



WEALTH



MASTERY

THE BUY & HOLD MODEL OF INVESTING



BILL STATON'S METHOD: AMERICA'S FINEST COMPANIES®

Known as "America's Money Coach," Bill Staton makes the subject of money SIMPLE and FUN. He is a pro who explains the economy and money matters in everyday language. He empowers people to make the most of their money, in the least amount of personal time, with the least risk. Bill has the uncanny ability to foresee economic and investment trends long before they become reality.

A Chartered Financial Analyst with an MBA in Finance from The Wharton School, Bill was research director for a major regional investment firm. He was one of the industry's top performers, which prompted *Money* magazine to laud him as one professional who "buys value and beats Wall Street."

His remarkable track record inspires confidence, making Bill's audiences eager to hear what he has to say about current economic trends, which stocks to buy or avoid, retirement planning, and a multitude of other financial subjects.

As a speaker and money-manager, Bill provides answers to personal-finance questions. As *The Wall Street Digest* said, "He simply helps people learn to invest for themselves."

Bill became a millionaire investor at age 31 and a multimillionaire by age 35. He is Founder and Chairman of The Staton Institute, Inc., an organization that empowers people to take charge of their money. He is known for entertaining and easy-to-understand educational materials and his popular Wealth-Building seminars. Bill is also a portfolio manager for individuals and small businesses (through Staton Financial Advisors LLC).

Staton's documented 27-year track record of market-beating results makes him one of the nation's top performers. He has been quoted in *The Wall Street Journal*, *Barron's*, *The Washington Post*, *The New York Times*, *USA Today*, *U.S. News & World Report*, and *Kiplinger's Personal Finance*, among others.

Bill has been profiled in *Money* magazine, *Bottom Line Personal*, *The Charlotte Observer*, and *The Business Journal*. Bill is often interviewed on radio and television and hosted "Bill Staton's Managing Your Money" on WBTV in Charlotte.

Bill is the author of: *Double Your Money Every Five Years*, *How to Become a MultiMillionaire on Just \$50 a Month*, and *Never Invest in Anything That Eats or Needs Repairing*. He is the editor and publisher of the annual *America's Finest Companies® Investment Directory*.

Bill's latest audiocassette album from Nightingale-Conant is entitled "Lifetime Riches: The Seven Secrets to Multiplying Your Wealth."

Bill Staton lives in Charlotte, NC with his wife and business partner, Mary, and their four children.



THE 10-30% ADVANTAGE: BEATING THE MARKET WITH CERTAINTY

There are more than 19,000 US-headquartered stocks that are publicly traded. As already stated, over the last 50 years, the stock market (S&P 500) has returned an average of 12.6%. The question is, how do you find the quality companies that will do well through good times and bad? Bill Staton developed a simple formula. If you narrow your list to only those companies with at least 10 straight years of higher earnings and/or dividends per share, you end up owning companies with a tremendous track record of consistent success and profitability.

When Bill Staton began his research in 1989, he discovered that only 417 US companies fit his criteria, the top 2% of American industry. These companies represent the finest America has to offer investors. He then trademarked his list as America's Finest Companies® and publishes an annual investment directory about these companies every September (to order please call (800) 847-8507 M-F EST or visit www.statoninstitute.com).

On average over longer periods of time, America's Finest Companies® have delivered an additional 10-30% per year above the market's return, allowing you to double your money roughly every five years. In addition, as you might have guessed, many of these companies have increased in value by 600% or even 1500%, providing a much higher return.

In 2000, 334 made Bill's AFC listing with 319 qualifying from long histories of dividend increases. Seventy-two qualified from higher earnings while only 62 qualified on the basis of both higher earnings and dividends. Two-hundred-eighty of the companies have dividend reinvestment plans. Eighteen of those allow investors to buy additional shares at a discount from market value.

Bill strongly advocates investing in a group of eight to 10 of his "Finest Companies" and remaining with them unless they no longer qualify to be in his universe, in which case you sell your shares and replace them with another company.

"Bill provides a simple plan that anyone can use to begin building an estate and, at the same time, build their self-confidence along with it."

— JIM CATHCART —

Professional speaker and author of *The Acorn Principle*



HOW TO BEAT 75-85% OF WALL STREET'S PROS 100% OF THE TIME

- 1** *Create your own personal "mini-mutual fund" of at least five to eight of America's Finest Companies®.*
- 2** *Make sure each company is in a different industry.*
- 3** *Invest the same dollar amount in each company for proper diversity.*
- 4** *Buy more of what you already own at least once each year as long as it's still in America's Finest Companies®.*
- 5** *Reinvest all dividends.*
- 6** *Sell only when a company is deleted* or when you need the money.*
- 7** *Be patient. The longer you invest, the more successful you'll be.*

That's it. Seven simple steps.

*By following these steps, it's a cinch for you to beat 75-85% of the pros
100% of the time with America's Finest Companies®.*

**Bill Staton's America's Finest Companies® is published annually in September.
To order, please call (800) 847-8507 M-F EST or log onto www.statoninstitute.com.*



PHASE I

IS IT A QUALITY COMPANY

The advantage to this strategy is that all of the companies on the America's Finest Companies® list have already established themselves as being quality companies. They have consistently produced increased profitability to their shareholders, thus they have a track record of consistent growth and financial soundness. Hence, if you want a simple way to quickly ascertain if a company is a "quality company," this system allows you to select from a field that are in the top 3% of all public companies you can invest in. **A downside to this system is that it does not really have a phase two (an evaluation of the ideal price).**



If you wish to increase your potential returns and reduce risks, you may want to do further analysis by using another method to evaluate whether the current price is a bargain or not. America's Finest Companies'® strategy for buying at the right price is to utilize dollar-cost averaging. (Don't be scared by this term—it's explained at the bottom of this page!)

America's Finest Companies® takes further steps to ensure that your entire portfolio is not only comprised of quality companies, but that you are properly diversified. Thus, be sure to diversify your portfolio by purchasing stocks in a variety of industries and by investing the same amount in each company.

Dollar-Cost Averaging*

This strategy allows investors to **put a set amount of money into the stock market regularly**, such as a small portion of each month's salary. The advantage of a set dollar amount is that if the stock price is high, you get fewer shares at the time of purchase. By the same token, if the price is low you get more shares at the time of purchase. The result is that your buying is occurring automatically pretty much as it should: **You buy more shares when stocks are low and fewer when stocks are high.** What you're doing, in essence, is blunting the impact of market swings on your portfolio.

For example, if you buy a stock at \$30 per share and then the stock drops to \$20 per share, as long as the company is financially sound, it is probably a great time to buy more stock and take advantage of the opportunity to get a bargain. This type of buying will also lower the price you've paid per share overall for your entire investment in this company.

EXAMPLE: If you invest \$3,000 at \$30 a share, you will be able to purchase 100 shares. If you invest \$3,000 at \$20 a share, you will be able to purchase 150 shares—one and a half times the number of shares purchased at \$30!

[*Source: Matt Seto, *The Whiz Kid of Wall Street's Investment Guide* (New York: William Morrow and Company, Inc., 1996)]



PHASE II

IS IT THE RIGHT VALUE

America's Finest Companies® (AFC) is based on a 60-minute-per-year investment strategy. It endorses the use of dollar-cost averaging as a way to make certain that, through time, the price you pay for a stock is appropriate.

STRATEGY 1: DO NOT TRY TO TIME THE MARKET.

Because the companies on America's Finest Companies® list are quality companies, even if there is a fluctuation in stock prices, as long as the company is financially sound and produces consistent growth, then your stock will increase in value over the long-term.

STRATEGY 2: USE DOLLAR-COST AVERAGING.

This strategy allows you to continually build your portfolio of companies by buying over time—purchasing fewer shares when the stock price is higher and more shares when the price is lower.

STRATEGY 3: BUY STOCKS AT A DISCOUNT WITHOUT A BROKER.

There are several things you can do to avoid high brokerage fees and commissions.

Several companies listed in America's Finest Companies® investment plan allow you to reinvest your dividends and buy additional shares through their optional-cash payment plans at discounts ranging from 1% to 5% off the market price.

In addition, about 15% of the companies on the list allow you to buy initial shares direct without going through a broker. Some companies require you to buy a set number of shares to start your investment program. Others require that you be either a customer or a resident in their service areas before making your first purchase.

Or, you can use an electronic discount stock brokerage firm. While a regular broker (e.g., Merrill Lynch) might charge \$373 for trading 1,000 shares, and a discount broker (e.g., Charles Schwab) might charge \$144 for trading 1,000 shares, the charges for an electronic trading broker (such as E*Trade) range anywhere from \$14.95 to \$50.

REMEMBER

NO INVESTMENT IS WITHOUT RISK!
WE DO NOT GUARANTEE ANY SPECIFIC
RESULTS OR RETURNS.



YOUR INVITATION TO BECOME ONE OF AMERICA'S FINEST INVESTORS

For further information or subscriptions, please call:

(800) 847-8507 OR
www.statoninstitute.com

- 1** One-year subscription (52 weekly issues) to Bill Staton's E-Money Digest/Guided Portfolio Service\$99.95 (via email),
.....\$149.95 (hard copy)

Bill's weekly advisory is chock-full of moneymaking ideas including:

- How to become a millionaire by buying a less expensive car.
- Perceptive and informative commentary about the economy, interest rates, and the stock market.
- Undervalued companies you should be investing in today. And much more.

Everything is written in Bill's down-to-earth, colorful style—and is always in plain English.

Bill's "Guided Portfolio Service" is included as part of each subscription. Whether you have a little bit of money or a lot, Bill manages a portfolio using only personal picks from his trademarked universe, "America's Finest Companies" (which contains every US-based company with a minimum of 10 straight years of higher earnings and/or dividends per share).

These thoroughbreds of American industry have outpaced the market for years because they are the top 2% of all public companies. Now you can take full advantage of Bill's 30 years' of stock-picking expertise by subscribing to his "E-Money Digest/Guided Portfolio Service."

In addition to a regular weekly newsletter covering a wealth of financial and money-making topics, you'll also receive:

- An end-of-the month statement showing the status of the portfolio and how it's performing relative to the market.
- Timely interim additions to and deletions from the portfolio.
- Up-to-the-minute market/economic comments as needed.

- 2** Bill Staton's America's Finest Companies[®] Directory \$39.95

BILL STATON, MBA, CFA—"AMERICA'S MONEY COACH"
STATON FINANCIAL ADVISORS LLC
2431 HARTMILL COURT
CHARLOTTE, NC 28226
(704) 365-2122 • (704) 365-1910 (FAX)
bill@statoninstitute.com



ON-LINE BROKERAGE SERVICES



1. CSFBdirect (formerly PC Financial Network and DLJdirect) at (www.CSFBdirect.com)
2. Street Smart and e.Schwab (Charles Schwab) at (www.schwab.com)
3. Fidelity Investments at (www.fidelity.com)
4. QuickWayNet and Q & R Online at (www.quick-reilly.com)
5. E*Trade Securities, Inc. at (www.etrade.com)
6. Tickerscreen at (www.maxule.com)
7. Investrade Securities at (www.Investrade.com)

OTHER BROKERAGE SERVICES

THE **MONEY**PAPER

If you have an active subscription, you can establish an account and send investments directly to the transfer agent for the company—with minimal or no service fees. Subscriptions are \$90 per year. *There is no minimum investment—you can purchase as little as one share.*

1010 Mamaroneck Ave.
Mamaroneck, NY 10543
Phone: (800) 388-9993
(914) 381-5400
Fax: (914) 381-7206
(www.moneypaper.com)



Trade any common preferred stock, any number of shares for \$18 (live broker), \$12 (touch-tone), \$8 (web site). *A \$2,000 equity is required to open your account.*

Ameritrade, Inc.
P.O. Box 2760
Omaha, NE 68103-2760
Phone: (800) 628-6100
(402) 970-5805
Fax: (402) 970-5524
(www.ameritrade.com)



CREATING A PLAN THAT WORKS

Q *Would you ever buy a ticket to an unknown destination?*

A Of course not. You don't just jump on a plane and hope it will fly you where you want to go. Likewise, one of the first rules of getting ahead is to know where you're going—before you begin. If you liken your financial journey to embarking on an incredibly exciting, lifelong adventure, you have to ask yourself, "Do I know precisely where I am now? Have I plotted my course? Am I fully equipped to navigate my way once I've set sail?"

*"From the earliest records known to man,
the ability to find one's way from destination
to destination was dependent on the skill of navigation.*

*Navigation is not merely knowing where you are
but also where you are not.*

All journeys have a starting and ending.

*The better the navigator,
the more successful the journey."*

———— DANIEL A. MCKENZIE ————



WHAT DOES IT TAKE TO TRULY ACHIEVE YOUR FINANCIAL GOALS?

