



THE PATH TO FINANCIAL INDEPENDENCE

how to be intentional with your money

23 march 2021

TOPICS TO COVER



- About Me
- Intentional Planning
- Save First
- Lower Expenses
- Eliminate Debt
- Buy Assets
- Final Thoughts

JAMIE BEATH

First and foremost, Jamie is a husband and proud father of three. He lives in Bentonville, Arkansas where he enjoys playing basketball and exploring the great outdoors with his family.

A supply chain professional and personal finance enthusiast, Jamie has spent years figuring out how to be intentional with money by living frugally, spending wisely, and saving as much as possible.

Jamie is the founder of The Saving Secret where he teaches how to take control of your money and become financially independent.





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Begin with
the end
in mind.

STEPHEN COVEY

FINANCIAL INDEPENDENCE

The status of having enough income to pay one's living expenses for the rest of one's life without having to be employed or dependent on others.

SETTING UP YOUR PERSONAL FINANCES



Intentional Planning:

- Have Vision
- Take Action
- Be Adaptable
- Become Resilient

It ain't about how hard you hit,
it's about how you can **get hit**
and keep moving forward

ROCKY BALBOA

PREPARE FOR EXPENSIVE LIFE EVENTS

- Student Loans
- Moving
- Jobhunting
- Marriage
- Children
- Medical Debt
- Buying a Car
- Buying a House

Credit Card \neq Emergency Fund





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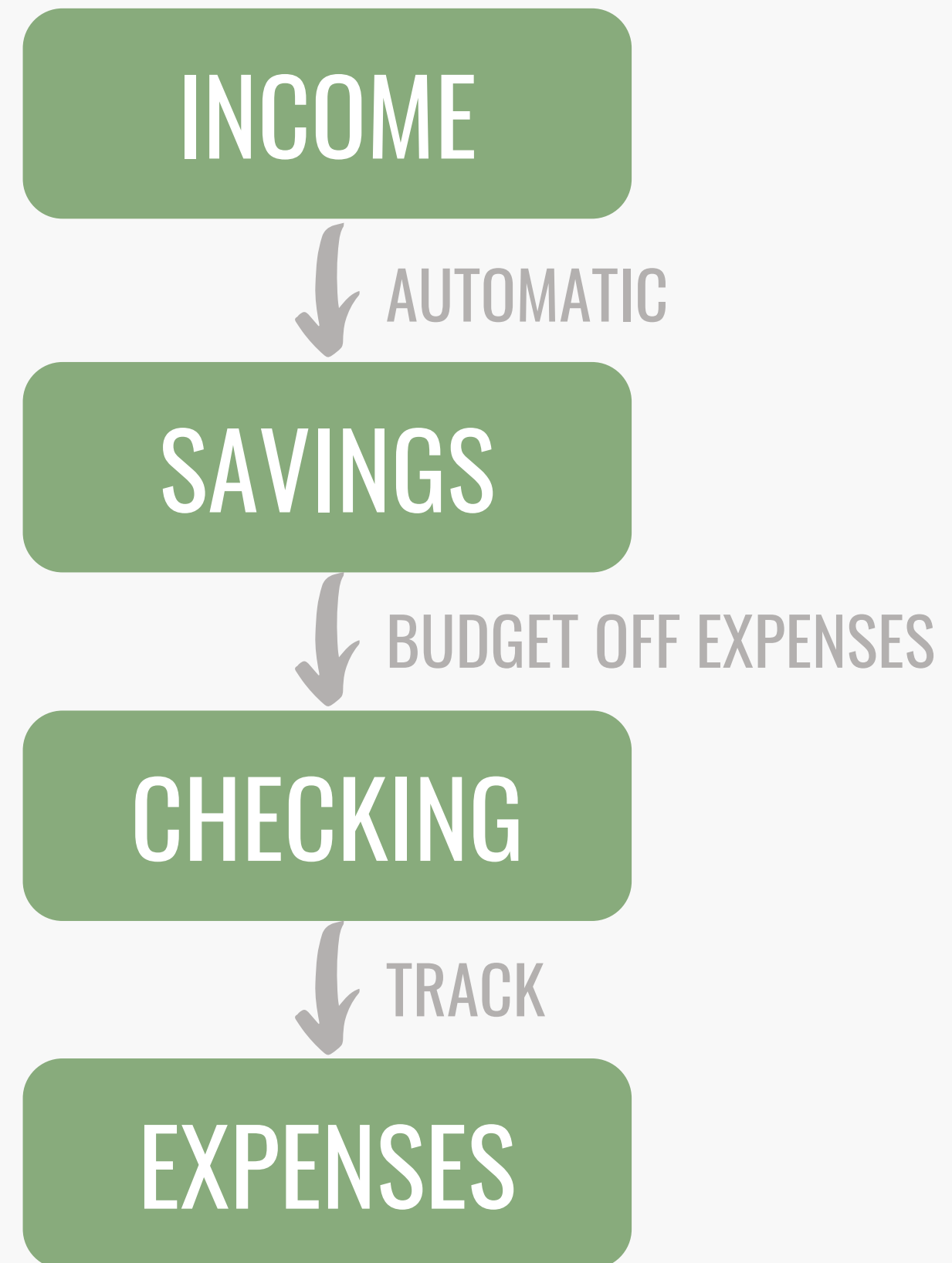
**Don't just save first.
Save everything.**

