

EIGHT BASIC SECRETS OF FINANCIAL SUCCESS

Almost everybody wants to be a financial success. Even the ones who believe they'll never be successful would like to be if they could just find a way. The problem is most people don't know the way; they don't know how to do it. They think it's about making more money. But most rich people didn't get to be rich because somebody paid them more money or because one day they finally won the lottery. No, they became rich because they had a plan to go somewhere, they pursued that plan day after day and they did a good job of HANDLING whatever money they had on hand along the way. And oh by the way, most so-called rich people are NOT financially successful either.

What does it mean then to be *financially successful*? If you were living in some third-world country you'd be *financially successful* if you had enough to eat, if you had fresh water to drink and if you had a roof over your head. But since you live in the USA where materialism is king, the standards for financial success are higher. We want to have a lot of possessions and our definition of success is reserved for people who have a lot of them including big houses, big cars, a lot of expensive clothes, etc. But did you know MOST of the people who go around showing off those kinds of things either owe some creditor for them or they acquired a lot of it illegally? They're usually tortured by fear that they could lose all their acquired stuff and that they could be left with nothing, stripped of all their assets and standing in Bankruptcy Court.

Friend, financial success is NOT about how much money and possessions you control. It's NOT about how much money you make. No, it's about the quality of your life that has resulted from how you've HANDLED the money that's come your way over the last 7 to 10 years of your life. And the measure of your success is how you feel about what you have: are you at peace with it all or do you live in fear, losing sleep or running from your creditors all the time? Is your credit rating so negative you're afraid to go and interview for a better job

because you think no one will hire you? Are you embarrassed for someone to look at your credit reports?

A person who's *financially successful* is content, lives comfortably within his/her level of income, has all essential needs met, has enough contingency funds set aside to deal with the emergencies of life, and has money left over to sow into the Kingdom of God and to bless family and other folks when those occasions arise. A person who's *financially successful* is someone who makes wise decisions with the long-range future in mind instead of just for the moment. A person who's *financially successful* is someone who lives by faith and trusts that God will take care of them. A person who's *financially successful* is not trying to get rich but the blessing of prosperity always finds them out anyway without having to strive for it.

In 1987 we started a credit counseling ministry here in Miami and over the years we've come in contact with tens of thousands of folks. As you'd expect almost all of them had some kind of credit problem. They came to us because they needed help in getting themselves out of some money situation that was holding them in bondage. So for a number of years now we've had a unique opportunity to come to some conclusions about what it takes to be *financially successful* and based on that experience we've been able to summarize the various qualities that produce SUCCESS down to eight of the basic PRACTICAL requirements that will ALWAYS produce good results. If you'll do these eight things it's virtually GUARANTEED that you WILL be a financial success in 7 years or less.

1. You Must Have a Family Budget and Live By It

Most people don't have a budget. In fact, more than 85% of folks in the US have NEVER had a personal or family budget, wouldn't know how to put one together if they tried and think they don't need one. Nothing could be further from the truth. No operating entity from families to corporations that has money coming in and going out should try to make it all work without a budget. Lack of planning is one of the main reasons people are financially unsuccessful because they have no idea where the money they make is going.

A simple one-page Family Budget form that you can use to get organized is available at the following link:

<http://files.constantcontact.com/d21f60e4001/a3502ba9-c0c8-4bba-9aa5-b6d464831cee.pdf?ver=1520105887000>.

How do you spend your money? If you spend more than you bring in you'll either have to go broke or use indebtedness to make up the difference. *Financial success* comes from spending LESS than what you make, not more. And the way to be sure you'll always spend less is to write down ahead of time how you're going to spend your money. And then keep track of how you actually spent it compared to your plan. Most families live paycheck to paycheck and are essentially insolvent. Insolvency is when you owe more than you're worth. But in our experience we've only encountered a very few families who were budgeting before they came to see us because families who budget usually don't have financial problems. An essential requirement for *financial success* is to live by a budget. Nothing will work until you're willing to make this step.

