The Quality Life Plan™
7 Steps to
Uncommon Financial Security

Susan Boskey

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Dedication

This book is dedicated to my son, Forrest Scott Gray and those of his generation. Because each generation borrows from the future, it is increasingly important to know how to sustain a quality life free from the personal implications of debt.

Acknowledgments

On rare occasions in my life I have been the recipient of information having the rare ring of truth. I mean truth beyond the popular measure. Over the years, my curiosity led me to study money as a central theme to the possibilities and quality of life. The WealthStudy.com program, in particular, helped me to put together all the pieces of my years of study into a comprehensive whole. It rocked my world!

I have had the great fortune to be guided by my colleagues whose intelligence and practical experience has helped me to gain solid ground. I am also grateful to my many clients whose successes proved beyond the shadow of a doubt that taking the personal finance "road less traveled" supplies incredible, tangible benefits. Special thanks to Barbara Urschel, John Fisher, Paul Spreadbury, Marcia Swain, Maritza Luz Vega, Margo Pedrick, Matthew Joyce, Michael Donish, Bix Whitcomb, Fred Hodgins and Steve Millington for their friendship, generosity and most of all, for believing in me.

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Table of Contents

Pages

Introduction

We live in a time when more and more people need credit just to make ends meet and living on the edge has become the norm. Do *you* feel the squeeze of more money going out than coming in and want to find an honest way off the hamster wheel?

If your answer is yes, then *The Quality Life Plan™* is for you. In the 21st century it takes something *more* to achieve financial security and personal well-being than it did in times past. Welcome to a long-overdue grass-roots approach to personal economic sanity!

You already know why a new approach is needed; the skyrocketing cost of living, mounting debt, dwindling disposable income, outsourcing and downsizing of jobs, all-time high foreclosures, personal bankruptcies, loss of healthcare benefits and pensions. Popular solutions (debt consolidation, second jobs, 401K's, frugality measures, budgeting, saving, etc.) have not stopped the bleeding. Millions of middle-class Americans are at risk because they don't know the rules to the money game have changed.

You have undoubtedly spent years gleaning advice from family and friends about the best ways to achieve financial security. You may have heeded that advice and passed it on. The question is: are you satisfied with the outcome? Nowadays, financial security and personal well-being tend to be more of a fleeting good idea than reality. Wonder why? You might think poor money management and lack of planning are the culprits. That certainly might be true, but as you'll soon discover, poor money management and lack of adequate planning are just the tip of the iceberg. A much bigger story is waiting to be told!

The Quality Life Plan has stepped-up to challenge the mindset of conventional financial wisdom with a refreshing, alternative personal finance approach. It dives deep to expose *the root cause* at the source of all the above personal dilemmas and provides genuine solutions to reduce and reverse them. Since money is the product of the financial industry and debt is their product, we've only been told what will insure the growth of *their* bottom line!

You will come to understand 1) why wealth has been dumbed-down to *only* mean money and what money can buy, 2) how that definition of wealth has hurt you and 3) the truth about why it is harder than ever to keep up with today's cost of living. More importantly, you'll learn the new rules to the money game and precisely what to do to stay ahead of the exponential debt curve. Strategies designed specifically for these economic times, empower you to create the highest level of financial security and personal well-being possible.

Ask yourself the following:

- Does quality time with family and friends keep disappearing?
- Have you had to eliminate products or services that support your health and well-being due to finances?
- Must you use credit every month to meet basic obligations?
- Do you depend on credit to cover unexpected expenses?
- Are you a single parent who never seems to be able to keep up?
- Are you 50+ with less than $25,000 put away for retirement?
- Do you use more than one credit card?
- Are you funding your own retirement via a 401k, etc?

No matter how you have answered, you will want to know:

- How and why you have been misled about wealth
- How money works in the context of a global monetary system
- The seriously flawed thinking behind traditional financial advice
- Strategies needed today to achieve both financial and personal well-being

If you want both financial security *and* a balanced life in today's economic environment, you'll be happy to discover the information contained in this book. Without it, you're at a distinct disadvantage. It's like trying to play Monopoly without understanding the rules; your chance of winning is almost nil.

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To get the most out of this book, read one Step and then put down the book for a day and think about what you've read. Go on to the next Step to build on what you've read and so forth. Read through the entire book at least one time (two times or more is preferable) *before* implementation. Since this book promotes an economic perspective 180-degrees opposite to what you're probably familiar with, your best bet is to take adequate time to understand these new concepts.

Throughout Steps 1-6, you will find gray accent boxes to further assist in clarifying critical information and premises for those Steps.

Steps 1-3 lay out issues regarding wealth, how money works, the social and personal implications and why a new approach to personal finance is not just another good idea, but essential. Answer the questions about yourself at the end of Steps 1 and 2 before proceeding to Step 3.

Step 4 brings to your attention the potential obstacles that may cross your path when you seriously consider implementing *The Quality Life Plan* approach. Complete the brief self-assessment at the end of Step 4 before going on to Step 5.

Steps 5-7 are the solution Steps; full of practical information and strategies. A bibliography is included at the end for your independent study and research.

Once you are satisfied that you have a working understanding of the concepts presented, roll up your sleeves, get out your pencil and get to work developing your unique *Quality Life Plan*! Visit my web site, Alternative Financial Now http://www.AlternativeFinancialNow.com for additional resources.

Step 1 Reconsider Wealth

"To define wealth as money alone, oddly enough, is to shortchange yourself!"
—Susan Boskey

THE BUZZ IS IN THE AIR: CREATE, BUILD AND MANAGE WEALTH!

Chances are you know of at least one person or family who has taken an exotic vacation or who owns a yacht, airplane, motor home or who drives a fine luxury automobile. It's likely you know someone who sends their kids to private schools or who lives in a million dollar home. Expressions of this type of wealth are more visible than ever before.

1957 = $8,700 annual earnings

1998 = $20,000 annual earnings

Annual earnings have grown substantially since the 1950's. According to U.S. economic indicators, between 1957 and 1998 per person earnings rose from approximately $8,700 to $20,000 annually. In 2005, annual earnings rose even higher. Data also indicates a very similar pattern of growth continues to occur in industrialized nations throughout the world. So, apparently the dream of doing better than one's parents is not exclusive to the United States. Data, however, can be deceiving.

A closer examination of the relationship between material wealth and personal well-being reveals that more material wealth doesn't necessarily translate to greater happiness or to a quality life experience. Obviously, all humans need food, shelter, clothing and personal contact to survive and thrive. It's also possible for us to overdose on too much of a good thing.

A little sunshine is nice. Too much and you're sunburned. Food is important, but eat too much and you'll get fat. A few days with houseguests are fun, but if they stay too long, you're eager for them to leave. The same principle applies to material possessions. At what level of material wealth do we thrive? Is there a point of diminishing returns after which further accumulation may actually have a negative impact on our ability to thrive?

University of Michigan researcher, Ronald Inglehart, has been examining happiness indicators in cultures throughout the world for decades. In a survey of 170,000 people from 16 nations, he concludes that the transition from a society of scarcity to a society of security brings a dramatic initial increase in subjective well-being. The research also describes a point where personal happiness and well-being no longer increase with continued economic growth.

> ***"Getting richer has a big return at the early stages, as you move from dire poverty and infant mortality rates of 50 percent and stuff like that to a sort of modest comfort like South Korea or Spain; beyond that it makes hardly any contribution."***
>
> ***Professor Ronald Inglehart, University of Michigan***

Most of us work hard day in and day out. Some of us work at more than one job or work overtime. Conventional wisdom says we need to work hard, save and invest if we are to get ahead. But what does “*get ahead*” really mean?

Premise #1: *If you had more money in your life you’d be able to take more vacations, hire people to do things for you and put your money to work so you didn’t have to work as much or as hard. True enough, but getting to that point is a totally different story.*

Imagine: You get a hefty raise, but responsibilities associated with the raise cause you to feel more stress. You spend increasing amounts of time working and less time with your family. Your personal debt grows despite your raise and everyday is a struggle to keep-up with demands both at work and home. Sure, you’re making more money, but are your sacrificing your personal and spiritual well-being in the process?

In 1998, the National Commission on Civic Renewal issued the results of a comprehensive study of this issue in a report entitled “Index of National Civic Health”. This report underscores the relationship between material wealth and well-being by surveying 22 components in 5 broad categories: political participation, trust, group membership, personal security and family strength. The report concluded; while annual earnings steadily increased between 1972 and 1996, that same period saw continually decreasing national civic health until 1994 when indicators rose. Unfortunately there are no statistics past 1998.

Index of National Civic Health

The year 1974 is a baseline, set at 100.

Premise #2: The 21st Century Paradox: *Studies and reports provide significant evidence to support the fact that increasing affluence can actually coincide with undesirable social dilemmas such as record high rates of divorce, violent crime, teen suicides and depression.*

You might want to read:

The American Paradox, David G. Myers, Yale University Press

Social Indicators of Well-Being, Plenum Press Andrews F.M. and Withey, S.B.

Stability and Change in Levels and Structure of Subjective Well-Being: *USA 1972 and 1988*, Social Indicators Research, 25, 1-30, Andrews, F.M.

The Structure of Subjective Well-Being in Nine Western Societies, Social Indicators Research, 6, 73-90, Andrews, F.M. and Inglehart, R.F.

You don't need to look very far to confirm the findings of these studies. The hard evidence is all around you! Read the newspaper, look out your window and talk to your neighbors! In your own backyard you'll find the rising levels of chronic stress, anxiety, substance abuse, divorce, bankruptcy, poor eating habits, lack of quality time and deferred health care needs.

LOOK AGAIN

When you connect the dots it gets pretty simple: For many, the pursuit of *quantity* runs roughshod over the *quality* of their lives. The notion of "having it all" is, for most of us, a joke at our own expense. What we gain through accumulation we lose in peace of mind. How to opt out of this trend? The first step is to reconsider wealth. Let's take a look at the Oxford English Dictionary definition:

Premise #3: Reconsider the full definition of wealth.

Wealth; (1) The condition of being happy and prosperous; well-being. (2) Spiritual well-being (3) Prosperity consisting in the abundance of valuable possessions, especially in great abundance; riches, affluence.

Oxford English Dictionary

In its first and second definition, wealth has little or nothing to do with money. Instead, wealth exists in the realm of the intangible yet equally valid aspects of life. Although perhaps not as easily measured, personal and spiritual well-being or the lack thereof has a huge impact on the quality of our lives.

The third definition has become what wealth is known to be above and beyond anything else – "Prosperity consisting in the abundance of valuable possessions, especially in great abundance, riches, affluence". However, to define wealth as money alone, oddly enough, is to shortchange yourself. You risk a domino-type effect of negative personal consequences that can follow on the heels of mounting debt.

To reconsider wealth in its *complete* definition is to be reminded of what is important. Most of us have had insights about what is important after experiencing a personal loss, after which we attempt to restructure how we spend our time. But all too often, we will revert back to our old ways, trading our precious time in pursuit of wealth in its third, most tangible definition.

The saying, “you can’t have it both ways” applies here and describes why “having it all” (though a seductive concept) is so often just the stuff of commercials and wishful thinking.

Time is a significant element of our intangible wealth. However, when the third, most tangible definition of wealth dominates our focus, time for our spouse, family, exercise, healthy food, to help a friend, creativity, spiritual renewal and needed rest, can easily slip away.

> Premise #4: *When you buy-in to the complete definition of wealth, you aspire to wealth in its proper sequence: personal and spiritual well-being precede the abundance of valuable possessions.*

At this point you might be asking yourself, “Is it realistic to imagine I could have a lifestyle based on the complete definition of wealth without sacrificing the money I need?” A truly wealth-filled life requires thought and action beyond the scope of traditional advice. You will need an open mind and a plan to accomplish it.

YOUR *QUALITY LIFE PLAN*

Close your eyes and imagine a life where your personal and spiritual well-being no longer must play second fiddle to the pursuit of money. What a concept!

Sound too good to be true? *The Quality Life Plan* is a seven-step program that will help you to not only redefine wealth in the truest sense of the word, but also provide you the knowledge and tools to regain and sustain the quality in your life.

True wealth is about a lifestyle of personal and spiritual well-being without sacrifice of the money needed to support it. The goal of this first Step is for you to buy-in to the complete definition of wealth.

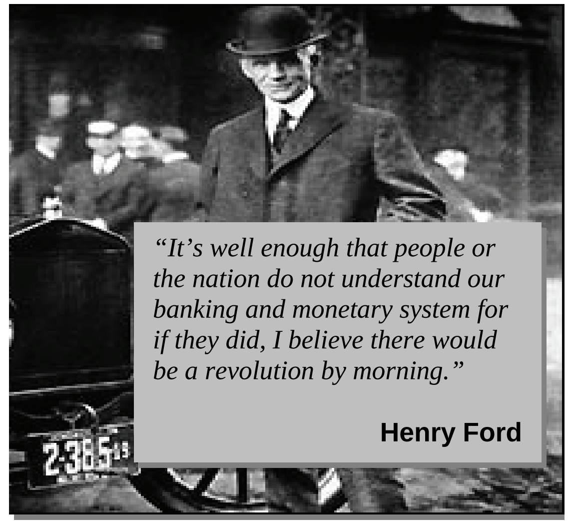
In Step 2, you’ll begin to see how and why the definition of wealth has been dumbed-down to *only* mean money and what it can buy. Learn why different times in history require different wealth building and money management strategies to sustain the precious quality of our lives.

How About You?

1. In what ways have you limited your definition of wealth to mean money alone?
2. What have been the personal consequences for doing so?
3. List those things that are truly important in your life.

Answer Your Questions Here

Step 2 Listen Up - Money Depreciates Just Like A Car!



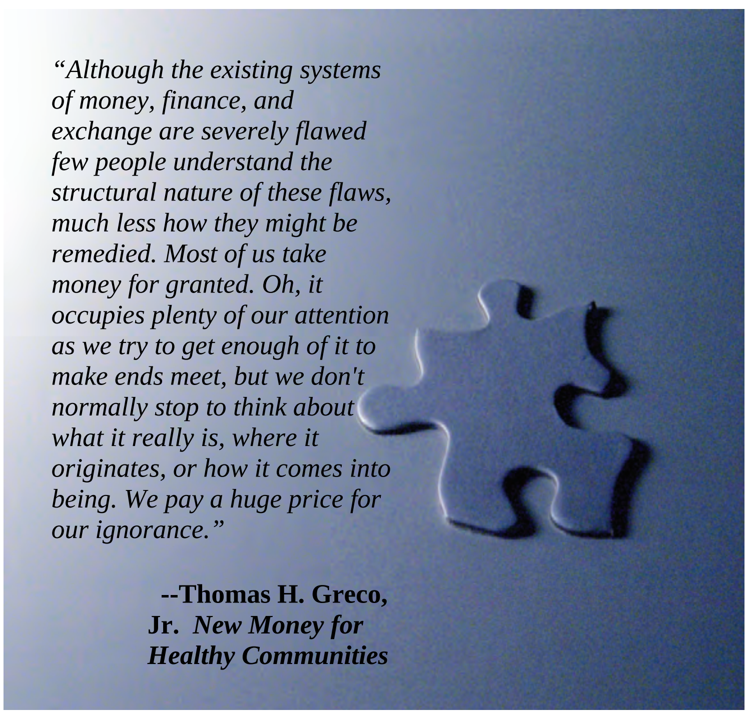
"It's well enough that people or the nation do not understand our banking and monetary system for if they did, I believe there would be a revolution by morning."

Henry Ford

You work harder and longer than families did in the 1950's to secure the same basics of home, food, clothing, transportation, utilities and health care. What's more, stress runs higher and quality time must be protected if to exist at all. How could this be with greater access to higher education and so many technological advances?

Simple. A significant piece of your knowledge-base about money has gone missing! You may have a Ph.D. in business and finance or learned about money in the school of hard knocks, but still never learned what you will here.

PUT MONEY IN CONTEXT



"Although the existing systems of money, finance, and exchange are severely flawed few people understand the structural nature of these flaws, much less how they might be remedied. Most of us take money for granted. Oh, it occupies plenty of our attention as we try to get enough of it to make ends meet, but we don't normally stop to think about what it really is, where it originates, or how it comes into being. We pay a huge price for our ignorance."

--Thomas H. Greco, Jr. *New Money for Healthy Communities*

We spend most of our waking lives earning and spending money one way or another. Yet, almost all of us do so without understanding the role money plays in the *context* of a global monetary system.

Nothing occurs in a vacuum - especially money! The truth is you and I have not been fully informed about how money works until we understand the system of which it is a part. For example: You can discipline a child who exhibits behavioral problems at school, but the discipline will have little, if any, long-term effect. To truly address the problem requires knowledge of the child's home life and the family system in which he or she lives.

Neither do planets magically rotate and revolve. They are influenced by the gravitational pull of other planets and stars of a solar *system*. Systems tell the *whole* story.

Incredibly, when taught about money, most of us are not educated about the larger framework within which money exists. The result? Our important financial and life decisions are made without the benefit of complete and accurate information about money.

A GLOBAL MONETARY SYSTEM

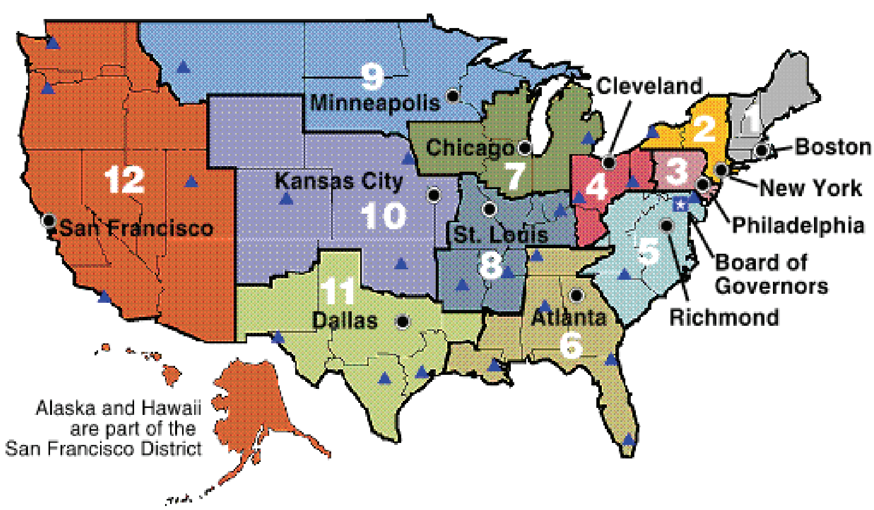
The monetary system is global in nature and functions as a network of central banks in 17 countries throughout the world.

In the United States, the central bank is known as The Federal Reserve Bank with 12 branches throughout the country with its home office located in New York City.

The Federal Reserve Bank as it exists today was signed into law December 23, 1913, having the stated motive to establish stability of both the dollar and the banking system.

