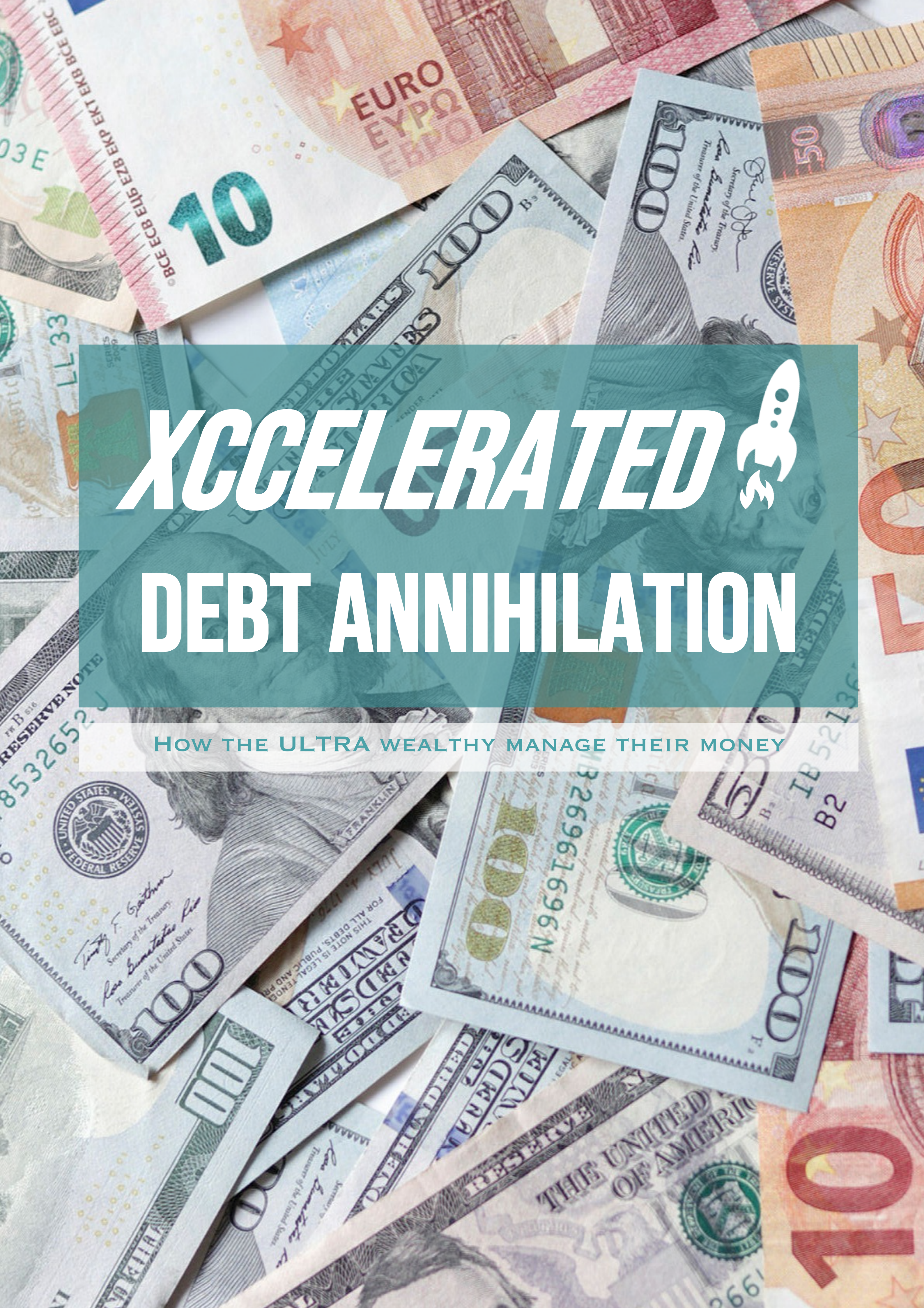
XCCELERATED

DEBT ANNIHILATION

How the ULTRA wealthy manage their money



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All scriptures are taken from the King James Version unless otherwise stated.