A budget should be used as a guide to making your expenditures. It doesn't have to be some legal thing but at the end of the month you want to come out with totally expenditures that are less than your income. How you get to that objective every month is not as important as getting there. If during the month you see that you're going to overrun one of your budget categories then reassign the funds from one of the other budget categories where you can spend less than the budget. If you can come out at the end of the month CONSISTENTLY with your expenses less than your income you will be *financially successful* in no time.

2. You Must Avoid Indebtedness

We live in a society where almost everyone is in debt. It's part of our way of life and we don't think too much about it. If we want something we just take out a credit card or open a new charge account and more often than not we have only a vague idea of how we're going to pay back a new debt. The whole financial system in this country is based on the assumption that the consumer is willing to go into debt and pay their creditors outrageous amounts of interest for letting them borrow their money. And since

consumers are willing to do it the banks and other creditors are eager to attract people who have relatively decent credit ratings and are willing to go into debt.

But here's a key point to know if you want to be *financially successful*: you can NEVER be *financial successful* and in debt at the same time. Indebtedness is the most formidable obstacle to success there is. It MUST be eliminated and then avoided like the plague because it's so toxic to success. Virtually 100% of all consumers who can be considered *financially successful* are DEBT FREE. The absolute wrong way to handle money is to go into debt to purchase possessions you think you can't wait for. To change that picture and have even a chance to be successful, you'll have to make a final no-compromise decision to stop using debt and then take action to make it happen to become DEBT FREE. No exceptions!

3. You Must ALWAYS Pay ALL Your Bills on Time

A lot of people are kind of blasé about paying their bills on time. They don't pay any attention to the official payment dates and just pay their bills when they get around to it. Other folks are trying to make their payments as late as possible just before the creditor cuts them off thinking they're winning some kind of dumb game. It's dumb because the system GREATLY favors the people who make all their payments on time and gives them the reputation as people of good character.

But did you know that every late payment you make is reported by your creditors as DEROGATORY information to the three national credit bureaus? And did you know that a pattern of late payments causes your FICO Scores to be significantly reduced? Lower scores means you pay higher interest. Lower scores mean you won't be seriously considered for the best jobs because employers interpret a history of late payments as an indication of a flawed character and irresponsibility. Lower scores mean your insurance costs will be higher. And most companies charge late fees which greatly increase the real cost of your credit.

So the correct way to handle your money is to be on top of your payments and pay them even before the due dates so you can be sure to not ever be

late. Make it one of your highest priorities as it should be. Plan your payments for the times during the month when you receive your income and you know that you'll have the funds on hand. And don't forget that if you're mailing them you need to allow plenty of time for your checks to arrive at your creditors' offices. If they don't arrive on time they WILL be counted as late and you WILL have to pay late fees and you WILL be reported to the credit bureaus as having paid late. This is really, really important!

4. You Must Monitor Your Credit Reports

Most people have never seen their credit reports but if you have a social security number you definitely DO have credit reports. There're three national credit bureaus and each of them publishes a credit report that summarizes a lot of private information about every consumer in the country. Anyone that's specifically authorized by the law may review that private information about you by paying the appropriate fees to the credit bureaus. The publishing of private information is allowed by the law but credit bureaus are restricted as to how they may distribute the reports. Legally authorized users include prospective creditors, landlords, lenders, banks, insurance companies, prospective employers, etc.

Did you know that studies show that more than 70% of all credit reports contain errors or outdated information? Those errors could be costing you real money if they go on undetected because if they cause your FICO Scores to decrease, then your interest rates could go up. How're those errors detected? They'll be detected ONLY by concerned consumers who're regularly monitoring their credit reports. No one else will be looking for them. That means YOU have to be in charge of your own credit reports and insure that they are reflecting an accurate and as favorable picture of you as possible.

