

THE INSIDE TRACK OF MONEY & WEALTH

Know the Game

3rd Edition

The MindSet of Wealth Series® –
Ages 9 through Adulthood

Written by
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For further information about this unique approach to financial education for pre-teens, teenagers, young adults, and parents, please direct your inquiries to kidz@kidz4money.com or www.mindsetofwealth.com

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A MINDSET OF WEALTH®

The MindSet of Wealth® is the practice of finding your wealth from within and not from outside sources. It is the practice of following your own dreams, talents, and individuality, while holding on to your own values. Financial decisions are based on wealth building principles and your unique energies.

*We measure our decisions by contrast, using our own identity as the reference.
When we are not sure of our identity, our decisions are random.*

Wealth is a choice, a wellbeing that never dies, and never stolen; yet many ignore this wellbeing for highly marketed fantasies and immediate gratification. Simply said wealth is a matter of life style, a natural way of living.

Be You—Stay You— Do You

A MindSet of Wealth® is the commitment of the MindSet to seek wellbeing by keeping wealth building principles at the forefront of all financial endeavors and investing through one's self.

Do what you love to do—be your best at it—and wealth will happen naturally!

In the last century, we have systematically become followers—following someone's story to wealth and success and following the advice of those who profit most from our failures. The freedom of wealth has been offset by the squandered debt of people trying to copy someone else's dream, live someone else's life, or paying for someone else's wealth. Critical thinking has all but disappeared in the last fifty years, we now only ask what to think next, what's new and where do we go from here. During this time, the only shift in wealth is that the wealthy has gotten wealthier.

America's Wealth is in the hands of its people, both individually and as a whole. If we surrender this wealth, individually or as a whole, we have no one to blame but ourselves.

Financial literacy is a much-needed lesson in our society and should begin at the earliest age possible; however, financial literacy at best provides money management, systems of processes and procedures. process of most adults have a reasonable financial IQ yet in 2009 we still sit on the brink of depression.

The economic crisis is not due to the lack of money or knowledge, but because of the way we think!

The purpose of the MindSet of Wealth® book series is to elevate the reader to a financial life style that combat traditional financial struggles or DPD (debt, poverty, dependency); it is to ignite critical wealth thinking in his or her life.

The MindSet of Wealth® Books

The Inside Track of Money and Wealth ISBN 978-0-9797336-2-8 reveals the many details of money and wealth, including the difference between chasing wealth and money. It discusses basic principles in building wealth, as well as some psychology played in marketing and advertising.

It is a fun and comprehensive read that introduces today's youth into the practice of a '**Mindset of Wealth®**'. A practice that challenges the onslaught of images that normally steers young people into the unnecessary rat race. As a first book, readers are encouraged to **THINK** rather than memorize; **critical wealth thinking** is the road less traveled, but the road to wealth and success, nonetheless.

Financial Fitness ISBN 978-0-9797336-3-5 is the only financial literacy book written with a MindSet of Wealth. It teaches a New Generation more than the meat and potatoes of money management; it applies **critical wealth thinking** to the money management process. This book teaches many inside mechanics of financial literacy such as, budgeting, banking, income options, loan process, money perspectives, etc.

Financial Fitness challenges youth to stand up not sit back, and to take control not be controlled. It looks at financial literacy as a tool-belt for building wealth and not a color-by-number handbook for financial survival. It encourages youths to put wealth building at the forefront of financial decisions.

Credit: The Double-Edged Sword ISBN 978-0-9797336-1-1 Explains both sides of the double-edged financial sword, credit and debt. What can credit do for you and to you? This book exposes the motives and intentions of both credit and debt, along with efforts of past and present financial traps.

Credit: The Double-Edged Sword wants every teen and young adult to know how credit and debt works, why there is credit/debt, and the psychological effect of credit/debt. Within these pages is a journey inside and outside the World of Credit, from both the issuer's perspective and the consumer's.

Although this book is for teenagers, it is filled with priceless lessons for adults as well.

The purpose of this book series is not to encourage financial survival, but financial success.

"A MindSet of Wealth is a life skill, as easy to learn as health and hygiene."

