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# Ideal CashFlow Management<sup>™</sup> Financial Analysis

Prepared Especially for:

# John and Jane Doe

November 3, 2004

To help you better understand your new CashFlow Management<sup>TM</sup> Plan, Ideal Financial Solutions has trained Financial Coaches available to explain this proposal and answer any questions you may have.

Contact your Financial Coach at 1-800-963-8897.

John and Jane Doe 555 Any Street Happytown, USA 12345

## Dear John and Jane Doe,

Congratulations on taking the first step towards turning your debt into wealth! Our goal is to help put the maximum amount of interest that you are currently paying each month back into your pocket while reducing your time of indebtedness, including your mortgage, to 1/3 to 1/2 the time. We do this by analyzing your personal financial information and, based on the information you provided, applying time tested principles and techniques to turn your debt into an investment as quickly as possible.

Your CashFlow Management<sup>TM</sup> Plan has been custom tailored to meet your needs, using our state-of-the-art, proprietary software. This program is designed to reclaim a portion of the money that is currently going to your creditors to help *improve your lifestyle and your financial future*. Your Account Coordinator will work with you during the entire program to answer your questions and assist you with your plan.

The following principles of success will help you build security and gain control of your financial future:

- 1. Stop adding debt.
- 2. Follow your Ideal CashFlow Management<sup>™</sup> Plan exactly!
- 3. Start using a budget.
- 4. Invest wisely.

Your Ideal CashFlow Management<sup>™</sup> Plan explains how much money you will save and how long it will take to completely pay your debts in full and comes with a 100% written guarantee. Remember, your plan will only be as accurate as the information you provided. Review your Current Schedule of Debts to verify the accuracy of all information. We have also included the Ideal CashFlow Management<sup>™</sup> Terms and Definitions to help you better understand your plan.

Please call us at 866-333-3387 to have a Financial Coach explain your plan and answer any questions. (The call will take approximately 30 minutes.)

We are excited to help you turn your debt into wealth and realize your financial dreams!

#### Sincerely,

Ideal's Management Team

# **Current Schedule of Debts**

Property Information Provided					
Address	Property Type	Property Value	Loan to Value (LTV)		
555 Any Street	Residential	\$175,000.00	84.8%		

Debt Information Provided						
Creditor	Debt Type	Balance	Int Rate (APR)	Minimum Payment	Amount You Pay	Years to Pay
Chase M&I	Mortgage 1.1 Mortgage 1.2	132,828.00 15,644.00	7.50% 7.72%	949.00 324.03	949.00 324.03	27.8 4.8
Sears MC Sears MC Ford Financial	Credit Card Auto Credit Card	971.00 1,633.00 6,836.00	18.74% 21.90% 17.40%	35.00 60.00 141.00	35.00 60.00 141.00	3.1 3.2 7.0
Citi Bank Visa Citi Bank Visa Cypress CU	Credit Card Boat Credit Card	1,541.00 2,369.00 3 482 00	24.99% 24.99% 11 90%	34.00 51.00 107.00	35.00 55.00 110.00	10.1 9.2 3.2
Citgo Walmart Visa	Credit Card Credit Card Credit Card	1,240.00 655.00	21.90% 22.60%	38.00 21.00	40.00	3.8 3.0
Mervyns Health First	Credit Card Credit Card Medical	4,660.00 1,772.00 4,059.41	17.30% 21.00% 18.00%	121.00 58.00 125.00	125.00 60.00 125.00	4.5 3.5 3.7
Cypress CU Nelnet SMC Student Loan	Auto Student Loan Student Loan	17,511.73 15,237.52 6,892.18	7.50% 3.50% 4.72%	386.00 288.85 139.15	386.00 288.85 139.15	4.5 4.8 4.6
IRS	Tax	21,000.00	18.00%	400.00	400.00	8.7
Total		\$238,331.84		\$3,278.03	\$3,298.03	27.8



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"True Wealth is not found in the acquistion of money or property, but in the ability to live free of financial obligations to others."

"Chere is no dignity quite so impressive, and no independence quite so important as living within your means."

-Calvin Coolidge

## **Current Evaluation**

The following Current Evaluation is based on the information that you provided and pertains to your specific financial situation. This information has been provided to help you evaluate your current financial standing and make decisions that will have a direct impact on your future financial success and quality of life. Statistics show that two out of three American families are three paychecks away from bankruptcy and that nearly 43% of American families currently spend more than they earn. Don't delay! Now is the time to turn your debt into wealth.

Your Current Evaluation is broken up into the following categories:

- □ Total Debt Your total amount of secured and unsecured debt, including mortgage(s).
- Total Interest The total amount of interest that you are scheduled to pay to service your current debt.
- Years Until Debt Free The total number of years that you are scheduled to pay towards your current debts until you are completely debt free.
- Debt to Income The percentage of your gross income that is needed to service your monthly debt payments.
- Retirement Savings The amount of money that your CashFlow Management<sup>TM</sup> Plan will allow you to allocate towards your retirement savings each month.

