How To Get

And

Stay RICH $

By

Paul M. Jamerson

How To Get And Stay <u>RICH $</u>

The report will tell anyone with income how to get and stay rich. "Rich" means being able to not work and still live a happy lifestyle. This is a long term approach to riches.

There are four rules:

1. <u>FOLLOW THE STEPS AND RULES</u>
2. <u>SAVE 10% OF ANY INCOME</u>
   a. it is not to be touched.
   b. it can be moved to a better or safer investment only
3. <u>LEARN ALL YOU CAN ABOUT THE DIFFERENT INVESTMENTS</u>
   a. no one will look after your investment program better than you.
   b. you are your own advisor based on any information you find.
   c. <u>all mistakes are yours.</u>
4. <u>DEFINE WHEN YOU ARE RICH</u>
   a. so you can stop.

STEP 1. <u>DEFINE WHERE YOU ARE AND WHAT YOU WANT</u>
- A. Determine your goals(What makes you rich?).
  - 1. Consider all parts of your life:
    - * SPOUSE
    - * CHILDREN
    - * PERSONAL GOALS-LONG & SHORT TERM
    - * HOW YOU WANT TO LIVE
    - * HOW MUCH MONEY YOU WILL NEED TO CONSIDER YOURSELF RICH
    - * HOW LONG IT WILL TAKE TO GET RICH

STEP 2. <u>START A 10% SAVING PROGRAM</u>
- A. Examples:
  - * 10% INVESTING FUND
  - * EMERGENCY ACCOUNT(minimum 3 months income)
  - * HOUSE FUND
  - * CAR FUND
  - * INSURANCE FUND
  - * COLLEGE FUND

STEP 4. <u>EVALUATION</u>
- A. At this step take 10% of your monthly take-home pay and subtract it from take-home pay.
  - 1. What is left pays the bills and funds the different necessity funds.
- B. Example: (PAY YOURSELF FIRST)
  Take-home pay = $2000.00
  10% take-home = $200.00 (INVESTING FUND)
  What is left = $1800.00
- C. Examples: (MONTHLY BILLS)
  - * 10% INVESTING FUND
  - * HOUSING COST
  - * CAR PAYMENT
  - * LIFE INSURANCE
  - * ELECTRIC BILL
  - * PHONE BILL
  - * CHARGE CARDS
  - * ENTERTAINMENT
  - * FOOD

* CLOTHING
* GASOLINE
* HEALTH INSURANCE
* CAR INSURANCE
* HOME INSURANCE
* TAXES
* NECESSITY FUNDS

D. After you have a breakdown on where you spend your money, you can start planning your investments programs.

E. <u>Ideal Practices:</u>

* establish an emergency fund for the unexpected (minimum 3 months income, to be funded in full as soon as possible and kept full)
* pay off all charge cards every month
  (1) only pay interest if your return on the money is greater than the interest charged
* life insurance
  (1) get decreasing term
    (a) lowest cost
    (b) invest the difference between decreasing term and whole life(as time goes by you will not need life insurance)
  (2) formula for life insurance:
    total income = husband's income + wife's income
    insurance need = total income - one spouse's income/0.15
    husband= $20,000 wife= $10,000 total income= $30,000
    Wife's insurance need:
    $30,000 - $10,000 = $20,000
    $20,000 / 0.15 = $133,333.33
    (a) get the insurance you need - not want
    (b) insurance helps you survive the short to mid-term needs after the death of a spouse

* car insurance
  (1) to protect yourself once you have assets
    (a) 100,000/300,000/50,000 property damage liability (means $100,000 liability damage per person no more than $300,000 combined for all parties and $50,000 for others people's property damage) (umbrella policy covers above $300,000)
    (b) raise the deductible for collision and comprehensive to $500
    (c) get an umbrella liability policy to start at $300,000 and cover to $1,000,000 (cost $100/year)

* home insurance
  (1) replacement cost of property (not depreciated cost)
  (2) liability up to $300,000 (umbrella policy covers over $300,000)
  (3) reasonable amount to replace personal property

* budget your month to month expenses

* housing
  (1) cheaper to rent
  (2) start house fund (wife usually will demand it)