MindSet of Wealth

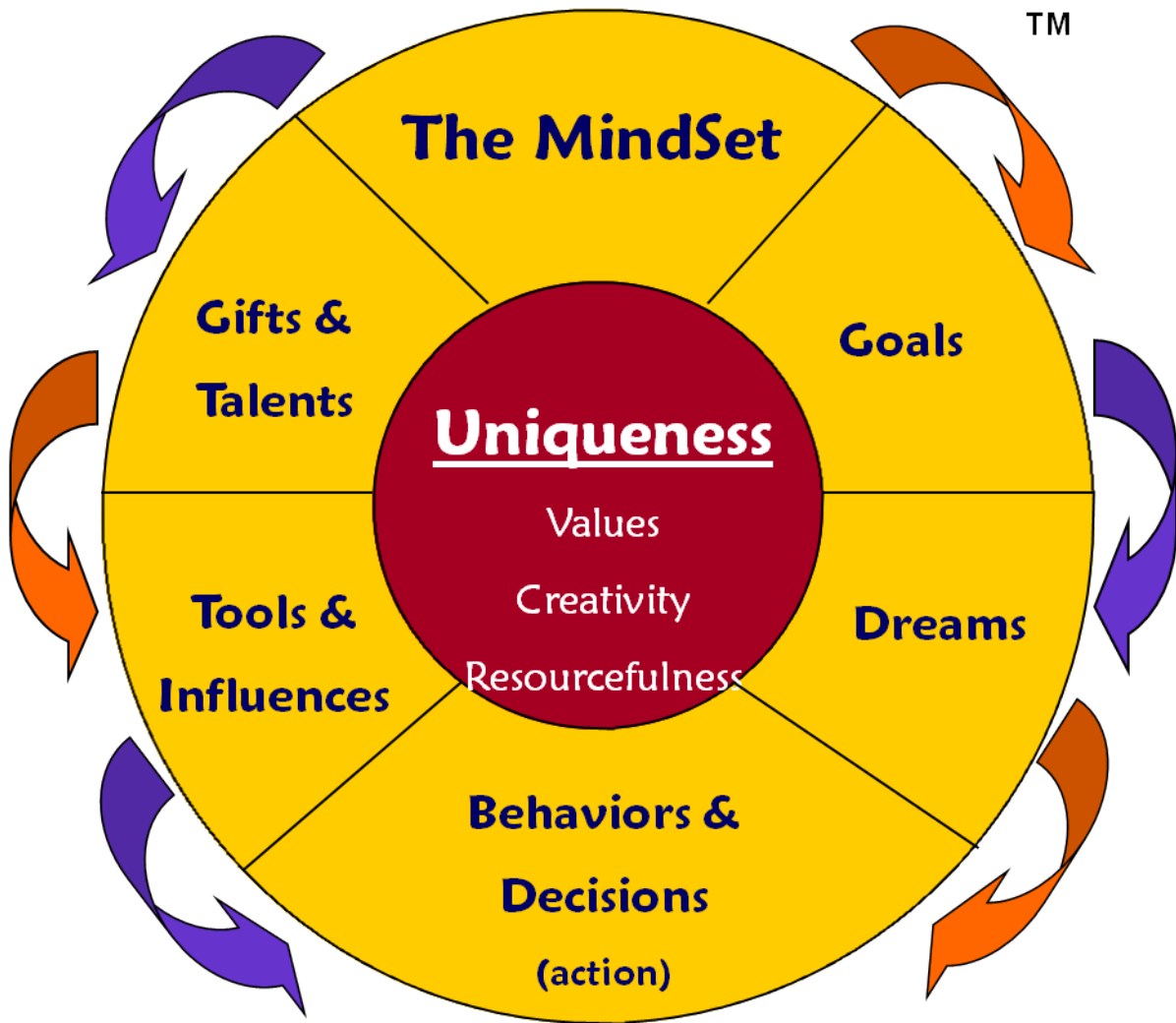


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CHAPTER 1

LET'S GET STARTED



This chapter of this wealth-building course is to make sure you surpass the achievements of your parents. For this, it is important that you understand the world of finance in order to expand your options in life. Knowledge and its application is power. To begin, there are eight important questions designed to create meaningful conversation about your finances. We encourage young people to join in an open discussion with their parents or guardians. Read each question carefully and be prepared to share your responses. You may even write your answers.

