$1,200! No, there is no typographical error. I saved myself \$15,800 by doing that project myself, not including the “cost” of my labor. That allowed us to use the saved money to get a metal roof over the whole house including the new porch

roof. I even had some money left over. Now that is just on one project. I had another contractor come to the house to check on a plumbing leak I had. He decided I needed all new plumbing without even looking at the existing pipes because he could not crawl into the crawl space under the house, and handed me an estimate of \$3,300. That made me mad, so I looked for the leak myself and found the issue to be replacing \$6 in parts. Savings on that project - \$2,294!

Now I know contractors have a bit more overhead, workers comp, insurance, license fees, etc. But do I as one customer have pay for *all* that? If you don't want the job, just say so! A lot of contractors will "pad" the bid so much that if they get the price it is just gravy for them. I don't believe that is good business practice. More contractors need to "Do what they say they will do" or "Due unto others as you would have done to you." When you do the projects yourself, you don't have to worry about who the person is doing the work, you already know that person; it is you.

Now I can hear the objections of people saying, "I can't even turn a screwdriver or run a power tool." Has anyone been to Barnes and Noble? Yes, the bookstore, or at least the online version. I'm sure you can find a book about anything. This is where I

learned how to do a lot of things I have done, and I may not have had the chance to learn these items if I had someone else complete the work.

The *Time Life Series* teaches you home improvements with step by step pictures and examples. Subconsciously, it gives you confidence to tackle your own project. The *Home Depot* and *Lowe's* commercials do this as well. They are there to help you complete your project. If you take on the task yourself, you don't have to worry when you'll show up to the job or if you will be working on a specific day. Of course these books don't make you a licensed contractor. They just show you how you can do a project properly. Another item to note is your local building regulations. Check with your city building permit department to verify what you need to do to comply with local codes. They are there to help you do the project correctly and safely.

Another question I can hear coming up is about tools. Some don't know what tools to buy, or may not know how to use the different tools. Here is a suggestion: try the discount tool companies such as **harborfreight.com** or **homier.com**.

As an example, I can get a 34-degree framing nail air gun for \$79. No, these are not Ryobi or DeWalt but they definitely

work the same. At *Home Depot* a similar air nail gun costs over \$289. Do you need tarps, outdoor furniture etc.? They both carry these types of items. After all, if you ruin a \$20 18-volt cordless drill, you haven't lost a lot compared to messing up a \$99 18-volt cordless drill. Not to mention if their battery dies, which they will, why pay \$60 for a replacement? The stores mentioned above have 18-volt cordless drill batteries for \$14 - \$18.

And while you are at these stores either online or physically at the outlets, you may just find some "how to" manuals for different projects: Finish carpentry, landscaping, closets and whatever else you may need. I am telling you these things for a couple of reasons:

- So you can keep more of your hard-earned money.
- So you can take control of things and take pride in what you can accomplish.

The feeling of accomplishing a task you weren't sure you could do in the first place and having the result look good is a great feeling, and there is a self-motivating and confidence-building feeling to accomplish

more. This is a part of what this book is teaching you. It is showing you that you can accomplish things you didn't think you could do before. I am encouraging you to learn and grow with your new-found knowledge so you can save your hard-earned money, make it grow, and feel good about the tasks you have completed to achieve these goals.

But with God's help and a little, (sometimes a lot) of discipline, there are no boundaries to what anyone can accomplish. Taking the first step is the hardest part. After that you are just reinforcing and adding onto what you have already experienced and learned. Now with these achievements started and the tasks behind us, let's go help some others.

# CHAPTER 8

## *Do Unto Others*





## CHAPTER 8



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### *Do Unto Others*

This chapter brings together your strongest strengths:

- Your Knowledge
- Your Enthusiasm
- Your Encouragement

I hope you have gained some knowledge about money-saving strategies, have been made aware of some opportunities and have been encouraged to accomplish any task put in front of you.

