

FINANCIAL FREEDOM

WEALTH WORKSHOP WORKBOOK

Building a strong financial foundation!
Step by step guide to financial freedom!

Retire rich on what you make now!

Financial stability in months!

Make nickels out of pennies!



THE OSBORNE GROUP
CROSSCOUNTRY MORTGAGE™

6 STEPS TO FINANCIAL FREEDOM



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1. **TRACK EVERYTHING** on the budget.
2. **PAY OFF ALL REVOLVING DEBT FIRST** - two credit cards with zero balance, pay the rest off starting with lowest balance first.
3. **MAXIMIZE FLOAT ACCOUNT** - 3x survival number, use for things that come up like broken washer, leaky roof, etc. Replenish each month.
4. **MAX RETIREMENT ACCOUNT** - 401K, IRA, CODA, SEP, etc.
5. **MUTUAL FUNDS AND STOCKS** - less than \$250K net worth = mutual fund; over \$250K net worth = stocks.
6. **PRE-PAY MORTGAGE AND CARS**

TOOLS FOR MANAGING YOUR MONEY

- **PAY BILLS ONCE A MONTH**
- **1 BANK - 3 ACCOUNTS**
 - CHECKING - strictly to pay bills, leave no money in checking account
 - SAVINGS - with ATM/debit card, \$200/month per spouse allowance for cash purchases under \$20
 - MONEY MARKET - high interest savings account for float, 3x survival
- **2 CREDIT CARDS PER PERSON** - 1 personal, 1 business and/or back up - pay off every month, zero balances
- **BILL PAY**
 - Pay bills once a month. Mortgage is due on the first, so pay on the first. Change the other due dates to around the first of the month.
 - Never pay a bill more than 30 days late.
 - 40-10-20-30 Rule: Uncle Sam, Tithe, Save, Live On
- **FILL OUT BUDGET!**
 1. Start with Column 5 - Every dollar that came in goes in Column 5. Identify each check. Net checks actually received.
 2. Column 1 - List of each bill you owe. Show the balance.
 3. Column 2 - Minimum owed. Total to find survival number.
 4. Column 3 - Total amount paid. Must match Column 5, allocate all the money every month. Once you've paid the bills, allocate leftovers to charity, savings, college funds, debt reduction, etc.
 5. Column 4 - Save 20%. Mark again any savings, 401K, debt paid, pre-paid mortgage, etc.
 6. Bottom of Budget - Money market needs to be 3x Column 2. Percent Saved = Column 4 divided by Column 5.
 5. YTD Saved = All Column 4's YTD. Cash Net Worth = Money market, stock, bond, mutual and 401K. Add in real estate value for total net worth.
 7. Look at all statements every month from mutual funds/stocks and track if balance went up or down. Hire a professional.

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FINANCE FACTS



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DID YOU KNOW?

- 70% of Americans live paycheck to paycheck.
- 50% of the work force have no pension.
- When social security was first created, the average life expectancy was 62 years. Now it is 80+.
- 62% of Americans retire on less than \$10,000 per year income.
- 55% of Americans “always or sometimes” worry about their money.
- 75% of Americans fear they aren’t saving enough money for retirement, but only a few are willing to do something about it.

IMPORTANT FACTS

- If you are 45 years old, and put \$100 in investments at an average 10% return, you will have \$71,880 by the age of 65.
- If you are 35 years old, and put \$100 in investments at an average 10% return, you will have \$206,440 by the age of 65.
- If you are 25 years old, and put \$100 in investments at an average 10% return, you will have \$555,454 by the age of 65.

KEY STEPS

- **VISION** - Know Your Goals
- **STRUCTURE** - How To
- **SCHEDULING** - Making the Plan

LIFE IS A GAME

“Life is game, not everyone plays!”

Structure your life for success!

Plan it, do it.

It is proven in society that there are three ways to get rich:

1. Inherit (10% of us)
2. Invest (10% of us)
3. Monthly Accumulation (80% of us)

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6 MAIN STEPS TO WEALTH



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1. TRACKING

Three main money flow accounts:

- a. Checking - Pay bills, \$100 left
- b. Savings - Allowance/ATM, spending money within your means
- c. Money Market - Float account, 3x survival

All creditor bills that come in - PILE

All income/payroll checks that come in - PILE

Pay all bills on the 3rd of each month, at one time. Deposit payroll checks only one time per month.

NOTE: Most creditors will accommodate you if you request a due date.