**May God BOMBARD You with EVERY Blessing
Until You Can Take No More!!!**

Disclaimer

First let me begin by making one thing very clear! I am NOT a financial advisor, it is illegal for me to give you financial advice! Please seek the counsel of a qualified practitioner, for anything you hear me say. I don't know your individual circumstances, it would be wise to have a professional look into your situation personally.

What I'm sharing here is what God's Word says about debt, borrowing and lending. I can only speak in hypothetical terms, I'm just telling you what I would do, having learned strategies from very wise people who are much more qualified than myself to give advice!

How the ULTRA Wealthy Manage their Money

Before we can get into “how the ultra-wealthy manage their money,” there are some issues to address.

As mentioned in the introduction we want to be on the production side of the economy instead of the consumption side.

That being said many people believe that if they could just make more money, their financial problems would be over. They think increasing their income is the best and only solution. So, this is where they’re focused.

Your income may go up if you do those things, but you’ll continue with the same habits that got you into debt in the first place: you’ll start spending more money as soon as you have more.

You have to attack the problem at its root, at the level of your beliefs and habits. Our core behaviour is driven by subconscious programs and motivations. So, for many of us if we increase our income, we tend to spend more. We move into a nicer area, take more extravagant vacations, we eat at more exclusive restaurants, buy Louis Vuitton, Gucci, Balenciaga, Versace, we drive BMWs Mercedes. And we use debt to do it, so if we were living beyond our means with less money, when income increases, we do the same thing. In almost every case, making more money just means having bigger debts.

If your goal is to get out of debt FAST your beliefs and habits have to change, you need to begin operating like the wealthy and financially independent with a proven system in place to manage your money.

Debt: The New Economy
Our global economy is a debt-driven economy. As mentioned earlier, forty years ago the United States was the world’s largest creditor nation and today is the world’s largest debtor nation. When the dollar went off the gold standard in 1971, the checks and balances on how the economy expands and grows were removed. As a result, in order for the economy to keep growing, debt levels have to keep rising. This is not sustainable, and it will not end well. The banks, multi-national corporations, and governments) rely on the masses being addiction to consumerism, to stay afloat. So, it’s in their best interest you stay in debt, not yours.

Unfortunately, our own human nature and impatience are also to blame: Why should I wait until I have the money to pay for what I want when I can afford the payments and have it now?

Corporations spend billions of dollars on advertising to get you to spend money. The media constantly feeds our belief that we need to purchase something to feel good about ourselves, to be acknowledged as significant in the eyes of others because we are the proud owners of something prestigious. 24/7 adverts are programming us to spend, spend, spend. What’s really crazy is the government will even incentivise spending. I remember in the UK when we went into lockdown in 2020 shortly after the government has a 'eat out to help out scheme' where the government subsidised your meal if you ate out at a restaurant. Courtesy of the tax payer Yet they wanted everyone to stay at home at the same time. Stay at home unless you're going to a restaurant!

Let me just tell you, the government, banks and corporations will do what's in their best interest. The best thing you can do is take personal responsibility and refuse to be a victim of debt and consumption. You have to get serious about it and stop rationalizing your debt and financial situation. The borrower is servant to the lender. You were not created to be a slave. You were created to be a wise steward and manager over the resources God gave you.

The Wealth Quadrant
So, let's begin looking at how the wealth see wealth and resources. They categorise their resources into four Categories and put them on what is called a '*Balance Sheet'*, they may have slightly different names for the four categories but they are the same.

Once you understand this, it will forever change how you see the wealth and resources God has given you and you will be more mindful about how you spend, and invest you them. There are four types of debts and assets on a *balance sheet*. First,

What's a Balance Sheet?
A balance sheet is a list of your assets and liabilities. The difference between the value of the two is your net worth. If you have more assets than liabilities, you have a positive net worth. If you have more liabilities than assets, you have a negative net worth.

You have a balance sheet whether you are aware of it or not. Most people are not aware whereas wealthy people are and just knowing this makes a difference to how you think and manage things.

