

Financial  CALM™

**the  
Cash  
And  
Liability  
Mastery**

Program

**Workbook**



# **What to Expect?** CALM™ Is About Awareness:

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## The CALM™ Objectives

### **Understand Key Wealth Concepts by Bringing Awareness to your Cash Flow -**

Diets don't work, they're about restriction, living on less food the body may actually need. The best diets create an awareness about what you eat. A budget feels the same way, it's restrictive, and it doesn't consider the simple reality that our financial life is unpredictable. Cash may come in unexpectedly, and leave just as quickly. How do you plan for when your HVAC system will fail? When a distant family member requires frequent travel and time away from work and family? You prepare by increasing your awareness about cash and cash flow. What comes in, what goes out, what's available for those unexpected times, and what isn't needed now that can be put to work for future goals, dreams and simply enjoying your life in totally new ways.

This coaching program will take you through 10 modules - over about 90 minutes. We will look at your history of earnings, your current income, expenses, and what's leftover. We'll get right to the heart of your ideas about money, and financial independence. True financial independence is when your daily financial needs are met through passive income, and we'll figure out how quickly that can happen for you!

You'll have access to all the materials and videos you can watch after the event, so for now sit back and engage the instructor.

# What Can You Expect to Learn?

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Quotes From the **Cash and Liability Management™ - 90 Minute Event**

## **Prior Students Commented:**

- "I am now curious about getting out of debt on my own terms."
- "I'm challenged to spend less, and with a higher quality of life."
- "I understand why I need to save more now so the compounding can work for me over a long period of time."
- "I really want to focus on using good debt to build wealth, and retire early all my bad debt."
- "I loved the 'money story' discussion and had never considered that before."
- "the Three Buckets idea of how to manage my cash flow was really easy to understand."
- "I never realized how important compounding is to create wealth."
- "My wife and I just didn't get how credit worked, this gave us a simple overview that made sense."
- "I always misunderstood how the tax brackets worked and thought I was paying more in taxes than I really was."
- "I'm more committed than ever to maximize my company 401(k) plan."
- "My husband is really concerned about inflation and now I better understand why!"
- "The PIN/FIN worksheet is going to be a great help for us to imagine our financial future."

# Overview of Modules:

- 1) What is Money?
- 2) Your Money Story?
- 3) Managing Cash Flow – 3 Buckets
- 4) Key Money Dynamics
- 5) Debt & Borrowing
- 6) Understanding Credit
- 7) Clarifying Taxes
- 8) IRA/401(k) Qualified Savings
- 9) Inflation Considerations
- 10) Putting It all Together with the PIN/FIN System

# How Should We Prepare?

What do we bring:

An open mind, a desire to learn, and a willingness to engage.

**Everything else will be provided for you.**

You'll received additional resources after the event.

# About Your Instructor:

# What Is Money?

## **Module 1**

When money is on your mind, what is it that you think about the most?

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Money is something we trade \_\_\_\_\_ for.

We pay for money with our time, and then choose how to spend our money. Therefore we determine what our money is worth to us.

# Your Money Story?

## **Module 2**

Money is typically made through what four factors?

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At a simple level, what is your money story? (positive or negative - and why?)

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# Managing Cash Flow?

## **Module 3**

How much money do you think you'll make over your lifetime of earning? \_\_\_\_\_.

Using the 3 Buckets approach - how much money do you need in each bucket?

First Bucket: \_\_\_\_\_ days

Second Bucket: \_\_\_\_\_ days

Third Bucket: \_\_\_\_\_ days.

When the first bucket is full, you pour money into the second bucket. When the second bucket is full you pour money into the third bucket. You can pour money back and forth as needed, but the third bucket is where your money start earning money.



# Money Dynamics

## Module 4

With compound interest, the money saved earns interest and the interest earns interest. To know how long it takes your savings to double, use the **Rule of 72**.

**72 / rate of return = time for investment to double.**

If my corporate 401(k) earns 10% annually, how long will it take to double? \_\_\_\_\_ years

As money grows and doubles does it take 'more' or 'less' time for each future double? (circle one)

The most important thing to remember about compounding interest over time?

Start \_\_\_\_\_.

# Debt and Borrowing

## Module 5

When you borrow money, you are pulling your future spending forward to the present. You are borrowing from your future self.

When you borrow you add a fourth bucket where money must flow from your current 30 day bucket to repay any borrowing and interest. This decreases your current spending/saving today.

**The higher the interest rate, the more your borrowing will cost you over time.**

What's one example of Bad Debt? \_\_\_\_\_

What's one example of Neutral Debt? \_\_\_\_\_

What's one example of Good Debt? \_\_\_\_\_

If you have extra cash flow available in your 30 day bucket, which debt should you always pay off first?

