

Invest In Your Debt Part Four: Spend Smart: The Basics

**Second Edition
©Copyright 2004 David Leuthold
All Rights Reserved**

First Printing 2004

No part of this book may be reproduced or used in any form or by any means – graphic, electronic or mechanical, recording or photocopying, or information storage or retrieval system – without written permission from the publisher. It is recommended that the reader rely on his or her own judgment and experience as he or she utilizes any of the ideas, techniques, or suggestions contained in this book.

This book is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher and author are not engaged in rendering legal or accounting services or advice. If legal, accounting, or other expert assistance is required, the services of a competent professional should be sought.

ISBN 0-9713073-9-3



This Educational Text is produced for you by the Premier Institute for Financial Freedom.

Spend Smart: The Basics is the fourth part of a series of Educational Materials designed to help you rid yourself of burdensome debt. This text will introduce you to the basic philosophy of Spend Smart, along with some specific aspects of the program that you can apply to your current situation.

Spend Smart

CHAPTER ONE

Introduction

Financial freedom - it means different things to different people, but most of us have similar financial objectives. We strive for the typical American Dream - have a nice home, send the kids to college, save for retirement. A comfortable retirement is the ultimate goal for most Americans. Unfortunately, most Americans are failing to achieve this goal.

Why is this happening? There are many related causes but financial failure ultimately boils down to one simple fact. **People fail financially because they fail to save and invest for the future!**

Now, there are numerous financial “self-help” books. Most of these books, however, mistakenly assume the reason people fail financially is because they don’t know how to invest. While such books are certainly well intentioned, we feel that investment advice is useless for most people. Why?

People do not fail financially simply because they don’t know how to intelligently invest money - the journey to financial failure begins because people do not know how to intelligently SPEND MONEY!

Simply put, most people spend as much or more than they make each month. Most Americans have no money left over each month to invest. **If you have no money to invest, how will investment advice help you?**

Spend Smart focuses on the area of your life where you have the greatest opportunity to **impact your financial situation immediately!** This area is of course, spending. Applying the strategies in this book will allow you to reduce your spending without diminishing your lifestyle. In other words, you can still do and have the things you want and need – you’ll simply spend less. By Spending Smart, you can liberate money you were previously spending. This money can then be used for investment or for any other financial goals you have.

As part of the introduction, it is important to understand a simple concept. No single Spend Smart strategy or one-time use of a strategy will change your financial future by itself. Some of the strategies will seem insignificant to you. I mean, if you can save \$33 a year by turning your oven off a half-hour prior to the end of cooking time, is this really going to propel you to financial freedom? Some of the strategies will seem silly. Isn’t the idea of turning the water off when you brush your teeth (saving the average family

\$75 per year) getting a little carried away?

Spend Smart is about choices. You decide what your goals are. You decide what strategies you can employ with a minimum amount of effort. We are confident, however, that many people can painlessly reduce their current spending from 10 percent to 40 percent by applying a consistent variety of strategies.

Think of your wallet or pocketbook as a bucket. Every month your employer pours money into it. You pour money out of it into different areas: food, clothing, cars, insurance, utilities, etc. Your money is leaking out, and most of us don't even notice specific holes because the holes are so tiny. Unfortunately, your money bucket has many holes in it. Now, if you could plug two or three holes, it wouldn't make much difference. The objective of Spend Smart is to help you plug as many holes as possible, every month, so you can keep more of your money. Does this sound good to you? This is the promise of Spend Smart.

Do You Have a Plan for Achieving Financial Independence? Is it Working? Are you Making Enough Money to Succeed with it?

Ninety-six percent of people who follow traditional financial ideas are failing financially. Only 4% of Americans at age 65 make more than \$35,000. Now, where do you want to be at age 65? Do your dreams call for more than \$35,000 per year in income? Or can you exist happily on \$12,000 per year (median annual senior citizen income).

If you don't currently have a plan that will make you one of the 4% who succeed financially, shouldn't you at least consider an alternative? Spend Smart is different than any financial self-help book you have ever read. We have a step-by-step process you can follow to achieve financial independence, regardless of your income.

First we will walk you through a goal-setting process so you are clear on where you want to end up. Then we will teach you Spend Smart Strategies. You will pick the ones that make sense to you. Next you will learn how to effectively do the things that make millionaires successful. Finally, we will teach you how to turn Spend Smart Strategies into cold cash in your hand, each and every month.

Now these are small strategies. Individually, they don't add up to large amounts of money. Some, such as strategies involving buying cars, insurance and debt can be worth hundreds or thousands of dollars themselves. The power of Spend Smart is the power of MASSIVE ACTION – the power of numbers.

Recognize, however, that it is exactly these types of “small” Spend Smart strategies that tens of thousands of people across the country are using to achieve financial results that many would believe to be impossible. Impressive success stories abound. Financial success via Spend Smart is also driven by attitudes.

Your Attitude has a Huge Impact on your Spend Smart Success.

Spend Smart Attitudes include the following:

Ten Ideas for Spend Smart Living

1. **Roll up your sleeves.** Working toward a thrifty lifestyle and maintaining success takes consistent effort and hard work. The alternative of convenience is tempting but expensive - don't put off until tomorrow for tomorrow never comes - say hello to tomorrow today!
2. **Organize your world.** List-making is the key. List items to buy and stick to the list - organizing closets, refrigerators, shelves, etc. keeps you aware of what you have. Buying things you don't need is one of the greatest robbers of wealth.
3. **Use what you have first!** Look under your kitchen sink – you probably have enough cleaning supplies to clean for a year without buying anything. If we want to save money, why waste money on things that will just take up space? Think of the stuff in various kitchen, bathroom and bedroom drawers. Do you randomly walk around and stick dollar bills in drawers? Of course not - use things up - you will have fun in the process!
4. **Waste not!** If you don't need something, find someone who does, give it to Goodwill. Better yet, sell it to one of the many fine second-hand store chains that are popping up around the country.
5. **Be creative, especially in cooking.** Don't be afraid to experiment.
6. **Learn Prices.** This helps you keep perspective when you think you've spotted a "good deal." Watch the register as your items are rung up - most scanner errors are in the favor of the retailer. Why? Because items are on sale less often than they are at regular price.
7. **Presentation is everything.** Do things differently to improve their appearance be it food, furniture or clothes. It helps you feel like you are getting more for your money.
8. **Attitude Adjustment.** Have fun doing this; everything you do to be thrifty, every dollar you save, gets you closer to the goal of financial independence than you would have been. Learn why each dollar you save is the most valuable dollar you'll ever have.
9. **Fight Impulse.** Adopt the opposite of the Nike motto - "Just DON'T Do It." When the urge to make an impulse purchase strikes, don't be afraid to walk away.
10. **Don't be surprised** if and when you "fall off the wagon." Just make sure that you get back on!