The Wealth Quadrant 'Balance Sheet'

Appreciating Asset	**Cash Flow Asset**
Consumer Debt (Liabilities)	**Depreciating Asset (Liabilities)**

In the bottom left corner of the Money Quadrant lies **Consumer Debt,** this is typically accumulated in the form of credit card debt. There are no (assets) on the balance sheet to offset the debt (liability), because the money has been **consumed**, whether on food, medical bills, or travel. Once the money is spent you have no tangible asset to show for it, it's gone! To make matters worse, your monthly credit card payments have compounded interest on your consumption at an average rate of 17% to 22% or higher. **Consumer debt** is the worst type of debt there is.

On the bottom right of the quadrant are **Depreciating Assets (liabilities)**. These are things people buy, thinking they are assets while in fact they are liabilities. Things like furniture, boats, cars, or even a house. Yes a house! People like to think of a house as an investment because it may increase in value, but you only build equity in a house over time if the market is rising.

The moment you drive a new car off the showroom floor, you start losing money. Vehicles have the highest rate of depreciation during the first three years after their purchase. It's much smarter to never buy a new vehicle and only purchase cars that are at least three years old. Then you minimize the depreciation factor.

Regardless of who you are everyone will have depreciating assets on their balance sheet. What you should avoid is incurring debt to finance a depreciating asset. Unless you're using credit for convenience. Meaning you can afford to pay cash, but you **use credit for convenience.** Rather than pay cash for say a $100,000 car! You pay a deposit of $20,000 and finance $80,000 at low interest rate of 1-3%, and use the remaining $80,000 in the bank to invest in an **Appreciating Asset** or **Cash Flow Asset** to work for you earning 10% a year in an investment. So, you make $8,000 a year on your money and pay $1,000-$3,000 a year in interest on the loan, which means you are $5,000-$7,000 a year better off a year by financing the $80,000 rather than paying cash!

This is an advance strategy the wealthy use: I don't recommend using until, you are out of debt and can afford to pay cash for the item you are purchasing and you are 100% certain that you always be in a position to pay it off in full at any moment.

But ideally wealthy people work eliminate depreciating asset debt from their balance sheets and build **Appreciating Assets** or **Cash Flow Assets**.

On the top left of the Money Quadrant diagram is **Appreciating Assets**, which are assets that have the potential to increase in value over time.

An example of an appreciating asset is land. Land may go up or it may go down in value over time, depending on market cycles. A piece of artwork, rare coins, and other collectibles could also be considered appreciating assets. Financing the purchase of a business could be an appreciating asset. Starting a new business (a startup) is an appreciating asset, until it becomes established and is consistently generating positive cash flow.

The fourth type of asset, in the upper right quadrant of the chart, is a **Cash-Flow Asset**.

If there is such a thing as "good debt," a cash-flow asset would be it. It's what the wealthy use to increase their wealth, though they do so conservatively and strategically. They never leverage more than the underlying asset is worth, and they make sure the asset is cash-flow positive.

An example of a positive cash-flow asset could be a dividend-paying stocks, municipal bonds, and private notes or loans secured by a first deed of trust or an established business, as long as it consistently earns profits after all expenses, such as salaries, are paid. Used wisely and smartly like the wealthy do, a cash-flow asset can increase wealth and grow your asset base through both positive cash flow and appreciation.

A great example of a cash-flow asset is a rental house. You make a down payment. Secure financing for the balance, you may spruce it up to increase its value and to attract tenants. Once you have paying tenants the property yields cash flow of $XXX per month. Ideally this asset should pay you more money than the total of all your expenses, including the mortgage, interest, and insurance costs.

Now let's say you no longer want to rent the property out and you decided to live in it instead, the property would technically no longer be a cash-flow asset. It would become a depreciating asset, with the potential for appreciation only if and when it is sold at a profit and realizes a capital gain after all expenses are paid.

Wealth Quadrant Examples

Appreciating Asset Land, Artwork, Rare Coins, Cars, Watches and other collectibles. <u>Financing</u> the purchase of a Business Starting a New Business (before it generates cash)	**Cash Flow Asset** Dividend-Paying Stocks, Municipal Bonds, and Private Notes Loans Secured by a First Deed of Trust An Established Business Rental Property
Consumer Debt (Liabilities) <u>Credit Card Debt</u> with nothing to show for it i.e. Travel, Medical Bills, Food	**Depreciating Asset (Liabilities)** Furniture, Boats, Cars, House

In summary, three of the four types of debt are bad forms of debt and wealth-killers. The two types of debt on the bottom of the chart, consumer debt and depreciating asset debt, are absolute no-go red zones.