Bad Debt     /     Good Debt     /     Neutral Debt     (circle one)

# Understanding Credit

## Module 6

Are you playing the game of credit? Yes or No (circle one)

What is the typical range of FICO scores? \_\_\_\_\_.

My credit score essentially tell the lender my \_\_\_\_\_ of not making my payments.

**The game of credit is played individually, but couples use the lowest score for their team.**

True / False - Credit scores only affect the cost of my mortgage? (circle one)

What are the five key factors that affect my credit score?

Payment \_\_\_\_\_.

\_\_\_\_\_Rate.

Length of \_\_\_\_\_.

\_\_\_\_\_of Credit.

Credit \_\_\_\_\_.

# Clarifying Taxes

## **Module 7**

What are the three main types of taxes: \_\_\_\_\_

Based on your highest income - you'll see your marginal tax bracket. This is called a 'progressive' tax system, because the more you make the higher the rate of your taxation.

**You should always consult with a tax advisor for specific tax situations.**

Short term Capital Gains are taxed as: \_\_\_\_\_.

We won't spend as much time on taxes, but watching the full video will help you better understand how taxes impact your income and ability to save over time.

# Qualified Savings

## **Module 8**

What are three types of qualified savings: \_\_\_\_\_

A 401(k) or IRA:

Increases or reduces my taxable income when contributed? (circle one)

Allows my savings to grow tax free? True or False

When I take money out in the future, I pay taxes at that time. True or False (circle one)

A Roth IRA is the different. I pay taxes on the money before I put it in, but I don't pay taxes on the money when I take it out? True or False (circle one)

# Inflation Considerations

## **Module 9**

Inflation reduces or increases the buying power of my income? (circle one)

Prices tend to go up or down over time based on inflation? (circle one)

Can inflation increase the value of my savings and other assets like my house? Yes or No (circle one)

# PIN/FIN

## **Module 10**

Take the PIN/FIN Challenge and complete your worksheets to see how well you are playing the money game. Use your results to have a conversation with the advisor providing this event.

## **Extra Credit**

# **Want a Personal Liability Plan:**

**We offer a free review of your current borrowing and lending repayment strategy.**

**If you'd like us to create a personal plan to minimize your debt and cost of borrowing fill out this two page form and provide it to the instructor. They'll return to you a plan that highlights strategies so you can profit from their experience.**

# Your Information:

Name:\* \_\_\_\_\_ Date of birth: \_\_\_\_\_

Name:\* \_\_\_\_\_ Date of birth: \_\_\_\_\_

Address:\* \_\_\_\_\_

City:\* \_\_\_\_\_ State:\* \_\_\_\_\_ ZIP code:\* \_\_\_\_\_

County\* \_\_\_\_\_

Combined tax bracket: \_\_\_\_\_ % Most recent gross income:\* \$ \_\_\_\_\_

Type of property?

- Single family
- Condo
- Townhouse

\*Required fields

Type of residence?

- Primary
- Vacation
- 1-4 unit investment

List all current liabilities:\*

Type**	Creditor	Rate	Balance	Prin. & Interest	Tax & Insurance	Payoff
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
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_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	_____	_____	_____	_____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

\$ \_\_\_\_\_ My Savings Target:

## \*Existing House Refinance Only:

Current value:\* \$ \_\_\_\_\_

Cash-out requested?: \$ \_\_\_\_\_

Purpose of cash out: \_\_\_\_\_

## \*Cash Flow:

Do you collect rent on any properties? \$ \_\_\_\_\_

Do you make additional monthly prepayments? \$ \_\_\_\_\_

What appreciation rate do you expect on any property you own? \_\_\_\_\_ %

What appreciation rate do you expect on any investments you make? \_\_\_\_\_ %

## \*New House Purchase Only:

What is the purchase price? \$ \_\_\_\_\_

What is the sales price of the home you are selling? \$ \_\_\_\_\_

Realtor fee? \_\_\_\_\_ %

What additional savings do you have available that you would consider utilizing for this purchase? \$ \_\_\_\_\_

Ideally, what amount would you like to consider as your down payment for this purchase? \$ \_\_\_\_\_

\*\*If first mortgage:

Fixed term: \_\_\_\_\_

or  Adjustable term: \_\_\_\_\_

Interest only loan:  Yes  No

\*\*If second mortgage:

Fixed term: \_\_\_\_\_

or  HELOC

## Your Information (Cont.):

Important Goals/Objectives:

How many years do you think you will have this new loan, or live in this home?