The skill of NAVIGATION

1. Learn where you are *right now*.
2. Recognize and use the tools, techniques, and personal resources available to you.
3. Understand how to deal with any external factors that may blow you off course.
4. Ideally, acquire a map from someone who has successfully completed this trip before.
Get a great role model!

There are few areas where the skill of navigation is more critical than in one's finances. What could you accomplish with the right map, the right tools, and the precise focus that comes from knowing exactly where you're headed?

You're about to find out...



WEALTH



MASTERY

LET'S BEGIN:

ESTABLISH
YOUR
FINANCIAL
GOALS






NOTES

“Chance favors the prepared mind.”

————— LOUIS PASTEUR —————



Let's begin to define what you want financially...

Goals	Short-Term 6-36 Months	Intermediate 3-10 Years	Long-Term 10+ Years
<p>TOYS & REWARDS: Things you want (to own or buy)</p> <ul style="list-style-type: none"> • House • Car • Art • Yacht • Jewels 			
<p>GIVING & FEELING: Things you want to give or experience (to or for your- self, your family, or others)</p> <ul style="list-style-type: none"> • Travel • Philanthropy • House for parents or children 			
<p>ECONOMIC GOALS:</p> <ul style="list-style-type: none"> • Reduction of debt • Cash in hand • Net worth • Annual income from investments • New business profitability 			



WHEN ARE YOU FINANCIALLY SECURE, INDEPENDENT, OR FREE

1. **How much will it take?**

\$ _____



This symbol is used throughout this manual to denote any currency. When you see this symbol, please substitute your native currency in the calculation.

2. **How long will it take?**

_____ years



MAKING YOUR PERSONAL FINANCIAL DREAMS A REALITY

Everyone has the right to pursue his or her financial dreams. To turn those dreams into reality, we must identify precisely what they are. Following are six levels of financial well-being that are possible to attain. Use this list to clarify which dreams are most important for you to achieve in your lifetime.

REMEMBER:
CLARITY EQUALS POWER!

1. Financial _____
2. Financial _____
3. Financial _____
4. Financial _____
5. Financial _____
6. _____ Financial Freedom

Now, let's define each of the goals with precision.



1

FINANCIAL

This is the minimum and first financial goal for _____. Its purpose is to be absolutely _____ that you and your family are protected **no matter** what short- or long-term challenge may befall you or the economy. **You have accomplished financial protection for yourself and your family when three goals have been met:**

1. **You have accumulated enough _____ assets** to cover your _____ expenses (overhead) for a minimum of ____ months and up to 24 months depending upon your personal goals.
2. **You've begun a _____ fund** so that:
 - a. if you were to pass away, your family or those you are providing for would be taken care of; and
 - b. even if your pension fund is small, you have set in motion the resources to provide _____ to meet your needs and your family's needs while you're alive, and so that eventually you will continue to earn the income you need to maintain your lifestyle whether you work or not.
3. **You have obtained _____ insurance** to protect yourself and your family so that your lifestyle is protected if you're disabled in any way. The amount of your disability insurance, or lack thereof, is directly related to the amount of money you've already _____ to cover any financial challenges. That is, if you have enough money saved to cover your overhead for 24 months, you may choose to purchase less or no disability insurance. Whereas, if you have only enough savings to cover your overhead for 1-2 months, you would consider the disability insurance option more strongly.

REMEMBER

INTERRUPTION OF _____ BECAUSE OF JOB CHALLENGES OR PHYSICAL INJURY IS ONE OF THE LEADING CAUSES OF ECONOMIC RUIN FOR FAMILIES. FINANCIAL PROTECTION IS THE VERY _____ FINANCIAL DREAM YOU MUST REALIZE TO ENSURE THAT NO MATTER WHAT HAPPENS, YOU AND YOUR FAMILY WILL BE TAKEN CARE OF.

2

FINANCIAL

You have achieved financial security when, through various investments, you've accumulated a _____ of capital that, invested in a secure environment at an 8% rate of return*, **provides you with enough cash to meet the following needs forever** without having to work again unless you choose to:

1. Monthly _____ payment on your home until it's paid off.
2. Pay for all of your and your family's _____ needs each month.
3. Pay for all your gas, electric, and _____.
4. Pay for your _____ needs, etc.
5. _____.
6. _____ (e.g., property taxes).

* An 8% rate of return is used here and throughout this workbook strictly as an example; you can substitute whatever rate of return you feel confident you can consistently obtain.



3

FINANCIAL

You have achieved financial vitality when, through various investments, you've accumulated a _____ of capital that, invested in a secure environment at an 8% rate of return, provides you with enough cash to meet each of the six goals of financial security, plus the following four additional financial goals, without ever having to work again, unless you choose to.

1. The ability to provide, substantially or completely, for your children's _____.
2. The continued funding of your _____ to enable you to build even greater financial strength for the future.
3. Providing for basic _____ needs (at least 50% of what you enjoy now).
4. The purchase of new clothing, or one or two reasonable "_____ " items.



4

FINANCIAL

You have achieved financial independence when, through various investments, you've accumulated a _____ of capital that, invested in a secure environment at an 8% rate of return, provides you with enough cash to live the exact same _____ you have today (accounting for inflation), without ever having to work again for the rest of your life.

In other words, you're _____ from work!



5

FINANCIAL

You've achieved financial freedom when you have **accumulated enough critical mass** to provide sufficient income for you to live the _____ you desire (accounting for inflation) without ever having to work again for the rest of your life.

“Most people _____
what they can do in a year
and _____
what they can do in a decade.”

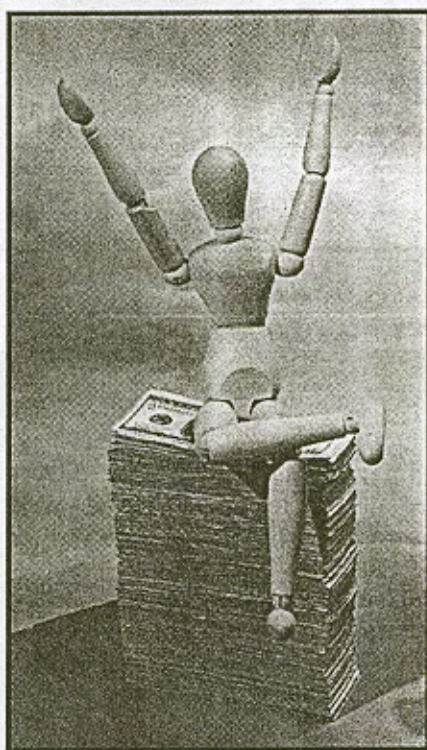
— ANTHONY ROBBINS —



6

FINANCIAL FREEDOM

This goal has been achieved when you have accumulated enough critical mass to provide an income that causes you to feel _____ that you can **do virtually whatever you want, whenever you want, wherever you want, with whomever you want, as much as you want, in a way that empowers yourself and others, forever!**





REMEMBER

SUBSTITUTE AND CALCULATE WITH
YOUR OWN COUNTRY'S CURRENCY
IN ALL AREAS WHERE DOLLARS (\$)
ARE INDICATED.





LET'S DETERMINE
PRECISELY
WHAT IT WILL TAKE
FOR YOU TO ACHIEVE
EACH LEVEL OF YOUR
FINANCIAL DREAMS.





1

FINANCIAL PROTECTION

The precise amount of money you'll require in **liquid assets** to be financially protected can be established simply by reviewing your current monthly overhead (i.e., the minimums). What does it take for you to keep things together? Listed below are the **critical obligations that must be met** to ensure that you and your family are **financially protected**.

Item	Current Cost Per Month
1. Mortgage payment per month:	\$ _____
2. Utilities (average) per month:	+ \$ _____
3. Transportation (average, including auto insurance) per month:	+ \$ _____
4. Food (average) per month:	+ \$ _____
5. Insurance (disability*, health, etc.) per month:	+ \$ _____
* If you do not have disability insurance, see page 125 for sample monthly payments.	
6. Taxes (average, e.g., property taxes)** per month:	+ \$ _____
** If you included property taxes with your mortgage payment (line 1), do not include them here. If you make tax payments quarterly, add each payment together and divide by 12 to determine monthly payment. (EXAMPLE: If your payments of \$1500 are due in April and October, $1500 \times 2 = \$3,000$ and $3,000/12 = \$250$ per month.)	
7. Private pension plan*** per month:	+ \$ _____
*** If you do not have a pension plan, private or otherwise, see page 126 for sample monthly payments.	

8. Total monthly income necessary for protection: = \$ _____

My Goal:

9. The minimum amount of money I need to accumulate to be financially protected for two months is (line 8 x 2): \$ _____

10. My financial protection goal is to save enough money to cover _____ (#) months of basic overhead (line 8 x _____ mos.): TOTAL: \$ _____



PROVIDENT DISABILITY INCOME PROPOSAL \$1000 MONTHLY BENEFIT*

Client Age

Monthly Premium

25	\$27.80
30	32.07
35	39.53
40	49.00
45	62.27
50	80.48
55	104.79

*Assumes a benefit period of 60 months.

Note: These numbers are gross estimates and should be used for comparisons only. Insurance companies will vary in their premium rates.

A GOOD RULE OF THUMB IS TO INSURE YOURSELF FOR 60% OF WHAT YOU MAKE.

The chart shows that at age 30, for example, you need \$32.07 for each \$1,000 of protection. For \$2,400 of protection you would need $2.4 \times \$32.07 = \77.00 per month.

EXAMPLE

Age	.....30
Monthly Income	.....\$4000
	x 60%
	<hr/>
	\$2400



PRIVATE PENSION PLAN/VARIABLE UNIVERSAL LIFE INSURANCE
8% INTEREST TAX-FREE INCOME FOR LIFE AT AGE 66*

Current Age	Death Benefit	\$10,000 Annual Investment \$833/mo.	\$5,000 Annual Investment \$416/mo.	\$2,500 Annual Investment \$208/mo.	\$1,000 Annual Investment \$83/mo.
25	425,000	283,000	115,800	56,600	21,200
26	410,000	260,000	106,400	52,200	19,500
27	400,000	239,000	98,200	48,000	16,300
28	385,000	220,000	90,300	44,200	17,500
29	375,000	202,000	83,300	40,600	15,100
30	360,000	185,000	76,300	37,300	13,900
31	347,000	170,000	70,000	34,100	13,500
32	330,000	156,000	64,400	31,300	11,800
33	320,000	143,000	58,700	28,600	10,600
34	308,000	108,000	53,700	26,200	9,700
35	296,000	99,000	48,900	24,000	8,900
36	284,000	90,000	44,800	21,800	8,000
37	273,000	82,000	40,800	20,000	7,300
38	262,000	75,000	37,100	18,100	6,700
39	252,000	68,000	33,700	16,200	6,000
40	241,000	62,000	30,600	14,800	5,200
41	232,000	56,000	27,800	13,600	4,600
42	220,000	51,000	25,200	12,300	4,000
43	213,000	46,000	22,500	10,900	3,600
44	205,000	41,000	20,000	9,800	3,200
45	196,000	37,000	18,300	8,800	2,700
46	188,000	33,000	16,300	7,800	2,200
47	180,000	29,000	14,600	7,100	1,800
48	173,000	26,000	13,000	6,200	1,500
49	166,000	23,000	11,500	5,400	N/A
50	159,000	20,000	10,000	4,700	N/A
51	152,000	17,900	8,700	4,000	N/A
52	146,000	14,900	7,000	3,200	N/A
53	140,000	11,900	5,700	2,600	N/A
54	134,000	9,400	4,300	2,000	N/A
55	128,000	7,100	3,300	1,400	N/A

* These are gross estimates that should be used for comparison purposes only. Different pension plans will differ in their actual costs and tax consequences. This only represents the death benefit for a \$10,000 premium.

How to Read This Table:


If you are currently 25 years old and contribute \$10,000 per year until you are 66 years old, you will have an annual tax free cash flow of \$234,000 per year assuming a net 8% return.

2

FINANCIAL SECURITY

To calculate the amount of money you'll need to be **financially secure**, you must establish the cost of six fundamental needs that, if met by your investments, would provide **essential financial security for the rest of your life**. Fill in the following six monthly expenses, total them, then multiply by 12 to discover the **annual income** you'll need in order to be financially secure for life.

Note: Lines 1-6 are the same as for financial protection, but the total for financial security does not include the cost of a private pension plan.

Item	Current Cost Per Month
1. Mortgage per month:*	\$  _____
2. Utilities (average) per month:*	+ \$ _____
3. Transportation (average, including auto insurance) per month:*	+ \$ _____
4. Food (average) per month:*	+ \$ _____
5. Insurance (disability, health, etc.) per month:**	+ \$ _____
6. Taxes (average, e.g., property taxes) per month:*	+ \$ _____

(* These amounts should be the same as Financial Protection #1-6.)