There were three previous attempts to establish a central banking system in the United States.

1781; The Bank of North America
1791; The First Bank of the United States
1812; The Second Bank of the United States



Central banks worldwide use a system called fractional reserve banking to put money into circulation and are the *only* authorized banking entities able to do so. ALL money is loaned into existence with interest via fractional reserve banking which makes money a *debt* instrument. Borrowing begins when a government makes a loan request to a central bank. From there, the borrowing process trickles down to the consumer who requests a loan from their local bank.

Take a look at any U.S. paper currency and you will see the words "***Federal Reserve Note***". A note represents credit, requiring repayment. Every time you make a purchase you do so with an IOU!

A BRIEF HISTORY OF CURRENCY CREATION

In ancient times, monarchs were responsible for the creation of money. Money was represented by precious metals of different shapes, sizes and weights and had a direct relationship to the riches of a nation.

<u>Where Money Comes From</u>

1. In order for a government to secure the money it needs to operate, pay contractors, etc. it must borrow from a central bank. They do this by depositing a bond (a debt instrument) with a "promise to pay" with interest.

2. The central bank issues a credit to the government's treasury account for the loan.

3. The government uses the money borrowed to pay contractors and vendors.

4. The contractors and vendors deposit the money they get into commercial banks.

5. Commercial banks record these deposits twice: Once as available funds in the bank accounts of the contractors and a second time as available reserves to loan again.

6. Meanwhile, back at the ranch, the government taxes the public in order to raise the funds needed to repay the loan to the central bank.

According to Alexander Del Mar, head of the U.S. Department of Weights and Measures in the late 19th century and author of the book, *History of Money in America From the Earliest Times to the Establishment of the Constitution,* the Mixt Moneys case of 1604 in England determined money as a public measure to be regulated by the state. *"The state alone had the right to issue money."*

For over half a century, this ruling alarmed the merchants of London who attempted to defeat the Mixt Moneys decision. The East India Company was the main instigator in the effort because they were eager to turn a profit by shipping silver to India in exchange for gold. Success was achieved with the British Free Coinage Act of 1666, which, according to Del Mar, "altered the monetary systems of the world". He continues, "The specific effect of this law was to destroy the royal prerogative of coinage, nullify the decision in the Mixt Moneys case and inaugurate a future series of commercial panics and disasters which, to that time were totally unknown."

The British Free Coinage Act of 1666 marked a turning point in the role of currency creation as a public measure to one dominated by moneylenders. No longer was the act of putting money into circulation directly connected to the actual, existing material riches of a nation. Moneylenders known as "strong room keepers" began the practice of making interest-bearing loans that were not backed 100% by the gold reserves remaining in their strong room. Money put into circulation in this manner has come to be known as "fiat" money – backed by only a very small reserve amount.

The Federal Reserve Banking System of the United States currently uses the fractional reserve system to issue fiat money into circulation. Worldwide, the process has evolved into a highly sophisticated, computerized accounting registry utilized by every government worldwide.

LET’S FOLLOW THE PAPER TRAIL OF A $100,000 GOVERNMENT LOAN…

Bob is a contractor for the federal government and he receives a $100,000 contract to begin work on a project for the government.

The government places a bond (a debt instrument) on deposit with a central bank.

> *“The principal amount is created at the time the loan is made, but the money to pay the interest due in subsequent periods has not yet been created. Thus, debtors, in the aggregate, are in an impossible situation of always owing more money than there is in existence. They must vie with one another for the available money in order to avoid defaulting on their loans and losing their collateral.”*
>
> ***New Money for Healthy Communities***
>
> **--Thomas Greco**

The central bank credits the government’s treasury account for the exact same amount (the government paid Bob) to pay expenses.

*When Bob deposits his $100,000 payment in his local bank the check enters the bank’s accounting system as a **double entry!** (1) It’s entered as a $100,000 deposit directly to Bob’s account and 2) as $100,000 in **<u>available reserves</u>** that can be loaned to others!*

*Along comes Joan, heading to the same bank for a business loan. (Read the 10% rule to the right, before your proceed.) The $90,000 now on **reserve** is available to loan to Joan. She takes $90,000 and deposits it in the same bank. Her check is also recorded as a double entry. (1) $90,000 is deposited to her direct account and (2) $90,000 is available as reserves to be loaned. Because of the 10% rule, excess reserves from Joan’s deposit of $90,000 that can be loaned again now total $81,000. Cumulative deposits for Bob and Joan’s checks now total $190,000 ($100,000 + $90,000).*

Then along comes Jerry to the bank needing a business loan. He receives a loan for $81,000 and deposits it in the same bank. His check enters the bank’s accounting system as a double entry. (1) $81,000 is deposited to his direct account and (2) $81,000 is available reserves to be loaned. Because of the 10% required reserves, excess reserves from Jerry’s deposit of $81,000 that can be loaned are $72,900. Cumulative deposits for Bob, Joan and Jerry’s checks are now $271,000.

The 10% Rule

When making loans, central banks are required to hold back a certain percentage, called available reserves. 10% is the standard amount, but sometimes it is less. However, the balance of 90%, (in this case $90,000) can be loaned again.

In Alan Greenspan’s own words, "Because excess reserve balances do not earn interest, there is a strong incentive to convert them into income assets (loans and investments)."

This process repeats itself until all excess reserves generated by the original $100,000 loan are exhausted. Cumulative deposits beginning with the first loan of $100,000 continually grow! By the time the excess reserves from the original $100,000 are used up, cumulative deposits will have reached $1,000,000 and be available to fund $900,000 more in interest-bearing loans. Thus, the expression, “*creating money out of thin air*”, may now have greater meaning!

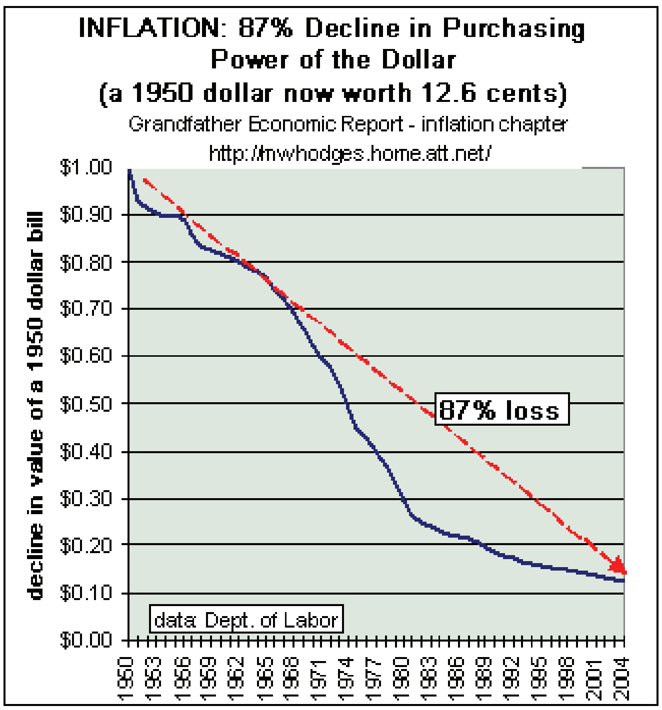
JUST HOW DOES CURRENCY CREATION AFFECT *YOU*?

Here's the rub. That one-dollar IOU in your pocket is no longer worth the one dollar it started out as when The Federal Reserve Bank began. Nearly 100 years later after the issuance of gazillions of dollars in loans (that had to be repaid with interest); consensus is that a dollar now only has the purchasing power of between 5 and 13 cents.

> Premise #1: *The borrowing process multiplies the volume of currency in circulation while, at the same time, causing money's value to decrease over the course of time from the cumulative affect of compound interest (loss of purchasing power).*

Though there may be two sides to every story, when it comes to understanding a global monetary system, the "whole" story has been left untold. Those who benefit from our ignorance laugh all the way to the bank!

INTRODUCING REAL-TIME PERSONAL ECONOMICS



Real-time personal economics speaks to the need for individuals and families to adapt their money strategies according to the economic times they live in. Updating strategies becomes an intelligent response given how the value-to-debt ratio of a global monetary system is tipping towards debt.

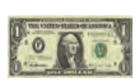
Let's go back 40 or 50 years for more insight into the real-time economics concept.

From an economic and quality of life perspective, many people believe we are better off in this 21st century than sixty, fifty or even forty years ago. But are we, really?

> *"A dollar was worth $1 in 1913 and is now worth two freaking cents."*
>
> **Richard Daughty**
> **General partner and COO for Smith Consultant Group/Writer/Publisher of the Mogambo Guru economic newsletter, September 24, 2004**

1950 value

1975 value



2005 value

2015 value

Borrowed money must get repaid with interest. Over the course of time, interest compounds both in its rate of speed and as a total amount to be repaid. As such, interest becomes an additional expense to the borrower. If a business person, the borrower passes their interest costs on to the end consumer as an increase in the price of their goods or services along with the tax amount the government must levee in order to raise money to repay their own central bank loan(s).

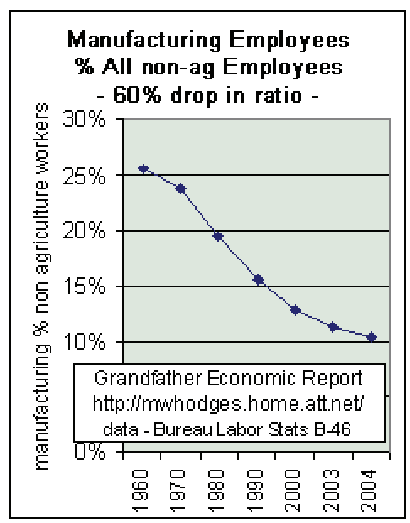
Premise #2: *Financial professionals have a term called "reverse compounding" where instead of compound interest working in your favor like you've been told it will with securities investments and mutual funds, it literally works in reverse to put you deeper in the hole.*

When The Fed was younger (born 1913), far less money was in circulation. That meant less debt was owed. Less overall debt translated into greater purchasing power at the cash register for virtually everyone. In times past, the very same basic goods and services we still need today, cost far less. With greater purchasing power, it was easier for the majority of Americans to make a decent life for themselves.

[Though I have been speaking in terms of the United States because I am an American, virtually every country has a currency that is in the same exact process of losing value. The story and timing of that process will be unique according to the history of each country, but have no doubt; the system is one and the same.]

During the 1950's the United States was the manufacturing hub of the world. Blue-collar jobs outnumbered white-collar jobs with manufacturing, food processing and small farms dotting the country. The automobile industry drove the economy into high gear. We had the Nelsons, the Cleavers, Lucy & Ricky and all was right with the world.

Robust economic times continued into the 1960's. The national rate of saving, capital investments and business profits were at their highest during this postwar period.



The sixties ushered in the advent of the credit card. Even so, most families were moderately frugal and happy to live by the 'pay as you go' plan. When businesses used credit, it was mainly for capital formation, i.e. the financing of new homes for the consumer and new investment in plants and equipment (tangible assets) for business.

It wasn't a perfect world. People often looked to the skies to make sure the planes above were ours and the additional expense of a bomb shelter did affect some. But, for the most part the American economic landscape of the 1950's and 1960's was a time of manufacturing growth, productivity and leadership. Millions gained economic stability. Detractors point to the Cold War as an example of how dangerous the times were back then. Sure, it was a stressful time in some ways but as dangerous as it seemed, at least you could keep your shoes on in an airport!

←1955: we worry about this guy banging his shoe.

2005: →
We worry about this guy blowing up our office.

My point? *The quality of life enjoyed in the 1950's and 1960's had everything to do with the character of a global monetary system during that time in history*. Greater purchasing power translated into the availability of basic goods and services for the majority of the population. In other words, conventional wisdom about how to spend, earn, save and invest supported the real-time personal economics of that generation. Not any more. For the majority of the population today, these very same strategies have become inadequate to provide the same basic goods and services.

Premise #3: *History rarely links the attributes of a certain time period with the overriding role a global monetary system plays in determining people's lifestyle options and therefore, their quality of life.*

WHAT A DIFFERENCE A GENERATION MAKES

What's going on? The 1950's dollar had more tangible "cents value" as a dollar. Today's dollar is burdened by debt. When someone says to you, "*the value of the dollar is 13 cents"* they're also saying, "*87 cents out of every dollar represents the debt and debt service owed on that dollar."*

When the average annual salary was under $10,000:

- A single parent family could afford to buy a quality home
- Parents could put some money away for a rainy day and still live a decent life
- Most families lived quite well with only one breadwinner

Elders, who remember the days when most people met their basic needs without needing credit, will often ascribe the reason to the character of those who populated that generation. They'll say something like, *"Back in the good old days, people worked harder and pulled themselves up by their bootstraps!"*

Premise #4: *The turning point for the dollar from containing more value than debt happened in the 1970's. That's when reverse compound interest started to take an exponential curve to erode purchasing power at a quicker pace.*

But alas, the lifestyle options available to them were in direct proportion to money's value-to-debt ratio during that time in history. They were able to do more with less. It's as simple as that. The 21st century American might work harder than anyone from previous generations and earn six times that of their grandfather but still struggle to enjoy many of life's simple pleasures. To ascribe personal security accomplishments of 50 years ago to personal character and work ethic alone is to lack complete information about how money works.

The mandate of real-time economics in the 21st century is to address and resolve the personal implications caused by *exponentially* eroding purchasing power: In most households both parents (assuming there are two) work, often live from paycheck to paycheck and probably enjoy less interaction with each other and their children than they would prefer. Though we cannot go back in time, we can update the way we think about money and utilize strategies to preserve and sustain our intangible wealth.

Such strategies are the moving parts to real-time economics. Because with each passing day, you will need more money to meet life's most basic needs of food, shelter, health care, transportation, energy costs, etc., you will also need a new blueprint for success.

> Premise #5: *Despite the fact that wages and salaries are so much higher, after taxes they still might not be enough to keep up with basic costs of living.*

Big-picture thinking about money provides a context that helps us to make sense of our financial circumstances and take appropriate actions. None of us can afford the luxury of complacency when it comes to best ways to spend, earn, save and invest. Otherwise, we risk a negative impact to our future prospects for financial and personal well-being.

THE EVIDENCE IS ALL AROUND YOU

Current events and personal circumstances will begin to take on an added dimension as your perspective about wealth and money starts to shift. As mentioned in Step 1, nothing happens in a vacuum. Many of the personal and financial situations people face today are literally micro reflections of a macro-economic system. In Step 3, you will have the opportunity to review the spectrum of social and economic trends from this new vantage point.

How About You?

1. We all have beliefs about money and how it works. Most of the time they simply exist in the background of our lives. What are some of your beliefs about money?

2. How do your new insights about money connect to your lifestyle and current personal circumstances?

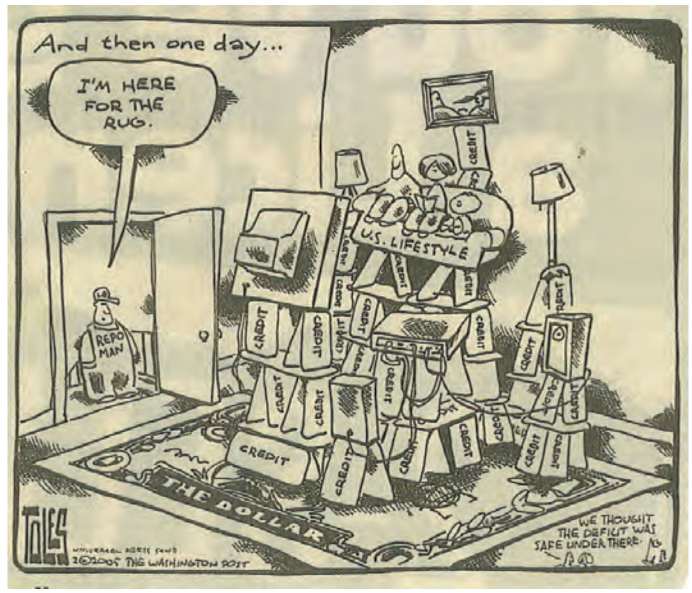
3. What aspects of your financial life would you like to change for the long-term? In what ways?

Answer Your Questions Here

Step 3 Revisit Some of Today's Dilemmas

"People are tapped out. They have other debts, and if interest rates rise or something goes wrong – like a car accident or a medical emergency – they don't have enough to pay the bills."

Anita Dubas
Chief Deputy Public Trustee Denver County
The Denver Post, Sept. 29, 2004



Step 3 will help you link new information about wealth and money to what is happening today in people's lives. To begin, we'll return to the big picture. Imagine a bird's eye view far above a huge pyramid. The highest point is a global monetary system, shaping the possibilities for every continent, country, government, political system, state, corporation, community, family and person in its pyramid structure. No one is immune and most everyone (except those nearest the top) is negatively affected by a debt-based currency. Step 3 surveys some of the circumstances in which people find themselves without knowing the *real* reason why.

In this Step, you will have the opportunity to review the issues of skyrocketing costs of living, the Consumer Price Index (CPI), home ownership and foreclosures, shrinking disposable earnings, credit card dependency, bankruptcy, homelessness and poverty, work and retirement, Social Security and stress. As you take in the shadow side of economic reality, you might find yourself feeling a bit depressed. But when you look on the bright side, by driving home this sad but true information in a broader context, you can see how these circumstances are directly linked to the current character of a debt-laden global monetary system. That's the point. Take heart, solutions are just around the bend in Steps 5, 6 and 7.

I use numerous quotes and graphs to underscore the volume of recognition and analysis that already exists on the extent of the problem. Interestingly, real solutions appear to be far and few between! Note: Though quotes and charts may be dated, much of the most current data show similar trends.

BASICS COST (A WHOLE LOT) MORE

Families are stretched to the limit as they strive to meet life's most basic needs. Two parents are often working to provide the best they can for their family. Do a reality check: Do your after-tax earnings completely cover your monthly expenses without credit or equity loan money?

If your answer is "no", you may be like many who "go in the hole" month after month just to stay current on their obligations. For this you may blame yourself, the President, real estate prices, corporate greed or increased taxes, etc. If your answer was "yes", congratulations!

For those who go in the hole every month *and*, for those who do not, a global monetary system, by design, still extracts the value of your money. Said another way, the money in your pocket will always have the greatest value (purchasing power) TODAY, not tomorrow. Like a car, remember?

> Premise #1: *The money in your pocket will always have the greatest value (purchasing power) TODAY, not tomorrow.*

The CPI (as the supposed measure of inflation) currently charts inflation at 1-3 percent annually. But if the stated CPI was an accurate reflection of the cost of living, wouldn't it make sense that if you budgeted to keep up with the CPI's measure of inflation you would be able to cover basic expenses without using credit as did many of our parents?

It's not far from the truth to suggest it's a larger taboo to talk about personal finances than to talk about one's sex life. As a result, financial isolation has led many to feel ashamed and to believe they are alone in their money problems. I say it's time to break through this taboo so the truth can set us free to develop strategies that work.

