

FINANCIAL

FINANCIAL CONCEPTS

FINANCIAL 5

EASY TO PLEASE + CONTROL SPENDING + FINANCIAL INDEPENDENCE + MARKETABLE SKILLS = FREEDOM TO FOLLOW YOUR BLISS

CONCEPTS-review this page and then fill out the Financial Action Plan on Financial 2

FINANCIAL INTEGRITY OVERVIEW-Objectives-**control** of spending, **budget**-direct money toward essential needs, activities that reflect your values, financial independence. Informed choices result in control, independence & more freedom. Keys are: financial plan, goals, efficiency with your time, & costs.

Personal responsibility is necessary for informing yourself & the action for results. It's a do it yourself job.

SIMPLE LIVING-minimize cost & maximize income for low risk investments & early semi-retirement.

SEMI-RETIREMENT INVESTMENT & PART TIME WORK-begin financial independence gradually by focusing & efficient living.

WORK/ FREEDOM//INDEPENDENCE=SPENDING-Important relationship between the amount of money you spend & amount of time spent at work.!

BLISS- Bliss is any endeavor that is so enjoyable that you forget all about time. Art is a good example of activities that achieves bliss for some.

MARKETABLE SKILLS-Learn skills that are in demand. The librarian will direct you to the information required-a list of skills in demand by employers.

MEANINGFUL WORK-discover your talents, passions & then create work around them.

COST EFFECTIVE HAPPINESS-True wisdom knows the point of spending more money does not bring more relative happiness. A point of diminishing returns. Answer the question....How long will the experience make me happy? Learn about true value by budget and planning.

REQUIRED INVESTMENT BASE FOR SEMI-RETIREMENT-This amount is your goal if you are to retire early with part time work. Divide your annual cost of living by a conservative Total Return (5%) and divide by 12 months for the amount of money you can rely on from your investments. Semi-retire in 5 yrs?

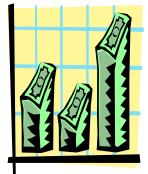
LEGACY-Once you identify your bliss and achieve financial independence you can begin to create and experience it.

PART TIME WORK coupled with lower your cost of living can create more financial independence.

3 TYPES OF INVESTMENT-Check 1 yr indices for Stocks & or real estate (REITS) S & P 500, Bond (Lehman Brothers), & real estate.

STEPS TO SIMPLE EFFICIENT LIVING

- FINANCIAL PLAN & GOALS**-redirect income toward activities that reflect your personal values, include early semi or full retirement?
- Record you're spending habits for a month to find out where you can save money for investment after paying essential costs.
- Maximize income by learning a marketable skill.
- Lower cost of living below income to allow building an investment base that can enable you to semi-retire in 5 years
- Pay 60% of your net income into low risk investments for 5 years to build the required investment for semi-retirement
- Start money making money with low risk investments & compound interest.



FINANCIAL TOOLS

BUDGET//INCOME DISTRIBUTION/PRIORITIES-Essential needs prioritized: Shelter, Food, Trans, Insurance's, phone, emergency fund (6 mos), investment, miscellaneous and low cost fun. The total of these areas make up your survival cost. Anything beyond is non-essential & can sabotage your financial goals. Most people spent compulsively only to find that they are short for the rest of the month. Sound familiar? This is exactly backwards to financial integrity.

DISPOSABLE INCOME-This is the amount that one has left over after essential needs are paid. Beginning of each month there is a magic moment to decide to spend your disposable income on toys, expensive trips and etc. or education, early semi-retirement that bring you **COST EFFECTIVE HAPPINESS**.

RECORD KEEPING-recording what you spend your money is essential for objectivity and the ability to make informed choices. Besides it's interesting.

FINANCIAL GOALS & PLAN-If there is one thing that will keep you from being exploited by others its financial goals. Their importance lies in the ability to see what direction your life is going. Objectivity, objectivity objectivity!!! Financial goals program the mind for informed choices. Besides they are fun.

PRIORITIES- Priorities are literally lifesavers. Prioritize financial goals "before" the money is spent & realize your dreams while you are young.

