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Want To Be Broke? Do A Budget!

What most people don't realize about personal finance is that it is not JUST a numbers game. Psychology has a whole lot to do with whether or not you succeed at ANYTHING and finance is included. There is no bigger example out there to demonstrate what I just said than budgeting.

There are hundreds of gurus out there who say that you should do a budget. As a matter of fact, you would be hard pressed to find any financial "expert" who doesn't. Doing a budget seems easy enough but yet NO ONE seems to do them. The people who try to do them, in most cases, fail miserably! Why is this? And why do people keep giving out this same advice if it doesn't work?

Well, first off, there are a lot of reasons why budgeting fails. Some of it is lack of discipline. Some of it is lack of commitment. Some of it is lack of money (I'll explain this later). Some of it (in the case of family) is disagreement. A LOT of it is not allowing for unexpected expenses. But, do you know what is the biggest reason that budgeting fails?

Because it's a budget!!!

Ladies and Gentlemen: A budget is something that you do when you are BROKE and struggling. Now, who wants to be broke and struggling? Let me throw this out there for all of my "Law of attraction" students. Budgeting is based on LACK. It keeps you focused on how much you DON'T have. When you focus on LACK, you will "attract" LACK into your life. Deep down inside most people know this. That's why they can't do budgets. Doing a budget makes you feel broke. As a matter of fact, while reading this very article, every time you read (and subconsciously hear) the word BUDGET, it probably makes your soul cringe. Just by reading the first couple of paragraphs of this article, you may already be bogged down. Budget is truly a bad word.

First things first. Never do a budget! If you want to be wealthy, focus on wealth. As a matter of fact, I'm not going to use that word again. You can breathe a sigh of relief now.

Q: So what am I supposed to do? Go out and spend like crazy and focus on being prosperous?

A: HAVE YOU LOST YOUR MIND?

The truth of the matter is, wealth has nothing to do with what you make or even have! Wealth has everything to do with what you keep. If you don't believe me, ask M.C. Hammer. You can make a million dollars, but if you spend two million dollars you will still eventually be broke. And while one can argue that you can strive to make, or "attract" a couple more millions to cover

the cost (which I couldn't argue with), if you were to then spend another couple million, you would be in the same place.

The objective is to either accumulate enough that you can spend all you want for the rest of your life (after you retire), or create a stream of money that will pay you all you want for the rest of your life (after you retire). Either will take discipline.

So what should you do? Again, first things first. Create a "spending" plan. People like to "spend" money. It makes them feel good about themselves. It makes them feel like they got it goin on. It is the opposite of that bad word that I was describing earlier. Better yet, why not create a "wealth" plan, or a "get rich" plan. Maybe you want to call it a "Bling Bling" plan. It's all about whatever does it. Once you get excited about what you are doing, you will be surprised how you go at it.

This plan is what you can focus on to create wealth and prosperity. As I stated in Financial Freedom Boulevard, this plan is the bases of your personal finances. Now that you have named your plan (we will call it wealth plan from now on), focus on that!

To start off you will want to get a blank sheet of paper. Write down all of your expenses plus whatever you normally spend each month. Then write down your take home income. Subtract the expenses from your take home income and you will then know how much money you should be putting toward your filthy rich wealth plan.

Once you do this, one of two things will happen. You will either realize that you have a WHOLE lot of money to spend (and think to yourself, "Where is my money going?"), or you will have little to no money to put toward your wealth plan. You may even be in the negative.

Now if you are in situation number one you are in a beautiful position. You can proceed to the next section. If you are in situation number two where you have little or no money, or you are spending more than you make, then this is a good thing. This is a reality check. You must face this reality before you can do anything.

If you are in situation number two, there are some basic things that you can do. You can cut back your spending. This is obvious. You can also try to consolidate your debt via a mortgage or a simple consolidation loan, and free up more money. There are people who preach against this, because they say that you can get out of debt sooner without consolidating. This is often true.

But remember, the object of the game is to build wealth and achieve financial independence. Your ultimate goal is not to be debt free. You can be debt free and broke! Would you rather have a million dollars and have a debt payment, or would you rather be debt free and have no money to survive on (leaving you to probably borrow more)? I have explored this in a couple of

my previous newsletters like Should You Pay Off Your House and Financial Freedom Boulevard. You can also try something like this (link will be attached).

