

The

Santa Factor

7 Beliefs About Money
that Keep You from Getting Rich

JAY PERONI

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Meet Jay Peroni, CFP®



Author, Speaker, and Financial Advisor.

Featured on Crosswalk.com, TheStreet.com, and ChristianPF.com, Jay Peroni, started FaithBasedInvestor.com to help investors find investments they can be —Proud to Own!. As a renowned financial advisor and author of *The Faith-Based Millionaire* and *The Faith-Based Investor*, Jay is an expert authority on the subject of "Faith-Based Investing."

As Chief Investment Officer and Founder of Faithbasedinvestor.com, Jay is passionate about helping people incorporate their faith into their financial lives. While faith-and-ethics-based people and groups lobby and stand up for what they believe in, they often inadvertently support the very interests they try to combat... by giving them their money! This trickles down into how we all manage and use our money. Jay shares his financial wisdom and principles to show us how our faith and beliefs can unlock wealth . . . or cause poverty . . . in our lives. "How to Unlock Wealth by Placing Principles Before Profits" is not just his book's subtitle or his tagline... it's his heart's endeavor. Let him deliver his sharp financial guidance to you with wit, compassion, and truth.

JAY'S EXPERIENCE

Jay graduated with a Bachelor of Arts in economics and marketing from Assumption College and a Master of Science in personal financial planning from Bentley College. He is a Certified Financial Planner professional (CFP) and is a Qualified Kingdom Advisor from Kingdom Advisors. With more than fifteen years experience in the financial services industry, Jay values education as a way to promote professional excellence. He hosts *The Jay Peroni Show*, a weekly internet radio show and has an active bi-weekly blog dedicated to faith related trends in the world of finance. He has served as a speaker for the last decade and given presentations to various industry, church, and civic programs. When he's not in the office, Jay enjoys spending time with his wife, Karen and their four beautiful children. He lives and works in Mount Pleasant, SC.

JAY'S VISION

Jay Peroni's mission is to help individuals make smart choices about their money, so they can incorporate their faith into their financial pictures and create better futures for themselves and their families. He believes in developing investment strategies that optimize returns and lower volatility. Jay also believes that investment choices should include each individual's personal morals, beliefs, and values. Faith, according to Jay, should be the cornerstone of an individual's financial plan

The Santa Factor

INTRODUCTION

To Kill Santa?

Do you even realize we live in the most prosperous country in the world? Not only do you have an abundance of opportunities to make money, you are alive during one of the most prosperous time periods throughout ALL OF HISTORY. Why do so few become rich, while most remain poor? One simple reason...THE SANTA FACTOR. We simply hold on to beliefs that are not only false but they wreak havoc in our financial lives.

Imagine if today, you still believed in Santa Claus, the Easter Bunny, the Tooth Fairy, and Pots of Gold at the end of rainbows? Imagine if you made all of your life decisions based on those beliefs. Not only would you not be grounded in reality, you would make decisions that may cause you personal, physical, or financial harm while you are out chasing rainbows, pulling out your teeth, and waiting for Santa or the Famous Bunny to bring your children or grandchildren toys.

THE SANTA FACTOR™ is about the choices we make based on false beliefs. Beliefs are our conclusions about what we have seen, heard, and experienced. They may be accurate or not, but they are still our beliefs and we build our behaviors on them. Our money beliefs or “false beliefs” govern our financial choices and patterns. If you believe things about money that are false they can prevent you from becoming rich.

Sometimes our beliefs are in line with those who have influenced us and sometimes we take the opposite extreme and vow to never live like we did when we were children. Take for example, Judy. She is a brilliant and creative woman who was raised by a mom who never provided Judy with money or presents growing up. Judy was not only embarrassed by her mother’s apparent selfishness, it influenced her to make a promise to herself to become generous. As an adult, Judy has a habitual pattern of excessive gift-giving. She was continually surprising friends and family with unexpected gifts, even though she couldn’t afford them. Her credit card debt was out of control, jeopardizing her family’s financial health. Judy is dynamic and passionate about life, and it is easy to picture her spontaneously buying wonderful gifts for the people around her.



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Life circumstances forced Judy to realize that her belief in generosity at the expense of one's own family was wrong. She faced it and corrected it. She built a new pattern of behavior and removed a great deal of internal as well as financial chaos from her life. She has found other ways to express her joy and love to people around her.

Our beliefs either help us or hurt us. It is important to determine what beliefs are governing you and supporting your patterns. Look over the following false beliefs to spot those you have adopted. If you don't find beliefs that resemble yours, ask yourself what false beliefs you hold about money.

The following is a list of common money-limiting beliefs:

- ❖ A person needs to be good at math to be good with money.
- ❖ I wasn't destined to have a lot of money.
- ❖ Poor people know how to appreciate life more than rich people.
- ❖ God wants me to be poor
- ❖ You can't have wealth and strong values at the same time.
- ❖ It takes a lot of money to invest.
- ❖ I trust my spouse to make good choices for me.

The purpose of this book is to help you destroy these beliefs – to identify and overcome the subtle and destructive beliefs that are sabotaging your finances. I want to rid you of the toxic thoughts you have about wealth, money, prosperity, and of course – success. Your mentality becomes your reality. In order to change your current circumstances, you need to change your thoughts. Only your thoughts limit and destroy your potential.

How can you change when you are unaware? Good question...now you are on to something! If you were to find out that everything you knew about money was false, how soon would you want to change it? The fact remains that this book will challenge your thinking and it rightly should. If you knew the truth about money, you wouldn't be reading this book.

Many of the false beliefs I discuss may be controversial. They may slap your core beliefs in the face. If you keep an open mind, you will not only see that my logic makes common sense, it will help you improve your own situation. I hope that this book is empowering and enlightening to you.

Money Beliefs Become...Urban Legends

According to Wikipedia, "An urban legend is a form of modern folklore consisting of stories thought to be factual by those circulating them." Urban legends are sometimes repeated in news stories and can be distributed by e-mail. People frequently allege that such tales happened to a "friend of a friend." Money beliefs are often passed down from generation to generation and spread falsely by many of the major Wall Street Firms. Do you think that you should take advice from the firms lending money to people who have no ability to pay them back?

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Very few people question financial concepts that they have heard time and time again. You hear something enough; you believe it without a challenge. It is critical thinkers who discern fact from fallacy. Think about your beliefs about money, where did you learn them, from someone with money or without it?

Our society is filled with financial illiteracy. It begins with false beliefs:

- ❖ Many of us learned false beliefs from our parents and grandparents
- ❖ Most of our friends learned false beliefs from their parents and grandparents
- ❖ Major business schools teach false beliefs
- ❖ Financial institutions sell false beliefs
- ❖ The news media reports and spreads false beliefs

As a result, we believe false beliefs. After all, our friends, family, school, and the media all taught us the truth. But if they all knew the truth, why then aren't they all rich? Though they all may have the best of intentions, these people have contributed to your misinformation.

Don't believe me? Here's a test: do you believe you should: accumulate net worth, pay off debt, invest for the long term, and use term insurance to protect your family? Chances are you do. This is what business schools teach on personal finance, it is what the media advises you to do, and it is what many financial professionals tell you to do. It is also probably what your parents, grandparents, friends, neighbors, relatives, and others tell you to do. Again, how many of them are rich?

Look where the money is; whether you are a capitalist or not, you cannot deny that corporations are good at making money. Corporate finance classes teach about the velocity of money - the average frequency with which a unit of money is spent in a specific period of time. Velocity affects the amount of economic activity associated with a given money supply. They also teach cash flow, risk management, and using dare I say permanent insurance (a dirty word in the world of personal finance). What do corporations know that individuals don't? Four words: **HOW TO MAKE MONEY!!!**

Popularity and the majority opinion do not make something true. Just because everyone believes the world is flat doesn't make it true. The herd mentality is destructive because you will be lead to the slaughter. Take your advice from the minority (those who are rich) and not the majority (those who are not).

Opportunity Cost Equals Opportunity Lost

Every choice we make has a cost associated with that decision. Whenever we choose to accept false beliefs about money, we often make mistakes that result in lost opportunities. If you place your money in a CD at the bank because you think it is "the safe thing to do," you sacrifice the ability to get a higher return if you had found a more productive place for the money.

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Another example is the false belief that you can either choose profits over moral principles or choose moral principles and sacrifice profits. It is not an either or scenario. You can choose to follow your moral principles and be extremely profitable. This is a conscious decision. It all depends on what lens you use to view the world.

Seeing your choices as opportunities rather than just decisions allows you to evaluate situations for their potential rather than their shortcomings. It is human nature to choose safety over that which brings discomfort. However if we can be uncomfortable for a moment in order to attain a higher level of satisfaction, isn't this worth the sacrifice? A person with a fear of public speaking could catapult her career if she could brave 10 minutes on *The Today Show*. The salesman willing to stand up for principles could gain a whole new market by refusing one sale.

Our false beliefs about money may make us feel comfortable, but they bring us no closer to success. Rich people think differently than poor people for a reason. The only thing that separates the two is thoughts. Average thoughts lead to mediocrity. Thoughts of becoming great and providing value to the world lead the ordinary toward becoming extraordinary. Every time you think less of yourself, you lose opportunities through self-defeat. It wasn't that you could not get where you wanted to go. Instead, you choose not to go there. Your vision of where you want to be is the greatest asset you will ever possess. I'll take an empty bank account and Donald Trump's vision over a pile of money and no vision any day of the week.

Death Grips

We hang on to our beliefs for dear life. Familiar is easy. We always think we know what is best for ourselves, even if this means hanging on to false beliefs with a dead grip. The biggest step toward financial freedom is simply admitting and accepting the possibility that our beliefs about money are false, yet we still hang on, clench our fists until our knuckles turn white. Admitting we are wrong and accepting something that seems so contradictory to what we have been accustomed to believe, I admit takes courage.

Our lives are complicated enough and the thought of unlearning what we have been taught is a daunting task. But what if it made all the difference in the world; the difference between struggling and experiencing financial freedom? Would that get your attention? We know what we know, but do not know what we don't know. It is what we think we know that hurts our chances for success.

Financial success is not a secret. It is not something reserved for the intellectual superior. Almost every person who is rich is not rich because they are smarter, better looking, more talented, or better educated. It is because they think differently. They ask "why not?", rather than accepting life as it is. They believe they can achieve the unachievable. They dream big and never accept "no" for an answer. It is your determination that will dictate your destination. If you set your sights on things that transcend your abilities, you have a far better chance of success. Try to do things that you are incapable of and chances are you will find a way to make your vision a reality. Nothing is impossible as long as you let go of the death grip.

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Find Your Passion and Purpose

You were born for greatness! Every one of us has a unique set of talents, skills, knowledge, and abilities. Many of the happiest and most successful people in the world love what they do. They know exactly what they enjoy and what they dislike. They choose to pursue things that are most enjoyable. A key trait of almost all millionaires is that they love what they do for a living! They have discovered their passion, focused on their key interests, and have become enthused about how they earned their money.

You have a passion within you. There are desires within you that long to participate in activities that are natural, rewarding, and fulfilling. Some find these early on. Others never truly discover their passion. Almost every successful person I have met found a way, to consistently tap into his or her passion. Once they found a way, they also discovered how to earn a living through it.

A great resource I have found for integrating your natural gifts, looking at your unique personality traits, and finding your values and passions is at www.48days.com. Dan Miller, who wrote *48 Days to the Work You Love and No More Mondays*, offers life-changing resources to help others find their true callings. Albert Einstein once said, “Try not to become a man of success, but rather to become a man of value.” Find a way to tap into your passion to help others and make this world a better place!

The 7 Beliefs About Money That Keep You From Getting Rich

When your mind is deceived, you create a false sense of comfort. What you don't know about money is holding you back. If you want to experience productivity and reach an unprecedented breakthrough, you need to make sure you read about the seven beliefs that are keeping you from getting rich.

