DAVID BACH'S

THE AUTOMATIC MILLIONAIRE™

PUT YOUR FINANCIAL LIFE ON AUTO PILOT AND FINISH RICH

YOUR PILOT'S MANUAL

Nightingale Conant

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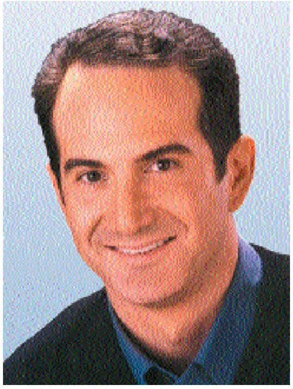
Producers: Dan Strutzel, Dave Kuenstle

Your Pilot's Guide



Welcome to The Automatic Millionaire program. Congratulations on your decision. You know, a lot of people have looked at The Automatic Millionaire and said to themselves, "Oh, come on, that can't possibly work. How could I become an Automatic Millionaire?" Those people just walked away. Not you. You did something different. You looked at the title, The Automatic Millionaire, and you said to yourself, "Why not me? Why couldn't I become a millionaire?" You took action. And that action is about to pay off.

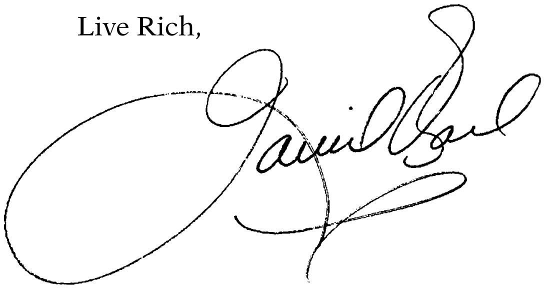
This program will teach you some concepts, some tools, and some ideas that will literally transform your life. You're going to transform yourself from someone who wants to be rich into someone who can be rich.

The Automatic Millionaire is a system that doesn't require motivation. It won't require you to keep the energy going to be rich. It won't require you to have discipline. It won't even require you to have a budget! Traditional wealth building programs tell you that you've got to have a budget, you need to have discipline, you need to be motivated and you need to write out your goals. The Automatic Millionaire teaches that those things ultimately fail when you're trying to be wealthy. The truth is, you're too busy to spend all day thinking of wealth building. You need a system that will work while you sleep--a system that is automated.

Are you ready to set up the system that will help you become an Automatic Millionaire?

Then, let's get started.

Live Rich,



David Bach

How To Use Your Pilot's Guide

How can you get the most out of your Pilot's Guide? By using it in conjunction with the audio program. For each session, do the following:

1. Preview the section of the Guide that goes with the audio session.

2. Listen to the audio session at least once.

3. Complete the exercises in this Guide

By taking the time to preview the exercises before you listen to each session, you are priming your subconscious to listen and absorb the material. Then, when you are actually listening to each session you'll be able to absorb the information faster—and will see faster results.

Session 1: History Points to Now

INTRODUCTION

What is the American Dream? The American Dream means different things to different people. For some people the American dream is to have a million dollars. It's not a coincidence that the titles of the most popular television shows always have a million dollars in them. Well, the American Dream is not necessarily a million dollars. The American Dream is having the freedom to do what you want to do when you want to do it.

Income Alone Does Not Create Wealth
– David Bach

The idea behind the American Dream is freedom. But you need to have money to have that freedom. You can have a really big income and make a whole lot of money and still not have freedom. Making more money won't make you rich unless you do something with that money for yourself.

ARE YOU LIVING THE AMERICAN DREAM?

Circle the appropriate answer:

1) Do you pay yourself first?
And if you do, do you pay yourself first 10% of your gross income? ❑ Yes ❑ No

2) Do you have an emergency basket of cash? ❑ Yes ❑ No

3) Do you know what your Latte Factor® is? ❑ Yes ❑ No

4) Do you own your own home? ❑ Yes ❑ No

5) Do you tithe? ❑ Yes ❑ No

6) Is your financial plan automatic? ❑ Yes ❑ No

The Automatic Millionaire is not about getting rich overnight. You don't get rich in days; you get rich in decades by creating a system that makes it so that you literally can't fail.

You're going to learn that there are all kinds of ways to pay your bills automatically so that you don't have to write the checks yourself. You're going to learn that today, with technology, you can literally, in less than one hour, completely 100% automate every aspect of your financial life so that if you go on vacation for a month you'll still be getting rich—automatically!

Why This System Works

- ❏ **You Don't Need a Lot of Money**
- ❏ **You Don't Have To Change Your Life**
- ❏ **You Don't Have To Be Good at Math**
- ❏ **You Don't Need To Have a Budget**
- ❏ **It Doesn't Require Motivation**
- ❏ **It Doesn't Require Discipline**

Action Steps For Session One

One: Commit to Your Next Session

It could be tomorrow, it could be next week, but you have to make a commitment to yourself. Write down what day you're going to listen to this program. Then, immediately put this in your calendar or whatever scheduling device you use.

Commitment: I will listen to Session Two on ____________________

Signature: ____

Two: The Finish Rich Clarity Question

Over the next year, what one thing would have to happen for you to feel you've made great financial progress?

MY NUMBER ONE GOAL FOR THE YEAR

Today is __________

One year later will be: __________

I have made great financial progress this year by:

____

____

____

____

____

____

____

____

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____

Session 2: THE LATTE FACTOR®

You truly can become an Automatic Millionaire on a few dollars a day. The problem is not how much we earn; it's how much we spend. This concept works for all kinds of people; from those who are making minimum wage to people who are making hundreds of thousands of dollars a year. The Latte Factor® is an incredibly powerful metaphor that can change your life

The Latte Factor® isn't about setting a budget. In fact, the point of the Latte Factor is to get you to throw the budget out by simply changing the way you think about your money.

> ***It's not how much you earn that determines whether or not you'll be rich. It's how much you spend.***
> – David Bach

You have more money than you think—RIGHT NOW.

This is a core concept. Chances are, in your day you have money that is leaking out of your pocket. This is money you have that could be getting you rich. How does your day compare to the following?

YOUR HOME

You wake up in the morning. Instead of heading out to Starbucks for your morning coffee, you brew a pot at home. Quickly scrambling an egg, you can also skip the muffin or Power Bar later this morning. Getting dressed, you notice that your spouse has washed and ironed your shirts instead of dry-cleaning them. Great! That's another couple of dollars saved. Flipping through the channels of your television, you are proud that you downgraded your service to Basic Cable. You really weren't watching movies like *Dumb and Dumber* for the fourth time anyway. Picking up the phone to call your sister, you smile remembering that you changed your long distance carrier and are now only spending 7 cents a minute for long distance. Walking to the refrigerator you laugh as you remember the look on the salesman's face when you turned down the extended warranty on the refrigerator when you bought it last month. You knew you would never use it. When you said to the salesman, "Why would I be buying this appliance from you if I thought it would break?" he didn't know what to say. Opening the door to the fridge, you see all the food you bought with coupons. You are now getting so good at using double coupons and store club cards that you are saving 35% every week on your food bills. That translates to more than $100 a month! Heading out to work, you grab your lunchbox filled with the chicken pasta salad you prepared last night. Sure beats that fast food burger you used to waste money on! Turning off the lights, you walk out the door, confident that your home is an efficient, streamlined money-saver.

YOUR CAR

Getting into your car, you remember the money you saved by buying it used. In fact, you were able to get a nicer car for less money because you shopped around. You cancelled the road service part of the policy because you have AAA. That multi-car discount really helped too. You drive by the gas station where you used to fill your tank, and go to the station next door. These days you are saving nearly 10 cents a gallon by choosing the gas station right next door. You are also smart enough to know that most cars today don't need "premium" gas, and you fill up on the least expensive gas. You maintain your car, drive the speed limit, and only use your air conditioning when you really need it. All of these things add up to dollars in the bank.

VACATIONS

Later, driving home from work you begin to anticipate your family vacation next week. In years past you might have racked up the credit cards with an expensive trip to Las Vegas. This year, though, you did your homework. You did some research on the Internet and found a great package vacation that will still get you to Las Vegas, but for 1/3 the cost of the trips you used to take. And, because you are paying cash, you'll enjoy yourself all the more knowing that you can afford the trip.

PERSONAL

Arriving back home you change into your exercise clothes. Canceling your gym membership was a great idea. Now you just go for a power walk with the dog every day and know that you are saving $35 a month. You've given up Gatorade and now drink water. You also quit smoking, which is saving you a whopping $7 a day. Not to mention you are feeling healthier and so your co-payments for doctor visits are decreased too. On your walk you start to think of your kids' birthday party next month. A slumber party, rather than a trip to the local party place, is saving you hundreds of dollars. You also saved a lot of money last Christmas by paring down your gift list, and making simple, meaningful gifts for many on your list. That visit to old Aunt Mary was better than any bouquet of flowers you could have sent. Returning home you see the basket of aluminum cans that your kids are recycling for money. You are happy that they are learning how to live reasonably. You may be wealthy, but it's because you manage your money wisely. You are proud to teach your kids the same thing.