SPEND SMART WORKS!

Open your mind to the possibilities of Spend Smart. Once you finish this book, then you can make a good judgment about whether the Spend Smart way will help you succeed.

We want to encourage you to begin researching other means you can use to save money on spending. Browse through the internet for web sites that offer ideas. When you are at you local library read through a number of “women’s” magazines.

They almost always have articles on saving and spending. What you learn in Spend Smart can change your financial future. If you use this as a foundation for further learning, your success will be multiplied.

CHAPTER TWO

Why Spend Smart?

You will become the best expert on how to Spend Smart given your specific circumstances. If you can figure out how to keep more of the money you bring home each month, you have the power to control your financial destiny. We wish you all the best as you embark on this exciting journey!

Our hope with Spend Smart is to help you start on a journey. If you choose the right path for this journey, it can lead you to financial freedom. This path starts of course with learning the Spend Smart way.

Before we begin this journey, it is important for you to understand why you should Spend Smart. What is the objective, what is the goal? If we don’t have a strong reason for doing something, then commitment will be lacking. Without commitment, success will not be achieved. Just as when you begin a trip in your car, before you figure out your path, your route, you first look at where you want to go: what your goal is.

So let’s get started learning about the Whys...**WHY SHOULD YOU SPEND SMART?**

WHY SPEND SMART? – REASON ONE

Sometimes Spend Smart thinking goes against much of what we have heard or learned before. For example, we’ve all heard that the way to get ahead financially in life is to invest our money. While we agree that investing is important to financial success, the reality is that...

Spending actually has far more impact on our financial well-being than investing!

Can you guess why this would be true? Yes investing is important, but how many of us have enough money at the end of the month to begin investing or consistently invest? All the information in the world about investing won’t help us one bit if we don’t have the

money to invest. So how do we get the extra money to invest? How is spending related to investing and financial success?

HOW WE SPEND OUR MONEY DETERMINES HOW MUCH WE HAVE TO INVEST!

Most people invest less than 5% of what they earn. The current average savings (investment) rate in the US is less than one half of one percent of income. That means for every \$100 earned, the typical American, invests 50 cents! What happens to the rest of the money? \$99.50 of every \$100.00 earned gets spent! (Sometimes people spend even more than they earn through the use of credit.)

IF WE DON'T SPEND OUR MONEY THOUGHTFULLY, WE'LL NEVER BE ABLE TO SERIOUSLY BEGIN INVESTING!

Spending is what is done with the virtually all of what we earn. If there is one thing most of us are good at it's spending! Now of course, we earn money for the purpose of buying the things we need and want. You can say money is earned for the purpose of spending, but how we spend our money affects our lives in many ways.

- If we spend all our money on “stuff,” it is gone forever. We will never be able to build up extra money for when we retire. Many people today must continue to work until the day they die because they have spent all their money – they have not used Spend Smart to keep more of what they earn. Unfortunately, not only can we spend all of our money, but we can spend more money than we have!
- If we borrow money or use credit to spend, we are giving away our future income so we can have what we want now! Some people give so much of their future income away by using credit that they can never catch up. These are the people who go bankrupt.

There is one thing the wealthy and financially secure do better than the rest of us. It's a simple idea that we all are aware of, but tough to do...

WEALTHY PEOPLE DON'T SPEND EVERYTHING THEY MAKE! THEY LIVE BENEATH THEIR MEANS.

Financially secure people take a little bit of everything they earn and set it aside. They don't spend this money they set aside. They put this extra money to work for them by investing. This leads us to our second reason why you should Spend Smart.

WHY SPEND SMART? – REASON TWO

Spend Smart is about getting past all the myths and confusion about financial success. We want to help you create a plan for achieving your financial goals that not only imitates what other successful people have done, but is also simple enough for everyone

to understand and follow. Regardless of how easy it is, however, the reality of “Why You Should Spend Smart” is pretty simple. Folks, if you want to get ahead in life, you really don’t have a choice...

SPEND SMART IS THE ONLY WAY FOR MOST AMERICANS TO GET AHEAD!

Here’s another Spend Smart perspective that goes against the conventional wisdom that we’ve always heard, but the proven truth is...

YOU CAN’T EARN YOUR WAY TO FINANCIAL SECURITY.

Wow – talk about a slap in the face of the American Dream. I had always thought that financial security was all about working hard, getting raises and promotions over the years. As long as you make enough money, you’ll become financially secure, right? Think about this, however...

- Has your income increased over the last five years?

For most of us, the answer is yes; we are making more money than we ever have in our life.

- As your income has increased, have your expenses increased as well?

Again, for most of us, the answer is yes. Though we are making more money than ever, our expenses are also more than ever.

- So has earning more made it easier to achieve financial security?

Do you have more money left over at the end of the month? Are you able to invest more money in your retirement account? Even if the answer to these questions is yes, be real honest with yourself for a minute – do you have as much money left at the end of the month as you want? Are you investing enough so you will be able to retire the way you want?

Now, we aren’t saying that earning isn’t important...we’re just saying that concentrating only on what you earn will not guarantee financial security. We all have seen examples of this:

- You hear about the lottery winners who file bankruptcy a few years later.
- You know people who get a big inheritance but blow it all and soon are back to living paycheck to paycheck.
- *The Millionaire Next Door* gives examples of people who are making \$750,000 a year but can’t afford to retire.

The only certain way to become financially secure is by investing a little of

everything that you earn...

This leads us to the third reason why you should Spend Smart...

WHY SPEND SMART? – REASON THREE

We know we should invest our money to get ahead. The difficulty is that we also know that we usually don't have any money left over at the end of the month. So how can we invest?

SPEND SMART CAN HELP YOU “FIND” THE MONEY FOR INVESTING, EVEN IF YOU’VE NEVER BEEN ABLE TO DO SO BEFORE!

Financial advisors tell us the ideal amount of our income to invest is *at least* 10%. However, this rarely happens. Why don't we invest? Most of us believe “I don't invest because I can't afford to invest” - RIGHT?

Fair enough, but I want to warn you in advance. We're going to show you that this isn't a reason at all - it's just a comforting thought we use to reassure ourselves that we're doing OK. It's funny how in polls about consumer confidence, people are confident about their future but are worried about their neighbors and friends. It is painful to face up to the reality that we are not currently on the path that will lead us to financial security. You need to face the REALITY of why we don't invest - by the end of this book you will see

Spend Smart strategies for saving money on spending. These strategies will teach you how to end up with extra money in your pocket at the end of the month. This means you will have money for investing, even if you never did before.

