IMAGINE

FINANCIAL FREEDOM

OneLife

It's all about lifestyle

HOW YOU CAN LIVE DEBT FREE IN FIVE YEARS OR LESS

WWW.ONELIFE.COM.AU

In this workbook we are going to start working on the dreaded D word. It is time to get real about DEBT and I congratulate you on taking this step towards becoming debt free in 5 years or less. And from there we will work on having you be financially free and secure.

Debt doesn't just have a financial cost. Debt is more than the interest rates, the late payment fees. It is about what it costs your heart, what it costs you in energy and frustration. Particularly stress.

We are going to look at the following throughout this process:

1. **Increasing your Income**
2. **Dealing with your Expenses and your Debt**
3. **Creating Assets that produce Income**
4. **Building your Financial Fortress**

What we are going to go over isn't taught in school. Which is interesting because it is so crucial.

We will show you how to become a Strategic Spender – how to forecast your year in advance and ensure that you're spending less than you earn. Which might sound simple, however the majority of Australian's – maybe even you, are living outside of their means. Racking up debt to sustain a lifestyle that their income can't service.

If you've experienced any stress around your expenses and your debt – then this is going to be confronting, and it will be life changing.

I am going to work through a technique with you that will have your whole debt paid off within five years. Including your house if you've got a mortgage, your car, your personal loan(s) and your credit card(s).

And I am going to show you how to do this using only 10% of your gross income.

Not borrowing any money, therefore no added risk and pay down all of your debts.

Watch the video and follow along with this workbook.
It could change your life!

Debt free in 5 years - Financially Independant in a further 7 years.

"The reason so many individuals fail to achieve their goals in life is that they never really set them in the first place." **Denis Waitley**

How do you do this without any risk or additional expenditure?

CLIENTS	GROSS	TAX (APPROX)	NET	SPENDING & SAVED
His Income	$55,000	$17,000	**$38,000**	$2,400 Fixed
Her Income	$35,000	$8,000	**$27,000**	$1,000 Cash
Other				$1,200 Other Services
Total	**$90,000**	**$25,000**	**$65,000**	**$750 Saved***
Per Month	**$7,500**	**-**	**$5,400**	**$5,350**

*Save 10% per month ($750)

Insert your income below

How do you do this without any risk or additional expenditure?

CLIENTS	GROSS	TAX (APPROX)	NET	SPENDING & SAVED
His Income				
Her Income				
Other				
Total				
Per Month				

Save 10% $ ______________

Now to establish the order in which to repay the debts.
Take the debt and divide by the monthly payment, this will give you a "factor".
Then we rank the debts, starting with the lowest factor first.

Major debts of example household

How do you do this without any risk or additional expenditure using only 10% of your gross income?

	MAJOR DEBT	MONTHLY PAYMENT	INTEREST RATE	(FACTOR)	PAYMENT RANKING
House	$100,000	$1,100	10.5%	90	5th
Car	$20,000	$450	15%	44	4th
Myer	$2,000	$350	21%	5.7	2nd
Bankcard	$1,300	$300	19%	4.3	1st
Personal Loan	$4,500	$200	23%	22.5	3rd
TOTAL	**$127,800**	**$2,400**			

What is 10% of your gross income that you will apply to your debts each month?

List Your MAJOR Debts Below

	MAJOR DEBT	MONTHLY PAYMENT	INTEREST RATE	(FACTOR)	PAYMENT RANKING
House					
Car					
Myer					
Bankcard					
Personal Loan					
TOTAL					

How do they repay the debt without any risk or additional expenditure?

	REPAYMENT PROGRESSION	DEBT CLEARANCE
Bankcard	$1,300 repaid at ($750+$300) = $1,050 pm	1.5 months
Myer	$2,200 repaid at ($1,050+$350) = $1,400 pm	1.5 months
Personal Loan	$4,500 repaid at ($1,400+$200) = $1,600 pm	3 months
Car Loan	$20,000 repaid at ($1,600+$450) = $2,050 pm	10 months
House Loan	$100,000 repaid at ($2,050+$1,100) = $3,150 pm	32 months
	TOTAL	**48 months**

$3,000 pm = $36,000 compound @ 10% $2,200,000 over 20 years.

FINANCIALLY INDEPENDENT IN SEVEN YEARS

In order to demonstrate the following table, it is useful to develop an illustration which will allow you to simulate your own financial situation.

John and Mary own a house (valued at $350,000) which is entirely debt free. They have calculated that their living expenses amount to $25,000.