While this is a bit of an extreme example, you can really see that it is easy to live a perfectly nice lifestyle while shaving thousands of dollars off your expenses every year! All it takes is some planning and foresight.

Action Steps For Session Two™

One: The Latte Factor Challenge

Starting tomorrow, from the moment you wake up until you go to sleep, track your expenses for one day. Print out the form below and bring it with you as you go about your day. Include everything, from the $1.00 newspaper to the $50 sweater you bought. If you need more room, print out another tracker.

Then, ask yourself honestly, is there anything that you spent money on that was something you could cut back on?

As our income goes up, our spending goes up.

THE LATTE FACTOR CHALLENGE™

Spending Tracker

ITEM I SPENT MONEY ON:	HOW MUCH I SPENT	WASTED MONEY
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
		❏ Yes ❏ No
Add together the money you spent today =		
How much money did you waste? =		

> ***You can't positively* think *your way to wealth,***
> ***You have to positively* do *your way to wealth.***
> – David Bach

Two: Do the Latte Factor Math

List one item from your spending tracker that you can find a less expensive alternative for. The chart below can give you an idea. Fill in the last row with your own item.

CURRENT ACTIVITY	**NEW ACTIVITY**	**AMOUNT SAVED**
GOING TO THE MOVIES	RENTING A VIDEO	$5.00
LATTE COFFEE FROM COFFEE SHOP	MAKE COFFEE AT HOME	$3.50
TAKE SHIRT TO DRY CLEANER	IRON AT HOME	$3.00
LUNCH AT FAST FOOD RESTAURANT	LUNCH FROM HOME	$5.00

The amount you filled in the last column "Amount Saved" is your Latte Factor. Take a look at how quickly this Latte factor can add up!

A Latte a Day = $3.50

A Latte a Day for a Week = $24.50

A Latte a Day for a Month = $105

A Latte a Day for a Decade = $12,782

A Latte a Day Keeps Retirement Away

Now let's say you were able to get your Latte factor up to $10.00. How quickly can $10 add up? Do the Latte Factor math!

$10 a day at 5% = $1 million in 54 years
$10 a day at 10% = $1 million in 34 years
$10 a day at 15% = $1 million in 25 years

$20 a day at 10% = $1 million in 27 years
$20 a day at 15% = $1 million in 21 years

Now, don't worry about how to find these interest rates. That will come later. For now, just look at how quickly small savings can add up.

Session 3: PAY YOURSELF FIRST

Chances are you've heard of the concept that you should "pay yourself first". But, do you really know what it means? Do you know how much you should "pay yourself first"? Where you should put that money? Even if you know all this, is your plan automatic? This session will cover these important ideas.

Whom do you work for?

Why would you wake up in the morning, leave your family, not do what you want to do with your day, go to work all day long for 8, 9, 10 hours a day, commute back home, get up and do it all over again? Why would you do this 5 days a week, 4 weeks out of the month, 12 months out of the year? Why would you do all that to earn money and not pay yourself first?

Most people pay everyone else before themselves: the government, their creditors, and their bill collectors. Everybody else gets paid first and then if anything's left over, then they pay themselves.

That system stinks and is designed for you to fail financially. If that's the system you're using right now, and you don't have money, that's why. The odds are set up against you. It's too tough for you to get rich if you're paying everybody else first. You need to change this. You need to completely redirect your income so the first person who gets paid is you.

> ***The first hour of every day that you work should be going to you.***
> – David Bach

What you need to do is pay yourself first automatically. See, if you take the money automatically out of your paycheck and pay yourself first, then you are living on what's left over and you won't need a budget.

How much money are you paying yourself?

Let's say you make $10 an hour. How much money did you earn this week? Let's say it's $400 during the week. Of that money, how many dollars did you pay yourself first with?

If you're not using a retirement account, a pre-taxed retirement account, a 401K plan, a deductible IRA, or if you're self employed and are not using a self-employed retirement account, then you didn't pay yourself first at all. The average American saves less than 22 minutes a week of their income. Putting it another way, the average American saves less than 2% of their income. Now again, why would you work all week long and not have some of the time in your day go to you?

Six Routes to Wealth

Win It

Marry into It

Inherit It

Sue for It

Budget for It

Pay Yourself First

If you want to be Dead Broke:
Don't "pay yourself first" anything.

If you want to be Poor:
Spend everything you make, no matter how much money you make.

If you want to be in the Middle Class:
"Pay yourself first" 5 to 10% of your gross income.

If you want to be Upper-Middle Class
"Pay yourself first" 10 to 15% of your gross income.

If you want to be Rich:
"Pay yourself first" 15 to 20% of your gross income.

If you want to be Super Rich super fast:
"Pay yourself first" at least 20% of your gross income

All fundamental wealth begins by paying yourself first.

Action Step For Session Three

THE AUTOMATIC MILLIONAIRE PROMISE

I ______________________ (insert your name,) hereby promise myself that starting this week, I will work at least one hour a day for myself. I deserve it! Therefore, I promise that I will start paying myself first, _________ % of my gross income no later than ____________(insert the date).

Signed by __________________

Session 4: MAKING YOUR FINANCIAL LIFE AUTOMATIC

Making your financial life automatic is one of the core principles of this program. If you miss it, this program will still help you, but it won't help you as fast. The government figured out how to get you to automatically pay them first. Corporate America has figured out how to get you to automatically pay them first. Why in the world wouldn't you use the exact same technology that they're using to pay yourself first before you pay them? The technology is not difficult to use. What do you need? You need a phone and a pen.

Buy Your Secure Financial Future

Your first priority is to pay yourself first for a secure future. Normally the government gets paid first, right? You earn a dollar and they've got the ability to take anywhere from $.15 of that dollar upwards of $.50 of that dollar. That is called income shrinkage. It's very hard to get rich when you have income shrinkage.

Let's just go to an average American family earning $50,000 a year. If they lose a third of that to taxes, by the time they get their paychecks they're now only earning $30,000 a year. It's tough to live off of that. That's why no matter how much money most people make they still feel broke.

The Only Legal Way to Get Out of Taxes is to Pay Yourself First
– David Bach

There's only one legal way for you to get out of those taxes. The only legal way for you to get out of those taxes is to pay yourself first using a pre-tax retirement account.

What's a pre-tax retirement account? That includes the following.

- A 401K plan
- A 403B plan
- A deductible IRA account
- A SEP IRA account (if you're self-employed)
- A Keogh account. (also for self-employed)

Six Reasons To Get A Retirement Plan

One: You don't pay any tax on the money.

Two: You can put thousands of dollars into the account, depending on what year it is.

Three: You can arrange to have the money automatically taken out of your paycheck and automatically put in your retirement account.

Four: In most cases your plan at work is free

Five: You get free money—both in the form of saved taxes and in the form of matched contributions

Six: The power of compound interest

Pretax Pay Yourself

If you had a $1 bill, and you took that dollar bill and you put it in a pretax retirement account (the 401K plan at work, the 403B plan or an IRA account) if it earned 10% interest, you'd have $1.10.

You put in a dollar, it wasn't taxed, and at the end of the year you'd have $1.10. And because it's in a retirement account you won't owe any taxes on this money until you take it out. So you put in a dollar, you got $1.10.

$1 → **10% interest** → **$1.10**

After-tax Pay Yourself

Let's say you earn a dollar. You're going to pay taxes first. So you're going to pay your federal tax and state tax. Let's say you lose a third of that, $.30. So you paid a dollar, now you've got $.70 in your pocket. Now if you take that $.70 that you have in your pocket and you earn the same 10% interest, at the end of the year you've got $.77.

$1 → **Pay .30 taxes** → **$.70 left** → **10% interest** → **$.77**

Now let's take it a step further. Imagine that you had a dollar. You put it in your retirement account. Your employer matched you just 25%. So they basically gave you a quarter. Now that money earns 10%. So the $1.25 earns a 10% return. At the end of the year you would have $1.38.

$1 → .25 match → $1.25 → 10% interest → $1.38

Which Would You Rather Have?

$1.38 **$1.10** **$.77**

Greatest Excuses Why Some People Don't Use Their Retirement Plan

My Employer Doesn't Match

What difference does it make? Again, go back to the example where your employer doesn't put any money in. You invest $1.00, you have $1.10 at the end of the year, or you invest $.70 after tax and you have $.77. We've already agreed that $1.10 is better than $.77.