I would like to quote the bible for some insight on knowledge from Proverbs 3:13-18:

***“Happy are those who find wisdom, and those who get understanding, for her income is better than silver, and her revenue is better than gold. She is more precious than jewels, and nothing you desire can compare with her. Long life is in her right hand; in her left hand are riches and honor. Her ways are ways of pleasantness, and all her paths are peace.*”**

***She is a tree of life to those who lay hold of her; those who hold her fast are called happy.”***

Once you gain knowledge no one can take it away. Once you have acquired knowledge, you can SHARE it, which increases your value as a person, group or corporation. That is what we are really talking about. Sharing the knowledge and taking it a step further by giving back a piece of what you have gained. Whether that is through giving your knowledge, finances, or encouragement, the joy you will receive by giving back is incredible. After all, is anything we have acquired really *ours*? When it is time for the good Lord to call us home, we won't be able to take any of these worldly possessions with us - not unless you will be buried in a really big casket or your relatives cremate you and all your possessions together – and that seems really twisted!

This chapter is taken from the most published book ever written: The Holy Bible. Mathew 7:12 – the Golden rule:

***“In everything do to others as you would have them do to you; for this is the law and the prophets.”***

The next passage in the book of Mathew ties to this very well, also. Mathew 7:13 – The Narrow passage

***“Enter through the narrow gate; for the gate is wide and the road is easy that leads to destruction, and there are many who take it. For the gate is narrow and the road is hard that leads life, and there are few who find it.”***

These two passages fit very well together. You see, as we have gained all of our “stuff,” i.e. knowledge, finances, and material items, we need to realize that we were certainly not alone. If we really looked at how we acquired those items, someone was there with us in small and large ways. If you didn’t say “thank you” to the person who helped you, perhaps you should. Better yet, give to someone else in the same fashion someone gave to you, without any strings attached or requirements to the results.

The second passage, Mathew 7:13, tells us that things get harder because this is a “narrow gate.” People don’t remember to say “thank you” or they forget the people who were there at their side through this gaining process - especially when the small gate requires you to give back financially.

You see if you have gained financially, I think you can pay your bills and put food on the table. Why not help an organization that helps others with finances? There are several passages in the Bible that support the idea of giving back.

***PSALMS 24:1***

***The earth is the Lord's, and all its fullness,  
The world and those who dwell therein .  
(NKJ)***

***PSALMS 50:10***

**For every beast of the forest is *Mine* , And  
the cattle on a thousand hills. (NKJ)**

***PSALMS 50:11***

**I know all the birds of the mountains,  
And the wild beasts of the field are *Mine*.  
(NKJ)**

I believe God owns everything and we are or should be stewards of his work. If you really look at the definition of the word *tithe* it says:

***tithe is derived from the Hebrew word, asair, which means to give the tenth part of. (Strong's Exhaustive Concordance)***

1/10 of whatever you make is all God asks for? Is that really so much? I know I am

working on this all the time because bills don't stop, but neither does God's love. Some people put more than 10% into their retirement accounts. Why not give back some of the fruits of what has been given to you?

Some people say that money is the root of all evil. Actually, the *worship* of money is the root of evil. When churches, synagogues and other reputable charitable organizations have money they can definitely help the poor and destitute. Look at the Red Cross with the hurricane victims. When they have money to get supplies for those who lost their homes, the help can move a lot faster. Necessities of life do cost money. We are not a society of bartering anymore. To help people in other countries to build worship centers or farms, money is required to get supplies and people to the locations. Toys for Tots depends on people who have some money to buy a new toy and those people putting that toy into the collection barrels for less fortunate children who may not otherwise get any.

If you ever have a chance to deliver Christmas presents to an orphanage or youth organization, you should jump at the opportunity. I did this when I was about 19. Our office collected names of children from a Detroit youth home and we all bought the

Christmas wish items for the children. We then wrapped the gifts and loaded them into cars and took them to the youth house. I will never forget, as I am holding back the tears now, the faces of the children and the home mothers when they saw me bringing in gifts to put under their Christmas tree. I had three little boys and girls come up and give me the biggest hugs I have ever had in my life. The smiles and excitement they received that day were amazing. One of the requests was for a new vacuum cleaner for the house and since we couldn't wrap the item we put a bow on it. As I brought it in, one of the house mothers started to cry and thanked me graciously. It was truly a joyous event and an event God gave to me for a reason: To show me the joy of giving. I delivered Christmas gifts to other youth homes the following years as well, and it is definitely rewarding.

