



**Optimum Capital Management, LLC**  
*Educate. Plan. Prosper.*

*"Education is the light in the tunnel of life."*

# **The Economic Empowerment Packet**

**The Building of a Financial Legacy is Overdue**

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# Optimum Capital Management, LLC

## *Educate. Plan. Prosper.*

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### **Note from Ryan Mack**

*Financial literacy is a relatively new language and it is often very intimidating for those who are unfamiliar with its complexities. I urge you all to be patient as there is no such thing as a “quick-fix” to our current economic situation. However, as you begin to embrace and apply these principles, you will begin to see changes in not only your life, but within the lives of the loved ones who surround you within your community—and even beyond.*

*Over these next few pages I will attempt to explain various aspects of financial literacy to introduce you to this very important concept. I emphasize “introduce” because reading this is only the beginning of a very long journey that you must take to get the full revelation of the learning about economic empowerment principles. Learning is only half the battle for you must begin to immediately apply these principles in your daily living for the sake of your community, your family, and yourself. Knowledge by itself is useless; however, knowledge plus action is power. I urge all of you, upon reading this packet, to become aggressive in taking positive action.*

*Ryan Mack*

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## Consumption

1. The using up of goods having an exchangeable value.
2. The purchasing of goods which depreciate in value.

Consumption is not always easy to eliminate from our lives so I have outlined some of the strategies that vendors use to get you to continue to purchase their items.

**The “Bogus” Sales Strategy**—Producers, knowing that the majority of shoppers do not shop unless there is a “sale”, will mark up prices then mark them down to be able to state that the item is on sale.

**The “Guilt” Sales Strategy**—Have you ever wondered why certain stores encourage you to try on as many clothes as possible in the store? This is because many shoppers feel a sense of guilt after they have sampled multiple pieces of clothing and feel as if they are obligated to purchase the item. Another method of creating guilt is serving light refreshments to the customer. While refreshments are a great strategy that creates customer loyalty through service, it is also designed to create a feeling of obligation to pay back for those refreshments enjoyed while shopping.

**The “Impulse Creation” Sales Strategy**—Stores have ways of creating a sense of urgency with their customers. One strategy is to limit the amount of supplies on the shelves. Many people try to be the first in line to buy that new pair of sneakers or that new technical toy because they know the store will sell their inventory rather quickly. This is purposefully done with the intent to create a sense of panic on the part of the customer who wants to purchase the item before the inventory is depleted.

**The “Credit Card Discount” Strategy**—Many clothing stores offer credit cards with discount incentives for using the credit card. They will offer you 5–10% discounts knowing that consumers with consumer store credit cards will spend, on average, an additional 35% more in that store using a credit card than they would without that credit card. This is because the credit card creates access to capital.

**The “Lure” Sales Strategy**—Stores have done research showing that certain scents

and especially music lure consumer into stores. There is a reason they are playing your most recent and favorite songs as you walk by the store. They are creating ways to reach into your pocket!

*Tip—Never shop when you are:*

- *Excited or bored, as these feelings trigger frivolous purchasing of items.*
- *Sad, because this triggers guilt-inspired purchasing of items. This has also caused shopping addictions to form so that whenever you feel down you have a desire to shop.*
- *Hungry, because you will purchase food that you do not need but looked good to you at the time in the store.*

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## Investing

If I gave you \$100,000 today how would you spend it? Before you continue to read, I want you to take a moment and think hard about this question. How would you put that money to work? After you have thought about it, which of the following two scenarios describes the best use of the funds?

**Scenario A:** Spend \$50,000 on a “caddy”, \$25,000 for your pinky, and the balance on clothes. In twenty years you will have an old pinky ring and a dated car.

**Scenario B:** Spend \$20,000 on a Honda Accord, \$5,000 on a nice vacation, and invest \$75,000 in your own portfolio. In twenty years you could have as much as \$350,000 (with a very modest 8% return).

I personally agree with Scenario B and so do the majority of millionaires in this country. Half of the millionaires in America have never spent over \$30,000 for a car in their ENTIRE life (The Millionaire Next Door, Thomas J. Stanley and William D. Danko).

The question that you should be asking if you do not know and have not asked already is, “What are those millionaires spending their money on if it is not con-

sumption?” The opposite of consumption (putting your money into assets that lose value) is production (putting your money into assets that go up in value). Four of the most common vehicles that you can invest your money into are the following:

1. Stocks
2. Bonds
3. Real Estate
4. Entrepreneurship

### 1. Stocks

- a. The outstanding capital of a company or corporation.
- b. The shares of a particular company or corporation.
- c. The certificate of ownership of such stock: stock certificate.

Simply put, stock is ownership of a company. You can go to Starbucks and purchase coffee to be a customer. However, you can purchase stock in Starbucks and become part owner of the company. As an owner, you have a stake in every coffee that is purchased. The more shares you purchase, the larger your stake becomes.

### 2. Bonds

- a. A certificate of ownership of a specified portion of debt due to be paid by a government of corporation to an individual holder and usually bearing a fixed rate of interest.

