Render My Money 2021 – Session 3

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Transcribed by Tech-Synergy

Gerald Render: Your money will come or use the talent that God has given you.

Female: You are listening to BrothersoftheWord.com. This is Session 3 of the "Render My Money 2021" series by Gerald Render. This message is number 4525.

(Music Playing: 00:00:13 - 00:00:25)

And now for "Render My Money 2021 - Session 3."

Gerald Render: Okay, I want to welcome you all to our third class in the Render My Money Financial Seminar. And today, we're going to be talking about how to create and maintain a fixed budget, meaning it's not broken, not a fixed – stable. And the reason why we're doing this is because the first class we talked about what we wanted, our vision. The second class and also the first class, we talked about why we should want it. We talked about God's will for our finance. And in this class, we are introducing the budget from a standpoint of most of you all participate in making your first budget in this class. I don't know if it's your first personal budget, but it's your first budget in this class.

And so, now, we want to know how to fix it so it works. And one of the things you have to understand about a budget, if you're first starting to do a budget, it's going to take you a couple of months. This is something you have to do every month. It's not just a one off, and you got to go a couple of months before it gets right, before it's workable because there are going be changes. There are going be things that pop up and some must, and not in others. They're going to be uncertainties.

So, your budget will flow into a rhythm once you've gone through it a few months. The key is that you have to stay diligent and consistent. And so, when I was thinking about it first, I was going to entitle this class, fixing a sick budget. But I figured, why not look at this from a standpoint of the old saying, "Ounce of prevention is worth a pound of cure." So, I was thinking it's better to prevent sickness than to have to go and fix things. So, what we're going to talk about today is how to create and maintain a budget that's well or already fixed if I understand it.

So, the first thing we want to understand is that when we start with our budget, we want to start by understanding what is going to take to maintain a budget. And the first and most important rule is your commitment. Because when you start this budget, actually, it's going get kind of tiresome, and it's kind of mundane, and it gets kind of depressing sometimes if you're digging out of a hole. And the first thing you want to do is you want to quit or not even start.

So, I want to play a video, you can roll the video in a second but I'm going to play this video. It's talking about struggle. Because in these struggles, where you're trying to actually reach your goal of financial security. You sometimes get disheartened when you've made mistakes, and you feel like, "If only I can get a windfall, my struggles will be over." But I've always tried to explain and express to people that your struggle will never stop. There's a struggle in obtaining, and there's a struggle in keeping. My uncle used to say it's harder to protect and keep a business than there is to build a business.

So, I want you all to listen to this video because I don't think I got 100% participation when people send me their budgets. But you're going to need to take this seriously because this is the most important actual action that you would do in your financial journey in becoming a financial solvent or financially free. So, put the first slide up, which is financial solvent. So, what I want to talk about first is what is financial solvent. And what financial solvency means is when you are able to pay your bills and you have money left over, and you also have a plan for consistency down the road.

Some people had in their lives where they've gotten a lot of money at one time, whether it was an inheritance or some kind of windfall, and it really only carried them for a period of time. And see, that's not being financially solvent. What you want to understand about being solvent is you also have a plan for consistence to carry you throughout your life. And that's not saying things won't happen and knock you off like you may lose a job here and there, but you'll have all your key points in place, whether it's savings, whether it's investment for retirement, all those things in place. So, financial solvency and being financially solvent is really you being able to pay your bills, all your bills you have on time and also having money left over.

So, we start this budget. When you looked at your budget, you may have looked at it and say, "Oh, my God. How may I get out of this?" And it gets kind of depressing. I understand. But what you have to understand is, it's a starting point. So, I want to give you this philosophy from the minister. It's okay to play this tape in here. I want to play this tape about struggle, because I want you really to understand that you're going to really need to not be afraid and not quit on the struggle. Everybody's going to need to have a budget. Everybody. Successful businesses run with budgets. The government runs with a budget, and you may say, "It doesn't really work," but they have one. And it's a plan. So, play the video. Will you play?

00:05:01

(Video Starts)

Male 1: Then you switch, you get a violin. I play the violin. So, if you say, "I want to paint." Then you stop painting. So, you don't know what you can do. Because when things start going rough for you, you punk out, you give up. You never, never accepted a challenge. All of you want something given to you on a silver platter. You do not want to struggle to achieve greatness. And I'm telling you, there is no greatness coming from God, except you accept the challenge and struggle against opposition to overcome everything that's in your path until you reach your goal.

(Video Ends)

Gerald Render: Isn't that powerful? So, it's not where you start, it's where you end up. And if you're progressing, you're on the right road and you can't beat yourself up over mistakes. I believe that God is always responsible for the increase. But all through the Bible, whenever there was a miracle, there was always action needed by that person receiving a miracle. And for it to be a real blessing, I believe the struggle will only prepare you to handle your elevation. Have you ever heard that talent would get you to another level, but your character will sustain you? It's the same thing with money.

So, when we start this fixing a budget or how to create it well or heal a good budget, the first thing we want to understand is we got to be committed. And so, I wrote down several points that I researched just to find out what are some of the things you have to have. And I won't talk about the negative, what you don't do. I said, "What do you need to do in order to have a great heal (ph) to fix a budget?" I don't need to be resuscitated. A budget that works, okay?

So, the first thing, you can put this slide up on the first. You must have a budget. And I say that because we didn't get 100% participation. Now, you may have a budget, but you got to do it. Listen, it's you controlling your money, your money not controlling you. You need to tell your money where to go and your money will tell where you want to go. Everybody saw the bumper tell, "I owe. I owe. So, off the work I go," right?