Spend Smart is all about choices, however. You don't have to use your Spend Smart savings for investing if you don't want to. Regardless of what you want to do with your Spend Smart savings, if you choose not to use Spend Smart to “find” extra money, then your reason for not achieving financial success will be a matter of personal choice, not a matter of personal finances.

WHY SPEND SMART? – SUMMARY

Why should you Spend Smart? Why should you follow what we teach in this course?

SPENDING IS THE AREA OF YOUR FINANCES THAT YOU CAN DO SOMETHING ABOUT RIGHT NOW, HAVE THE MOST CONTROL OVER AND MAKE THE BIGGEST IMPACT.

For most of us, if we don't control spending we will not be able to invest, period. It's our only hope for financial freedom. You have to stop just hoping that someday you will have enough money to start investing. Spending is the only area that you can work on now to guarantee a secure financial future. It is only by controlling spending that you

have money left over to invest or to do the things you've always wanted to do, but haven't had the money for.

We have been taught to think things would be better if we could only make more money. Our experience, however, tells us that more income doesn't guarantee financial success. Most of us are making more than ever before in our lives, and things are still the same, or worse. You can't earn your way to financial security and you can't earn your way to wealth and you can't earn your way to happiness. The only sure way to get ahead is by saving some of everything you make. And Spend Smart can help you do this, regardless of your income.

Consider this challenge: Over the next 12 months, could you spend exactly the same amount of money that you make?

Your income varies:

- Will your salary go up this year, will there be overtime?
- Will you lose your job?
- Will you receive a tax refund or any other unexpected cash?

Your expenses vary as well:

- Will the car need a new transmission?
- Do you want to take a vacation?
- Will the kids need braces?

Can you make sure your expenses match your income to the penny? The challenge is daunting. Not even the best financial manager in the best business would try this without a cash reserve for a cushion. It would be too stressful.

Yet, each year, that is exactly how most of us approach our finances. We spend everything we make, if not more with credit. The end result is a lot of stress, and usually we end up a little further in the hole than we were the year before. As in the business world, we need a financial plan to follow. This plan must have a specific destination with specific goals.

Gaining control of your financial future has many positive side effects:

1. Less stress.
2. Happier life/family/marriage.
3. True financial freedom: freedom from financial worries.
4. A secure financial future where your current dreams really can become reality.
5. The ability to choose what you do with your time.

Do any of these interest you? We've summarized what we know to be possible. We have explained the most frequent reasons people have for wanting to Spend Smart in order to

jumpstart your thinking. Now you need to examine what you want from Spend Smart.

WHY DO YOU WANT TO SPEND SMART?

The most important reasons YOU should Spend Smart are your own. There is a reason you came to the Spend Smart class or purchased this book. Why are you reading this? What do you hope to get out of Spend Smart?

Some of you are here to find accelerator margin dollars for paying off your debt. Others are here to find ways to save for retirement or college for the kids, or a new boat. Maybe you just want an extra hundred dollars in your checking account at the end of each month.

TO SUCCEED WITH SPEND SMART, YOU MUST SET GOALS.

Think about what is motivating you to come to the Spend Smart class or to read this book. Why are you interested in Spend Smart? What do you want to happen? Setting goals is the important first step in your journey to financial freedom. We're going to walk through a several step process to help you set Spend Smart Goals. First you begin by simply putting your reasons for wanting to Spend Smart into words. You need to have a reason that excites you, a reason that will motivate you to try things that you might think are strange or difficult. Suspend disbelief for a moment and give yourself permission to dream. Forget how perhaps the harsh realities of life often punch us in the gut. Deep down inside, what would you really like to accomplish financially?

Spend Smart Goals – STEP 1

Finish this sentence: “The reason I am interested in Spend Smart is because...”

You need to do this step. This is the first step in the goal setting process. You are here interested in Spend Smart for a reason and we need to get that reason down on paper. Why are you reading this book? Here are a few of the most common examples:

- I want to be debt-free and I need to find money touse to pay off my debts faster.

- I want to have a little money left over at the end of the month.
- I want to start saving money for my retirement (or a boat, or a down payment on a house or college for my kids, etc.)

OK, that's step one. You've identified a compelling reason or set of reasons about why you want to Spend Smart. This is the first step in the goal-setting process. However, you don't yet have a goal. We need to work on that next.

If followed, this goal setting process can change your life forever.

It is so important to have goals. Goals are dreams with a deadline.

Most people go through life just sort of hoping that things will work out...and they always do...but not exactly the way you want them to.

Why not take control of your destiny?

If you don't know where you're going, how will you know when you get there?

You wouldn't go on a cross-country driving vacation without a map, but most of us go through life hoping that our finances and retirement will work out. Oh sure, about age 50 or 55 we start getting concerned, but by then we have missed a lot of opportunity to make great strides.

What can goals do for you?

In 1953 the graduating class of Yale University was surveyed, and it turned out that only 3% of the graduates had formulated financial goals for their lives and written detailed plans to achieve those goals. In 1973, 20 years later, those same people were found and surveyed. It turned out that the 3% who left college with goals, and plans to achieve those goals were worth more financially than the other 97% combined.

To define your goals, we have to take your reasons for wanting to Spend Smart and turn them into precise terms. You need to put your dreams in the form of a statement that is specific and measurable. Complete the information in the box on the next page:

Spend Smart Goals – STEP 2

Next, write down your goal in a specific and measurable format. Specific means how much or how big. For example, use dollar amounts and time. Here are the examples from step one:

- A. My goal is to find \$300 every month to apply to my Accelerator Margin.
- B. My goal is to have \$50 left every month after I have paid all of my bills.
- C. My goal is to start saving \$100 each month for my retirement.

These goals are specific and measurable.

Finish the following sentence: My goal is to use Spend Smart to save _____ dollars every _____ so that I can...

The most important aspect of step 2 in this goal setting process is to make sure you have a specific and measurable reason for wanting to Spend Smart. Once it is specific and includes both a time frame and dollar amount you will then be able to refer to it as a goal!

There are a number of components to well thought-out goals. Let's look at the five components we teach as part of Spend Smart. In fact, we prefer use of the acronym **S.M.A.R.T.** to describe the kind of good goals you need to successful. **S.M.A.R.T.** goals are...