Here's what others are saying.

"The CPI is correct in measuring consumer prices, but it's not correct in measuring the cost of living."

Tony Crescenzi
Miller Tabak
Bond Market Strategist

"Webster's exhaustive dictionary defines inflation in two ways. First, inflation is a persistent, substantial rise in the general level of prices related to an increase in the volume of money and resulting in the loss of value of currency. Per popular media propaganda, the widespread definition of inflation today has been truncated to only "a rise in prices". The ultimate cause as well as the leading indicator of inflation, central banks ramping up fiat currencies, is totally ignored. The official government stats that purport to track inflation, like the CPI, are perpetually and intentionally low-balled to save the government money. The lower the officially reported inflation rate, the less the government has to pay out in its pension programs and in interest on its debt."

Adam Hamilton, CPA, MCSE
Zeal Intelligence Newsletter
October 5, 2001

"Medical costs are soaring at twice the rate of general inflation and faster than incomes." ***Reuters News***
June 30, 2004

"To take a closer look, my wife and I prepared a monthly "nut" spreadsheet on our own personal expenses. We own our home and car outright but we still have all the usual expenses including: insurance for health care, automobile and property, electricity, DSL connection, telephone, property taxes, monthly maintenance, etc. Before we have purchased a gallon of gas, a piece of clothing or a single grocery item, our annual nut amounts to over $25,000 and it is rising around 8-10% a year."

Richard Benson
PrudentBear.com
May 25, 2004

"Another case of hidden inflation: A great many people in late middle age find themselves subsidizing their newly launched young. The causes of this trend are multiple: low starting salaries, skyrocketing rents, and the high cost of college tuitions and health insurance. Is this a dent in the cost of living for the middle aged? You bet. Does it show up in government statistics? Nope.

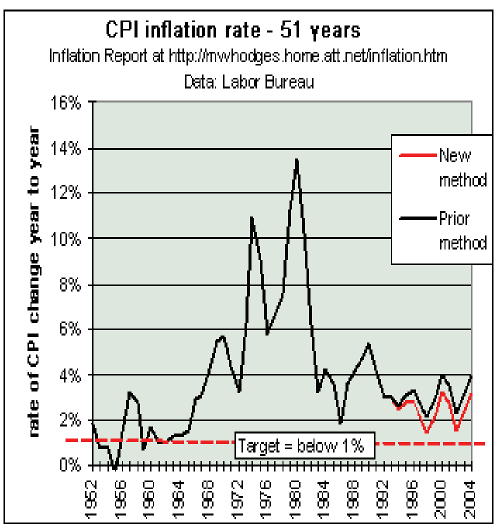
The inflation numbers also fail to capture pocketbook realities for retired Americans. A low official inflation rate plays a cruel trick on seniors. For starters, it means that cost-of-living adjustments in Social Security checks are mere pocket change. One new prescription can eat up this year's Social Security increase.

The "average" voter got a tax decrease that the administration likes to put at around $1,000. But that artful statistic averages Joe Six-Pack with Bill Gates. The typical voter got a federal income tax cut of more like $300, and in many cases that small federal tax cut was overwhelmed by local property tax increases that were caused by declining federal aid to states and cities."

Robert Kuttner
Globe Newspaper Company, 2004

"The CPI will never show inflation of any consequence. The CPI has been engineered specifically not to. Housing-price increases have essentially been removed, via the way in which owner-equivalent rents are calculated, and they cannot possibly reflect what's happened to house prices."

Contrarian Chronicles
Bill Fleckenstein 2/28/05



"Grocery prices are up over 50% over the last three years. Service costs from the local dentist and the family doctor to the local plumber are all up double digits. Medical premiums are starting to skyrocket again and the cost of sending junior to college requires more equity extraction and second mortgages to pay for tuition. On a day-to-day basis, the cost of just about everything the family needs keeps going up."

Jim Puplava, Financial Sense.com
Feb 9, 2004

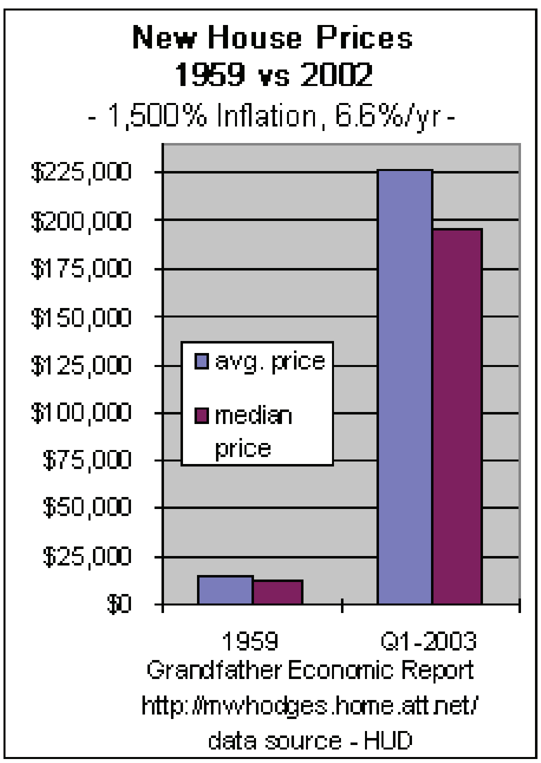
HOME "OWNERSHIP" AND FORECLOSURES

Home "ownership" in the United States has become a sacred cow no one dare speak against. Since the real estate industry has been the economic driver as of late, who would want to bite the hand that feeds them?

Yet home "ownership" for a growing number of Americans has become the source of heartache and extreme stress. The promotion of the American Dream, "Why rent when you can own?" conveniently overlooks real costs related to both actual time and money required to keep up. Also seldom mentioned is that unless you own your home outright, you don't actually *own* your home at all; the bank does. Don't believe it? Ask the millions of families who have gone through foreclosure. Who benefits either way? At least two of the world's largest corporate financial institutions do, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Premise # 2: *Easy credit may have made it easier for people (who otherwise could not have) to "get into a home", but easy credit has also made increasing credit use and subsequent mounting debt, socially and politically correct.*

Probably *the* most common thread for home "owners" is debt. Easy credit may have made it easier for people (who otherwise could not have) to "get into a home" and, easy credit has made increasing credit use and subsequent mounting debt, socially and politically correct.



According to the National Association of Home Builders, *"Even though the average size of the American family has shrunk, the average size of a new home has grown from 983 square feet in 1950 to 2,300 square feet, today".* The rule of thumb used to be: Spend no more than 25-30% of net earnings on housing costs: taxes, insurance, utilities and maintenance. Now, to spend 50-60% of net earnings is common. This burden on after- tax dollars means less money for life's other essentials. What happens when Johnny needs new clothes or dental work? Cha-ching goes the credit card! The car has to go into the shop? Cha-ching goes the credit card. And how many people actually zero out their credit card balance each month?

The American home has become less of a protected sanctuary to grow old in and more like an ATM for cash-out financing and to leverage additional borrowing. The popular adjustable rate mortgages (ARM) put families at risk of unsustainable payment increases.

The home "ownership" bandwagon is one that most everyone would like to jump on, if they haven't already. Financial advisors once thought to be pillars of prudent financial advice also seem to have caught the fever.

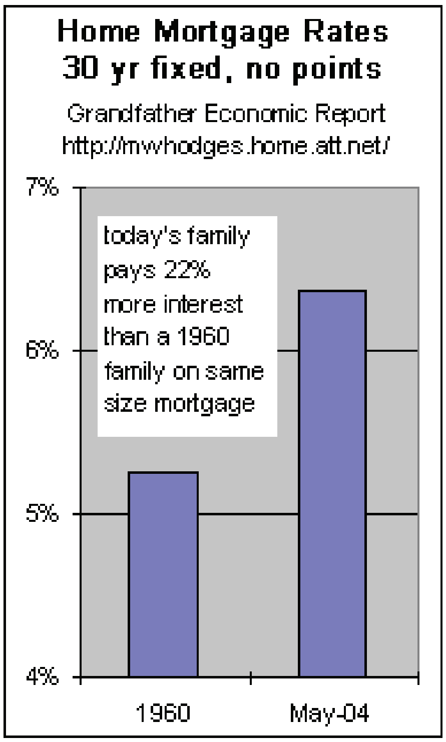
Here's what others are saying.

"Many people overestimate the likely gain from home ownership, leading them to buy homes that are too big, overspend on remodeling and purchase vacation properties that are poor investments."

Jonathan Clements
Wall Street Journal
February 8, 2004

"More than 60% of those mortgages (single-family homes) require two incomes. What happens if people get sick? Or housing values drop?"

Jeff Auxier
Auxier Growth Fund Manager



"It should be obvious that there are some pretty serious flaws in the home construction and sales figures v. foreclosure figures. The construction rate is under 2 million per year; the foreclosure rate is over 2 million. This comparison suggests that prognosticators who are concerned about the "real estate bubble" have reason for concern. The logistics are somewhat like a funnel: Can we pour new buyers in the top faster than they fall out the bottom?"

Dan Meador
Legal Scholar
September 2002

"Property prices in America have risen by more than half since 1997, leaving them at record levels compared with rents and wages."

Economist.com
The Buttonwood Column
July 18, 2004

"Home foreclosures have more than tripled in less than 25 years, and families with children are now more likely than anyone else to lose the roof over their heads."

Elizabeth Warren and Amelia Warren Tyagi
The Two-Income Trap: Why Middle-Class Parents are Going Broke

"The market value of homes in 2003 rose about $1 trillion and stock market values rose about $1.5 trillion. The rising asset prices look like they balance rising debt on household balance sheets. Tragically, the increase in asset prices will vanish the day that interest rates rise, but the debts will still remain. Indeed, not only will the debt remain, but also the cost of servicing it will go up dramatically."

Richard Benson, President
Specialty Finance Group
February 12, 2004

"Leading the growth of U.S. Household Debt is home mortgage debt; during the last 5 years, a huge percentage of home mortgage debt represents cash-out refinancing, in which households borrow against their homes as collateral, to extract cash to make necessary household purchases."

U.S. Federal Reserve Board
"Flow of Funds Accounts"
U.S. Treasury Department; U.S. Commerce Department
2004

SHRINKING DISPOSABLE EARNINGS

Although we may make far more money than families during the 1950's, we often have to work harder and longer simply to obtain the same basics of home, food, clothing and transportation, utilities and health care. Quality time with family and friends is at a premium, multi-tasking has become an art form and stress levels run high. The exponential loss of purchasing power has meant speeding-up if we are to keep up which has also greatly elevated the status of coffee! Why were we never warned about the trade-offs we might have to make to succeed in modern times? I have had friends say to me, "I made less money in the 1970's but had more to show for it than I do today!"

Premise #3: *Exponential loss of purchasing power means we need to go faster and faster to try to keep up.*

Here's what others are saying.

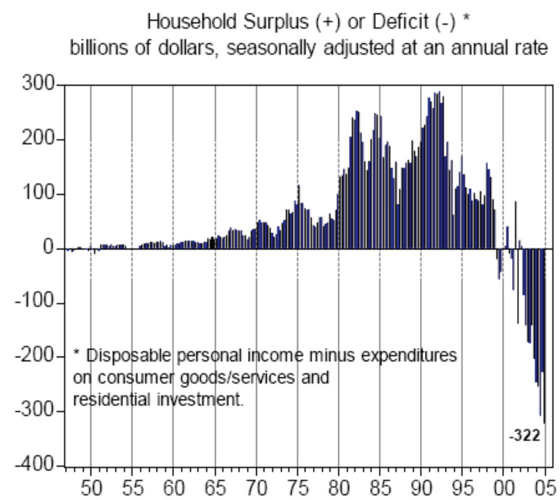
"Adjusted for inflation, the income of all Americans fell 9.2 percent from 2000 to 2002, according to the new I.R.S. data."

David Cay Johnston
The New York Times
July 29, 2004

"The average two-income family earns far more today than did the single-breadwinner family of a generation ago. And yet, once they have paid the mortgage, the car payments, the taxes, the health insurance, and the day-care bills, today's dual-income families have less discretionary income — and less money to put away for a rainy day — than the single-income family of a generation ago.

In the 1970s, the middle-class family of four typically survived on one income and spent 53.9 percent of the salary on fixed costs such as mortgage, childcare, health care, cars and taxes. Today, the middle-class family of four typically has two salaries and spends about 74.9 percent of income on fixed costs."

Elizabeth Warren and Amelia Warren Tyagi
The Two-Income Trap: Why Middle-Class Parents are Going Broke



"The Wall Street Journal printed a study on spending by upper-income Americans. On average, they spend 120% of disposable income, with most simply trying to maintain current lifestyles. Middle and upper income classes are currently in hock well in excess of 20% of disposable income for non-essential consumer debt."

Dan Meador
Legal Scholar, October 9, 2002

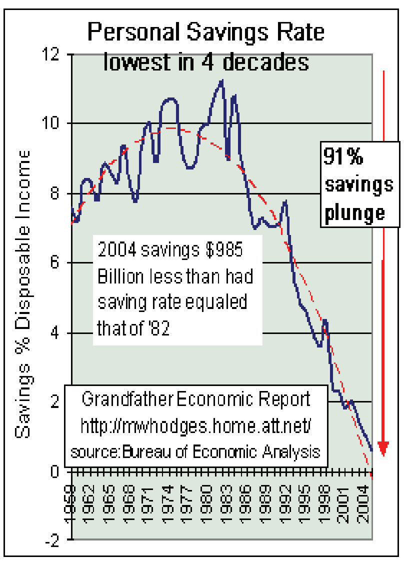
CREDIT CARD DEPENDENCY

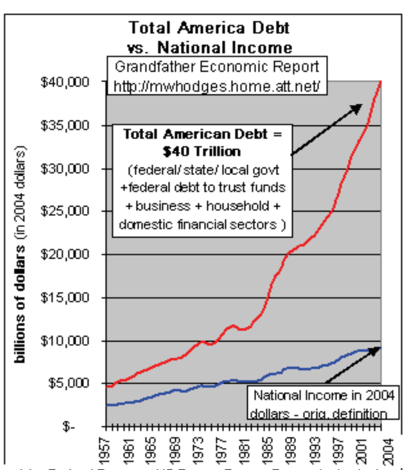
Credit use has moved in to fill the void left by lost purchasing power. In years gone by, it was easier to resist credit use and debt. Now it is not so easy. Earnings that no longer keep pace with the cost of living have led individuals and families to credit card reliance.

With expenses disproportionate to earning levels, we've become more concerned about how much something is going to cost us per month on credit than with the actual cost of the item! In July 2005, The Federal Reserve Bank said that household after-tax money spent simply to cover debt service has risen to 13+%. To add insult to injury, the underlying process of reverse compound interest has made the prospect of ever paying off debt darn near impossible.

Premise #4: *Personal earnings that no longer keep pace with the cost of living have elevated credit access to that of a bare essential.*

The media places the blame for increasing personal debt squarely on the shoulders of the consumer. Most everyone accepts that *they* are the culprits, uninformed about the role a global monetary system plays in shaping lifestyle options. Clearly, personal responsibility as regards money matters will never go out of style. It's just that when your earnings fail to meet basic expenses, what are you going to do? That's right, most use credit to make up the difference. In the Steps that follow, you'll learn *this does not need to be the case – there is another way!*





Here's what others are saying.

"The amount of money workers receive in their paychecks is failing to keep up with inflation. In June, production workers took home $525.84 a week. After accounting for inflation, this is about $8 less than they were pocketing last January, and is the lowest level of weekly pay since October 2001".

The New York Times
July 18, 2004

"In the 1970s, families saved 11 percent of their annual income and carried credit card debt equal to about 3 percent of income. Today, families put away 1.4 percent of their income, and carry credit card debt equal to about 13 percent of income."

Elizabeth Warren and Amelia Warren Tyagi
The Two-Income Trap: Why Middle-Class Parents are Going Broke

"On Main Street the average Joe is finding it harder and harder to maintain his current standard of living. More Americans are going deeper into debt each month to pay their bills. They are making use of extraordinary low interest rates on home mortgages to extract equity out of their homes to make ends meet. The public is told that inflation rates are extremely low, but each month they must reconcile the difference between what they are told and the higher billing statements they receive each month."

Jim Puplava, Financial Sense.com Feb 9, 2004

"Between 1970 and 2003 U.S. Household Debt, consisting of home mortgage debt, credit card debt and installment debt grew from $460 billion to $9.44 trillion.

One in seven families in the U.S.—most of which are already covered by health insurance—are struggling with debt from medical expenses, a study found on Wednesday. That amounts to 20 million families reporting difficulties paying for basic needs like food and shelter because of problems with debt from medical care".

Reuters News June 30, 2004

BANKRUPTCY AS ENDGAME

Bankruptcy has taken root as a way of life. "Going bankrupt' in times past was a last resort to be avoided at all costs. Not anymore. These days it is simply a common-sense money management and survival strategy in a debt-laden monetary system. What people may not realize, however, is that bankrupt debt does not ever go away but rather "rolls over" and ultimately contributes to the loss of purchasing power for all concerned. In addition, let us not forget that with the 2005 bankruptcy bill, getting a "fresh start" has become harder to come by. Many filing for bankruptcy will be required to pay off their creditors via payment plans.

Premise #5: *Let us not forget that with the new bankruptcy bill having passed the House and Senate in 2005, getting a "fresh start" has become harder to come by.*

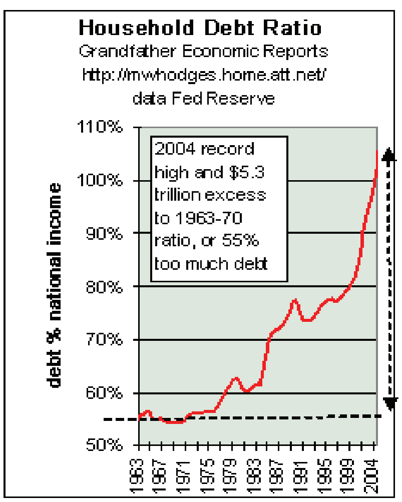
Here's what others are saying.

"In 1981, about 69,000 women had filed for bankruptcy. The data on my printout indicated that by 1999 that figure had jumped to nearly 500,000 — an unimaginable leap. In just twenty years, the number of women filing petitions for bankruptcy had, in reality, increased by 662 percent.

Our study showed that married couples with children are more than twice as likely to file for bankruptcy as their childless counterparts. A divorced woman raising a youngster is nearly three times more likely to file for bankruptcy than her single friend who never had children.

If those trends persist, more than 5 million families with children will file for bankruptcy by the end of this decade. That would mean that across the country nearly one of every seven families with children would have declared itself flat broke, losers in the great American economic game. The number of car repossessions has doubled in just five years."