The only time in the Bible outside of war and slavery was a part of the Bible where it is correctly done was when you're in debt. So, the budget allows you to understand and know where your money is going, and how to get it out of debt. And now, you need a budget. You need a zero-based budget. How many of you all know what a zero-based budget means? If you took the Dave Ramsey class, you should know that. And what a zero-based budget means is that you account for every dollar, even if you have a surplus. Some people sit in a budget and they had money left over. And that on paper looks good, but there needs to be direction for that money.

So, what are some things that money can be doing? It could be getting you out of debt if you have any debt. If you don't have any debt, it needs to be working for you. You know, if you own a company and you're paying people's salaries, right? How would you like it if that person sitting, he comes into your office and that person kicked up, laid back and not working? Our money should work for us. And what we're going to learn in this class is we want our money to work in the matter which is the lowest risk. We're going to manage risk. And what low risk involves is when you're able to focus on time and not returns.

Who can tell me another place where you focus on returns? Where is the place that you go specifically to focus on making money? What? Stocks? No, a place. There you go. Who said it? Right, everybody is making a (00:08:38) to win, right? Everybody gets off to play, thinking they're going to win. But who's winning? It's crazy. And see, that's the thing when we get an investment I kind of want to stray away from. It's the consistent investor who invests over time is the one who usually ends up. It's not the person who went out in 1949 to the West Coast to search for gold. You got a few people who struck it rich, but who made the money?

What company do you know right now was there in 1949? Everybody knows a company? That was – Wells Fargo is one, but there was banking but – Levi Jeans. They were making overalls. Anybody heard Levi's? All right, right. So, we want a zero-based budget. So, when you do your budget the second time, you don't have to send me your budget as far as if it's personal because the way I look at their budget, I really don't know what I'm looking at.

But what you must have is you must have – these points I'm going to go over, but you must have a zero-based budget. So, every line item that you send there must have direction, okay? Now, what are some things that will knock your budget off? And when you look at your budget – so, I'm talking about what you got at surplus, why did you get a deficit? Why do you look at your budget and your budget is upside down? You spend more than you – or you're committed to more than you make. You try and figure out, "Can I put some on it?" Right?

00:10:01

Now, here's the real struggle right here. Here's the real struggle because see, the reason why it's so tough to manage a lot of money, when you get it and especially if (00:10:10). Why athletes have so many problems is that there's a funny thing about the human mind. Your mind can expand very fast. I mean those commercials used to come on about LeBron tennis shoes, a little boy here with glasses on. He was going to this big old warehouse and all he could see from all the way down are tennis shoes like in the ad. He was so excited. He took a puff just to calm down. Well, his mind was expanding. He didn't pass out.

When my son was six years old, I took him to Toys "R" Us and we walked into the building. He stepped in and he just froze like he couldn't – because I know he was going to play. "Are you okay?" I mean he's overwhelmed, but his brain was expanding. So, your mind expands to whatever lifestyle you get accustomed to, and the problem is not the expansion because, sure, you can go buy 60 cars. You can buy Gucci, but who can handle that? The problem is, is that money is currency and no matter how much money you have, it will never be the same. It's always going to go up and down. It may not go that far up, but it may go, you just don't know. But it's going to move just like water and the tough part is the cutting, the sacrifice, the struggle.

But the attitude that you have, if you're committed to your end goal, your attitude will be, "I embrace the struggle." So, if your budget is upside down, there are some things you got to look at and these are some of the things that I talked about in the last but I'm just going to go back over them because again, I'm going to expect the see changes in these budgets and all you got to do is send me the bottom. You know, this is where we were this month. And if whatever it was, you had a surplus, you got direction. If you had a deficit, you're making cuts and you're shrinking it.

So, when we look at the budget, right? There are two sides, expense and income, right? So, the first thing you want to do is, you want to make sure that you're making enough money. I'm going to talk about this a little down the road, but once you know you're doing okay with that, and maybe you haven't thought about how to improve, you want to be and look at it and say, "Okay, I think I'm okay with my money, but let me go and see where I'm spending money." And I told you all last time, it's the same thing when I saw in fixing the budget.

The things that hurt you the most are the things that are really consistent, which is eating out, grocery shopping, car payments. Let's talk about car payments. How many of you all, if you were, say, you had a car and you could turn them in and you won't beat upside down? You can turn it in and you'll get enough money to go and get you a car that's far cheaper, but that you still have time or notes left on a current debt. Who thinks they could go in and take that car back and go buy what's called a Hooptie for like three years? So, I got two people. That's honest. That's honest. But that's what it may take.

So, when you're looking at your budget, you got to look at the end goal because what I'm going to show you in a second when we start talking about investing and what you can do and how you can accelerate your net worth, when we get to net worth is when you have cash to put towards an asset that's not depreciating. That car is depreciating. No matter how you love it, it's going down in value. So, you look at your car payments, your groceries, your utilities, your clothing, all these things you want to make sure that you have understood these are wants, okay?

Second thing, if you're married, you and your spouse, you have to be on the same page. Now if you're single, I hope you get on the same page with yourself. You're in the mirror and tell it to yourself, get on the same page. But in marriages, the way you will be able to stay on the same page is you identify and agree upon a goal, right? Then you agree upon how we should get it. Now here's where the compromise comes in. The compromise comes in if there's a person who has an overwhelming emotional attachment to something and my wife has over-attachment. I'm going to try and talk her down (00:13:53). But if my kid, I'm going to have to either look at her and say, "Okay, well babe, we will have to expand the times, still doesn't get out of debt in five years, it's going to take us eight. Is it worth it? Because if it's worth it, I'm going to see. But understand, we could be out in five and we could grow our money, all that money that we're paying in debt can now go to build for our retirement."

The question I was always thinking is, "Do I want to be working when I'm old and I want to be at home or do I want to be working when I'm young and vibrant?" So, you talk to your wife like that. You don't say, "Look, here's what we're going to do." Because that's not leadership. Leadership is where you value the person and you convince the person off your influence if we're doing was right and we're both committed. So, you and your spouse got to be on the same page.