MARKETABLE SKILLS/EDUCATION are the single most important step for financial independence. Often only 1 or 2 yrs of study is required or grants.

INVESTMENTS & COMPOUND INTEREST is leverage. Mortgages lever you. Bonds, CD's, leverage the banks. Compound interest builds upon itself exponentially every month. Stocks historically over the last 50 years returned 10%. However, unless you learn about the market stay out of stocks!

TOTAL RETURN (TR)-return on investment expressed as a percentage. The average TR for the stock market is 10%.

FINANCIAL PLANNER-consider their total return % back 5 yrs. Fee only certified financial planner, never commission. Insist on best from the whole market.

TIPS TO SAVING MONEY-rate yourself, make a list & utilize tips that would save you money?

- | | |
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| <input type="checkbox"/> Efficiency Status: 0=not using tip 5=sometimes 10=using a lot | <input type="checkbox"/> MIRCROWAVE saves time, energy & dirty dishes |
| <input type="checkbox"/> EFFICIENCY TOOLS-Budget, record spending, marketable skills, goals | <input type="checkbox"/> CHILDREN-postpone children until financially secure. One child. |
| <input type="checkbox"/> SHELTER-most expensive after children (\$500,000 each/50 yrs- work) | <input type="checkbox"/> PREVENTIVE MEDICINE-limit saturated fat, over eating & exercise |
| <input type="checkbox"/> PHONE-Free phone voicemail through Laser mail (206 339 1000) | <input type="checkbox"/> DENTAL HYGIENE-brushing and flossing after every meal. |
| <input type="checkbox"/> CELL PHONE-for \$20/month-can check your messages | <input type="checkbox"/> COMMUNICATION SKILLS-(equal air time, acknowledgement) |
| <input type="checkbox"/> FOOD-Plan meals, split a meals out, healthy food cheaper, food banks. | <input type="checkbox"/> LEARN TO FIND HAPPINESS WITHIN YOU MEANS- "easy to please" |
| <input type="checkbox"/> HEALTH INSURANCE-Some states have subsidized health insurance. | <input type="checkbox"/> TELEPHONE-express essence & essential info via phone vs. travel. |
| <input type="checkbox"/> TRANS-Transit pass=\$600.yr, Flexcar-\$35/mo | <input type="checkbox"/> GROUP TOGETHER ERRANDS-save much time & dangerous travel |
| <input type="checkbox"/> LIVE CLOSE TO WORK-Saves irreplaceable time as well as money | <input type="checkbox"/> FINANCIAL (FLAT FEE) PLANNER-w/a good 5yr total return >10% |
| <input type="checkbox"/> INTERNET- free Internet/web camera (video telephone)vs long distance | <input type="checkbox"/> BUY LOW, SELL HIGH/DOLLAR COST AVERAGING/LIBRAY |
| <input type="checkbox"/> SECOND HAND-used furniture & cars w/good Consumer Reports | <input type="checkbox"/> LIBRARIES-librarian for good financial planning books, newsletters |
| <input type="checkbox"/> DEBIT CARDS & "no" credit cards. Avoid high interest rates | <input type="checkbox"/> FINANCIAL HISTORY-record monthly cost, net income for the last 5 yrs |
| <input type="checkbox"/> LIBRARY-free Internet (email) movies, videos CD's, DVD's, books. | <input type="checkbox"/> NO LOAD MUTUAL FUNDS & A DISCOUNT BROKER |
| <input type="checkbox"/> FREE CLASSES-library-Internet, word processing, spreadsheet. | |
| <input type="checkbox"/> VENTS-Close bathroom doors prevents heat from escaping vents. | |
| <input type="checkbox"/> TRAVEL VEDIOS instead of expansive & dangerous travel. | <input type="checkbox"/> Add 0's, 5's, 10 & divide by the number of tips for life efficiency status <input type="text"/> |

FINANCIAL INDEPENDENCE =IT'S NOT HOW MUCH MONEY YOU MAKE IT'S HOW MUCH YOU KEEP?