The Investments Are Not Doing Well

First of all if the stock market goes down the chances are that your money that you put inside your plan is going to go down if you invest in the stock market. But a key thing is that when you invest in a 401K plan at work you're given a host of options. You can put your money in a money market account, you can put your money in bond funds, and you have stock funds. If all you did was put half of your money into bonds and half of it into an index fund, chances are you'd do very well over a long period of time. You'd probably earn 6%, 7%, 8%, 9%, because that's what things have earned historically.

Once I make the decision there's nothing I can do about it.

It's not true. Most companies today will allow you to change how much you contribute to your plan every 90 days. So once you make a decision, if you're not happy with how much money you're having taken out of your paycheck and you don't feel like you have enough money at the end of the month, you can go back and have them change it.

I won't be able to access my money if I need it.

Most plans today allow you to borrow out of your plan. In most cases you can borrow up to $50,000 of your money out of your plan. And, provided you pay that plan back, there are no taxes involved.

When I take the money out I'm going to have to pay taxes anyway. So I might as well just pay the tax up front and get it over with.

This is not true either. Here is an example.

Scenario One: The Tax Deferred Account

Imagine that you had $100,000 pile of money and you put it in your 401K plan. You let it grow at 10% a year. You never added another dollar to the plan. In 30 years at 10% interest you'd have $1,744,940. That's the pretax plan where the money grows tax deferred.

Scenario Two: The Taxable Account

Now let's use a second example. You have $100,000 and you invest that in a taxable account. How much would you have at the end of 30 years? Well, in this example if you're in a 35% tax bracket, the answer is you'd have $661,437 dollars.

$1,083,503	**$661,437**
Tax Deferred	Taxable

So you get to the end of 30 years and in one pocket you've got $661,000 and in the other pocket you've got $1,083,503 in additional value. That is a huge difference.

What Is An IRA Account Not?

An IRA account is not an investment. When you go to a bank or a brokerage firm you don't buy an IRA account. A lot of people think when they have an IRA account that they actually own an investment. You don't. An IRA account is a holding tank. It's like a checking account. It puts your money inside that holding tank. Now you have to invest it in something. What you invest it in determines how fast it grows. So if you invest it in certificates of deposit and the bank gives you a fixed rate, say 3% interest, that's what it's going to grow at. If you put it in a bond fund and the bond fund earns 6%, that's what it's going to grow at. If you put it in the stock market you don't know what it's going to grow at because some years it will go very high and some years it might go down. What we hope is over time with a good stock market mutual fund, you'll average about 10%

If you're not sure right now what's in your IRA, go back to your bank or your brokerage firm and have them meet with you and explain to you what you actually own so that you can figure out if you've got the right investments.

The Investment Pyramid.

The investment pyramid is a model that you can use based on your age that tells you where to invest your money. So if you're in your teens to your thirties, you'll find a breakdown of where you should put your money, how much money should go into cash, bonds, and mutual funds. You'll also find between the age of 30 to 50, 50 to mid 60's, the 60's on up, the retirement years, where you should invest your money. This is a very simple system that you can use.

Teens to Thirties (The Getting Started Years)

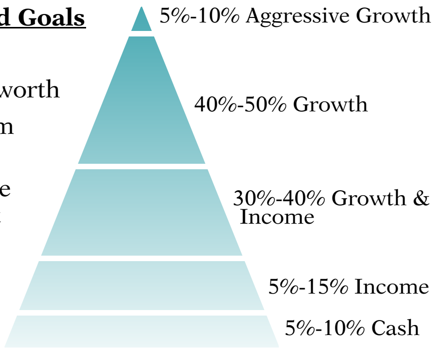
Situation and Goals

Aggressive

Growing net worth

Very long term outlook

Willing to take a fair amount of risk



Thirties to Fifties (The Making Money Years)

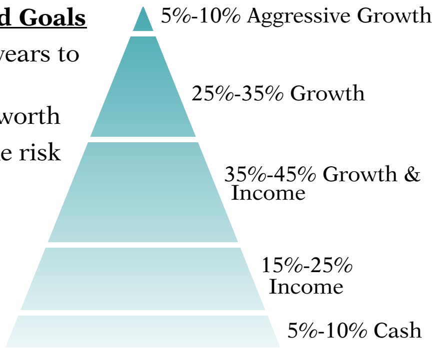
Situation and Goals

Ten or more years to retirement

Building net worth

Willing to take risk

Not needing investment income



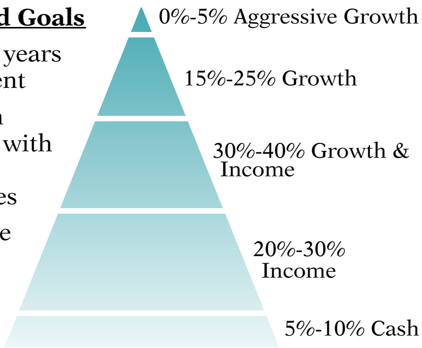
Fifty to MidSixties (Pre-Retirement Years)

Situation and Goals

Less than ten years until retirement

Typically high income years with less financial responsibilities

Willing to take some risk but wanting less volatility



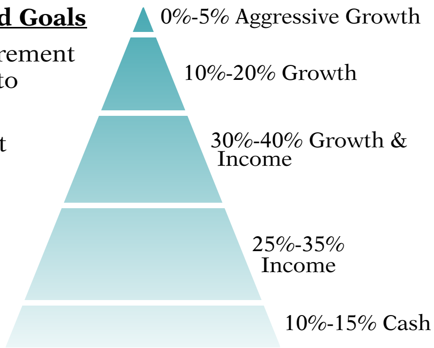
Sixties and Up (The Retirement Years)

Situation and Goals

Enjoying retirement or very close to retiring

Protecting net worth

Preferring less risk



You'll see when looking at the above picture that the safest investments are at the base of the pyramid, and as you make your way up the pyramid, the investments take on more risk. You'll also notice that the older you are, the more "safe" you want to keep your money. The younger you are, the more risk you can take. The principle is amazingly simple, and it actually works!

How To Automate Your Financial Life

The easiest way to automate your entire life financially is to use what is called online bill pay. Now there are three major companies today that do what is called online bill pay.

Online Bill Pay Companies
www.paytrust.com.
Statusfactory.com.
Quicken.com.

Action Steps For Session Four

One: Make sure that you are signed up for your plan at work if your employer offers one.

Two: If you don't have a plan at work, get an IRA account.

Commitment:
I will go to a bank, brokerage firm, or go to my employer and open a pre-tax retirement account by this date:____________

Signature:____

Three: Go visit PayTrust.com or Statusfactory.com or Quicken.com.

Session 5: BUILDING YOUR EMERGENCY BASKET

The average American family reportedly has less than one month of expenses in savings. What would you do if you lost your job, got injured, or were otherwise unable to bring in any money? You need to have an "emergency basket" of reserve funds that you can easily access in case of emergency.

How much should you put aside in this emergency basket?

Ideally, you'll have six months of expenses set aside separate from your checking account in case of emergency. At a minimum, you should have at least 2% of your income going directly into your emergency basket of cash. How much you have in this emergency basket is up to you and your comfort level. Some people are comfortable with one month's expenses; others need as much as 24 months.

Once you decide how much you're going to save, it's time to make it automatic.

Three Ways to Save Automatically

Payroll Deduction

Automatic Bank Deduction

Online Bill Payment

Where should you put the money?

Money Market Accounts

Money Market accounts are liquid investments, meaning that when you put your money into them you can get your money out of them immediately What happens with the Money Market account is it's a mutual fund that invests in very short term government securities and bonds

Here is a list of companies where you can find out about Money Market accounts. Please note that neither David Bach nor Nightingale Conant is recommending any particular institution. Do your own research and make up your own mind as to which is best for you.

E*TRADE ($1000 minimum)
(800) ET BANK1
www.etrade.com

Fidelity Investments ($2500 minimum)
(800) FIDELITY
www.fidelity.com

Merrill Lynch ($2000 minimum)
(877) 653 4732
www.ml.com

Morgan Stanley ($2000 minimum)
(800) 688-6896
www.morganstanley.com

Charles Schwab ($5000 minimum)
(800) 225-8570
www.schwab.com

Edward Jones (No minimum)
1-314-515-2000
www.edwardjones.com

ING DIRECT (No minimum)
1-800-ING-DIRECT
www.ingdirect.com

Vanguard ($3000 minimum)
1-877-662-7747
www.vanguard.com

You can also get *The Wall Street Journal* or *USA Today* and you will find in the business section a list of Money Market accounts. You'll find a list of savings accounts. You'll even find a list of certificates of deposit (bank CDs). There you'll find phone numbers, what the rate is at the different banks, what the rate is in different money market accounts.