Last and certainly not least is the following. Why not work on INCREASING YOUR INCOME? Everybody wants to focus on cutbacks. Nobody wants to focus on increase. No wonder few people reach wealth. In the members area of this website, there are some really good e-books like *“How to Develop Your Financial IQ”* and *“Stop Living Paycheck To Paycheck”* that can be helpful in this approach. Nevertheless, you must get your head above water before you can do any type of a wealth plan.

I’m not going to tell you how to start your plan or give you a step by step approach. This wealth plan has to be yours. If you do what I do, it won’t work. This plan must be customized for you. You must be honest with yourself in doing it. Let’s move on.

Why wealth plans don’t succeed

Naming your plan isn’t going to solve everything. But it is a start. I will go over some of the reasons why I feel wealth plans don’t succeed.

No Emergency Fund

A lot of times wealth plans fail because people don’t have any money. Now of course the purpose of a wealth plan is to accumulate money, but when you don’t have any money saved in case of an emergency, then when one comes up, you will have to break from the plan! So building an emergency fund is paramount. This must be a part of your spending plan. This can also be used for unexpected purchases that you need to make. You just have to remember to build your emergency fund back up when you do spend this money.

No clear goal

You have to be specific in your goals. People say things like, “I want to be rich” or “I want to have a lot of money.” Well, what is “rich?” What is “a lot of money?” It is hard to reach a goal that you can’t see. Will a million be enough? Two Million? Whatever goal you want to reach, write it down and visualize yourself having it. Keep your wealth plan in front of you where you can see it. That way you will stay motivated and excited.

No clear route

Exactly how will you reach your goal? Get a retirement calculator (like below) http://www.completetax.com/calc.asp?CALCULATORID=RC07&TEMPLATE_ID=www.completetax.com_1 . You can use the financial calculator to figure out how much money you need to put away to get to YOUR wealth number. 6-7 percent is a good number for the rate of return at retirement age. You want to be invested conservatively at retirement age.

So, if you want to live on \$3000/month when you retire, then you will have to figure out how much wealth you need to have accumulated to get to this number, as well as how long you think you will need the money for. You can experiment with numbers on the above site until you reach a number that you feel will pay you enough.

Then you can use a calculator like this - <http://www.planningtips.com/cgi-bin/savings.pl> to figure out how much money you have to put aside and at what interest rate you will have to get, to reach YOUR wealth number.

Just pay yourself first. Whenever you get paid, put the amount of money you need to into your wealth plan, and go on about your business (spending frivolously and buying things you don't need).

Using this approach can solve a lot of griping amongst a family when it comes to money. For example, the wife may want to purchase something that is not considered an emergency, but the husband may think that it is frivolous. A simple way to solve it is this. If you can purchase this item and still have the abundance of money left for your wealth plan, then you can buy it. If not, then you can't do it, until you increase your income.

No Splurge Pot?

One of the best ways to make your wealth plan fun, is to give yourself extra money! If you feel that you should/could spend \$100 per month on entertainment, then why not (if you can) allow yourself \$110 per month. Then you can spend a little extra, put more money towards your wealth plan (to make it bigger) or put it back for next month (for a bigger splurge). This will make you feel like you have an abundance of money.

Remember, it is all about the psychology. It is all about keeping your focus on MORE and not LESS.

K.I.S.S.

You may know of the KISS concept. KISS stands for Keep It Simple Stupid! Now we don't want to call anybody stupid so you can substitute Sir or Senora or Something. Here is a simple rule. Whatever your wealth plan entails, you should be able to commit it to memory. You don't need a 15 page 77 column household budget expense layout that you have to look at every other day. OH MY GOODNESS! I'm so sorry. I used that word again. Ok, that was the last time. I promise.

Most wealth plans are too complicated. When you do a wealth plan, you don't have to write down expenses that are fixed. If your phone bill is \$40 every month, there is no need to have it be a part of your wealth plan. Just subtract it from the income and go from there. No need clogging your mind.

Make BIG categories. No need to list every little thing. You shouldn't have any more than four to five categories (like Household, Appearance "which would include clothes, haircuts, nails etc etc...", Entertainment, Food). This is something that eventually you want to commit to memory. Once again, there is no need to keep track of what is constant, like a phone, cable or even utilities. If utilities change, due to weather, then just change your wealth plan (adjust take home income) when the time comes.

No Commitment.