Elizabeth Warren and Amelia Warren Tyagi
The Two-Income Trap: Why Middle-Class Parents are Going Broke



"In recent years, the number of individuals pulled underwater by the siren of easy credit has been growing steadily. Personal and business bankruptcies grew from 837,797 in fiscal year 1994 to 1,661,996 in fiscal year 2003, a staggering 98% increase. Of the 2003 total, about 1,600,000 were personal bankruptcies, representing about 1.5% of the 104 million total households in America."

Peter M. Bennett
The Daily Reckoning.com Feb. 17, 2004

HOMELESSNESS AND POVERTY

Here's more on the difference between the 1950's and 1960's and today. Back then, homeless shelters were the exclusive bastions of the classic railroad hobo, runaway and alcoholic. If you ask a shelter now to profile their fastest growing client- base, they'll say *entire families.*

Premise #6: *People just like you, unaware of the hidden risk of the economic system, are no longer able to maintain the costs of their home and lifestyle. Consider these factoids: 1) In the course of a year up to three million people in the United States can be classified as homeless. Of those, 1,350,000 (almost one half) are children. 2) In 2005, on any given day. 35 million Americans said they could not put food on the table and 11 million did not know where their next meal was coming from.*

Besides the increase in numbers of homeless families, the number of elderly citizens living in poverty is also on the rise. Advancements in medicine, treatments and diet contribute to a longer lifespan. People are outliving their revenue. Of the almost three million people over the age of 65 who are living in poverty, two and a half million are women.

Population of Poor 65+	3,428,000	(10.8%)
Male	912,000	(6.8%)
White	682,000	(5.7%)
Black	184,000	(18.1%)
Other	46,000	(12.5%)
Female	2,516,000	(13.6%)
White	1,986,000	(12.1%)
Black	477,000	(29.8%)
Other	53,000	(12.4%)

Why? Women live longer than men, women earn less during their 'earning years' than men and most of the elderly women of today didn't work at all and as a result had *no earning years* so they entered into their so-called retirement without any marketable skill. When Social Security was created it was based on a formula that took into account life expectancy and population growth. But, the population grew faster and people began to live longer than the formula had assumed. At the same time, the government treated Social Security as a kind of piggy bank backup system.

Here's what others are saying.

"There is not nearly enough emergency shelter to meet the need. In a 25-city survey by the U.S. Conference of Mayors, 84% of the cities surveyed in 2003 reported having to turn away homeless persons seeking emergency shelter, due to a lack of resources. The situation is growing worse - 60% of the cities surveyed by the U.S. Conference of Mayors reported that the length of time people were homeless had increased; and cities reported that requests for shelter increased by an average of 13% in 2003."

National Law Center on Homelessness and Poverty
January 2004

"Growing old in America brings concerns about economic security during old age. Growing old and the cost of health care jeopardizes the economic security of the elderly. Specifically, the rising cost of long-term health care has a great impact on the risk of the elderly being poor. Women are the largest subgroup of the elderly poor. Marriage and employment during their lifetime does not seem to lessen the risk of women being poor in their old age."

Juanita E. Miller, Ph.D.
State Extension Specialist
Ohio State University

WORK AND RETIREMENT - WHAT HAPPENED?

Outsourcing and downsizing are now assumed in the business world. No news to you! What might be news is that, once again, a debt-laden global monetary system lies at the root of the problem.

Stories vary from company to company, but the theme remains the same; blue and white-collar jobs are disappearing at an alarming rate to other countries. Or, employers trim their work force and demand higher productivity from those who remain.

Like individuals and families, corporations are also not immune to the exponential costs of doing business. If to their advantage, they would replace you with workers in India, China or South America to access greater profit margins. As an employee of a large or even small corporation, your job security could be seriously at risk. Have you prepared yourself mentally, emotionally and financially for this looming proposition?

The 2006, $226.6 billion dollar trade deficit reflects a loss of productive manufacturing employment. The trade deficit should come as no surprise. What do we still make that we can trade? Automobiles? Cars are being manufactured in countries all over the world these days and *imported* for us to buy. Washing machines, dryers, TV sets? The American manufacturers of these electronics and appliances still must rely on foreign labor for the assembly of these products. Often, the only U.S.-made component of a TV set or washing machine is the logo.

While maybe it makes for good foreign policy, such factors fuel the fact that we've become not much more than the largest shopping center on earth. Fifty states-worth of merchandise, most of which comes from other countries. We hardly build it anymore so all that's left for us to do is buy it.

Then there is retirement. Retirement has been *the cheese at the end of the long, long tunnel - the prize* for a job well done. Some will stick it out at jobs they hate, work overtime, scrimp and sacrifice in their everyday lives to finally get to that cheese. Keeping our eyes on the prize and hanging-in-there to the bitter end has seemed worth it – until now.

Premise #7: *The prospect of retirement has shaped the way we think about earning.*

But when the cheese goes away, what do we do then?

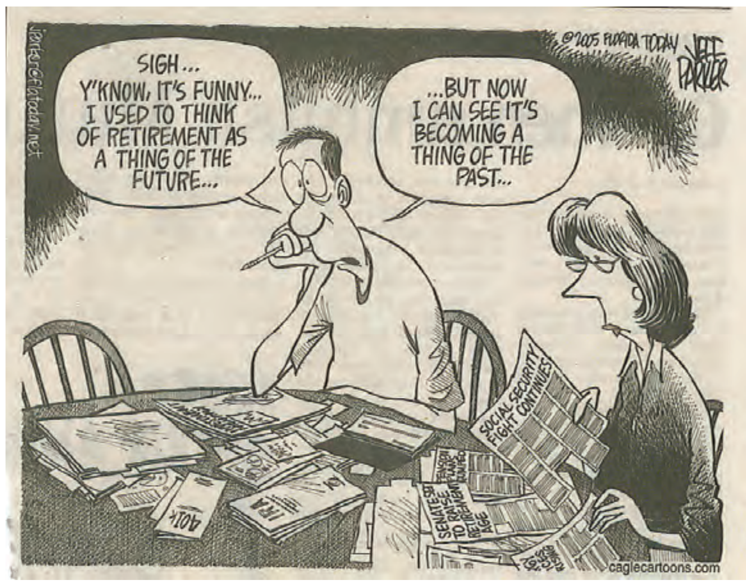
The company pension is being replaced with a self-funded product, such as a 401K. This is a hard, hard reality to face. Your parents, their parents and probably their parents before them all followed the same formula: They worked hard, saved well, had a pension plan in place and when they retired received Social Security. Americans who face retirement in the future have witnessed this textbook pattern. But those past retirements were funded with past dollars and in a past environment that has vaporized and been replaced by debt-ridden dollars. Most recently (2005), reports indicate that the government programs that insure company pension programs, might themselves be going bankrupt!

Premise #8: *Retirement at age 65 is no longer a slam-dunk. Perhaps you're someone who did all the right stuff and started saving in your 20's, etc. You're still probably wondering if you will be able to stretch your savings to cover your later-years needs so as not to outlive your money.*

Let's face it. Retirement has become more of a do-it-yourself proposition. The burden continues to shift from employer to employee. Go figure! Even the most prepared near-retirement age person is at risk. I read recently that only half of Americans nearing retirement age have more than $25,000 set aside for retirement. That's pretty scary when you consider just how much groceries cost each week!

Have you noticed the ranks of senior citizen greeters at Wal-Mart and the like? Elder employment is a growing phenomenon not soon to disappear. Certainly some of this is due to a desire to stay active, but most of it has to do with sheer survival.

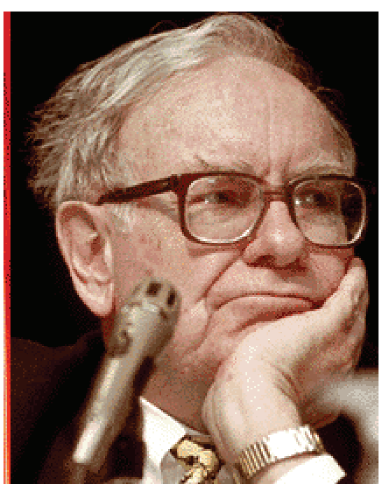
The changing landscape of work and retirement funding confirms the fact that age 65 is no longer the time to cease earning. The healthy nest egg may become depleted by unexpected expenses or simply fail to meet cost of living demands.



Here's what others are saying.

> ***"The sad fact remains that Personal Income growth will not happen because of job growth. Personal Income remains under pressure as higher 'value added' manufacturing jobs are exchanged for lower paying part-time and service jobs. America is losing manufacturing jobs paying $45,000 - $60,000 a year so it needs three new service jobs paying $15,000 - $20,000 a year just to replace the one manufacturing job that was lost."***

Richard Benson
President, Specialty Finance Group
February 12, 2004



"The abandonment of American communities and families has extended to the service sector. The shifting of manufacturing and service work out of the United States is great for the huge corporations that contribute mightily to the campaigns of the politicians who back their free trade agenda. These corporations can lower their costs by moving production to countries where wages are low and basic safety regulations and environmental protections have been eliminated. But it is terrible for workers here and abroad who are pitted against each other in a battle to see who will work for the least. It is horrific for the U.S. economy."

Warren Buffet warns of trade deficit disaster
The Capital Times 11/2/02

"In the recoveries of the mid-1970s and 1980s, America was generating about 300,000 new jobs a month within six months of cyclical upturns. In the early 1990s, this expansion slowed to about 200,000 a month, and we had to wait a full two years for that. This time, we have seen not a deceleration in job creation, but a net loss - the sharpest in any period since the Great Depression, especially in manufacturing. No work and not much in the way of wage increases either. "Offshoring" is moving up the food chain of services to include professions like engineering, design, accounting, legal work, actuarial and insurance work, medical services and financial analysis. 80% of our manufacturing jobs are gone for good."

The New York Daily News
February 4, 2004

"Millions of baby boomers won't be able to retire because they're carrying all this debt. At that point, there isn't enough in the 401(k) and medical insurers will cancel their insurance when they turn 65. It's a perfect storm. There's not enough money for retirement, too much debt, no medical insurance and they're out of time, financially."

Robert Kiyosaki, Author
Rich Dad, Poor Dad

"More than half of American workers age 45 to 64 don't own any kind of retirement account, according to a 1998 Census Bureau report, the latest government data available. Of workers age 55 to 64 who had a retirement account, half had total balances of less than $33,000 in 2000, more recent data showed".

Rocky Mountain News

"The federal government's insurance program for bankrupt private pension plans is in danger of going broke, adding to the retirement anxiety of tens of thousands of Michiganians who have seen pension plans canceled or fear for the future of the state's struggling industrial base."

Lisa Zagaroli, Associated Press, April 12, 2005

SOCIAL SECURITY?

You say you're counting on Social Security to make up the difference in your later years?

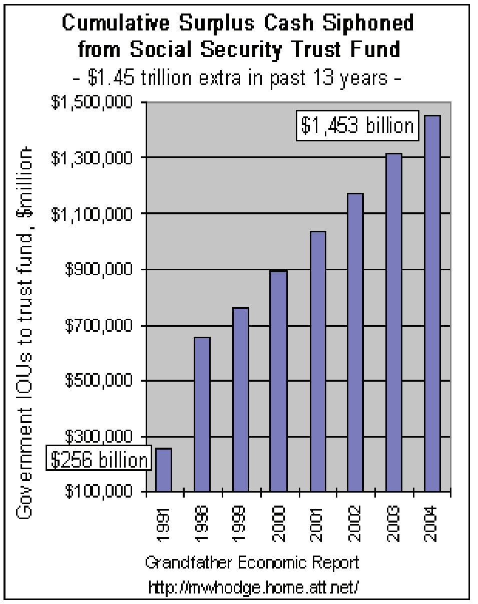
The graph in this section illustrates how surpluses have been borrowed from your Social Security - almost one and a half *trillion* dollars over the past thirteen years alone. Given the predictable downward spiral of the value of a dollar, one would think that for the government to borrow from Social Security would not be a good idea.

It's simple arithmetic. You have a situation in which more people are entering the system for payments than are exiting. (Think a funnel with more going into the top than out the bottom.) The value or *purchasing power* of the payments decreases with every passing day. Common sense tells us that the Social Security system needs as much as it can get its hands on yet its funds continue to be siphoned off!

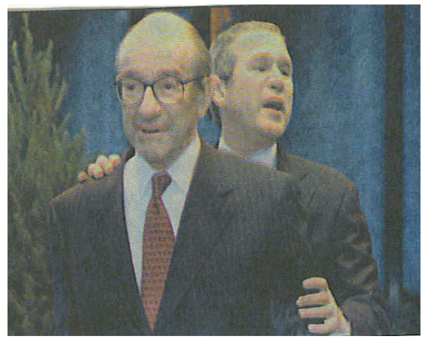
> Premise #9: *If you were born in 1950 or later in the United States, you are facing the possible privatization of Social Security in what George W. Bush calls "personal accounts". But once again, the real conversation about exponential loss of purchasing power, no matter which way Social Security goes, has never been had in any truly informative way. And what about "surplus" funds "borrowed" from Social Security and never repaid? Robbing Peter to pay Paul.*

The problems of Social Security are multiplied by the fact of a depreciating currency. Restructure Social Security; don't restructure Social Security… it really doesn't matter. Either way, the dollars you'll be getting are barely worth the paper they're printed on. The expression, "rearranging the chairs on the Titanic" could easily be the tagline for the Social Security system.

Here's what others are saying.



***"Federal Reserve Chairman Alan Greenspan said Friday that the country will face 'abrupt and painful' choices if Congress does not move quickly to trim the Social Security and Medicare benefits that have been promised to the baby boom generation."* Associated Press August 27, 2004**



"We can guarantee cash benefits as far out and at whatever size you like, but we cannot guarantee their purchasing power."

Alan Greenspan Testimony before Senate Banking Committee Feb. 15, 2005

Premise #10: *Revisions not just to Social Security but also to our entire approach to retirement are indeed ideas whose time has come. In our lifetime, retirement as we have known it may die a certain death. What we need is a fresh new model for financial well-being in later years based on the truth about wealth and money.*

STRESS AND WELL-BEING

Stress has the power to deliver a devastating domino-type blow on our personal equilibrium. One stressor can snowball to affect health, personal well-being, job performance and how we relate to virtually everyone. Increased stress is yet another casualty of a depreciating currency and often goes hand-in-hand with the need to speed up to keep up. Is it any wonder that the divorce rate has increased exponentially along with the exponential decrease in purchasing power?

Premise #11: *Stress can have a domino-type effect on our personal equilibrium to affect every aspect of our lives.*

Here's what others are saying.

"A survey, based on responses from 1,805 US adults, found that more than three quarters of Americans say they believe managing stress is 'challenging' and more than one-quarter said they found dealing with stress to be very challenging.

46% said that stress makes them less likely to care about what they eat, 57% said stress induces them to give up exercising, while 53% said they forgo sleep. 35% of respondents also noted that they ease their schedules by postponing doctor or dental visits.

The most common source of stress was lack of time, which affected 62% of the respondents. 58% of survey respondents also named financial and money worries as high on their list of stressors."

Survey sponsored by McNeil Consumer & Specialty Pharmaceuticals
Makers of Tylenol
Reported by Alison McCook
July 3, 2002 in Reuters Health

YOUR *Quality Life Plan* - A SOLID ALTERNATIVE

With reverse compound interest affecting millions living below those who earn in the top 25% bracket, not even the most *brilliant, conscientious* politician has the power to stop it. Day-in and day-out, have no doubt: The monetary system trumps the political system every time! Keep this in mind when politicians promise more jobs and a balanced budget. Statistics will change, but fiat money will continue to become worth less, no matter who is president, governor or mayor.

"Taxes will go up no matter who becomes president."
The Denver Post September 4, 2004

That said, *you* have a way out. When the *root cause* of any problem is understood, solutions can then become genuinely effective. You have the unheard of opportunity to create a truly wealth-filled life with strategies based on the *root cause* of financial problems. *The Quality Life Plan* gives you what you need to access real-time economics.

My clients have proven that the strategies work. The question is if *you* will take the opportunity presented in this book to create the highest level of financial security possible. (Which at this stage translates to: "Are you willing to confront the obstacles between you and a new approach to building wealth and managing your personal finances?")

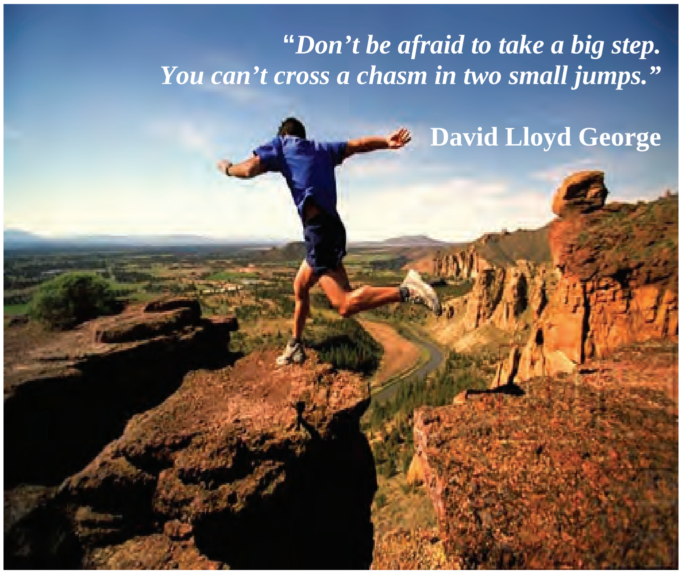
In Step 4, Break Through the Obstacles, I address why sometimes you might let denial linger even after being fully informed about the hidden risks of the economic system. If you are able to withstand the doubts of those who do not yet understand where you're coming from with *The Quality Life Plan*, you have absolutely everything to gain!

Step 4 Break Through the Obstacles

Once you see the writing on the wall about money, the personal stakes are high. Different times *require* different wealth building and money management strategies to sustain financial and personal well-being.

"A secret reality is being lived in households around the country - one often ignored, sometimes even by those in the midst of it. While the government casts a rosy glow on the economy and job growth, some experts estimate as much as 70 percent of families live paycheck to paycheck - a single illness or car accident, a 100-year drought or massive hurricane away from losing everything. No longer does a decent job translate into a life well lived. Mortgages, education, food and gas bills are soaring, leaving people worrying less about the good times ahead and more about paying this month's bills."

Living on the Edge
The Denver Post
December 19, 2004



WHAT DRIVES YOU?

Sure you might be curious to learn what strategies go with this broader understanding of wealth and money. You might even be thinking you're ready for something like *The Quality Life Plan*. But are you really?

In Step 5, Change the Way You Spend, I quote Robert Frost, *"Two roads diverged in a wood and I took the one less traveled by, and that has made all the difference".* This quote says a lot about *The Quality Life Plan.* Those who accept this mission take the road less traveled in order to reap rewards, financial and otherwise. It's not a casual decision.