Online, you can go to www.finishrich.com. Go to into the resource center, click on money market accounts and follow the links.

Another website is www.bankrate.com. They list all the rates all over the country by state and depending on what you're looking for: Money Market accounts, savings accounts, and Certificates of Deposit. You can also look in your local paper. If you pull out your local paper's business section, you'll find a listing of Money Market accounts and Certificates of Deposit. And they'll show what the rates are.

Certificates of Deposit (CDs)

The bank will give you a guaranteed rate for a specific period of time and they'll insure that rate.

Government Bonds

The government has made it easy for you to set up your security account and make it completely automatic. You can literally go online and in a matter of minutes, with as little as $50, set up an automatic investment plan with the government. Their website is: www.treasurydirect.gov.

What types of savings bonds can you get from the government?

I-Bond

I-Bond stands for Inflation Bonds. An I-Bond allows you to invest with as little as $25. The maximum that you can buy right now a year is $30,000. The interest is added monthly. You can sell your I Bonds after one year. So in other words, you go out, you put $100 in this bond, you can leave it with the government now for 30 years and they'll pay you interest.

EE Bonds

These are a lot like the old savings bonds you used to get when you were a kid from your grandparents. Today they're calling these bonds Patriot Bonds. They brought the Patriot Bonds back after 9/11.

Treasury Direct

Go to www.treasurydirect.gov and they can explain to you how to use a checking account to buy savings bonds. They will automate everything for you in minutes. You can go on to this website and literally in minutes set up your entire security account and be done with it.

What if I have debt? How much should I be saving?

Get one month of emergency money in savings. Then you can start focusing on paying down your debt. Even if you've got credit card debt, get a month expenses in your security account. Don't stop paying your credit cards but don't lose sleep over the fact that you're not paying off your debt. Get a month of expenses put aside, then start tackling your credit card debt.

The Sleep Well At Night Factor

A key component of what we're doing today is the "sleep well at night" factor. Now what is that? It's really very simple. What keeps you up at night? One thing that keeps people up at night is worrying about money. It's really important to completely put that aside. The way you put that aside, the way you're able to get a good night's rest is to have an emergency basket of cash. Money worries are pervasive, and your emergency basket of cash can be better than any sleeping aid on the market today.

Action Steps For Session Five

One: Go to www.treasurydirect.gov.

You don't have to sign up for the plan, just go there and see what's available. If you don't have Internet access, you can use the public library to look up any of the sites mentioned in this workbook.

Two: Familiarize Yourself with the Newspapers.

Get a *USA Today*, or *The Wall Street Journal*, and look where they list the bank CDs and the Money Market accounts. Make yourself familiar with what is available out there.

Three: Bankrate.com

Go to BankRate.com and also see what's available on that website.

Four: Commit to Your Emergency Savings

What are your monthly expenses? What is it costing you monthly to live? Give yourself an estimate on that. Then compare that to how much money you have in emergency savings. What's your goal?

Now, you don't have to get there overnight, but what's your goal? Do you want 1 month of expenses saved? Do you want 3 months of expenses saved? Do you want to go with the David Bach formula and have 6 months of expenses put aside? Commit to it here.

THE EMERGENCY SAVINGS COMMITMENT

I ______________________ (insert your name,) hereby promise myself that

starting this week, I will save at least ____% of my income to emergency savings.

I will then have at least $_________ saved no later than ___________(insert date).

Signature:____

Session 6: AUTOMATIC DEBT FREE HOMEOWNERSHIP

The likelihood of your being rich as a renter is virtually zero. Statistically, renters in America do not become millionaires. The average renter in America has a net worth of less than $4,000. Homeowners, on the other hand, have an average net worth of $140,000.

One of the first things you should be saving for, one of the most important purchases that you can make is – not stocks, not mutual funds – buy a home.

You're the greatest tenant in the world

People's homes are actually often their greatest asset and the greatest amount of equity that they have when they retire. Here are six reasons why homes make great investments.

One: It's **forced savings.** When you buy a home, you're forced to pay that mortgage. You will figure out a way to pay for it. Most people find out that over time the greatest form of financial security they have is the equity that they've built up in their home.

Two: The second thing is **leverage**. The power of real estate is truly about the power of leverage. You're using a little bit of money to get a lot more assets.

Three: The third reason homes make great investments, is that you're **using OPM**, or other people's money. You're not using your own money, you're not going out and buying a home and saying, okay, the home costs $250,000, here is a check for $250,000. Even if you had $250,000 you probably wouldn't go write a check right now, you'd have the bank give you a loan. So you're using the bank's money to purchase the home. And again, as that home goes up in value when you turn around and sell it, you'll be paying back the bank their money. You used their money to get into the job of investing.

Four: The **tax breaks**. The government has made it very easy for Americans to buy a home by making the interest on your mortgage tax deductible. Now the interest on your mortgage is tax deductible on the first million dollars of money that you borrow. This is why homeowners can, in many cases, afford to pay more for a monthly mortgage than they can afford for rent because by the time they get their tax deduction, it equals out to be the same or in many cases it becomes cheaper to become a homeowner than it is to be a renter.

Five: The **pride of ownership.** When you own a home there's just a different feeling that comes from owning that home versus renting. It's that pride of ownership. It's knowing that you now have a piece of the American dream home.

Six: Real estate has proven to be a **great investment.** The National Association of Realtors states that since 1968 when they first started keeping national records of real estate, real estate investments as a whole have had an annualized return of 6.3%.

How Much Money Do I Need for a Down Payment?

It depends. There are loans that are available from lenders and from the government that can enable a first time homebuyer to finance their home with 95%, 97%, even 100% of the purchase price. The single biggest mistake people make who are renting is they assume they need a really large down payment. And in many cases it's just not true. You may be able to afford to buy a home right now with almost no down payment. Here are some places you should check out to find assistance and information about home financing.

HUD	US Department of Housing and Urban Development www.hud.gov (202) 708-1112
FHA	Federal Housing Administration (same as HUD)
NCSHA	National Council of State Housing Finance Agencies. www.ncsha.org 202-624-7710
Fannie Mae	Federal National Mortgage Association www.fanniemae.com 800-832-2345

How much home can you afford?

The FHA recommends that people can afford to spend 29% of their gross income on housing expenses--and as much as 41% if they have no debt. Even though the FHA looks at gross income, it's better to look at your net (after tax) income.

No more than a third of your net income should be going to housing costs.

Here are a few of the different types of loan products that exist.

30-Year Mortgage

The 30-year mortgage is the one most people use. It locks in your interest rate for 30 years. It's ultra conservative. The nice thing about 30-year mortgage is that you know exactly what you've got for the next 30 years. You're locking in your rate. And it's affordable because you're paying it over 30 years. The downside, however, is that with a 30-year mortgage you're paying for it over 30 years. So it's actually very expensive in the long term.

15-Year Mortgage

With a 15-year mortgage you've locked the rate for 15 years so you're guaranteed at that rate. The payments are higher because obviously you're paying your home off in 15 years. Now what's happened with rates dropping from 8% to below 6% is that some people who have been aggressive have actually refinanced, their mortgage payment has stayed the same, but they've gone from a 30-year mortgage to 15 years.

Short Term Adjustable Rate Mortgage

Short-term adjustable rate mortgages are called ARMS. There are 3-year ARMS, 5-year ARMS, and 7-year ARMS. These mortgages lock a rate for a specific period of time. So you may do a 5-year ARM. Your rate, which is a lower rate than a 15- or a 30-year mortgage, is locked in and you'll get that rate for 5 years. At the end of 5 years the rate adjusts based on interest rates.

LIBOR Loans

There are called monthly flexible mortgages. They're typically called LIBOR loans. They adjust to the London Index of Bonds. These mortgages have the lowest possible rate. As rates move up, though, those interest rates adjust monthly. This means your mortgage payment could change every month as well.

Again, let's go back to the American Dream. When you don't have debt and overhead, you don't have to work and make money! You know, you need money for food but you don't need money for the bank. The faster you're debt free, the faster you get your time back.

The Secret of Debt Free Homeownership? Bi-weekly Payments

What does bi-weekly mean? Here is a very simple example. Say you spend $2,000 a month right now on your mortgage. If you took your mortgage, instead of paying for it once a month like everybody does, you spent $1,000 on your mortgage every two weeks you know what would happen? You'd take a 30-year mortgage and you'd pay it off, depending on the interest rate, in less than 22 years!

Benefits of a Bi-Weekly Mortgage Plan

- It saves you thousands of dollars on your interest payments.
- It's a forced way to save additional dollars.
- It makes your cash flow easier because you're now paying for your mortgage when you get paid.
- It's automated (no late mortgage payments)
- It cuts years off your mortgage.

How Do I Get a Bi-Weekly Mortgage Plan?