Jamie Beath

SET UP SAVINGS AS DEFAULT

Goals:

- Budget how much are you going to spend for the month
- Be accountable
- Organize accounts
- Become debt-free
- Build savings automatically!





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68%

of Americans don't
use a formal budget

BUDGET OFF YOUR EXPENSES

Free budget apps:

- EveryDollar
- Mint (budget tracker)

Diligently use a realistic budget.

- Find ways to lower expenses:
 - Cell Phone (Mint mobile)
 - Meal planning
 - Insurances
 - Yearly vs. monthly bills
- Track your expenses:
 - Variable Monthly
 - Fixed Monthly
 - Yearly Bills
- Use free budget apps
- Transfer monthly budget from savings into checking account





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**DEBT IS THE
WORST POVERTY.**

Thomas Fuller

GET RID OF DEBT FAST.

Use the debt snowball to lower your monthly expenses and build momentum to become debt-free.



The Debt Snowball Method:

1. Calculate how much income you are able to contribute towards eliminating debt
2. List out all debts smallest to largest
3. Pay minimums on all debts
4. Pay everything extra on the smallest debt until it's paid off
5. Move onto the next smallest debt
6. Continue until all debts are eliminated



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OWNING A HOME

Goals:

1. Build equity in a home
2. Eliminate PMI in the 1st 2 years*
3. Have a plan to pay off home early (5-7 years)

Things To Consider Before You Buy:

- Understand the area
- Look for value in your search
- Know what you can afford
- Understand your credit score
- 20% down payment to avoid PMI*
- Understand all costs in buying a home (PMI, HOA, Insurance, etc.)



TAX ADVANTAGED ACCOUNTS

Accounts:

- Health Savings Account
- 401K
- Traditional IRA
- Roth IRA
- Donor Advised Fund

Goals:

- Have additional savings for health related expenses
- Start contributing to retirement accounts (10-15% take home pay)



APPRECIATING ASSETS

Types:

- Real Estate (Rental Properties)
- Brokerage Account (Mutual Funds, Index Funds, ETFs, Bonds, Stocks, etc.)
- Business*
- Others (Precious metals, Currency, etc.)

Goals:

- Continue to learn
- Invest in what you know and understand





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Key Principles

KEY PRINCIPLE #1: SAVINGS RATE > RATE OF RETURN



Savings Rate: the amount of money that a person uses from their disposable income to increase their net worth, expressed as a percentage or ratio.

Rate of Return: the net gain (or loss) of an investment over a specified time period, expressed as a percentage of the investment's initial cost.

Insights:

- Decreasing your expenses will automatically increase savings rate
- High savings rate will achieve financial independence faster and with less risk than increasing rate of return
- Easier to achieve a high rate of return when you have a higher savings rate

KEY PRINCIPLE #2: FINANCIAL INDEPENDENCE > RETIREMENT

Financial Independence: the status of having enough income to pay one's living expenses for the rest of one's life without having to be employed or dependent on others.

Retirement: the action or fact of leaving one's job and ceasing to work.

Retirement Accounts: provided by many financial institutions; provide tax advantages for retirement savings that allows penalty free withdrawal at aged 59 ½

Insights:

- Invest outside of retirement accounts if you want to retire before 60
- Once you reach financial independence you have the freedom and flexibility of how you want to use your time
- You can choose to work and still earn an income even after becoming financially independent



KEY PRINCIPLE #3: TRINITY STUDY 4% RULE

1998 paper by three professors of finance at Trinity University to attempt to determine "safe withdrawal rates" from retirement portfolios that contain stocks and thus grow (or shrink) irregularly over time.