Next one, you must be realistic. You can put those points up there too because visually I think where they see them. You must be realistic. Now, you could get very aggressive on this budget, right? But unless you're going to plant a garden, if you got a family of four, $100 of grocery is not going to do it. Now unless your wife gets creative and she gets outstanding couponing, be realistic not only on things that are need-based, be realistic on things that are wants.

00:15:04

Understand what you can do and what you can't do. You can't sit in a house with no electricity. You may wear a jacket, but you have to be realistic on everything you do with your budget. You have to make sure that you understand that when I say, "I need a pair of the new drawers," that is not a need or, "I need a pair of $400 red bottoms," that is not a need. But that's the realistic. The point of the matter is you have to be intentional in understanding that this is only for a short period of time. So, don't get in this and think, "We can knock this out maybe in three months," but it took you 50 years to get in this situation or a year. Be okay with working on two or three-year plan.

When you understand, we get to how to reduce debt. The unique think about debt is if you're making minimum payments and you add up all your minimum payments, the thing you should look at is, "What if all those minimum payments were combined in going to pay for an asset or going into an investment that's going to appreciate and not depreciate?" You may look up and – you're putting $2,000 a month on credit cards, car notes and if you're able to invest $2,000 a month into the stock market and the market does like it's been doing for the last 40 years. When I look at the research, the S&P has averaged about 10%. Now that's before inflation. But that's still 10%. If you're not touching this, it's still going 10%. You got to pay taxes on that (00:16:37) but it's still 10%. So, we'll look at some things, but you know, you have to be realistic.

The next one is, you have to use the right numbers, okay? Now the reason why the budget takes three to four months is because you're going to look at your numbers, not in one month, but you got to make sure you see the consistency of what your numbers are and tracking that electronically is very good because it's much easier than doing on paper. Now I understand there's a fear of electronic of people over 45, but my point is that they have all these apps that are very easy to use.

Number five, priorities. Priorities must be in order. Understanding the needs and wants have to be discussed.

Now, number six, when you've done all these, when you've looked at everything and you're still scratching your head, you may have to earn more money. When you've cut everything, when you've gotten down to where we're eating very frugally and we're not wasting money shopping, we've gotten everything cut to the bone, if it's still not working and that's where you have to earn more money. Now you say, "Well, how can I earn more money when I'm working eight hours a day for five days a week?" Okay, remember, there's a yin and a yang. There's a give and take. If you have overindulged in one area in your spending, then you have to work a little harder to dig out the hole, and the key is to get to the point where you can pay all debt. And when you start paying all debt, you attack the first debt first.

Now you also can say, “Hey, all these clothes I’ve been buying, I’m going to try and sell them to get this snowball rolling.” Because we’re going to go look at a snowball analysis and again, this is from Dave Ramsey. This is not my technique, but it works. But we’re going to look at how to pay off debt by starting with the smallest debt and paying it all and taking that money and roll it into the next debt. But the key is, you might have to take a second job. You may have to look at babysitting. I mean but the thing is, once you have a budget, every dollar will make a difference.

Another thing is, is that you need to understand in some cases, you may be paying too much in taxes. How many people get excited when they get a big tax return? Raise your hand. Put them up high. Hold them about there for a second. Just try to hold them up. Hold your hand up so I can get a sight. Okay hold them up. Now if big (ph) is less than $1000, and you put your hand down. Big is less than $1000. Put your hand up if big is more than $1000. Okay, those two. All right. Now where you’ve got more than $1000 back on your taxes, you have given Uncle Sam an interest-free loan for one year. Your goal with taxes – see, remember, we are going to make every dollar work. So, Uncle Sam has done you a favor, what is happening when you get a big tax return means, you have paid in too much of your salary. We’ll say that one time. Uncle Sam has done you the favors. You are paying too much on your salary. Your check was $1050 and you got $5000 back, that means you gave Uncle Sam approximately $166. But you get paid twice a month. If you get paid monthly, you gave $300 or $33. The whole. Your money. Now what could we have done with that money? Invest? Save? Pay down debt. And it should be the other way around. Pay down debt, invest and save.

00:20:03

Because you know what? Why do we say that? Because the debt has cost you the most money. I’m going to -- some of my stuff that I want you to see the high tax return strategy. Find out how much money you’re paying over a thousand dollars, okay? This is what you do. Find out how much money you’re paying over thousand dollars, okay? Because I don’t want anybody to have to pay taxes, but a thousand dollars is a company (00:20:23).

So let's just say you're getting $5,000 back. You're going to take to track the thousand dollars, this will leave what? Four thousand dollars, right? You're going to take that $4,000, you're going to divide it by 12, okay? That's going to give you roughly around $333.33. I had it (00:20:40), that's why I know this.

Now, what you want to do, you want to go to your payroll department and you want to increase your deductibles. If you have zero, you go to one. You said, how much is that going to add to my check? She's going to say, "At about $50." Okay, go to two. But you go up until you get that $333. Now, let me tell you something that you had thought about. If you have a full or 1K or a timing plan, there's a pre-tax benefit plan, like a 503, was it 503? 43? 43 I'm sorry.

If you have any of those retirement plans for your job, not only would you save and able to invest money for your future tax free, your taxable income will come down. So what that means is that that $4,000 that you were paying let Uncle Sam whole. Now, when you get rid and file your taxes, Uncle Sam used to say, "You made 50,000, I'm going to tax you as if you made 46,000. You understand that? It is to your advantage, it's to your advantage. Your money is growing tax free.