- |   |   |
|---|---|
| <input type="checkbox"/> Less than 1 year | <input type="checkbox"/> 11–15 years        |
| <input type="checkbox"/> 2–3 years        | <input type="checkbox"/> 16–20 years        |
| <input type="checkbox"/> 4–5 years        | <input type="checkbox"/> 21–25 years        |
| <input type="checkbox"/> 6–7 years        | <input type="checkbox"/> 26–30 years        |
| <input type="checkbox"/> 8–10 years       | <input type="checkbox"/> More than 30 years |

How soon would you like this home paid off?

- |  |   |
|--|---|
| <input type="checkbox"/> Less than 5 years | <input type="checkbox"/> 20–30 years        |
| <input type="checkbox"/> 6–10 years        | <input type="checkbox"/> More than 30 years |
| <input type="checkbox"/> 11–15 years       | <input type="checkbox"/> Never              |
| <input type="checkbox"/> 16–20 years       |   |

What is the approximate combined value of all your liquid assets from bank accounts, mutual funds, CDs and securities?

- \$25,000 or less  
 \$26,000–\$125,000  
 \$126,000 or above

Are you making any additional monthly payments toward debt?

- Yes  
 No  
 If yes, how much: \$ \_\_\_\_\_

Do you have any major purchases planned in the next 3 years?

- Yes  
 No  
 If yes, purpose: \_\_\_\_\_

Roll closing costs into loan?

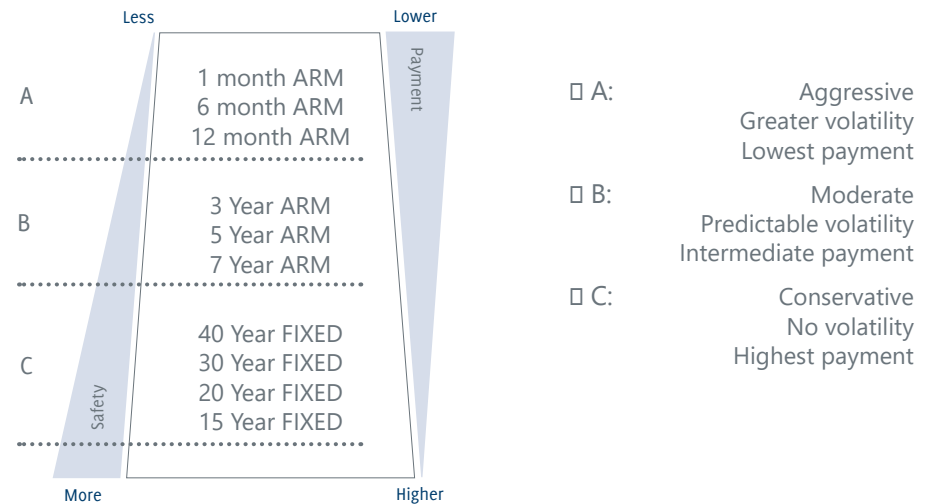
- Yes  
 No

Select the option below that best describes your preference:

- |                                    |                                    |
|------------------------------------|------------------------------------|
| <input type="checkbox"/> Option 1: | <input type="checkbox"/> Option 2: |
| – Lower payment                    | – Higher payment                   |
| – Higher tax deduction             | – Lower tax deduction              |
| – Pay little or no principal       | – Pay principal each month         |

Risk Pyramid:

The chart below illustrates the trade-off between fixed and adjustable interest rates. Please indicate the best match, based on your preference between a fixed and adjustable interest rate, by checking the appropriate box:



My key objectives (e.g., "Pay off all debts and free up cash flow").

If you could only accomplish one thing, what would it be?



# Resources:

## **Books to help you on your way...**

**You can view this entire course and download materials at: [niofe.org/calm](https://niofe.org/calm)**

More Wealth Without Risk - Charles J. Givens

The Only Investment Guide You'll Ever Need - Andrew Tobias

the Truth About Money - Ric Edelman

It's Never Too Late To Get Rich - Jim Jorgensen

Work Less, Live More - Bob Clyatt

Personal Financial Planning Guide - Ernst & Young

the Millionaire Next Door - Thomas J. Stanley

## **Websites to help you on your way...**

[finance.yahoo.com](https://finance.yahoo.com)

[www.financialengines.com](https://www.financialengines.com)

[www.fool.com](https://www.fool.com)

[www.smartmoney.com](https://www.smartmoney.com)

[www.simplifiedollar.com](https://www.simplifiedollar.com)

[www.riskgrades.com](https://www.riskgrades.com)

[www.aarp.org](https://www.aarp.org)

[www.choosetosave.org](https://www.choosetosave.org)

[www.esplanner.com](https://www.esplanner.com)

[www.moneychimp.com](https://www.moneychimp.com)

[www.niofe.org](https://www.niofe.org)

[www.ssa.gov](https://www.ssa.gov)

[www.wife.org](https://www.wife.org)

[www.mint.com](https://www.mint.com)

[mymoney.gov](https://mymoney.gov)

[www.getrichslowly.org](https://www.getrichslowly.org)

# APPENDIX: Finding a Guide:

Most guides fall into categories of hired or commissioned. Some will charge you a fee for their advice, and others are paid by the financial institutions they represent. In the next section we'll provide an overview of how to find a Guide that meets your current needs on your journey toward your definition of financial freedom.