There are a couple of ways to do this. One, you can go back to the bank who has your mortgage and you can ask them if they have a bi-weekly mortgage plan? In other words, can you take the mortgage that you've currently got, your 30-year mortgage and can you pay them every two weeks? The answer probably is yes. There will be a cost to do it, however. You've got to ask them what the cost is. The typical cost to set up these plans right now is running a couple hundred dollars up front and then anywhere from $4–$7 a month. Most banks today are outsourcing this process. There is a company called Paymap. You can go to www.paymap.com yourself, and not go to your bank. They have created what is called Equity Accelerator®. It's called an Equity Accelerator® because it's helping you pay off your home early and build equity in your home. They are the company that is handling this process for most mortgage companies today. In fact, you may find that your mortgage company actually refers you to Paymap to do this. When you call Paymap, tell them "David Bach" recommended you.

Action Steps For Session Six

One: Get the Free Report from Fannie Mae

Whether you own a home or not, I would call 1-800-688-4663 and get this free report from Fannie Mae. It is called *Opening The Door To A Home Of Your Own, Choosing A Mortgage, Knowing Your Credit, and Borrowing Basics.*"

Two: Go to eloan.com and bankrate.com and Look at the Mortgages

Check out what you can afford based on your situation right now. They've got a great website, great calculators, you'll find the mortgage calculator for Bank Rate on their website.

Three: Go to PayMap

If you own a home, go to www.paymap.com and investigate a bi-weekly mortgage payment.

Four: Make a Commitment

If you don't own a home, decide today, when are you going to buy your first home?

THE HOME PURCHASE COMMITMENT

I ______________________ (insert your name,) hereby promise myself that I will buy a home no later than ___________(insert the date).

Signature:____

Session 7: AUTOMATIC DEBT FREE LIFESTYLE

We're going to talk about today the automatic debt free lifestyle. Now this is going to be a unique session because for some of you, as you listen to this program I know you're in credit card debt. How do I know that? The average American family right now has reportedly over $8,400 in credit card debt.

How much money should you "pay yourself first" if you've got credit card debt? Whatever amount of money you decide that you're going to save to pay yourself first, if you have credit card debt, whatever that percentage is, half of it, should go into your retirement account for the future. That's paying for the future. The other half should go into paying for your past, that's your debt.

To make it simpler, let's use dollar amounts. Let's say you're saving $200 a month. $100 would go in your 401K plan or your IRA account, and the remaining $100 would go to pay down your debt.

Now earlier we talked about your security account. What do you do you do about that? If you've got debt we want you to build your security account, remember, up to one month of expenses, then pay down the debt as fast as possible.

Credit Card Debt Holds Us Down

Action Steps for Session Seven

Operation No More Debt

There are seven steps to getting out of debt. They are:

1. Stop using credit cards
2. Renegotiate the interest on your debt
3. Consolidate your debt
4. Find out your credit score
5. Stop the credit card applications from coming to you
6. Consider debt counseling
7. Make it automatic!

Step one: Stop digging yourself deeper into the debt hole.

If you've got credit card debt you need to take those credit cards and honestly, you need to cut them up, you need to bury them in your backyard, or you need to put them in a bowl of water in your freezer. Whatever works for you, you've got to make it easy to not use them.

"I don't need to cut them up! I just won't use them anymore," you say.

Would you:

- Go on a diet but keep chocolate cake in your refrigerator?
- Kick a drug habit but leave a marijuana cigarette on your nightstand?
- Quit drinking but hold a rum and coke at a party?
- Stop smoking but carry a pack of cigarettes in your pocket?

No you would not. Not if you were serious about changing your life. You are serious about getting out of debt and building wealth, so you have to take some serious action.

Don't be depressed about it. Make it a ceremony! Have a retirement party for your credit cards. Gather your family together and share your vision for the future. Tell stories of the dumbest things you ever bought with a credit card. Get out the scissors and start snipping! Celebrate the fact that you are no longer at the mercy of the credit companies. **You are taking back your power!**

Step two. Renegotiate the interest rate on your debt.

This one idea might just pay for this audio program in the first month. Pull your credit cards out of your wallet, line them all up and figure out what interest rate you are paying on each and every credit card. You can look at your statement, or you can call the credit card company and find out the interest rate. Ask them, "What is the interest rate that you're charging me? I want to know the effective rate." Make sure they're quoting you the real rate. A lot of times they quote you the rate over prime. If prime's at 4% they quote you 6% over prime, you're actually at 10%. You need to know the effective rate.

On average you are probably paying over 17% right now on your credit card debt. It could be different. But the key thing is that what you're paying is probably twice as much as you should be paying.

Go to www.bankrate.com, click into the area that shows credit cards. You'll see what the going offers are right now on new credit cards.

After you find out the going rate, call your credit card company back. Ask to speak to the supervisor. Don't try and negotiate your credit card interest rate with the first person you call.

The supervisor will get on the phone and you will say to them this, "You are charging me 17% interest rate. Your competitor today mailed me an application." Look at the competitor who's offering it. You went and you did the research, give them the name. Say, whoever it is, "MasterCard has offered me a credit card at no percent interest. In order for me to continue to work with you, Visa, you need to lower my interest rate right now while I'm on the phone. I want you to lower my rate to below 6%." Now, you don't have to throw out there what you want them to lower it to. You may let them offer you something. You might be wondering, will they really lower my interest rate just by asking? The answer is almost always yes. Because number one, they know that you can move your credit card back to somebody else and they don't want to lose you. It's extremely expensive to acquire a customer. It costs them in many cases well over $100 per customer to get you. That's why the credit card industry is forced to send over 1 billion pieces of mail a year to solicit people for credit cards. So they don't want to lose you. If you've been paying your bills you've got a really good chance of getting your interest rate lowered. And if they won't lower your interest rate, you've already done the research, you can move your credit card debt to another company that will give you the lower rate.

It's Your Interest Rate That Is Causing Your Debt To Get Bigger and Bigger

SCAM ALERT! Not all credit card offers are the same. Let's say that your 0% interest for six months, at the end of six months some of these credit cards state that if you haven't paid it all off, you'll be charged the interest rate for the first six months. You've got to really read the fine print before you transfer your debt.

Step Three: Consolidate Your Debt

Here's another secret. When you renegotiate your interest rate you can also often get your credit card company to consolidate all of your debt. Let's say you have $2,000 on Visa, you have $1,000 on MasterCard and you have $500 on some other credit card company. Well, you're talking to Visa. You say, "You're charging me 17% interest. I'll move over all my credit card debt to you, I've got $3,000 in additional credit card debt with all these other credit card companies, I'll move it all over to you if you'll give me a rate for six months of 6%."

Why Consolidate Your Debt?

- First, you're only getting one bill.
- Second, you can often get the rate even lower by consolidating all your debt.
- Third, it's the power of focus.

The DOLP System™
The acronym DOLP stands for "Dead On Last Payment". Now this is a very simple idea that if you're not going to consolidate your debt you've got to have an attack plan for which credit cards you pay off and in which order you pay them off.

Below is a worksheet for you to fill out that will help you decide which credit card to pay off first.

First, get all your credit card statements and calculate their DOLP numbers. To do this, take the current balance on the credit card (the total amount you owe) and divide it by the minimum monthly payment. Don't worry about which card has the highest or lowest interest rate. The result is your DOLP number for that card.

Once you've figured out your DOLP number for each card, rank them in reverse order. That is, the account with the lowest DOLP number is first; the second-lowest number is second and so on. Use the following chart to fill in your DOLP rankings.

Account	**Outstanding Balance**	**Monthly Minimum Payment**	**DOLF Number** (Outstanding Balance ÷ Minimum Monthly Payment)	**DOLF Ranking** (Lowest DOLF number is ranked #1)

Now, whenever you can afford to make a larger than minimum payment on a credit card, you'll put that toward the card listed as DOLP card number one. Use your Latte Factor to come up with this extra money. Continue doing this until you've DOLPed your way to debt freedom!

Step Four: Find out what your credit score is.

www.myfico.com is the website to use. A company called Fair Isaac runs Myfico.com. What Fair Isaac has been doing for years is keeping track of our credit records. They take the three major credit card companies, Equifax, Experian and Trans Union Corporation, they pull your record, they look at your debt, and they see how fast you pay your debt off or if you pay your debt late. They take a look at your overall debt structure versus your income. They've got all kinds of systems in place to score your credit record. When you go to buy a home or get a home loan or even apply often for a credit card what they do, these companies, is they go and look at your FICO score. And FICO has the score based on you. It is like your financial GPA. For $38.95 online you can get your report instantly in minutes. Now this is a very important thing to see because not only does it give you your score, but also because it consolidates all of your information you're able in a matter of minutes with one little report to see everything you've ever done financially. It's a little bit scary; it's like getting your financial transcripts. They'll have every credit card account you ever opened. They'll have every single time you ever made a late payment. Everything that is known about you will be on this report. And the report tells you why your score is what it is, and it tells you what you can do conceivably to get your score up. So it's very helpful.

