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CREATING CONVERSATIONS ABOUT MONEY

Loral Langemeier's

DEBT ELIMINATION ROADMAP

A Guide to Getting Out of Debt the Right Way and Creating More Money Today

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The Debt Elimination Roadmap

Thank you for taking advantage of this special offer and taking a serious look at your current financial situation. What you'll find, over time, is that you're now involved in a much larger conversation about your future. This includes both your lifestyle and your bank account.

What most people fail to realize is that debt elimination is only a small piece of your overall financial picture. This doesn't mean that you should put your head in the sand and do nothing at all. Thankfully, as with most things, there is a solution. Even better, the solution is much easier than you think.

Now that you are involved with me and the Live Out Loud Community, you've declared that you are ready to get in the drivers seat and you're ready to do something about your situation.

This is a huge step in the right direction. Next, you need to ask yourself a few very important questions:

- What does it really mean to be out of debt?
- What type of debt do I really have? Could it actually be beneficial in the long run?
- How much of my overall budget is going toward debt each month?

For those of you that are familiar with my work, you'll know that I consistently say that getting out of debt should not be your long term focus. But since we're here, let's address the questions directly.

What does it really mean to be out of debt?

For most of you, it means absolutely nothing. Even worse, what it may really mean is that you're just giving yourself the opportunity to go right back into debt again. What your current situation really means is that you are aware of the lifestyle you want, but you weren't quite sure of how to afford it all.

Debt is a symptom, not the cause of your problem. In a recent article, the average credit card debt for an American household was pegged at $15,788. If you break this down using our standard "12/4/5" formula (which is found in "Put More Cash In Your Pocket"), you'll find that this is comes out to about **<u>$64.50 per day</u>**.

Sticking with this theme, you'll find that most American families who are facing foreclosure would have been able to overcome their situation with an extra $500-1000 per month. If we go with the maximum, you'll find that breaks down to only **<u>$50 per day</u>**.

So, for the sake of our conversation, let's just add those together and say that to be completely financially free (if you were in the "average" American household), you only needed an extra **<u>$115 per day</u>**.

Most of you are already in some sort of day job, whether you're a highly paid executive, a stay-at-home parent, a teacher, etc. You have an existing skill set that has been built up over time and you receive pay on a daily basis for this work. Many of you also have a hobby (or many hobbies) that is worth something. If you have a family, you may regularly drive around children from other families, or care for them while parents are at work.

So why do I mention all of these things? **Each and every one of these things can be a viable, cash-generating business**.

Regardless of your current financial situation, you need MORE CASH. For most of you, it's **not even that much cash**. I am truly confident that everyone who is reading this article could very easily make that $115 every day (or much, much more) by just making money doing the things you already do. Most of you may already have this money somewhere and you're just putting it in the wrong places.

Does that mean that the right place is just applying all of that cash to debt? ABSOLUTELY NOT!!! But for the sake of this conversation, you *could* do that and the "gap" is already eliminated.

But, the core question was whether it really matters to pay off that debt. For most of you, the answer is "no." For most of you, it's not really the debt itself that bothers you, it's the stress related to the debt.

I would argue that more money in your bank account is the ultimate stress reliever.

This leads us to our second question:

What type of debt do I really have? Could it actually be beneficial in the long run?

Even if you're not particularly familiar with having financial conversations, most of you have heard the terms "good debt" and "bad debt." The bad debt, which is what most of you are actually worried about, tends to be credit cards or other high-interest unsecured loans. Good debt, on the other hand, tends to be defined as mortgages, business-related debt, or secured loans.

Paying off your "good debt" over time can actually be extremely beneficial for your credit score and your financial future. Sometimes, paying these off too far in advance can actually be worse than if you actually pay some of the interest. This is especially true if you're trying to build (or rebuild) your credit score.

Obviously, you want to pay off your bad debt as soon as you can. However, putting ALL of your free cash toward debt doesn't guarantee you anything. As I said earlier, it typically just means your cards are free to be charged right up again.

In "The Millionaire Maker," I go into great detail with how you can manage paying down your debt as part of an overall strategy to make more money.

How much of your overall budget is going toward your debt each month?

This is really the key to how fast you should be paying your debt down. Many of you are already paying TOO MUCH. That's right, too much! This is simply because you do not have a long-term financial strategy. Depending on how much you are overpaying on your debt, you may actually be overlooking opportunities to generate new cash.

Again, the key to the entire model is **new cash**. There are a wide variety of different ways you can accomplish this, whether it's simply to get your feet in the streets and start generating new cash or to start investing in opportunities that offer a return.

This is only the beginning of the conversation. Included with this package is a free debt calculator that will help you organize your debts in the order which they should be paid. This is a key component to approaching your debt and eliminating the bad debt **permanently**. Remember, this is only going to work if you actually complete the steps. Don't put this guide aside to be completed at a later date. Set a time in your calendar right now to complete this guide within the next 7 days!