Here are some of the things you will learn from reading this book:

- ❖ Money is not the root of all evil
- ❖ Your success does not come at the price of others
- ❖ Accumulation over the long run destroys your wealth potential
- ❖ Fear is holding you back
- ❖ Investing in the stock market is not your key to success
- ❖ Buy Term, investing the difference is fatally flawed
- ❖ Trying to get out of debt is keeping you from financial freedom

My goal is open your eyes and challenge what you believe. I want to enlighten, empower, and help you defeat THE SANTA FACTOR™ in your financial life. Knowledge is power and the more you learn about what you don't know about money, the closer you will be to financial freedom.

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This book is for those who willingly believe you should:

- ❖ Maximize your 401(k) contributions for retirement
- ❖ Get a 15 year fixed mortgage and pay it off as quickly as you can
- ❖ Convert your IRA to a Roth IRA for maximum tax benefits
- ❖ Always try to pay as little as possible for life insurance

After reading this book you will be far better prepared to think like a seasoned professional rather than a confused consumer. You cannot become financially successful until you recognize your false beliefs and defeat THE SANTA FACTOR™ with truth and principles that work.

Though I have identified seven common false beliefs, I admit there are MANY more. My mission is not about identifying each and every false belief, but rather helping you to develop the mindset necessary to approach your finances with a new sense of curiosity and help you make wiser decisions with your money. By becoming more aware of the truth, you will be able to tap into more creativity, more energy, and find the passion you need to be successful and live the financial life intended for you.

Get ready to learn and unlock the wealth potential inside of you. My desire is that you don't take everything I say at face value. Don't just believe it, learn why. Challenge yourself, learn the principles behind the false beliefs, and commit to learning more about your financial picture.

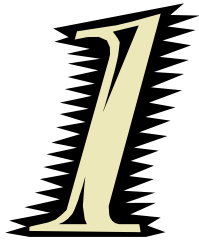
For those of you who are skeptical by nature, who think they will never have a lot of money. The fact is:

1. You possess every tool you need to make a lot of money.
2. Wealth is about gaining access to information and opportunities.
3. The term "self-made millionaire" is a fallacy. It takes a team to make those millions.
4. Taking control of your money takes stress and risk out of your life.

THE PURPOSE BEHIND THE SANTA FACTOR:



**Now Let's Un-learn the Beliefs Keeping You
From Wealth....**



DAY ONE

SKY IS THE LIMIT

False Belief # 1: "Your success comes at the cost of others"

Think about this: The way you think about money, may cost you more than wealth potential – it may cost you quality of life! In our finances, we choose between scarcity and abundance, which determines how we view and interact with the world. Scarcity leads to all destructive human tendencies; abundance induces all productive traits. Abundance is a choice. Do you subscribe to a scarcity or abundance mentality? Some think there is a limited amount of resources and what you gain must come from someone else, while others believe that there is an infinite amount of resources and enough to go around so everyone can win. Who's right?

Abundance:

The abundance paradigm helps us to see the possibility of and the value in win-win exchanges and transactions.

People who are operating in abundance know that by serving the wants and needs of others, thus creating happiness in the lives of others, they actually bring more happiness to themselves.

Scarcity:

The belief that resources are limited, and the world is a stage for a zero-sum game of accumulation. In a zero-sum game, anything that another wins is no longer available to all others playing the game.

Jay Peroni, CFP® works hard with individuals to help them discover their true purpose and passion in life so they can live more abundantly. Using his unique visionary process, he helps others unlock their wealth potential.

For more information, check out www.jayperoni.com

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Abundance Mentality

- * You are not jealous of others success
- * You look to lift, serve, and bless others.
- * You feel satisfied and complete
- * You are consistently joyful and calm.
- * The purchases you make align with your core values.
- * You consistently overcome fear, through faith and courage, to pursue your dreams and a career that aligns with your passion and purpose.
- * You take full responsibility for your life.



Scarcity Mentality

- * You get jealous when others succeed.
- * You live beyond your means
- * You have ideas about how to make your life better, like switching careers or starting your own business, but are afraid to put them into action.
- * You pick the riskiest investments, cross your fingers, and hope for high returns, thinking that gambling and luck is your best path to wealth.
- * You keep your money in so-called "safe" investments like CDs and money market accounts because you fear losing it.



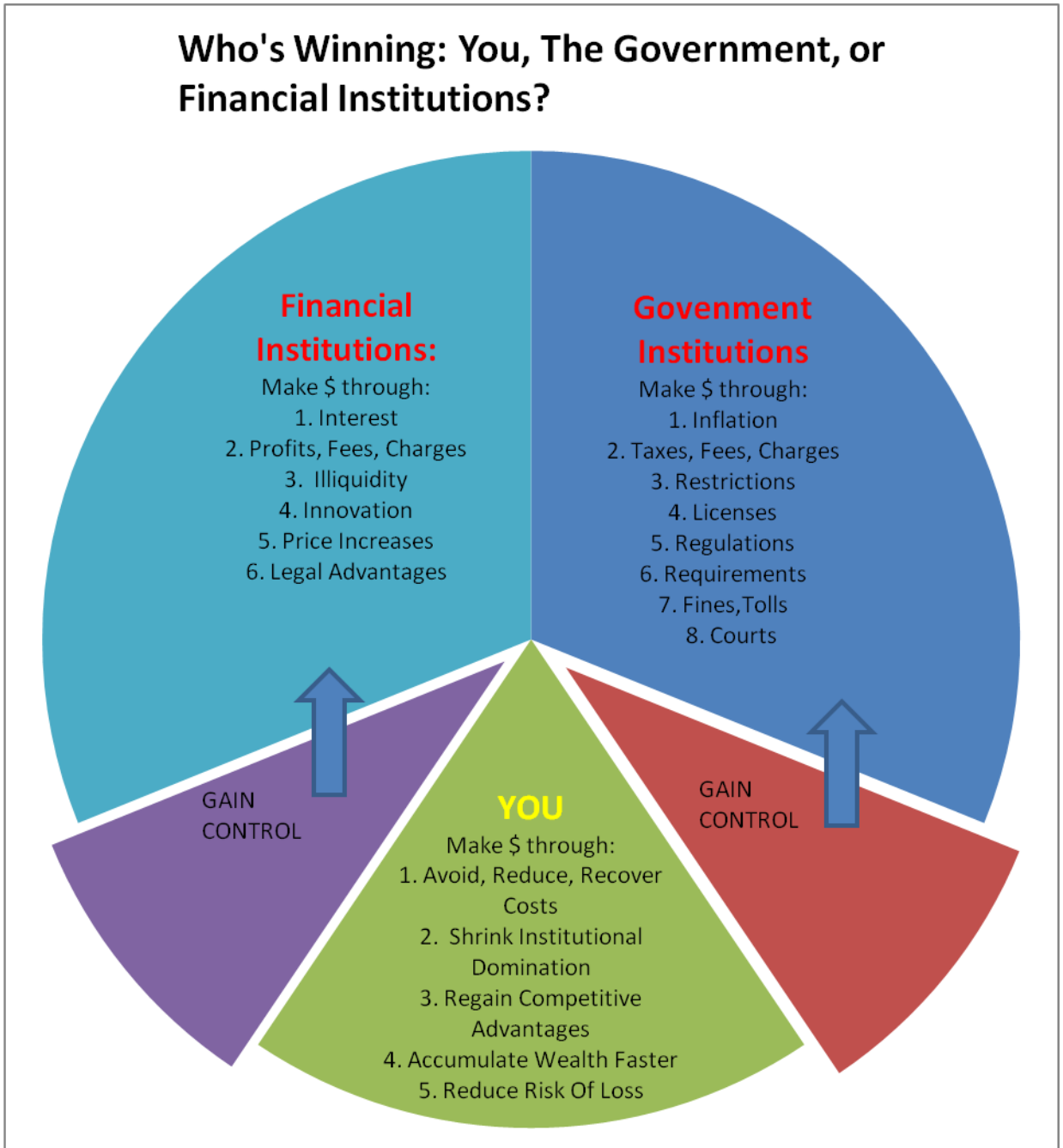
When you act based on a scarcity mindset, you act on fear. This means you often believe your success comes at the cost of someone else's failure. Scarcity aids us to fall prey to other financial myths. These include such fallacies as:

- ❖ Investing is so difficult to understand you just have to turn it over to the experts
- ❖ It takes money to make money
- ❖ 401(k)s receive a 100% rate of return because of employer matches
- ❖ wealth is measured most effectively by net worth

This is just to name a few. These types of myths are easy to buy into because many others keep passing along the same myth- keeping you in the dark. When we look to get something for

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nothing, when we're focused solely on price at the expense of cost and value, and when we're trying to cut expenses at all costs, all of which come from the scarcity mind-set.



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With scarcity thinking come roots of fear, doubt, and worry. From the seeds of abundance come roots of faith, hope, and love. By changing your thinking you can shift from a scarcity mentality to an abundance mentality.

Six years ago, Garrett was a P.E. teacher and a football coach. Now, he travels and speaks at events across the country and founded a highly successful mortgage firm.

This first happened when he altered his perspective in a crucial conversation. It was a powerful mind-shift that began his personal quest for prosperity.

Garrett says, “The change that I experienced never happened from the outside in. No one gave me \$500,000 and said, “Here you go. Now you can be a good investor.” My external world began to change only because my internal world changed. I invested in myself with books, seminars, workshops, advisors, and mentors, and things began to change for me. Before this shift I had always gambled with anything that people told me was an investment. I was merely focused on products, but hadn’t developed my personal philosophy or plan.”

What is your best asset? Is it your real estate, investments, or business? Absolutely not!

*“Two roads diverged in a
wood, and I—I took the
one less traveled
by, and that has made
all the difference.”*

-Robert Frost

Your most important asset is you. So many people want to invest in real estate, the stock market, or even a business, without wanting to invest any time developing their own skills and knowledge. Your best investment will always be your ability to increase your worth to others by providing value. You should never stop investing in yourself. Education, discipline, and practice will enable you to find ways to uncover unmet needs in society. He who delivers the most value will become the wealthiest. Your income can only grow to the extent that you grow. If you stop learning, stop investing in

yourself, eventually your skills may become obsolete. Just like the technology world is upgrading constantly, you should be working from the inside out as well.

Through the lens of abundance we are able to expose financial myths for what they truly are. It is like shining light into the darkness and seeing the truth. When we are able to view everything through the proper context and judge things in the light of our life’s purpose, we can analyze our financial decisions deeper and see how it can support our life today and money becomes a tool and resource to living with more passion and purpose.

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Day One Summary:

In order to prosper, first we start with developing our purpose and passion. As we bring more value to the world, we become consciously aware of the choice between scarcity and abundance. The way we view the world, or the philosophy we operate under, plus our life's value determines every other aspect of our life, without exception. Scarcity produces unhappy consumers, while from abundance arises valuable producers.

Recommended Resources:

48 Days to the Work You Love by Dan Miller

What Color Is Your Parachute? by Richard Nelson Bolles

The Faith-Based Millionaire by Jay Peroni, read Chapter 2: Ignite the Flame

The Faith-Based Investor by Jay Peroni, read Chapter 2: Purpose + Passion = Performance



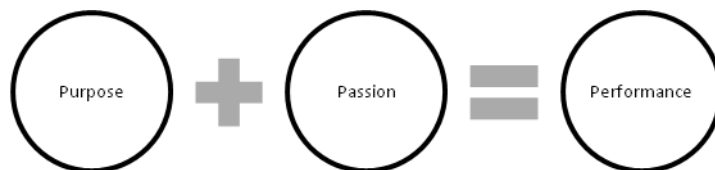
DAY TWO

THE PRINCIPLED MILLIONAIRE

False Belief # 2: "You can have principles or profits, not both."

Principles are timeless, universal truths that never change. Many believe principles and profits are mutually exclusive. In other words, you can't have both. This is far from the truth. Especially when you operate in a manner consistent with whom you are as a person. When you combine your purpose and passion into your financial life, there is no cap on the profit potential. It always comes back to the amount of value you provide.

In *The Faith-Based Investor* I talk about the three P's: Purpose + Passion = Performance.



Purpose	Passion	Performance
<ul style="list-style-type: none">• What is it that you want to accomplish?• Why do you want to accomplish this?	<ul style="list-style-type: none">• What drives you to action?• What cause are you willing to fight for?	<ul style="list-style-type: none">• How will you take action to achieve your goals?• How will you measure success?

