

DEBT MANAGEMENT SYSTEM

NOTES

- Turn Debt into Wealth. **No** need to become very frugal...
- Credit cards use COMPOUND interest against YOU!
- Use the “power of finance” to your advantage.
- **If you pay off a 15% interest debt (credit card etc.), that is equivalent to earning 15% tax free.**
- Leveraging includes debt. Leveraging can help you build wealth.
- Start by using the debt management to pay off your existing high-interest “bad” debts.
- Debt management is about managing your debt in the most efficient way, which results in paying off your debts in ½ to 1/3 the time without paying additional interest payments.
- “Parking money” is where you temporarily put your income (salary etc) before you pay your bills. Normally, this is in a checking account.
- It does not make sense to “park” your money in a checking and/or savings account. It makes more sense to “park” in a line of credit while paying off your bills.

- Software can allow you to automate your WHOLE debt management so that you don't have to think about it too much.
- Here are the steps:
 1. Establish a line of credit ("LOC")
 2. LOC must have check writing capabilities
 3. Deposit all of your paychecks into LOC as soon as possible
 4. When it is time pay your bills from LOC as late as possible without incurring any penalties.
- Greatest & most tragic fallacies affecting millions of Americans is the belief that a large mortgage is an excellent wealth creation strategy: *"I need a large mortgage to be able to deduct the interest payments & reduce my tax liability"* Would you like to get 30 cents in taxes for every \$1 you send the mortgage company?
- Emergency Funds:
 - 3 to 6 months worth of living expenses. That depends on YOU
 - Job loss, sickness, unscheduled events, etc.
 - Not for incidental expenses
 - *"An emergency fund is an easily accessible stash of money for use only in case of emergency. It is not to be used to buy a new car. It is not to be used to buy a new Playstation. It is not to be used to remodel your bathroom. It is for use only in case of emergency."*
- Emergency Funds:
 - Save your emergency funds in your "Banking System" instead of a savings account or CD.

- Money is now growing tax-advantaged, and is available anytime for an emergency!
 - BONUS: Death benefit + Retirement Account + Money working for you!
 - Notes: You have access to a large portion of it immediately, which will increase over time, ultimately giving you access to over 100%!
- Emergency Funds: START TODAY! Don't wait!
 - If you have bad credit, consider getting a CD-Secured lines of credit.
 - Many banks offer CD-Secured lines of credit. Here is one:
<http://www.guarantybank.com/personal/loans/cds-secured.asp>

Debt Management System

“To Do” List

- Sign up for a Debt Management Strategy Session to find out if you qualify for the use of the software.
- You have the option of using a Line of Credit. Otherwise software will show you other ways to use a checking account.
- Run income and bills through the LOC
- Start your emergency fund in your banking system
- Purchase the debt management system software to automate this system.