# FINANCIAL SELF-DEFENSE

## How to Win the Fight for Financial Freedom

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**MAIN IDEA**

The biggest problem with earning money is that it doesn't come with an instruction book. Even the person who has been very successful in accumulating wealth doesn't automatically understand the principles of effective personal financial management.

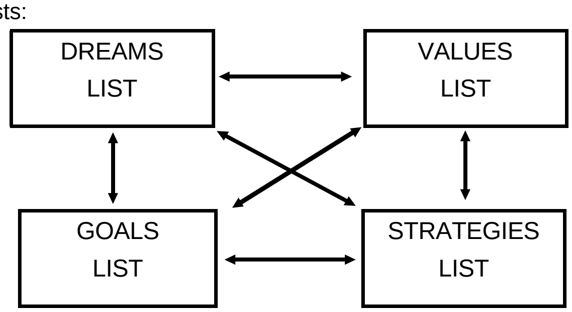
Financial self-defense means to take charge of your financial future. Most people have an opportunity to create more wealth and subsequent financial security for themselves by using the money they earn more effectively rather than trying to make more money. It simply requires the identification and adoption of wealth building and expenditure allocation strategies that are effective and viable. Financial self-defense also requires the development of a dynamic plan to take a person wherever they want to go financially in the shortest possible time and with the minimum amount of sacrifice along the way.

The strategies of financial self-defense present a plan of action for an integrated approach to creating the lifestyle the person wants in the present combined with having sufficient funds available at retirement. True financial freedom does not require the accumulation of any pre-set amount of capital - instead, financial freedom comes with having sufficient money to do whatever is desired with enjoyment.

### Taking Charge of Your Financial Future

Taking control of your financial future means to create a dynamic plan to achieve what you desire in the minimum time with the maximum amount of pleasure along the way.

Every person needs to create their own financial blueprint to provide financial control, direction and security. An effective and complete financial blueprint is made up of a set of four dynamic lists:




1. Dreams list - what you would do if you had unlimited money, time and energy.
2. Values list - the principles you consider to be most important.
3. Goals list - the specific objectives you want to accomplish (including the assets you wish to accumulate).
4. Strategies list - knowledge, information and actions you will use to achieve your financial goals and dreams.

All four lists are interrelated. Dreams are the destinations you seek while goals are stepping stones or milestones along the way. A person's values determine the time and effort they allocate to wealth building while strategies dictate the speed at which goals can be achieved.

The greatest progress is made when there is an alignment of all four lists.



### Key Strategies

Strategy #1. Records Management System

An effective system for keeping your financial paperwork organized and accessible will save hours of irreplaceable time, provide peace of mind and enable you to determine your financial condition at all times.

Strategy #2. Automobiles

Keep in mind that a car never appreciates in value. Therefore, buying a car is an expense and is never an investment. With that in mind, your objective must always be to minimize your expenditure rather than trying to offset expenditure against some mythical investment return which a dealer may try to suggest exists.

Strategy #3. Insurance

The insurance industry didn't become the biggest and richest industry in the world by accident. The sole purpose of insurance is to protect against the possibility of large loss of the few by the small guaranteed loss of many.

Strategy #4. Banks

The banking business is changing and becoming more competitive and more focused on the customer's rather than the bank's requirements. That means that to succeed with banks today, you will generally need to change your banking habits.

Strategy #5. Mortgages

For the average person, the most important and expensive decisions of their financial affairs are made about mortgages. Mortgage payments are generally second only to income taxes as the biggest financial commitment most people make. Even when you rent, you're making a mortgage payment - your landlord's, except you get none of the tax or appreciation benefits.

Strategy #6. Tax Tactics

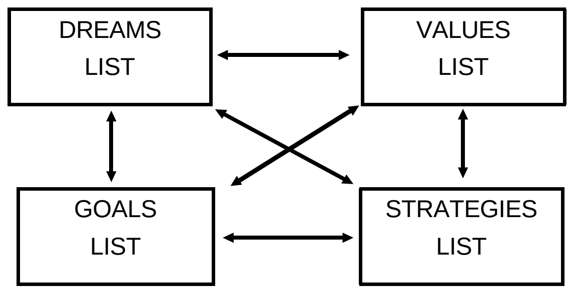
Taxes are the single largest expense you'll face in your financial affairs. Yet the actual percentage of your income you pay in taxes has less to do with the amount of money you make than with how well you structure your commercial affairs in the creation of a tax plan.