Why do diets, New Years resolutions, etc etc hardly ever work? It's simple. People don't understand this simple concept. Success is a journey and not a destination. A thin and healthy person doesn't need to go on a diet. They LIVE a healthy diet. Just the fact that a person says they are going to go on a diet until they "lose" some weight (so their body can go and find it again) is already dooming them. They are focusing on "looks" instead of being healthy. When they get finished losing this weight (if they have the discipline to do so) then they are of course, DONE. Once they are DONE, they will start doing the same things that got them where they were in the first place. People who say that "I'm going to go on a b..." do the exact same thing. Never "go on" anything. Wealth, Health, Success, Marriage and anything else is A WAY OF LIFE. If you begin a wealth plan for the long term, then you are already wealthy (it just hasn't manifested itself yet)

Just like you had bad habits, you want to develop good habits. From my experience, if you can participate in a wealth plan for 90 days, then it has become habitual. This is key. You want your wealth building plan to become second nature. Once it becomes a way of life, then you are not on your way to where you need to be, you are already there!

Get Started

The title is self explanatory. This is the number one reason why people can't succeed in ANYTHING. They have all the tools but for some reason they just can't get started. It is the greatest obstacle of all time! Procrastination = DEATH. There is also an e-book in the members' area about avoiding this, but I realize that most people will procrastinate in reading it. ☺ I'm not telling you to do a plan right now... but name a time and a place and get this thing done A.S.A.P. Every moment that passes by brings you one step closer to the end of your life. Time is the one thing you can never get back! Your destiny awaits.

Economic Bail Out - Update

Think you got bailed out? Think again! Now that "some" of the smoke has cleared from the economic fallout, there are a lot of people saying that now is a good time to buy into the market. And for the short term, I can't necessarily disagree with that. As you know, I have been constantly talking about investing in gold and precious metals etc... etc... There are a lot of

people who disagree with this. And the price of gold has dropped. But first, let's look at exactly what went down with the bail out.

First of all, I couldn't help but sit back and laugh as these government meetings were going on about the bail out plans. After all, the Federal Reserve is Privately Owned. Now if you owned your own bank, and you wanted to bail or buy someone out, would the U.S. government be sitting around voting on whether or not YOU could do so? Of course not! You see, these meetings are "strictly for the viewer." They are put there to keep the illusion that the government controls the Fed in place.

Now, I know there will be plenty of people who say, "OOOOHHH NOOOO, The Federal Reserve System is not privately owned. It is "congressionally-chartered" and the board is selected and under the control of congress.

Yeah ok. Well, the government voted to go through with this 700 Billion dollar bail out plan. But interestingly enough, the REAL bail out is now approaching 5 TRILLION! So um... Who approved all that?!

5 Trillion?

<http://www.informationliberation.com/?id=25992>

Let's look deeper into this International Ponzi Scheme that is being perpetuated by private international bankers! Now the Federal Reserve is going to spend almost 5 trillion dollars to buy shares in banks and companies and things of this nature. Where are they getting this money from? Why of course, they are printing it up on machines. So, how much money do they lose or risk by doing this? NONE. Who is paying for it? None other than the good ole U.S. Voluntary Taxpayer!

Well how much ownership in these companies do YOU have (considering that YOU are the one that is really spending the money do buy and bail them out). Yep, you guessed it. Nothing. So the Federal Reserve takes YOUR money and buys up a bunch of stuff that they now own. That is of course until these companies pay THEM back! Wow, this is a great deal!

No wonder why Martial Law was threatened to those who didn't want to vote for it.

But of course, some of your current investments are going to or have gone up now. But my question is this. How much is your money going to be worth when there is an extra 5 Trillion in circulation, not to mention the extra 40,000 that is going to come out of your pocket? As with any corrupt system of fiat currency, at some point the grits have to hit the fan! Now I also realize that this devaluing of the U.S. dollar will be used as an excuse to bring about the Amero (The new currency proposed for the North American Union), but nevertheless, we are talking about fake paper money that is in the control of private bankers who own federal reserve banks.

You see, when I talk about investing in gold or precious metals. I'm not trying to give you some hot stock tip. I'm not telling you that there will be a Gold Boom (though many predict there will be). I am talking about investing in REAL money. You see, you can't print up gold, silver and

lead. So if you have \$100 in gold, then you have \$100. Its worth is much more stable than paper currency that can and WILL be constantly inflated.

This is why the diabolical ones are manipulating the gold market to discourage people from investing in precious metals. But the inevitable has to happen (rise in precious metal prices). Because if the price of dollars AND gold crash, then the International Bankers will be just as broke as the people are.

This is why I advocate and will continue to advocate precious metals (whether it is coins or stocks)

I hope this has helped.

So, Until Next Time

Free Your Mind... Online

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