(** This number does not include payments to your private pension fund because this fund is now likely to be your primary source of income.)

7. Total monthly income* necessary for security: = \$ _____

(* These amounts should be the same as Financial Protection #1-6.)

My Goal:

8. The total amount of monthly income I need to be financially secure for life is (from line 7): \$ _____

9. The total amount of annual income I need to be financially secure for life is (line 7 x 12 months): **TOTAL:** \$ _____



3

FINANCIAL VITALITY

The annual income you'll need to earn from your investments in order to be financially vital for life is determined by **adding** the amount required per month for financial security to the amount required for the **four additional expenses listed below**.

Item	Current Cost Per Month
1. Basic entertainment (i.e., 50% or less of what you enjoy today) per month:	\$ _____
2. Private pension plan per month:*	\$ _____
(* This number should be the same as number 7 on page 124.)	
3. Investment in children's education per month:**	\$ _____
(** See page 129 for examples.)	
4. Clothing or "luxury" items (much less than you have today, but above survival) per month:	+ \$ _____
<hr/>	
5. Total amount of additional monthly income needed for Financial Vitality:	= \$ _____
(Add the four expenses together for the total monthly income required.)	
6. Total monthly amount required for Financial Security:	+ \$ _____
(Copy total monthly income necessary from line 7 of page 129.)	
<hr/>	
7. Total monthly income necessary for Financial Vitality:	= \$ _____
(Add lines 5 + 6 to determine this number.)	

My Goal:

8. ANNUAL INCOME needed to create financial vitality for life: = \$ _____
(line 7 x 12 months.)



HOW TO PUT YOUR FIVE KIDS THROUGH COLLEGE STARTING WITH A \$10,000* INVESTMENT

INTEREST RATE 10% • TAX RATE 28% • INFLATION RATE 5%

End of Year	Principal	Contribution 2000 Dollars	Interest Earned After Tax	Capital at End of Year
1	10,000	600	720	11,320
2	11,320	630	815	12,765
3	12,765	662	919	14,346
4	14,346	695	1,033	16,073
5	16,073	729	1,157	17,960
6	17,960	766	1,293	20,019
7	20,019	804	1,441	22,264
8	22,264	844	1,603	24,711
9	24,711	886	1,779	27,377
10	27,377	931	1,971	30,279
11	30,279	977	2,180	33,436
12	33,436	1,026	2,407	36,870
13	36,870	1,078	2,655	40,602
14	40,602	1,131	2,923	44,657
15	44,657	1,188	3,215	49,060
16	49,060	1,247	3,532	53,840
17	53,840	1,310	3,876	59,026
18	59,026	1,375	4,250	64,651

Total dollars available: \$64,651.

- * Start saving with \$10,000 and add an additional \$600 per year, or just \$50 per month, in 2000 dollars.

If you don't currently have children but plan to in the future, then you could start this plan two to three years before the birth of a child by putting aside \$300 a month so that when your child is born, you already have the initial \$10,000 to start the program.

If you already have children, then you have to start this plan with a larger initial investment of principal, for example, if you have a six-year-old, you'll need \$17,960 to start the savings plan.



EDUCATION TABLE

Monthly amounts needed to achieve goal by child's 18th year.

Your Child's Age Now	\$20,000	\$40,000	\$50,000	\$100,000	\$125,000	\$150,000	\$200,000
Newborn	\$ 49.66	\$ 99.32	\$ 124.15	\$ 248.30	\$ 310.38	\$ 383.70	\$ 496.60
1	55.17	110.34	137.93	275.85	344.81	383.70	551.70
2	61.47	122.94	153.68	307.35	384.19	426.45	614.70
3	68.72	137.44	171.80	343.60	429.50	475.65	687.20
4	77.11	154.22	192.78	385.55	481.94	526.28	771.10
5	86.92	173.84	217.30	434.60	543.25	589.95	869.20
6	98.50	197.00	246.25	492.50	615.63	665.03	985.00
7	112.31	224.62	280.78	561.55	701.94	754.58	1,123.10
8	129.02	258.04	322.55	645.10	806.38	863.03	1,290.20
9	149.58	299.16	373.95	747.90	934.88	996.60	1,495.80
10	175.38	350.76	438.45	876.90	1,096.13	1,164.83	1,753.80
11	208.65	417.30	521.63	1,043.25	1,304.06	1,382.48	2,086.50
12	252.93	505.86	632.33	1,264.65	1,580.81	1,674.38	2,529.30
13	314.64	629.28	786.60	1,573.20	1,966.50	2,084.85	3,146.40
14	406.14	812.28	1,015.35	2,030.70	2,538.38	2,703.15	4,061.40
15	555.31	1,110.62	1,388.28	2,776.55	3,470.63	3,736.88	5,553.10

* Figures in table are based on a fixed 10% interest rate, taxed every year at 28%. Table assumes no fluctuation in value of principal. Figures are not intended to be a projection of any investment results.

JOIN YOUR KIDS AT COLLEGE

PARENTS ENROLLED FOR SIX CREDITS IN A COLLEGE DEGREE

PROGRAM MAY BE CONSIDERED FULL-TIME STUDENTS. THE MORE

FULL-TIME STUDENTS IN ONE FAMILY, THE MORE LIKELY SOMEONE

IN THE FAMILY WILL BE AWARDED FINANCIAL AID.



COLLEGE COSTS AROUND THE WORLD



United Kingdom

Until recently, citizens of the United Kingdom (UK) could acquire a degree at either a University or a Polytechnic. Polytechnics generally offered more "vocational" degrees such as business studies, electronics, etc.; while universities offered academic degrees in literature, classics, or law. A great deal of overlap exists between the two systems regarding the courses offered. Last year, all polytechnics were renamed universities in an attempt to place vocational courses on the same level as academic courses.

If a student is offered a place at any university, fees are paid by the government. In addition, students are given a grant each year for living expenses. Students under 25-years-old receive approximately £2,500 per year. Those over 25-years-old can expect approximately £5,000 per year. This is paid in three installments. The university also offers reduced costs for accommodations and food for at least one year of a degree. Student loans, which do not have to be paid back until after the degree is finished, are also available. Universities are essentially fund holding, meaning they are given a certain amount of money by the government for each student they have.

NVQs (National Vocational Qualifications) are offered to anyone wishing to gain qualifications in a trade, e.g., chef, carpenter, or brick layer. A wide variety of courses are offered, all with practical applications. There are three ways to study for NVQs:

- 1) **College:** If you study at college for an NVQ, you do not have to pay for tuition and you will get a free travel pass to enable you to get to and from college. No grant is available for living expenses while studying for NVQs.
- 2) **While Working:** You can study for an NVQ while working. You are given one day off per week to go to school. (Your employer receives government incentives to comply.) Again, you do not have to pay for tuition, but you do not get a travel pass, as your company is expected to cover any travel expense.
- 3) **Night School:** You can study NVQs at night as long as the night school is attached to an NVQ-approved college. You may pay a reduced fee to study this way, and there are some specific courses that are free. If you are unemployed, there is no charge for your classes.



Canada

There are two types of college-level education in Canada:

- 1) **Trade School:** The average trade school education is 2-3 years; however, some are very specialized, such as high-end trade schools specializing in subjects such as computer engineering. Many people believe that trade schools offer the best and most practical education, as they stress actual experience over theory. Costs run approximately 20% less than a university, with an average \$1,900-2,200 per year.
- 2) **University:** Universities are four-year schools primarily attended by white-collar professionals. Costs are comparable to U.S. private ivy-league university tuitions.

Three-quarters of both trade school and university tuitions are funded by the federal and provincial governments. This level of funding is made available to encourage secondary schooling for Canadians.



Australia

The university system in Australia is similar to the United States. Degrees are generally achieved in four years and, while universities are mainly government funded, students pay between US \$2,000 and \$4,000 per year.

Australia is also known for its Tafe Colleges (vocational schools), which are partially government funded and offer further education in specialties such as carpentry, plumbing, automotive repair, and building construction. The fee for an associate diploma is approximately US \$380; the fee for a certificate program is approximately US \$115.



Singapore

Once students finish their primary level of education in Singapore, they will sit for the Singapore-Cambridge General Certificate of Education 'O Level' (general subject) exams. After obtaining a GCE 'O Level' Certificate, students may proceed to one of three options.

- 1) **Junior College:** a two-year pre-university course where students pay monthly fees of S\$20 after government subsidy. At the end of two years, students are tested for the Singapore-Cambridge General Certificate of Education 'A Level.' If results meet the entry requirements of universities (local universities such as National University of Singapore and Nanyang Technological University, or overseas universities), then students may pursue their university degrees.
- 2) **Polytechnic:** a three-year diploma course with tuition fees of approximately S\$11,100 per year, of which S\$9,300 per year is subsidized by the Singapore Government. Students who do well after their final exam (at the end of the third year) may apply to universities.
- 3) **Institute of Technical Education (ITE):** a two-year program offering mechanical, technical, and secretarial courses. After completion, if exam results meet entry requirements of Polytechnics, students may gain admission to pursue a diploma course.

Universities usually offer three-year programs and are the only places students may receive actual "degrees." Tuition fees for laboratory-based degrees, such as engineering, are S\$5,150 per year; tuition fees for non-laboratory degrees, such as arts and social sciences, are S\$4,100 per year.



United States

US college and university costs are wide-ranging, depending upon whether or not the school is private or public (government-funded). If the school is public, in-state residents pay somewhat lower tuition.

PUBLIC COLLEGES & UNIVERSITIES

University of California at Berkeley	.....\$4,354 (in-state); \$13,338 (out-of-state)
State University of New York at Buffalo	.....\$4,700 (in-state); \$9,600 (out-of-state)
Arizona State University	.....\$2,300 (in-state); \$9,400 (out-of-state)
Michigan State University	.....\$5,200 (in-state); \$12,800 (out-of-state)

PRIVATE

Harvard (Massachusetts)	.....\$24,400
Yale (Connecticut)	.....\$24,500
Vassar (New York)	.....\$24,900
Boston College (Massachusetts)	.....\$21,700
Duke (North Carolina)	.....\$25,600
Vanderbilt (Tennessee)	.....\$23,600
Stanford (California)	.....\$24,600
Notre Dame (Indiana)	.....\$22,100

Tuitions listed are all per year and do not include room and board.
[Source: individual college websites]



PREPARING FOR COLLEGE COSTS

GETTING EDUCATED ON PAYING FOR AN EDUCATION

Good news for parents and future college students! The pace of tuition inflation has slowed from years of more than 7% increases to nearly 4%. While inflation on tuition is still outpacing the overall increase of the cost of living, this is a welcomed move for the hundreds of thousand families facing these fees every year. Even still, the cost of attending college is very expensive, requiring parents and future college freshmen to start saving, a lot, and very early on.

So what is the best way to prepare for the cost of a higher education? Obviously the best solution to paying for college is to not pay. There are tens if not hundreds of thousands of scholarships, fellowships, and awards available. What is amazing is how few students actually take the time to apply (read on for more scholarship information.)

When making the final decision of how to pay, there are many factors to consider, from the ultimate cost of certain choices, to the psychological impact of others. Here are the pros and cons of some of the most common choices made.

Borrowing the Money

Federal Student Loan Programs:

There are federal programs out there for just about anyone that wants and/or needs financial aid. Two of the best resources for information on these programs are through the Department of Education at www.ed.gov/offices/osfap/students/, and SallieMae at www.salliemae.com. Today, there are a wide variety of grants (never have to be paid back), work-study programs (allows students to earn money for their education), and loans (that must be paid back by either the student or parents depending on the program). Each have

their own criteria for eligibility so visit their web sites to see if one is right for your situation.

Private Loans: There are countless public and private organizations and companies willing to loan money for education. These loans are as diverse as any other loan on the market regarding collateral, repayment terms, who is responsible, etc. The best source for what is available is on the Internet also.

Although loans are an easy solution, before making the decision to use borrowed money to finance a college education, there are pitfalls that must be considered. First of all and most obvious, the money must be paid back with interest. This means a college education can ultimately cost twice as much or even more. For example, a child decides to attend college on a 4-year plan and borrows \$12,000 per year for tuition, books and living expenses. The plan may require payments to begin once the student leaves school. At the end of the 4 years, the loan is already up to over \$55,000 with all the interest accumulated (assuming a government sponsored 6 1/2% interest rate). To pay off the loan in 5 years, that would mean monthly payments of \$1,065.25 and the ultimate cost of the \$48,000 borrowed would be \$63,915 or an additional \$15,915. On a 10-year repayment plan, the payments would be \$618.20, ultimately costing \$74,184. (The average student takes 12 years to pay off student loans). This is a hefty burden for anyone.