While working with clients to help them implement their *Quality Life Plan,* I discovered that most of them were very excited about the ways they would be able to increase the quality of their lives. What was really interesting is that some of those very same people aborted the process for fear of what others would think of them.

The secondary gains of acceptance from friends and family sometimes ranked more important in the final assessment than taking the personal finance road less traveled. Now that I'm aware of this potential obstacle, I offer it to you for your consideration as you learn about *The Quality Life Plan* spending and earning strategies.

Societal and family beliefs and expectations regarding wealth, money and success are very powerful. Beliefs are often entrenched and held throughout generations. To deviate from such norms goes beyond the scope of what some people are willing to do.

Going forward, in order to break free from the double whammy downward spiral of increasing debt and evaporating time, two common consumption themes must be brought to light: 1) How we consume products as substitutes for ideals, values, vitality and love and, 2) the importance and value we place on "keeping up with the Joneses".

Premise #1: *To begin to break free from the double whammy downward spiral of increasing debt and evaporating time, two common consumption themes must be dealt with; (1) How we consume products as substitutes for ideals, values, vitality and love and (2) the value we place on "keeping up with the Joneses".*

1. *Consumable Products as Substitutes for Ideals, Values, Vitality and Love*

Mainstream media has led us to identify ourselves as *"consumers"*. High-tech audio/visual messages seduce senses and manipulate emotions to put us in a consumption-friendly trance. Advertisements are endless expressions of the same message: *Alas, your search is ended! Step right up! The state of mind you've been seeking can be found in a product - a deodorant, an article of clothing, an investment advisor, a cosmetic or a vacation! You need me, now!!*

"By their very nature, few products can help us attain the ideals that are visually promised in so many commercials--ideals such as family togetherness, personal power, self-esteem, sociability, authoritativeness, security, sex appeal and clear orientation in a confusing world."

--Grow, Gerald O. (1996).
"Don't Hate Me Because I'm Beautiful—A Commercial in Context."
Available on-line at http://www.longleaf.net/ggrow
A version appears in Roy Fox (Ed.),
Images in Language
Media and Mind (NCTE Press, 1994)

When advertising hooks us emotionally, we aspire to possess the intangibles of life through the consumption of goods and services. As substitutes for ideals, values, vitality and love, they become "must haves" while spending discernment and future debt concerns fly out the window!

"Everyone's doing it, so why not?" This is the road *most* traveled.

Premise # 2: *This quest for satisfaction by means of purchasing the perfect "whatever" has transformed shopping into a form of entertainment. Shopping malls are now painstakingly designed to encourage and accommodate the shopping experience as an amusement and escape from the everyday stress of life. It's as if the bank cards in our wallets were entry tickets to a theme park.*

No one likes to be played for a fool. Yet in an attempt to capture intangible values through the consumption of goods and services, we fall prey. The consumer mind is a fascinating study. To learn more, I recommend Gerald O. Grow's complete essay (above).

"Shop till you drop", right? I have no problem with shopping. Don't get me wrong. Rather I 'm amazed at the extent to which, "What will I purchase next?" can so often dominate our attention, conversation and activity.

2. *“Keeping up with the Joneses”*

Some say Americans are competitive by nature. Is that what lies beneath that urge to get a car, house, vacation, etc. better than the one our next-door neighbor, friend, sibling or co-worker has?

Popular culture tells us more is better and to be as happy as possible we need the best of what money will buy. If our ‘things’ aren’t as good as the other guy’s, then we couldn’t possibly be as happy, right? Or conversely, if someone else has a bigger house or car than we do, then *they* must be happier! Of equal importance appears to be the need to have others *believe* we are doing well *even when we are not*.

> ***“My analysis is based on new research showing that the need to spend whatever it takes to keep current within a chosen reference group -- which may include members of widely disparate resources -- drives much purchasing behavior. It analyzes how standards of belonging socially have changed in recent decades, and how this change has introduced Americans to highly intensified spending pressures. We are impoverishing ourselves in pursuit of a consumption goal that is inherently unachievable.”***
>
> **Juliet B. Shor**
> **Author, *The Overspent American***

Shor also uses the phrases “*competitive spending*” and “*national shopping spree*” to illustrate her findings on just how extensive the need to keep up seems to be. Author Susan Matt, who wrote *Keeping up with the Joneses: Envy in American Consumer Society, 1890-1930,* suggests that the emotion of envy provides a strong stimulus for unbridled consumption. Envy mixed with competitive spending and a pinch of personal entitlement seems to be the recipe for consumption on autopilot.

> Premise #3: *Behind closed doors only you can say how well you’re actually doing.*

According to Robert D. Manning, author of *Credit Card Nation*, *The Consequences of America's Addiction to Credit*, the American middle class refused to adjust their spending habits after the stock market bubble burst at the beginning of 2000 or after the loss of high-paying jobs. Instead, they turned to credit to maintain a lifestyle to which they felt socially entitled, despite contrary personal circumstances! Credit card companies and banks hope that sense of entitlement will continue to fuel the purchase of their debt-based products to further explode their bottom line!

WE’RE ALL IN THE SAME BOAT

It’s a deadly daily double for sinking deeper in debt: Advertisers actively exploit our emotional soft spots and we rush to take the bait! Beneath consumption as a substitute for ideals, values, vitality and love and “keeping up with the Joneses” is our concern about what others think of us. While committed to being well thought of, others also worry about what we think of them. We’re all in the same boat!

Remember the story of the *Emperor’s New Clothes* where everyone agrees *not* to say the emperor is naked when, in fact, he is? Not unlike that story, millions choose to manage their image while suffocating under the weight of debt. To perpetuate such illusions keeps us from opportunities to network for solutions.

"People are living beyond their means in many ways. Among households making less than $30,000 a year, 87 percent described themselves as living paycheck to paycheck, according to a MetLife survey of 728 people across the country. But perhaps more remarkably, 30 percent of families making $100,000 or more a year put themselves in the same boat."

Gene Lanzoni
VP of market research MetLife in Bridgewater, N.J.

"If you are living on the edge with debt and low liquidity, any change in the economy or jobs makes you vulnerable."

Joseph Janiczek
The Denver Post, March 7, 2004

Premise #4: *The monetary system is global. As such, we are not alone but all in the same boat. Once we realize the Joneses are affected in similar ways as ourselves by the same system, we can afford to be more compassionate.*

Despite hard evidence of personal and economic realities shared in this Step, you have every right to carry on and ignore them. Remember though: In these times, no one is immune to financial vulnerability, however those earning in the top 25% bracket are certainly less vulnerable.

CLOSING THOUGHTS

Don't blame yourself! How could any of us make truly informed decisions about how we spend, earn, save and invest without the full disclosure about money? Given the blatant and constant promotion of *consumption* as the key to happiness and *keeping up with the Joneses* as vital to being well thought of, other options have been left off the table.

Moving on to new possibilities is up to you. Step 5, Change the Way You Spend, will address the importance of *how* we spend and in what sequence. But before you go to Step 5, see how you're doing with the short self-assessment that follows.

YOU BE THE JUDGE

Depending on the question, please answer in one of the following manners:

1. By circling number 1-10 (1 equals the least and 10 equals the most)
2. Yes or no
3. With a brief narrative
4. By circling best choice

---

1. How would you rate your personal consumption level in general? 1 2 3 4 5 6 7 8 9 10
2. To what degree are you dissatisfied with your work? 1 2 3 4 5 6 7 8 9 10
3. Do you have personal goals? YES NO
4. If YES, to what extent are they material goals? 1 2 3 4 5 6 7 8 9 10
5. How important is what others think of you? 1 2 3 4 5 6 7 8 9 10
6. How would you rate your general stress level? 1 2 3 4 5 6 7 8 9 10
7. How often do you feel fatigued? 1 2 3 4 5 6 7 8 9 10
8. How often do you eat on the run? 1 2 3 4 5 6 7 8 9 10
9. To what degree do you use either a substance or a process (food, alcohol, tobacco, drugs, sex, television, Internet, exercise) in order to otherwise mask effects of stress? 1 2 3 4 5 6 7 8 9 10
10. Does your work utilize your gifts and talents? YES NO If NO, why not?
11. Are you satisfied with the amount of "down time" you have? YES NO
12. Do you get at least 7 hours of restful sleep per night? YES NO If NO, what's your sleep style?
13. Are you basically content with your life? YES NO If NO, circle your concerns?

MONEY	MARRIAGE
WORK	CREATIVE OUTLET
HEALTH	TIME-RELATED ISSUES

14. Is it getting easier to keep up with current obligations, financial and otherwise than in times past?
YES NO
15. Are you debt-free (including any mortgage debt)? YES NO If NO, is debt going up or down?
16. Are you able to live on your cash flow without borrowing? YES NO If NO, how often do you borrow?
(credit card, equity line of credit, etc.)

WEEKLY MONTHLY QUARTERLY BI-ANNUALLY or ANNUALLY

17. Do you have at least one person with whom you can be totally honest about challenges in your life, including financial?
YES NO
18. How many hours a week do you spend on cash-flow activity? _______

19. Which areas of your life, if any, are you neglecting due to a lack of time or money? Circle as appropriate.

PERSONAL HEALTH NEEDS
FAMILY'S HEALTH NEEDS
MARRIAGE
FAMILY TIME
SLEEP
CREATIVE EXPRESSION
FRIENDSHIPS
EXERCISE
NONE

20. How do you spend your time when you are not working? Indicate approximate number of hours per week for each.

HOME MAINTENANCE _____

TELEVISION _____

FAMILY ACTIVITIES _____
(other than TV)
(
EXERCISE _____

INTERNET _____

CREATIVE OUTLET _____

MEAL PREPARATION/MEALS _____

SPIRITUAL INVOLVEMENT _____

SHOPPING (other than groceries) _____

QUALITY TIME WITH SPOUSE _____

QUALITY TIME WITH FRIENDS _____

REST AND SLEEP _____

VOLUNTEERING _____

21. How often do you feel hopeless?

NEVER
FROM TIME TO TIME
REGULARLY
USUALLY

---

1. Multiple Choice: Add up circled numbers.

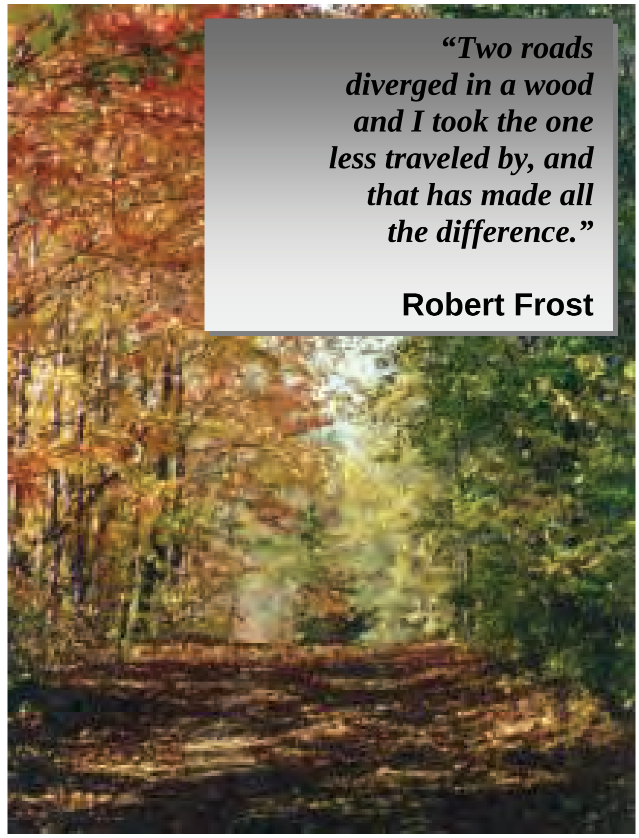
9 - 27	Got a life
27-54	Stretching the limits
54 -72	On the edge
72 -90	Over the top -diminishing returns

2. YES/NO's: Total up number of YES's and number of NO's.

7 - 9 YES	Thriving/well-being/simplicity
4 - 6 YES	Successful/satisfied/disciplined
1 - 3 YES	Stressed/compromised/discouragement

3. Other: How would you describe your responses to questions not multiple choice or YES/NO?

Step 5 Change the Way You Spend



> ***"Two roads diverged in a wood and I took the one less traveled by, and that has made all the difference."***
>
> **Robert Frost**

READY, SET…

The Quality Life Plan solutions fall into two main categories; spending and earning. Saving and investing are addressed as types of spending because of money's inherent loss of purchasing power when not exchanged today.

You may currently be following the recommendations of a financial professional, family member or friend to improve your financial picture via saving, budgeting, investing, buying a home, etc. Don't forget though, traditional strategies are not based on money's whole story.

Since *The Quality Life Plan* strategies *are* based on the whole story about money, their logic is likely to be180 degrees from what you've already learned. Please continue with an open mind and take the time you need.

…GO!

Premise #1: *To be uninformed about the personal implications of money in the context of a global monetary system is one thing. But to be informed and still not use The Quality Life Plan strategies, is to live somewhere between wishful thinking and denial.*

In light of the dwindling purchasing power of the dollars in your pocket, bank and investments, the way you spend takes on greater importance. The system that loaned every one of your dollars a-gazillion times before they came into your possession may never change. But *you have the power* to redirect the path *your* money takes from now on.

THE TRADITIONAL FINANCIAL PLAN

I use the phrase *traditional financial plan* to describe the mindset of conventional beliefs about wealth, money and success and the traditionally recommended strategies that go with them.

Premise #2: *The traditional financial plan and The Quality Life Plan are two completely different mindsets about wealth, money and success.*

The bottom line of the traditional financial plan is *asset accumulation.* Wealth is defined exclusively by the accumulation of money and other equity assets.

The traditional financial plan is oriented towards achieving <u>future</u> financial security. Recommended strategies to do so can actually *destabilize* one's <u>present</u> financial situation. Such strategies include:

- Savings nest egg
- Investments: stock market, T Bills, mutual funds, insurance, real estate, etc.
- Credit use to establish a good credit score
- Debt leveraging
- Budgets to accomplish all of the above

What one thing do all of these strategies have in common? That's right -- money. Yet since none of them address the issue of money as an *exponentially* depreciating commodity, they often fail to deliver as planned.

THE QUALITY LIFE PLAN RESPONSE

> Premise #3: *A solid financial foundation in the present is of higher value than one on shaky financial ground while saving and investing for the future.*

Unlike the traditional financial plan, *The Quality Life Plan* cultivates an entirely different mindset. Initial emphasis is on the establishment of financial stability in the <u>present</u>. Financial stability in the present is the core strategy for real-time economics in the 21st century. When accomplished, you can eliminate credit reliance and live within your means. You also are able to set goals from a position of strength and with confidence despite the fact of eroding purchasing power.

Some indicators of a stable financial platform include but are not limited to:

- The ability to live within your means
- Work you enjoy
- Health coverage
- Cash reserves for emergencies, etc.
- Multiple cash-flow streams
- Investments that increase monthly cash flow
- Zero debt (including mortgage debt)
- Time for the development of interests, skills and talents
- Time for family and important relationships
- Time and resources available to help others

Believe me - I understand the radical departure *The Quality Life Plan* takes from conventional financial wisdom. Without a radical departure, however, individuals and families will be hard-pressed to actually free themselves of a cash-strapped/debt-heavy lifestyle. Hopefully, a grass-roots groundswell of interest will develop as more people become aware of the need for an alternative approach. Why grass-roots? Information that goes against the grain of status-quo assumptions about money, wealth, success, happiness and security is highly unlikely to become mainstream. The mega-funded financial industry (Capital One, Citibank, Fannie Mae, Freddie Mac, etc.) will continue to spew the "consume more - it's good for you" storyline since *their* growth is fed by your continued consumption. How ironic, the more *you* consume the fatter *they* get!

Let's move on to an overview of the spending strategies and their benchmarks for success.

SPENDING STRATEGIES AND MILESTONES

There are three main *Quality Life Plan* strategies that apply to both spending and earning. In this Step, strategies will apply only to spending and include 8 major milestones along the way. To reap the greatest benefit, complete each milestone in sequence. From this point on, you may want to refer to *The Quality Life Plan* Flowchart in the Appendix after Step 7.

<u>STRATEGY ONE</u>: *FINANCIAL STABILITY IN THE PRESENT*

<u>STRATEGY TWO</u>: *LEVERAGE MONEY'S VALUE TODAY*

<u>STRATEGY THREE</u>: *QUALITY LIFE PLAN INVESTING*

Milestone A:	**Identify and list *typical* expenses**
Milestone B:	**Determine and list *real* expenses**
Milestone C:	**Create a habit of adjusting/adding/deleting expenses on a monthly basis**
Milestone D:	**Factor actual inflation monthly and update total monthly *real* expense amounts**
Milestone E:	**Target the date when *typical* and *real* expenses will be one and the same**
Milestone F:	**Live at your *real* expenses level for at least 3 consecutive months prior to proceeding to any other spending strategy**
Milestone G:	**Implement prepayment tactics**
Milestone H:	**Invest in your future cash flow**

<u>STRATEGY ONE</u>: *FINANCIAL STABILITY IN THE PRESENT*

TYPICAL VS. *REAL* EXPENSES

The concept of *typical* vs. *real* expenses is foundational to *The Quality Life Plan*. *Typical* expenses are the expenses you pay regularly - monthly, quarterly, semi-annually and annually - mortgage/rent, food, auto insurance, utilities, etc. Your first implementation task will be to identify and list your expenses; first your *typical* ones and then *real* expenses.

What are *Real* Expenses?

Premise #4: *Real expenses accounting is the foundation of The Quality Life Plan spending strategies.*

"Real expenses" accounting is the foundation upon which all other spending strategies are built. The purpose of identifying and accounting for *real* expenses is to establish and sustain an accurate expenses baseline. There are two types of *real* expenses.

They are:

1. *An existing typical expense adjusted up or down based on potential under spending or overspending for that item.*

2. *An essential expense not currently in your budget.*

The Two Types of *Real* Expenses Explained

1. *An existing typical expense adjusted up or down based on potential under spending or overspending for that item.*

Quality life means quality health. Make it a part of your plan.

This first type of *real* expense acts as a reality check for each of your *typical* expenses. Review each *typical* expense to decide if you are under spending or overspending on any of them. Under spending is as important to tell the truth about as overspending. At this stage, do not concern yourself with additional money needed when a *typical* expense is adjusted upward (due to under spending) to become a *real* expense.

For example, you may set your thermostat at 60 degrees in the winter because of high heating costs and have a *typical* expense you can handle. However, you realize that if you could, you'd keep your heat at 68 degrees, which would increase your utilities bill. In this case, your *real* expense would be higher than your *typical* expense. Or, you may have a health insurance premium *typical* expense that is lower than warranted by your current health. Again, this would be a case of under spending. A health plan that addressed your current situation would be a *real* expense, which as a *real* expense would increase your *typical* health insurance payment. Or, you may also realize that you are overspending on clothes and eating out and that your *real* expense would be lower than what you currently spend.