Wealth is created when we exchange something we value less for something we value more. We all value things differently. If I were to sell you a book for 30 dollars, then what is the book worth to you and what is the book worth to me? You may guess \$30. That is incorrect! People

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only give up something in an exchange when we value what we're receiving more than we value what we're giving up. There is no way to precisely quantify an exact amount that the book or the 30 dollars was worth to you or me. All we can conclusively say is that to you, the book was worth more than 30 dollars and the 30 dollars was worth less than the book; to me the book was worth less than 30 dollars and the 30 dollars was worth more than the book. You and I walk away wealthier than before we made the transaction because we both have something that is worth more to us than before.

We only exchange when others have something that we value more than what we currently have. We never trade like value for like value because we have no incentive to trade like for like. We trade what we have for what we actually want more.

When many people view profits, they look at it as a dirty word. Many look at the rich and have thoughts of disgust, resentment, or sometimes envy. Whatever your thoughts are they where they should be? Many of your financial decisions are enrooted in your foundational belief system. Are you a producer or consumer?



Consumers avoid responsibility whenever possible. When bad things happen, it's always someone else's fault, in their view. They rarely take good care of the blessings they have received, and when they do, it's from a selfish standpoint because they think that their material things actually belong to them, rather than to God.

Producers understand that, materially speaking, they came into this life with nothing, they will leave with nothing, and everything in between is a stewardship from God to be taken care of.

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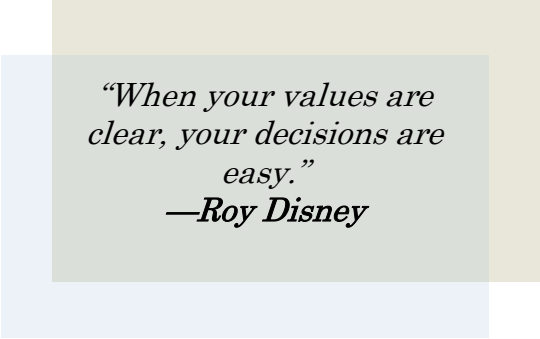
They don't feel a sense of ownership; they understand that nothing belongs to them and is merely a temporary stewardship. They take excellent care of their stewardships without falling prey to the idea that things actually belong to them.

Consumers think that any time anyone profits, that some kind of exploitation was involved. They think that the higher the profits, the greater the exploitation. Producers understand that it is a natural law of the universe that we prosper when we create value. They love and enjoy profit because they understand that it is only through value creation that any individual can truly profit.

Purpose

Money without purpose is just money. However, money with a purpose can be used to change the world. It feeds the poor, builds shelters, and changes lives. Money with a godly purpose can be revolutionary.

If you desire money solely for material things, you will never be content. Many of the happiest and most successful people in the world have found their purpose in life. They know exactly what money can do to help their families and help others. If you had more money what would you do with it? Who would you help? What would your days, weeks, and months look like? Unless you can envision how you will use money to better the lives of others, no amount of money will fill you up. It is only Christ's love that fills the void in your life. As you grow closer to Him, He will help you find your purpose—your unique calling.



“When your values are clear, your decisions are easy.”
—Roy Disney

Here are some questions to ask yourself to help get you started:

- If money weren't an issue, what would I be doing?
- My ideal job would be what?
- I would like to spend my days doing what?
- My life is not complete until this is done: _____.
- If I died today, how would I want people to remember me?
- What are the community/social/religious issues I feel most passionate about?

Passion

Why do so many people have trouble finding their passion? Often it is so far beneath the surface that it is out of sight and out of mind. If you have a relationship with Jesus, are you passionate about Him? Money tends to be the primary motivating factor for many as they choose a profession, but most would not identify money as their true passion.

God has instilled a passion within you. He has programmed within you a desire to participate in activities that are natural, rewarding, and fulfilling. Some find these early on. Others never truly

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discover their passion. Almost every successful person I have met found a way to consistently tap into his or her passion. Once they found a way, they also discovered how to earn a living through it. If you discover what your interests and passions are, you will always be far more successful than if you just go through the motions.

Take some time to search yourself and determine what really makes you tick.

- What are your interests?
- What are you really passionate about?
- What are your hobbies?
- What do you like to do for fun?
- What interests do you want to further develop?
- Is there another career or job (paid or unpaid) that you would like to research or pursue?

Performance

It is important to begin taking action. Your financial plan starts when you clarify your priorities. Whether you want to save for a new home, start a new business, send children or grandchildren off to college, fund a ministry, or plan for retirement, planning is a key to success.

To get started, write down what you want to accomplish in order of importance. Once your list is prioritized, start right away with the first goal or accomplishment on your list.

What will it take for you to realize this accomplishment? Keep focused on your goal and work toward your desired outcome until it is complete. Once this goal is completed, start the process again with the second priority on your list, then the third, fourth, fifth, and so on. It does not matter if you are not able to do everything within a prescheduled period of time. However, what is important is that you decide the relative importance of the things you want to complete and are decisive about your priorities.

List your priorities in a daily planner and strive to follow them. It takes action on your part to make a difference. You may be in over your head in debt, or don't make enough income, or have another reason as to why you cannot save or invest. But remember; where there is a will, there is a way.

How to Unlock Wealth by Placing Principles Before Profits

YOU are the only one who can decide what YOU want to get out of your financial life. You are in control of the decisions you make that can increase, or decrease, your satisfaction in other areas of your life. This concept applies in literally countless ways. Investing decisions do overlap into other aspects of your life and values.

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For example, if you were morally opposed to child sweat shops that paid meager wages and kept young children out of school, would you want to invest in a company that had hundreds of them around the globe? After all, a monetary investment is one form of support you give a company. By giving your money to a company that supports child labor, in essence you are also supporting child labor. What about other issues like abortion, pornography, or embryonic stem-cell research? There are many hot button issues that you may be passionate about, yet neglect to incorporate this passion into your finances.

Likewise, if you are an avid environmentalist, you might want to put your money where your mouth is by investing in solar technology, for example, rather than in an oil company. On a different note, if one of your major aims in life is to have less stress and more peace, then it would be a bad move to invest in a volatile stock—no matter how sure your investment advisor is that it could make you a millionaire. After all, your peace of mind is a valuable asset in its own right—one that shouldn't be easily sold in an attempt to make a quick buck.

Investing in the Most Valuable Asset: You

The secret to investing that most people miss is they overlook one of the most valuable assets, which is their own self! So how do you invest in yourself? The first step is taking the time to figure out what your ideal life looks like: spiritually, financially, occupationally, and otherwise. This will then allow you to create an investment, and financial plan to complement both your long-term and short-term objectives. Once you know what you really want, you are now in a much better position to create a financial blueprint by design rather than one by default. In other words, you'll know what you're doing and why. That can make all the difference in the world!

There are many different ways to invest in one's self. A lot of people get stuck in investing ruts. They think that investing means mutual funds, or purchasing “hot” stocks. But there are many legitimate traditional and nontraditional ways to invest. Different investment vehicles can be smart ways to invest, depending on where you're at in life, and what objectives you have. Every investment vehicle has its positives and negatives, but the point is that there is more than one way to invest, and many overlook one of the most obvious investment opportunities: Developing your own capacity to create real value in the world, in turn leads to financial prosperity.

Not sure how to do research?

I have created two wonderful resources:

- 1) *The Faith-Based Millionaire*: This looks at incorporating your faith into your financial plan. In this book I reveal 12 essential habits that lead to faith-based wealth.
- 2) *The Faith-Based Investor* which includes a detailed plan on how to go about finding investments that incorporate your faith and allow you to grow, protect, and share your wealth in uncertain economic times.

Both resources are available at
www.jayperoni.com

The Santa Factor

It is not so much that investment products are good or bad, it is whether they meet the objective or not. What you want is a plan that is not based on limits, but on the limitless possibilities of your own unique potential.

Invest in Your Own Life, First

There is more to wealth than just money. Real prosperity involves your health, your spirituality, your relationships and your overall emotional/mental wellbeing. People don't live compartmentalized lives.

Every aspect of life will naturally affect each other, including financially. If you want more money, realize that investing in yourself is likely to increase your wealth and happiness more than investing in someone else, or in some other company. Think about it. You're smart. You have passions and ideas. Why can't you make a lot of money doing what you want to do? Many people do, and there's no reason why you can't too.

So how do you invest in yourself? One way is to identify your own natural passions, abilities, and talents, and then bringing them to the marketplace. That doesn't mean that you have to own your own business or be a good salesperson. Anyone can find enjoyable ways to bring value to the marketplace, which in turn naturally creates wealth.

Investing in yourself allows you to identify and obtain a view of the possibilities. People who invest in their own ideas and talents, are inevitably richer, happier and more satisfied than people who only dare invest in others talents and capacity for productivity.

Day Two Summary:

In order to reach peak wealth potential you will need to develop your financial purpose, tap into your key passions, and take action to create your ideal financial life. Procrastination is the biggest detriment to your wealth. Make changes today to prepare for a better tomorrow.

Recommended Resources:

The Faith-Based Millionaire by Jay Peroni, read Chapter 1: Blood Money

The Faith-Based Investor by Jay Peroni, read Chapter 3: When Values and Profits Collide

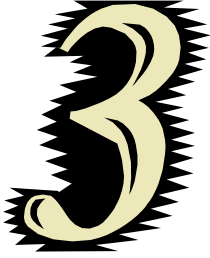
Money, Purpose, Joy by Matt Bell

www.timothyplan.com: Hall of shame – list of companies with highest number of moral offenses.

www.iwfinancial.com : Stock screening software

www.moralmoney.com: Site for faith-based investors

www.faithbasedinvestor.com: tools, research, & news for moral conscious investors



DAY THREE

THE RETIREMENT HOAX?

False Belief # 3: "My retirement plan at work is the best place to invest."

The Magic

The purpose of a magic trick is to amuse and create a feeling of wonder; the audience is generally aware that the magic is performed using trickery, and derives enjoyment from the magician's skill and cunning. Traditionally, magicians refuse to reveal the secrets to the audience. They even take an oath to never reveal these secrets.

The Magician's Oath: As a magician I promise never to reveal the secret of any illusion to a non-magician, unless that one swears to uphold the Magician's Oath in turn. I promise never to perform any illusion for any non-magician without first practicing the effect until I can perform it well enough to maintain the illusion of magic.

Just like the magician, many investors rely on an illusion: my retirement plan at work is the best place to invest. I see many people make this mistake that can cost them thousands or even millions of dollars over their lifetime. Being aware of the illusion is your best defense to find the right solution.

The Golden Child?

Michael Phelps has entered the record books as one of the greatest swimmers of all time. He went a perfect eight-for-eight in the 2008 Summer Olympics in Beijing, breaking Mark Spitz's single Olympic Games record for gold medals. He swam seventeen times over nine days and broke the world record in four of his five individual swims. His three relay teams also set world marks. He accomplished this through dedication (never giving up), practice, persistence, and discipline. He also got great coaching along the way.

"A long habit of not thinking a thing wrong, gives it a superficial appearance of being right."

– Thomas Paine

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Using the analogy of competitive swimming, most investors fail for one of these four reasons:

1. *They failed to even put a toe in the water.* Being too conservative when you invest is detrimental to your wealth. I see many people become so fearful that they invest only in safe, guaranteed vehicles such as CDs, Treasury bonds, and money market funds. As life expectancies continue to rise, so do the probabilities that too-conservative investors may outlive their assets.
2. *They jumped into the pool without lessons.* Being too aggressive is just as dangerous as being too conservative. Taking unnecessary risks and jumping into investments that are not understood are critical mistakes I see being made on a regular basis.
3. *They failed to stay in the pool and keep swimming.* Too many people jump in and out of the stock markets at the absolute worst times. I see people “finally get out” at the bottom of the market only to get back in after a major recovery.
4. *They hired the wrong coach.* If someone doesn't share the same values as you, it is difficult for them to give you complete and practical advice for your unique situation. You and your advisor should share the same faith and beliefs.