Saving the Money

Saving the money is another way to pay for college, and is certainly much cheaper. As an example, a future student and family began saving 5 years before starting college, assuming the same 6 1/2% interest less 28% in income tax. Instead of needing \$48,000, with the

accumulation of interest, only \$44,800 must be saved. That would mean putting away less than \$750 each month. A savings of more than \$300 every month over a plan that defers payment through borrowing.

If it is decided that saving the money is the most prudent solution, what is the most effective way of stashing the cash?

Custodial/Trust Accounts: Putting money in an account in a child's name is a smart move, up to a point. Up to \$10,000 is allowed to be transferred, per parent (or grandparent), to kids tax-free every year. Interest that is earned, up to \$700, is also tax-free. The next \$700 is taxed at the child's lower tax rate and the balance is taxed at your tax rate until the child turns 14, then the whole amount is taxed at the child's lower rate.

There are drawbacks on these types of accounts. First, the money belongs to the child and upon turning 18, they can use the funds any way they want. Second, the money accumulated in a child's name will affect some scholarships and financial aid packages. Under many plans, parents only have to contribute 5.6% of their assets to college costs each year, while kids are expected to kick in up to 35%.

Educational IRA's: the IRS allows for up to \$500 per child under 18 years old to be put into an IRA specifically allotted for educational purposes. A parent, grandparent or any other person can contribute the money. The account is in the child's name and the person setting up the account invests the money, so stocks, mutual funds, etc. can be used. The contributions are non deductible, however, the money grows tax-free as long as the money is used for qualified educational expenses. The growth of money used for qualified educational



expenses before they are 30 years old is tax-free.

Be advised that the money is in the child's name, although it cannot be withdrawn for purposes other than education. This money may also affect financial in the same way as a custodial account.

College Savings Plans: most state-sponsored college saving plans, or 529 plans as they are referred to, are managed by fund companies like TIAA-CREF and Fidelity. Depending on how old a child is when saving is begun will dictate how aggressively the money will be invested. The money will accumulate tax-deferred until the money is pulled out for tuition, then is taxed at the child's rate. Over half of all states have these plans. For more details, visit the college Savings Plans network's web site at www.collegesavings.com. A big downfall is if the performance of the funds falters, or it is decided not to use the money for education, there are hefty penalties and taxes levied.

Build a separate savings plan: Putting money away in a parent or grandparent's name and not in the child's is another solution. This way there is more control over the money such as how the money is invested, and how the money will be spent. Although capital gains and interest will be paid at the parent or grandparent's usually higher tax rate, the tax burden can be reduced. Select tax-friendly mutual funds or stocks that you will be held onto for long periods of time (the growth is taxed only after the stock is sold).

Is there a business in the family? According to Sanford Botkin, a former IRS attorney who now instructs taxpayers how to take all available deductions, advises clients they can pay their children for working in the family business. The child must be at least 7 years old and can receive up to \$4,000 without paying income tax. As always, check with your tax professional before embarking on a program like this.

Scholarships, Fellowships, Awards

Billions, yes, that is billions of dollars every year are set aside by thousands of colleges, organizations, and corporations to help students attend college. Just about every student qualifies in some way or another and it is estimated that more than half of all college students if not all could receive money if they simply asked for it.

The Internet has made searching and applying for this money easier than ever. Some of the biggest database search sites are: www.cashe.com, www.wiredscholar.com (two Sallie Mae sites), www.4scholarships.com, www.collegequest.com and www.scholarships.kachinatech.com

For web sites on programs that may suit a specific situation, simply use any search engine such as Yahoo!, AOL, MSN, etc. and type in college scholarships. There is no excuse for not applying for this free money.

Other Ways to Pay

Where there is a will, there is a way. For everyone wanting a college education, there is a way to achieve one. Here are several other options to consider:

Military: Every branch of the military has programs to help pay for college. The Army, Navy, Marines, Coast Guard and Air Force all have a Military First, College Later program that offers up to \$50,000 towards school tuition. Even serving part-time in the reserves can qualify a student for up to \$24,500.

The Army, Navy and Air Force also have College First, Military Later programs through ROTC. This allows the student an opportunity to earn a degree first, before serving in the military. One great benefit to this is the college graduate would enter the service as an officer.

The Federal Government will pay 100% of the costs at US military academy schools such as West Point and Annapolis.

For more information, visit the individ-

ual military branch's web site.

Loan Cancellation

If borrowing money for college is part of the solution, there are ways to get the federal government to cancel all or part of the loans. Here are some examples:

Americorps—Serve for 12 months and receive up to \$7,400 to be used toward loans. www.americorps.org

Peace Corps—Serving in the Peace Corps may allow you to defer repayment of certain loans. www.peacecorps.gov

Volunteers In Service To America (VISTA)—Volunteers to certain non-profit groups that help eradicate hunger, homelessness, poverty, etc. will receive \$4,725 toward repayment of loans. www.friendsofvista.org

Other alternatives

What shows up on a diploma is the name of the school a student graduates from. Many students reduce the cost of college by beginning at a less expensive one and transferring to their ultimate choice. Community Colleges are a great beginning because of their cost as well as the fact that a student can receive an Associates Degree after only 2 years. After that, the student simply transfers their transcripts to a 4-year school to complete their education.

Advanced Placement Courses:

Students who pass the placement exams with a high enough score could test out of some college courses. This allows the student the opportunity to graduate with a 4-year degree in perhaps only 3 years.

The bottom line is college costs are expensive, and although they are not increasing at the furious rates of the past, planning ahead is still the most affective program.

— by Clifford Wilson, co-author of *Money Does Grow on Trees*:
Magic Penny Publishing (2000)



4

FINANCIAL INDEPENDENCE

The amount of money you will need to achieve financial independence is simple to establish. Remember, this means determining how much money you need to be independent of work. How much money do you now earn annually? To duplicate your current lifestyle, it's likely you'll need to duplicate your present monthly/annual income.*

Financial independence is achieved when your investments produce an income equal to your "work" income.

1. Monthly income necessary to support your current lifestyle:

\$ _____ x 12 months

My Goal:

2. Annual income needed from investments to create financial independence for life:

= \$ _____

* If you are saving or investing a substantial amount of your current income, then the amount of money you need to duplicate your actual current lifestyle (not counting investments) is less than your current monthly/annual income.

EXAMPLE

IF YOU EARN \$200,000 A YEAR AND INVEST \$50,000, THEN THE NUMBER YOU WOULD ACTUALLY NEED TO BE FINANCIALLY INDEPENDENT IS \$150,000.



5

FINANCIAL FREEDOM

This goal is attained when your investments provide enough income for you to live the lifestyle you _____ for the rest of your life **without ever having to work again**. Simply ask yourself, "What annual income would I need to have the lifestyle I want?" The following steps are suggested:

1. In order to have financial freedom you would have not only your current monthly income, but enough income to also purchase "other things" you'd like to have but cannot currently afford. (Remember, this is not your ultimate dream.)

Establish how much each of these new desires would cost per month and record on line 1. Calculate the additional monthly income needed to meet these desires. (Remember, this is not absolute financial freedom.)

EXAMPLE

<u>Item</u>	<u>Cost</u>	<u>Monthly Payment</u>
Second Home in Palm Springs	\$350,000	\$3,500
35-foot Boat	150,000	1,300
Dodge Viper	100,000	1,200
<i>Total additional monthly income needed</i>		= \$6,000

2. Record on line 2 the total amount of **monthly income** you need for your current lifestyle, i.e., **Financial Independence**. (Copy line 1 from page 135.)
3. Add lines 1 and 2 to arrive at your total **monthly** cost to achieve financial freedom.



<u>Item</u>	<u>Cost</u>	<u>Monthly Payment*</u>
\$ _____	\$ _____	

* See page 140 for sample payment schedules.

1. Total additional monthly income needed: \$ _____
2. Monthly amount already needed for Financial Independence: + \$ _____
 (Copy line 1 from page 135.)

3. Total monthly income necessary for Financial Freedom: = \$ _____
 x 12 months

EQUALS

My Goal:

4. ANNUAL INCOME needed to create Financial Freedom: = \$ _____



6

ABSOLUTE FINANCIAL FREEDOM

You have achieved absolute financial freedom when your investment income provides you with the certainty that you can do whatever you want, whenever you want, wherever you want, with whomever you want, as much as you want—without ever working again. Take a moment to establish what you would really need to be absolutely, financially free by filling out the worksheet on the next page:

1. List all the things you would have if you were absolutely, financially free. Specifically, review your financial freedom list.
 - A) **Rewrite the things you'd still keep if you were absolutely financially free.**
For example: You have a 35-foot boat but now you want a yacht. If you want to keep the boat, then write it down. If not, then write down the cost of the yacht.
 - B) Now, add to your list all the "new" things you want that are not on your financial freedom list.
 - C) Establish how much each of these new desires would cost per month and record on line 1.

EXAMPLE

<u>Item</u>	<u>Cost</u>	<u>Monthly Payment</u>
Keep second home in Palm Springs	\$350,000	\$3,500
Replace boat with Yacht	500,000	5,000
Replace Mercedes with Testarossa	250,000	2,500
New deserted tropical island	7,000,000	14,000
New Piper Cherokee 140B plane	21,595	350
<i>Total additional monthly income needed to be absolutely free</i>		<i>= \$25,350</i>

2. Record on line 2 the total amount of monthly income you need for your current lifestyle, i.e., financial independence. (Copy line 1 from page 135.)
3. Add lines 1 and 2 to arrive at your total monthly cost to achieve financial freedom. Multiply amount by 12 to find the total monthly income you'll need.



Item	Cost	Monthly Payment*
	\$ _____	\$ _____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

* See page 140-145 for sample payment schedules.

1. Total additional monthly income needed: \$ _____

2. Monthly amount already needed for Financial Independence: + \$ _____
(Copy line 1 from page 135.)

3. Total monthly income necessary for absolute Financial Freedom: = \$ _____

x 12 months

EQUALS

My Goal:

4. Annual income needed to create absolute financial freedom: = \$ _____



SAMPLE PAYMENT SCHEDULES

30-Year Fixed Mortgage

\$	6%	7%	8%	9%	10%	11%	12%
100,000	600	665	734	805	878	952	1,029
250,000	1,499	1,663	1,834	2,012	2,194	2,381	2,572
500,000	2,998	3,327	3,669	4,023	4,388	4,762	5,143
1,000,000	5,996	6,653	7,338	8,046	8,776	9,523	10,286
3,000,000	17,987	19,959	22,013	24,139	26,327	28,570	30,858

Monthly Car Loan Payments

\$	3 Year				4 Year				5 Year				6 Year			
	5%	6%	7%	8%	5%	6%	7%	8%	5%	6%	7%	8%	5%	6%	7%	8%
25,000	749	760	772	783	576	587	599	610	472	483	495	507	403	414	426	438
50,000	1,498	1,521	1,544	1,567	1,151	1,174	1,197	1,221	944	967	990	1,014	805	829	852	877
75,000	2,248	2,282	2,316	2,356	1,727	1,761	1,796	1,831	1,415	1,450	1,485	1,521	1,208	1,243	1,279	1,315
100,000	2,997	3,042	3,088	3,134	2,303	2,349	2,395	2,441	1,887	1,933	1,980	2,028	1,610	1,657	1,705	1,753

Monthly Boat Loan Payments

35' Boat	7 Year				10 Year				15 Year			
	8%	9%	10%	11%	8%	9%	10%	11%	8%	9%	10%	11%
150,000	2,338	2,413	2,490	2,568	1,820	1,900	1,982	2,066	1,433	1,521	1,612	1,705



THE COST OF DREAMS

PLANES

CESSNA CITATION 10

- Holds up to 9 passengers plus 2 crew, travels at 530 mph
- New: \$19.5 million
—Monthly payment on new purchase: \$50,292**
- Used: \$10-17.5 million (1972 models and newer)
—Monthly payment on \$10 million: \$113,803**
- Direct Operating Costs: approximately \$762* per hour of flight time
- Charter: \$3,000 per hour

CESSNA CORPORATION, (916) 563-7100, TED SHERMAN

LEARJET 31A

- Holds up to 7 passengers and 2 crew, travels at 500 mph
- New: \$5.9 million
—Monthly payment on new purchase: \$221,915**
- Used: \$1.5-2 million (1972 models and newer)
—Monthly payment on \$1.5 million: \$17,070**
- Direct Operating Costs: approximately \$848* per hour of flight time
- Charter: \$1,500 per hour

BOMBARDIER QUEBEC OFFICE, (514) 855-9481, DIMI

GULFSTREAM V-SP

- Holds up to 8 passengers plus 4 crew, travels at 6,750 nm at Mach .80
- New: \$46 million
—Monthly payment on new purchase: \$523,494**
- Used: \$15-20 million (1972 models and newer)
—Monthly payment on \$1.5 million: \$17,070**
- Direct Operating Costs: approximately \$2,672.28* per hour of flight time
- Charter: \$7,250 per hour

GULFSTREAM, (562) 627-5058, BONNIE/WWW.GULFSTREAM.COM

FRACTIONAL OWNERSHIP

Bombardier Aerospace, the company that makes LearJet Planes, sells a fractional ownership program—called Flexjet—offered in multiples of 50 hours of flight time per year:

	Learjet 31A	Learjet 60	Challenger 604
Base Acquisition Cost:	\$418,000	\$772,000	\$1,475,000
Base Monthly Management Fee:	\$4,270	\$5,500	\$9,280
100 hours:	\$146,000	\$187,000	\$276,000
150 hours:	\$219,000	\$280,500	\$414,000
200 hours:	\$292,000	\$370,000	\$552,000

WWW.FLEXJET.COM

*Includes fuel, pilot, and maintenance

**Assumes 20% at a 9% APR over 12 years

"If you're going to be thinking anything,
you might as well think big."