The top-left quadrant, appreciating asset debt, is a yellow zone and requires extreme caution. For most people, these types of assets end up being little more than speculations, though many investors end up using debt as leverage to speculate. The stock and real estate markets prove the point. When the market goes up, people take out loans (or trade on margin), believing they'll catch the ride and will never lose money. They take out a second mortgage or secure a loan **that exceeds the value of their house**, thinking they'll sell the speculative house in a year and make a profit. <u>They justify the excessive loan-to-value ratios, convinced they'll make a lot of money in the rising market</u>. These appreciating-asset, speculative-debt bubble activities are, for most people, simply a form of gambling.

You may be successful with the first house and even a few after that, you think it will last forever, everyone's a genius when things are going up. And that's the problem you get over confident, thinking you can't lose. You start leveraging up, which everyone does in a rising market because it's only natural to do more of what's working. With increasing leverage and growing debt, you can get caught on the wrong side of the market cycle, and suddenly, with only a single loss, everything gets wiped out like dominoes. This is how people turn their balance sheets upside down. They are over-leveraged and don't have the situational awareness or a system to anticipate and manage risk when the market rolls over.

Unless you are a professional speculator with a solid long-term track record, you need to exercise extreme caution when dealing with <u>appreciating asset **debt**</u>. For the vast majority of people without specific skill and insider knowledge in land speculation, commodities, real estate, the stock market, or trading in other types of appreciating assets, it's best to have no appreciating asset **debt**. Appreciating assets is fine but going into debt to acquire them when you don't know what you're doing is not wise.

How the ultra-Wealthy Budget

Now I'm going to let you in on a secret of how the ultra-wealthy manage their money. **It's so simple, yet so powerful**. When you learn and master it, you will never want to use normal budgeting methods again. And you will never again experience another year in which you aren't growing richer.

Traditional budgeting methods taught by most accountants and financial advisors work in theory but not in practice; simply because our preconditioned cognitive biases and subconscious programming tends to kick in and override those budgets. In other words, our human nature gets the better of us more often than not.

Only a small percentage of the population has the personality and temperament to follow through on a conventional budget. Most people set budgets and don't stick to them because they don't have a simple, automated system in place for maintaining it, and it's inevitable that eventually emotions overpower the rational mind and does what it loves most…spend.

So, what's the difference, how is it that wealthy people are able to overpower their emotions and consistently make the right decisions. Simple they have an automated system in place, that makes it hard to mess things up. Wealthy people don't manage money based on dollars and cents. They focus on ratios. I'm going to show you how to what the wealthy do and how you can start using ratio-based systems for managing your money and start annihilating your debts at 2X Speed!

REMEMBER THIS: MONEY WILL ALWAYS FIND A PLACE TO GO!

If we don't tell money where to go and what to do and give it a pre-determined purpose before it comes to us, money will, in effect, tell us what to do. Money will influence us to spend it!

You will either serve money or money will serve you!

Jesus said, '**24** No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon (money).' **Matthew 6:24**

If you're going to become master over your money, you must tell your money what its purpose is. We do that through the system I'm going to show you right now.

In XDA we override our cognitive biases, emotions and subconscious programming by **Predetermined Money Rules (PMR)** based systems for our money. These are default programs for allocating our money in ways that automatically move us toward our goals of becoming debt free 2X faster whilst building wealth and freedom. These PMRs are non-negotiable and that are not dependent on our emotions or how we feel.

These PMRs give our money a purpose and tell it where to go and what to do, and it reigns supreme over powers your emotional subconscious mind, to prevent it sabotaging the promises you've made yourself. This is the first step in becoming master over our money.

Predetermined Money Rule 1 (PMR 1)
So how do we implement this system? We apply the 10-10-10-70 Rule to every dollar we earn, regardless of where the money is from be it your salary, an annual bonus, a gift, inheritance, a windfall, we subject every dollar/pound/euro/yen we accrue to this rule.