So that's one area that you have to really take notice of. Do not let Uncle Sam borrow your money and not pay your interest. The next thing is, I want you to go to that -- can we do an investment calculator? All right, see if you can find it for me while I'm talking. If you find, just pull it up. I'm going to do an exercise just to show you all. We got it there the one that we did with the 20, that's it. Yeah, we got it.

Okay, I'm going to ask a question. Before you put out wait one second. Okay, this is going to be able to test on everybody see how smart we are, okay? I like to do this. I've got some brilliant people out here. Young people, you can calculate real fast.

Okay, so, how many years do you work if you start working at 21? Approximately how many years have you worked to retirement? Approximately about 50 years, right? 21, 30, right? 40 years, 40 years. Okay, 40 years. 60? Okay, 40 years. Okay. 40, okay. Change that to 45. It's 45, okay, we're going to do 40 though. Okay, let's just take a doll. Let's say you start working at 21 and you want to retire at 40, right? Real fast. Who could tell me how much money would you have as you start this in 19 -- I guess that would be 71, that's 40 years ago? No, that's 40 years ago. Okay, 1981. Here you go, thanks man. 1981, how much money would you have if you're investing a dollar a day? How much money would you have? Had you started 1971 investing a dollar a day. Into the stock market, the S&P 500, I'm sorry, good question. Into the S&P 500?

We're going to talk about what that is. It's just the market. You only buy the market. It's not, it's all the top stock. The 500, how much would you have?

Male 2: Fourteen.

Gerald Render: You got 14,000. Who said that? Okay, 14,000. Anybody gotten higher? Lower? Who thinks is higher? All right, give me another number there. Come on, don't be scared. Oh, yeah, we've been putting up. Okay, that me. Who think it's me? Okay? We got 14,000 million, give me one more.

Male 3: 30,000.

Gerald Render: 30,000, 40,000, okay?

Male 4: 140,000.

Gerald Render: A 140,000. Okay. Okay, put it up there. You all see that? Somebody read it to them.

Male 5: 160,701.

Gerald Render: Oh?

Male 5: 175,301.

Gerald Render: 175,000. That's a dollar a day. How many could use $175,000 right now? That's what? That is based on the S&P 5 -- if you look at it, what I did was I put – I researched why was S&P 500. What'd you say now?

Male 6: That was the investment.

Gerald Render: Yes, investment. Okay, the S&P 500 is the stock market. Okay? It's the index fund that trapped the top 500 highest HAIL stocks in the stock market. Okay? By the evaluation. Evaluation means how many people holding the stock, and how much the stock sell for. The top 500, okay? You don't have to be no stock picking. This is an index fund. That's all it was. I just looked up and said, "What did the market do over 40 years? That 10%, 10.3." You can Google it yourself.

So my point is, is that that's a dollar. Had you started 21? How many people here 21 younger? Look, think about if you do two dollars. I didn't even do two dollars. But my point is, it's the consistency over time. Now, if you're trying to elevate, if you're trying to accelerate what you need to happen, then you going to get out of debt.

00:25:02

I could take the same thing, if I plug in, put that number up there again. Take that 10.3% up and put in 18%. So we like credit and loans. You see how much money you're giving away? Someone read that to me.

Male 7: 1,519,572.

Gerald Render: In this class, you going to hate debt. You have to hate debt. You have to hate debt. That's the biggest setup in the whole world. That was my prayer all my life. Get out of debt. Listen, it's the only thing that enslaves you. We always talk about, hey, if I was going back then, I want have been no slave." (00:25:36) now voluntarily. You've been picking that can. So you do these budgets, you need to find 10, 20. If you got a 20-year plan, you got 30-year plan, you need to find a hundred dollars. You need to find everything you plan a debt, your goal in the next five to ten years is to get out of debt, and all that money go, so worry about Bitcoin and all this, get out of debt. So, if you just get 18%, you'd be a millionaire with a dollar a day. That's why Chase (ph) got all these buildings. That's why Vegas got high rising. It winned. You got to do these budgets.

I want 100% participation that next time because you need to find this money and you need directed. Next thing is, you need to have a right one, make your savings automatic. Part of what you need to do is you don't need to think about savings. After you tie, you need to have money going into your savings. Now, most people who work in companies, let me start by saying this, "If you work in a company and you don't have any debt, then you need to be doing your 401K." Now, if your company is matching, you need to be doing 401K if you're in debt, that's a free money. I mean, my philosophy, this might not be Dary (ph) Ram. This is Gerald Render. My philosophy is this, I'm not paying 100%, so my company is matching 3%. I got at least 3% because I just made 100% on my money. I'm not paying 100% of interest on any credit card. I would rather match my 401K and get me a job delivering pieces, but not pieces in delivering Amazon.

You want to do a little piece of it? But I'm just saying. I was working, I always had two jobs. I mean, I was running around and I was a vice president of a company, of Upscale. I was still running around because I was doing great. I don't know you all -- for those who don't know what running around is, that's the guy who's going to beauty salons and he sails directly to beauty salon. I never stopped and it was so funny because we would have a big hair show and my customers will see me, they'll go, "You're a vice president?" Honestly, you bring me those sprints. Yeah, I show it. I don't care. I was doing well, right? Hey, listen, if we got to get out of this thing. If you're doing a job with integrity and you're making money, you're not stealing and knocking about, you making money; you are an honorable person. I don't care what the culture or what's the line of housewife, was that the reality shows tell you. That ain't reality.

Other folks in debt, a bunch of slaves. They lease the houses written. So next thing you got to do is you got to control your (00:28:07) spending, okay? We already talked about that. When you go shopping, you got to have a list. When you go into a grocery store, have a list coupon. Try to find a hundred dollars in savings on some of the bills you had, like grocery shop. Try to find $50. You find $50 a month, you find $60 this month, just keep going. And then also, you know, Pastor talked about this in the last sermon if you all were here. Well, he said the one thing that you see about Americans that we are (00:28:32), then he says last one, I didn't say it, he said it, right? So you can get even healthier in this process. Get your body in ketosis. Know what ketosis is? It's when your body burns fat as energy. That's what ketosis, keto diet. You heard that keto diet, ketosis.