- Specific
- Measurable
- Achievable
- Realistic
- Total Commitment

Specific

This is the “what” of your goals, when you’ll accomplish them, where and how you’ll do it. This is the “meat” of your goals.

Measurable

You have to be able to track your progress and know when you’ve accomplished a goal. A goal needs to be measurable to achieve this.

You’ve already gone through these first two steps of goal setting. There are three more aspects you need to consider. Continuing with our acronym...

Achievable

Obviously, it is important to set your goals high. At the same time, there are some goals that are obviously impossible. Your goals need to be possible to accomplish. If they are too large, then you should break them down into smaller pieces.

Realistic

Realistic goals are similar to Achievable goals. Achievable are more long-term as in “could you ever do this.” Realistic deals more with current circumstances. Goals need to be realistic considering your current situation.

Total Commitment

You have to be totally committed to achieving your goal. The goal has to be internalized. You have to desire the achievement of your goal.

You need to apply these five components of a good goal to your goals and see how they measure up. Make sure your goal or goals are **S.M.A.R.T!**

The SMART approach is the heart of our goal-setting system. As an exercise, let's apply the SMART approach to a goal many of us have, "having a comfortable retirement." We will walk this goal through our goal-setting system as an example.

If I say my goal is to have a comfortable retirement, what's wrong here?

That isn't a goal, it's a dream! A comfortable retirement is not **Specific** or **Measurable**. There is no need to evaluate it any further.

There are lots of questions that need to be answered before this could be turned into a goal:

- How old are you now?
- When do you want to retire?
- How old will you be then?
- How many years away is that?

LET'S SAY WE HAVE 30 YEARS UNTIL RETIREMENT.

How much money will you need?

You need to make that decision for yourself, but for the sake of this example, let's say...

YOU WANT A \$50,000 ANNUAL INCOME AT RETIREMENT in 30 years.

Now the goal is SPECIFIC - A \$50,000 annual retirement income in 30 years.

The second step of the SMART goal setting method is to make the goal **MEASURABLE**.

This is a pretty easy one in this case. You need to determine what amount of account value you need to generate your annual income goal. For the sake of simplicity, let's assume that your retirement investments will grow at an annual 10% rate. So in our example, you would need to build a retirement fund of \$500,000 so at 10% interest, it would pay you \$50,000 per year.

Of course, if you already have some money saved, you need to figure out how much of the \$500,000 it will provide.

Let's say you already have \$5,000 in your retirement account at work, and you're planning on retiring in 30 years. At 10% interest, that \$5,000 will grow to \$87,247. That means you need to build an additional \$413,000 in your retirement account in 30 years. You can measure the growth of your account in dollars.

Now the Goal is Measurable

We know what we want to accomplish (50K annual income at retirement in 30 years), we know how to measure it (measure it in dollars - we need \$413,000). Next we need to apply the third step of our SMART goal setting system - we need to make the goal **Achievable**.

The question becomes...

How can you build a fund worth \$413,000 in 30 years?

We can't achieve the goal without knowing what steps we need to take. If you need a retirement fund worth \$413,000, can you all of a sudden just earn an extra \$413,000? Of course not. The good news is that with 30 years of time to work with, you can break the goal down into reasonable pieces. In this example, look at how much you need to be investing on a monthly basis in order to build \$413,000 in 30 years – you need to invest between \$175 and \$200 per month.

We have now made the goal achievable in smaller steps, meaning we know what we need to do on a regular basis to accomplish the goal. Now some of you may say, "I don't have that money to invest." Of course, what we are going to teach you in Spend Smart is how to find money each month to invest or do with what you want. This leads us into the fourth step of the SMART goal setting system - deciding whether the goal is **REALISTIC**.

In order to decide whether your goal is realistic, you need to consider your current situation. If the amount of money you need to invest each month is 50% of your current income, then your goal probably isn't realistic. If the amount of money you need each month to achieve your goal is around 10% of your income, then once you have studied Spend Smart, it probably is realistic.

If you think the goal is realistic, that's great, you can continue with the SMART process. If you think the goal is not realistic, then you need to either change the goal or change your situation.

We encourage people to first look at how they can change their situation before they give up on a goal or a dream.

Changing your situation, changing how much money you have left at the end of each month is what Spend Smart is all about.

The final step of the SMART goal system is to become **totally committed** to it.

In fact, the single most important component of the process is internalizing the goal. You need to feel it in your bones. You actually have to make commitments along the way: start saving money on spending so you can begin investing. These commitments can be tough because they involve changing habits. That's why internalizing them is so very important.

You can write down a great Specific, Measurable, Achievable, Realistic goal and never take one step toward it. If you don't commit to the goal, you won't take that first step. If you keep doing what you've always done, you're going to get the same results you've always had.

Spend Smart Law of Financial Insanity - Doing the same thing you've always done with your money (spending all of it) and expecting different results (financial success).

Most goals require a habit change - these especially need to be internalized.

Here is how you can internalize your goal:

1. Tell others about your goal. (If you don't need their support and think they won't be supportive - don't tell them.) This is a public declaration. Ask them to ask you how it's going periodically. It makes you accountable.
2. Fill out the goal statement in this book and post it on your bathroom mirror. Read it every morning and every night. Have it at work and read it there too.
3. Every night, envision yourself having already accomplished the goal. Imagine how you'll feel, what you'll do. Close your eyes and daydream about it.
4. Work with your plan and reward yourself at specific points along the way.

Summary

Now that we've walked through an example of using the SMART goal system, it's time to apply it to your reasons for wanting to Spend Smart.

Review the goal statement you wrote in step 2 above. Is it Specific and Measurable? Have you broken it into bite-size chunks so it is achievable? Do you have to change some things (perhaps learn Spend Smart?) to make it achievable? Are you willing to make a total commitment to it?

That is the quick run through goal setting with the SMART system. You will be using your goal statement throughout Spend Smart as you develop your specific Spend Smart plan. This goal statement will be your motivation.

Think about it every day and do something toward achieving it by following the plan you have developed. Some people confuse other things with goals. If it's not written down,

then SMART is a dream or a wish. A vague desire without a plan to execute is not a goal and most likely won't happen. Wishes and dreams without plans very seldom come true. We encourage you to further refine your goal statement once you finish this book. When you have a better idea of the wealth of possibilities Spend Smart can offer, you may even come up with additional goals.

Every time you find a way to save with Spend Smart, you will be taking another step toward accomplishing your goals. Remember, your goals are the gasoline that will make your Spend Smart engine roar like a lion!