The 10-10-10-70 Rule or **PMR 1** is how we manage our earned income (the money we work for) and it works as follows:

- the first 10% of our money is set aside for God
- the second 10% goes into our Wealth account
- the third 10% is a Debt accelerator that goes towards debt repayment
- the remaining 70% is for our Bills, the money we use for daily living and related expenses

This simple formula is what gives the Ultra Wealthy the POWER to overcome the biggest hinderance to staying out of bad debt and building wealth… our emotions.

Acknowledge The Owner: The First 10% (Also known as tenth or more commonly referred to as tithe)

As I mentioned in our introduction. **The foundation of business, and of true success is the recognition of God's ownership**. He is Creator of all things; He is the original proprietor. We are His stewards. **All** that we have is a trust from Him, to be used according to **His** direction.

So, to that end we set aside the first 10% of our gross income (before tax) in acknowledgement to God.

It's important to make a distinction here we aren't giving this to God, it already belongs to Him. The earth is the Lord's, and the fulness thereof; the world, and they that dwell therein. **Psalm 24:1**

God's People Gave a tenth of their earnings and The wealthiest of God's people did this:

By the way in both the Old and New Testaments in the bible the words for tithe and tenth are used interchangeably. For example, <u>the first mention of tithe</u> in the Bible is Genesis 14:20. Abram gave Melchizedek, the priest of the most High God, *"a tithe of all"* the spoils of Sodom which were given to him by the king of Sodom.

Jacob (Abraham's Grandson) said, '…and of all that thou shalt give me I will surely give the **tenth** unto thee.' **Genesis 28:22**

By the way all of this was BEFORE God gave the written law in Leviticus 27: 30-32 '…the tenth shall be holy (set apart) unto the LORD.'. The tithe was not just a Jewish ordinance with the Levitical priesthood. In Abraham's day Melchizedek was God's priest who received tithe before there ever was a tribe of Levi. God's Laws existed and were acknowledged before they were written down. **Genesis 26:5** 'Abraham obeyed my voice, and kept my charge, my commandments, my statutes, and my laws.

It is interesting that the <u>last</u> mention of tithe in the Bible is in **Hebrews 7:1-10**. This is the New Testament (after Jesus died) recounting of the story of Abraham [by this time his name had been changed] and his encounter with Melchizedek. In this account we are told, *"The patriarch Abraham gave a tenth of the spoils."* (vs. 4).

And the final mention of tithe in Hebrews 7 mentions *"our Lord [who] arose from Judah and is a **priest forever** according to the order of Melchizedek."* (vss. 14-17).

So, the principle of setting aside 10% did not end when Jesus died on the cross as some people seem to believe. I recommend you study the whole of Hebrews 7 paying particular attention to (vs 14-24). He is now our High priest forever according to the order of Melchizedek and Melchizedek received tithe, so Jesus now receives tithe and presents it to God the creator of all things on our behalf

So what is the benefit of paying God 10% first?

God says, [10] Bring ye all the tithes into the storehouse (where the priest/pastor/church you get spiritual nourishment from), that there may be meat in mine house, and prove me now herewith, saith the LORD of hosts, if I will not open you the windows of heaven, and **pour you out a blessing, that there shall not be room enough to receive it.**

[11] And **I will rebuke the devourer for your sakes**, and he shall not destroy the fruits of your ground; neither shall your vine cast her fruit before the time in the field, saith the LORD of hosts.

[12] And all nations shall call you blessed: for ye shall be a delightsome land, saith the LORD of hosts. **Malachi 3:10**

I've been doing this ever since I can remember and though I may not have always have been in the situation I'm in now! I've never lacked anything! I've never been penniless, even when I was unemployed!

- Mum's Story!
- My Friend always something going wrong! In her words if it's not one thing it's something else. Tyre gets nails in it.

Paying God 10% is a universal spiritual law. If we participate in it, according to this principle, we will be blessed with more. Your Creator will always provide, even if you have little. Paying God 10% activates the Law of Stewardship: because you are being faithful in the small things you've been entrusted with, you'll be given authority over bigger things.