Both governments and corporations need to raise capital to operate. Salaries, suppliers, facilities are all examples of expenses that an employer incurs on a consistent basis. Welfare, social security, Medicaid, public schools, and the Iraq war are all examples of programs and events that require a significant amount of funding from the government. One of the ways to pay for expenses and programming is to borrow from individuals by issuing bonds. If you purchase a bond you are essentially lending that entity money with their promise to return the funds borrowed PLUS interest.

### 3. Real Estate

- a. Land plus anything permanently fixed to it, including buildings, sheds, and other items attached to the structure.



Whether it is your first home or purchasing a piece of investment property on the side, home ownership has always been an American dream and one of premier ways of accumulating wealth.

#### 4. Entrepreneurship

- a. The organization, management, and assumption of risks of a business or enterprise, usually implying an element of change and a new opportunity.<sup>7</sup>

Owning and operating your own business has proven to provide the highest return of all of the stated investment vehicles. However, this investment also has the highest risk. It is a risk that is worth it because you are investing in your own ideas. There are those who want to invest in other peoples' ideas... these investors are called venture capitalists.

Before you begin investing in these vehicles, there are a few things that you must do to prepare yourself to invest such as the following:

**How to Prepare a Budget:** It is a must that we begin to pay closer attention to our spending habits. There is an old saying that you can tell a lot about the values of a person by looking at their checkbook journal entries. I cannot tell you how many friends who I have put on a budget and they have said things like the following:

- "I would have never thought that I spent that much money at the bar in a month."
- "I need to stop eating out so much!"
- "My girl is just going to have to learn to be happy with pizza!"
- "I didn't know that my closet full of sneakers was costing that much over the past six months!"

The budget is the most important piece of the financial plan. It is time consuming when you first start to organize your finances in this fashion. However, as with any other financial principle and habit, we must make a diligent effort to incorporate the language and actions of economic empowerment into our daily lives. **Sixty percent of America is spending more money than they earn every month because they have not learned the habit of budgeting.**

**Eliminate Credit Card Debt:** Many people feel that it is not important to eliminate

credit card debt before investing in the market. Credit card debt has variable interest rates that can go as high as 30%. The national average annual percentage yield being paid by the average person in the US at the time this is being written is approximately 15%. Average credit card balance in each household in the US is around \$9,000 and steadily increasing. If you have \$5,000 in cash, have a credit card balance of \$9,000, it does not make sense to put that \$5,000 at risk to HOPEFULLY get a 15% return in the stock market when you are CERTAIN that you have to pay 15% on your credit cards. Whatever extra cash you possess, use that money to pay down your credit card debt.

**Prepare an Emergency Fund:** It is important to have 3-6 months of living expenses saved before you invest in the market. Recently, in October of 2006 when the Detroit teachers were on strike for 8 days, there were many teachers at the Credit Union applying for loans because they didn't have enough savings to last for much more than a week. Additionally, these savings should be placed in a high yield savings account. "High yield" refers to the interest rate on the account. In a regular checking account known to have as low as a .35% interest rate or 0%, you are losing money when you factor in inflation.

Inflation is the rise of the general level of prices in the nation related to the increase in amount of money in circulation. The result of inflation is the loss of value of currency. Inflation is why you could by a candy bar in the 70s for nickel but have to pay as much as a dollar at many stores today. Inflation is the reason that gas prices continue to increase making it more expensive to drive. If you are keeping your money under the mattress, in a safe in the basement, or anywhere that is not earning interest then your money is losing value as you read this. Putting your money into a high yield savings account will ensure that your money will earn interest that will outpace inflation thereby retain its value and even grow in real value. Good examples of high yield savings accounts are ING Direct, Emigrant Direct, and One United Bank.

## Good Credit

Every successful financial plan needs to

have clean credit and a high FICO score. If we are to see more home and business ownership in your community, having good credit is the first step towards accomplishing this goal. Too many times I have personally seen many opportunities missed because we have not taken the time to "clean" our credit.

Knowing how to improve your FICO score is one of the most important factors in clearing up your credit. A FICO score is a three-digit number that determines the interest you will pay on your credit cards, home mortgage, and even determine whether you will get that new apartment. FICO, the Fair Isaac Corporation, single handedly created this three-digit number that will soon become the dictator of your livelihood in many ways. There are five elements of the FICO score. They are listed below along with their weight of importance.

1. Record of making timely bill payments ..... 35%
2. Total balance on your credit cards and other loans compared to your total credit limit. .... 30%
3. Length of credit history ..... 15%
4. New accounts, recent loan applications, and credit inquiries ..... 10%
5. Mixture of credit cards and loans 10%

**Pay Your Bills on Time:** Always pay your bills on time. There are no excuses for late payments. As soon as I receive a bill, I pay it immediately. It was a very difficult habit to establish, because instinct says to throw it on the dresser under a pile of other envelopes and avoid it like the plague. Another bill paying strategy is to designate a day of the month where you do nothing but pay bills. No matter what you are doing, stop and pay your bills. The only downfall to this is that sometimes if you happen to miss that day, it leaves room for procrastination. If the fixed monthly cycle is your preferred strategy, designating two days a month might be more appropriate.