This first type of *real* expense allows you to evaluate each of your *typical* expenses as to potential under or overspending.

Let's not forget expenses for the four-legged members of the family.

2. *An essential expense not currently in your budget.*

The second type of *real* expense addresses living expenses most likely to come back and haunt you some time in the future if ignored today. Are your fingers crossed hoping the car won't break down, the roof won't leak, the cat won't get in a fight and you won't end up with a health problem? Who's kidding whom? You *will* need dental work. You'll probably need to see a doctor at some point. Your car *will* need fixing, and your home will need repairs. *Real* expenses, after all, are real!

This 2nd type of *real* expense includes but is not limited to:

- Home maintenance
- Health and dental care
- Various insurances (health, dental, rental, term life, etc.)
- Auto maintenance
- Children's expenses
- Animal care
- Cash reserves

"Cash reserves" are one of the many real expenses.

How prepared are you for an unexpected expense? When Hurricane Katrina hit the Gulf Coast in 2005 plenty of people wished they had emergency funds set aside as a part of their 'financial plan.'

Think you're going to be able to go a full year without having to pay for repairs to the jalopy? Dream on!

Unlike the first type of *real* expense, the second type *does not yet exist* as a typical expense! These are the kinds of expenses (listed above) that are often totally left out of the budget. If you gauge your disposable earnings according to your *typical* expenses, you might come up short when the "unexpected" occurs.

What happens when that unexpected expense comes along? Just pull out the credit card, right? Increasing debt puts more demand on your time, finances and peace of mind. You lose your balance. Overwhelmed by financial obligations, you feel stressed, trapped and hopeless. Life becomes an exhausting and seemingly endless process of running around the hamster wheel trying to keep up.

Round and round you go and where it stops, well, it could stop right here and right now!

If you learn to live at the level of your *real* expenses (nothing left out) instead of your *typical* expenses, you can greatly reduce the *risk* of an unexpected expense turning your world upside down. Your car broke down and it needs a new alternator? No problem, your car maintenance fund will cover it. The roof is leaking? No problem, your home maintenance fund will see you through.

Day after day, *The Quality Life Plan* moves you closer to financial stability in the present. Financial stability in the present is the platform from which you are genuinely empowered to structure your life as you see fit. Otherwise it's, "I owe, I owe so off to work I go!" When you *decrease* your vulnerability to life's unexpected events (that can cause financial disaster) you *increase* the probability of being able to fulfill your life goals on *your* terms.

MEASURE YOUR PROGRESS

As each milestone is accomplished in proper sequence, you can measure your progress. They provide a roadmap to the most painless path to *Quality Life Plan* success. Remember: Inch by inch, anything's a cinch! The final point of completion for each milestone is noted in the pages that follow.

Milestone A: **Identify and list *typical* expenses**

Milestone B: **Determine and list *real* expenses**

Milestone C: **Create a habit of adjusting/adding/deleting expenses on a monthly basis**

Milestone D: **Factor actual inflation monthly and update total monthly *real* expense amounts**

Milestone E: **Target the date when *typical* and *real* expenses will be one and the same**

Milestone F: **Live at your *real* expenses level for at least 3 consecutive months prior to proceeding to any other spending strategy**

Milestone G: **Implement prepayment tactics**

Milestone H: **Invest in your future cash flow**

Your *Quality Life Plan* EXCEL Spreadsheet

I've created an easy-to-use EXCEL spreadsheet to help you accomplish the first 6 milestones (A-F). You will find it as the last pages of this Step 5. Plus, you can also access the spreadsheet with the formulas intact at http://www.AlternativeFinancialNow.com Click on "Book Purchasers" on the homepage menu. Illustrated cut-outs below serve as a tutorial for using the spreadsheet.

1. **Expense categories are alphabetically in the left hand column.**

   - Some (like auto) have sub-categories. At the end of the list you will find a place to add additional items. Remember to enter one-time, unplanned, unscheduled expenses.

   - The expense items listed with ** after them represent the 2nd type of *real* expenses often overlooked.

Expense Items	Typical Monthly Payment Amount
Auto	
Auto Club fee	**$30**
Auto insurance	**$112**
Auto maintenance and replacement fund**	**$40**

2. **Enter your *typical* monthly payment amount next to each line item.**

   - Most *typical* expenses tend to stay the same each month and can remain as constants on your spreadsheet. Write-in one-time or unexpected expenses each month as needed.

   - Break down quarterly, semi-annual and annual payment amounts into monthly amounts for purposes of this spreadsheet.

   - Some of the line items might remain blank--not applicable (N/A) at this time.

   - Total your *typical* monthly expenses at the bottom of each page and then a grand total on the last page. (If you use the EXCEL formulas, totals will appear automatically.)

This completes:

Milestone A: Identify and list *typical* expenses

3. Evaluate each *typical* expense item to assess potential under or overspending.

- For each *typical* expense, ask yourself, "Am I overspending or under spending for this item?" You would be overspending if spending less would satisfy you. You would be under spending if you are trying not to spend as much as would be accurate and true. For example, you may realize you are overspending on clothing and personal care but under spending on things like insurance and groceries. Use O or U as shown.

Overspending (O) Under spending (U)	REAL Expenses (added or adjusted)
(O)	$270
(O)	$15
(U)	$127
SAME	$25

- If you believe you are neither under spending nor overspending for any given line item, your *typical* and *real* expense are one and the same. Write SAME when this is the case.

4. Calculate your *real* expense amounts.

- You have 1) written in your *typical* expense amounts in the *typical* payment amount column and 2) marked your under or overspending for each *typical* expense.

- Now it's time to enter dollar amounts in the *real* expense column for each line item. If you have been under spending for a line item, your *real* expense amount will be more than your *typical* one. If you have been overspending for a line item, your *real* expense amount will be less than your *typical* one. At first, your *real* expense numbers may seem like guesses. The more you engage this process, the easier it will become to calculate *real* expenses. (The word "adjusted" in the *real* expenses column title refers to when you adjust a *typical* expense to become the 1st type of *real* expense.)

- Even though some of the line items remain blank as they are not current expenses, review them closely because you may discover that they should be! When you decide to claim a previously blank item as an expense, add the amount to both the *typical* and *real* expense columns. (The word "added" in the *real* expenses column title refers to when you add an entirely new expense to your budget as the 2nd type of *real* expense.)

- Similarly, as you recognize any overspending in your *typical* expenses, you may decide to eliminate that line item altogether. By doing so, you free-up funds to reallocate to a *real* expense.

- During hard times, forecast your "bare bones" *real* expenses and systematically eliminate expenses not "bare bones". This is a drastic belt-tightening measure to help establish stability as quickly as possible. It might include moving to a less expensive living situation.

- With regards to debt-service payments (credit cards, equity lines of credit, etc.) you might want to liquidate and reallocate some of your assets to jumpstart your ability to live at your *real* expenses level without incurring more debt. (See example in Step 7). This is a recommended *Quality Life Plan* tactic to speed up the process of establishing financial stability in the present.

- Nest eggs, monetary gifts, and equity assets, for example, could be reallocated to pay off larger chunks of debt. The more you are able to lower *real* monthly expenses, the more resilience you will have when faced with the inevitable unexpected expense. **

> **Premise #5:** *Asset reallocation is a Quality Life Plan tactic used to speed up the process of establishing financial stability in the present.*

Stop using credit and seriously consider getting rid of ALL your credit cards. Debit cards work just as well in terms of convenience to you, but don't increase debt. The more access to credit that you have, the more you will be tempted to use it! If you want to keep one credit card, get one with a very low interest rate and a low credit limit. Pay this card down to zero every month if you insist on having one at all. *(Some people keep their lone credit card in a bowl of water in their freezer. To use it they have to thaw it out! If they microwave it to get quick access, they destroy the card.)*

This completes:

Milestone B: Determine and list *real* expenses

Milestone C: Create a habit of adjusting/adding/deleting expenses on a monthly basis

5. Adjust for actual inflation.

	GRAND TOTAL **$5,000.00**
1% or .01 of real exp.	**$50.00**
Adjusted real exp.	**$5,050.00**

You will notice two additional lines below your *real* expenses grand total where you adjust for actual inflation. On the first line you multiply your *real* expenses monthly grand total by .01 (1%) to determine the amount of money needed to insure meeting *real* expenses for the following month.** Enter newly adjusted (for actual inflation) *real* expense grand total on the 2nd line. Now your adjusted grand total becomes your baseline earnings needed for the coming month. For example, if your *real* expenses come to $5,000.00 for this month, next month you will need to have a minimum of $5050.00. Note: Your EXCEL formula (via web site) spreadsheet will make these adjustments automatically for you.

Here is a five month example of earnings needed to cover *real* expenses adjusted for actual inflation, starting with $5,000:

Month 1	$5,000.00
Month 2	$5,050.00
Month 3	$5,100.50
Month 4	$5,151.50
Month 5	$5,203.02

> **Premise #6:** *Actual inflation is far more than the stated CPI. For purposes of staying ahead of exponential loss of purchasing power, build-in an additional 1% monthly on top of your real expenses.*

**Some of my clients have added on 2% per month to their *real* expenses because they had a wide gap between their gross and net income. In other words, they had high overhead and expenses due to the demands of their profession.

This completes:

Milestone D: Factor actual inflation monthly and update total monthly *real* expense amounts

6. Note if it is a personal, corporate or LLC expense.

- More and more business people have either a limited liability (LLC) or a corporation. For tax purposes, the line item expenses listed fall into different categories.

- Enter a "P" (personal), "LLC" or "corp." in this column to help you group your expenses at the end of the year.

- If you have another type of entity, just change the name.

P/LLC or Corp	**Start date REAL exp.**

7. Target a date for your *typical* and *real* expenses to be the same.

- Target a date for each line item to indicate when you want your *typical* and *real* expense to be one and the same.

- Each month as you update your spreadsheet, review target dates. Your dates might need to change to account for life's twists and turns. Notice any resistance you may have to setting timelines. I recommend the buddy system (whenever possible) to increase your accountability.

This completes:

Milestone E: Target the date when *typical* and *real* expenses will be one and the same

Milestone F: Live at your *real* expenses level for at least 3 consecutive months before proceeding to any other spending strategy

YOU'RE ON YOUR WAY TO CONQUERING *REAL* EXPENSES

Premise #7: *The time it takes to transition to living at your real expenses level offers a much-needed period of adjustment.*

Rome wasn't built in a day. To live consistently at the level of your *real* expenses will take time. You are on you're way but <u>do not</u> expect instant results. To turn your ship around completely could take up to five years, depending on your debt profile.

The beauty of transition time is that it gives you the chance to change your habits; in this case, spending habits. As you inch towards living at your *real* expenses level, pay attention to aspects of your life you may have put "on hold" while going deeper in debt. For example:

- Put "found" money you have eliminated from typical expenses you were overspending on or because you have paid off debts, towards *real* expenses such as: health insurance, life insurance, home rental insurance, a car maintenance fund, motor club insurance or cash reserves, etc.

- Start to take care of personal and household items that you may have been neglecting - your teeth, the siding on the house, your education, etc.

(Remember: When you spend in ways that stabilize your life in the present, you support your well-being. Personal well-being provides strength to take the next steps.)

- Integrate more aspects of intangible wealth such as enjoyment, maintaining your health, nurturing important relationships, spiritual growth and community involvement.

- Do not over-depend on the banking system to safeguard your money. Volatile times of terrorist threats, banking snafus (Argentina in 2002), *and severe weather events* are a fact of life. Keep ample cash safely on-hand at home for immediate access (3-6 months of your *real* expenses).

(Don't forget, on 9/11/2001 the banks and ATMs in Manhattan were shut down for a time. In the 1930s, FDR declared bank "holidays" for several days in a row, shutting off access to domestic banks for most people.)

- Stretch the purchasing power of your money by buying gently used items from your local classified ads, garage sales and thrift stores and online (for example, craigslist.org). Why pay retail when there is so much good stuff out there practically being given away?

- Develop short-term saving practices to purchase good condition used cars, appliances, computers, etc., with cash. My mother had labeled baby food jars in a drawer in her desk (her piggy bank) for things such as the children's clothes, vacations, and so on.

The Quality Life Plan spending strategies are not just about the few dollars you might save on a lamp, they are about a complete paradigm shift in spending for the purpose of long-term stability.

STRATEGY TWO: *LEVERAGE MONEY'S VALUE TODAY*

If you skip ahead to other strategies before you establish financial stability in the present, *The Quality Life Plan* won't work for you. Sorry about that! Your financial house needs a solid foundation to support the walls and roof.

- Check-in: Are you able to live within your means at your *real* expenses level and still have money to spare? If the answer is no, keep going until you have successfully completed the first 6 milestones.

- When you think about it, the time it takes to fully transition to living at your *real* expenses level is relatively short when you think about how long it took to build a life of living beyond your means!

The Quality Life Plan leverages the value of money for each and every today. That's where prepayment tactics come in. Does it make sense to prepay? Of course it does. Paying ahead, in the final analysis, means you are paying less and receiving the greatest possible value today. Tomorrow, however, one thing is true; either prices will rise or you will receive less for the same amount of money. That bag of potato chips will either cost more or have less in it!

> Premise #8: *Prepaying locks-in expenses at today's prices to save money and further reduce financial vulnerability.*

Whenever you can lock-in today's prices for routine expenses, you add to your financial stability in the present to lessen bill-paying pressures. When confronted by an unexpected expense, you are more likely to have extra money on hand to cover it.

Pre-paying is simple and satisfying. Here are some pointers.

1. Whenever possible, schedule to pay a year ahead for things like insurances, telephone, utilities, cable and other routine bills. It's not unusual to get a one-month discount when paying for a full year of a regular service in advance. If you're unable to pay for a full year, try to pay extra every month. For utility and phone bills, this will give you a "credit" balance from which your monthly use will be deducted. Most people don't know they can do this.

2. With larger chunks of excess funds, pay ahead on your rent and your mortgage principal. Ask your landlord for a discount if you pay ahead for a period of time. Check with your mortgage company for a mortgage acceleration program to decrease interest costs.

3. Buying in bulk is another form of pre-paying. When your basic consumables (personal items, paper products, clothing, food, etc.) are on sale, buy in larger quantity and store them until needed. In many communities there are also buying-clubs for food that allow a group of self-organized friends or neighbors to take advantage of purchasing food items in case loads to lower prices.

Another way to leverage the value of your money today is to participate in an alternative currency system. You can trade goods and services via LETS (Local Exchange Trading System). Fourth Corner Exchange http://www.fourthcornerexchange.com in Bellingham, Washington is one such successful system that is far greater than a simple barter program. Not only does it provide an alternative to the exchange of Federal Reserve Notes but it also is revitalizing local community. Contact them to learn how to start-up a Fourth Corner Exchange chapter in your part of the world.

This completes:

Milestone G: Implement prepayment tactics

<u>STRATEGY THREE</u>: *QUALITY LIFE PLAN INVESTING*

People are often shocked and in disbelief when they hear long-term savings and securities investments are the very last place *The Quality Life Plan* recommends you put your money.

We have all heard that the best way to insure financial security for the future is to grow a nest egg and to start at a young age. However, *exponential debt build-up in a global monetary system undermines the nest-egg concept.*

Simply put, *The Quality Life Plan* views long-term saving and investing strategies as a less desirable form of *spending*. Interest-accruing money parked somewhere (not being exchanged at the time it is worth the most--today) loses purchasing power. Plus, you lack access to and control over "your" funds. All too often, management fees, conversion costs and lost purchasing power translate to an investment that fails to fulfill its original objective.

> Premise #9: *Traditional long-term savings and securities products are often the last places to put your money.*

That is why to spend in this manner ranks at the very bottom and is recommended only after full implementation of all other *Quality Life Plan* spending strategies.

Where *do* you invest after you have established the foundation of living at your *real* expenses level and are leveraging money's value today? *The Quality Life Plan* says your best investment of *true* excess is in non-securities ventures capable of increasing your monthly cash flow.

Step 6, Change the Way You Earn, explores *The Quality Life Plan* earning strategies and this investment perspective in greater depth.

Premise #10: *Anytime you make an investment that can increase your cash flow, you also increase the possibility of being able to live at your real expenses level into the future.*

This brings you to further exploration of:

Milestone H: Invest in your future cash flow

Paying Debt Beats Many Investments

Interest saved by not borrowing can provide better returns than places we park money

By SCOTT BURNS, August 9, 2004 Copyright 2004 Houston Chronicle News Service

Lenders are lined up at our mailboxes. They offer new credit cards, new mortgages and new home equity loans. They do this because it is very profitable.

This is worth considering.

Perhaps "un-borrowing" would be a profitable activity. Maybe interest saved by not borrowing will provide a higher return than what we can get by saving and investing.

Indeed, I believe that is what the market is telling us.

Recall last week, when I demonstrated that the after-inflation, after-tax returns on money market funds, typical bonds and average stocks were minus 3.15 percent, minus 0.9 percent and a mere 2.4 percent, respectively. Well, let's see how those returns stack up against what we can save by not having to pay interest on debt.

We'll start with the big no-brainer: credit cards.

According to bankrate.com, a site that tracks the returns for saving and the costs for borrowing, the average interest rate on fixed-rate cards is now 12.72 percent, which is not deductible. Adjust that return up for taxes and typical "convenience credit" costs 16.96 percent. Pay it off, and that's the effective return for you and me as borrowers. Even if you adjust it downward for inflation, it beats anything we can earn on our savings.

The story is the same with car loans. Pay off an average 5.91 percent car loan, and you have a good "investment." You'd have to earn more than 7.88 percent on your savings to offset the cost of borrowing.

If you happen to be one of the many homeowners whose itemized tax deductions aren't deductible because they are less than the standard deduction, this is close to what your mortgage is costing you. You'd clearly be better off paying it down — and using your savings to do it.

And what about the tax-deductible mortgage? New 30-year mortgages currently cost about 5.65 percent. If the interest is tax-deductible and your interest deductions exceed the standard deduction, the effective cost of borrowing is 4.24 percent. Subtract 3.9 percent inflation, for paying the loan back with ever-cheaper dollars, and borrowing costs only 0.34 percent.

It could be argued that borrowing for home mortgages is cheap.

On the other hand, a net return of 0.34 percent (rate less tax savings) is still better than you'll do in money market funds or most fixed-income investments. So paying off tax-deductible mortgages is still a good idea.

The bottom line here is very simple.

If you're carrying credit card debt at any interest rate, stop. Give paying off the credit card debt highest priority.

The same goes for paying off anything except a zero percent car loan.