Another thing to be concerned about is that Identity Theft is the fastest growing white collar crime in the country. Most people find out about that they've been a victim of IT when they receive a bill or a call from a bill collector about a debt they never heard of before. But someone who is on top of their credit reports and is monitoring them every few months will catch a problem early in the process. Also, the smart consumer is probably

going to have an alert service set up with the credit bureaus so the identity thieves will be unable to penetrate your defenses. The person who handles their money correctly is a person who PROTECTS their credit ratings and constantly monitors their credit reports.

You can obtain a FREE credit report annually from each of the three credit bureaus at:

www.annualcreditreport.com

We recommend downloading one at a time every four months during the year so that you're always working with recent information. You can also purchase one of the on-line monitoring services for about \$15.00 per month. There're a number of good services and we particularly recommend the ones sold by the credit bureaus at the following web sites:

www.equifax.com

www.experian.com

www.transunion.com

5. You Must Stay Away From Get Rich Quick Schemes

There were three main reasons why so many families have had financial problems because of the recession: 1) reduced income, 2) indebtedness and 3) using debt to invest in real estate thinking they were going to get rich in a few months. Certainly reduced income has been hard to deal with. Unemployment and cutbacks are still at difficult levels. But the people who have had the most trouble are the ones who were in a significant amount of debt BEFORE the recession. Folks who didn't have any debt at all have been able to weather the storm much more effectively. But the ones who're the worse off are the people who were going into sub-prime mortgage debt they shouldn't have been able to qualify for trying to "flip" real estate and get rich QUICK.

Very few rich people ever got there QUICKLY. It almost NEVER happens that way. A basic principle of handling money is that the QUICKER something is the more RISKY it is. Leading up to every recession or depression or what they used to call "panics" in the history of our economy there has ALWAYS been a large group of people who were trying to pursue some scheme to get

rick QUICK. They are SPECULATORS who push up prices to artificial levels only to eventually see the bursting of those price bubbles where they lose all their money.

The moral of the story is stay out of get rich QUICK schemes and speculations. Avoid them like the plague! They may sound good but if it's QUICK it's going to be RISKY and the person who's pursuing a course to *financial success* should be trying to avoid RISK as much as possible. Becoming *financially successful* is a slow, purposeful, step-by-step process of following a good plan of living within your budget, staying out of debt, putting money aside in conservative, low-risk investments that won't disappear when the next recession comes along and being content to wait to buy things until you have accumulated enough CASH.

6. You Must Avoid Co-signing

Now this next one is going to be hard because eventually some friend or family member with a bad credit rating is going to come to you with your good credit rating and ask you to CO-SIGN with them to help them go into debt. Most people these days give in to those requests because they want to be loved by their families and they want to love them back by helping them "progress" in life. But, you MUST resist the temptation if you want to be *financially successful*.

When you CO-SIGN with someone for a debt you are telling the creditor that if your loved one defaults on that debt YOU will pay it off on their behalf. You are GUARANTEEING that the debt will be paid. Do you have the money set aside for that possibility; otherwise if your loved one defaults you have just gone into debt. If the financial system found it too risky to give credit to your loved one, why would you want to take on the creditor's responsibility by taking the risk on your own shoulders? We have seen time after time the good financial ratings of otherwise debt free people ruined by having CO-SIGNED a debt they were not able to pay for when their loved one defaulted.

You will just have to resist the temptation to GUARANTEE someone's debt. Why would you want to help someone go into debt when your value for yourself is to stay out of debt? No, tough love is better for both sides in

these situations. The better approach would be to gift your money to your loved one as you can afford it into a savings account that you control with both parties contributing into that account as you've agreed together until there's enough money accumulated there to pay CASH for the thing they had originally wanted you to CO-SIGN for. Debt is NEVER the right answer for someone who's working to be *financially successful* and the hard truth is that CO-SIGNING often leads to debt!