As for my own children, my wife and I will take the boys along when we deliver items to a local missionary house, just to solidify what the giving experience can do for them and to let them see that some people are not as fortunate as we are to have the items we have.

One example of this occurred over Labor Day weekend, 2005, after Hurricane Katrina ravaged the Louisiana area. Some of the

neighborhood children and my children organized a lemonade sale to raise money for the hurricane victims. On one very hot and sunny Sunday afternoon we were able to raise over \$300 for hurricane victim relief by selling lemonade and holding up signs to passing traffic in the ninety degree heat and humidity. The interesting thing was I didn't even notice the heat and humidity. You see, the surroundings don't matter when your heart is in the right place.

My oldest son helped recently with one of the kids who came into our local winter baseball program. In Florida we can play "winter baseball." This child was from a family who had lost everything when Hurricane Katrina hit Louisiana. My oldest gave up one of the baseball bats he was not using anymore so this boy would have a bat to use. I was very proud he thought of this, and because the boy would need more than just a bat I took my sons to the sporting goods store so we could get him some baseball pants and a bat bag. You see, the boys got to experience the feeling of giving to someone who needed some help. Another person on the team gave him a baseball glove while another gave him cleats. I think he was the player with the most heart in the game on our team because of how he was welcomed and helped. Sometimes it doesn't

take a *lot* to help. Sometimes it is just talking and being with someone. Other times you may have to find the “Narrow Gate” and suck in your pride and open your wallet or give your time to help. The immense joy you get in return is worth so much more than any cost of what you give up. That is the *real* gift, the feeling of joy.

As I come to a close, I hope I can spread some joy to you as the reader. I hope I have escalated your knowledge, made you aware of opportunities which are all around you, and have encouraged you to overcome any obstacle placed in front of you when it comes to money saving strategies. I believe that by showing you some ways to save money in your busy life, you can have more time to ENJOY life, not just live it.

The money-saving methods described in this book will not clear up all your financial issues in a few months. It probably took you more than a month to get in the situation you may be in now, so it will take more than a month to get out. Be patient and steadfast in this endeavor. Money issues will come and go. The trick is to have the knowledge and encouragement to get through them. With this knowledge, help others to increase their knowledge and improve their financial situations and you will know what living life is about.

Finally I will ask something of you. If you feel this book has helped you in any way tell a friend about it or buy another copy for them. Helping someone makes a great gift *many* times over. Enjoy Saving, Enjoy Giving and Enjoy Life.

Please visit [www.savewhatyouearn.com](http://www.savewhatyouearn.com) for additional copies of this book or [www.bobbrumm.com](http://www.bobbrumm.com) for other great information.

**“If the Goal is worth the reward,  
be prepared to take the steps  
necessary to get there!”**



# SAMPLE BUDGET

## **Housing**

Mortgage \$ \_\_\_\_\_  
Heating \$ \_\_\_\_\_  
Electricity \$ \_\_\_\_\_  
Water and Sewage \$ \_\_\_\_\_  
Telephone(s) \$ \_\_\_\_\_  
Homeowners insurance \$ \_\_\_\_\_  
Property Taxes \$ \_\_\_\_\_  
Trash \$ \_\_\_\_\_  
HOA Dues \$ \_\_\_\_\_  
Home maintenance and furnishing \$ \_\_\_\_\_  
Cleaning supplies \$ \_\_\_\_\_

## **Transportation**

Gas \$ \_\_\_\_\_  
Car payment \$ \_\_\_\_\_  
Car Insurance \$ \_\_\_\_\_  
Car Inspection \$ \_\_\_\_\_  
Car repairs and maintenance \$ \_\_\_\_\_  
License plates & registration fees \$ \_\_\_\_\_  
Public transportation or taxi \$ \_\_\_\_\_  
Parking & tolls \$ \_\_\_\_\_