Faith in the Wrong Place

With God as your pilot, you can take control of your financial destination. You cannot control what the stock markets do, but you can control how much you allocate toward your goals. Leave nothing to chance. Stop relying on the government, stop counting on your company, and take responsibility for your future. There are three plans you can primarily focus on as an investor:

1. *The Government Plan*

This is, in two words, “Social Security.” Nearly two-thirds of today's elderly count on Social Security as their primary source of income. Can you imagine that? Each year gas, groceries, health care, and other goods go up in value and their paychecks buy less and less. This is a plan for disaster. I have seen many elderly lose their homes and independence because they relied on the government to take care of them. Over time, this plan will not lead to financial independence.

2. *The Company Plan*

For some this may be a pension. This may have been the case for many in the private sector years ago. However, according to the Employee Benefit Research Institute, less than 18 percent of those in the private sector today will be able to rely on any form of pension. Companies left and right are abandoning, freezing, and altering pension benefits mainly because people are living longer, thus severely increasing the costs to corporations. Even cash-rich private companies like Fidelity Investments are choosing to get out of the pension business for their employees. You may be saying, “Well, I have a 401(k) or 403(b) or another self-funding retirement option at work so I will be in good shape.” Maybe yes, maybe no!

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There are five major problems with tax-deferred plans at work:

1st Problem: Limited Choices

For most, this provides two challenges: the limited ability to screen your investments for moral or social issues important to you and the limited ability to find the best investment vehicles (place to get the highest potential return).

2nd Problem: No personal relevance

When you simply select funds from a plan at work, there is no personal meaning or connection to your life. You are handing your money over to someone else who does not know you or anything about your situation. Your faith is in the hands of a money manager or team of managers and fully out of your control. Why do you think so many people stop contributing to a 401(k) when the markets are going down? If instead your investments had relevance to your life and were in full alignment with your faith, values, belief, and mission in life don't you think you would continue investing?

3rd Problem: High Fees

Most retirement plan fees are hidden beneath layers and layers of costs assumed by mutual funds. There are the widely publicized expenses reflected in the prospectus of the mutual fund listed under the expense ratio. But there are also trading costs, commissions, and other fees that you can find only in what is called the Statement of Additional Information (SAI). These additional expenses are difficult to determine, but a 2007 analysis by Virginia Tech, the University of Virginia, and Boston College revealed that the average SAI charge is 1.44 percent per year. This is in addition to the 1.56 percent charged by the average Annual Expense Ratio. In other words, the total charge of the average mutual fund is 3.00 percent per year.

4th Problem: Tax Time Bomb

Make no mistake about it. The government knows how to generate future tax revenue at your expense. They do this by allowing you to take tax breaks today in exchange for much larger tax bills in the future. Many people just look at the tax benefits of tax deferral and neglect to factor in that what used to be a \$5,000 tax write-off is now a tax bill for tens or even hundreds of thousands of dollars. Uncle Sam is no fool. He's figured out how to entice you into funding his future spending.

5th Problem: Lack of Liquidity and Accessibility

If you need access to your funds prior to age 59 1/2, your retirement plan generally will have a 10% penalty and you may also owe federal and state taxes. Often a withdrawal from a retirement account can cost you 40% or more. That means every \$10,000 would lose \$4,000 in taxes and penalties...that's not what you can easily access. Of course there are exceptions to the rule, but in most cases, your retirement plan at work is very inflexible and costly if you need to access the funds.

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3. The Faith-Based Investment Plan

This plan allows you to better control your tax bill, your investment choices, and fees. Dr. Stanley Thomas, who wrote *The Millionaire Next Door*, simplified the basic guidelines that most millionaires followed. They maximized income, gave generously, minimized expense, and invested regularly. It seems so simple, yet most struggle to do all four. Living below your means is the key!

Are you willing to sacrifice short-term temporary pleasure to have greater freedom in the future? Knowing what God truly desires for your life is essential. Once you are in God's will, He will fulfill the desires of your heart. You may be in preparation mode or already there. Know what you want and make choices that will lead you where you need to go.

The Choices . . . Oh, the Choices

When you look at investing, there are really only five choices. Here's a look at the classes of assets you'll generally be considering when you invest:

- ❖ **Start or Operate a Company:** Selling a product or service that meets the needs of the marketplace can be the fastest path to financial freedom. However, this can also be the riskiest and least likely to succeed when you evaluate your choices.
- ❖ **Stocks:** Although past performance is no guarantee of future results, stocks have historically provided a higher average annual rate of return than other investments, including bonds and cash equivalents. However, stocks are generally more volatile than bonds or cash equivalents. Investing in stocks may be appropriate if your investment goals are long-term.
- ❖ **Bonds:** Historically less volatile than stocks, bonds do not provide as much opportunity for growth as stocks do. When interest rates rise, bond values tend to fall, and when interest rates fall, bond values tend to rise. Because bonds offer fixed interest payments at regular intervals, they may be appropriate if you want regular income from your investments.
- ❖ **Cash Equivalents:** Cash equivalents (or short-term instruments) such as money market funds offer a lower potential for growth than other types of assets but are the least volatile. They are subject to inflation risk, the chance that returns won't outpace rising prices. They provide easier access to funds than longer-term investments and may be appropriate if your investment goals are short-term.
- ❖ **Alternative Assets:** The term "alternative assets" is highly flexible and is used to describe specific physical assets, such as natural resources and real estate, as well as methods of investing, such as hedge funds and private equity. In some cases, even geographic regions, such as emerging global markets, are considered alternative assets. These are often investments that are unrelated to other asset types.

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Choosing the Right Investment Vehicle

Just like buying a car, selecting the right mix of investments involves evaluating your liquidity needs, time horizon, risk tolerance, and asset allocation. Compound Interest Is NOT the “Miracle” Some Say It Is. Contrary to what is popularly taught; accumulating and compounding interest is usually a massive mistake. Why? Well...for several reasons. First, it is an accumulation-based theory that takes years and years to develop; secondly, it can create a tax each time interest is earned; and is especially susceptible to inflation and leaves one exposed to unnecessary risk. Because you’ll be paying tax every time it compounds, when you take the tax and add something called opportunity cost plus inflation into account, a 10% compounded return isn’t a miracle. In fact, in many cases you’ll barely end up breaking even.

Some of the isolated numbers on paper might look good, but they don’t tell the whole story. Someone might tell you that if you’ll invest \$100,000, at 10% then it will grow to be \$1,744,940 in 30 years. That probably sounds pretty good to you. The problem is that they’re usually not including taxes, administrative fees and other hidden factors in that equation that will end up making the real numbers substantially smaller.

They don’t mention things like the fact that even if you are in a 25% marginal tax bracket, you’ll end up having to pay \$ 411,235 out-of pocket just in the form of taxes. In the thirtieth year alone, you’d be paying out close to \$40,000 just in taxes. On the other hand, if you didn’t pay the taxes out of your own pocket, then the account would only grow to \$875,496 and not the \$1,744,940. You will notice this difference is larger than the \$411,235 dollars that would have been paid in tax if out of your own pocket, but this also represents the opportunity cost to losing those dollars, that would have otherwise grown in the account, to taxes. Opportunity cost is taking the \$411,235 paid to tax and also considering what it would have grown to if it wasn’t lost to tax. In other words, if you pay a dollar to tax, it is no longer available to earn interest. The lost interest is an opportunity cost.

Another opportunity cost to consider is the fees known as expense ratios and 12b-1 fees (for marketing). After these expenses, it could leave you only earning 8 percent instead of 10. The account ends up being \$1,006,266 before tax or \$574,349 after tax with this 2 percent expense (far short of the \$1,744,940 you were promised).

The difference between what you were told that you were going to earn (based on all too common “creative” advice) and what you really end up earning is what we call the “unseen reality.” As a financial advisor, I am careful to make sure my clients understand the real bottom line, and as an expert I show them how to recover and utilize money that is rightfully theirs, money they never realized they were losing! I want you to have a financial plan based on reality, so you can plan realistically for the future.

Day Three Summary:

Often your retirement plan offered through an employer is not your best investment vehicle. There are many drawbacks to using these plans. Make sure you fully understand all of the variables involved before investing any amount of money. I have found that most investors can find better alternatives outside of their retirement plan at work.

Recommended Resources:

Killing Sacred Cows by Garrett Gunderson

The Faith-Based Investor by Jay Peroni, read Chapter 4: Treasure Hunting



DAY FOUR

MY PRECIOUS

False Belief # 4: "Money is the root of all evil!"

Gollum's Obsession

If you have ever read *The Hobbit* or seen *The Lord of The Rings* trilogy, you saw the effects of how an obsession can lead to ruin. Being obsessed with money is just as dangerous. However if your attitude and perspective of money is proper, money can be used for many noble purposes. Many look at the rich as greedy, but I have seen more middle and lower class people exhibit extreme greed. It all boils down to your attitude and what money truly means to you. Is your attitude about money built on an obsession or a noble purpose?

Money: Good or Evil?

So much of our time is occupied by earning a living, it is difficult to keep our priorities straight. Someone expressed the dilemma in these terms: You can't win. If you run after money, you're materialistic. If you don't get it, you're a loser. If you get it and keep it, you're a miser. If you don't try to get it, you lack ambition. If you get it and spend it, you're a spendthrift. If you still have it after a lifetime of work, you're a fool who never got any fun out of life.

Money itself is morally neutral—it can be used for good or evil. The problem is caused by the love of money, not the amount of money you have (see 1 Timothy 6:10). We can be just as covetous and materialistic over a little as over a lot. People like Abraham, Joseph, and David showed us wealth does not always jeopardize a person's walk with God. The real issue is attitude, not affluence. We may not consider ourselves rich, but compared to all the people who have lived on this earth in the past and in the present, we are clearly at the wealthy end of the spectrum. If you go to www.globalrichlist.com and plug in your salary, you will probably find yourself to be among the wealthiest people in the world.

Money can buy:

- ...a bed, but not sleep*
- ... books, but not knowledge*
- ...a clock, but not time*
- ...a position, but not respect*
- ... a house, but not a home*
-medicine, but not health*
- ...sex, but not love*
- ... a crucifix, but not a savior*

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Often Money is Not the Solution...

More money can mean more problems. Just ask Jack: Days before Christmas, Jack bought a Power ball lottery ticket. Little did Jack know this decision would not only ruin his life but those around him. It all started harmless, even with great intentions, but the fall was not only fast it was furious.

Jack was not much of a gambler. He would buy lottery tickets when the jackpot got big. Often all of the big jackpot advertising gets people crazy to spend more money than they can afford. The odds do not go up with the big jackpots, but people somehow are drawn into to take a chance. You have a better chance of being struck by lightning ten times than winning the lottery. Yet we are drawn in by the big payday. People pray for it. Pray for the big win. Be careful what you pray for.

The drawing was set for Christmas night. People were celebrating Christmas by taking trips to local convenience stores and gas stations. The tickets were selling like the latest edition of the Harry Potter series- over 54,000 tickets per hour! People kept praying for a different kind of savior: a windfall of money. Remember you can only serve one god – Money or God.

The next morning, Jack awoke like any other day. He rose at 4:30am next to his wife Jewell of nearly 40 years, and begin getting ready to go start his workday. He had been working construction since he was 14-years-old. He had built himself a nice life and did not lack too much. He had a wife and a granddaughter who basked in his attentions, a brick house in a nice subdivision, and a water and sewer pipe-laying business that employed more than 100 people. At 5:15 a.m., Jack turned on the television and heard, to his surprise, he had just won the largest undivided lottery jackpot in history: \$314 million!

Jack proclaimed that he would tithe a biblical 10 percent of his winnings, donate millions to his family's favorite pastors and build big new churches. He vowed to start a charitable foundation to help needy West Virginians. "I just want to thank God for letting me pick the right numbers . . . or letting the machine pick the right numbers," he said as he claimed his check.

Jack opted to take his prize as a one-time payout of \$113,386,407.77, after taxes. He was determined, he said at the time, to live as if nothing had changed, except that he could spend more time with his family. He was going to keep answering his own phone, opening his own front door and turning to God for guidance. "He's still working on me," Jack said, sounding modest.

