

Strong Defense

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These are times that require a strong defense. The economy is not stable, so you need to be very careful about what you do with your money. In past articles I have referred to the "Greenfield Financial System," and many of you have written to ask just what is my system and how it works. I will attempt within the limits of this column to give you a brief overview of that system.

The main focus of the system is to always look for safety and security, remembering that the up side gain on anything is always equal to the down side risk. If it can go up 20 percent, it should come as no great surprise that it can also lose 20 percent. I know that in every great sales presentation that little fact is many times overlooked, but trust me, that is the way it really is.

My system stresses that before you start any "outside" investments, you need to make sure that your own financial "backyard" is in order. Review your overall plan and see if it is still what you want to accomplish. If not, then it's time to upgrade and change your plan so that it now reflects what you want to do. If you do not have any goals, it's time to sit down and lay out some short and long term goals. Any of you who have worked with me and are using my system, know that I ask for a budget to be established. It's hard to work on anything unless you have some guidelines to follow.

I feel that everyone needs to have a minimum of three months income in a money market account to cover emergencies and to serve as an "opportunity" fund, so if any opportunity presents itself, you have the cash to take advantage of that opportunity. This is really the second step in my process.

Step number one is to get control of all debts. You can make at least 20 percent on your money just by paying off the debt. Some roll this debt into a home equity loan and then go on to fill up those cards again. This is not what I would call a sound plan. This is a sure way of compounding your problems. This first step is the hardest, but once accomplished you can immediately see the fruits of your labor. The rest is easy.

Do you want to retire early? Want to accumulate lots of money? It all starts right here. Without these steps, the rest is just wishful thinking.

If followed properly, you have now completed the first steps. Do not, I repeat, do not skip these first two steps. They are the foundations for any good financial program. Most programs skip these first two steps. Too many get caught up in the excitement of a possibly of making money, and forget that you need a plan to accomplish any long-term goals.

Step number three requires that you review your budget and see what you can afford to put aside into a savings program. If you have taken care of step number one, that money can now be re-directed into a savings program. Under step three, there is a part "A" and part "B." The "A" part is a savings program, and the "B" part is a qualified retirement program, which could be a pension, profit sharing, S.E.P., or just an IRA. The advantages of this part of the program is that the money goes in "before taxes," and accumulates on a "tax-deferred" basis. In simple terms, that means that for every dollar you want to put away, Uncle Sam contributes at least 30 cents. That means that it

only cost you 70 cents to get credit for a full dollar. That's the best deal going when it comes to dealing with Uncle Sam!

The "A" portion becomes a savings program that can be tapped if needed for educational benefits for your kids, thus you have taken care of short-term, intermediate, and long-term needs by using the Greenfield Financial System. A simple plan that can be managed without a lot of advisers or forms. You control the plan and decide how to set it up. You set the goals and decide how the dollars are to be handled. You don't even need a computer to run it!

The plan allows you to make all of the decisions as to how much you need in any given area. It can be changed or modified at any time without having to start all over. The key is to gain control of your finances and maintain control. Believe me it's easier to control your finances than it is to control your kids! Once you gain control, the key is to put your dollars to work under the best possible "working conditions." What I am referring to is to allow those dollars to be put away before taxes, and to grow in a sheltered environment free of current taxation. The best of all worlds. There you have it, a brief overview of how my system works. I have used this system with clients for years, and I know that it will work for anyone who wants to be in charge of their finances. These are strange times that we are living in, and it requires a good plan to keep control of your finances. I hope that you have one!

Your comments and inquiries may be directed to:

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Please include a self-addressed, stamped envelope. Thank you.

Editor's Note:

Further advice on finances is available through Mr. Greenfield's newsletter, Greenfield Chiropractic Financial News, #J-314-C, on the Preferred Reading and Viewing List.

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