Time is money, and ACTION creates RESULTS.

I can personally guarantee that there is no other coach or company in the world this committed to helping you create that solution more than us.

Before you go through the remainder of our material, I'd like to congratulate you for taking this first step. As a result, we're offering you a once in a lifetime opportunity to jump into the conversation more than ever before. To learn more about this offer, be sure to stay connected with your wealth strategist that sent you this product.

But for now, let's move on to the rest of the guide!

Loral

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Four Approaches to Debt Reduction You Should *Never* Use

Credit card debt has practically become a staple in the American way of life. Although credit cards may give you a lot of *things* and even experiences, there's one thing it will be sure to push away, and that's true wealth. In the words of one credit card company, "true wealth is priceless."

Before anything, I am a wealth coach who specializes in helping people create an extra $500 - $1,000 a month. Part of the wealth-building process I use with my clients includes clearing consumer debt, but my methods are not those that most use. Below are several popular tactics most people use in an attempt to clear their debt. I'm sharing them with you as a means of showing you what you SHOULD NOT do:

Losing Tactic #1 - Credit Card Calculus

Strategy: transferring debt from a high-interest-rate credit card to a lower-interest-rate credit card.

Common result: cardholders usually lose no time in running up their original credit cards to the same level of debt as before. Often they end up with even more debt than when they started!

Losing Tactic #2 - Home Equity Loans

Strategy: Refinancing your home to consolidate debt.

Common result: Much like with credit card calculus, too many people don't control their spending after they consolidate. Then they end up borrowing and incurring more credit card debt (and refinancing all over again!)

Losing Tactic #3 - Consolidating Debt

Strategy: Allowing a debt-consolidation company to take all your debt and collapse if into a single, comfortable payment.

Common Result: Again, after the consolidation, people often tend to acquire additional debt. Also, few of these programs are actually helping you – they are making a profit off you by negotiating with your creditors. And the reason the payments are so low is because they are paying less than the interest amount! In some cases, you might not be paying down your original debt at all.

Losing Tactic #4 - Bankruptcy

<u>Strategy:</u> Legally dissolving all responsibility of your debt in exchange for a bad credit rating.

<u>Common Result:</u> Declaring bankruptcy can seriously disrupt your life by ruining your credit and tainting your reputation for 7-10 years. This is by far the worst option of all, and, to top it off, in almost every single case I've seen it's unnecessary.

A word on **credit repair** where a credit repair company fixes your bad credit: If you deal with a credible company, the results can be wonderful. However, many such companies have developed in recent years that will take your money up front and provide no results. If you are considering this option, make sure you get solid references from people you know and trust who have used a particular company before, and be wary of any online companies that don't have a physical home office.

In my book, *The Millionaire Maker,* I explain in detail my five-step strategy for clearing debt. It also includes strategies for increasing income *while* you pay down your debt, allowing you to clear it much quicker than if clearing it had been your only goal. A huge part of wealth building is learning to see the same situations with a new perspective. And when you start thinking like the wealthy, it's amazing how quickly you start seeing opportunities where you once saw brick walls.

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How to Move from Debt to Wealth

Jed was in a tough situation. He wanted to change things around and move from a day-to-day existence of earn-pay-earn-pay. But, Jed didn't want to move up the corporate ladder to change his situation. He wanted more money, more freedom, and to eliminate his debt without infringing on his lifestyle.

Sound familiar?

Jed isn't unlike many people who come to my Team Made Millionaire workshops or start working with a coach through Live Out Loud. In fact, when I learned about Wealth Cycle Investing, I wasn't far from where Jed was.

Jed earned a decent income and kept his expenses at just below his income. He rented an apartment, and owned little but his bike and some furniture. In other words, Jed had a negative net worth, but a positive cash flow each month.

The first step

The first step for Jed to move from debt to wealth was a gap analysis. Here's where Jed had to get brutally honest about his current situation and his goals. First, he had to honestly state his current financial situation – his pretax income and monthly expenses; and his assets (few) and liabilities (more than his assets).

Jed's gap analysis also included an assessment of the skills he could use to make money. I didn't ask Jed about jobs he might apply for. I asked him about the skills he had with which he could make money running his own business. See, in order to become wealthy, Jed needed to generate more cash. This additional cash would be used, not to repay his debt, but to purchase income-producing assets. The money from these assets would be used to repay his debt, and give him more money to purchase more assets.