Fast forward a month later and Jack's world began to slowly unwind, then it gained steam, and finally it all came barreling down like a gigantic snowball. It started with him visiting strip clubs and casinos, progressed into drinking uncontrollably and staying out all night then graduated into broken relationships, a divorce, and the deaths of his granddaughter and her boyfriend.

Jack turned from a normal, hard working life to becoming someone he thought he could never become. Someone he despised. The mirror no longer reflected anyone he knew. He allowed

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money to corrupt him like Gollum from the Lord of the Rings. Money became “his Precious” Money became his obsession. It controlled him! He was the slave and it controlled him. As a result, he lost it all – his wife, his granddaughter, his money. Like a house of cards it all came tumbling down. He was not prepared to handle that level of wealth and he violated God’s financial principles and even claimed to have “more money than God”. Not, anymore!

What’s Your Motivation?

When you look at a person’s views on money, it impacts many other areas of their life: how they view God, their Spouse, their children, their other relationships, and even their career. The motives behind why someone wants money become a root question. People generally feel money is important to them for seven main reasons:

1. for security—now
2. for security—in the future
3. as a reward for a job well done
4. for freedom
5. to give away
6. to buy the necessities of life
7. to buy things to make my life more comfortable or convenient

It is when greed and the pursuit of money consume you that problems arise. Do you remember the movie Wall Street? One of the most famous quotes from the movie is when one of the main characters Gordon Gecko who is a high flyer says “Greed is good. It works” To him, it did. It brought him the things he wanted—a big office with people at his beck and call. A beautiful beach house in the Hampton’s, and untold wealth to do with what he liked. But he got trapped by his greed, and that is often what happens with greed. It traps you until you have no way out. It can be humbling.

Priorities

The top indicators I have found that reveal a person’s priorities are the spending of two God-given resources: time and money. You can get a fairly accurate picture of what a person deems as important in life by looking at his or her planning calendar and checkbook.

Money can be used for good purposes such as providing for one’s family, preventing poverty, and relief help following disasters such as Hurricane Katrina. On the other hand, however, money can provide no satisfaction for our spiritual needs; it cannot purchase peace, love, or righteousness. It does not last, but slips through our fingers. When you set your eyes solely on wealth, you are more likely to lose it. Money can be dangerous when you become materialistic, greedy, and self-sufficient to the point where God has no place in your world.

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Serve God, Not Money

If we allow anything that we desire or possess to rival our love for God, it will turn our hearts away from Him. Jesus' contrast between earthly and heavenly treasures and masters is too sharp to allow compromise: "No servant can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money" (Luke 16:13 niv). Haddon Robinson puts the issue in these terms: Either we serve God and use money or we serve money and use God. Yet, few Christians deliberately dedicate their lives to materialism. Wealth is deceitful, Jesus told us, and its bondage is subtle.

We should seek to be "free from the love of money" and not "fond of sordid gain" (1 Timothy 3:3, 8 nasb). God wants us to love people and use things. Too often we use people and love things. We do not own the things we cannot give away—they own us.

To minimize the chances of falling in love with money, a faith-based investment plan is critical. Setting up such a plan consists of four key steps:

- ❖ Step One: Determine your purpose.
- ❖ Step Two: Define your values.
- ❖ Step Three: Evaluate asset choices.
- ❖ Step Four: Select sound investments that complement your faith.

A New Mind-Set

Those who increase wealth typically respond to a higher calling, a higher purpose, and ultimately seek to make the world a better place. Those whom I have seen succeed usually have three critical thoughts:

1. *You are called to increase your money.* Whatever you have, be it an extra \$10 or \$10,000, was provided to you by God, and it's your duty to multiply it. Look no further than the parable of the talents in Matthew 25 of the New Testament. Even for a nonbeliever, it still makes sense to increase your assets to help humanity. In order to increase your assets, you will need to control spending, minimize debt, save regularly, and achieve a reasonable rate of return.
2. *You can't expect to be blessed by investing in organizations that support things contrary to your beliefs.* If you truly do believe in God, you can't expect blessings of any type from supporting anything that contradicts your faith; it just doesn't work. This brings to the surface the idea that those of faith are called to a higher purpose. Nobody said faith made life easier; faith in fact often makes life harder! You may achieve profitability without placing your principles first, but the bigger question is: Will God continue to bless you?

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3. *Wealth will not come to you because you have faith.* Adhering to the wisdom of your faith is your best bet to gain wealth. While it is generally true that obedience and faithfulness to God, combined with using His principles, lead to prosperity, it is quite inappropriate for you to presume on this rule of thumb, or to make demands of God. God does not promise you a life free of troubles, financial or otherwise. Ever notice that those in poverty don't have much money to give? By sticking to a plan and following His ways, you can help those less fortunate by having more to give.

Why Having More Is a Good Thing!

Many people “give” only to “get.” We as God’s people should seek to “get” in order to “give.” Keeping God as your top priority and being more generous with money may allow you to pursue both God and wealth. It all begins with an assessment of your heart.

“Keep deception and lies far from me, give me neither poverty nor riches; feed me with the food that is my portion, lest I be full and deny you and say, ‘Who is the Lord?’ Or that I not be in want and steal, and profane the name of my God.”

—Proverbs 30:8–9 (nasb)

Your heart reveals who you are. It reveals your desires, your motivation, and ultimately who you become. Matthew 6:21 says, “Where your treasure is, there your heart will be also” (niv). You may be like many and say money does not matter to you. You may even say money is the root of all evil or it’s hard for the rich to enter heaven, so you do not pursue wealth. It’s not your thing . . . You may even think your money struggles and challenges are your sacrifice to God. Often many people falsely identify riches as evil because of the rich young ruler portrayed in Matthew chapter 19.

It is “the love of money” (1 Timothy 6:10 niv) that is the root of all evil, not the money itself. While money is neither good nor evil, it can be used for both good and evil purposes.

I have observed those who say money is not important act otherwise. The words speak, but the actions speak louder. The rich young ruler needed to get rid of his riches because the riches were first in

his life—above God. If you place God above riches, there is no reason to view money as evil. In fact, it can be used for His purposes.

If you choose to have power over money, you can use money as a tool to advance God’s kingdom by supporting ministries and helping to build churches, thereby saving lives and souls for God’s glory. How you think about money and your relationship with money reflect your true intentions. How you earn money and what you do are what matters most. A desire to be wealthy so you can be more generous is not wrong. However, a desire to be wealthy so you can be self-indulgent is wrong. I want to help God’s people “get” more so they can “give” more.

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Here are seven commitments you can make to become more generous:

1. Commit to tithing (10 percent of your income and financial gains) and commit to offerings (additional gifts above your tithing).
2. Commit to having a larger vision of how you can help to advance God's kingdom—your specific calling and how God can use your time, talents, and treasure.
3. Commit to changing your perspective of wealth—it is a tool used to do more of God's work.
4. As a Christ follower, commit to taking more risks! Stop being so cautious all the time; stop seeking safety! God wants you to lay it on the line.
5. Commit to increasing your assets so you have more to give.
6. Commit to becoming better educated about your finances—choose sound investments that complement your faith.
7. Commit to seeking wise counsel from a team of professionals who share your faith.

Giving Advances God's Creation

Every financial plan should give you the flexibility to give to any organization or charity you wish without putting a strain on your monthly finances. This should be a top priority in any faith-based plan. The first investments should be in God's kingdom. By this I mean building churches, helping ministries, and supporting local church-funded charities.

Many people do not implement giving in their monthly budget, financial plan, or investments. Although it's commendable to give what you can when you can, this is not the motto of a faith-based financial plan. One piece of advice I often give young Christian couples is this: "God does not want a tip; He wants your whole heart and for you to show Him that He is number one in your life." Money is like seeds to a farmer. Each dollar can be planted to produce more and more dollars. The same can be said with your income. Don't save and spend all of it; rather, give some back to God, and reap what you sow.

Give Without Expectations

If you purposefully give your money away, that kind of authentic generosity often spills over into other areas of your life. You become more generous with your time, words, and actions toward your friends, families, and coworkers. Compare and contrast those who willingly give money away to a worthy cause because they want to with those who refuse to give a dime away because they don't see how it will benefit them. Compare their personalities. Is one more selfish than the other? Would people be willing to help the selfish one? Is one more caring and helpful than the other? Would people gladly help the one more caring and helpful?

Giving without expectation allows you to conquer the quality of selfishness that seems to condition the majority of people when it comes to money. Selfish thoughts of "What's in it for me?" prevent many people from giving. The only way to overcome that negative conditioning is to develop a willingness to give. Learn to give because you willingly want to help others. Not

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everybody can cultivate the desire to genuinely give, but if you do, rest assured, your return will be hundreds of times more valuable than what you gave in the first place.

God's Economy

There is a moral obligation to help those less fortunate. God's economy is quite different from man's economy. By serving those in need, you are ultimately serving God Himself.

If you fail to help those in need, you fail to serve Him. When you truly love others, this means you are caring for others in the same manner in which you would want to be cared for.

When you look around the world—at the wars, natural disasters, illnesses, crimes, or jobs lost—you see people who need help acquiring their most basic needs of food, clothing, and shelter. When you help provide care for the physically and emotionally wounded or provide job training and economic empowerment or provide emergency relief after famine, war, disease, and natural disasters, you have the opportunity to show God's love.

Medical problems and ongoing financial hardships can sometimes create lengthy dependent relationships. It makes sense to attempt to discourage long-term dependence, but this should not be done in a judgmental manner, especially not in such a way as to keep your money to yourself. God has made many people wealthy so they might spread wealth around to those in need. While it stands that you should be careful to not create unnecessary dependencies, do not use this as a reason to not spread the blessings with which God has provided you.

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Day Four Summary:

Money is neither good nor evil. Your attitude and relationship with money is central to how money is used. It can be used for many noble purposes when you have a proper, biblical perspective of money. When you allow money to become an obsession, greed can set in. This is not isolated to those who have money, but rather to those who seek money at all costs.

Recommended Resources:

The Eternity Portfolio by Alan Gotthardt

The Treasure Principle by Randy Alcorn

The Faith-Based Millionaire by Jay Peroni, read Chapter 5: Raising Your Standard of Giving



DAY FIVE

DOES THE EARLY BIRD ALWAYS GET THE WORM?

False Belief # 5: "Paying off my home mortgage is always wise."

Should You Pay Off Your Mortgage Early?

Many people believe the best way to pay off a home mortgage is to do so as quickly as possible. Such tactics include taking out the shortest note possible, accelerating payments through bi-weekly programs, or sending the bank extra money each month to go toward principal. This may make sense for some people, but more often than not, this way may not be the wisest choice. What starts out as great intentions can actually put the homeowner at greater risk of foreclosure. On top of that, these early pay-off strategies may realistically take longer to eliminate the mortgage payment than a non-shortened strategy.

Imagine this: you and your neighbor have identical houses – same square footage and nearly identical features. You have diligently been paying down your mortgage and have 50% equity. Your neighbor on the other hand took out 100% financing and is only making interest payments. If you and your neighbor hit hard times, which home do you think *the bank will seize first*? Your house will be seized first because you have equity and your neighbor does not. This isn't the least bit fair, but neither is life in many cases. You would think you would receive credit for your diligence but instead you will be the one foreclosed on the fastest.

Many do not realize the homeowner who has the most equity has the greater risk of losing their home. Unforeseen things happen all the time, especially in today's economy. People lose jobs, illness strikes, companies close. Many think that extra money being poured into the house is a wise investment, but it really is a lot riskier than most people comprehend.

Additionally, people who want to hurry and pay off their homes are also potentially lowering their tax advantages in addition to losing control of their money by putting it into something that is not liquid. They're also losing the opportunity to earn interest on those dollars. For many people, it's a smarter idea to keep the extra money (that they might have put towards paying off

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the mortgage quicker) in their control where they have access to it. Handing the extra payment to the bank rather than banking it yourself (keeping it earning for you), increases the rate at which the bank gets its money (something the bank isn't going to complain about), but it might not be a good idea for you financially.

Another fallacy that people don't consider is that they probably aren't really going to stay in the home for the rest of their lives, so giving the bank that extra money in attempt to pay it off quickly makes even less sense. Very few people are in a house for 30 years these days and there is specific marketing the banks employ to entice one to refinance or upgrade if the loan nears a payoff.