Congratulations on taking the first important step with Spend Smart. You now have a target to shoot for – you now have a goal. The next steps are to figure out how you are going to achieve that goal – what can you learn from Spend Smart to help you hit your target? Read on, valiant Spend Smart scholar!

CHAPTER THREE

Plan Your Way to Spend Smart Success

Success occurs when planning and hard work come together. To succeed with Spend Smart you need a plan. You need a plan to guide you, a plan to help you know what to do and when to do it in order to maximize your Spend Smart success. As the Zen proverb tells us “The journey of 1,000 miles begins with the first step,” with Spend Smart, your plan will tell you what your first step (and second and third) should be.

Hopefully, you have spent some time creating your Spend Smart goals. This is important because your goals are your destination. Your Spend Smart goals tell you where you want to go. How can you start your journey if you don't know where you're going? (Of course, if you don't know where you're going, you don't need a map!) How will you know you've arrived if you don't know where you want to go? If you haven't already defined your Spend Smart goals, we encourage you to DO IT NOW, before continuing on.

YOU MUST CREATE A PLAN TO SPEND SMART AS OFTEN AS POSSIBLE!

This plan is the heart of Spend Smart. Like the millionaires in *The Millionaire Next Door*, you want to create a financial plan that you will update and review on a regular basis. There is a common type of “financial plan” used by many households. This plan is called a BUDGET!

To most of us, the thought of a budget makes us cringe in pain and stick our tongues out in disgust. Budget is a word that can strike fear into the heart of even the most determined Spend Smart student. It makes us think we have to “do without” and act like a penny-pinching Scrooge. Trust us for a moment and let's get this bad news out of the way while you consider the unique benefits of the budget we use in Spend Smart.

Using a Budget is Critical to Your Spend Smart Success

A budget is nothing more than a plan. This plan lets us know where we are, where we're going and how we're going to achieve our financial goals. The good news is that Spend Smart includes a unique type of budget where you don't have to track every penny you spend. This budget is called the REVERSE BUDGET. The Reverse Budget will be the easiest budget you've ever seen but it will also put money in your pocket!

If you've read popular "financial management" books, then you certainly know the benefits of having a traditional household budget. *The Millionaire Next Door* teaches us that one of the most common traits among millionaires is the fact that they create and follow a monthly budget. If your parents or grandparents lived through the depression era, they probably were excellent budgeting role models. When you see "investment experts" on TV, they talk about making a budget and including 10% of your income for yourself.

They tell you what to do but they don't tell you how to do it. Spend Smart teaches you how to find that 10% for yourself!

PEOPLE DON'T USE BUDGETS BECAUSE BUDGETS TAKE TOO MUCH WORK.

It is human nature to take the "path of least resistance" or to take the easy way out. A common attitude is we don't need to bother with budgets if we are paying our bills. Doing a budget takes time and most of us are already stretched too thin for time (maybe it's because we have to work so hard to pay our bills?) We have other "priorities." We don't have time to do a budget. Spend Smart offers a solution with the Reverse Budget:

THE REVERSE BUDGET TAKES ONLY A FRACTION OF THE TIME THAT A "TRADITIONAL BUDGET" TAKES.

The reality of the situation tells us that time isn't the only reason people avoid doing a budget like the plague. Most of us would do almost anything (within reason, of course) if the money is right. The reason we don't take the time to do a budget is that we don't know how much it is worth to us. We don't see a specific dollar amount that a budget can put in our pockets. We don't know what a budget can mean to our financial situation.

THE REVERSE BUDGET MOTIVATES YOU BECAUSE IT TELLS YOU EXACTLY HOW MUCH MONEY IT WILL PUT IN YOUR POCKET.

Traditional budgets are focused on one specific task – tracking spending. Some people take this to the extreme and carry a little notebook to write down everything they spend from small items like a cup of coffee or lunch, to regular expenses like the electric bill or the mortgage, to the surprise expenses like dental bills or car repairs. Now if you have the discipline to track every penny you spend, I guarantee you will naturally begin to

spend less money. Spend Smart takes an easier path, however. With the Reverse budget, tracking all expenses is not required.

THE REVERSE BUDGET TRACKS ONLY THE MONEY YOU SAVE!

The following table compares the Reverse Budget to traditional budgets:

Traditional Budget	Reverse Budget
• Track all Spending	• Track Savings Only
• Many Changes each Month	• Only a Few Changes each Month
• No Specific Dollar Value	• Exact Dollar Value

With the Reverse Budget, you don't budget for spending. You budget for savings. The best part is:

YOU DECIDE HOW MUCH MONEY YOU ARE GOING TO SAVE!

This means you simply plan which Spend Smart Strategies you are going to use. The budget portion is simply tracking the money you save with each strategy and totaling your savings.

These specific dollar savings figures are important because they help you place a value on the strategy. It helps you decide if it is worthwhile, in terms of dollars and cents, whether a certain strategy is worth following for you.

Other strategies don't have a specific savings amount because they vary greatly depending on you and how often you use a product or how much you use. With these strategies, it is useful for you to estimate how much the strategy will save you. Don't be afraid to be conservative or liberal with your estimates. Again, do what is comfortable for you – make an estimate you feel comfortable with.

It's important to have a dollar amount associated with each Spend Smart Strategy you use. That way, you can include it in your Reverse Budget. Take a look at the Reverse Budget form:

Category	Item	Strategy	Annual Savings
Appliances	<i>Washing Machine</i>	<i>Use cold water (10 loads per week)</i>	<i>\$104</i>
Automobile	<i>Oil Change</i>	<i>Learn to do it myself</i>	<i>\$80</i>

Spend Smart™

Debt	<i>Credit Cards</i>	<i>Negotiate a lower interest rate</i>	<i>\$500</i>
Groceries	<i>Cereal</i>	<i>2 boxes Store Brand Cereal / week</i>	<i>\$100</i>
Insurance	<i>Auto</i>	<i>Raise deductible from \$250 to \$500</i>	<i>\$300</i>
Utilities	<i>Electricity</i>	<i>Enroll in Energy Saver Program</i>	<i>\$75</i>

Using the Reverse Budget

To use the Reverse Budget, you simply fill in the appropriate information in the columns. You need to decide which Spend Smart Strategies you are going to try. Which strategies seem like they wouldn't be too difficult for you? Which ones seem like they fit your lifestyle and would be worth the effort? What are your goals, how much do you want to save on spending with Spend Smart? All of these questions help you choose the Spend Smart Strategies that are right for you.