* use a fund to save for any item (tv, furniture etc.)
  (1) it is always cheaper <u>(no finance cost & your money earns interest)</u>
  (2) never use a store's financing (unless it is less interest then you can earn)
  (3) <u>only finance a house or car</u>

* taxes
  (1) subject to change
  (2) learn as much as possible
  (3) in the 40% tax bracket a dollar interest paid means you are still out sixty cents (a dollar interest earned means you keep sixty cents)
  (4) use the tax laws for your benefit

STEP 5. <u>INVESTING YOUR 10% INVESTMENT FUND</u>

A. A minimum of 3 months take home pay should be kept in this account.
   1. to use for opportunities
   2. excess over 3 months to be invested in predetermined investments

B. Age bracket investing

<u>AGGRESSIVE</u> (18-35 YRS)	<u>MODERATE</u> (35-50 YRS)	<u>CONSERVATIVE</u> (50 & UP)
20% MUTUAL FUNDS	10% CERT., OF DEPOSIT	50% CERT. OF DEPOSIT
30% STOCKS(GROWTH)	10% SAVING BONDS	20% SAVING BONDS
20% LIMITED PTRNSHP	10% TREASURY BILLS	30% TREASURY BILLS
10% STOCK OPTIONS	10% SILVER, GOLD, ETC	<u>SLOWEST AND SAFEST WAY TO GET RICH</u>
20% PRI. BUSINESS	20% MUTUAL FUNDS	
<u>FASTEST WAY, GREATEST RISK</u>	10% PRI. BUSINESS	
	20% STOCK(UTILITIES)	
	10% STOCK(GROWTH)	
	<u>LESS RISK, GOOD BALANCE</u>	

C. Age bracket investing is a guide.
   1. if you have something that works continue to use it
   2. <u>aggressive growth</u> for younger years <u>(you are still able to recover from a loss)</u>
   3. <u>moderate growth</u> is the time to start moving to safer investments and greater diversification <u>(take less risk and lock in profits)</u>
   4. <u>conservative growth</u> is the time you cannot afford to take risk <u>(if you lose there is not enough time left to make up your losses)</u>

D. How large an investment ?
   1. <u>the cost of 2 packs of cigarettes a day over forty years invested at 15% turns into over $ 1,000,000.00</u>
   2. see table 1

STEP 6. <u>DECISIONS</u>

A. Review steps 1-5 and the rules.
B. Decide where you fit in.
C. Build your get rich program and stay there.
   1. include your spouse's wishes
   2. do not take chances you cannot sleep with

(a) if you are a worrier be a conservative investor
(b) invest in areas you have researched
(c) you are your own investment advisor (you decide the directions you go in)
    (1) use all sources of information (banks, brokers, investment classes, library, etc.)
(d) <u>mistakes and errors are your fault</u> <u>(do not share the blame)</u>

STEP 7. <u>REVIEW</u> (THIS TELLS YOU IF YOU ARE SUCCEEDING)

A. Review your program every 1 to 3 months or as necessary.
B. If you are not on course make changes.
c. Decide where you want to be the next time you review the program.

STEP 8. <u>PLAN BEING RICH</u>

A. Plan your life-style.
   1. decide what you will do
   2. you will be truly free
B. <u>Enjoy life as you become rich. (smell the roses)</u>
C. <u>The closer you get to your goal the better you feel.</u>

STEP 9. <u>20-40 YEARS LATER</u>---<u>SUCCESS</u>

A. Live happily ever after.

INVESTMENT TABLE

No. years	Dollars added per year	5%	10%	15%
20	$4,000	$138,719	$252,008	$471,240
30	4,000	279,044	723,772	1,999,832
40	4,000	507,360	1,947,404	8,183,836
**********				
20	2,000	69,438	126,004	235,620
30	2,000	139, 522	361,886	999,916
40	2,000	253,680	937,702	4,091,918
**********				
20	1,000	34,719	63,002	117,810
30	1,000	69,761	180,943	499,958
40	1,000	126,840	486,851	2,045,959
**********				
20	500	17,359.50	31,501	58,905
30	500	34,880.50	90,471.50	249,979
40	500	63,420.00	243,425.50	1,022,979
**********				
20	250	8,679.75	15,750.50	29,452.00
30	250	17,440.25	45,235.75	124,599.50
40	250	31,710.00	121,712.75	511,489.75

TABLE 1