The bottom line is that it is important to understand how the economics and risks of sending the bank extra money, or locking into a higher monthly payment, really impact you. Determine the proper objective first then determine the method, which will help you make a proper decision.

The Good, the Bad, and the Ugly

In order to pursue true wealth, you need to understand the difference between "good" and "bad" debt. So how can you tell "good debt" from "bad debt"?

Here are the working definitions of what I am talking about:

- ❖ **Good debt:** Good debt involves purchasing something that will gain, retain, or *create* value. A home mortgage is a prime example of good debt.
- ❖ **Bad debt:** To put it simply, bad debt is any debt you incur when buying something that will lose value.
- ❖ **Ugly debt:** Ugly debt is debt incurred when purchasing something consumable (meaning it will have *no* further value). This seems logical, right?

A Driving Factor

Many people assume bad debts because "that's just how it is." But that's not necessarily how it has to be. For example, look at vehicles. Many Americans buy cars via automobile loans. But a new or late-model car loses value the moment you drive it off the lot, and it continues to lose value with every mile it travels. So why incur bad debt for this? Well, for many a vehicle is

*"The definition of
Insanity... Doing the
same thing over and
over again and
expecting different
results."*

-Albert Einstein

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simply a necessity and a loan is the only means they have available to obtain it. But a large percentage of Americans purchase more car than they really need or can afford. It's important when facing bad debt to keep that debt in check. Purchase only what you need, and with a plan to pay it off as quickly as you can.

Can bad debt turn into good debt? Yes! Let's say you purchase a vehicle by taking out a loan for a portion of the cost—that's bad debt. But if the vehicle is a hybrid or electric vehicle that typically has a high resale value and saves you a substantial amount of money on gasoline, your bad debt could turn into good debt.

What about student loans? Your education is used only by you and cannot be resold. So is that bad debt? As I mentioned before, if a debt creates value, then it can be considered good debt. A student loan definitely falls into this category, as higher education creates increased earning potential. Most people want to be debt-free. That takes time. Until that time, try to get a handle on which kind of debt you are incurring.

Get a Handle on Debt

Money does not make up for the things you lack in your life. It may temporarily solve problems but is never a solution to a problem. It is kind of like using a screwdriver to drive in a nail. While it probably can be done, it is not the most effective way to complete the task. Just like the expectations that once you have more money, your problems will go away. This is a fantasy. Without changing your habits, you will continue to make the same mistakes.

If you don't keep a handle on debt, things get out of control. You need to avoid impulse spending and overextending yourself. You really have four choices of what to do with your income: spend, save, lend, or invest. Freedom and power are better than momentary pleasures.

This chapter on debt could be a whole book. I will provide you with some sound wisdom relating to debt management, but if debt is your number one concern, seek wise counsel. Of all the books that I have read on debt management, Dave Ramsey's *Total Money Makeover* is one of the finest. "Winning at money is 80 percent behavior and 20 percent head knowledge," according to Dave. In his book, he provides a practical, how-to blueprint to get your financial house in order. Swim against the tide like salmon. There are no shortcuts to wealth.

Spending Does Not Equal Happiness

Many spend more than they make going deeper and deeper into debt. Before you consider debt, ask yourself:

- ❖ Is this adding to my wealth or subtracting from it?
- ❖ Do I really need this now?
- ❖ Do I have enough in savings to pay for this?
- ❖ If I borrow, how much interest will I pay?
- ❖ Does this make financial sense?

Heed the Warning

I think it goes without saying that there are many dangers of debt. When used properly, debt can help you reach short-term and long-term goals. Debt should be used with extreme caution due to its potential for enslaving people in financial bondage. Debt presumes on your future, and most people do not know what the future holds. You may be out of assets, out of a job, or have new developments in your financial life. If you commit to a loan, you impose on your future by committing money you may or may not have in the future. When you commit yourself to payments over time, you are presuming: no pay reductions, no loss of job, and no unexpected expenses. That is a dangerous and improbable assumption.

Debt can also lower your standard of living in the future. If you borrow today, you'll have the principal and interest to pay back over time. This will reduce your future income because you are financially committed to keep making monthly payments. This leaves you less to give away or to invest for your future. Compound interest, which is interest on interest, works against you when you borrow. If you borrow \$1,000 on a credit card and make only the minimum payments, it will take you years to pay off and you will end up paying significantly more for the item you borrowed money for. It can often cost you seven to eight times the purchase price!

There are other factors that should go into a purchasing decision: the purchase price, ongoing expenses, finance charges, and late payment fees. Credit can be dangerous as it is so easy to say yes to payments without realizing you are saying no to your financial future. The right question is not, "Can I afford it?" But rather, "Do I need it?"

Destroy the Shovel

Millions of people have dug themselves into a hole with credit card debt. If you are in a hole, stop digging. Destroy the shovel. Get rid of your cards so that you do not incur any new debts. In order to solve the current problems, you have to reduce your future problems. This has to be a choice you make. Don't buy things you cannot afford.

When Elizabeth came to see me she was up to her eyeballs in debt. She was robbing Peter to pay Paul. She had seven credit cards and because of late payments, her interest rates had soared to 30 percent or more on each of her cards. She had accumulated more than \$20,000 in debt and couldn't even afford to pay the interest on the cards. She was then using cash advances to make her monthly credit card minimum payments. My first bit of advice was to cut up all her remaining cards. She had to stop increasing her balances in order to chip away at the current balances.

Perform Plastic Surgery

Credit card debt is one of the biggest obstacles to financial freedom. Credit cards eat up valuable dollars you could be giving away to churches, ministries, and charities. They also prevent you from saving more. If credit cards are a thorn in your side, here are some rules to live by:

Rule 1: Pay off your balance each month.

Rule 2: If you violate rule 1, even once, cut up the card.

This may sound harsh, but believe me, it is the best way to prevent getting into more trouble. The best credit card is one that is being paid off each month. Don't let the credit card companies take your wealth away.

Dan went to his boss and said, "I need a raise! And it may be helpful for you to know that there are three other companies after me." "Is that so?" asked his boss. "What other companies are after you?" After a little more prodding Dan replied, "Those would be Visa, MasterCard, and Discover."

Killing Me Softly with Interest

Have you ever heard the saying "I'm so poor, I can't even pay attention"? It is so true with credit cards. Most people do not pay attention to the fine print. The biggest financial mistakes that I see on a day-to-day basis mainly deal with credit card issues. It is not so much the balance

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that is the problem, it is the interest. This is the biggest wealth-killer. If you have even a \$10,000 balance at 19.99 percent, this is almost \$2,000 a year in interest. That is \$2,000 that could have been donated or invested. This adds up over time, especially when you are making only the minimum required payments.

You will make very little progress if you are just sending that minimum payment each month. This is where the credit card companies make most of their profit. If you owe \$10,000 and make the minimum payments, you will often pay two to three or more times the principal amount in interest. That's right, over the life of that debt, you'll pay \$10,000 or \$20,000 or more to service that debt. So a \$10,000 purchase may in reality end up costing you \$20,000 or \$30,000. Credit card companies make money by killing you with late fees, high interest payments, and confusing small print. Don't be a victim of their game; get out of debt. You can't achieve true wealth carrying credit card debt.

Get the Credit Card Monkey Off Your Back

In order to make headway in paying off your credit card debt, you need an aggressive course of action. This requires lowering your interest payments, paying off the smallest balances first, and paying more than the required monthly payments. In order to get the monkey off your back, you have to first be prepared to fight back. In this war for your wealth, pacifism leads to poverty.

You can lower your interest by following a simple method:

1. Find out your current interest rates on your cards.
2. Shop around and find what competing cards are charging for interest.
3. Call your card companies and ask to speak to a supervisor or manager. Use competitor rates to negotiate your rate down. Keep escalating your request up to the next manager if you do not get the answer you are looking for from the first manager you talk to. Be persistent. Don't back down.
4. While you are at it, negotiate to have your late fees reversed. This is also negotiable. Be prepared to fight back.
5. Set up your future payments to that company to be made automatically. Either use a bill-payment company or have your monthly payments scheduled to automatically hit before their respective due dates.
6. Continue making the largest monthly payment you can make—above the minimum payment.

Jane came to see me a few years ago. She didn't think she could ever get out of debt. She and I sat down and figured out that at her current pace, it would take her twenty-eight and a half years

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to pay off her debt. Her interest rates were between 19 percent and 27 percent. She followed the action plan listed above and negotiated her rates down to 7–12 percent. She paid off the smallest balances first and kept allocating money toward debt repayment. Within three years, Jane had paid off all her balances. She saved more than twenty-five years of payments and nearly \$100,000 in interest charges. She is now able to take the money she was paying the credit card companies and give more to her church and save more for her future. Jane got the credit card monkey off her back.

Day Five Summary:

When used properly debt is a tool that can be used as leverage to accelerate wealth. However, debt should be used with extreme caution. It is only recommended that you consider good debt and avoid bad and ugly debt. Getting your debt situation under control is one of the biggest areas many people need help with. It doesn't just matter how much you earn, just as important is how much you spend.

Recommended Resources:

Total Money Makeover by Dave Ramsey

The Faith-Based Millionaire by Jay Peroni, read Chapter 7: The Good, the Bad, and the Ugly



DAY SIX ON YOUR OWN TERMS...

False Belief # 6: "Buy term and invest the difference."

Lack of Faith?

Would you fly in a single-engine plane without a parachute? Would you go white-water rafting without a life preserver? Would you travel the desert without a canteen? If not, would that show a lack of faith in God? You may say that's absurd, but many people consider insurance a lack of faith.

Many people choose self-insurance or go without insurance while others take on too much insurance. During downtimes, insurance can be a financial lifesaver. But is it wise and godly to protect against illness, death, accident, or theft? Many refuse insurance simply because they argue that it takes God out of the picture.

However, God's Word instructs us to prepare for good and bad times. When insurance is used properly it can help a family during a major illness or disability, it can provide replacement income for the loss of a spouse, it can rebuild a damaged home, and it can pay medical bills during an extended stay in a nursing home. Insurance will never cover every catastrophe, but it can be a wise way to protect the assets and income God blesses you with. You should also be careful not to allow insurance to be a replacement for God. Balancing wise planning and faith in God should be the goal of every protection plan—enough to protect your family, but not so much as to limit your dependence on God.

In his book *Money, Possessions, and Eternity*, Randy Alcorn asks, "But where does God fit into all this? The greatest danger in insurance is that it so easily undermines our sense of dependency on God. Is insurance a God-given means of provision, or is it in reality a theological end-run that makes trust obsolete and God unnecessary?" The act of buying insurance in itself doesn't show a lack of trust in God; instead it demonstrates proper planning. God clearly wants us to provide for our families as demonstrated in 1Timothy 5:8: "If anyone does not provide for his own, and

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especially for those of his household, he has denied the faith and is worse than an unbeliever” (nasb).

But we cannot be too greedy and slothful with our insurance policies either. Life insurance is a financial tool just like a mutual fund, a stock, or a CD. These tools are morally neutral. The attitude in using the tools determines whether insurance is being used properly in God’s eyes. Insurance should not be bought because of fear but rather with faith.

The Saving Grace

Jeff worked at a telephone company for nearly twenty years after graduating from high school. At thirty-seven, he was the sole breadwinner for his family. He always thought that his company would take care of him in the event of an untimely death. He was confident that his family was secure. He was a family man and loved spending time with his wife, Julie, and their two young children. They were fortunate that Jeff’s income allowed Julie to stay home with the children.

When he came in for an appointment, Jeff was shocked that he was underinsured. If he passed away, his group term insurance would cover only two times his yearly salary. This would last only four to six years with his family’s current expenses. His wife would have to go back to work and put the kids in day care. Jeff opted to buy additional life insurance to cover his income until the kids were through college. Sadly, this was the wisest investment that Jeff ever made.