Go through different categories of Spend Smart Strategies. When you find one you would like to try, simply write down the category, item, strategy and most importantly, the annual savings. Annual savings is important because this is the exact number of dollars that Spend Smart is going to help you capture - the dollars you are going to end up with in your pocket.

You need to begin building a reverse budget for yourself. We use the word "begin" because this will be a flexible plan that lets you experiment and change things over time. Over the months ahead, you will find more strategies you want to try or you may decide that you don't like some strategies.

These ideas only serve as a starting point. You will become excited as you see extra dollars in your pocket each month. You will be motivated to find more ways to Spend

Smart and to learn more from other sources. As you become more aware of the value of a dollar, as you become more experienced with Spend Smart, as you find other books and sources of information for new Spend Smart ideas, you will add more items to your Reverse Budget.

As a starting point, with your first Reverse Budget, don't overwhelm yourself with too many strategies right away. Maybe find 10 or so ideas to use in your first month with Spend Smart. Now, it's very likely the savings from your first Reverse Budget might not reach your Spend Smart goal.

THAT'S OK – DON'T WORRY ABOUT IT!

WHEN YOU ARE IN THE FIRST FEW MONTHS OF YOUR REVERSE BUDGET, YOUR MAIN JOB IS TO FIND SPEND SMART STRATEGIES THAT WORK FOR YOU.

Make notes in the book as you read it when you notice a Spend Smart Strategy that has potential for you. Once you have finished reading this book, it shouldn't take more than an hour or two to pick the strategies you want to use in your first Reverse Budget.

After a few months, you'll have a better idea of which ideas you like and feel comfortable with. If you find some that aren't working out for you, that's perfectly fine. Erase them from your Reverse Budget! Just make sure you add a few new strategies each month so your savings continue to grow!

Like the millionaires, remember to review your financial plan, your Reverse Budget, EACH AND EVERY MONTH. Make a commitment to yourself to do this. Set a date – schedule a time that you will stick to.

When you sit down to review your Reverse Budget, ask yourself questions. Be honest with yourself about what's working and what's not. Are you getting closer to your Spend Smart goals? Which new ideas do you want to try? Go wild! Experiment with different ideas. Find other sources for more ideas (check out books, newsletters, websites, etc.). Don't be afraid to try strategies, even if they seem strange.

You will not use strategies if you are not comfortable with them. The more strategies you use, the more money you save. You can only get comfortable with a strategy if you test it, if you try it out. Being comfortable will help you use your Spend Smart Strategies consistently and often.

Most importantly, you need to feel confident in your strategies and the Reverse Budget. You need to know you will use the Reverse Budget and you need to BELIEVE IT WILL REALLY SAVE YOU MONEY. In fact, this confidence will determine how much money you will put back in your pocket each month. We'll talk more about this in the *Seize Your Savings* chapter.

Summary

To achieve your Spend Smart Goals, to get to where you want to be, you need a plan. Now of course, if you just dabble in Spend Smart and apply strategies when you think of them, you will save money. But to really excel, to really change your financial future with Spend Smart, you need to have a written strategy. The Reverse Budget is this strategy.

The great motivational and self-improvement teachers teach us that success is really easier than many of us realize. They say if you want to be successful, imitate other successful people. Sounds simple, right? But first you have to know what other successful people do.

As we know from *The Millionaire Next Door*, financially successful people create a plan in writing, stick to it and review it on a regular basis.

IF YOU WANT TO BE SPEND SMART SUCCESSFUL, ACT LIKE A MILLIONAIRE!

The Reverse Budget is your written financial plan. You need to create it, make a personal commitment to it and use it and review it on a regular basis. If you do this simple task, you will be well on your way to Spend Smart Success. You will be on your way to the financial success you always had hoped for, but never dreamed would be possible.

CHAPTER FOUR

Seize Your Savings!

Having read a good part of this book, you are well on your way to becoming a Spend Smart graduate! You've set goals so you have your motivation – you know why you want to Spend Smart. You've learned how to develop a Reverse Budget so you know how you are going to save money on your spending without making radical changes in your lifestyle. What's next?

Everything you've learned to date will help you save as much money as possible. However, saving money alone will not guarantee that you will end up with more money than month (instead of more month than money). You need to learn how to turn Spend Smart savings into money in your pocket. You need to learn how to SEIZE YOUR SAVINGS.

THE ONLY WAY TO TURN SPEND SMART INTO CASH IS TO SEIZE YOUR SAVINGS!

This book gives you many good ideas, tools and strategies. While having this

information and learning how to save money on spending is important, there is one vital component that must be added to make you successful. You must take action! This action will be your assurance that Spend Smart means real money in your pocket.

WITHOUT ACTION, SPEND SMART IS JUST ANOTHER GOOD IDEA.

You've had many good ideas in the past about saving money, haven't you? How much money have they actually put in your pocket? It's not just ideas that will get you ahead – it takes action as well. The action you need to take is to Seize your Savings! What do we mean by Seizing your Savings? Let's start by explaining what typically happens when someone saves money on spending. This will describe the situation you want to avoid.

Picture this if you will. A typical American consumer is at the mall shopping for some jeans. They find the perfect pair at one of their favorite stores. Since they have some time to kill, they decide to go look at another store before buying the jeans. At the second store, they find the jeans on sale for \$10 less. What a deal! They buy the jeans and happily save \$ 10!

So now that they used Spend Smart and saved \$10, at the end of the month, they'll look in their pocket and they'll find an extra 10 bucks, right? Probably not. What do you think will really happen? It will leak out of their pocket into some other spending, won't it?

So, if these people saved 10 bucks on the jeans, but they don't have that 10 bucks to claim as their own later, did these people save money? Well yes, but from a financial point of view, did it really do them any good? Though they did use Spend Smart they also fell victim to impulse buying. This is typical of what happens to people when they save money on spending. When most people save money on something, they treat the money as "found" money, like if you found a \$20 bill on the street. They tend to spend the savings on something else. When someone feels they have "extra money" they often make spending decisions they might not make otherwise.

Why does this happen? You probably know the feeling from personal experience. Hey, I saved some money – now I can do anything I want with it. There is an amazing phenomenon that seems to happen for most of us with money. Though we can't spend more than we have (forget about credit cards for a moment) we seem to be compelled to spend as much as we have. Another way to describe this is:

SPEND SMART RULE OF FINANCES – SPENDING INCREASES OR DECREASES AS AVAILABLE INCOME INCREASES OR DECREASES!