So get healthy, but control your ample (ph) spending. You know, stop the big purchases. Hey, say we're not buying anything big until we out of debt. No cars. If you cannot pay for it, this is it. No more drive or I'm going to keep this thing running. Invest in your future, you know, increase your 401K, that's the first line of investment, because that's the best tax benefit. Then you go into -- first line is to have you a secure emergency fund. That's the first thing you got to do. You got to have an emergency funds which is saving, which is purchase a thousand dollars in three to six months of expenses. Because people have gone into their 401K and taking money out to start businesses, to get married; and the girl got married, use her 401K. Her marriage last best of the year. Man, so invest in your future. Keep your family secure. That's not only about want to put that back on and take it off.

Listen, if you are married, you got kids, you have to have insurance. You have to have insurance. And insurance is cheap, but you got to know your wife. You got to know your hub, because on TV, they offer people over $100,000. I'm saying. I'm like 100,000? That girl trying go shopping, and kill the hub and trying to go shopping.

00:30:00

Next thing you could do, this is a strategy right here, how many of you all heard of the envelope system? Okay, that's a great system where you've gotten your budget set, right? And you will say, okay, this will be going to spend on eating, this is what we're going to spend with groceries, eating out, and gas. Those are little things that sort of the nickel and dimes that you lose track of. So, what you do is, you get that amount and you put it in three envelopes. So, your gas, your eating, and your groceries. Now, you say hey, we're going to eliminate eating out. We're going to brown bag at work and we're going to cook at home. That is the most efficient way to eat. There's nothing cheaper than eating at home, okay?

And it's the healthiest place to eat, because you can determine what you put in your food. You don't know what they're putting in these hamburgers, okay? So, you do a system and once you've spent that money, you're done. Once you spent that money for that month, or pay day, you get the money out on your pay day and you put in an envelope, (00:30:57) somebody looked at me. Once you get paid, you get those three envelopes, and let's just say we're going to spend -- pay period is every two weeks for most people, so you say, we're going to spend $150, $200 on groceries and food, $150 on gas, and $150 on eating out.

Well, you say, well we're not going to eat out. So, you can save the $200 on food is good, then you keep the $200 and put that $100 towards debt. Don't say shoe. I'm not going to go eat out so man, let me roll this into -- I can use more gas. No, you still want to be very efficient on all levels. Think about getting out of debt. Once you get out of debt, your money can grow a lot faster. You understand? But you put that system in place and you carry it through every pay period, all right? Any questions? That's clear? Next thing is -- I know this is going to sound crazy, you want to pay your bills immediately. Two reasons, one is it puts in a good credit standing. What I mean (00:31:50) when they do, then you got to pay them early but pay them on time. The other thing is it gives you a real sense of how much money you got. One thing we do, we float debt, you understand? Everybody know what that means, right? We float debt. That's a false sense. That's not a true picture. That's not realistic. The truth is you spent the money paying. If you say you're going to borrow the money, if you say you're going to give me credit, I'm going to pay you back, pay it back.

Now, the next thing is eliminate and avoid debt. Now I talked about this already. Well, I'm going to show the video now, really quick of the snowball debt reduction. Play that for me. How many of you all heard that before? Okay, good, I love it. Okay, this is Dave Ramsey's philosophy on how to get out of debt. It's been proven a great-great tool.

(Video Starts)

Male 8: When I was a kid growing up, I used to love being out in the snow. Playing in it, having snow ball fights or building snowman, whatever. Now as any kid can tell you, there are two ways to build a snowman. You can grab handfuls of snow, build him from the ground up like a nincompoop or you can roll a small snowball around the yard and before you know it, voila! Snow torso then lather, rinse repeat and add two sticks and a carrot. Dave Ramsey's philosophy of the debt snowball works on the same principle. You can try to eliminate your debt handfuls at a time or you can allow your debt payments to snowball and you can beat your debt down like that pleated high water wearing clarinet player after gym class. Here's how it works. Step one is to find $200 in your budget that isn't designated for anything. How you find $200, that's entirely up to you. Sell something, sell anything you don't need, like your weightlifting set or your monogram polytene diabetes baking kit. Maybe you need to eliminate your cable TV, dining out or your $4.50 a day morning dose of price gouging disappointingly tasteless caffeine. Now that you have that, your next step is to list all your debts in increasing order of how much you owe. In this example we have $450 owed to loans for the new grill that you just have to have, $650 for Target for your shoes, your belt, and your purse, the essential matching set and your flat screen TV. Then, there's a $1,600 you owe to your parents for that time your transmission went out on your sweet vintage 98 Accord and so on. Make a list of all the debts you have lowest to highest. The next step is where the snowball starts. We're going to pay the minimum payment on all the debts for now except the one with the smallest balance. For the lowest card, we'll pay the minimum payment of $50 plus the $200 that we found, so guess what? After two months of paying $250, your lowest debt is gone. Next, we'll take that $250 we're paying lows and snowball into the minimum payment of your Target card. So, now we are paying $280 a month and after a couple more months just like magic, your Target card is paid off. You continue this process each time snow balling your old payments into your new payments like Buddy the Elf and for long, all your debts are gone. Now, an important thing to note is that during this process you have to keep the snowball rolling for it to work.