## **Food**

Groceries \$ \_\_\_\_\_  
School lunches \$ \_\_\_\_\_  
Work-related (lunches & snacks) \$ \_\_\_\_\_

## **Insurance**

Health \$ \_\_\_\_\_  
(Medical & dental, if not payroll deducted)  
Life \$ \_\_\_\_\_  
Disability \$ \_\_\_\_\_

## **Medical**

Doctor \$ \_\_\_\_\_  
Dentist \$ \_\_\_\_\_  
Prescriptions \$ \_\_\_\_\_

**Child Care**

Child Care tuition \$ \_\_\_\_\_  
Child support or alimony \$ \_\_\_\_\_

**Clothing**

Clothing \$ \_\_\_\_\_  
Laundry and dry cleaning \$ \_\_\_\_\_  
Donations \$ \_\_\_\_\_

**Education**

Tuition/Student Loan \$ \_\_\_\_\_  
Books, papers, & supplies \$ \_\_\_\_\_  
News papers & magazines \$ \_\_\_\_\_  
Lessons (sports, dance, music) \$ \_\_\_\_\_

**Entertainment**

Movies, sporting events, concerts, etc. \$ \_\_\_\_\_  
Video Rentals \$ \_\_\_\_\_  
Internet service \$ \_\_\_\_\_  
Restaurants & take-out meals \$ \_\_\_\_\_  
Cable & satellite TV \$ \_\_\_\_\_  
Gambling & lottery tickets \$ \_\_\_\_\_  
Fitness or social clubs \$ \_\_\_\_\_

**Debts**

Student Loan(s) \$ \_\_\_\_\_  
Credit Card monthly total \$ \_\_\_\_\_ (minimum payments)  
Medical bills \$ \_\_\_\_\_  
Personal Loan(s) \$ \_\_\_\_\_  
Other total \$ \_\_\_\_\_

**Vacations/trips**

Hobbies or crafts \$ \_\_\_\_\_  
Fitness or social clubs \$ \_\_\_\_\_  
Vacations/trips \$ \_\_\_\_\_

**Gifts**

Birthdays \$ \_\_\_\_\_  
Major Holidays \$ \_\_\_\_\_

Personal \$ \_\_\_\_\_  
Barber or beauty shop \$ \_\_\_\_\_  
Toiletries \$ \_\_\_\_\_  
Children's allowances \$ \_\_\_\_\_  
Tobacco products \$ \_\_\_\_\_  
Beer, wine or liquor \$ \_\_\_\_\_

**Miscellaneous**

Checking account & money order fees \$ \_\_\_\_\_  
Pet care & supplies \$ \_\_\_\_\_  
Postage \$ \_\_\_\_\_  
Pictures & photo processing \$ \_\_\_\_\_  
"Mad" money \$ \_\_\_\_\_  
Other not included monthly expenses \$ \_\_\_\_\_  
  
Grand total recurring monthly expenses \$ \_\_\_\_\_

**An interactive budget from Microsoft:**  
<http://office.microsoft.com/en-us/templates/TC010233421033.aspx>



## Glossary of Terms

**Achievement** – 1. Something accomplished, esp. by superior ability, special effort, great courage, etc.; a great or heroic deed. 2. Act of achieving; attainment or accomplishment.

**Cash** – 1. Money in the form of coins or banknotes, esp. that issued by a government. 2. Money or an equivalent, as a check, paid at the time of making a purchase.

**Coupon** - A portion of a certificate, ticket, label, advertisement, or the like, set off from the main body by dotted lines or the like to emphasize its separability, entitling the holder to something, as a gift or discount, or for use as an order blank, a contest entry form, etc.

**Deduction** – 1. The act or process of deducting; subtraction. 2. something that is or may be deducted.

**Discipline** - Training to act in accordance with rules; drill. 2. Activity, exercise, or a regimen that develops or improves a skill; training.