LET'S GET STARTED

Encourage your parents or guardians to participate in this discussion

1. What lessons about money and wealth do your parents wish they had learned earlier in their lives?

2. At what age did your parent(s)/guardian(s) first take responsibility for managing their money? Was the answer earlier or later than you had thought?

3. Do your parents want you to be wealthy? Why, or why not?

4. Who in your family takes responsibility for money management?

5. How have your parent(s)/guardian(s) used money to take a positive action or to make a positive decision?

6. Did your parent(s)/guardian(s) ever make a valuable mistake with money? If so, what was it?

7. What financial dream does your parent(s)/guardian(s) have for your family?

8. Share with your parent(s)/guardian(s) your ideas of how you will ensure wealth for your future.

A Reminder

Thank your parent(s)/guardian(s) for loving you enough to care about your future and for buying you this book.

Household Budget

To discuss the purpose and value of budgeting, we will take a real household budget.

First, we will grant you the age of 22 years with a college degree. We will assume you do not want to live home with your parents at this time in your life and live on your own. You also have your first job with a salary of \$36, 000 per year. This is a fair salary for a college graduate's first job, in 2010. Now you will need a car, so what kind of car do you want?

Choose a car and find out its retail value. Multiply the retail amount by .02 for your monthly payment and record it here _____. Divide this amount by 3 for your car insurance _____. Your insurance may vary depending on driving record and car style.

You will have to pay your taxes on your salary, which leaves you with about \$23,000.00 per year net income and approximately \$1900.00 per month. Most household budgets are recorded by the month, because most bills are typically due every month. For this exercise, your household budget will be by the month as well.

Check with you parents or teacher for the following expenses in your area:

1. Rent
2. Electric bill
3. Gas bill
4. Water bill
5. Cable bill
6. Cell/Phone
7. Food bill—calculate 3 meals per day at your favorite fast food restaurant for your daily budget ($\$5 \times 3 = \15), then multiply by 30 days for your food budget ($\$15 \times 30 = \450). If you can cook, multiply this number by .6 for your monthly food budget.
8. Clothing budget—calculate the price of what you wear to school on a day, multiply this by 7 (7-days a week). Then multiply this by 2 for shopping twice a year. Now divide by 12 for 12-months a year. This is your monthly budget for clothing.
9. Entertainment—calculate the cost of a movie with soda, candy & popcorn for two people. Use this number for your entertainment budget.
10. Savings—take about 10% of your monthly income to save every month.

Start with your monthly income \$1900.00 and subtract each expense in the order above, one by one. Mark every expense a 'need' or a 'want'. When you are finished, do you have money for your monthly car bill? If so, how will you pay your car insurance? How will you pay for gas for your car?

Chances are you do not have enough for your car.

- A. What do you do or sacrifice to have your car?
- B. If you are thinking about another job, ask yourself are you willing to work two jobs long enough to pay for your car (sometimes 5 or 6 years).
- C. How can you plan a trip with your friends next year?
- D. What happens, if your best friend is looking for a present from you for their birthday?
- E. One year from now, how can you tell where you spent most of your money?

Budgeting lesson #1: You budget to control your money and spending.

Budgeting lesson #2: You budget to know how much money you have and how much money you need to meet your financial responsibilities and goals

Budgeting lesson #3: You budget to plan your financial future to know where your money is going.

Budgeting lesson #4: You budget to know how to live within your means.

Budgeting lesson #5: You budget to prepare for unexpected expenses.

Budgeting lesson #6: You budget to have a record of where you have spent your money in the past.