Now of course, you already knew that, didn't you? Think about it for a minute, however. Over the years, what happens as you make more money? You spend more money! What do most people do when they have extra money? Do they save it or spend it? As we teach in Spend Smart, your financial success is much more dependent on spending than on income. Think of what happens when we get a raise or an income tax refund or our income increases in some way. Our first instinct is to spend it. We suddenly feel like we

have all this extra money burning a hole in our pocket. We must do something with it!

Seizing your Savings is what you must do with your Spend Smart Savings. Seizing your Savings is what will turn the savings into dollars in your pocket, wallet or purse. Seizing your Savings is really a simple concept – in fact, many people already do something similar. Think about what happens with a 401(k) or any type of automated savings plan. The key to Seizing your Savings is to automate the process.

Think of how a 401(k) works. You want to put a portion of each paycheck into a savings plan. Maybe your take home pay would normally be \$500 per week. You have decided to put \$50 per paycheck into your 401(k) savings plan. For most of us with a 401(k) plan, this paycheck deduction happens automatically.

Each week you end up with \$450 take home dollars instead of \$500. Fifty dollars is automatically going into your savings plan. For those of you that have an automatic payroll deduction, do you really miss that \$50? Of course not – your spending changes to fit your available income. After a few months, you don't even notice it's gone.

Further, now that the \$50 has been removed from your paycheck, what are the chances you will be able to spend it? If you are putting the \$50 into a 401(k), IRA or some other account where you get a tax deduction, you probably won't spend it just because of the penalties and taxes you'll be hit with (50% or more on a 401(k) or IRA) if you withdraw money before retirement. Doesn't this sound like a good way to make sure you save money? Make sure that the pain of spending it exceeds the pleasure of spending it!

Even if you don't put this money into a tax-qualified savings plan, if you simply got the \$50 money out of your spendable income, doesn't this increase the chances that it won't be spent? Our objective is to teach you how to make sure you have an extra \$200 or \$300 or more in your pocket at the end of each month.

THE WAY TO END UP WITH EXTRA MONEY EACH MONTH IS TO GET IT OUT OF YOUR POCKET/PURSE/WALLET!

Out of sight, out of mind is the concept behind Seizing your Savings. If you “hide” some money so it's not in your wallet or your checking account, that makes it more difficult to spend that money. If you don't have money available to spend – **YOU WILL SPEND MUCH LESS!**

The millionaires in the *Millionaire Next Door* use a concept called “false scarcity” to make sure they have money left over for savings each month. With false scarcity, they run their households, they spend money, as if they had less money than they actually do. One good example of the way some people put false scarcity to use is when they get a raise, they continue to live as if they still had the same income and put all extra money from the raise into savings.

So how does this apply to Spend Smart? In order to end up with extra money each

month, you must Seize your Savings...

YOU MUST TAKE THE MONEY YOU SAVE WITH SPEND SMART AND PUT IT SOMEPLACE WHERE YOU WON'T SPEND IT!

To Seize your Savings, you must create your own “personal 401(k).” To maximize the money you have left over at the end of the month, you must take a little from each paycheck and set it aside. To make sure you can live on less spendable income, you must use your Reverse Budget and follow the Spend Smart Strategies you have chosen.

This is why your Reverse Budget is so important. You must feel absolutely comfortable with the Spend Smart Strategies you choose. You must be comfortable with the amount of money it will save you each month. Then once you are comfortable with the idea that by following these strategies you will actually save this amount, you need to Seize your Savings and take the money you will save each month out of your spendable income. Here's the process for Seizing your Savings each month:

	PROCESS	DESCRIPTION
1.	Review Your Reverse Budget	Make Sure You are Comfortable that You Can Do It!
2.	Figure Out What Your Savings Will be	Calculate a monthly total
3.	Seize your Savings	Take Money from Each Paycheck and “Hide” it

Let's review these steps.

First you must work on your Reverse Budget. You need to polish it and really refine it because you will use it to base your savings. You need to feel confident that you really will save this money because you are going to seize your savings and remove it from your paycheck or checking account. Make sure you have a Reverse Budget you feel good about.

Second, go over all your Spend Smart Strategies on your Reverse Budget and calculate what the savings will be. Some of your savings may be yearly figures, so you will need to convert these to monthly amounts. Estimate the items for which you don't know what the exact monthly savings will be. It's OK to be conservative – remember, any small savings you seize will be worth much more than large savings that don't end up in your pocket.

Finally, you need to Seize your Savings. Each paycheck, you need to take Spend Smart Savings out of it and put it someplace where you won't spend it. We'll talk in a minute about how you can actually take your savings from your paycheck and where you might consider hiding it.

You need to figure out how much you are going to take from each paycheck for Spend Smart savings. If you are paid twice a month, and your Reverse Budget says you are going to save \$250 each month with Spend Smart, you need to seize \$125 from each paycheck. If you are paid every two weeks, you need to take a little less than half of your monthly Spend Smart savings from each check. If you are paid weekly, you need to take a little more than one quarter of your monthly Spend Smart savings from each paycheck. Here’s a table to help you calculate exactly how much Spend Smart savings to seize from each paycheck:

If You Are Paid...	Seize This Amount of Savings
Every Week	23% of your Monthly Spend Smart Savings
Every 2 Weeks	46% of your Monthly Spend Smart Savings
Twice a Month	50% of your Monthly Spend Smart Savings
Monthly	100% of your Monthly Spend Smart Savings

Now of course, these amounts might vary a little depending on what bills you have due at certain times of month. Make no mistake about it, however:

YOU MUST SEIZE YOUR SAVINGS FROM EACH PAYCHECK TO ACHIEVE YOUR SPEND SMART SUCCESS

Even if most of a given paycheck is “already accounted” for, for example, most of your first paycheck per month goes to the mortgage, you must still seize some Spend Smart Savings so it becomes a habit. Once Seizing your Savings becomes a habit, your success is ensured. Make a commitment to false scarcity and begin acting like the financially successful people – start acting like a millionaire!

Let’s review the Seize your Savings concept. First, you must calculate how much money you will save on spending each month by using Spend Smart. You begin using these strategies and start saving money. You need to Seize your Savings and remove your Spend Smart Savings from your spendable income. This will help you make sure you don’t spend your savings and end up with no extra money at the end of the month. How can you remove money from your spendable income in a way that is comfortable for you?

Remember, the more difficult you make it for you to spend your savings, the more likely you will actually begin to get ahead financially. We suggest a stair-step approach. This approach starts out with a plan where your Spend Smart savings are easy to get at in times of emergency. It progresses to levels where it is increasingly automated and more difficult to spend your savings.