John's Income	$55,000	**John's Tax Liability**	($18,351)
Mary Income	$35,000	**Mary's Tax Liability**	($8,941)
TOTAL INCOME	**$90,000**	**TOTAL TA LIABILITY**	**($27,292)**

John and Mary's total net income: $62,708

In order for both John and Mary to become financially independent, it is necessary to build a capital base, which is substantial enough to cover their expenses and is suitable for their lifestyle.

One of the options, which John and Mary could take, is to build a portfolio sufficient to allow them an annual income of $25,000.

The table shows that in order to achieve this, John and Mary must build a negatively-geared portfolio around a capital base of $300,000.

The interest payments, which John and Mary will be making, are $30,000pa.

Because this is a negatively geared portfolio, the repayments will be offset against the income generated from the investment portfolio. This will negate the tax which would otherwise be payable on the interest received from the investments.

As the table demonstrates, this base of $300,000 will have grown (over a period of around seven years) at approximately 12% to $663,204. After seven years, John and Mary repay the loan, leaving them with $363,204.

The $363,204 that has accrued from the last seven year's investment is now rolled over into a growth and income tax effective, diversified investment portfolio, which will return 12% or $43,584 per annum.

Mary and John split this investment income

JOHN'S INVESTMENT INCOME: $21,792

MARY'S INVESTMENT INCOME: $21,792

STRATEGIC SPENDING

Being more efficient and effective with your money.

Strategic Spending is the second magic formula for arranging your affairs. You notice it's called Strategic Spending. It's not a budget. Budgets don't work. Neither do DIEts.

Strategic Spending is about creating a system to plan your expenses and take charge of your money, so that you will end up with ten per cent of your income, as a minimum, being saved in a Wealth Account to create wealth for your future.

Strategic Spending works because you are putting a strategy in for your future, and you are planning a year ahead for what you want to do. Ninety per cent of your bills are able to be planned, fairly accurately.

Making money is very simple.
Keeping it and building wealth is the key!

"The reason so many individuals fail to achieve their goals in life is that they never really set them in the first place."
Denis Waitley

One of those important goals is to spend less than you earn. Ninety-five per cent of our population spends all they earn or more than they earn.

Less than five per cent of the population saves ten per cent or more of their income on a regular basis.

Most of us know how much we earn each year, but have little idea what we spend the money on. Like every successful business, we need to monitor income and expenditure while also ensuring that we are making a profit - in other words, saving some money.

The reason the strategic system was put in place was to get you ready for your business building plans.

If you can't be strategic about your spending and record it accordingly, there is no way in the long term that you can really build a business.

Unfortunately, most people take their poor habits of personal spending into their businesses and this is reflected in their failures.

Eighty percent of all small businesses go out of business within the first five years. Of the twenty per cent who make it through, eighty per cent of them go out of business in the next five years.

Have the discipline to do little things you don't like, and you can spend your life doing the big things you do like.

My experience tells me that the majority of the people who fail do so because there are certain areas that they are not good at, and one of them is often their inability to be strategic with their spending.

To access our Strategic Spending system, go to **www.onelife.com.au/strategicspending** and register as a member, from here you will be able to access our strategic spending system and a range of other documents mentioned in this book.

In the yearly planner, you will see that there are two basic pages starting with income for the spouse and the main provider, with a 12 month plan in advance.

It then moves on to saving a minimum of ten per cent of that income, and then down to paying for the basic essentials of food and out-of-pocket expenses. It then goes through to the third account - the operations account - all your costs of housing, transport, holidays, loans etc.

At the bottom of the second page you will find that the income and expenses are taken one from the other and added up monthly, showing either a positive or a negative balance and, ultimately, added up as a total for the year.

Next is the monthly section with 4 or 5 weeks in it. Fill it in exactly the same as you would the yearly one, starting with the current month.

Where should you begin? Right where you are - next month as you plan spending.
Start right where you are.

At this point I usually get comments such as 'this is going to take a long time' and 'anyway it won't be very accurate as I have to guess'.

I agree this takes time and is only an estimation; and, if you are serious about your wealth you need to take charge of your spending.

It doesn't take that long. What you need to do is offset the time involved - an hour or two - for both you and your spouse, against what it will cost you later in life if you don't do it.

As far as the accuracy is concerned, it's better to be a little inaccurate than have nothing, because that would be total guess work.

What I am surprised to discover is that often the figures generated in this exercise are within ten per cent of the actual figures and, with the pluses and minuses involved, they often work out even more accurately.

The only thing you can guarantee about Strategic Spending is that it is wrong. However, it will give you the information and control that you will need to move yourself to the next stage.