7. You Must Have a Contingency Fund

The purpose of a Contingency Fund is to have money set aside to be used ONLY in the case of emergencies. We're all going to experience emergencies from time to time that we had no way to plan for. For example, you need a new battery for your car (they cost more than \$100 these days) or new tires or your washer or dryer goes out or there's a medical emergency you hadn't planned for or whatever thing that could come up that you need to pay immediately. Most families have to go into debt to pay for those kinds of unexpected expenditures which means they incur related interest costs and their budgets are strained because of the additional monthly payment until the debt is paid off.

But the smart way to operate is to set aside provision for those unexpected occasions. We recommend that the minimum a family should have set aside is \$2,000 and that it should be deposited into some special savings account that's not so easy for you to get access to and take out funds for expenditures that aren't really emergencies. Just start setting aside an affordable portion of each pay check with the objective of building up to the \$2,000 recommended MINIMUM. With this amount you'll be fairly well covered for most emergencies.

But don't stop there. You want to go on and continue slowly building your Contingency Fund until it reaches 6 times your monthly gross earnings. If your gross salary/income (before payroll deductions) is for example \$3,000 per month then you'll want your eventual Contingency Fund to reach an ultimate objective of \$18,000. Why? So you'll be covered for a period of time if you lose your job or your hours are cut back or if another recession comes

along or you have a medical issue that makes it impossible for you to work for a few months. If you have your 6-month fund put together and you minimize your living expenses while you're going through the storm, it will be relatively for you and won't have to go into debt to make it through. You'll come out on the other side still Debt Free and still *financially successful*.

8. You Must Study to Become Informed

Finally, if you want to be *financially successful* it's absolutely essential that you study and become informed about the financial industry and how it operates. Most people don't know anything about it and yet our money is one of our most important interests in life. Your quality of life depends largely on how you handle your money yet most people don't know anything about it. They don't think they have to know, they don't want to invest the time it takes to learn about it and so they stay financially ignorant and live life mostly in chronic lack and insufficiency... There is a scripture in the Bible that really fits this situation: "*people are destroyed for a lack of knowledge.*" If you attach the importance to your financial situation that it deserves you WILL study and make it a regular part of your life.

There're books and magazines you should be reading, there're FREE workshops and seminars you could be attending, there're many, many financial newsletters you can subscribe to. And of course the financial information available on the Internet is inexhaustible. The only question is this: is financial success important enough to you that you'll put in the time and attention that's needed to qualify for it? People who're financially uninformed will NEVER be *financially successful* because they'll make too many costly mistakes. You cannot short cut what it takes to be successful. No, you have to methodically and faithfully and repeatedly and continually do ALL the little things that it takes to get to where you want to be. Frankly, handling money correctly should be one of your highest priorities in life even ahead of your own job because if you work hard to be good in your job and make a good salary only to waste away the money you make after you bring it home, what good did it do? You had in your hands the means to become *financially successful* but wasted the opportunity by failing to give it

a high enough priority. So go study now and learn everything you can find on the subject of your finances. You'll NEVER regret it.

Conclusions

As we wrap up this discussion, there're a few final key thoughts for you to always remember about becoming *financially successful*:

- 1) These eight basic secrets WILL produce financial success. It's guaranteed!
- 2) No matter the income level every person can be successful.
- 3) The only limits on your financial accomplishments are put there by you.
- 4) There're no short cuts to success.
- 5) You cannot circumvent the basic secrets we've discussed in this article.

If we can help you in any way please feel free to contact our ministry and when you call mention this article. Many of our services are FREE and our mission is to teach people what they need to know to be *financially successful*. Call us toll free 1-800-357-4223. May God fully bless you and your family as you apply yourselves to the task of becoming *financial successful*.

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Dr. Miller's financial publications are available on Amazon through the following link:

https://www.amazon.com/Dr.-Bill-Miller/e/B076CTVSTR/ref=sr_ntt_srch_Ink_1?qid=1520103925&sr=8-1

List of titles to look for:

- *Budget Yourself to Financial Victory*
- *Debt Smashdown: Repayment Strategies that Succeed*
- *Credit Repair that Reduces Monthly Payments*
- *Prosperity School: Straight from the Bible*