The easiest and most comfortable way for people to begin Seizing their Savings is to use what we call the “mattress” method. With the mattress method, you simply take the right amount of Spend Smart savings from each paycheck and put it under your mattress (or someplace else in your house).

Remember, since it is out of sight it is less likely that you will spend it. You know you will end up with enough money to pay your bills because you are using your Spend Smart strategies and your Reverse budget to save on spending. Seizing your Savings is simply a matter of removing these savings from your spendable income. If you are concerned about not having enough money for unforeseen expenses, you can easily get at your growing pile of Spend Smart savings.

Try the mattress approach for a month or so. After a couple of months, when you have a pile of several hundred dollars or more, you will get excited. You will become motivated to advance to the next step of Seizing your Savings.

With the next step, you want to get your savings further away from your spendable income. With Step two of Seizing your Savings, you need to open a Spend Smart Savings account at your bank. Make sure you get a no-fee account! Now, each time you deposit or cash your paycheck, instead of putting the proper amount of cash under your mattress, deposit the money in your Spend Smart Savings account.

Make sure you can't write checks or get a debit card on this account. You want to make it more difficult to get at your savings. The best way to do this is to make sure you have to go to the bank to make a withdrawal. The money is still accessible if you should have an emergency, it's just a little more difficult to get at. That means you are less likely to spend it on an impulse item than if you don't Seize your Savings or if you put your savings under your mattress.

Watch that bank balance grow for a couple of months, and you'll be ready to move to the next level of Seizing your Savings. In the third level, you automate the process of Seizing your Savings. Most banks allow you to automate regular transactions. For example, you can have your bank automatically pay certain bills, perhaps insurance payments, etc. each month. Why not have your bank automatically seize your savings!

Instead of making a deposit to your Spend Smart Savings account each time you get paid, have it done automatically! You can give your bank instructions to automatically transfer money from your checking account to your Spend Smart Savings account on any dates you choose. That way, you no longer have to make an effort to Seize your Savings.

By automating this function, you greatly increase your chance for success. If you are making the deposit yourself each time you get paid, it can be easy for overconfidence to set in. You might tell yourself, "Oh, I don't need to Seize my Savings this check, I know I won't spend it." No sooner than you say that, than you'll be walking through the mall, see a new stereo, and decide that "you deserve it!"

ONCE YOU BEGIN SEIZING YOUR SAVINGS, YOU MUST CONTINUE OR YOU WILL FEEL LIKE YOU HAVE EXTRA MONEY – AND EXTRA MONEY LEADS TO EXTRA SPENDING!

Having your bank make your Spend Smart deposits gets the Seize your Savings process

Spend Smart™

to a level where your success becomes automatic. Not only are you following your Reverse Budget and saving money, that money is showing up as real cash in your savings account each month! That is control and power over your finances that most Americans never have. That is the power of Spend Smart.

The final level of Seizing your Savings is to further automate the process by having your employer make a direct deposit of your Spend Smart Savings to your Spend Smart Savings account each time they pay you. This is when Seizing your Savings becomes as automatic as a 401(k) plan. You are getting the money far away from your spendable income because in order to access it, you must go to the bank and make a withdrawal. If you have an emergency, of course you can get at it. At the same time, the money is no longer as easy to spend, and it is automatically growing, each and every month.

Here is a summary of the different levels you should progress through as you are Seizing your Savings:

LEVEL	PROCESS	BENEFIT
1	Take Spend Smart Savings From Paycheck each Pay Period – Stuff it Under Your Mattress	Removes Money from (Immediately) Spend-able Income - Makes it More Likely Savings Will be There at the End of the Month
2	Open a Spend Smart Savings Account – Deposit Spend Smart Savings into Account Each Time you Cash/Deposit your Paycheck	Moves Spend Smart Savings Further From Spend-able Income – Make it More Difficult to Spend Savings
3	Have your Bank Automatically Transfer Spend Smart Savings from your Checking Account to you Spend Smart Savings Account	Automating the Process Increases the Likelihood that the Process Will Continue and you Will Continue to Seize your Savings
4	Have Your Employer Automatically Deposit Spend Smart Savings from your Paycheck to Your Spend Smart Savings Account	Out of Sight – Out of Mind – Just Like a 401(k) – Your Savings Continue to Grow – all you do is Follow your Reverse Budget!

Summary

You can be the best Spend Smart student ever, saving money on more spending than you ever thought possible. Simply saving on spending, however, does not mean you will end up with a direct financial benefit. This doesn't mean Spend Smart will put extra money

in your pocket. This doesn't mean you'll have extra money at the end of the month.

TO MAKE SURE SPEND SMART MEANS MONEY IN YOUR POCKET YOU MUST SEIZE YOUR SAVINGS!

You need to grab your savings, claim it and keep it for yourself before some store does! The best way to make sure you will see your Spend Smart savings as money in your pocket is to get it out of your spendable income. In order to Seize your Savings, you must feel confident that you will actually save this money on your spending. You must be comfortable with the plan in your Reverse Budget. You must be confident that you can use the strategies and they will save you a specific amount of money.

Follow this plan for Seizing Your Savings. Start out at a level you feel comfortable with, perhaps the mattress approach or the savings account approach. We don't want anyone losing sleep, worried they won't have enough money to pay their bills with. As you gain confidence over the months, you will feel comfortable enough to begin automating the process.

Think about how your growing pile of Spend Smart Savings will change your life. Do you have a six-month income cushion as we all know we should have? Are you confident that you can pay for emergencies that may come up? By Seizing your Savings, you are not only building toward your Spend Smart goals, you are building that income cushion that we all dream of.

No one else is as concerned about your financial situation and future than you are. You have done a great service to yourself by reading this book. We encourage you to continue your learning by reading other books or by attending classes such as Spend Smart and Invest In Your Debt. Remember however, knowledge alone won't make financial success happen. You must take action on what you learn.

As with all other Spend Smart concepts, you have to decide what makes sense for you. You need to figure out how to apply what you've learned to your specific situation. Start at a comfortable level and build from there. If you are uncomfortable with Seizing all your Savings immediately than start seizing two-thirds or half. As your comfort grows, so too will your savings. Your goal needs to be to get to the point where you automatically Seize your Savings. When you reach this level, your financial destiny will be changed forever. You will be on your way to becoming financially successful. If you've never been able to find money for investing before, you will now. If you want to begin paying off your debt and getting out of debt quickly you now will have the money to make it happen. If you simply want to build a six-month income cushion, it will now start growing for you.

Don't let everything you've learned go to waste. Seize Your Savings. Control your financial future by controlling your spending and reap the rewards. You know the line – **JUST DO IT!**