— DONALD TRUMP —

AVERAGE FLIGHT DISTANCES/TIMES

New York to Los Angeles:

2,000 miles; flight time is 7 hours in a Cessna (with a stop to refuel), 5.5 hours in a Learjet, and 5.5 hours in a Gulfstream

San Diego to Aspen:

800 miles; flight time is 2.5 hours in a Cessna, 2 hours in a Learjet, and 2 hours in a Gulfstream

Los Angeles to Dallas:

1000 miles; flight time is 3.6 hours in a Cessna, 2.8 hours in a Learjet, and 2.8 hours in a Gulfstream



AUTOMOBILES

ROLLS ROYCE

Bentley Azure (Convertible), \$345,000

- Average lease \$50,000 down; \$3,000 to \$4,300/mo. Silver Seraph, \$216,000
- Average lease \$50,000 down; \$3,000 to \$3,800/mo. Corniche (1969-1995), \$25,000 to \$180,000*
- * This car is no longer manufactured, but still can be purchased at classic car dealerships; prices range depending upon condition, mileage, etc.

ROLLS ROYCE & ASTON MARTIN OF BEVERLY HILLS,
(310) 659-4050

MANHATTAN MOTOR CAR, (212) 594-6200, BRIAN MILLER
SYMBOLIC AUTO, (858) 454-1800

LAMBORGHINI

Diablo VT, \$275,000

- Average lease \$83,000 down; \$3,000/mo.

CLASSIC AUTOMOBILE, (212) 594-6200, BRIAN MILLER

PORSCHE

911 Series Convertible, \$76,000 to \$120,000,

- Average lease \$1,400 to \$1,500/mo.

911 Series Coupe, \$66,000 to \$110,000

- Average lease \$1,250 to \$1,350/mo.

PIONEER PORSCHE, (858) 279-7202, GARTH JONES
MANHATTAN MOTOR CAR, (212) 594-6200, BRIAN MILLER

MERCEDES BENZ

CL600, \$125,000

- Average lease \$2,400/mo.

SL600 Convertible, \$115,000

- Average lease \$2,600/mo.

MERCEDES BENZ OF SAN DIEGO, (858) 279-7202, ALEX
MERCEDS BENZ OF MANHATTAN, (212) 629-1600

HARLEY DAVIDSON

\$17,000 to \$18,000

- Leasing not available

HARLEY DAVIDSON OF SAN DIEGO, (858) 616-6999, FRED FINNERTY

BMW

750iL (4-Door), \$96,000

- Average lease \$1,480/mo.

BMW OF SAN DIEGO, (858) 560-5050
BMW MANHATTAN, (212) 586-2269

CHEVROLET (CORVETTE)

Corvette Grand Sport Convertible, \$51,000

- Average lease \$700/mo.

COURTESY CHEVROLET, (858) 297-4321, JERRY COLLINS
POTAMKIN CHEVROLET, (212) 399-4400, DAVID ANDERSON

CADILLAC

Cadillac Seville SLS, \$39,355 to \$48,000

- Average lease \$550/mo.

Eldorado Touring Coupe, \$36,449

- Average lease \$547/mo.

GUY HILL CADILLAC, (619) 276-7000, FELIX
POTAMKIN CADILLAC, (212) 399-4400

LEXUS

LS 430, \$62,000

- Average lease \$1,100 to \$1,165/mo.

LEXUS KEARNY MESA, (619) 268-8000, JACK ZARINSKY

RANGE/LAND ROVER

Range Rover 4.6HSE, \$69,000 (2001 Model)

- Average lease \$1,250/mo.

PIONEER LAND ROVER, (858) 695-3000, GARTH JONES

HUMMER

Hummer 4WD, \$80,000 to \$130,000

- Average lease \$1,500 to \$1,800/mo.

HUMMER OF THOUSAND OAKS, (805) 497-7519, REB BROWN

* Average leases are \$5,000 down for 36 months with a limit of 12,000 miles per year. Contact individual dealers for details on variables.

Rule of Thumb for Payment Plans: For every \$10,000 you finance, you can count on paying \$230 per month.

SPORTS FRANCHISES

MAJOR LEAGUE BASEBALL

<u>TEAM</u>	<u>LAST SOLD</u>	<u>PRICE</u>	<u>TEAM</u>	<u>LAST SOLD</u>	<u>PRICE</u>
Atlanta Braves	1976	\$ 12 million	Boston Red Sox	1977	\$ 15.5 million
Chicago Cubs	1981	\$ 20.5 million	California Angels	1981	\$ 2.1 million
Cincinnati Reds	1985	\$ 12 million	Chicago White Sox	1981	\$20 million
Houston Astros	1992	\$ 115 million	Cleveland Indians	1986	\$ 40 million
L.A. Dodgers	1998	\$ 350 million	Detroit Tigers	1992	\$ 82 million
Montreal Expos	1991	\$ 72 million	Kansas City Royals	1968	\$ 5.5 million
New York Mets	1980	\$ 21.1 million	Milwaukee Brewers	1970	\$ 10.8 million
Philadelphia Phillies	1986	\$24.1 million	Minnesota Twins	1984	\$ 44 million
Pittsburgh Pirates	1996	\$ 90 million	New York Yankees	1973	\$ 10 million
St. Louis Cardinals	1953	\$ 3.75 million	Oakland A's	1980	\$12.7 million
San Diego Padres	1990	\$ 75 million	Seattle Mariners	1992	\$ 125 million
San Francisco Giants	1993	\$ 100 million	Texas Rangers	1998	\$ 250 million
Baltimore Orioles	1992	\$173 million	Toronto Blue Jays	1976	\$ 7 million

EXAMPLE OF TODAY'S MARKET VALUE:

Pittsburgh Pirates
 1985, purchased for \$26 million
 1996, purchased for \$90 million

NATIONAL FOOTBALL LEAGUE

<u>TEAM</u>	<u>LAST SOLD</u>	<u>PRICE</u>
Jacksonville Jaguars	1993	\$140 million
Carolina Panthers	1993	\$140 million
Dallas Cowboys	1989	\$160 million
Tampa Bay Buccaneers	1995	\$192 million
Minnesota Vikings	1998	\$250 million
Cleveland Browns	1998	\$530 million

EXAMPLE OF TODAY'S MARKET VALUE:

Minnesota Vikings
 1960, purchased for \$500,000
 1998, approximate market value \$250 million

NATIONAL BASKETBALL ASSOCIATION

<u>TEAM</u>	<u>LAST SOLD</u>	<u>PRICE</u>
Charlotte Hornets	1987	\$ 32.5 million
<i>(1988-1989 season was their first season)</i>		
Miami Heat	1987	\$ 32.5 million
<i>(1988-1989 season was their first season)</i>		
Orlando Magic	1987	\$ 32.5 million
<i>(1989-1990 season was their first season; sold again 9/19/91 for undisclosed amount)</i>		

**HOMES****HACIENDA DEL SOL \$6,500,000****South Merritt Island, Florida**

Set on beautiful South Merritt Island, Florida, this historical Spanish Mediterranean villa is a statement in style and elegance. This palatial estate is one of the most unique and self-contained compounds north of Palm Beach and has been a landmark of social activity for more than 50 years. The hacienda has seen royalty, politicians, and astronauts pass through its fountained courtyard. The estate boasts 30 rooms, 10 bedrooms, 11 baths, a guest cottage, and a dozen other features including servants quarters, a 6000-bottle wine cellar, a golf driving range, a gym, two cabanas, and more.

AL AROSTEGUI, BROKER ASSOCIATE (305) 460-8282

RHEINECK CASTLE \$8,900,000**Burg Rheineck, Bad Breisig, Germany**

Rheineck Castle, built in 1832, sits on the bank of the Rhine, presiding over 32 acres of park-like grounds. Classified as a historic monument, the neo-Romanesque castle has been well maintained. It is approximately 163,000 square feet and is constructed of natural stone. The castle features 28 rooms, 19 bedrooms, 16 marble baths, an indoor swimming pool, and a chapel with an organ.

BURG HEMMERSHACH, 011-49-22-73-6010

PALAZZO MANGILLI \$9,000,000**Venice, Italy**

This palace, located near the Rialto Bridge in the center of Venice, is famous above all else because it was the residence of the English Consul, Joseph Smith, whose name was inseparable from that of Canaletto and Venetian 18th century painting. The artistic background and love of art of George III's diplomatic representative in Venice played an important role in building up the lavish art collection belonging to the English crown. The old Gothic-Byzantine building, which stands on the corner where the "rio di Sanrissimi Apostoli" flows into the Grand Canal, was built in 1714 and has 150 rooms. (Napoleon Bonaparte was a visitor to the palace in 1805.)

FOR SALE BY OWNER, 011-39-423-600-999

CUSTOM RANCHER \$5,600,000**Vancouver, British Columbia, Canada**

This custom-built home lies on nearly two acres of land on two legal lots. The living and family rooms overlook the back garden, filled with exotic plants and a view of Howe Sound. The living room also has a fireplace separating two sitting areas, and an inlaid, antique oak, radiant-heated floor. The home features four bedrooms, six-and-a-half baths, a pool, a hot tub, a cabana with bar and bath, a tennis court, and a greenhouse.

YULI WANG (604) 377-7389

BOATS

PURCHASE PRICES

36' Bertram Express or Convertible

Cost: \$260,000-\$300,00

74' Hattaras Motor Yacht

Cost: \$2.5 million

120' Custom Yacht

Cost: \$4 million

175' Custom Yacht

Cost: \$8 million

When purchasing a new or used boat or yacht there are a number of variables involved (such as features, age, specialty items) that will determine the cost and financing of your purchase. **However, you can plan to pay \$10.15 per \$1000 financed at a fixed 9% APR over a period of 15 years.**

MAINTENANCE:

In terms of maintenance, you can plan to spend approximately \$1000 per month for a 30-50' boat. This includes the cost of renting a slip and general boat cleaning, etc. Boats that are 80' and larger generally require a full-time crew including a captain (\$50-75,000 per year), a mate (\$25-30,000 per year), and, on especially large luxury vessels, a chef or "keeper" (\$25-40,000 per year).

BAYPORT YACHTS (714) 631-0228, JESSE HENRY

RENTAL COSTS50' Tollycraft (*El Molaro*)

Rental Cost: \$8,750 per week plus expenses

111' Custom (*Crystal*)

Rental Cost: \$30,000 per week plus expenses

70' Christensen (*Greek Isle*)

Rental Cost: \$15,000 per week plus expenses

137' Feadship (*Halcyon*)

Rental Cost: \$65,000 per week plus expenses

- The normal daily rate is calculated by dividing the weekly rate by six. The seventh day is free.
- Crew and insurance are included in these quotes; food and fuel are extra expenses.

INTERPAC YACHTING (619) 222-0327, BEVERLY PARSONS

ADVENTURES

The Tanzania Serengeti Migration Safari**\$ 5,995 including airfare**

The price for this 14-day adventure will take you to see the greatest concentration of migrating animals found anywhere in the world. Explore famous parks Arusha, The Serengeti, Lake Manyara, and Olduvai George. Includes airfare from New York, Boston, or Washington, D.C.

Amazon Jungle Express**\$2,390 plus airfare**

Spend 12 days exploring over 4 million acres of luxuriant tropical forest and hundreds of miles of meandering rivers shared by caimans, piranhas, anacondas, jaguars, tapirs, and more than 850 species of birds. The Manu National Park is the most remote and undisturbed part of the Amazon. Travel by dugout canoe deep into the wilderness.