2. BE DEBT FREE

- Average credit card rate is 17%
- Maximum law for credit card interest is 27%
- Invest in your credit card debt first. Most mutual funds/IRS's will not.

3. BUILD SURVIVAL ACCOUNT: 3X SURVIVAL

Take survival amount x3 to remain in your money market account.

Example: Survival Amount = \$3,000

Float or Money Market Balance = \$9,000

Survival Debt - your monthly expenses with spending money included

4. MAXIMIZE YOUR RETIREMENT

1. **ROTH IRA** (etc.) \$459 per month, \$5,000 per person, plus additional \$1,000 per year catch up for over 50
2. **401K COMPANY MATCH**. This is a raise you may not be taking advantage of! \$18,000 max per year, plus an additional \$6,000 per year catch up for over 50 (\$24,000 max)
3. **SEP** (self employed pension fund). Max \$53,000 per year.

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6 MAIN STEPS TO WEALTH



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5. INVESTING IN THE MARKET: MUTUAL FUNDS

- This is the safest way to invest in the stock market. Pick a mutual fund that has at least 20 stocks in each fund.
- Pick two different mutual funds - B or C type.
- Invest every month, that way you are dollar cost averaging.
- After one year of investing every month in mutual funds, start one for each child.
- Check out a 529B college program for kids as well.
- If you still have money left, accumulate it in your money market and buy three stocks at a time in even dollar purchases.

6. PRE-PAY YOUR MORTGAGE

- Which is a better investment?
- If you pay 1/12 extra every month, you will shave 8 years off your mortgage balance.
- Example:

\$1200 house payment + \$100 1/12 extra = pay \$1300 every month

SAVE \$115,200 in interest for the life of the mortgage!

The home will go up in value no matter how much equity you have in it.

\$200,000 Free and Clear Mortgage

This means you have \$200,000 equity in home?

5% appreciation = \$10,000 profit ÷ \$200,000 invested

GIVES YOU ROI OF ONLY 5%

\$200,000 value of home

\$160,000 mortgage

5% appreciation

\$10,000 growth

\$40,000 invested = 25% ROI (return on investment)

5X'S BETTER INVESTMENT

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PERSONAL FAMILY BUDGET



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MONTH: _____ YEAR: _____

1	2	3	4	5
NAME OF BILLS	MO OWED MIN	MO/TOTAL PAI	AMOUNT SAVED	TOTAL PAYCHECKS
HOUSE				
AUTO				
STUDENT LOANS				
CREDIT CARDS:				
RENTS				
DIVIDENDS				
REFUNDS				
ELECTRIC				
GAS				
PHONE				
CABLE				
SEWER				
WATER				
DRY CLEANING				
YARD MAINT:				
DAY CARE				
CELL PHONE				
INSURANCE				
TRASH PICKUP				
INTERNET				
NEWSPAPER				
GAS				
GROCERIES				
DOCTOR:				
GIVING				
SPENDING \$\$\$				
MISCELLANEOUS:				
IRA-SEP				
MONEY MARKET				
401K				
Totals	\$0.00	\$0.00	\$0.00	\$0.00
	SURVIVAL NUMBER	TOTAL CHECKS WROTE	TOTAL MONTHLY SAVED	NET INCOME FOR MONTH
	Money Market Balance _____		NET WORTH	
	Money Market Float <small>needs to be (5x survival#)</small>	\$0.00	401k Balance _____	
	Column 4 div. Column 5 = % saved this month	#DIV/0!	Mutual Fund Balance _____	
	\$ Saved YTD	\$0.00	Stock Balance _____	
	Cash Net Worth	\$0.00	Equity in Home _____	
	Total Net Worth _____		Equity in Rentals _____	
	Giving YTD _____			