Example Household Budget

(using \$2,200 per month)

Monthly Income	\$2200		
Rent/mortgage	<u>\$ 700</u>	NEED	
	\$1500		
Electric	<u>\$ 100</u>	_____	NEED or WANT
	\$1400		
Gas	<u>\$ 100</u>	_____	NEED or WANT
	\$1300		
Water	<u>\$ 50</u>	_____	NEED or WANT
	\$1250		
Food	<u>\$ 300</u>	NEED	- Favorite fast food cost for one meal x 3 x 30=
	\$ 900		
Clothes	<u>\$ 250</u>	_____	NEED or WANT - current day clothing cost x 14 ÷12=
	\$ 650		
Cable	<u>\$ 100</u>	_____	NEED or WANT
	\$ 550		
Toiletries	<u>\$ 100</u>	NEED	- Toilette paper, Shampoo, Make-up, Deodorant?
	\$ 450		
Haircuts, Salons	<u>\$ 100</u>	_____	NEED or WANT
	\$ 350		
Entertainment	<u>\$ 100</u>	WANT	- Movies, bowling, concerts etc.
	\$ 250		
Cell/Phone	<u>\$ 100</u>	_____	NEED or WANT
Savings	<u>\$ 150</u>	_____	NEED or WANT

Special Note:

Understand that without a college degree, the average income for a 22 year old is about \$22,000.00 per year before taxes, not \$36,000.00. This is about \$16,000.00 net per year and \$ 1,300 per month, making your household budget much harder to complete.

Take an honest look at your current views on money



It is estimated that teenagers are a powerful consumer group, spending over to 200 billion dollars in 2006. Parents spent another 50 billion dollars on teens. These numbers continually go up every year.

What is in your closet? What are your favorite items to wear?

List your favorite items of clothing, and indicate the cost of each.

Shoes _____	Price \$ _____
Shirt/Blouse _____	Price \$ _____
Pants _____	Price \$ _____
Jacket/Coat _____	Price \$ _____
One Accessory _____	Price \$ _____



Where did you first see the items listed above, and who was wearing them?

Fill in the information next to your favorite items. Be honest.

Shoes - Where? _____	Who? _____
Shirt/Blouse - Where? _____	Who? _____
Pants - Where? _____	Who? _____
Jacket/Coat - Where? _____	Who? _____
Accessories -Where? _____	Who? _____



Could you have bought it cheaper if you needed?

Can you remember how much you paid for your favorite fashion item? Let's look below and see how much cheaper you find these basic items. Research and find out how much cheaper you could find these items.

Shoes	Original Price \$ _____	Cheaper Price \$ _____	Savings \$ _____
Shirt/Blouse	Original Price \$ _____	Cheaper Price \$ _____	Savings \$ _____
Pants/Jeans	Original Price \$ _____	Cheaper Price \$ _____	Savings \$ _____
Jacket/Coat	Original Price \$ _____	Cheaper Price \$ _____	Savings \$ _____
Accessories	Original Price \$ _____	Cheaper Price \$ _____	Savings \$ _____

TOTAL SAVINGS \$ _____

Subtract the Cheaper Price from your Original Price for all items and put it in your Savings column. Add up all of your Total Savings.

- If your total savings is greater than \$100, it is likely that you are on your way to wealth.
- If your total savings is less than \$100, it is possible that you are not on your way to wealth.
- If you paid the original retail price for all these items, you are probably not on your way to wealth. At best, you can hope to be rich (with a little luck). On the other hand, with good information and proper guidance you can reverse this cycle and head toward building wealth.

How you spend, your money is the heart of building wealth.

You cannot get away from spending money; the question is *how* you spend it. **No matter how much money you make, your spending can easily endanger your chances at wealth, no matter how much you make.** Typically, a person who makes more money spends more and still ends up with zero money saved, zero invested, and no wealth.

You may be surprised to know that many self-made wealthy people attribute their wealth to the way they spend. These same individuals have followed their dreams and achieved substantial wealth based on how they handled their finances—even when their earnings were average, or less. Remember, pennies can turn into dollars, and dollars can multiply into millions. It is as simple as that.

Developing wealth involves changing your thought process, otherwise known as your MindSet. A wealthy person thinks differently than the average person. Instead of thinking about buying and spending on over priced items, wealth builders think of investing and buying as cheaply as possible. Buying cheaply does not mean resorting to a lesser or inferior quality. It just means you are always looking for a way to buy the best for less, with less being the operative word.