Withdraw Rate: 4%

Inflation Rate: 3%

Expected Rate of Return: 7%

Historical Rate of Return S&P 500: 8%*

Example:

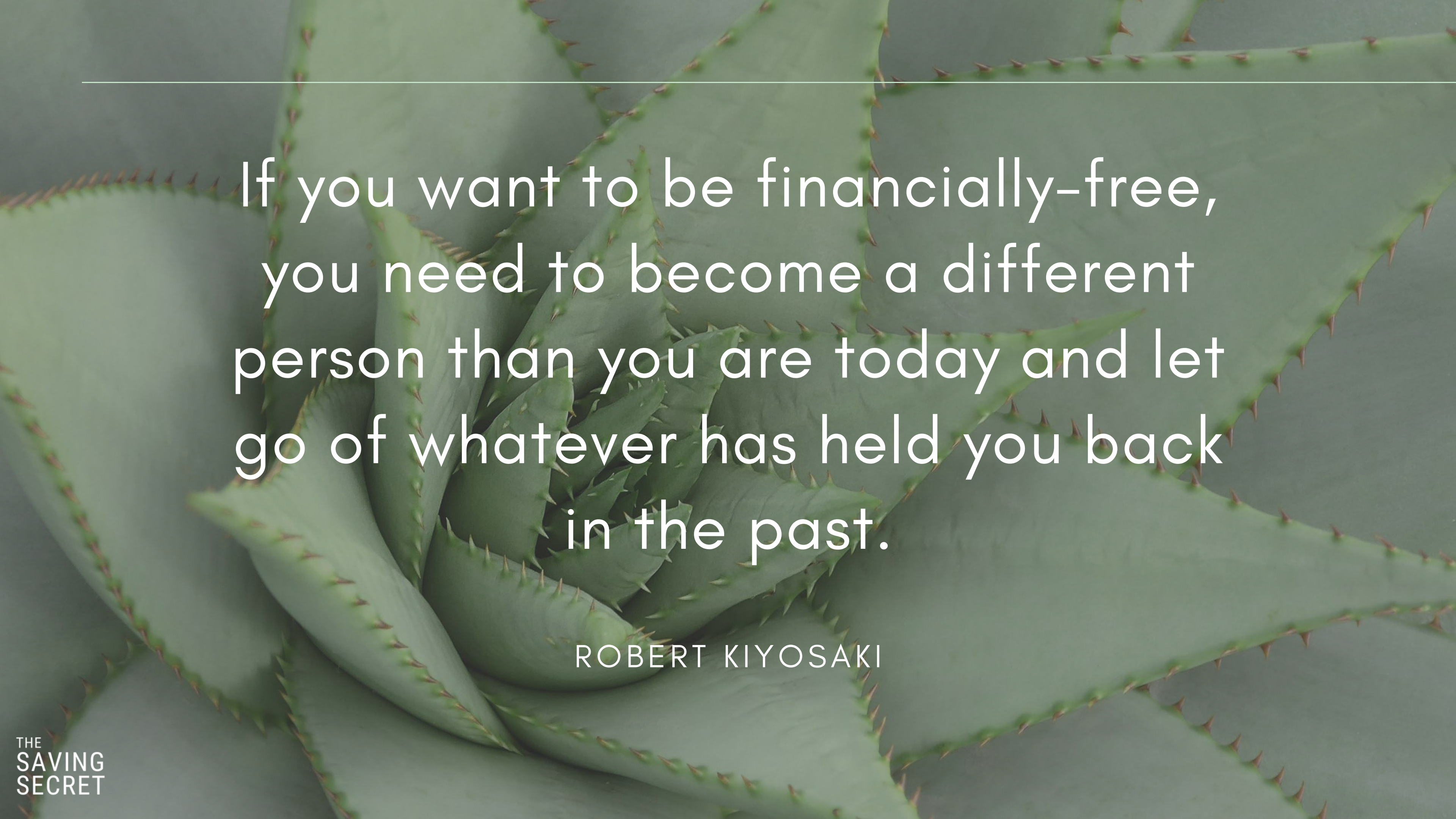
Investments: \$1,000,000

Withdraw Rate: 4% (\$40,000)

Rate of Return: 7%

Jan 1st Investments (minus yearly expenses): \$960,000

Dec 31 Investments (added 7% rate of return) \$1,027,200

A close-up photograph of several thick, green, pointed leaves of an aloe vera plant. The leaves are arranged in a spiral pattern, with their serrated edges clearly visible. The background is a soft, out-of-focus greyish-green.

If you want to be financially-free,
you need to become a different
person than you are today and let
go of whatever has held you back
in the past.

ROBERT KIYOSAKI

Hierarchy of Wealth



RECOMMENDED RESOURCES

BOOKS

[Intentional Planning](#): Think and Grow Rich- Napoleon Hill
[Save First](#): The Richest Man in Babylon- George S. Clason
[Lower Expenses](#): The Millionaire Next Door- Thomas Stanley
[Eliminate Debt](#): Total Money Makeover- Dave Ramsey
[Buy Assets](#): Rich Dad, Poor Dad- Robert Kiyosaki

FREE BUDGET APPS

EveryDollar
Mint (budget tracker)



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