PERSONAL FAMILY BUDGET



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MONTH: _____ YEAR: _____

1	2	3	4	5
NAME OF BILLS	MO OWED MIN	MO/TOTAL PAI	AMOUNT SAVED	TOTAL PAYCHECKS
HOUSE \$452.785	\$2,450.00	\$3,450.00	\$1,000.00	
AUTO \$17,647	\$450.00	\$450.00		
STUDENT LOANS	\$0.00			
CREDIT CARDS				
VISA B: \$1,100	\$50.00	\$1,100.00		RENTS \$1,100.00
_____ B: \$ _____				DIVIDENDS
Rental Payment	\$950.00	\$950.00		REFUNDS \$1,800.00
				COMMISS \$12,753.60
				SPOUSE PAY \$4,750.00
ELECTRIC	\$110.00	\$110.00		
GAS	\$50.00	\$50.00		
PHONE	\$85.00	\$85.00		
CABLE	\$35.00	\$35.00		
SEWER	\$30.00	\$30.00		
WATER	\$0.00	\$0.00		
DRY CLEANING	\$0.00	\$0.00		
YARD MAINT	\$150.00	\$150.00		
DAY CARE	\$650.00	\$650.00		
CELL PHONE	Work Pays	\$0.00		
INSURANCE	\$350.00	\$350.00		
TRASH PICKUP	\$0.00	\$0.00		
INTERNET	\$0.00	\$0.00		
NEWSPAPER	\$0.00	\$0.00		
GAS	\$550.00	\$550.00		
GROCERIES	\$450.00	\$450.00		
DOCTOR	\$0.00	\$0.00		
Car Repair		\$550.00		
GIVING		\$2,000.00		
SPENDING \$\$\$	\$400.00	\$400.00		
MISCELLANEOUS				
Property Taxes	\$0.00	\$3,715.00		
House Furniture		\$668.60		
IRA- SEP				
MONEY MARKET		\$4,660.00	\$4,660.00	
401K			\$600.00	
Totals	\$3,760.00	\$20,403.60	\$6,260.00	\$20,403.60
	SURVIVAL NUMBER	TOTAL CHECKS WROTE	TOTAL MONTHLY SAVED	NET INCOME FOR MONTH

Money Market Balance	\$13,250.00	NET WORTH	
Money Market Float needs to be (3x survival#)	\$20,280.00	401k Balance	\$77,000.00
Column 4 div. column 5 equals % saved this month	31%	Mutual Fund Balance	\$183,860.00
\$ Saved YTD	\$44,500.00	Stock Balance	\$50,000.00
Cash Net Worth	\$324,110.00	Equity in Home	\$185,000.00
Total Net Worth	\$539,110.00	Equity in Rentals	\$30,000.00
Giving YTD	\$22,000.00		

ROADMAP TO FINANCIAL SECURITY



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HOW MUCH MONEY DO I NEED TO RETIRE?

1. At 5% of \$50,000 per million + \$4,100 per month return from bonds paying income. How many million do you need to cover your "Future Life Needs" (survival number) plus 50% to 200% (depending on age and lifestyle)?

Current survival number = \$ _____ (monthly)
x 150% = \$ _____ (minimum)

2. Divide total of Line 1 by \$4,100 = \$ _____ million needed to retire

3. How much cash net worth do I have now? \$ _____

4. How much do I need to save? (Line 2 - Line 4) = \$ _____

5. How much longer do I want to work? years

6. At a 6% average return, my current assets will be...

In 5 years / 60 mo - #3 x 1.4 = \$ _____

In 10 years / 120 mo - #3 x 2 = \$ _____

In 15 years / 180 mo - #3 x 2.75 = \$ _____

In 20 years / 240 mo - #3 x 3.85 = \$ _____

In 25 years / 300 mo - #3 x 5.4 = \$ _____

In 30 years / 360 mo - #3 x 7.5 = \$ _____

ROADMAP TO FINANCIAL SECURITY



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HOW MUCH MONEY DO I NEED TO RETIRE?

7. Subtract Line 2 from Line 6 = \$ _____

8. Multiply Line 7 by 70% for compounding = \$ _____ saved over the remaining years worked.

9. Divide Line 8 by the number of months left to work = \$ _____

10. How much do I make per month (gross average) = \$ _____

11. Following the 30-30-10-30 rule...

30% IRS, 30% savings, 10% charity, 30% to live on

My available savings dollars = Line 10 x 30% = \$ _____

12. Do I currently make enough to hit my goals?

If no, change Lines 1, 5, or 10 or discuss other options.

QUESTIONS TO CONSIDER:

What are your Real Estate plans?

Do you have other income?

How are you going to achieve Question 2?

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EVALUATION FORM



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Date: _____

Event: _____

Company _____ Name _____

Address _____

City _____ State _____ Zip _____

Cell Phone _____

Email Address _____

PERMISSION FOR US TO CONTACT YOU

1. Overall, I would rate the event a _____ (1-10)

2. I was given the tools necessary to implement the ideas presented _____ (1-10)

3. What are your **"Top 3 Action Steps"** that you will implement in the next 30 days?

1. _____

2. _____

3. _____

4. How could this event's effectiveness be improved? _____

5. What did you like the most about this presentation? _____

6. Based on this presentation, I would like to learn more about: _____

7. Please list any additional topics you would like presented at future events: _____

8. Any further comments or suggestion: _____