00:35:04

So, no matter how much you love that new urban outfit or overpriced dress or the toolbox, or that new TV to replace the one you smashed in the fit of anger after stupid Kobe missed that stupid game when he free throw ever, "Oh my goodness, why the Lakers suck so bad this year." You have to wait. The debt snowball is the fastest most effective way to tackle a lot of debt and pay it off quickly. Using the examples we had, if you were to pay the minimum balance on all the loans you had, it would take you a 120 months before the debt was paid. That is 10 years. Ten years of playing (00:35:37) to the bank's inspector (00:35:40). But if you used the debt snowball, you can have all these debts paid off in just 21 months. That's less than two years. That's 99 more months of freedom and additionally, if you take that $1,100 that you were snowballing and invest it at eight percent interest for those 99 months, you'd have $153,000. So let's do this like pastor used to do. Take the debt, roll it up, and smoke it.

(Video Ends)

Gerald Render: I mean you all have seen him before. How many thinks that will work that haven't seen it before? Have you ever thought of that? See, there are a lot of tools out here, but it just takes the commitment. It's the commitment, it's the commitment and it's the discipline to say, "Hey, you know what? This is more important, my future and my ability to be free is more important than you know, trying to impress somebody that really don't even like me." That's the funny thing. I always remember like on Friday's when Ice Cube was in there with Smokey and he gets the call and he goes, he goes, "She says she like Janet Jackson." It is the always how I feel about when people have like something, other folks, Ice Cube, look, here you go, "Man, you're lucky." The way he did, he just knows all about hey, by the same time we try to impress those people, when we should be impressed the people who care about you, the people who depend on you. I mean we see what happens in social media how prevalent hate is, so my point is, get your priorities straight, start the system to get out of debt and you will have wealth once you're out of debt.

Now, in some cases, you got to get creative. So, right now, there are more home-based jobs available for people than ever before. In fact, most companies are not going to bring all of you back to the office. So, if you have customer service skills, if you have the ability to be technical adviser, all you have to do is go online and see if those jobs are available, if they're not all taken. But they were hot, you know six to seven months ago. But this is how you have to be thinking. Once you start thinking of ways to maximize your talent, then your money, but if you know how to manage the money, then you keep it. Your money will come when you use the talent God has given you. And you got to get some energy. You got to get some energy, you got to get determination. I mean, everybody loves the white sports, but what they love about sports is the determination athlete show because everything is out in front of you. You see the mistakes, you see the success. You see the ability when people, where all the odds are stacked against them.

But you know, a lot of these guys are more consistent than they are talented. I mean people talk about Tom Brady but if I look at

Tom Brady, he had led the NFL and throwing a lot of times, but he's consistent. You know, he's not like the kid up in Jackson. Jackson is the flash, right? He running for a thousand yards, throwing for 6, 7, 8,000 yards, well that Flash, I want the consistent type of success. And why you don't have to be extremely special, you just got to be consistent. And then I could take a little that stuff because when you try to do extreme things, it's always going to be risk. High risk, high reward. You take a little money and put in that. That's what you have what we call you're solvent. You have all your bills paid, you have money left over. So, if you lose it, it doesn't you. So, the last video I want to show, because the next thing you have to do is you got to look to grow your net worth.

Now, I put in this last class, we talked about finding out your net worth. And some people have questions about what is my net worth. What does my net worth really say? I want to say it's really is basically out of all the things that you own that's worth money against all that people or things that you owe, how much is left over? If you took everything you had, your car, your house, your cash, you're not take cash, but any of your clothes, how much do you think you get for, that's an asset. If it can be turned into cash, it's an asset. And here's the point, the true asset is that the only thing that's really appraise where you're using that upside down is financial products. No stock bonds, businesses that they can analyze, but that Reebok shoes you paid $500, unless you just bought them yesterday or last month. They're a year too old, if you're not going to get $500. In fact, you can go right now a lot of size and they've got those shoes stacked up over three or four years, $40, $50, $60.

00:40:03

Clothes are not appreciable asset. Clothes devalue very fast. So, pull up the money patrol. So, I gave you all a lot of apps. How many people are using apps? How many people don't use apps? Okay, alright.

So, this is what I want to show you all and this is what I found which I thought was really cool. I just looked at -- I know mint is very good and you'll have to change. But I wanted to be able to show you guys what a net worth looks like. And this is a hypothetical situation because it makes no sense. And I don't think you can have a million-dollar house making a hundred. I met this guy, it was funny but scroll up to the net worth where it says balance sheet.

So, you see the first part, those are your assets. Okay, so what's the problem with (00:40:44)? It does contribute to your net worth. So, purchasing a home contributes to your net worth. So, you rent for temporary purposes. You rent to get out of debt. You rent to stabilize your budgets and your money, but you don't rent forever. But you won't pay for your house where you're out of debt. Don't listen to the banks and the mortgage broker who tell you need to have 35%. You only need 35% of your salary to be able to cover your free cash to cover your mortgage, 33%. Sometimes, it's 35 or 33.

But my philosophy and Dave Ramsey's philosophy, which makes a lot of sense, you should have 25% a quarter. So, you're making $100,000 a year and you're bringing home say $4,000 a month or $6,000 or maybe $5,000 a month. That means 25% of that is -- or $6,000 plus (00:41:36). That's what your mortgage should be. Scroll up some more.

So, you see all the things that 401K -- all those things are adding to your value. This person right here is worth $2 million. Scroll down and look at they did $500,000. You subtract. So, I want you all still to do that. You look at your net worth a lot because you got to make changes to improve it. Now, you don't have to buy a house, but you can save cash. You can invest.

If you got a house, let's say you got a house that's at 50% of your take home pay a month. You got a very cheap situation. You don't have to go buy a house. Just make sure you're putting the money in something as appreciated. Make sure you invested the money. Don't stay in the house buying a bunch of stuff. That's not going to appreciate, right? And this app, I thought it was very good. I'm going to show. I'm going to show a different app every month, because every month you're supposed to have your budget and check it and improve it, and tweaking it every month.