Word Exchange

Replace the Word	With the Word
<i>SPEND</i>	<i>INVEST</i>
<i>SAVING</i>	<i>INVESTING</i>

Instead of using and thinking ***SPEND***, think and use the word ***INVEST***. What are you getting for your money? What is the value of what you are getting back? Is it worth your money going out? No matter if, it is money to pay a utility bill, a piece of clothing, or a hamburger; what value are you getting in return? Make this simple adjustment and you are on the path to ***WEALTH***.



Another common characteristic of wealthy people is that they never feel forced or obligated to show how much they are worth by displaying what they own. It comes down to which is more important – *looking* rich or *being* wealthy. People who have wealth or who are building wealth have no need to impress others with their money. There is no need for them to pretend. They have a tendency to buy what they really desire and not what will catch the attention of others.

Furthermore, wealthy people do not purchase services or products (*merchandise*) simply because of a celebrity (endorsement). Wealthy people rely on facts to provide them with true information, and then they make their own decisions. For example, to purchase a sound system for your car based on a movie star’s endorsement would be like listening to your younger brother or sister tell you how to pass a college-prep course.

Building your wealth is not a race



The journey to building wealth is not a race; however, in building wealth, you will increasingly feel the control of your life. It is not about “Collecting \$200” after passing “Go” or receiving a blue ribbon for first place. Please, do not think of your journey as a competition. If you have the MindSet of Wealth, your wealth is definitely in the making.

*In building wealth
There is no competition unless you make it so
There is no finish line for you to cross
Everyone has his or her own path and time to wealth!*

Your building wealth is not to be compared to the building wealth of another. We all have our own learning curve, some learn faster than others do. We all have different paths to wealth as we all have different goals and dreams. Take your time and learn as much as you can; building wealth should not interfere with your professional plan to be a doctor, engineer, or other educational plans, but add to your financial stability. Think of it as careful eating to assist your exercising for good health. **Good health—Good wealth!**

*“Give a man a fish; you have fed him for today.
Teach a man to fish; and you have fed him for a lifetime”*



Knowledge is Power and lasts a lifetime

Build your knowledge and build your wealth

The more you know—the more you grow

Simply said, the more you know, the more you can grow, financially and other wise. There is no dollar amount that can replace the knowledge of building wealth. The great thing about knowledge is that you can spend it over and over again, but it never depletes or goes away.

A MindSet of wealth begins legacies and begins with You.



*Building wealth is easier than being a rock star, rap star, ball player,
or movie star*

All you have to do is YOU!

All wealth begins with a good idea. We all have ideas all the time; you have unique ideas, different from anyone else. All you have to do is think and learn to challenge your ideas honestly. Talk them over with your parents or a trusted friend. Be resourceful and make your idea real.

*A MindSet of Wealth takes you to your natural wealth through your
unique—personal—perfect design*

So Dream BIG!

Building Wealth is not Rocket Science; it is as easy as being yourself

Do You—Stay You—Be You

Wealth is a machine that makes money and has its own growing monetary value. A wealth-building machine provides financial wellbeing; a confidence in one's tomorrow, and covers the complete financial life of a person. *Being wealthy is owning such a machine!*

A MindSet of Wealth[®] is a chosen life-skill, a conscious way of living; active through one's confidence to have an **abundant life**. It is a way of thinking that naturally creates **wealth** and **freedom**. A **MindSet of Wealth** puts wealth at the forefront of all financial decisions.

DPD (Debt, Poverty, and Dependency) is a fast growing virus in our society today. It attacks all adults across the nation, leaving families enslaved by debt, disadvantaged by poverty, or restricted by dependency. Though DPD is not an airborne virus, such as the common cold, it spreads electronically and socially with its influence. Defend yourself and your future with wealth.

DPD is the nemesis of wealth. **Debt** is an anchor to wealth, pulling down its progress. **Poverty** is opposite of wealth, building a brick wall between you and wealth. **Dependency** is the thief of financial freedom, giving away your control.

The greatest weapon against DPD is a MindSet of Wealth