The second step

Still working on the Gap Analysis, Jed moved to his future – his Financial Freedom Day goals. This is where Jed got to dream, and I encouraged him to dream very big. Here's a guy with less than $4,000 a month from his job and virtually no assets, and he wanted to have $1,000,000 ($1 million) in invested assets and $10,000 a month in passive income (money that came to him whether he worked or not), all within one year. He also wanted to own several gyms and live this wonderful life without a full time job.

Was Jed dreaming? Sure, he was dreaming. But if you don't dream, you can't ever create that dream. What I taught Jed was a system by which he could actually achieve his dream. It's the same system the wealthy have used for years, and I call it Wealth Cycle Investing.

The third step and beyond

For Jed – and for you – wealth cycle investing isn't a solo affair. While Jed was able to create a small side business and make an extra $1,000 a month within four months. But, he was a long way from his goals. To accomplish what he wanted, Jed needed a team and a mentor.

At Live Out Loud, we emphasize building a team because it's your team that will help you accelerate well beyond your individual capacity. For Jed, this meant finding and introducing himself to experts in stock analysis, an area in which he was keenly interested. As with any such effort, Jed was rewarded with more than he'd asked for, meeting several wealthy individuals who had the capacity to fund deals in which Jed was interested.

Moving from debt to wealth takes some risk and a lot of action. Jed didn't have a lot of money, but this never stopped him. He educated himself about various deals about which he'd learned, and was able to use OPM (other people's money) to invest in these deals. Using OPM is a smart way to quickly accelerate your asset allocation, but you still have to do your homework.

Once you get into the deal flow by aligning yourself with the right people, the payoff will come. It may take a year, two years, or three years. But, come it will. You'll move from debt to wealth by using wealth cycle investing. Remember what Jed did, and know that you can do it too. Just start today.

Getting Out Of Debt

If you are in debt, we strongly encourage you to follow our debt elimination process. Though there are many processes available, this is one way to eliminate consumer debt and allow you to live in abundance. This is a process that is similar to one used by John Burley in *Automatic Wealth*.

A Five-Step Process

In the previous chapter, we asked you to create your financial baseline and create a filing cabinet where you would keep all of your financial records. In so doing, it makes this process slightly easier to begin … immediately … because you've done the groundwork and organized all of your consumer debt in advance.

Step 1

In the boxes below, we want you to list all of your consumer debt (credit cards, loans … as previously described.) We've given you an example and suggest you finish the exercise with your own consumer debt … inserting one debt in each box. (Step 2 will describe how to determine the Factoring #.)

Name of Debt:	VISA
Total Amount:	$7,000.
Min. Payment:	$200.
Interest Rate:	9%
Factoring #:	35

Name of Debt:	____________________
Total Amount:	____________________
Min. Payment:	____________________
Interest Rate:	____________________
Factoring #:	____________________

Name of Debt:	____________________
Total Amount:	____________________
Min. Payment:	____________________
Interest Rate:	____________________
Factoring #:	____________________

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Min. Payment: ____________________
Interest Rate: ____________________
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Name of Debt: ____________________
Total Amount: ____________________
Min. Payment: ____________________
Interest Rate: ____________________
Factoring #: ____________________

Step 2

Divide the "Total Amount" of the debt by the "Minimum Payment" of each bad debt. This gives you a factoring number.

$$\frac{\$7{,}000}{200} = 35 \text{ (Factoring Number)}$$

Do this with every debt.

Step 3

Review all of your consumer debt listed on the previous two pages. Take the debt with the lowest factoring number and that will be your first priority in payoff. In the space provided, list the debt in order of the factoring number … with the lowest appearing in the number 1 spot and the debt with the highest factoring number in the number 8 spot.

Priority Order of Payoff	Name of Debt	Factoring Number	Min. Payment
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

TOTAL DEBT PAYMENT: ______

Step 4

We encourage you allocate $200 of your current spending to accelerate (jump-start) your debt elimination plan. This will go a long way in eliminating your debt … really!

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Step 5

With your “Priority Order of Payoff” intact, take the debt listed in the first spot and apply the $200 we asked you to allocate in Step 4 to the minimum payment listed with this debt. For instance, if your minimum payment is $350 and you add $200, you’ll be paying a $550 payment on that debt until it’s paid in full ... all the while making minimum payments on each of the other bad debts you have listed.

When you’re finished paying off the debt in the number one spot, take the amount you were paying on the number 1 debt and add it to the minimum payment of the debt in the number two spot and so on until you totally eliminate all of your bad debt.

You need to be very clear about the amount of money you will allocate to your debt-elimination plan. Please fill in the blanks below.

Total of Minimum Payments:	$ ____________
Plus	$200.00
	______________
Monthly Debt-Elimination Contribution:	**$ ____________**

In the space provided, write a commitment statement to yourself about your debt elimination plan.

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Signature ____________________ Date ____________

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Online Debt Calculator

To access your exclusive online Debt Calculator, please click on the button below.