This is not just one-month thing. Every month you're supposed to be doing it. You're supposed to make improvements. See what you are paying off debt. See where you are tracking towards your goal. You know, a lot of times, once you get exposed today, then once you get the knowledge about thing, if you don't act on it, sometimes you bring curses onto your life. I always believe it. That's like, if you know better, you should do better.

Sometimes the universe lines up. I think God is a gracious guy, and I pray for grace and mercy all the time. But I don't need to blame God when I do stuff I know I should have done. I don't say, "God, you didn't look out for me." I'm like, "Man, you big dummy." What you --I mean, I understand it and see what you're seeing, now, you see a way out. Is it tough? Yeah, it may be, but you don't know once you get on the right road, you don't know what will happen.

So, in this app -- just look at the schedule. I thought this was really -- just keep going. So, it even has a pay schedule and even tracks when you go overboard or you peak. And you say, "What happened here?" This is a cool app. It's called MoneyPatrol. Now, any questions on this? How many of you all have seen a net worth before, a balance sheet or -- okay, good. So, everybody needs to do that. So, all you got to do is just do a screenshot. If you don't want to show to me your stuff, that's fine. (00:43:40), I just want to make sure you're doing it. But those who are trying to be the star student.

Now, if you're trying to be a star student, you don't have to really send it to me, to this people, or if you need help. But I don't really need to look at it because listen, if you're not motivated to do this stuff, you won't have the benefits and rewards. And you may one day find yourself in a way where you have to manage a lot. And trust me, it's just like driving a plane. If you're flying to Bahamas and somebody tells you, you in this big powerful plane, it's luscious and pleasure and powerful. And somebody said, "Oh, my God, the pilot just die." You got to rub them and fly that plane. That's how it is with a lot of money.

You got to know how to fly that plane. You get there fast, but then you got to know what to do with it. And when you listen to athletes talk, I heard (00:44:15). When I listen to (00:44:24), he talks, he's like, "I just didn't know. I didn't know." And it took one person to talk to him. So, really, really, really, really make your mind up.

Now, we're not going to talk about budgets no more. Now, we're going start talking about investments. Now, this class is not a class who is going to give you stock tips. I'm not qualified or authorized to do that. What I do is show you track record of history. I believe that the market is still the most viable place to invest. Because it gives you an opportunity to participate with the best business people. It's not emotional. You have to buy what you know.

00:45:00

Now, can you venture out on things that you think you hear about this hot, like everybody talking about Bitcoin, this Bitcoin, and you don't understand what it means to be speculative. So, speculative is not based on a fundamental, is based on emotion. It's like, does Michael Jordan's tennis shoes really, really make you run faster, jump higher or shoot the ball better? So, what makes it more valuable? Is the leather different? There's an emotion tied to it. You understand that? That's speculative. That is not real.

Now, my New Balance running shoes? That's real. That leather in Nikes, my knees hurt. When I run New Balance, my knees don't hurt. It sounds different, I don't know what it is, but it's something different. So, my point is that we're going to talk investments. So, the way it's going to go is first day, which would be April. We will talk about the language. We would go over S&P 500, we would go over Dow Jones, we will go over of what the market is. All the basic stuff, so as we move forward with your 401K, all the basic languages of investing.

And then, we're going talk about the different strategies and most we're not going get into stocks. We're going to talk about mutual fund. Because mutual funds are basically your ability to tap in and have the diversification that would allow you not to lose based on a single production of one stock. That's why Dave Ramsey, Warren Buffett, they say buy S&P500 as a fund. It's called an index fund. You have growth funds, you have value funds, you have all kind of funds.

But we're going to talk about that. And if you have a 401K that you're in, you should look at what you're investing, invest it. And we're going to talk about the strategy, what determines how much risk you can take. All these things we'll l talk about. But it is a fundamental approach, it is not a you're going to walk out here and take $1,000 and turn it to $300,000. Sorry, but, you know, you start reading the news.

I will talk about the economy, though. I will talk about those new things that happen in the economy. And a couple of people ask me about Bitcoin so what I'm going to say about that is there's a video that I'm going to have next month that you all can watch. They would explain what a Bitcoin is and it doesn't make sense. And when you think about different investments, I don't know if you all were everybody -- most people here were live, but doing the whole tech craze and they trade with the market back in the 90s when the market is going crazy. How many of you all remember that?

Well, that's when you had a lot of what you call speculative investing. Investing based on zero fundamentals. And we're going to talk about what is really investing. When you invest in a company of mark, what are you really buying when you buy a company? Will you buy -- when a person comes up to you, "Hey, I want you to invest in my idea." So, we'll to talk about it.

Now, (00:47:48) if you have any questions. Are there any questions about budgets or any questions about the things we asked for us? I got to allow you all business statements. So make sure when you're doing your budget, it lines up with your business statement. But are there any questions about anything we've gone over thus far? Get on mic so, people on TV can hear? No, it's right here. They've already watched. Nice and clean. Go get a mic, that's all right.

We'll just say it louder. Yes. Okay. I'll repeat the question. By the end of class last month, I told you, send me your budgets because -- send me your business statements because that's why I asked you to bring in before. Now, it's not the end of class. It's just you need to get your budget in. The things you should have written down are your business statements and you should have a budget every month that you're always looking at. And you also should have done what was called a tracking your expenses.

The first month we did the class I told you to track your expenses for a month, and we gave the apps out that will allow you to track those expenses. You have to do that every month. You have to know where your money is going. So, I just wanted to see if you had an app or if you were able to track it. So, some people are tracking their expenses on paper, and like that's fine. If you can do that, that's fine.