#### Total Debt

American consumers now owe more than \$7.3 trillion dollars in consumer debt—double the amount carried into the last recession. With home foreclosures at a 30-year high and nearly 70% of American families three paychecks away from bankruptcy, American consumers need to be aware of the escalating potential for financial hardship. Whether you are a doctor and make a six-figure salary per year or a single mother struggling to raise a family on a single income, the size of your paycheck merely places limits to the extent of potential trouble. BusinessWeek reported that total household debt in the U.S. was more than 100% of consumer's disposable annual income last year, while average credit card debt per household has risen from \$2,966 in 1990 to over \$9,200 in 2003. Your personal debt, including mortgage(s), is \$238,331.84 This number should be considered carefully as the U.S. economy continues to flounder and consumer debt continues to grow at an alarming rate.



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1997 1998 1999 2000 2001 2002 2003	\$7031 \$7842 \$8234 \$8940 \$9205

"I don't know what the Seven Wonders of the World are but I know the eighth: compound interest.

- Baron Rothschild



#### Total interest

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For most consumers, 40% to 60% of the money they pay out each month goes directly to interest. What does this mean to the average consumer? If you are paying \$1,000 per month for your home, \$400 for your car and \$300 for credit cards or other debts, you may well be in the 60% interest bracket. If so, you are paying \$1,020 per month for interest and only \$680 per month toward the reduction of your debts. Your total debt, including mortgage(s) is \$238,331.84 and you will pay an additional \$231,005.89 in interest expenses. This represents a 97% increase in total principal owed with principal and interest totaling \$469,337.73. American consumers are simply following the standards set by our nation's large lending institutions. The "buy now pay later" mentality has been spreading for years and has our nation's consumers now owing more than \$7.3 trillion dollars, explaining why the credit card default rate doubled from 1991 to 2001.

Total interest you are scheduled to pay

\$231,005.89

#### Years until debt free

When purchasing a home there are three main factors to consider: total cost of the home, interest rate and the length of the loan. Of the three factors, cost, interest rate and time, most consumers have been mislead to believe that a low interest rate is the most important factor when evaluating the purchase. Our nation's large lending institutions have conditioned American consumers to stretch home loans out over 30+ years with adjustable rates, explaining the 30-year high in home foreclosures. A \$200,000 house with a 30-year mortgage at 8% interest will cost you more than \$515,000--more than twice the original cost of the home. The same \$200,000 home with a 15-year mortgage would reduce your interest rate by about one half, saving you more than \$200,000 in interest expenses. With the recent economic slow down and historically low interest rates, consumers have become dependent on using equity from their homes as a source of income. Today, the median number of years left on mortgage debt is 29 years, leaving very little equity for emergencies or improved lifestyle.

Years until you will be debt free



## Example:

For this example lets say that your monthly debt payments total \$2,000 and you are investing an additional \$200 per month. Now, keep this in mind as our starting point: \$200 per month at 6% Interest for 30 years will earn you about \$200,000. But what if you first eliminated your debt in 15 years and invested the full \$2,200 for the remaining 15years? That's over \$640,000. That's a difference of \$440,000! Now, what if you eliminated your debt in 10 years and invested the \$2,200 for 20years? That's over one million dollars and a difference of \$800,000! Eliminating your debt first and then applying the total towards investing turns debt into wealth.





#### Debt to Income

Mortgage lenders have learned that families rarely default on their mortgages if they spend no more than 28% of their gross income before taxes for housing and no more than 36% of gross income for total consumer debt including cars, credit cards and housing expenses. You can calculate your own debt-to-income ratio by adding up all monthly debt payments such as mortgage or rent payments, car payment, credit card payments, student loan payment, etc. Then divide that total by your total gross monthly income. Your total monthly debt payments add up to \$3,298.03, and your debt-to-income ratio is 50.4%. BusinessWeek reported that American consumer debt to income ratios have risen 25% since 1992 while authorities believe that debt to income ratios of 50% or higher are red lights as one emergency could topple the consumer.

Total monthly debt payment	
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\$3,298.03

Your debt-to-income ratio

**50.4%** 

#### **Retirement Savings**

To the right you will see a picture of a funnel with a single drop flowing into what looks like an egg in a nest. This example shows that the average person makes plenty of money over a lifetime of working, over \$1.6 million dollars. Unfortunately for most, this money will go towards interest, taxes, living expenses and debts. Historically, our nation is able to save between 2-3 percent of lifetime income to be put towards retirement. The Retirement Confidence Survey reports that 4 in 10 consumers are not currently saving for retirement and the remaining 58% report that the amount saved is low. The total amount of money that you are currently paying towards retirement savings is \$125.00 per month. One of the reasons for this lack of retirement savings is incorrect information. Our nation's large lending institutions have conditioned us to believe that time and rate of return are the most important factors when evaluating retirement investments. We are instructed to sacrifice money that could be spent reducing debt for an 8% return on our investment. Or in other words, consumers are paying 18% on expensive credit card debt while hoping to earn 6% to 8% return in the markets. Eliminating your debt first and then applying your total monthly payments towards investing allows you to invest with confidence, security, and substantial leverage.