Less than a year after being accepted for insurance, he was diagnosed with brain cancer. Jeff never reached his thirty-ninth birthday. The silver lining in the story was the policy that Jeff bought for his family. He prepared and planned and left his family in a sound financial position. Julie says, “Had Jeff not met with you, a tragedy would have been made worse. Yes, God could have performed a miracle. He could have used the church family to bail us out, but through this policy, He was able to carry us through the toughest loss we ever faced.” Julie has since gone to nursing school at night and become an RN. The insurance proceeds allowed her to pursue a passion rather than forcing her to take a job.

Why Insure?

Insurance provides protection for unanticipated expenses you couldn’t otherwise pay. For example, in the case of Jeff and Julie, insurance was used to produce needed income after Jeff’s death. Buying insurance is like looking ahead. If you knew you would face a financial problem down the road and could afford to protect your family and your assets at a fraction of the replacement cost, why would you not at least consider it?

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Insurance also frees up surplus funds. In Jeff and Julie's case, Jeff made \$85,000 a year. When he died, the family still needed at least \$75,000 in yearly income. Social Security provided around \$12,000 a year for dependent care. The family still needed \$63,000 a year to cover the gap. Where would these funds come from? Jeff and his family could have saved over time, but in this case he had less than a year to live. The other alternative was to buy insurance, which he did, and that turned out to be the wise choice. No one knows what the future holds, but planning ahead is prudent and resourceful.

Buy Term and Invest the Difference?

You probably hear people say it all the time: "Buy term and invest the difference." What does this really mean? First let's quickly look at what life insurance is:

What is Life Insurance?

Life insurance provides funds for your surviving loved ones when you die. Your family can use the proceeds to meet a variety of goals, for example, to replace income lost as a result of your death, to meet periodic expenses, to pay debts you've left behind, to help with college tuition and retirement, and to pay for your final expenses and estate taxes. The proceeds are typically paid as a lump sum but may also be paid in installments.

You can obtain life insurance coverage through work, through another organization (e.g., a club or association to which you belong that sponsors a group policy), or by purchasing an individual policy directly from an insurance company. The two basic types of life insurance are term life and permanent (cash value) life. Term life provides life insurance coverage for a specified period of time, while permanent insurance provides protection for your entire life. Permanent life insurance can be further broken down into several types, including whole life, variable life, and variable universal life.

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When people say buy term and invest the difference, they are referring to using term insurance to cover a period of time rather than having permanent insurance in place which is more expensive in the short-term. The difference between what a term policy costs and what a similar permanent policy would cost, the difference could then be invested. Is this always a wise strategy?

A Necessary Evil?

First you need to examine your philosophy on insurance. Many people see insurance as a necessary evil to be replaced with self-insurance as quickly as possible. When the focus is on price rather than value and the risk of not having insurance, it is easy to see why some people choose term insurance over other forms. However, smart investors know that life insurance is the foundation of any successful portfolio. Life insurance provides powerful ways to create, protect, preserve and distribute wealth. By offering the insured a tax free way to swiftly distribute wealth to your family in the time that they need it most without having to wait on probate.

By purchasing a permanent life insurance policy, you are saving as you pay your premiums. As the policy ages, you build funds you can access tax free. If for some reason you were to die during the funding period of the policy, your family would receive the death benefit of the policy allowing them to still accomplish goals laid out as a family like education, debt payoff, donations, etc.

This theory is based on the concept that term life insurance premiums are initially less than permanent life insurance premiums. Therefore you should buy the term policy and invest the difference in some type of investment account. Based on current assumptions, the thinking is you will have more money saved over 20 or 30 years rather than just purchasing the permanent policy in the beginning.

In the wake of 9/11, many people lost millions in investment accounts while owners of permanent policies continue to see cash values grow because the policy contract has a minimum guaranteed interest rate (usually ranging from 3-4.5%).

Also, you have to remember that once a permanent policy is put in place, the premiums do not increase like a term policy will do. For instance, let's say you opt to purchase a term policy with a premium of \$30/month over a permanent policy with a \$65/month premium for the same face amount today. But 15 years from now the same term policy now costs \$125/month and you have had some health problems. Now you are paying more for the term policy, have no cash value, and can't get a permanent policy due to your health.

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But in a simpler explanation from my perspective is that everyone has two different kinds of needs – permanent needs and temporary needs. You wouldn't fix a leaky pipe with a bandage, so why insure a permanent need with a term policy. Permanent needs include burial costs, donations to charity. These needs are permanent because no matter if you are 70 or 20 you will have some burial costs. Temporary needs include mortgage loans, educating your children, emergency funds, other debts like cars, credit cards, etc. These are temporary because I am sure we all have the goal of being debt free one day. But, don't be fooled, because if you don't aggressively attack your debt and set up a clear plan to eliminate your debt, it can easily become a permanent need.

So How Does Buy Term Invest the Difference Destroy Wealth?

Those who teach this philosophy do so because the premiums on term insurance are much cheaper than permanent policy premiums, at least in the early years. For example, a thirty-year-old male could get a \$500,000 term death benefit for thirty years for \$375 per year (\$63/month), if not less. That same person might pay as much as \$4,500 per year (\$375/month) with a permanent policy.

You may be saying, "I would never pay that for life insurance." You have to compare apples to apples. Many assume that coverage will be dropped after the term expires. Insurance companies love term insurance because they collect premiums and pay benefits on only about 1 percent of term life insurance policies. The assumption that the policyholder will drop coverage is based on the idea that a person's assets will build over time; their income after retirement will decrease (requiring less protection); and their responsibilities to others (family) will decrease, so the need for life insurance is diminished.

Like other false beliefs, these assumptions miss a variety of needs. Let's say you want to maintain coverage for a longer period of time. The cost of term insurance rises dramatically over time, whereas the cost of insurance within a permanent policy remains the same—or even decreases in some cases—over a person's lifetime. The thirty-year-old who buys the term policy will find that, after the term expires, the same company's rates can be more than ten times the original premium. Term policies become prohibitively expensive over a person's lifetime.

For example, I ran a life insurance quote for a thirty-year-old male who buys a convertible, thirty-year term policy with a death benefit of \$1 million and an annual premium of \$1,320 will find that the premium increases to \$46,490 when the term expires. By age 74, this person has paid \$767,930 in premiums for his \$1 million death benefit, and by age 84 he has paid \$2.78 million for his \$1 million death benefit.

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Once a person reaches their retirement years, they often find their term insurance premium payments exceed the death benefit, thus they drop coverage. Term does cost the least in the early years, but is the most expensive insurance over a person's entire lifetime.

We get what we pay for, and term insurance is cheap in early years for a reason—it provides very little value, and the value that it does provide is almost guaranteed to go away before it is even used. For people who truly don't have the money to buy permanent life insurance, term is better than remaining uninsured, but it's a shortsighted and ultimately unproductive alternative.

Permanent life insurance, on the other hand, has a higher price in the short term because it offers much greater value in the long-term. The common response to this is that through a term policy a person can save money and create more assets by taking the money that he would have spent on a permanent policy and investing it in things that have higher rates of return than a person can find inside of a permanent policy. The internal rate of return in a permanent policy is the interest rate on the cash value that is guaranteed by the life insurance company, a cash value that builds as premiums are paid, in addition to any dividends the company may pay. The guaranteed interest rate in a permanent life insurance policy, for example, might be up to about 5 percent. So, says the term life camp, why not take all of that premium money and put it into real estate or a mutual fund and earn 10–12 percent instead?

What this camp ignores is that permanent life insurance policies, aside from offering guaranteed death benefits, also provide living benefits beyond the internal rate of return, which gives them infinite value over term policies, which have no living benefits. These living benefits include:

- ❖ Tax protection (the cash value grows tax-deferred, and in some cases tax-free with some strategies)
- ❖ Waiver of premium riders/disability protection (if a person is disabled throughout the term of a policy, this rider will pay for the policy so the policyholder doesn't have to continue making premium payments during her period of disability)
- ❖ Liability protection (in most states, if a policyholder is sued, plaintiffs cannot access life insurance cash value)
- ❖ The ability to utilize the cash value (cash values can be accessed through policy loans or dividend withdrawals and used to make other investments),
- ❖ And the freedom to leverage assets without worrying about lost principal (if I have \$1 million in assets, \$1 million in death benefit, and \$1 million in cash value, I can spend down my assets, keep my cash value, and keep my death benefit without adverse affects to my retirement years or my heirs).

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A person who understands the purpose of insurance wants the best policy that money can buy, one that provides the most certainty by transferring as much risk away from the individual as possible. The strategy of “buy term and invest the difference” is fundamentally built upon the misguided belief that insurance is a necessary evil, and that we should find the cheapest method of insurance possible. But smart investors base their decisions on long-term costs, not short-term price. Many, who are indeed rich, realize insurance can be used as a way to protect and grow wealth over time.

Day Six Summary:

In order to grow wealth, we must also protect it. Sound financial strategies involve prudent insurance planning. Term insurance is cheapest in the short-term and appropriate for protecting during a period of time but very rarely provides much value. On the other hand, permanent insurance is cheaper in the long run and provides a number of wealth building opportunities that term insurance does not offer.

Recommended Resources:

To find a qualified insurance agent (faith-based):

www.kingdomadvisors.org

www.nacfc.com



DAY SEVEN COME ON LUCKY # 7

False Belief # 7: "Mutual Funds and Stocks are My Best Path to Wealth."

Roll the Dice?

Are you investing or gambling? Your thoughts and attitude reveal the answer to this question. Many people are willing to take risks when they are fairly confident they will "win", but if they lose, then high risk wasn't what they wanted. Many place too much value in risk tolerance questionnaires. They place too much weight on answering questions about risk then choosing investments based on a questionnaire.

This is a dangerous way to invest. This doesn't mean considering you shouldn't consider your risk tolerance. However, too many people rely on their tolerance when choosing their investments and do not know or understand what they are investing in. This form of investing is gambling.

The key to avoid gambling is to fully understand any investment you make. If you have important financial decisions to make, it is prudent to seek sound financial advice from someone who can provide independent counsel and look at your interests first. Finding such persons is not always easy given the self-interests of many financial institutions.

Gamble

VERB: gam·bled , gam·bling , gam·bles

1. To bet on an uncertain outcome, as of a contest.
2. To play a game of chance for stakes.
3. To take a risk in the hope of gaining an advantage or a benefit.

Source: [American Heritage Dictionary](#)

Gambling in Disguise

A lot of people think they are investing when in reality they are gambling. Many hand their money over to an advisor, money manager, or mutual fund company and have no idea where they are investing, yet hope for the best. Then if they lose a large portion of their investment they are surprised or disappointed. If you went to a casino and expect “luck” at the roulette table, you would also have to expect to lose money. When many invest, they turn to mutual funds and stocks hoping that the same type of “luck” will make them a fortune. Yet they are surprised when they lose. Though I agree the odds are more in your favor in the stock market than at the casino, but this mentality is similar to that of gambling.

How to Avoid Gambling

Do you realize when you invest, you are investing in people? Even you think you are investing in a service, a particular stock, or mutual fund, you are actually investing in a company’s integrity, its ability to create value, and the ability to bring their services/products successfully to the marketplace.

The product or service may be fabulous, but its success relies on its people. How many times have you seen companies lose money even though they have a fabulous product or service? This often happens because of poor management decisions, greed, or other inefficiencies. Though it is easier to make money with a great product or service, do not underestimate the importance behind the people managing as this will ultimately determine how successful your investment will be.

One of the best ways to ensure that you’re not gambling is to invest in your education. Every person has at least one idea, skill, or talent within them that they could potentially capitalize on in the marketplace. Too few people have enough faith in their own abilities to create value for others. They think that investing in stocks will make them rich, but the truth is that most people who are rich got there by investing in their own business, dreams and ideas—things they have more ability to manage.

Invest

VERB: in-vest-ed , in-vest-ing , in-vests

1. To commit (money or capital) in order to gain a financial return.
2. To spend or devote for future advantage or benefit.
3. To devote morally or psychologically, as to a purpose; commit.

Source: [American Heritage Dictionary](#)



You Hold The Keys in Your Hands

Do you watch others and say hey I can do that too? Maybe you have a friend who has made a lot of money in one business venture or another and you want to follow. Before investing in anything, the question should always be is it right for me? Yes, someone else has succeed at it – whether it be real estate, stock market investing, or running a business, but is it right for you?