So, if you're constantly in a downward spiral like my friend the way to reverse this is to stop being so stingy become a tither, become a giver. Once you realize that you have all that you need and so much to be thankful for, you'll discover there are options. You'll begin to make adjustments to your life, like downsizing. And, first and foremost, you'll start giving.

Giving is a form of trust in the Creator and in His provision for your life. This spiritual law is closely connected to the Law of Stewardship.

You are setting into motion principles that generate abundance in your life. Doors will open, and blessings will enter your life. Unexpected opportunities will present themselves, all because you obediently put into practice the spiritual principle of setting aside 10% first to God and becoming a giver.

Pay Yourself First: The Second 10%
The second 10% of your income goes towards a very powerful wealth principle: pay yourself first.

Many people have heard of this principle, but few actually implement it. That's because they lack a strategic and automated method for consistently applying the principle to every deposit, every week, every month, and every year.

We solve this problem with our Predetermined Money Rules based 10-10-10-70 formula by putting the second 10% into your Wealth account, as I'll soon describe in more detail.

The Debt Accelerator: The Third 10%
The third 10% goes towards annihilating debt. We call it the XDA payment.

The technicalities of how the debt accelerator payment works are fully explained later.

Live Below Your Means: The 70% Rule
At its most fundamental level, wealth-building requires the habit of producing more than you consume (i.e., living below your means), and saving and investing the difference.

If you're living in debt and overconsuming, then you are in the habit of overspending and living beyond your means. You can reverse this habit by following the 70% Rule of living off of 70% of your earned income (the money you work for).

Many people, when they hear they should live on seventy percent of their income, react by saying that they can barely live off of 100% now. I promise you it's more than likely because they have a lot of unnecessary spending in their lives.

We tend to think that there are things we can't live without, that simply isn't true.

Less Is More
If reaching financial independence and having freedom, security, and fulfilment are a priority for you, you'll have to make some tough decisions. The crazy thing is, doing so is

actually a freeing experience. You'll recognize that you didn't really need all the things you thought you did. Everything you thought was making you happy, all the consumption, wasn't bringing you any closer to the happiness you were truly seeking.

Many people find that even when they make more money, buy nice things, and have more stuff, they still feel like it's never enough. It's a very dissatisfying way to live. The apostle Paul said, '…I have learned, in whatsoever state I am, therewith to be content. **12** I know both how to be abased, (make do with little) and I know how to abound: (have abundance),..' **Philippians 4:11-12**

When I started making more money and I was applying this 10-10-10-70 rule I found the 70% was more than I needed to live on, at first, I just kept buying stuff I liked (all within the 70%) but I wasn't any happier for it. I saw more stuff I would normally buy purely because the money was there and I just decided not to buy it. I actually, found satisfaction, in being satisfied with being satisfied with what I had in terms of stuff. Now I live on close to 40%, an extra 5% goes to giving on top of the 10% I give to God and 45% goes to my wealth account towards investments etc! I'd rather actually have wealth than just LOOK like it!

In our "bigger is better" culture, it can be a difficult thing to go against the grain. The question to ask yourself is: is my stuff really making me any happier?

In most Western societies today, there seems to be a correlation between more and misery. We become less happy the more we have. I've seen people smiling ear to ear in other parts of the world who have very little.

There's only one way to escape the prison of constantly seeking more, and that is to adopt an offensive mindset, to attack what is attacking us and do the exact opposite. Living on less doesn't make you less of a person, you don't lose significance. Living on Less is freedom and POWER! I love it! I'm happier because of it.

Living on seventy percent goes back to the spiritual Law of Stewardship principle of being faithful in the small things. If we're not faithful with the money that we currently have, what makes us think that we'll be good stewards of our resources when we get a promotion, a raise, a better job, or our business doubles? It won't happen. The habits that we have today are the habits we'll have in the future. But if we become good stewards and managers of the resources we currently have, no matter how small, we set up a chain reaction for other good things to come into our lives.

You have to be willing to step back and find out what it is you truly need. You have to take a hard look at your spending and get it down to seventy percent.

As long as you're living within seventy percent of your income, you are free to do whatever you want with your money. If you want an elaborate lifestyle, then go for it and don't feel bad about it because you're stewarding and managing your resources well.