Control in the tax area means developing a sensible plan which will create thousands of dollars of tax deductions every year, and the application of strategies for minimization of tax liability.

## 1. Taking Charge of Your Financial Future

Main Idea

Taking control of your financial future means to create a dynamic plan to achieve what you desire in the minimum time with the maximum amount of pleasure along the way.




Every person needs to create their own financial blueprint to provide financial control, direction and security. An effective and complete financial blueprint is made up of a set of four lists:

1. Dreams list - what you would do if you had unlimited money, time and energy.
2. Values list - the principles of life you consider to be most important.
3. Goals list - the specific objectives you want to accomplish (including assets you'd like to accumulate).
4. Strategies list - knowledge, information and actions you will use to achieve your financial goals and dreams.

All four lists are interrelated. Dreams are the destinations you seek whereas goals are stepping stones or milestones along the way. A person's values reflect the time and effort they allocate to wealth building while strategies dictate the speed at which goals can be achieved.

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Supporting Ideas

Most people are losing an average of $10,000 to $20,000 per year - not to thieves or con artists but to perfectly legal schemes dreamed up by bankers, car dealers, insurance companies, mortgage lenders, credit card companies and the government. By using better financial strategies, these losses can be reduced and hopefully eliminated.

The average family makes two or three money management decisions every month. Financial power in making these decisions rests in being armed with sufficient knowledge and a financial plan.

The objectives of a rational financial plan are:

1. To build and maintain a reasonable lifestyle in the present without sacrificing the future.
2. To build a financially sound future without making the present uncomfortable.

The key is to spend your way to financial success. Intelligent spending rather than saving is the key to a secure financial future. If you spend intelligently on your lifestyle requirements, you will then have resources left to allocate to your future.

Financial success is defined as the progressive realization of financial objectives on a timely and planned basis. Financial success is never an actual amount of money - that will differ from person to person.

The only difference between people who achieve their financial dreams and those who only talk of what they would like to accomplish is planning and control. There are financial laws of cause and effect which make achievement the result of following the right strategy rather than a throw of the dice.

Financial laws are scientific principles for the achievement of financial objectives. If you apply the correct law, the desired objective must result. Financial laws are like gravity - they apply to everyone equally and not just to some of the people some of the time.

Every person has a lot of money go through their hands over the course of a lifetime. For example, 40 working years at $25,000 per year equals $1 million. The question is not whether you can make a million dollars. The real question is how quickly can you make your first million, and how much of it can you keep?

Most people have more potential to create wealth by handling the money they presently earn more effectively than by concentrating on earning more. The key to personal wealth is not how much you make but how much you keep.

For most people, the concept of "being rich" does not equate to millions and millions of dollars. Being rich simply means having enough money to do whatever you want to do whenever you want to do it without any fears about the future. From that perspective, reaching the stage of being rich is not as far away a goal as it may first appear.

People who dream simply of having some money left over at the end of the month once all the bills are paid have lost sight of the whole concept of financial control.

An amazing number of people never stop to write down their financial goals. Yet, fully 50-percent of a person's power to achieve something important and significant is generated by simply being clear and specific about the objective.

You need to particularly take notice of your wealth-security balance. If you value security highly, you're unlikely to seek wealth by starting your own business. Conversely, the person who values wealth highly is totally frustrated by a safe and secure job paying an average wage.

Key Thoughts

*"When it comes to handling money, you will either end up the victor or the victim - there is no middle ground. You win when you maximize the use of every dollar to increase your lifestyle and financial security. You lose when, through your financial ignorance, someone else maximizes the use of your hard earned dollars for his or her benefit and at your expense."*

– Charles J. Givens

*"They don't build casinos with winners' money."*

– Famous Las Vegas saying

*"There's a war going on between you and those trying to get their hands into your pocket, including the insurance industry, banks, credit card companies, car dealers, brokers and financial planners, mortgage companies and tax agencies. As soon as you make it, they try to take it! As a result, 90 percent of all Americans are living pay cheque to pay cheque no matter how much or how little they earn."*

– Charles J. Givens