Step Five: Stop all those credit card applications from filling up your mailbox.

There's a website called www.stopjunk.com. You can also call the national opt-out center, which is 1-888-567-8688. Another thing, when you get a call at home, it's from a credit card company and you don't want them calling you, you just tell them, "Take me off your call list. Put me on the do not call list." Legally they have to stop calling you

Step Six: Consider debt counseling.

How do you know when you need debt counseling? Usually, you think you need debt counseling, you need debt counseling. If you're having a hard time making the minimum payments on your credit cards you've got a problem. You can go to the Consumer Credit Counseling Services. They are the largest organization in the country.

Consumer Credit Counseling Service
www.cccsintl.org
1-800-873-2227

Myvesta
www.myvesta.com
(800) myvesta

Step Seven: Make it automatic

The last step of this session is to make it automatic! To avoid late fees, you want to make sure you're paying your credit card companies early. Don't go to the last day. Figure out what day your credit cards are due and set your bank up or your online bill pay company to automatically pay your credit cards at least five days before the credit is due. That way you know you won't get hit with these late fees.

By the way, if you get hit with late fees, again it comes down to negotiations. Pick up the phone, call your credit card company, tell them you're furious that you always pay your credit cards on time and can't believe they've penalized you with this late fee and that you want the late fee credited back. If they won't credit you back, tell them you're going to move your credit card debt. You will find that they will credit you back in almost all cases.

Buying a Car versus Leasing a Car

If you are out of debt, should you pay cash for your cars? It really depends. Cars are the worst investment that you could ever buy. If you buy a brand new car, the moment you drive it off the lot it's gone down in value at least 30%. Let's say you buy a $30,000 car and you drive it off the lot, you turn around the corner, you bring it back, they're going to give you $20,000 for that car. That is not a good investment.

When you go to buy a car, if you can get somebody else to let you borrow money to buy that car, which is a depreciating asset, and give you a super low rate of interest, then do it!

The smartest thing you can do, however, if you're going to buy a car is to buy a car that's at least 2 years old. There's a huge movement in America to lease cars rather than buying them; and a lot of those cars have 2-year leases. After the two years, these cars come back to the dealership, they're almost brand new, and they don't even have a lot of miles on them. But you can buy that car for half the price of buying a new car. That's a really smart thing to do.

Leasing might be a smart thing …

if you're in business, and

if you can write off your lease, and

if you drive less than 10,000 miles a year

then you need to talk to your CPA about leasing

A lease does not work if you're putting a lot of miles on your car because most leasing companies, once you've driven the car more than 10,000 miles, start hitting you with penalty fees upwards of $.05 a mile. If you drive a lot of miles there is no way a lease is going to work. Then you need to buy the car. When you buy the car be sure and look at buying a car that's at least 2 years old.

David's Bonus Gift

As a bonus to you go to www. FinishRich.com, you'll find an entire chapter about credit card debt that you can download for free. It comes from the bestselling workbook called the *Finish Rich Workbook*. There's a whole chapter that you can actually download for free, as a gift to you. Enjoy.

Session 8: AUTOMATIC TITHING

"We make a living by what we earn. We make a life by what we give."
– Winston Churchill

The idea behind this last session of The Automatic Millionaire is this: make a difference with automatic tithing.

What is tithing? The key behind tithing is the idea that a piece of what you sow you give back. In other words, as your income comes in you give some of your income back to the world to help it. That can be your church, your temple, your community, whatever your source of spiritual inspiration. You're helping people in need.

What is the common denominator behind billionaires? Most people who became billionaires started tithing at a very young age before they became rich. So before they became rich, before they had financial abundance in their life, these people gave money at a very young age.

Most people get to the end of the year and they look at what they've got left over and then they give. They give because of tax deductions, they give because it's the holidays, and they give because somebody asked, but they give after the fact. In other words, they get to the end of the year, they see what's left over and then they give to charity.

A better way to give is by making it automatic. You decide what percentage of your income you want to give. It could be 1% of your income it could be 10%, but you choose a charity or an organization and you make the process of giving money to that organization automated.

How much should you give? Not more than you can give while still saving. There are many people who are giving 10% to their church or synagogue and saving nothing. That's a challenge because then you're giving everything away and you have no financial security.

The importance of tithing is the spiritual abundance it's going to provide you. But it's also important for you to have financial security. When you have financial security you'll learn how to become more abundant because you'll have more freedom and you'll have more time. When you have more time, one of the things you learn how to do is focus on things other than yourself. While you probably already are focusing on things other than yourself, financial freedom gives you even more time to do that. When you think about tithing--even before you become rich--you're putting yourself in a proactive place every month. Every time you get paid you think to yourself, "Whom do I want to help now?"

There are a lot of people who are rich but who don't feel rich inside.

Action Steps For Session Eight

One: Commit to Tithe.

Just like you decided to pay yourself first and you chose a percentage or a dollar amount, just like you decided to do your security basket and you chose a dollar amount, you want to do the same thing with tithing.

TITHING COMMITMENT FORM

I ______________________ (insert your name,) hereby promise myself that starting this week, I will tithe at least ____% of my income to the source(s) of my spiritual inspiration. ____________(insert the date).

Signature:____

Two: Make it Automatic.

Many charities will allow you to automatically deduct your donation monthly through your checking account or credit card. Just make sure that if you are putting it on a credit card, it is one that must be paid off each month.

Three: Do Some Research.

Make sure before you give the money to a charity that you do some research. There are so many charities today that you want to make sure that your money is going to the cause you believe in. A good rule of thumb is that the charity that you're giving your donation to provides 65% or more of your donation to the actual cause. The question to always ask a charity before you give money to them is, "What percentage of the money is actually going to the organization and how much is for administration?" Ask them to give you written documentation. If they won't, don't work with that organization. Find a charity that will.

Four: Keep Records

You need to keep track of who you're giving money to because you can get a deduction on your taxes when you give money to charity.

Five: Find Out About Donor Advised Mutual Funds.

It does require $10,000 to invest in these mutual funds. Here's how it works. In essence, a charitable donor advised mutual fund allows you to put your money inside this mutual fund and you'll get an instant taxable donation. The money's diversified, it's managed professionally, and then later when you're ready to put the money into charity, you contact the mutual fund company and they move the money from the mutual fund to the charitable organization.

Six: Share the Idea of Tithing with Someone You Love.

The power of tithing is the power of community. If everyone were giving 1% of their income back to society, back to the community, we would live in a totally different world. Not just a world that's wealthy, but also a world that's rich inside.

Internet Resources

www.tithing.org

www.give.org

www.guidestar.org

www.irs.gov

www.fidelity.com

www.schwab.com

http://www.programforgiving.org/ (T Rowe Price)

Bonus Session: GETTING YOUR FINANCIAL HOUSE IN ORDER

Do you have a messy financial house? Most people don't have their finances well organized. We don't have nice file folders color-coded and put in one file drawer where we can find all of our financial documents. Instead, most people have a "shopping bag" approach. We put all our papers in a shopping bag, or we're putting everything in one big file box and at the end of the year we've got to try and find our documents. This leads to a lot of stress.

This session explains a system called the FinishRich File Folder System. Imagine how great it would be if you had one file drawer in your house where everything in your life that's related to your finances could be found in 60 seconds. What's beautiful about this is it doesn't take a computer software program. All you need is a file drawer and some file folders and a pen. That's as much technology as you need.

David Bach's
The FinishRich File Folder System™

There are 13 file folders to create.

- **File Number One:** **Tax returns.**
  Keep 7 years of tax returns in that file folder

- **File Number Two:** **Retirement accounts.**
  Anything related to retirement goes in here. This includes 401K statements, IRA statements, bank IRA accounts, anything related to your retirement accounts.

- **File Number Three:** **Social Security.**
  By now you should have received your Social Security benefit statement. This file is where you should be putting your benefit statements. If you haven't received one you need to call Social Security and have them mail it to you. Make sure you check your Social Security benefit statements because you only have a limited amount of time that you can go back and fix a mistake. You should look at this every single year.

- **File Number Four:** **Investment Accounts,**
  Anything related to investments goes in this file folder.

- **File Number Five:** **Checking Accounts/ Savings Statements.**
This is where your bank accounts go. Again, put everything in here.

- **File Number Six:** **Household Accounts.**
This includes your house title, your home improvements, and your house mortgage. It's very important that you keep track of everything, have a separate file folder for each category. For example, this is where you keep paperwork for home improvements. Any time you're spending money on your home, this is where you'll put the receipts. This is very important because the cost basis of your home is increased based on how much money you spend fixing it up. When it comes time to sell your home, having all those receipts are very important from a tax standpoint.