Once you've Annihilated Debt, you'll find that you don't need all that much to live on. Then you'll find yourself living off even less than seventy percent of your income.

How Do You Execute PMR #1 Successfully?
Executing your **PMR #1** 10-10-10-70 Rule starts by setting up four different accounts, give your money a place to go with a specific purpose. Remember, if you don't tell your money where to go, it will tell you and it becomes your master.

How much money goes into each account is based on the 10-10-10-70 percentages. Not all of your money goes into a single account the way most people do it. Putting all your money into one account makes it hard to distinguish how much you have allocated to each purpose. With your money set apart for specific purposes you become the master telling your money what its purpose is. The simplest and most effective way to do that is with separate accounts.

1. The first account and first 10% is the **Giving Account** in most cases, this will be a **current/checking account**.

I usually send 10% of whatever comes in straight to my church as soon as it comes in so I don't need an account for this but I have an additional 5% I like to give and so I have an account for giving.

2. The second account is the **Wealth account**. It receives the 10% of your income that you set aside to pay yourself. It could be a savings account at your local bank or a brokerage account, but it shouldn't be a typical savings account. The money in the Wealth account is NOT money you set aside for a rainy day or an "I can spend it when I need it" **emergency fund**.

The money in the Wealth account has a specific purpose. It's being held there until an investment opportunity which has been carefully and diligently considered comes up. This investment will either increase in value or produce cash flow or ideally both.

When you have money working for you, WITHOUT you working and you have enough coming in passively to cover your living expenses you are now 'financially free'. This is why I stopped spending money on unnecessary things because, I realised every penny I wasted could have been given the purpose to either bless others or to work for me and produce more income and therefore more freedom. I want to allocate as much as possible to the green section of the **Wealth Quadrant** | Cash Flow Assets.

Think of money as seeds, you can eat them (consumption) or plant them and they (produce) once you've been doing it long enough, you'll have an orchard of plants producing fruit all year round.

So, think of your Wealth account money is your seed money. It is not a "savings account" for taking withdrawals; it is for planting. In general terms, "Wealth account" means the asset side of your entire balance sheet.

3. The third 10% and third account is the **Debt account**, and the funds are applied towards your Xccelerated Debt Annihilation. (Details on this to follow). It should be a current/checking account.

4. The 70% and fourth account is your **Bills account** and it contains the money you use for your day-to-day living expenses and for paying bills. It should also be a current/checking account. It's your operating account.

To summarize, the four Accounts are:

- 10% Giving—current/checking account
- 10% Wealth—savings or brokerage account
- 10% Debt—current/checking account
- 70% Bills/Operating—current/checking account

Every dollar you receive gets divided into your four accounts based on the 10-10-10-70 Rule. This applies to all money that comes to you, salary income, bonus, commission, investment income, money you find, money gifted to you, a windfall, a tax refund; the rule is applied no matter what. These are Predetermined Money Rules

Initial deposits go into the seventy percent Bills account. The very first thing you do before a single bill is paid is transfer 10% each to your Giving, Wealth, and Debt accounts.

Again, all income, regardless of its source, is allocated according to the PMR1 rule: 10% goes to the Giving account, 10% into the Wealth account, 10% to the Debt account, and 70% to the Bills account to cover living expenses. Whenever you receive any amount of money, whether once a week or once a month, the first thing you will do is deposit it into your primary 70% checking account and then do the transfers to your other three dedicated accounts based on the established percentages, while always leaving 70% of the total amount in your primary 70% Bills account.

Restructuring Your Balance Sheet for Cash Flow

Now I'm going to let you in on a big secret this is so powerful because once you understand it, it literally makes you richer and richer every single year. It reduces stress. It also prevents against financial hardship and economic crashes.

The secret is to reconfigure your balance sheet to be heavily bias towards the green side of the Wealth Quadrant Balance Sheet for Cashflow.

Put in simple terms:

i. Stop buying stupid stuff that goes down in value with debt (liabilities)
ii. Start annihilating debt (reducing liabilities)
iii. Commit to ONLY use debt as leverage to support positive-cash-flow assets.