



CASE STUDY

YOUNG COUPLE

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It might seem easy to find money later in life, your kids are out of diapers and you've got some seniority in your paycheck. But what about when you are a young couple with young kids? Can a Cash Flow Plan work for you?

Cash Flow
Planning is
for all stages
of life!

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James is an architect and Anna is a teacher. They have two young children with a third on the way. A few years ago they lucked out and bought a fixer-upper at a fraction of the price that most homes in the area go for. They are feeling strapped every single month and feel like they really need to do something before they get in over their heads.

HERE ARE THEIR DETAILS:

- ▶ \$12,688 net average monthly income (gross \$200,000 annual combined)
- ▶ \$10,000 net average monthly expenses
- ▶ Their home is worth \$1.2 million
- ▶ Mortgage: \$600,000 (30-year amortization)

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The screenshot displays the 'THE MONEY FINDER PRO' interface. At the top left is the logo, and at the top right is a welcome message: 'Welcome Themoneyfinder100 Clients'. Below the logo, the title 'YOUNG COUPLE NEW' is shown, along with a timestamp 'Last Revised: 06-05-2016 12:43 PM GMT'. A navigation bar contains icons for INCOME, DEBT, EXPENSE, CURRENT, UNIFICATION, THE GAP, FINAL, and SUMMARY. Below this, there are two expandable sections. The first section, 'YOUNG COUPLE NEW', shows an 'Annual Net Pay' of \$98,256.00 and input fields for 'Take Home Pay' (8,188.00) and 'Number of Pays Per Year' (12). The second section, 'MRS. YOUNG COUPLE', shows an 'Annual Net Pay' of \$50,400.00 and input fields for 'Take Home Pay' (4,200.00) and 'Number of Pays Per Year' (12).

| YOUNG COUPLE NEW | | Annual Net Pay | \$98,256.00 |
|-------------------------|----------|----------------|-------------|
| Take Home Pay | 8,188.00 | | |
| Number of Pays Per Year | 12 | | |

| MRS. YOUNG COUPLE | | Annual Net Pay | \$50,400.00 |
|-------------------------|----------|----------------|-------------|
| Take Home Pay | 4,200.00 | | |
| Number of Pays Per Year | 12 | | |

WE USE OUR SOFTWARE TO GET THE NUMBERS

This couple only had two debts when they moved into their home. But two maternity leaves, several unplanned expenses, over-budget renovations to their fixer-upper, plus two car loans they were “approved” for, and their debt has grown by bounds.

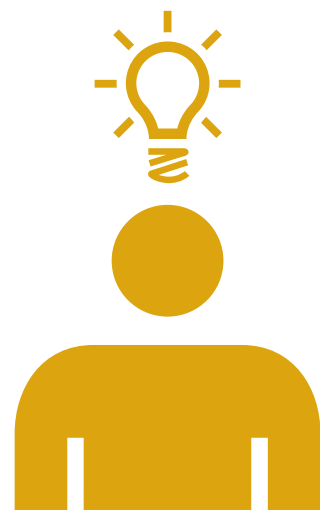
CASE STUDY

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| | |
|-------------------|------------------|
| MORTGAGE | \$600,000 |
| CREDIT 2 | \$7,500 |
| CREDIT 3 | \$4,000 |
| LINE OF CREDIT | \$9,000 |
| CAR LOAN 1 | \$18,000 |
| CAR LOAN 2 | \$16,000 |
| TOTAL DEBT | \$654,500 |

**STARTING TO GET
THE PICTURE?**



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Wondering how two people with a combined gross income of \$200,000 per year feel so strapped and are \$654,500 in debt? Plenty of people are in this situation, aren't they?

After they had their mortgage in place they borrowed on credit cards, which they always meant to pay off, and purchased two cars they were convinced they could afford. As you can see, it's a lot more than they can really handle. When they decided to get a Cash Flow Plan, over \$2,980/month of their income was going toward debt repayment.

THIS COULD HAPPEN TO ANYONE.

| | |
|---------------------------|-----------|
| NEW MORTGAGE DEBT | \$654,500 |
| TOTAL DEBT NOT REFINANCED | \$54,500 |
| NEW TOTAL DEBT PAYMENTS | \$2,980 |

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When it came down to it, even though the clients got an amazing deal on their fixer-upper, they were still in a home that they couldn't really afford. So here's what we did:

“UNIFY THEIR DEBT! UNIFICATION IS KEY.”

- ▶ They refinanced their home for \$620,500 and they follow their Cash Flow Plan to avoid racking up credit card debt.
- ▶ They are now on track to be debt free in 15 years instead of remaining on the debt treadmill they were on!
- ▶ They've left the car loans outside of their mortgage refinance.
- ▶ They started saving \$1,000 per month towards short and long term goals.
- ▶ They were able to start taking a vacation again and do so using saved funds to the tune of \$4,200/year
- ▶ Thanks to the changes in their debt and my Cash Flow Planning formula, we were able to get their total expenses down to \$4,585/month, and reach the goals most important to them.

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GETS YOU AHEAD
\$657,637.08
BY 2026

SHORT TERM GOALS

We know you need a balance of living for today and saving for tomorrow to keep you motivated. Below are your short term goals your Financial Independence Gap will give you:

Payment to Savings \$15,225.60 per year

See Appendix for complete list of Gap Payments

WEEKLY ACTIVE CASH FLOW \$585.60

This is your weekly amount that has to cover all expenses not covered in your working cash flow. **Remember NO advances, NO exceptions and absolutely NO EXCUSES.**

Young and Mrs. Young you've got this!

While change can be challenging, we know anything worthy requires effort. All recommendations in this plan were made understanding how people behave with money. We've taken into account not what you cannot do, but what you can do. We've made it easy for you to automate all the parts of your plan that will get you ahead, like saving / investing / paying down your debt and **we're aware of your need to spend in your own way.** By using active cash flow, you'll finally be conscious and able to prioritize your spending so you only spend on what truly matters.

ACTION ITEMS

1. Your #1 mission is to use active cash flow exactly as structured.
2. Set up same or sub accounts for short term goals.
3. Set up contributions to RSP/TFSA or insurance recommendations.
4. Transfer assets outside to complete plan efficiently.

The results of these changes also saved the client over \$150,000 in interest and have them on track to be debt free in 15 years rather than a cycle of permanent indebtedness. Over the course of this plan, they'll put away over \$152,000 and have \$500 a month to cover their insurance needs.

Meaning, a Cash Flow Plan found \$3,700 a month to help these clients fund their plan, but the total found money would be closer to \$650,000.