How will you know what types of investments are right for you? Do you have passion, skills, and knowledge in regard to any particular type of investing? When you have knowledge and attitude for certain types of investments, the more you know the less it becomes gambling.

The line between investing and gambling is often blurred, but a surefire away to minimize it is to fully understand what you're investing in and why you are investing in it! Why do people spend more time researching a vacation than researching an investment? Many blindly follow the advice of another “professional” without researching what all of their financial options are. If you are going to invest, it is critical to take enough time to completely understand what you are investing in and why.

The Path to Riches

You don't have to run a business, or buy a business, or invest in real estate or in the stock market in order to get rich. One or all of those things might be perfect for someone else, but horrible ideas for you. We're all made differently. Each of us has unique gifts and abilities. There's not one perfect way to riches—it all depends on who you are individually.

However, contrary to popular belief, there are safe ways to invest that produce high yields, while at the same time exposing yourself to very little risk. But first you have to know what you're really after, and why.

Most people believe that high yield only exists in a world of high risk, and low yield always equates to low risk. In many situations, looking merely at product, that is true. Banking products

such as CD's and money market accounts seem to be low yield and low risk. True risks are often not accounted for however, especially when it comes to inflation and opportunity risk.

The ideal, however, would be to find a way to invest where high yields would be possible with a low risk. While specific strategies are beyond the scope of this guide (simply because strategies and techniques will be different for every individual's situation), there are some basic things you can do to create a favorable scenario for yourself, but the key is to ask the right questions.

Who Makes it Rich Investing in Stocks and Mutual Funds?

In 1960, a man named Sully Blotnick began a study of 1,500 people representing a cross section of middle-class America. Throughout the twenty-year study, they lost almost a third of participants due to deaths, moves, or other factors.

Of the 1,057 that remained, 83 had become millionaires. When Mr. Blotnick's team interviewed participants at the beginning of the study, the most widely shared impression they found was that "great wealth can come to you only as a result of doing things you don't want to do." They also noted that from the start, most participants assumed that chance would play a decisive role in determining who became wealthy.

They found that the 83 successful people shared five characteristics: they were persistent, they were patient, they were willing to handle both the "nobler and the pettier" aspects of their job, they had an increasingly noncompetitive attitude towards the people with whom they worked, and their investment activities—aside from their main career—consumed a minimum of their time and attention.

Writes Blotnick, "We originally expected the people in our sample to become wealthy by taking the money they earned at work and investing it wisely, in such things as stocks, bonds, and real estate . . . we thought there'd be no way for [them] to become rich unless they used their surplus income to generate more income . . . It didn't work out that way. . . . **More often than not they made little or no money investing.**"

In short, what the study unveiled was that the main source of wealth for the successful participants was that they found something they loved to do and they did it well. "In case after case," says Blotnick, "they did increasingly well occupationally, while their pursuit of investment profits proved to be largely a waste of time. In the long run, it was their work which made them rich." Blotnick concludes that investing in yourself, what you do, and with whom you do it are the most important determining factors of wealth.

Source: Getting Rich Your Own Way, Sully Blotnick (Jove, 1982).

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Questions to ask before making ANY investment?

- ❖ Why exactly am choosing this particular investment?
- ❖ How confident am I this investment will offer a good return?
- ❖ What is the worst-case scenario with this investment? Am I comfortable with this possibility?
- ❖ Does this investment potentially compromise my moral, religious or social beliefs?
- ❖ Does this investment line up with my financial plan?
- ❖ Am I making this investment based on emotion (ie. greed or fear)?
- ❖ How passionate am I about this investment?

Careful: How You Handle Money Can Create a Chain reaction!

Defeating THE SANTA FACTOR™ in your life is about debunking myths that are keeping you from gaining wealth. As we have uncovered seven false beliefs, hopefully they have motivated you to make some changes. Keep in mind, the way you manage your money has a great deal to do with:

- ❖ *Your personal happiness.* It is often said that money does not buy happiness. However, very rarely will you ever see someone who is in poverty and happy. Most of us fall somewhere in between. If you feel you are being a good steward of the resources God has provided you, your level of happiness will increase. It is more important to analyze how you give, how you spend, how you save, and how you invest your money. The level of happiness or lack thereof is probably directly linked to how you are managing your money.
- ❖ *Your stress level* Poor money management and poor financial decisions lead to higher stress levels. Having more money does not reduce your stress levels if you have not taken care of the root problems. Why do dentists perform root canals? You could say that the purpose of root canal treatment is to create an end result where the tissues that surround a tooth's root will maintain a healthy status despite the fact that the tooth's nerve has undergone degenerative changes. By fixing the roots of our financial problems, we will eventually conquer and develop solutions to reduce our stress levels.
- ❖ *The quality of your family life.* As stress levels increase and happiness decreases, Christians often turn to substances or addictive behaviors, just like the secular world. Sin is present in this world and takes very little searching to find. Christians often turn to

“If a person gets his attitude toward money straight, it will help straighten out almost every other area of his life”.
-- Billy Graham

The Santa Factor

drugs, alcohol, pornography, and affairs to numb the pains. This substantially affects the quality of family life and rips away a family like a hurricane. The winds move rapidly and before long what started out innocent turns into full fledged withdrawal, addiction, and in some case suicidal thoughts or actions.

- ❖ *The stability of your marriage.* Studies have shown that money is the number one cause of divorce in both Christian and secular relationships. Money can tear a couple apart. Aside from the previous mentioned problems, the way each partner handles money can create substantial friction in the marriage. If one person is a saver and the other is a spender and each spouse is not on the same page, serious issues arise. It is when things seem like no hope is there and trust has been betrayed that reconciliation seems unimaginable; many turn away from Christ instead of toward Him.
- ❖ *And success in your career.* It is often said” find something you love to do and find a way to get paid to do it”. Well that is great career advice when seeking a profession or starting a business. Whether you love or hate your job, your business, or profession, when money management issues arise they can affect your career. Choices you make, affect your long-term prospects. If you are suffering financially because of poor money management skills, you become more susceptible to compromise your values, morals, and ethical behaviors. Did you make a sale only to meet your needs? Did you purposely withhold information so that you could make an extra dollar?

May God bless you provide you provide you with abundant wisdom!

**Many Blessings,
Jay Peroni, CFP®**

Day Seven Summary:

In order to grow wealth, you will need a plan. There are many paths toward wealth. No one path is appropriate for everyone. Once you discover your unique gifts and abilities, find a way to make money using your purpose and passion. The more you learn about investing the less it becomes a gamble. Take time to research and discover which investments make the most sense for you.

Recommended Resources:

www.48days.net join the fastest growing community of entrepreneurs and business owners.

www.jayperoni.com for more information on Jay Peroni's services

CONCLUSION: THE BIG PICTURE



Your Financial Road Map

The best way to reach your financial goals is to have a clear “financial road map” that corresponds with what you want to get out of your life. Finding your purpose and passion will lead to performance.

Do you know what your personal definition of wealth is (beyond a dollar amount)? If your only objective in investing is to have MORE money, then not only will you likely never reach your objective (because there is always “more”), but you’re unlikely to find lasting security and satisfaction in your investments.

Understand that money is just a tool to enhance your life, and not the meaning of life! If you don’t know where to invest, then invest in yourself first and always. Warren Buffett has said that although he has made his fortune in investing, he detests risk. "Risk comes from not knowing what you're doing," he says. The better you understand what you’re doing, and why you’re doing it, both from a financial and personal perspective, the better investment decision you will make.

If you don’t have a plan, then someone else will have a plan for you. By understanding your big picture and the legacy you are creating, you will be less likely to get derailed or talked into things. Knowing what you want gives you purpose and clarity behind your investing. It helps

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you recognize opportunities that you didn't before, and at the same time avoid the things that you don't want in your life.

Some people think they're safe because they get benefits from their work, for example, but their pension likely has a lot of restrictions and can be lost all together. With group disability benefits, for example, they find out too late that you practically have to be immobile to get paid.

A lot of people also don't know that there's a cap on payouts for group health or life insurance. One sad example of this happened on September 11, 2001. There was a group that had a significant number of employees die in the World Trade Center tragedy so the aggregate death benefit was capped and each family was surprised to find out they were paid much less than the benefit they expected.

Group coverage also gets people stuck doing what they're doing today, because they can't afford to lose the benefits if there are any health changes. With some personal responsibility and education, you can find ways to do it more economically and in such a way that gives you greater freedom.

Chances are you've been reading this E-book and thinking "I agree with all of these ideas in principle, but how do I apply them financially?" That's a great question and it's one that deserves an answer. If there was a one-size-fits-all approach that actually worked then I would give it to you right now. But since there isn't, I suggest that you schedule a complimentary Discovery Session with me. This way you can get a better idea of how to construct your financial road map and afterwards do a moral audit to see how you might be able to optimize your finances and avoid common mistakes.

What is the "Big Picture" Plan?

Just like a dream house, a financial blueprint that is thoughtfully planned out is going to be a lot more attractive and stable than one just thrown together as you go based on momentary whims or fast-talking marketers. Before you even begin to consider investing, or doing anything major with your finances, it's a good idea to carefully map out what your real overarching desires and objectives are—not just financially, but with your life in general.

Why? Because like it or not, in today's world money affects every single aspect of our lives. Don't think some generic, standard plan that some financial advisor outlined for you based on statistics is going to be your ticket to financial success.

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If you beat numbers hard enough they'll confess to anything. Your life, however, is not a statistic. How about a plan that actually improves the quality of your life in the ways that personally matter to you? For example, if you dream of buying an RV in a few years and will be taking time off of work to tour the country, do you want to be able to do this only if the market cooperates, or under the worst-case scenario as well?

Your plans should not be dependent upon the market, unless you want to have to wait and see if your dreams will come true or not. A personal plan, customized to the preferences of the individual can be designed that ensures the outcomes that really matter to you will come to pass— regardless of whether or not the market cooperates.

How do I know if I'm on Track?

I have created a process to see if you're on track.

1. Simply go to <http://www.boulevardr.com/br/planner/profile.jsf?id=jayperoni>
2. Register
3. Select your goals
4. Enter your data
5. We'll email you a personalized roadmap

It only takes about 30 minutes to see if you're heading in the right direction!



Additional Resources:

1. www.jayperoni.com: books, ebooks, blogs, access to The Jay Peroni Show, and much more...



2. www.faithbasedinvestor.com: access to faith-based investing ideas and recommendations as well as personalized money management and financial planning – all from a biblical perspective.



FaithBasedInvestor.com can help you find your way using a **GPS System** based on biblical principles:

G

Grow your wealth: We'll show you how to find investments that reflect your Christian values, morals and beliefs. Each month you will receive specific investment recommendations and advice. We'll tell you what to buy, when to buy, and when to sell. It only takes a few minutes each month.

P

Protect your wealth: Our recommendations are designed to help you weather the storm, gain peace of mind, and have confidence that you're heading in the right direction. With two faith-based model portfolios, you'll know exactly what to do.

S

Share your wealth: By having more you can give more and help advance God's kingdom. Financial freedom allows you to help more of His people. We provide timely financial articles to help you better manage your finances.

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At FaithBasedInvestor.com, our unique method of discovery, a **Ten Step Process**, ensures that we understand what is most important to you before we ever give you a single recommendation. With **over 15 years of experience**, we show you how to unlock wealth by placing values before profits. By staying true to your principles, you will actually become more profitable. **No other company uses this process to focus solely on you and your personalized plan.**

By implementing a personal plan for you, we help you select investments you can believe in. In addition to finding excellent profit opportunities, we seek to find companies you will be “proud to own.” We ask questions such as “Is this company creating value or taking advantage of others? Are they making the world a better place or morally or physically polluting our society?” We strive to provide you with the pride of knowing that your money is not merely invested in successful companies, but is invested in companies you admire and can believe in.

For a FREE 30 minute personal consultation call 866-594-9919 or email Jay at jay@jayperoni.com. Thank you for taking time to read this ebook. We hope it has helped you rethink what wealth means to you!



Rethink Wealth™ TV

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