One person sent me all their transactions. I didn't look at them, but it's a lot of stuff. That's fine, too. But you have to make sure you're able to take that data and put it into those categories of each expenditures. So, you should know what you're spending on your housing, what you're spending on your utilities, what you're spending on your car, your transportation, what you're spending on the medical investment.

Those are the categories. I had those categories up there. And you can Google a budget -- Google personal budget. You just fill it out. It's very, very simple. And it's easy to populate because you're spending the money. Your money is going out of your hands, it's going somewhere. Just write it down. So, that was the question. What else?

Yes, it is arkrendermymoney@gmail.com. Yeah. Okay, okay. The fixed budget. Now this was fix a budget. A fixed budget meaning it is working. So, here's the problem with that. So, when you're doing your budget and you have everything in there, you have to make sure that if you say I'm going to spend 50 percent of my money on beauty products or personal items, when you get your budget you have to check it against it.

00:50:05

Did I spend 50 percent? So, when you have your money being tracked, there should be a budget guideline that you set in that app or anywhere, where you're determined how much your money is going to go towards my rent, how much of my money is going to go towards my gas? Because that's determined if you're in line. Okay?

So, your budget will compare the actual against what your plan is. That's why I was talking about real numbers. It has to be real numbers. So, if you say, I'm going to spend 50% on transportation and you spend 30% to gas or if your car breaks down, what do you do then? So, whatever you have, what's called an incremental expense. What you do is like a car repair. You take that expense and you divide it over 12 months. So, whatever the expense you have divided on 12 months and you add it to your car expense, your transportation.

So you make allowances for that. Because had you started this last year, you would know. So, this year, that's why you have to do it every month. This you may not know what your expense is going to be for your car. Well, last year, if you had car repairs, you keep up with that because here's a good point. If you have a car, why do you need to buy a new car? My approach is I buy a different car when my car is costing too much money to maintain. So, if I got a hoopty (ph), right? I pay $2,000 for it, right?

But in a year, it cost me $4,000 to keep it running. I get another hoopty. I want to be at $2,000. What I don't do, I don't go buy a $68,000 on new car if I'm still in debt. If I'm out of debt, then that's different. I want to save up and buy the car for cash. Whatever you budget for, that's what you want to stay in. You got to be creative in doing that. And even if you get a car, that does an exaggeration stuff. You got a hoop. I hope you only got no Mercedes. You need a hoop inexpensive to work on. Don't buy a BMW, 90s, 80s BMW. They do not care how old your car. They would come now the $50,000. Okay, people $2,000 for the car.

Do you understand? Get you a car reliable. Get you a Honda, an old Ford truck. Man, Ford trucks, when they say built the last, they built the last. Buy the car, buy the trucks, I had a mountaineer. We drove stopped with 325,000-mile. So, I believe in (00:52:17) car but his trucks work.

Any other questions? Okay, your financial statement. Your financial statement was that balance sheet I showed of your assets and your liabilities. And remember your assets are anything that you have that has value that you can sell. You can't put a realistic number on clothes and stuff like that. You have to just say, you got to be real on that. If you don't know what something is worth, take something you say this worth $30 and take it to your friends. I want to say how much you give me for, just say $5 and you know, you're about 90% off which is don't work.

So, go back home and say, but really, you won't really appreciable. You want houses, cars, cash. Anything like that you can sell and get money for. Your cars, you go and look at the trade in value, not the retail value. Look at the trade value. That's the value of your car. No, no I mean, you look you this way you, I just want you all to do it one time so you can track it. But you want to see that number going up. You want your net worth growing. So, let's say you're doing a hypothetic. You see, you only worth $5,000 that's you do all. They have a house. But you owe a lot on you have this, maybe next year or the next six months. You're now worth $6,000 if you save money in our savings account or you able to pay down more in your house.

But you want to track that because that is showing you actually, are you holding more assets than liability? Do you have things that worth money, more things worth money than more things that you owe? That's why when you buy a house today, Gerald, do you get least equity in it? That's why it's called equity. Equity is ownership.

So, you buy a house and you're putting that down. You got zero equity. The age of the house at the banks house. But if you save up, like what Dave Ramsey, he always be putting 25% or 30% down, so you will have instant equity. If you put 20% down, you don't even have principal insurance. That's PNI. That's the thief that insures you because you have less than 20% percent ownership in the house. Any other questions? All right.

Well, I want to thank everybody for coming out. And next month, bring your notepads so you can take notes. And I would have some pass out with some terms on that so you don't have to take real good notes. You just got to try to follow what I am saying, because I want to make sure we get the investment part down so you can participate in your workplace. All right. Okay.

So, the question is, if you've been in your house for 20 years, should you have equity built up? Yes, you should as long as you have not refinanced your house and taking equity out. Well, sometimes what people will do, they refinance their house because the interest rates drop. So, let's just say you bought a house, you paid $100,000 for you. You've been there for 20 years, and then you only owe 50,000. But the bank comes and tells you, "Hey, your house worth $120,000." So, you say, "Well, I'm going to refinance.

00:55:02

But I'm not going to refinance for the 50. I'm going to refinance for 80 and buy me a car. Now, your debt has just gone back up to $80,000. So, you never going to pay it off that way. Now, had you refinanced the 50 and taking the savings as in the interest rate and accelerate your payments, now you'll own it in less than years 50 years you had left on it. So, you really be less than that, though. If you've been up for 20 years, you should really only have 10 years left on your house if you got 30-year mortgage, so I did that all wrong. I can't afford your mortgage, but you should be down to -- if it is 100,00, it should be down to $20,000.

Yes, yes, yes, yes, yes, definitely. Yes. See, the way it works is you put what you own in a house in your liabilities, and you put the value of the house in the asset column, and you're going to subtract that up and that will give you the equity you have. Any other questions? All right. Well, thank you, everybody, for coming up.

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