QUALITY LIFE PLAN **RECORDKEEPING** month/year ______________________

Expense Items	Typical Monthly Payment Amount	Overspending (O) Underspending (U)	REAL Expenses (added or adjusted)	P/LLC or Corp.	Start date REAL exp.	Notes
Accounting/Professional						
Advertising						
Alimony and child support						
Auto						
Auto club fee						
Auto insurance						
Auto maintenance fund						
Auto monthly payments						
Auto replacement fund						
Gas						
License/registration fees						
Parking/garage & tolls						
Bank service charges (including late fees)						
Books & magazines						
Cash Reserve (lifestyle upgrade or emergency fund)						
Clothing & personal care						
Computer/software/supplies						
Entertainment						
SUB-TOTALS	0		0			

month/year ____________________

Expense Items	Typical Monthly Payment Amount	Overspending (O) Underspending (U)	REAL Expenses (added or adjusted)	P/LLC or Corp.	Start date REAL exp.	Notes
Food						
Groceries						
Meals out						
Health						
Alternative health care						
Health club membership						
Health expense fund						
Other health expenses not covered by insurance						
Supplements						
Home						
Home maintenance fund						
Home repair/maintenance						
Home security system						
Homeowner association fee						
Homeowner/renter insurance						
Landscape maintenance						
Property taxes						
Rent/mortgage						
SUB-TOTALS	0		0			

month/year ______________________________

Expense Items	Typical Monthly Payment Amount	Overspending (O) Underspending (U)	REAL Expenses (added or adjusted)	P/LLC or Corp.	Start date REAL exp.	Notes
Household items (non-food)						
Insurances(except auto & home)						
Dental insurance						
Disability insurance						
Health insurance						
Liability insurance						
Life insurance (head of hsehold)						
Life insurance (other)						
Life insurance (other)						
Other insurances						
Interest charges						
Investments						
Business capital						
Commission fees						
Contributions to savings IRA's etc.						
Extra principal payments						
Mortgage acceleration						
Mortgages (investment)						
SUB-TOTALS	0		0			

month/year____________________

Expense Items	Typical Monthly Payment Amount	Overspending (O) Underspending (U)	REAL Expenses (added or adjusted)	P/LLC or Corp.	Start date REAL exp.	Notes
Transaction fees (invstmnts)						
Pet(s)						
Taxes						
Payroll						
Personal property						
Property						
Quarterly income tax (1/3)						
Telephones						
Telephone 1						
Telephone 2						
Telephone 3						
Other						
Transportation (other)						
Travel						
Tuition & education						
SUB-TOTALS	0		0			

month/year________________________________

Expense Items	Typical Monthly Payment Amount	Overspending (O) Underspending (U)	REAL Expenses (added or adjusted)	P/LLC or Corp.	Start date REAL exp.	Notes
Utillities						
Cable						
Electric						
Gas						
Internet Service						
Water						
Other						
Other						
Other						
Vacations						
Other						
Other						
Other						
Other						
Other						
SUB-TOTALS	0		0			
GRAND TOTALS	0		0			
		1% or .01 of real exp.	0			
		Adjusted real exp.	0			

Step 6 Change the Way You Earn

"Age to me means nothing. I can't get old; I'm working. I was old when I was twenty-one and out of work. As long as you're working you stay young. Retirement at sixty-five is ridiculous. When I was sixty-five I still had pimples."

George Burns

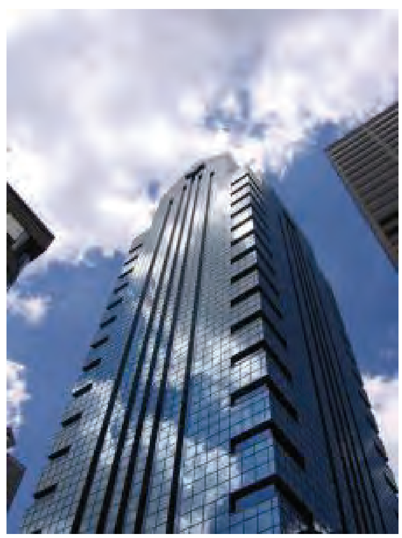
The Quality Life Plan aims to restore the complete definition of wealth to people's lives with uncomplicated, practical strategies based on the truth about money. So far we have covered information about changing the way you think about and spend money. In this Step, the traditional approach to earning is reviewed in light of the times we live in and recommendations are made towards long-term sustainability.

> Premise #1: *Your earnings need to grow faster than your real expenses adjusted for actual inflation.*

As the way you think about money expands to include new concepts and you begin to understand what *real* expenses are, you will also come to understand that *real* expenses are ultimately more than *typical* ones. The challenge becomes how and where to find more money.

Traditionally, personal earnings have been defined as money earned from one source when working for a company or money derived from investment dividends. After 40 years of working 40 hours a week (often at something less than inspiring), we hope to retire with a company pension plan and enough Social Security benefits to ride off into our golden years with our later-years needs intact. But like I said in Step 3, those days are numbered.

REDEFINE WORK!



Since the "cheese" (the company pension) at the end of this popular earning-strategy tunnel is now harder and harder to find: Where did it go and what to do?

With more and more jobs offering less and less security (contract work, outsourcing, fewer health benefits, etc), the workplace landscape has become almost unrecognizable. Many of the very reasons to work for a company in the first place have all but disappeared and the do-it-yourself retirement ranks swell larger with each passing day. Yet, like mice that continue to run down the same tunnel long after the cheese has gone, many continue to hope for perks long gone.

As traditional company pension evaporate into thin air, an open mind is required to explore what is needed *now* to insure both sustainable earnings and later-years security. I recently read that contrary to popular belief, old dogs *can* learn new tricks, so let's get started!

SELF-DIRECTED EARNINGS

The political left (Jim Hightower) and the political right (George W. Bush) finally agree on something: They agree that it is vitally important to support the growth of small business in America.

Premise #2: *With the changing face of retirement comes the opportunity to reconsider the relationship between work and later-years security.*

To thrive into the future and not just survive, <u>cash-flow security is the name of the game</u>. Because money you earn today will purchase less tomorrow, it must be able to keep pace with actual inflation and the subsequent cost of living increases. Living at one's *real* expenses level year after year means cash flow grows in such a manner that you don't need credit to supplement your lifestyle. Unfortunately, most salaried and wage positions fail to meet this *Quality Life Plan* earnings criteria.

Business ownership, when done successfully, is one significant tactic to increase control over your earning capacity. The formula for today is: *Live to work not work to live.* Why? You guessed it. The answer has everything to do with the current character of a global monetary system and the personal adjustments that must be made to stay ahead of its exponential debt curve.

Premise #3: *Money is worth the most and has its greatest purchasing power at the moment it is exchanged.*

When someone lives to work, being happy with work is more than just another good idea. Who wants to live to work if they hate how they have to spend so much of their time? When you are able to match who you are with work you do, personal productivity can become a source of satisfaction beyond monetary gain.

Now is the time to consider business ownership or investing in someone else's business. If you are already a business owner, use this Step to challenge yourself to new levels of success.

Premise #4: *Live to work, not work to live.*

Particularly for those not currently business owners, let yourself dream and become inspired about a product or service you could provide. What is needed and wanted, that you could see yourself doing long term and, *that people will pay money for*? Imagine how work that makes you want to get up in the morning could contribute to your attitude, your loved ones and eventually, your retirement. If you really liked your earning activity and saw growth potential, your smart business strategies could pay off for years to come. As the driver of your economic engine, you could maximize present-time purchasing power and over time, develop your cash flow to be able to consistently live at your *real* expenses level.

In your later-years, you will probably want to find ways to leverage your workload and/or modify it to free-up time for other activities and to accommodate changing health needs. Further down the road as you develop your *Quality Life Plan*, you can plan to have your cash flow continue creatively throughout your life and perhaps on to that of your heirs'. Why should it end?

SET YOUR COURSE

Going from employment to business ownership takes time in the same way it takes time to transition from living at your *typical* expenses level to living at your *real* expenses level. Books and advisors abound on the subject of best ways to start and maintain a business and are valuable resources. You may want to seek counsel with an expert in the field of your interest to learn more. Personal motivation will propel you to find the resources you need.

When you align yourself with the axiom of *"live to work not work to live",* you will be looking for something that is a good "fit" as mentioned earlier. If work is *only* about the money, at some point you are likely to become dissatisfied, making such earnings unsustainable. Due to the historically high failure rate for small business start-ups, you will need as much going for you as possible.

> ***"One would hope that the at home staying humans will start thinking - What was it I was thinking about when they told me I had to "earn my living" - doing what someone else had decided needed to be done? What do I see that needs to be done that nobody is attending to?"***
>
> ***--R. Buckminster Fuller***

As you redefine work, use it as an opportunity to do some honest-to-goodness soul-searching. Ask yourself questions like: What are my natural abilities, skills, interests, and inspirations? What are the things I *like to do?* What does my community, my world, need? What are people willing to pay money for these days? Better yet, take time to brainstorm lots of different answers to these questions on a piece of paper or with someone else to free up the brainstorming process. Two good books to enhance your discovery process are the classic, *What Color is My Parachute* by Richard Bowles and *Finding Your Perfect Work* by Paul and Sarah Edwards.

> Premise #5: *Private enterprise potentially gives you control over the ability to grow and/or diversify your cash flow.*

WRITE YOUR BUSINESS VISION AND MISSION STATEMENTS

Once you have settled on an idea, take the next step to write a business vision and mission statement. Your written vision and mission statements are extremely important navigational tools to help keep you on track, especially when important decisions must be made.

Expect your business vision and mission to change and develop over several versions. Spend quality time with a friend or family member to discuss them and to gather new insights. Dialogue with those who care about you can help you cut through to essential truths. Though vision and mission are a work-in-progress, at some point you will be satisfied with what you have written.

You may already have a business, but not have a written vision and mission statement. This is your chance to do so. Or, you may have something in writing and choose to use this exercise as the time to revisit and refine it. This can either help immensely to revitalize you and your business or it might be what helps you discover you are currently on the wrong track in regards to the "live to work" premise. No worries. Use this exercise to refresh your direction.

Vision is what your life looks like when your mission is accomplished.

Mission is the direction you take to achieve your vision.

Here are my vision and mission statements for my company, Alternative Financial, LLC.

VISION

Alternative Financial sets a new standard by which middle-class Americans are empowered to regain and sustain their quality of life going forward. Under reported information about wealth and money is the basis for 1) why it takes something more to achieve financial security and personal well-being today, 2) updated personal finance strategies needed and 3) *how-to* implement them.

MISSION

The purpose of Alternative Financial is to make vital overlooked and under reported data regarding wealth and money available to the personal finance marketplace worldwide so the middle-class citizen is empowered with a sound non-corporate, self-directing alternative.

(Note: I highly recommend that before you write your business vision and mission, you write a vision and mission statement that is purely personal. This will provide a backdrop to determine if a business you are considering is congruent.)

CREATE SUSTAINABLE EARNINGS

Not all cash-flow streams are created equally. Some are sustainable and some are not. Knowing the difference makes all the difference *for you*! Cash flows that are sustainable endure through both unexpected circumstances and the aging process without the need for credit supplementation.

Premise #6: *Because not all cash-flow streams are of a sustainable nature, you need to know the difference.*

Cash flows that are unsustainable are also unreliable and should only be considered for stop-gap purposes. If your current earnings are unsustainable as described below, your first goal is to transition to sustainable earnings. Plus, the *more* sustainable cash-flow streams you are able to establish, the better, when it comes to having a financial back-up system. Once you stop relying on credit as back-up, you are best served by an increasingly creative approach to cash flow.

Below, I have listed several distinctions between sustainable and unsustainable earnings.

Sustainable Earnings Include:

- Work that is congruent with one's personal vision and mission
- That which contributes to financial security and personal well-being in present time
- Year-round revenue not seasonal or unpredictable, that meets *real* expenses
- Passive cash-flow streams from work done in the past
- Work offering the greatest opportunity or future potential to control earning capacity
- Earning activity that weathers the test of time and that could be modified to accommodate later-years needs
- A service or product that fulfills a genuine need or want people will pay for
- A business with low overhead expenses

Unsustainable Earnings Include:

- Current work with a negative impact on you, your health and/or your family
- Work that undermines your sense of integrity or work that you hate
- Real estate loans, including equity lines of credit
- Personal, payday or tax refund loans and credit card cash advances
- Speculative projects said to pay-off in the future, but cost time/money now
- Contract work that occurs seasonally or unpredictably
- Work that puts a heavy demand on your body
- Gambling
- A business with high overhead expenses

CASH FLOW IS KING: MULTIPLE STREAMS PREFERRED

Hand-in-hand with the goal to establish sustainable cash flow is the intention to establish *multiple* sustainable cash-flow streams.

Premise #7: *To establish sustainable cash-flow streams that have growth potential is typically of a higher order than to invest in securities products.*

Financial advisors extol the virtues of diversifying your investment portfolio in the name of long-term, stable growth. However, if you decide to liquidate an asset, conversion costs, plus the cost of living at the time you convert it could mean you won't have enough money left over to fulfill your original investment objective.

This brings us to the traditional financial plan's notion of net worth. Traditionally, net worth is *the amount of money left after debts are deducted from your equity and hard assets*. Reality? This definition of net worth is about numbers on paper, not real worth. Your true financial worth can only be accurately measured as the purchasing power you have at the time equity and hard assets are liquidated and debts are paid.

Premise #8: *Your true financial worth can only be accurately measured as the purchasing power you have at the time equity and hard assets are liquidated and debts are paid.*

Think about it. Even though you may have $50,000+ as equity in your home, what difference does it really make except to give you the privilege of going deeper into debt by borrowing more? And, if you decide to sell your home, you have virtually no idea of 1) what equity will be left given the price you'll be able to get for the house, 2) how much more equity you may have cashed out by the time you actually sell and, 3) what you will be able to afford after all is said and done.

The traditional notion of net worth perpetuates a false sense of security, justifies continued credit use and encourages people to participate in fantasy thinking and behavior. Millions today remain cash poor while boasting a picture-perfect paper net worth.

The Quality Life Plan recognizes that you may already be invested in one or more securities products. But because you have no control over their gains or losses in the financial marketplace, risk and vulnerability remains. This is especially true as regards the invisible forces of a debt-based, global monetary system. That said, your 401K, retirement pension, Social Security pension, whole life insurance, etc., could very well become important components to your overall later-years financial picture.

Premise #9: *Passive earnings combined with cash-flow activity offer a stronger solution for later-years financial stability and security.*

If you can combine cash-flow activity with already existing passive earnings, your later-years financial picture gains even greater stability. You may have a mix of:

- Work (that you feel good about)
- Support from a family member (spouse or otherwise)
- Pension funds
- 401K, IRA, etc.
- Dividends from investments
- Social Security
- Monthly rental Income
- Passive earnings from prior financial successes
- Monthly residuals from personal investments in private ventures

REINSPIREMENT REPLACES RETIREMENT

Most Americans have worked through the prime of their lives with one eye looking forward to that magical moment when they could leave it all behind to golf, fish and garden. Even though they might have suffered through jobs they hated, hours away from their families, shouldering stress of professional responsibilities they didn't personally care about, they persevered for 'retirement'.

Premise #10: *Reinspirement is an idea whose time has come.*

The only problem is: The idea of retirement as the time when earnings cease must be retired! As we speak, pension plans are being discontinued or going bankrupt and jobs (white and blue collar) are being exported to other countries**.** Many hold fast to traditional modes of earning even as its previous promise of security has all but disappeared.

A reinspired person has purpose in life. They keep growing, learning and earning.

Though traditional retirement may be in its sunset years, the good news is that a real-time alternative exists. On the horizon is retirement's 21st century make-over: ***Reinspirement.*** Reinspirement is born from the ashes of the exponential loss of purchasing power and as such, has been designed to address later-years needs**.** It is <u>an idea whose time has come</u>. Similar to typical recommendations to begin retirement saving when young, reinspirement is a lifelong journey. But unlike retirement, reinspirement offers an opportunity to be reinspired day after day, year after year, as a way of life! When you commit to reinspirement, you blaze a trail beyond the societal expectations of when your trail should come to an end! You will lead by example as a role model for generations to come.

Alrighty then, time to get up off the couch, turn off that TV and shift gears from the escape of entertainment to the vast possibilities of engagement and personal productivity. Great joy and satisfaction are to be found in the development of your talents**,** interests and existing skill sets. Herein lies another nugget of intangible wealth to cultivate daily.

Time management takes on new significance for successful implementation of your *Quality Life Plan.* Your task is to reallocate time currently spent on entertainment, non-essential computer activities and distractions in general, towards an orderly transition towards the establishment of sustainable cash-flows. As you consciously delete consumption-based activities, you will find *you actually do have the time* to take on the challenges and satisfactions of personal productivity.

Reinspirement encourages us to reconsider the best ways to earn today. Historically, employment with a company gained popularity due to the company's commitment to provide solid health care benefits, pensions and other perks. Reinspirement means you take back that power given to a company to provide for you and your family. It means believing that *you* (with the help of friends, colleagues and professionals) can become personally empowered to design and implement a work-path that fulfills all you want and need now and for the future.

What about investing? We're ready to take a look.

QUALITY LIFE PLAN INVESTING

Don't forget, *The Quality Life Plan* considers investing to be a type of spending. In review, the first order of business is to learn to live successfully at your *real* expenses level and leverage money's value today.

Once this is accomplished and you actually have *true* excess money remaining, then (and only then) is the time to pursue *The Quality Life Plan* investing strategy, i.e., people-to-people investing.

Many will ask: Where do I put my money?

Growing numbers of people, some you know and many you do not, have worthwhile but under capitalized business enterprises. Under capitalization ranks as the number one reason small businesses fail. Staying with the theme of cash flow as king, *The Quality Life Plan* investing strategy highlights another way for you to increase monthly cash flow.

> **Premise # 11:** *The Quality Life Plan investing strategy is about having another way to increase your monthly cash flow.*

The premise is this: Consider investment in a person, project or company you believe in; one that shares your values, has personally been recommended or has owners you already know and trust. Capitalize that person or business, interest-free, in exchange for a percentage of revenues or profits beginning at a designated start date, over an agreed-upon period of time as monthly payouts. When you increase your monthly cash flow, you also increase your chances of staying ahead of the cost of living without having to revert to credit use.

<u>People-to-people investing</u>, as I prefer to call it, is all about networking and building strategic relationships based on criteria such as aligned interests, honesty and trust. It's not *only* about the financial potential of your alliance, but also the potential for additional and/or ongoing business opportunities. Another benefit to this type of investing is that you typically will have some input into the project or company you capitalize, which also gives you some measure of control to affect desired business outcomes. This is far different than keeping your fingers crossed when your money is invested in a faceless securities product.

People-to-people investing flies in the face of conventional financial wisdom that tells us "don't get financially involved with friends, associates and family." Why have we been told this? The reason is that so often when doing business with someone we know we don't take all the same professional precautions we otherwise would. To apply the same due diligence and general professionalism when doing business with friends, family, associates, etc, will be your best bet to create a win-win outcome for all concerned.