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#### Below is a summary of your current debt situation

Your total debt, including mortgage(s), is \$238,331.84, and you will pay an additional \$231,005.89 in interest expenses. The total amount that you are scheduled to pay in principal and interest is \$469,339.73 and it will take you approximately 27.8 years to eliminate your current debts.

Total debt including mortgage(s)	\$238,331.84
Amount of interest you are scheduled to pay	\$231,005.89
Total principal & interest	\$469,337.73
Total monthly payment	\$3,298.03
Percentage of income	50.4%
Years until debt free	27.8

## **CashFlow Management<sup>TM</sup> Details**

#### Option 1

Services included: Power Payment, Biweekly Payments, Roll Up, DebtManager, Settlement

Summary	Current Plan	<b>CashFlow Plan</b>	Savings / Difference
Monthly Payment Interest to be Paid Years Until Debt Free! Wealth Potential	\$3,298.03 \$231,005.89 27.8 \$108,578.56 It is costing you \$625 eac	\$3,298.03 \$82,475.83 8.0 \$1,581,579.85 ch month that you delay si	\$0.00 \$148,530.06 19.8 \$1,473,001.28 signing up for this plan.

Above is a side-by side comparison of your current debt situation and your CashFlow Management<sup>™</sup> Plan. By implementing the tools and principals included in your CashFlow Management<sup>™</sup> Plan, you can save \$148,530.05 in interest expense, create an additional \$0.00 in Wealth Potential and be completely DEBT-FREE in 8 years, a reduction of 19.8 years.

Summary w/Cash Back	<b>CashFlow Plan</b>	w/Cash Back	Savings / Difference
Monthly Payment Margin / Max Cash Back	\$3,298.03 \$0.00 8.0	\$2,670.00 \$628.03 8.5	\$628.03 \$628.03 0.5
Wealth Potential	\$1,581,579.85	\$1,382,564.64	\$199,015.20



Below is a graphical comparison of your current debt plan and your Ideal CashFlow Management<sup>TM</sup> Plan. By implementing the time tested principles and disciplines included in your Ideal CashFlow Management<sup>TM</sup> plan, you can begin converting your wealth by saving \$82,475.83 in interest expenses and potentially creating an additional \$1,581,579.85 in retirement savings.

Congratulations on your decision to become FINANCIALLY FREE!





Congratulations on your decision to become 100% debt free and begin converting your debt into wealth.

This Guarantee certifies that:

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# John and Jane Doe

will have eliminated 100% of all of the debts included in their Ideal CashFlow Management<sup>TM</sup> Plan according to the timeline designated in the DebtManager baseline projection or Ideal Financial Solutions Inc. will pay any remaining balances due, <u>in</u> <u>full</u>.

This Guarantee is subject to the CashFlow Management™ Service Agreement.

- Steven L. Sunyich, President 🗅

# My CashFlow Management<sup>™</sup> Plan

I will be debt free in \_\_\_\_\_ years! If I stick to my plan I can save \$\_\_\_\_\_ in interest! When I become 100% debt free I will potentially save \$\_\_\_\_\_ to fulfill my financial dreams!

The following checklists have been provided to help get you started:

## CashFlow Management<sup>TM</sup> Checklist

- □ I reviewed my plan with an Ideal Consultant.
- □ I completed the Fees and Payment Options Worksheet.
- □ I completed and signed the CashFlow Management<sup>TM</sup> Plan Agreement.
- □ I indicated how much margin should be applied to my debt payoff.
- □ I attached a voided check or savings withdrawal slip.
- □ I completed and signed the Financing Agreement (if applicable).
- □ I completed and signed the Payment Authorization.

## **BillManager and DebtManager Checklist**

- $\Box$  I read The Discipline and understand that discipline is essential for success
- □ I signed the Optional BillManager and DebtManager Agreement.
- □ I provided current copies of statements for each creditor listed on my Current Schedule of Debts.
- □ I provided a copy of my drivers license.

Kindly make a copy of all of the documents listed above for your files. Mail the originals to:

Ideal Financial Solutions 906 North 1400 West St. George, UT 84770

### We look forward to working with you!

## **Supplemental Information**



#### Additional Information

It appears that the actual payment for the mortgage may include taxes and insurance. This assumption is based on the amount of time left to pay off the mortgage. For the most accurate results the "actual payment" for this analysis should not include taxes and insurance.