It is very important to do this now.
If you cannot do this right now make a definite time when you will sit down with your spouse - or if you are single, by yourself - and really complete this strategic spending plan.

The time I have committed to do this will be:

Date: ______________________ **Time:** ______________________

In summary:

- **Strategic Spending is vital as it helps you take charge of your life.**
- **If you cannot do this personally, how will you ever be able to do it when you run a business?**
- **Make the time to work through this plan with your spouse so that you have a joint sharing of these responsibilities.**
- **Most people wait until they are in trouble before they start to do their 'budget'. Strategic Spending is about being proactive and planning ahead.**

Remember: Money does not come to chaos

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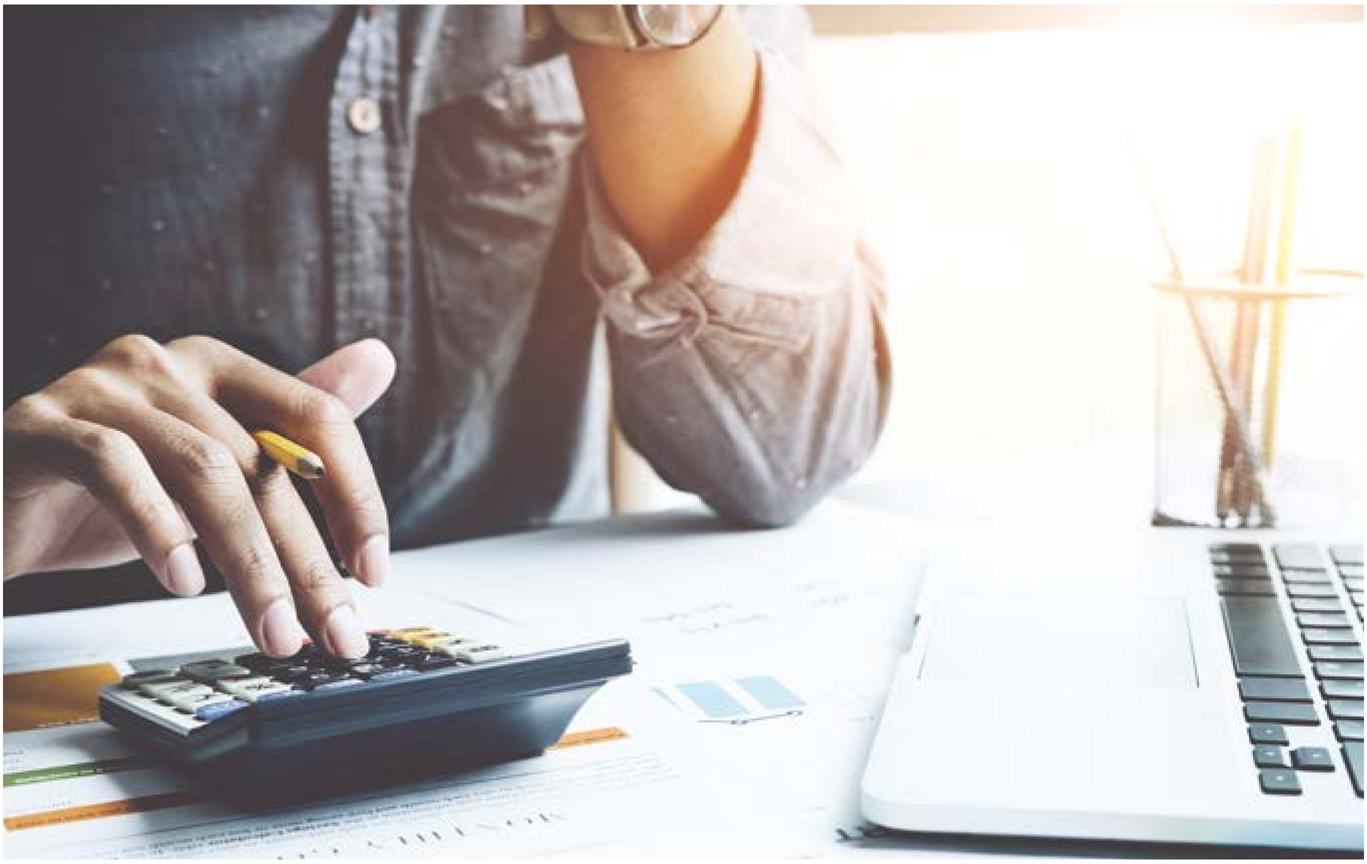

If you would like some help creating a strong financial future for yourself and your family

Contact us for a Free Wealth Discovery Call:
1300 365 590

Or email us at:
support@onelife.com.au

OneLife
It's all about lifestyle