- **File Number Seven:** **Credit Card Debt.**
This is really important. Consider getting a red file folder or using red ink. Get a file folder for each credit card so that you've got a separate file folder for each statement. If you have a lot of debt you need to be watching this closely, paying attention to this and obviously shrinking your debt by going through the session that we've done on debt reduction.

- **File Number Eight:** **All Other Liabilities.**
Now, this could be anything. You may have loaned somebody some money. Anything that you can you can think of where you may owe somebody money; that can go in this file folder.

- **File Number Nine:** **Insurance**
In this folder goes your home insurance, your disability insurance, your car insurance, your jewelry insurance, your health insurance; everything that's related to insurance goes in this file folder.

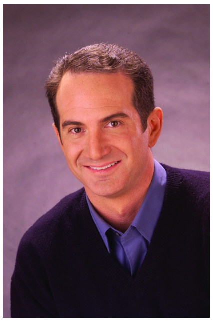
- **File Number Ten:** **Your Family Will or Trust.**
Put a folder in here anyway, even if it's empty, because it will remind you that you need to go and get a will done.

- **File Number Eleven:** **Your Children's Accounts.**
If you don't have any children accounts you can skip this one. If you have children you should put everything pertaining to your children that you would want somebody else to know about if anything happened to you in this file folder. You can also put the investment accounts or college savings accounts in this file folder.

- **File Number Twelve:** **The Finish Rich Inventory Planner.**
This is a form and system to organize your net worth. You can put everything down on paper, where all your money goes, and your net worth statement. You want to fill this out every year and update it. The Inventory begins on page 47.

- **File Number Thirteen:** **"Where Does The Money Go?"**
This is a form that you can use to fill out exactly where all your money goes. Every year you should update this as well.
The "Where Does The Money Go?" form begins on page 55.

THE AUTOMATIC MILLIONAIRE™



A NOTE FROM DAVID BACH

Well, we've come to the end of the program. I've had so much fun being here with you. And I really have enjoyed this. I hope you've enjoyed it, too. I want to share with you a story. It's a personal story about my grandmother. It's a story I don't tell to a lot of people but I want to share it with you because it really kind of ties all of this together.

My Grandma Rose Bach passed away in 1997, right before my first book, *Smart Women Finish Rich* came out. But she didn't pass away suddenly. What happened to my grandmother was that she had a stroke. My grandmother Bach really was my mentor. She was very much my first coach. And the week before she passed away I got to spend time with her in the hospital. She was very proud of the fact that I was writing that book because I was talking about her.

As my grandmother was lying in the hospital bed sick, I didn't know she was going to pass away but there was a feeling in the air that this could be her deathbed. I remember my Grandmother pulling me aside, reaching to me. She couldn't talk very well, but she was able to say the following to me. "David, in my life I've had very few regrets. You know, I've lived a great life, a totally full life. I had a great marriage to your grandfather, Jack, I raised a wonderful son, your father Marty, and I got to be close to my grandchildren. I lived a really full and meaningful life. When your grandfather passed away I could have given up but I didn't. The last 17 years of my life I've been down in Leisure World. I've made lots of new friends."

But she said, "If I have any regrets it's this, and I want you to listen carefully." She said, "In my life I can count on one hand the opportunities that came my way where I really reached a fork in the road. I was going down a path and I could see the fork. On the left side was a very safe approach to life. I could go down that path and I could see the outcome, and I knew how things would turn out. It wasn't guaranteed but I could tell that if I went down that path the chances are things would be pretty good."

"On the right side of the road was more risk. I knew if I went down that road I'd have to take a chance. But I could also see on the right side of the road there was more opportunity, there was greater gold, but it was risky. A handful of times in my life that I can remember like it was yesterday, I always went left. Inside of me was a little girl saying, 'Rose, go right. Take the risk.' But there was also a big girl inside of me saying, 'Rose, you can't afford to take the risk. Go left. Go the safe route. You can't afford to do something new. Go the safe way.' In every case, that handful of times, I let the big girl take over for the little girl inside of me and I went left. I went the safe route."

"I'll never know what would have happened if I had let that little girl inside of me come out to play. And I had taken more risk."

"David, that big girl is inside each and every one of us. You've got a little boy inside of you who wants to come out and play and you've got a big boy inside of you who's holding the little boy back. Let your little boy come out and play." She said, "If I can give you one gift before I die it would be this, take more risk with your life. Then you'll never regret wondering what could be."

I get chills as I think about that. We've all got that little girl or little boy inside of us that wants to come out and play. And we've got that big girl or big boy inside of us that holds us back. The person that got you to buy this program, the Automatic Millionaire, and got you to listen to this program day after day, that's your little boy or your little girl that wants you to come out and play. Let's face it; there are a lot of big girls and big boys out there, not just inside of us, but also in our society. You've got parents to tell you why things won't work. You've got coworkers to tell you why things won't work, and you might have a spouse telling you why things won't work. You've got these big boy, big girl pressures trying to keep the little boy or little girl inside of you from coming out to play. *Don't let it happen.*

This is your chance. This is your turn. I've given you some incredible tools that you can use. Take my grandmother's advice on her deathbed and let your little girl or little boy come out and play. And as you go on that journey we call life, and you let her out or you let him out, and you go out and you play in the world and you take some more risk, I want you to know that my thoughts and prayers are with you.

And I hope as this journey through life continues, there will be a chance where we get to meet face-to-face, where you come up to me at a seminar and say, "David, I went through your program and here's what happened. I hope I get to meet you again." Send me an email and let me know how you do

Here is my special e-mail for people from Nightingale-Conant. You can e-mail me at nightingale@finishrich.com. Put in the subject line "Nightingale-Conant, the *Automatic Millionaire*", I'll know it's coming from you. Also visit my website at www.finishrich.com, and make sure to sign up for a special FinishRich Newsletter (a $199 value, that is yours free.)

God bless you, enjoy your journey, live and finish rich.

David Bach

The Finish Rich Inventory Planner™

Step One: Family Information.

Your Name ______________________ Date of Birth __________ Age _____

Nickname ______________________

Spouse's Name ______________________ Date of Birth __________ Age _____

Nickname ______________________

Mailing Address ______________________

City ______________________ State _______ Zip Code __________

Home Phone# ______________________

Your Work Phone# ______________ Spouse's Work# ______________

Your Fax# ______________ Spouse's Fax# ______________

Your E-Mail ______________ Spouse's E-Mail ______________

Your SS# ______________ Spouse's SS# ______________

Your Employer ______________ Spouse's Employer ______________

Job Title ______________ Spouse's Job Title ______________

Are you retired? Yes ❑ Date Retired ______________

No ❑ Planned Retirement Date ______________

Is your spouse retired? Yes ❑ Date Retired ______________

No ❑ Planned Retirement Date ______________

Marital Status: ❑ Single ❑ Married ❑ Divorced ❑ Separated ❑ Widowed

Children

Name	Phone #	Date of Birth	SS#
1)			
2)			
3)			
4)			
5)			

Dependents

Do you have any family members who are financially dependent upon you or could be in the future? (i.e., parents, grandparents, adult children, etc.) Yes ❑ No ❑

Name	Age	Relationship
1) ______	______	______
2) ______	______	______
3) ______	______	______
4) ______	______	______
5) ______	______	______

Step Two: Personal Investments

(DO NOT INCLUDE RETIREMENT ACCOUNTS HERE)

Cash Reserves

List amount in Banks, Savings & Loans, and Credit Unions

Name of Bank Institution	Account Type	Current Balance	Interest Rate
Example: Bank of America	*Checking*	*$10,000*	*2%*
1) ______	______	______	______
2) ______	______	______	______
3) ______	______	______	______
4) ______	______	______	______
5) ______	______	______	______

Total Cash Reserves______

Fixed Income

Fixed Income Investments	Dollar Amount	Current %	Maturity Date
(Example: CD, Treasury Bills, Notes, Bonds, Tax-Free Bonds, Series EE Savings Bonds)			
1) ______	______	______	______
2) ______	______	______	______
3) ______	______	______	______
4) ______	______	______	______
5) ______	______	______	______

Total Fixed Income ______

Stocks

Name of Company	# Shares	Purchase Price	Approximate Market Value	Date Purchased
1) ______	______	______	______	______
2) ______	______	______	______	______
3) ______	______	______	______	______
4) ______	______	______	______	______
5) ______	______	______	______	______

Total Stocks ______

Do you have stock certificates in a security deposit box? Yes ❑ No ❑

Mutual Funds and/or Brokerage Accounts

Name of Brokerage Firm/ Mutual Fund	# Shares	Cost Basis	Approximate Market Value	Date Purchased
1) ______	______	______	______	______
2) ______	______	______	______	______
3) ______	______	______	______	______
4) ______	______	______	______	______
5) ______	______	______	______	______

Total Mutual Funds and/or Brokerage Accounts ______

Annuities

Company	Annuitant/ Owner	Interest Rate	Approximate Market Value	Date Purchased
1) ________	________	________	________	________
2) ________	________	________	________	________
3) ________	________	________	________	________

Total Annuities $________

Personal Loans (Loans made by you)

Name	Relationship	Phone #	Total Outstanding	When Due?
1) ________	________	________	________	________
2) ________	________	________	________	________
3) ________	________	________	________	________

Total Personal Loans $________

Other Assets (e.g. Business Ownership, etc.)