Expedition Antarctica**\$6,395 plus airfare**

This visit to the Kingdom of the Penguin, once only the domain of explorers, is an astonishing look at ethereal landscapes; towering, glacier-shrouded mountains; and exceptional wildlife. The 19-day tour includes 15 nights aboard ship—a safe and secure polar vessel—a series of on-board lectures, and delicious meals.

MOUNTAIN TRAVEL-SOBEK (800) 227-2384, JANIS JOHNSON



REVIEW

1 Which of your dreams is really a _____ for you to turn into reality?

2 By what age must you accomplish it? _____
(This timeline may change when you discover what it will take to achieve it.)

3 Write down the amount you guessed (from page 116) you'd need to be financially secure.
\$ _____

4 Write down the amount that is actually needed to be financially secure (from page 129). Is this figure higher or lower than the one you wrote on page 116? \$ _____

5 Where are you today?

THE WEALTHY ARE SCARCE

Under the 1993 budget-balance proposal, tax hikes hit the nation's wealthiest hardest. Only 183,000 U.S. households—less than two-tenths of 1%—have incomes of more than \$500,000 per year. The median household income for 1997 increased to \$37,005. Alaska had the highest median household income at \$50,829.

Adjusted Gross Income	Percentage of Households	Notes
\$0-\$24,999	58.9% (about 2 in 3)	59% of the U.S. population makes less than \$25,000 a year, and 87% of the population makes less than \$50,000 a year.
25,000-49,999	27.9% (1 in 4)	
50,000-99,999	12.8% (1 in 10)	The top 12% of the nation makes \$50,000-100,000 each year. This represents the top 1% for women.
100,000-199,999	1.9% (1 in 50)	Only 2% of the nation makes \$100,000+.
200,000-499,999	0.6% (1 in 200)	This represents one-half of 1% of the population.
500,000-999,999	0.1% (1 in 1,000)	This represents one-tenth of 1% of the population.
1,000,000+	0.05% (1 in 2,000)	This represents one-twentieth of 1% of the population.

[Source: U.S. Census Bureau, 1998]



AVERAGE INCOMES AROUND THE WORLD

IN U.S. DOLLARS (2001)

Algeria	\$4,700	Iran	\$5,300
Argentina	\$10,000	Japan	\$23,400
Australia	\$22,200	Korea, South	\$13,300
Austria	\$23,400	Mexico	\$8,500
Belgium	\$29,900	Netherlands	\$23,100
Brazil	\$6,150	New Zealand	\$17,400
Bulgaria	\$4,300	Norway	\$25,100
Canada	\$23,300	Poland	\$7,200
Chile	\$12,400	Russia	\$4,200
China	\$3,800	Singapore	\$27,800
Czech Republic	\$11,700	Spain	\$17,300
Denmark	\$23,800	Sweden	\$20,700
Finland	\$21,000	Switzerland	\$27,100
France	\$23,300	Taiwan	\$16,100
Germany	\$22,700	Thailand	\$6,400
Greece	\$13,900	Turkey	\$6,200
Hong Kong	\$23,100	U.A.E.	\$17,700
Hungary	\$7,800	United Kingdom	\$21,800
India	\$1,800	United States	\$33,900
Ireland	\$20,300	Vietnam	\$1,850
Italy	\$21,400	Zimbabwe	\$2,400

[Source: www.cia.gov]



YOUR PERSONAL FINANCIAL DREAMS REALIZED

YOUR MASTER GOALS

1. FINANCIAL PROTECTION (PAGE 124, LINE 10)

You have accumulated enough liquid assets to cover your basic overhead for a minimum of two months. You have begun a private pension fund and now have disability insurance.

My goal is to accumulate enough money to cover _____ months of my economic needs of \$ _____.

2. FINANCIAL SECURITY (PAGE 127, LINE 9)

You have accumulated a critical mass of capital, invested in a secure environment at an 8% rate of return, that will cover the cost of your monthly mortgage payment, food, utilities, insurance, transportation, and taxes.

The annual income I need to accumulate in order to be financially secure is: \$ _____.

3. FINANCIAL VITALITY (PAGE 128, LINE 8)

You have accumulated a critical mass of capital, invested in a secure environment at an 8% rate of return, to provide enough income for financial security plus the additional resources to (1) provide for your children's education, (2) continue to fund or increase your private pension plan, (3) meet your basic entertainment needs, and (4) enable you to buy new clothing, or one or two reasonable "luxury" items.

The annual income I need to accumulate in order to be financially vital is: \$ _____.

4. FINANCIAL INDEPENDENCE (PAGE 135, LINE 2)

You have accumulated a critical mass of capital, invested in a secure environment at an 8% return, to provide enough income to maintain your current lifestyle, adjusted for inflation, without ever having to work again for the rest of your life. You work only because you choose to!

The annual income I need to accumulate to be financially independent is: \$ _____.

5. FINANCIAL FREEDOM (PAGE 137, LINE 4)

Your investments now provide sufficient income that you can live the lifestyle you desire for the rest of your life without ever having to work again. You work only because you choose to!

The annual income I need to accumulate in order to be financially free is: \$ _____.

6. ABSOLUTE FINANCIAL FREEDOM (PAGE 139, LINE 4)

Your investments provide a sufficient annual income that you are now certain that you can do whatever you want, whenever you want, wherever you want, with whomever you want, as much as you want, in a way that empowers yourself and others forever! You work only because you choose to!

The annual income I need to accumulate to be absolutely financially free is: \$ _____.



NOTES

A large, empty rectangular area with rounded corners, enclosed by a double-line border, intended for taking notes.



WEALTH



MASTERY

MAKE YOUR
FINANCIAL
GOALS AN
ABSOLUTE
MUST!

“The reason most people
fail to achieve their financial
goals is that they don't have
strong enough reasons
to follow through.”

ANTHONY ROBBINS



IN ORDER TO ACHIEVE YOUR FINANCIAL GOALS
YOU MUST HAVE THREE BELIEFS

1 It _____ change.

2 _____ must change it.

3 I _____ change it.

REMEMBER

THE _____ DOES NOT
EQUAL THE FUTURE!



DECISIONS

MOST PEOPLE BELIEVE THAT BECAUSE THEY HAVE NEVER CREATED FINANCIAL ABUNDANCE, THEY NEVER _____
CREATE FINANCIAL ABUNDANCE.

This is absolutely inaccurate. All of us, in our lifetime, earn enough money to be financially free. What determines how much abundance or scarcity we experience is **the decisions we make about what to do with our money**. This chart shows how much you will earn in a year.

Earnings Outlook				
Monthly Income	10 years	20 years	30 years	40 years
\$1,000	\$120,000	\$240,000	\$360,000	\$480,000
1,500	180,000	360,000	540,000	720,000
2,000	240,000	480,000	720,000	960,000
2,500	300,000	600,000	900,000	1,200,000
3,000	360,000	720,000	1,080,000	1,440,000
3,500	420,000	840,000	1,260,000	1,680,000
4,000	480,000	960,000	1,440,000	1,920,000
4,500	540,000	1,080,000	1,620,000	2,160,000
5,000	600,000	1,200,000	1,800,000	2,400,000
5,500	660,000	1,320,000	1,980,000	2,640,000
6,000	720,000	1,440,000	2,160,000	2,880,000
6,500	780,000	1,560,000	2,340,000	3,120,000
7,000	840,000	1,680,000	2,520,000	3,360,000
7,500	900,000	1,800,000	2,700,000	3,600,000
8,000	960,000	1,920,000	2,880,000	3,840,000
8,500	1,020,000	2,040,000	3,060,000	4,080,000
9,000	1,080,000	2,160,000	3,240,000	4,320,000
9,500	1,140,000	2,280,000	3,420,000	4,560,000
10,000	1,200,000	2,400,000	3,600,000	4,800,000

[Source: Janet Lowe, *The Super Saver: Fundamental Strategies for Building Wealth* (United States: Longman Financial Services Publishing, 1990)]

**1**

FINANCIAL PAIN EXERCISE

IN ORDER TO MAKE SOMETHING A MUST, WE NEED TO GET _____ ON OURSELVES. LEVERAGE COMES WHEN WE ASSOCIATE _____ WITH NOT DOING SOMETHING, AND WE ALSO ASSOCIATE _____ WITH DOING IT. TAKE THE FIRST STEP NOW, AND ASSOCIATE TO THE UNPLEASANT AND PAINFUL IDEA OF NEVER ACHIEVING FINANCIAL SECURITY, INDEPENDENCE, OR FREEDOM.

- 1** Write down everything you would miss out on, be stressed about, or lose in your life if you didn't become financially secure, vital, independent, or free.

- 2** How would this effect your stress levels, your relationships, your physical body, your sense of freedom, and your self-esteem—especially if you have to struggle in later years?

**2****FINANCIAL PAIN EXERCISE**

- 1** Write down all of the things you will gain, all of the ways your life will be enhanced, when you are absolutely financially secure, vital, independent, or free for the rest of your life.

- 2** That is, if you never have to work again in order to meet these needs, how will your life be enhanced? How will it affect your self-esteem, your relationships, the amount of free time you have, what you give to others, and the amount of enjoyment you experience in your life?



WEALTH



MASTERY

YOUR PERSONAL PLAN:

THE
PRINCIPLES OF
WEALTH
MASTERY

NOTES

[Large empty rectangular area for taking notes, framed by a double-line border with rounded corners.]



“There are two ways of being happy.

We may either diminish our wants or augment our means—either will do—the result is the same; and it is for each man to decide for himself, and do that habit which happens to be the easiest.

If you are either sick or poor, however hard it may be to diminish your wants, it will be harder to augment your means.

If you are active and prosperous or young or in good health, it may be easier for you to augment your means than to diminish your wants. But if you are wise, you will do both at the same time, young or old, rich or poor, sick or well; and if you are very wise, you will do both in such a way as to augment the general happiness of society.”

————— BENJAMIN FRANKLIN —————



IN ORDER TO CREATE YOUR PERSONAL PLAN FOR FINANCIAL CERTAINTY

1 You must work backward and first establish: What is the amount of _____ you desire for _____ without having to work?

2 Next, in order to have this income for life (without having to work), your total accumulated investment capital (_____) must be large enough that, invested in a secure environment at an 8% rate of return, you would receive the _____ you desire for life.

YOUR FORMULA FOR CONVERTING YOUR FINANCIAL DREAMS INTO FINANCIAL REALITY IS:

$$\begin{array}{r}
 \text{Invested Capital (\$ ______)} \\
 \times \\
 \text{\$ \nearrow Time (______ years)} \\
 \times \\
 \text{Compound Growth (______ \%)} \\
 = \\
 \text{Critical Mass at 8\%} \\
 = \\
 \text{The annual income of your financial dreams!}
 \end{array}$$



TO CREATE AN EFFECTIVE FINANCIAL PLAN, YOU MUST DETERMINE HOW MUCH "CRITICAL MASS" YOU NEED IN ORDER TO ACHIEVE YOUR DESIRED ANNUAL LIFETIME INCOME.

Critical Mass	Annual Income @ 8%	Monthly Income @ 8%
\$ 125,000	\$ 10,000	\$ 833
250,000	20,000	1,667
375,000	30,000	2,500
500,000	40,000	3,333
625,000	50,000	4,167
750,000	60,000	5,000
875,000	70,000	5,833
1,000,000	80,000	6,667
1,125,000	90,000	7,500
1,250,000	100,000	8,333
1,500,000	120,000	10,000
1,750,000	140,000	11,667
2,000,000	160,000	13,333
2,500,000	200,000	16,667
3,000,000	240,000	20,000
3,500,000	280,000	23,333
4,000,000	320,000	26,667
5,000,000	400,000	33,333
6,000,000	480,000	40,000
7,000,000	560,000	46,667
8,000,000	640,000	53,333
10,000,000	800,000	66,667
12,500,000	1,000,000	83,333
20,000,000	1,600,000	133,333
25,000,000	2,000,000	166,667
50,000,000	4,000,000	333,333
100,000,000	8,000,000	666,667

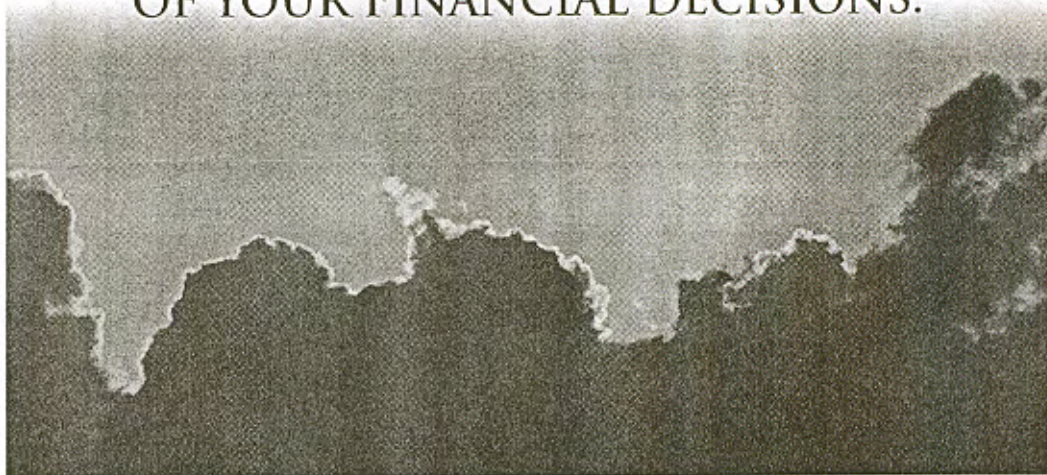


FINANCIAL DESTINY

NOW THAT YOU'VE DETERMINED WHAT
YOU WANT (ANNUAL _____ FOR LIFE)
AND THE CRITICAL MASS
YOU NEED TO GET YOU THERE . . .