**Efficient** - 1. Performing or functioning in the best possible manner with the least waste

of time and effort; having and using requisite knowledge, skill, and industry; competent; capable: *a reliable, efficient secretary.*

2. Satisfactory and economical to use.

**Encourage** – 1. To inspire with courage, spirit, or confidence. 2. To stimulate by assistance, approval.

**Give** - To present voluntarily and without expecting compensation.

**Goal** - The result or achievement toward which effort is directed; aim; end.

**Health Savings Account** - An alternative savings product that offers a different way for consumers to pay for their health care. Enable's consumers to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis.

Consumer must be covered by a High Deductible Health Plan (HDHP) to take advantage of HSAs. An HDHP generally costs less than what traditional health care coverage costs, so the money saved on insurance can therefore be put into the Health Savings Account.

Consumer owns and controls the money in the HSA. Decisions on how to spend the money are made by the consumer without relying on a third party or a health insurer. Consumer will decide what types of investments to make with the money in the account in order to make it grow.

**Insurance – 1.** The act, system, or business of insuring property, life, one's person, etc., against loss or harm arising in specified contingencies, as fire, accident, death, disablement, or the like, in consideration of a payment proportionate to the risk involved. **2.** Coverage by contract in which one party agrees to indemnify or reimburse another for loss that occurs under the terms of the contract.

**Lien** - the legal claim of one person upon the property of another person to secure the payment of a debt or the satisfaction of an obligation.

**Low Cost** - Able to be purchased or acquired at relatively little cost.

**Lumens** - *Optics*. The unit of luminous flux, equal to the luminous flux emitted in a unit

solid angle by a point source of one candle intensity. *Abbreviation:* lm

**Saving** – 1. A reduction or lessening of expenditure or outlay. 2. Sums of money saved by economy and laid away.

**Share** – 1. One of the equal fractional parts into which the capital stock of a joint-stock company or a corporation is divided. 2. To divide, apportion, or receive **equally**.

**Stock** – 1. The outstanding capital of a company or corporation. 2. The shares of a particular company or corporation. 3. The certificate of ownership of such stock; stock certificate.

**Tax** – 1. A sum of money demanded by a government for its support or for specific facilities or services, levied upon incomes, property, sales, etc. 2. A burdensome charge, obligation, duty, or demand.

## **USEFUL WEBSITES**

**[www.printpal.com](http://www.printpal.com)**

**[www.closeoutexplosion.com](http://www.closeoutexplosion.com)**

**[www.mykidseatfree.com](http://www.mykidseatfree.com)**

**[www.esurance.com](http://www.esurance.com)**

**[www.insurancefinder.com](http://www.insurancefinder.com)**

**[www.netshutters.com](http://www.netshutters.com)**

**[www.financialfitnesscoach.com](http://www.financialfitnesscoach.com)**

**<http://bobbrumm.com/MMZip/MM78772.exe>**

**[www.homebusinessstaxsavings.com](http://www.homebusinessstaxsavings.com)**

**[www.irs.gov](http://www.irs.gov)**

**[www.investopedia.com](http://www.investopedia.com)**

**[www.harborfreight.com](http://www.harborfreight.com)**

**[www.homier.com](http://www.homier.com)**

**[www.savewhatyouearn.com](http://www.savewhatyouearn.com)**

**[www.bobbrumm.com](http://www.bobbrumm.com)**



## ABOUT THE AUTHOR

Bob Brumm is an accomplished speaker, author and business owner serving corporate, charitable, sales and youth organizations. Bob has a unique ability to grasp and sustain the attention of large audiences while still using a direct, delicate personal approach as if he is speaking only to you. He is capable of inspiring passion and commitment through sincerity. It is a straight-forward honest approach that is very refreshing.

As a husband, father of three boys, and a man of God, Bob knows what it takes to keep up at the warp speed of today's society and the strains caused by this pace. With these types of constraints, Bob practices several money saving strategies that can save people **over \$500** a month.

With over 15 years in the IT and Telecommunications fields, and recognized for his efforts that save time and money, Bob knows how to integrate new technology to increase efficiency, lower costs and assist users. Bob would like to share his concepts with you to save you time and money.

Bob is available for your corporate key note, leadership, sales and training sessions, college career days and orientation sessions as well as youth and charitable organization presentations. His schedule fills up quickly

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