# Finding Advisors:

*reprinted from About.com (Jeremy Vohwinkle)*

With a little knowledge and willingness to create and follow a financial plan, most people can adequately manage their own finances. Even so, there are many instances where you don't have the time, or have a complicated situation that may need the assistance of a finance professional. In order to hire the right person, it is important that you understand what to look for and what to avoid.

## **Understanding Your Needs**

Before you can even begin to seek out a professional, you have to understand what it is you want out of a financial planner. Do you need comprehensive planning advice? Do you just need a retirement portfolio review? Are you dealing with business planning issues?

Different planners have different areas of expertise, so it is very important that you find someone who can address your specific situation. When you are armed with some basic information surrounding your specific needs, you can narrow the choices down without having to sift through dozens of prospects.

## **Talk to Others**

One of the best ways to find potential planners is by talking to others. If you already have an accountant, ask if they know of any planners that could assist with your situation. Check with friends and family or anyone else that you trust for referrals as well. It is better to get some first-hand suggestions before scouring the phone book or internet.

## **Making Sense of Designations**

In the financial services industry there is no shortage of certifications, designations, and acronyms, but understanding what they mean will help you know a little bit more about your prospective planners.

- Certified Public Accountant (CPA) - A CPA is an experienced accountant that has met strict education and licensing requirements. A CPA will be a good choice for tax issues.
- Certified Liability Advisor (CLA) - A CLA is an experienced liability manager that has met strict education and licensing requirements. A CLA will be a good choice for lending issues.
- Personal Financial Specialist (PFS) – CPAs can undergo additional financial planning education and after passing meeting exam and experience requirements can use the CPA/PFS designation.
- Certified Financial Planner (CFP®) – The CFP is one of the most respected financial planning designations that requires a minimum of three years of experience, follow a strict code of ethics, and pass a series of three exams. These individuals will be able to provide a

broad range of financial advice.

- Chartered Financial Consultant (ChFC) – These are typically insurance professionals who specialize in some aspects of financial planning by meeting additional education requirements in economics and investments.
- Chartered Retirement Planning Counselor (CRPC) – A CRPC designation is offered through the College of Financial Planning to allow planners to specialize in retirement planning. These individuals must also pass an exam and meet a strict code of ethics. Keep in mind that there are over 50 designations in use, so this is only a brief overview of the most common ones you'll likely encounter. Some planners may have multiple designations, while others may not have any.

## **Interview the Candidates**

Once you have found a few local planners that appear to meet your requirements, it is time to meet with them. Any reputable financial planner will hold an introductory meeting at no cost. This first meeting is beneficial to both you and the planner. It provides an opportunity for you to explain what you're looking for and ask questions, while the planner can determine if they are suitable for the job.

## **Find Out How They Are Paid**

Financial planners can be compensated in a number of ways. This is an extremely important question to ask; because you want to be sure they are advising you with your best interests in mind, not just making a sale.

- Commission – This has traditionally been the most common way financial professionals are compensated. What this means is that when you purchase an investment, a certain percentage of the total purchase will be deducted and a portion of that will go directly to your advisor. This is not necessarily a bad thing, but you have to be very careful that they are not forcing you into an investment just so they can make money.
  - Flat Fees – Another common method of compensation is through a flat fee. Some will charge a flat hourly rate or may charge a flat fee for putting together a comprehensive financial plan. Typically, there is little concern for a conflict of interest since they are getting paid whether you purchase any investments or not.
  - Fee Based on Assets – While not as common as the other two options, although becoming more popular, some planners charge an annual fee that is based on a percentage of the assets you have invested with them.
- Although these are the three most popular methods of compensation, you are likely to find many planners you meet with will offer a combination of these methods. Either way, it is up to you to understand how they are compensated and to determine if that fits what you are trying to accomplish by hiring a professional.

## **Become Comfortable With Your Planner**

After you have determined your needs, sought out references and referrals, met with prospective planners, and finally made a decision, you have to make sure you feel comfortable with your planner.

## Guides We Recommend:

We've worked with many financial advisors in the context of our program. If you'd like a recommendation for a financial advisor that we think might best fit your personality, goals and ideals, please feel free to ask.

The key is to determine if you'll be a self-directed. If having a coach through this process has helped you make steps you might not have taken otherwise, a financial advisor may be a good next step toward your decision to add more CALM to your financial future.

NOTES:



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