The Quality Life Plan investment strategy offers a Return on Investment (ROI) better than you could get most anywhere else. You earn additional cash flow while, at the same time, a deserving enterprise gains needed momentum. The intangible wealth benefits? They include good will, personal and professional growth, long-term strategic alliances and a potential stream of business and financial opportunities. *People-to-people investing explores the untapped business model of investment as the involvement in the capitalization of deserving people, projects and companies in exchange for monthly payouts as a percentage of revenue or profit.*

Like learning to ride a bike, let's put it all together in Step 7 and move on down the road!

Step 7 Put It All Together

***"If a window of opportunity appears, don't pull down the shade."* –Tom Peters**

Hopefully by now you see a glimmer of light at the end of the tunnel. Yes, there is a way out! You have all the building blocks: A new way to think about, spend, earn, save and invest money with the prospect of reinspirement and a promise of financial stability from which to grow and sustain true wealth.

The Quality Life Plan is an unconventional recipe for success requiring focused self-discipline. As the saying goes, <u>if you don't do something different, nothing will change</u>!

Please don't take my word for it. The former Fed Chairman himself, Alan Greenspan said, August 2005 at Jackson Hole, Wyoming, "Americans should not count on paper wealth", which he went on to say could evaporate with deteriorating economic conditions. True enough, but without an actual blueprint for how to proceed, most people will continue to default to the elusive security of paper wealth.

May all you've learned up to this point banish procrastination and give you the needed inspiration and sense of urgency to move forward. Remember just how much more worth-less a dollar will be in 2015! Time is of the essence.

The Quality Life Plan launches like a rocket in a sequence of stages that help you maximize financial stability and personal well-being. For best results, follow the recommended sequence. (Note: Actual strategy implementation does not begin until number 4.)

Reminder: I recommend a second reread of the first six steps before you move on to implementation. Doing so will increase your grasp of new concepts.

***The Quality Life Plan* Implementation Sequence**

1. Goals – What do you want to achieve?
2. Secondary Gains
3. Assessment and Evaluation
4. Strategy Implementation

GOALS - WHAT DO YOU WANT TO ACHIEVE?

Take time to *write* down what *Quality Life Plan* success would look like for you (and your family). You can use the extra pages at the end of this Step or keep a journal dedicated to the fulfillment of your *Quality Life Plan*. Write goals in specific, measurable language so their achievement or failure will be obvious upon review. Include a date by when you want each one to be met. Here's a sample of some goal categories that you can add to.

Earnings

Monthly expenses

Credit use

Debt reduction/elimination

Career/business development

Well-being/health

Family

Retirement

Investing

SECONDARY GAINS

Secondary gains can serve to undermine your original intention to pursue *The Quality Life Plan*. In review, secondary gains are motivated by an overriding need for acceptance, sometimes at your own expense.

A few examples of *secondary gains*:

> You really want to get out from under a mountain of debt. Yet, for you to maintain the acceptance of your friends and family and meet their expectations, you believe you must keep up appearances which will prevent you from changing spending habits.
>
> You really want to make a career transition to owning your own business which will require you to put in a lot of extra time after work. Your *Quality Life Plan* assessment and evaluation indicate that if you got out from under your mortgage, property taxes and maintenance as a homeowner and rented instead, you would have more time and money to build your company. However, because you are afraid it would look like failure instead of growth to your friends, colleagues and family, you end up giving up on your business dream and stay with your 9-5 daily grind.
>
> You have a degree in a profession you are no longer happy with but have built-up a degree of prestige and credibility in your community and with your family. Instead of pursuing what inspires you, you continue along the same path for fear of losing the intangible benefits of prestige and credibility you worked so hard for if you were to “start over”.

It’s not unusual to begin to feel like an outsider with your friends and family on the topic of money after reading this book. As your perspective about money shifts, you may begin to see things very differently and yet still be reluctant to share your new knowledge for fear of rejection.

My point is this: When unacknowledged, our normal human need for acceptance can trip up our best-laid plans. If you can admit (at least to yourself) how this need might sabotage the successful achievement of your financial goals, then it probably won’t! Telling the truth lets you deal head-on with the underlying issues of acceptance instead of unwittingly letting it undermine your gut instinct that *The Quality Life Plan* <u>is for you</u>.

"If you and I live beyond our means, we can't create funny money as Uncle Sam can. So we are faced with these choices: increase income; or borrow repeatedly, giving IOUs; or cheat or steal from others; or accept charity; or declare bankruptcy so wiping out all debts; or cut our living standard and hence our expenses."

--How to Lick Inflation Before It Licks You, by Eugene J. Benge, 1981

ASSESSMENT AND EVALUATION

The Quality Life Plan starts with a status review of every aspect of your life and finances. Assessment and evaluation is about taking stock of the way things are, from your lifestyle, earnings, spending, saving and investing to your assets and liabilities. Let's begin.

1. Complete the YOU BE THE JUDGE assessment at the end of Step 4.

2. Enter your *typical* expenses in the *typical* expenses column of your *Quality Life Plan* EXCEL spreadsheet. Refer to instructions in Step 5.

3. List your assets and liabilities using the table on the next page. Assets are anything that has monetary value and liabilities are your debts. As with *typical* expenses, the idea here is to gain an accurate and complete listing of your assets and liabilities and to note if the bottom line is in positive or negative territory.

4. Proceed to determine your *real* expenses for the first time. Fill in your *real* expenses in the *rea*l expense column of your *Quality Life Plan* EXCEL spreadsheet. Refer to instructions in Step 5.

5. When you have completed numbers 1-4, enter requested data in the Data Evaluation Table at the end of this section. This table empowers you with the overview for next steps.

   When monthly *real* expenses exceed monthly net earnings, your task will be to find ways to increase your earning capacity. Does your total debt figure affect your stated goals? Will your current earnings suffice to 1) see you through to accomplish your goals and, 2) cover *real* expenses (including debt service)? According to the criteria established in Step 6, are your earnings sustainable?

6. This assessment and evaluation phase is where you begin to do reality checks and discover any gap between your current earnings and *real* expenses.

ASSET OVERVIEW ***DATE___________________***

ASSET	***VALUE***	***COMMENTS***
Primary residence		
Second home		
Rental property		
Car(s)		
Bank accounts		
Art/ collectibles		
Jewelry		
Furnishings		
Variable annuities		
Short-term investments		
Long-term investments		
Corporate assets		
Other (Cash on hand, personal loans receivable, etc.)		
Total Assets	**$**	

LIABILITY OVERVIEW ***DATE _________________***

LIABILITY	***AMOUNT***	***COMMENTS***
Mortgage(s)		
Home equity loan		
Student loan(s)		
Personal loan(s)		
Credit card(s) (list each)		
Back taxes		
Other (list each)		
Total Liabilities	**$**	

DATA EVALUATION

ITEM	RESPONSE
TOTAL MONTHLY *REAL* EXPENSES	
TOTAL MONTHLY NET EARNINGS	
DIFFERENCE (+ or -) BETWEEN *REAL* EXPENSES AND EARNINGS	
ARE EARNINGS SUSTAINABLE?	
DEBT (including mortgage) TOTAL	
CREDIT CARD DEBT TOTAL	
ASSETS TOTAL (including home equity)	
WHAT PERCENTAGE OF YOUR TOTAL *TYPICAL* EXPENSES ARE YOUR COMBINED MORTGAGE, TAXES, INSURANCE AND MAINTENANCE COSTS?	

STRATEGY IMPLEMENTATION

Jumpstart your Plan with Asset Reallocation

The Quality Life Plan strategies begin with an opportunity to jumpstart your ability to pay off debt and live at your *real* expenses level. As I have said, you may be shocked to discover what it can take to cover *real* expenses month after month. Perhaps you think it far-fetched to close the gap between your *typical* and *real* expenses *and* become debt-free. Not true.

Asset reallocation is the way to get a jumpstart on your *Plan*. I recommend it. Since money is worth the most *today*, any of your assets, once converted to cash money, can become the springboard you need to move you closer to financial stability in the present.

For many, asset reallocation is the precise "leap" needed to get off the fence and become fully committed to a new way of thinking about money. Otherwise you might gladly give lip service to *The Quality Life Plan* premises but in reality think and behave quite differently. The asset reallocation leap is a clear sign of personal conviction.

Here's how it works: You have identified assets and their estimated conversion value. Given a gap between your current earnings and your *real* expenses, you have a choice. You can either continue to live at your *typical* expenses level, rely on credit to fill the gap and move towards living at your *real* expenses in this manner or you could consider liquidating some of your existing assets to pay down interest-bearing debts to lower your monthly overhead. A lower monthly overhead allows you to gain needed ground for living within your means and at your *real* expenses level.

In addition, when you lower your monthly obligations, it frees-up money to cover both types of *real* expenses (see Step 5). Living at your *real* expenses level translates to lowering the risk of having unexpected expenses destabilize both your personal economy *and* your personal equilibrium. When you can sustain a stable personal economy, you also nurture greater peace of mind and well-being. Instead of the vicious downward cycle of debt and all its stressful challenges, *<u>this is a healthy cycle of ever-increasing stability, well-being and personal freedom</u>.*

Your car(s) with monthly payments, savings account, expensive toys, etc. and even your home are all fair-game when it comes to asset reallocation. Why your home? Do the math: Is your combined *typical* expense amount for mortgage, taxes, insurance and maintenance no more than 33% maximum of money remaining *after* taxes? If so, good going! If not, home "ownership" may be that sucking sound you hear every time you have to pull out your credit card. To sell your home and rent can actually be an empowering short-term strategy, especially for those who want to turn their attention towards business-building and away from the demands of home "ownership".

In the scheme of *The Quality Life Plan*, asset reallocation gives you the chance to exhale, gather your inner resources and move forward with some momentum and personal resolve. You have taken a giant step towards living at your *real* expenses level! This is great news!

You're On Your Way!

Consistent self-discipline borne of your personal conviction will move you towards full accomplishment of *The Quality Life Plan's* three main strategies:

FINANCIAL STABILITY IN THE PRESENT
LEVERAGE MONEY'S VALUE TODAY
***QUALITY LIFE PLAN* INVESTING**

- Track your *real* expenses month after month considering actual inflation.
- Adjust and add *real* expenses.
- Adjust under spending and overspending and eliminate some expenses altogether.
- Change and manage over-consumption habits.
- Target and re-target dates when *typical* and *real* expenses will be one and the same.
- Pay-off debt as a high-priority item.
- Eliminate credit use and cut up credit cards.
- Use only a debit card when it comes to plastic.
- Actively pursue sustainable earnings.
- Assess the possible need for additional asset reallocation.
- Educate your family, especially your children.

When you are able to live at your *real* expenses level for at least 3 consecutive months, you are ready to apply tactics to leverage money's value today and then move on to *Quality Life Plan* investing.

A *QUALITY LIFE PLAN* SNAPSHOT
MEET BOB AND LINDA

(Note: People negatively affected by debt-based currency come in every shape, size, color and financial circumstance. Since it is impractical to give examples for every kind of possible life-circumstance, I offer the following snapshot. You can insert your own scenario and imagine similar solutions.)

Bob (54) and Linda (52) lived in the suburbs just outside of Denver and had two college-aged children. They had recently been transferred to the area for Bob's work with a large telephone company. Bob was in his 20th year as a contract employee and without company pension plan, was building up his 401k while paying increasing amounts on their health care plan. Bob had been with his company for a long time, but layoffs continued for senior-level employees as well as the outsourcing of more technical jobs to India. He knew he could be next. Linda worked part time as an office manager in the city. Their combined net earnings were $60,000 or $5,000 per month. Together they had about $35,000+ saved towards their retirement.

Bob was introduced to *The Quality Life Plan* by an old friend. Linda read it after Bob. Because it hit home to them personally, they embarked on their *Plan.* Upon reviewing their financial status, see what they documented on the next page.

ITEM	RESPONSE
TOTAL MONTHLY *REAL* EXPENSES	$6,500
TOTAL MONTHLY NET EARNINGS	$5,000
DIFFERENCE (+ or -) BETWEEN *REAL* EXPENSES AND EARNINGS	$1,500
ARE EARNINGS SUSTAINABLE?	Not really/shaky
DEBT (including mortgage) TOTAL	$200,000
CREDIT CARD DEBT TOTAL	$35,000
ASSETS TOTAL (including home equity)	$140,000
WHAT % OF YOUR TOTAL TYPICAL EXPENSES ARE YOUR COMBINED MORTGAGE, TAXES, INSURANCE AND MAINTENANCE COSTS?	40%

Bob and Linda decided that while things were still going fairly well, they would take the steps to reconfigure their life according to *The Quality Life Plan*. Their age, the uncertainty of Bob's position, the lack of a company pension and their low savings amount made it easy for them to see the writing on the wall for their financial future.

Here's what they did to turn things around. Bob and Linda realized that with the kids gone, they no longer needed all the square footage of their current home. Though there were a lot of homes on the market, they thought they could sell it within 6-8 months if they low-balled the asking price and offered added value. In the area where they lived, it was a renter's market so they knew they could negotiate a good lease for themselves.

In addition, Bob's interest in technology got him to think about starting his own computer repair business for which he would need to get additional training. Linda wanted to try her hand at selling on eBay so she would have a more flexible schedule to accommodate her goals as a long-distance runner.

Within a year, the house sold. They found a good home-leasing arrangement and had all the living space they needed to accommodate the kids when they visited. They took the money from the sale of their home and put it into Bob's training and start-up costs for his business. They paid off their debts completely (which meant going into some of their savings), sold both their cars that had car payments and then purchased two-2 year old fuel-efficient cars still under warranty.

Every month they tracked *real* expenses, added in actual inflation and continued to use reallocated funds to cover any shortfall and fund other *real* expenses they had overlooked such as a cash reserve fund at home. Bob left his job, they eliminated expenses, changed their consumption habits, stopped using credit altogether, got rid of their credit cards and only used a debit card. Linda kept her day-job while building-up her eBay revenue. After three years, Bob and Linda were able to completely cover *real* expenses from the combined earnings of their new endeavors. Under Bob's LLC, they were able to find affordable health insurance with better coverage than what Bob had with his company. They were then poised to leverage their earnings with prepayment and short-term savings strategies.

With a very manageable monthly overhead, they spent time together brainstorming about how they might be able to increase their cash flows streams from two to four. They enjoyed looking into worthwhile private projects as potential investment opportunities. In addition, they began to design Bob's business so that he could eventually release himself from day-to-day involvement.

All this being true, Bob and Linda would tell you their *biggest* accomplishment was that they enjoyed their work, and had time for family and community (without going into debt)! They enjoyed the peace of mind from having found ways to stay ahead of the rising cost of living and knowing they were not completely dependent on market forces outside of their control.

YOU CAN DO THIS!

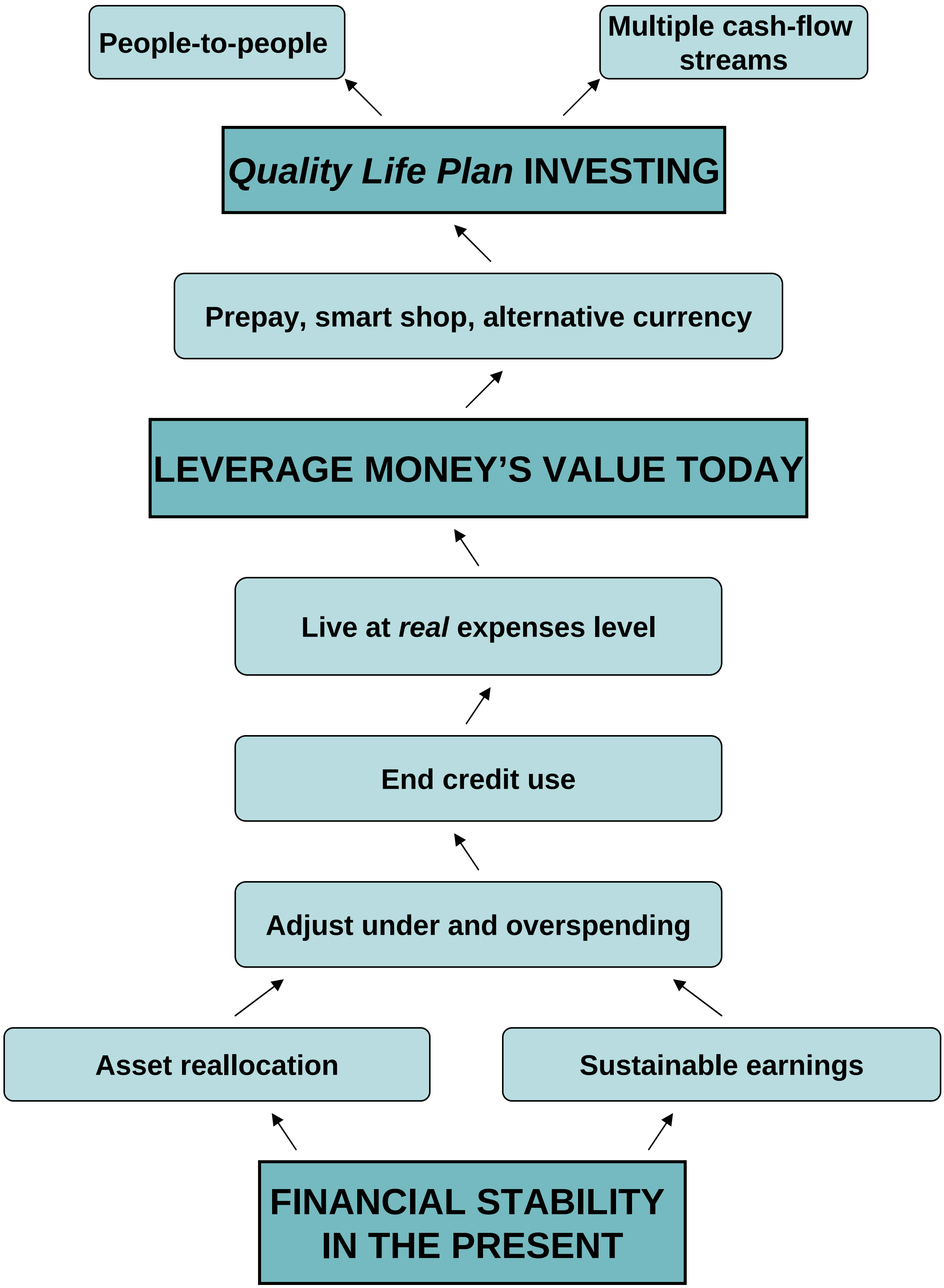
Your situation could be similar or very different from Bob and Linda's. Though your story is completely unique, you also have the opportunity to unwind a cash-strapped lifestyle and take steps towards your quality life. You now have the tools. The ball is in your court!

Visit http://www.AlternativeFinancialNow.com for updated information and additional resources.

MY *QUALITY LIFE PLAN* GOALS

THE QUALITY LIFE PLAN™

Flowchart



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