IT'S TIME TO TAKE CONTROL OF YOUR
FINANCIAL DESTINY
BY STUDYING THE

OF YOUR FINANCIAL DECISIONS.





NOW, OUR FOCUS SIMPLY TURNS TO THE FINAL THREE KEY ELEMENTS TO THE FORMULA FOR WEALTH.

1 *Where you are _____ financially.*

2 *The level of _____ you are willing to take.*

3 *The amount of _____ you have to accumulate your critical mass.*

REMEMBER

THIS FORMULA IS BASED
ON YOUR DECISIONS.



REVIEW

TO REVIEW, IN ORDER TO FUND YOUR GOALS, YOU MUST START WITH . . .

$$\begin{aligned} \$ \times \text{Time (Years)} \times \% \text{ of Compounded Growth} \\ = \text{Critical Mass} = \text{Lifelong Income} \end{aligned}$$

1. You must decide on the amount of money you will invest _____ from this day forward in order to guarantee the achievement of your financial goals for life.
2. How can you establish the amount you will invest each year no matter what?
Two ways:

A. Net _____ .
 _____ Annual Income:
 - _____ (Actual Expenses)
 - _____ (Taxes)
 = _____ Net Margin Left to Invest

B. FDI: Financial Destiny Investment
 _____ % (percentage of annual income)



NOTES

“Your decisions,
not your conditions,
determine your
financial destiny.”

— ANTHONY ROBBINS —



NOTES

A large, empty rectangular area with rounded corners, intended for taking notes. The area is enclosed by a thin black border.



TADA!

YOUR
PERSONAL
PLAN



NOTES



HOW YOUR PERSONAL PLAN IS ULTRA-CONSERVATIVE

Your first personal plan is designed to be ultraconservative so that you know the numbers are real and achievable. In order to make that happen, the following list includes some of the actions we have taken:

1. YOUR HOME:

We haven't included your home as one of your invested assets, even though a home is the single largest asset most people have. For some of you, this will make your plan appear small or slow. You are welcome to change this part of your plan; this is just our way of being extremely conservative and showing you that you can achieve your current financial goals even without your home as part of your investment portfolio.

2. TAXES:

- A. We designed the program to tax you on all your liquid investments every year. In reality, if you don't sell an investment in a given year, you will not pay taxes on it. Thus, on your plan, this is costing you a large percentage of your principle and therefore, a measurable amount of your investment growth each year (i.e., your Critical Mass buildup). This added tax is designed to make up for any unforeseen circumstances—for example, not achieving the anticipated return on an investment; inflation being significantly higher or lower than you expected; or your income not growing as rapidly as you had hoped.
- B. We've been equally or even more conservative on your illiquid investments (such as real estate, your business, etc.) by taxing them every five years. In reality, you may not sell your business or real estate every five years and thus, will not pay taxes on them as often. To tax that large an asset (subtracting 20% of the gain for taxes every five years) creates a sizable reduction in your critical mass on your plan. This is designed to make up for any deflation in your business or real estate and any other unforeseen circumstances.

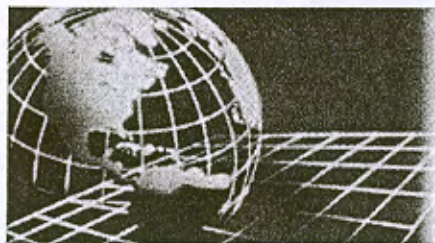
These two actions provide a large "fudge-factor" in your plan.

3. INFLATION:

Although inflation has averaged less than 2.5% since 1995, we have included it in your plan at 4%. (This 4% is an average inflation over the last 35 years, which included some of the most inflationary years of American history from 1978 to 1981, where inflation averaged 10.9%.)

SPECIAL NOTE:

We have adapted your investment tax-rate based on your country. Unlike the U.S., which taxes at a fixed-rate for all investments, many countries vary the investment tax rate based on income level. If you have questions or challenges, please see the international specialists available at Wealth Mastery and they'll be happy to make these adjustments.



INVESTMENT TAX RATES FOR:

Australia:*	47%	United States:	20%
Canada:*	40%	United Kingdom:*	40%
Taiwan:*	47%		

**Maximum Capital Gains Tax*



NOTES

A large rectangular area with a double-line border and clipped corners, intended for handwritten notes. The page contains very faint, illegible ghosting of text from the reverse side.


FINANCIAL STATEMENT

Participant Name _____ Participant # _____

Note: THIS IS NOT A CHANGE SHEET.

This is to be used *only* if you have not previously filled out and turned in your financial information.

- 1. Annual Personal Income**
 Definition: Gross income you personally receive per year.
 (Do not include investment income you list in lines 4-6 below.)



↳ _____

- 2. Net Worth**
 Definition: Your assets minus your liabilities.

↳ #7, from next page

- 3. Actual Tax Rate**
 Definition: The sum of all taxes divided by gross income.
 NOTE: This is your actual tax rate, not your "tax bracket." For example, if you earn \$100,000/year and are in a 32% tax bracket, but because of deductions you actually pay a total of \$25,000 in taxes, then your actual tax rate is 25%.

↳ _____

- 4. Illiquid Assets**
 Definition: Investments difficult to convert immediately into cash, i.e., real estate.

↳ #1, from next page

- 5. Liquid Assets**
 Definition: Capital easily converted into cash, i.e., stocks, capital in checking accounts.

↳ #2, from next page

- 6. Capital Currently Available, Uninvested**
 Definition: Money not invested currently (or money that could be better invested).

↳ #3, from next page

- 7. Income Increase, Next Five Years**
 Based on your current income, by what percentage do you think your income will increase over the next five years?

↳ _____ %

- 8. Income Increase, Next Five to Ten Years**
 By what percentage do you think your income will increase per year, on average, during years six through ten?

↳ _____ %

- 9. Necessary Savings/Investment**
 What percentage of your income will you save/invest to achieve your financial goals?
 (If you're unsure, estimate.)

↳ _____ %



FINANCIAL WORKSHEET

DO NOT RETURN

1. Illiquid Assets

- A. Investment Real Estate (not including residence)
- B. Business Interests
- C. All Partnerships
- D. Art, Collectibles, Classic Auto Collection, etc.



Transfer the numbers in this column to your Financial Statement.

Add A–D together to figure your Total Currently Invested, Illiquid:

#4, to previous page

2. Liquid Assets

- E. Accounts Receivable
- F. Notes Receivable
- G. Pension Plans
- H. Cash Value of Life Insurance
- I. IRAs, Retirement Plans
- J. Stocks, Bonds, and/or CDs

Add E–J together to figure your Total Currently Invested, Liquid:

#5, to previous page

3. Capital Currently Available, Uninvested

- K. Cash
- L. Cash Equivalents
- M. Money Market Accounts

Add K–M together to figure your Total Capital Currently Available:

#6, to previous page

4. Residence, Current Market Value

5. Personal Property: Autos, Jewelry, Furnishings, etc.

Add 1–5 together to figure your Total Assets:

6. Liabilities

- N. Accounts Payable
- O. Business Loans
- P. Credit Card Balances
- Q. Lines of Credit
- R. Mortgages
- S. Notes Payable

Add N–S together to figure your Total Liabilities:

7. Subtract Total Liabilities from Total Assets

(Assets minus Liabilities) to figure your Net Worth:

#2, to previous page

HELPFUL HINT

Round off figures to the nearest multiple of five.

- Remember that the current market value of assets may be more or less than the initial purchase price. Conservatively estimate.
- Remember to calculate in your own currency!



CRITICAL MASS WORKSHEET CHANGE SHEET #1

NAME _____

(MANDATORY)
PARTICIPANT # _____

Please complete only those items you wish to change from your most recent plan.

CURRENT INFORMATION

- | | |
|-----------------------------------|----------------------|
| 1. Annual Income | \$ _____ to \$ _____ |
| 2. Present Net Worth | \$ _____ to \$ _____ |
| 3. Income Tax Rate | _____ % to _____ % |
| 4. % of Income to Invest | _____ % to _____ % |
| 5. Capital Gains Tax Rate | _____ % to _____ % |
| 6. Annual Inflation Index | _____ % to _____ % |
| 7. Capital Invested (Illiquid) | \$ _____ to \$ _____ |
| 8. Capital Invested (Liquid) | \$ _____ to \$ _____ |
| 9. Capital Available (Uninvested) | \$ _____ to \$ _____ |

	10. "Blended Return"	11. Annual Income Increase	12. Changes to Liquid* Assets	12. Changes to Illiquid** Assets	13. % of Income to Invest
2001-2005	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2006-2010	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2011-2015	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2016-2020	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2021-2025	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2026-2030	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %

* One time changes that affect your LIQUID assets such as college educations, weddings, home purchases, car purchases, inheritance, etc.
 ** One time changes that affect your ILLIQUID assets such as sale of a business, sale of collectables, purchase of collectables, gifts of illiquid assets, etc.
 Note: Often times a one time change can affect both categories such as the sale of a business. This would reduce the amount of ILLIQUID assets and increase the amount of LIQUID assets.



NOTES



CRITICAL MASS WORKSHEET CHANGE SHEET #2

NAME _____

(MANDATORY)
PARTICIPANT # _____

Please complete only those items you wish to change from your most recent plan.

CURRENT INFORMATION

- | | |
|-----------------------------------|----------------------|
| 1. Annual Income | \$ _____ to \$ _____ |
| 2. Present Net Worth | \$ _____ to \$ _____ |
| 3. Income Tax Rate | _____ % to _____ % |
| 4. % of Income to Invest | _____ % to _____ % |
| 5. Capital Gains Tax Rate | _____ % to _____ % |
| 6. Annual Inflation Index | _____ % to _____ % |
| 7. Capital Invested (Illiquid) | \$ _____ to \$ _____ |
| 8. Capital Invested (Liquid) | \$ _____ to \$ _____ |
| 9. Capital Available (Uninvested) | \$ _____ to \$ _____ |

	10. "Blended Return"	11. Annual Income Increase	12. Changes to Liquid* Assets	12. Changes to Illiquid** Assets	13. % of Income to Invest
2001-2005	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2006-2010	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2011-2015	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2016-2020	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2021-2025	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %
2026-2030	_____ % to _____ %	_____ % to _____ %	\$ _____	\$ _____	_____ % to _____ %

* One time changes that affect your LIQUID assets such as college educations, weddings, home purchases, car purchases, inheritance, etc.
 ** One time changes that affect your ILLIQUID assets such as sale of a business, sale of collectables, purchase of collectables, gifts of illiquid assets, etc.
 Note: Often times a one time change can affect both categories such as the sale of a business. This would reduce the amount of ILLIQUID assets and increase the amount of LIQUID assets.



NOTES

CHANGE SHEET #2

NAME _____

PARTICIPANT # _____

Please complete only those items you wish to change about your current plan

CURRENT INFORMATION

1. Annual Income _____
2. Present Net Worth _____
3. Income Tax Rate _____
4. % of Income to Invest _____
5. Capital Gains Tax Rate _____
6. Annual Inflation Index _____
7. Capital Invested (Liquid) _____
8. Capital Invested (Real) _____
9. Capital Available (Uninvested) _____

1. _____ to \$ _____
2. _____ to \$ _____
3. _____ to _____
4. _____ to _____
5. _____ to _____
6. _____ to _____
7. _____ to \$ _____
8. _____ to \$ _____
9. _____ to \$ _____

10. Changes in Assets	11. Annual Income Index	12. Changes in Inflation**	13. Changes in Assets
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____
_____	_____ to _____	_____	_____

© 1999 Robbins Research International, Inc. (RRI). All rights reserved. Reproduction in any form without the express written consent of RRI is prohibited.