	Approximate Market Value
1.) ________	$ ________
2.) ________	$ ________
3.) ________	$ ________

Total Other Assets $ ________

Step Three: Retirement Accounts

Employer-Sponsored Retirement Plans

Are you participating in an Employer Sponsored Retirement Plan?
(These include Tax-Deferred Retirement Plans such as 401(k) Plans, 403(b) Plans and 457 Plans)
Yes ❑ No ❑

Name of Company Where Your Money Is	Type of Plan	Approximate Value	% You Contribute
You			
1) ______	______	______	______
2) ______	______	______	______
3) ______	______	______	______
Spouse			
1) ______	______	______	______
2) ______	______	______	______
3) ______	______	______	______

Do you have money sitting in a company plan you no longer work for?
Yes ❑ No ❑ Balance ______________ When did you leave the company? ____________________
Spouse
Yes ❑ No ❑ Balance ______________ When did he/she leave the company?__________________

SELF-DIRECTED RETIREMENT PLANS

Are you participating in a retirement plan?
(These include IRAs. Roth IRAs, SEP-IRAs, SAR-SEP IRAs and SIMPLE PLANS) Yes ❏ No ❏

Name of Company Where Your Money Is	Type of Plan	Approximate Value
You		
1) ______	______	______
2) ______	______	______
3) ______	______	______
4) ______	______	______
5) ______	______	______
Spouse		
1) ______	______	______
2) ______	______	______
3) ______	______	______
4) ______	______	______
5) ______	______	______

Total Retirement Accounts $ ______

STEP FOUR: REAL ESTATE

Do you rent or own your own home? Yes ❑ No ❑
Own ______ Monthly Mortgage is ____________
Rent ______ Monthly Rent is ________________

Approximate value of
primary home $ ______________________
- Mortgage Balance $ ______________________
= Equity in Home $ ______________________

Length of Loan ____________________________
Interest Rate of Loan ________________________ Is loan fixed or variable?___________________

Do you own a second home? Yes ❑ No ❑

Approximate value of
second home $______________________
- Mortgage Balance $ ______________________
= Equity in Home $ ______________________

Length of Loan ____________________________
Interest Rate of Loan ________________________ Is loan fixed or variable?___________________

Any other real estate owned? Yes ❑ No ❑

Approximate value $ ______________________
- Mortgage Balance $ ______________________
= Equity in Home $ ______________________

Length of Loan ____________________________
Interest Rate of Loan ________________________ Is loan fixed or variable?___________________

Total Equity in Real Estate $______________

Step Five: Estate Planning

Do you have a will or living trust in place? Yes ❑ No ❑
Date it was last reviewed? ____________________
Who helped you create it? Attorney's name ____________________
Address ____________________
Phone Number ____________________ Fax ____________________
Is your home held in the trust or is it held in joint or community property?____________________

Risk Management/Insurance

Do you have a protection plan in place for your family? Yes ❑ No ❑

Life Insurance Company	Type of Insurance *(Whole Life, Term, etc.)*	Death Benefit	Cash Value	Annual Premium
1) ________	________	________	________	________
2) ________	________	________	________	________
3) ________	________	________	________	________

Tax Planning

Do you have your taxes professionally prepared? Yes ❑ No ❑
Name of Accountant/CPA ____________________
Address ____________________
Phone Number ____________________
What was your last year's taxable income?______
Estimated tax bracket? ____________________%

Where Does Your Money Really Go?

First, determine how much you earn.

Wages, salary, tips, commissions, self-employment income	$____________
Dividends from stocks, bonds, mutual funds, savings accounts, CDs, etc.	$____________
Income from rental property	$____________
Income from trust accounts (usually death benefits from an estate)	$____________
Alimony, child support, widow's benefits	$____________
Social Security benefits	$____________
Other income	$____________
TOTAL MONTHLY INCOME	**$____________**

Second, determine what you spend monthly.

TAXES

Federal income taxes	$____________
State income taxes	$____________
FICA (Social Security Taxes)	$____________
Property Taxes	$____________
TOTAL TAXES	**$____________**

HOUSING

Mortgage payment or rent on primary residence	$__________
Mortgage payment on rental or income property	$__________
Utilities	$__________
Homeowner's or renter's insurance	$__________
Repairs or home maintenance	$__________
Cleaning service	$__________
Television cable	$__________
Home phone	$__________
Landscaping and pool service	$__________
Monthly internet service	$__________
Condo or association dues	$__________
TOTAL HOUSING	**$__________**

AUTO

Car loan or lease	$__________
Gas	$__________
Car insurance	$__________
Car phone	$__________
Repairs or service	$__________
Parking	$__________
Bridge tolls	$__________
TOTAL AUTO	**$__________**

INSURANCE

Life insurance	$__________
Disability insurance	$__________
Long-term care insurance	$__________
Liability insurance (umbrella policy)	$__________
TOTAL INSURANCE	**$__________**

FOOD

Groceries	$__________
Food outside of home	$__________
TOTAL FOOD	**$__________**

PERSONAL CARE

Clothing	$__________
Cleaning/dry cleaning	$__________
Cosmetics	$__________
Health club dues and/or personal trainer	$__________
Entertainment	$__________
Country club dues	$__________
Association memberships	$__________
Vacations	$__________
Hobbies	$__________
Education	$__________
Magazines	$__________
Gifts	$__________
TOTAL PERSONAL CARE	**$__________**

MEDICAL

Health care insurance	$__________
Dental insurance	$__________
Prescription and monthly medicines	$__________
Chiropractic/therapist/etc.	$__________
Doctor or dentist expenses (copayments)	$__________
TOTAL MEDICAL	**$__________**

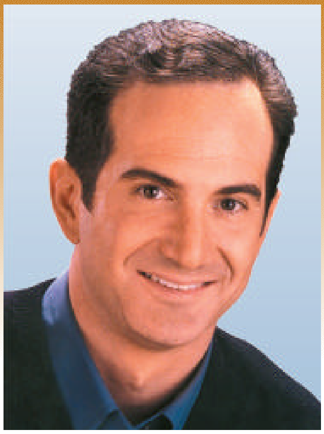
CHILDREN

Child support	$__________
Babysitter/child care	$__________
School tuition	$__________
School activities (sports, drama, art, band, etc.)	$__________
Clothing	$__________
Tutoring	$__________
College funding	$__________
TOTAL CHILDREN	**$__________**

MISCELLANEOUS

Credit-card expenses	$__________
Loan payments	$__________
Anything you can think of that I missed!	$__________
TOTAL MISCELLANEOUS	**$__________**

TOTAL MONTHLY EXPENSES	**$__________**
Murphy's Law Factor Take the total expenses and increase by 10 percent	$__________
TOTAL MONTHLY INCOME (from page 47) Minus total monthly expenses (after Murphy's Law)	$__________
NET CASH FLOW (available for savings or investments)	**$__________**



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Step 1 **Head to our website at www.finishrich.com.** There you can join our FinishRich Community by registering for my powerful FREE FinishRich Newsletter. Each month I'll send you my thoughts on the economy as well as useful ideas to help you succeed both personally and financially. Many of my students and readers tell me that the newsletter is the "gift that keeps on giving."

Step 2 **Attend a Finish Rich Seminar in your area.** Each month courses based on my books are taught throughout North America and 95% of them are FREE. When you attend you'll also receive a FREE workbook to help you.

Step 3 **Download the FREE *Unleash The Automatic Millionaire Within* audio**. As our special gift for reading *The Automatic Millionaire* I've created this highly motivational audio designed to get you to follow through on what you've learned in this program.

Step 4 **Call me and ask a question!** I'm now hosting a weekly radio show called *The David Bach Show*. At www.finishrich.com, you'll find the toll free number to call and ask a question live on the air (as well as how to find the show in your area).

How To Reach Us

Go to **www.finishrich.com** or email us directly at **success@finishrich.com**. My favorite part of the day is reading my students emails. I love hearing about your successes and I learn from your suggestions and questions. I promise — if you send it we will read it!

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