THE TOP TEN MOST FREQUENTLY ASKED QUESTIONS FOR THE CRITICAL MASS WORKSHEET

Q *How do I account for my particular currency?*

A When you enter your currency into the program, your particular currency comes out of the program. There are no specific US dollar calculations.

Q *What is a Salary Tax Rate, and how can I determine mine for my program?*

A Your Salary Tax Rate is determined by taking the actual tax you paid divided by your total income earned and received (e.g., \$100,000 incoming with \$22,000 paid in taxes equals a 22% salary tax rate).

Q *What is Blended R.O.I.?*

A The Blended R.O.I. uses each individual Rate of Return that you earn on your investments and puts them all together to create an average that represents a combined return for all of your investments.

Q *Why is my net worth higher than my illiquid, liquid, and available assets combined?*

A Your net worth includes the value of your home and personal property. To ensure your plan is extremely conservative, these figures are not included as invested assets.

Q *What can I change on my program that will make the most difference in my critical mass?*

A You can change the amount that you save, the rate of your return, and your income. You can then potentially increase the amount that you save if you continue to save the same percentage. The largest difference comes from a higher ROI followed by increasing the amount you save.



Q *What are illiquid assets?*

A Illiquid assets are investments that are difficult to convert immediately to cash, such as real estate, not including your home, art, collectibles, or autos.

Q *I own my own business. How should I include the value of my business when the business pays most of my expenses?*

A Here are three choices: First, value the business at what you feel you could sell it for, and invest that cash to provide yourself an annual income for life without working. Under this scenario you would have no business expenses—but you must allow for living expenses such as auto, insurance, etc. Second, to be extremely conservative, you could use the book value of your businesses, i.e., assets—liabilities = owner's equity. Third, if you have an approximate goal for when you would like to sell your business and at what price, we can place it in the "Changes to Illiquid Assets" section and see how that will affect your plan.

Q *What is the minimum percentage of my income that I must invest in order to achieve financial freedom?*

A The percentage is usually between 10% and 25%, based on your income level.

Q *Should I combine my income and assets with those of my spouse or should I keep them separate?*

A Are you planning on staying married? If the answer is yes, you should combine them. If you are basing your evaluations on separate goals, you can separate them along with your expenses.

Q *I will receive an inheritance in the future. Where can I enter this into the program?*

A You can use the one-time change to liquid or illiquid capital to include items such as an inheritance.



IF YOU ARE NOT
COMPLETELY HAPPY
WITH YOUR PLAN,
HERE ARE SIX THINGS
YOU CAN DO
TO MAKE
IT BETTER
IMMEDIATELY!





1

THE _____ MORE AND INVEST THE _____



Saving is the first skill of wealth mastery. If you do not save, you cannot become financially secure.

1 Cut the _____.
Eliminate anything that you're currently paying for that no longer gives you _____.

2 Develop a _____. Having a spending plan will eliminate fights with your spouse or loved ones, because everyone will have agreed _____ about how money is going to be spent. You _____ know how much you are spending.

Review your breakdown of what you currently spend per month. If you were really motivated, if you were really committed, how much could you reduce these expenses? Could you even eliminate some of them?

REMEMBER

THE MORE YOU MEASURE
SOMETHING,
THE BETTER IT GETS!



THE BENEFIT OF CUTTING EXPENSES

This can save you years of critical mass accumulation! (@ 8% return)

This chart shows how you can significantly decrease the critical mass you need to live off with only a slight reduction in your monthly expenses. For example, if you need \$5,000 per month, your critical mass would have to be \$750,000 ($\$750,000 \times 8\% = \$60,000$ and $\$60,000/12 = \$5,000$). By cutting your living expenses \$1,000 per month (live on \$4,000), your critical mass becomes \$600,000—a savings of \$150,000 ($\$600,000 \times 8\% = \$48,000$ and $\$48,000/12 = \$4,000$).

Amount of Expenses Cut from Your Monthly Budget	=	A Savings of Critical Mass
\$ 100		\$ 15,000
200		30,000
300		45,000
400		60,000
\$ 500		\$ 75,000
600		90,000
700		105,000
800		120,000
900		135,000
\$1,000		\$ 150,000
1,100		165,000
1,200		180,000
1,300		195,000
1,400		210,000
\$1,500		\$ 225,000
1,600		240,000
1,700		255,000
1,800		270,000
1,900		285,000
\$2,000		\$ 300,000
2,500		375,000
3,000		450,000
3,500		525,000
4,000		600,000
\$4,500		\$ 675,000
5,000		750,000
5,500		825,000
6,000		900,000
6,500		975,000
\$7,000		\$1,050,000



CUT YOUR MORTGAGE IN HALF

Homeowners, you can literally cut your mortgage term in half *simply by making extra principal payments!*

The next time you write your monthly mortgage check, write a second check for the "principal only" portion of next month's payment. This, by the way, is usually the smallest portion of the payment.

For most mortgages, the monthly payment is a constant number; in our example it's \$1,000. Usually only a small portion of that \$1,000 monthly payment goes towards paying off the actual principal of the mortgage itself. Remember, when the principal is paid off the loan is paid off.

Example of a typical mortgage:*

Month	Payment	Principal	Interest	Balance
Jan	1,000	40.00	960.00	98,172.85
Feb	1,000	40.39	959.61	98,132.45
Mar	1,000	40.79	959.21	98,091.66
Apr	1,000	41.10	958.81	98,050.47

In the example above, when you make the January payment, you can also write a second check for the "principal only" part of the following month's payment, in this case, \$40.39 for the February payment.

Then, you will not have to pay the interest on \$40.39 when making the February payment. The following month, make the March payment for \$1,000 and pay the "principal only" portion of the April payment for \$41.10.

Continue to do this every month, and you will never have to pay interest on the principal that has been pre-paid. Consistently following this strategy will enable you to pay off a 30-year mortgage in 15 years!

This is a powerful strategy for saving a tremendous amount of money on your interest payments and cutting the term of your mortgage in half.

*If you don't have an amortization schedule from your lender, get one!



2

Here's how you can do it:

1. Add more _____: Get a raise.
2. Change _____. (What is your company's policy?)
3. Get a _____ job.
4. Get your _____ to get a job/second job.
5. Start a _____ part-time.
6. Start a business full-time.
7. Buy a business with little or no money down.
8. Become a business _____.

The key strategy for earning more money is extremely simple and powerful. To figure out how to earn more money, figure out how to _____ !

Is it possible to earn twice as much money in the same amount of time? Three times as much?

Ten times as much? The answer is yes—IF you add twice as much _____ in the same amount of time, or ten times as much _____ in the same amount of time.

Remember the principle of _____. You may not see the results of your efforts immediately.





3

GET A _____ ON YOUR INVESTMENTS.

- This requires more _____.
- The Rule of 72 at work:**
Question: How long will it take for my money to double at a given compound interest rate?
Answer: For a close approximation, simply divide 72 by the interest rate.
- Remember, wildly fluctuating returns are not as great as steady returns.
- You can increase your net return on investments by learning to utilize CAVs (Capital Accumulation Vehicles).
- Another way to increase your return on illiquid investments—Save on Taxes!

<u>% INTEREST INTO 72</u>	<u>YEARS TO DOUBLE</u>
5%	14.0
6%	11.9
8%	9.0
10%	7.3
12%	6.1
14%	5.3
16%	4.7
18%	4.2
20%	3.8

Consider the following two examples for a \$100,000 investment over a five-year period:

Year	EXAMPLE A		EXAMPLE B	
	Interest	Principal	Interest	Principle
1	11%	111,000	8%	108,000
2	15%	127,650	8%	116,640
3	10%	140,415	8%	125,971
4	- 16%	117,949	8%	136,049
5	12%	132,103	8%	146,933
6	2%	134,745	8%	158,687
7	22%	164,389	8%	171,382
8	- 6%	154,525	8%	185,093
9	11%	171,523	8%	199,900
10	15%	197,252	8%	215,892

With just two loss years, the more volatile investment trails by nearly 10% in value at the end of ten years when compared to a steady 8% return.



TAX-FREE EXCHANGES

An illiquid investment realizes income as it appreciates in value but does not pay tax on that increased value until the income is recognized for tax purposes.

If an asset is sold outright, income is recognized on the sale, even if the money is later reinvested in similar property. However, income is not recognized if property is traded under IRS Tax Code Section 1031 in a like kind exchange. Like kind exchanges can be done with a third party through an escrow agent; however, the escrow agent must be knowledgeable in Sec. 1031 exchanges and must be careful to meet all of the qualifications of such an exchange.

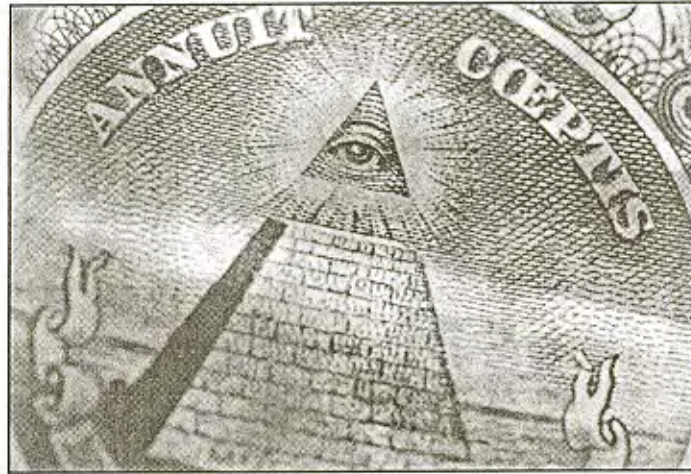
Trades of stock, bonds, interests in partnerships, or other exceptions listed in Sec. 1031(a)(2) do not qualify for deferral of tax. Disposal of these assets in a trade or sale do result in income being recognized.

Finally, trades with related parties or trades for foreign property do not qualify.



4

HOPE AND GET _____ .



1. Win the _____ .
2. Have your _____ cut
(highly unlikely).
3. _____ it.
4. Experience lower _____ .
5. Have one of your _____ go
crazy and increase in value massively.
This becomes more likely the _____
you invest and the _____
you invest.



CHANGE YOUR _____ .

This does not necessarily mean _____ your lifestyle.

Nationwide Cost of Living Examples 2001

If you lived in Los Angeles on an income of \$100,000 per year, how much would the same lifestyle cost you in other cities around the country?

New York (Manhattan), NY	\$209,248
Boston, MA	150,284
San Francisco, CA	150,144
Chicago, IL	136,253
Honolulu, HI	126,180
Boulder, CO	104,667
San Diego, CA	103,788
Atlanta, GA	95,574
Juneau, AK	97,527
Ann Arbor, MI	87,307
Jacksonville, FL	86,638
Portland, OR	84,405
Bangor, ME	77,786
Cleveland, OH	76,262
Phoenix, AZ	74,877
Des Moines, IA	73,454
Fargo, ND	68,710
San Antonio, TX	64,051

[Source: www.homestore.com]



6

DECIDE TO ENJOY _____
PART-TIME.



NOTES

NOW, COMMIT YOURSELF TO WINNING!



“There is one elementary truth—that the moment one definitely commits oneself, then providence moves, too.”

GOETHE



NOTES

NOT COMMIT

YOURSELF TO WINNING



There is one elementary truth: that the moment one definitely
commits oneself, there is no turning back.



MY DECLARATION OF FINANCIAL DESTINY

Nothing in life happens without commitment. Being interested in your financial goals will not make them a reality. Record your financial commitments below, and get excited about immediately beginning the process of turning your dreams into reality now.

1. I will achieve **FINANCIAL SECURITY** for myself and/or my family by creating an annual investment income for life of \$ _____. I will achieve this by the year _____. This will give me:
2. I will achieve **FINANCIAL VITALITY** for myself and/or my family by creating an annual investment income for life of \$ _____. I will achieve this by the year _____. This will give me:
3. I will achieve **FINANCIAL INDEPENDENCE** for myself and/or my family by creating an annual investment income for life of \$ _____. I will achieve this by the year _____. This will give me:
4. I will achieve **FINANCIAL FREEDOM** for myself and/or my family by creating an annual investment income for life of \$ _____. I will achieve this by the year _____. This will give me:

I am absolutely committed to take these goals and make them a reality. In order to do this, I must invest _____ % of my income each and every month/year. I hereby commit this _____ day of _____, in the year _____, that I will do absolutely whatever it takes to keep this commitment and enjoy the rewards of this commitment for a lifetime.

Signature _____

Date _____