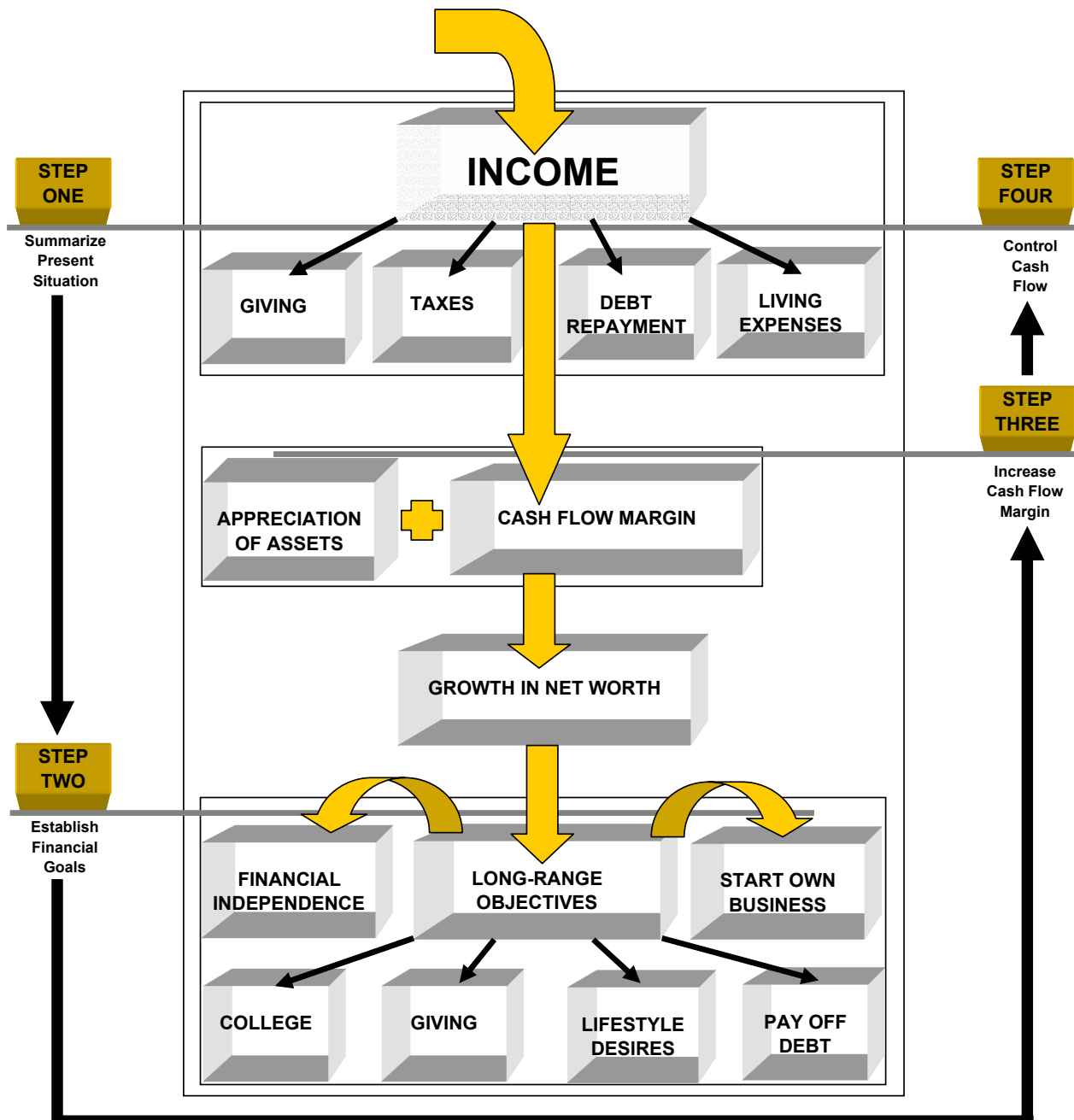
Better still, just pay as they come. One missed payment of a bill can lower your FICO score by 50 – 100 points. If you miss a month of payments a 700 FICO score can easily be 526. I understand that many times it seems as if the best solution towards bills that you cannot afford to pay is to act as





# The **Optimum** Difference: A Disciplined Process

If managed separately, the pieces of a financial life can only realize part of their true potential. Optimum uses a disciplined process designed to allow the different pieces of our clients' lives to work together to create, build, and protect wealth.





if they do not exist, but it is these negative habits that we allow to persist that are severely hindering the economic growth of our community. I challenge you to be responsible to each bill that comes into your home. We all have had times when we have fell behind or have missed a payment...myself included. It is how we recover from these moments to diligently create positive habits that will transcend to other areas of our lives. Responsibility and accountability are principles that we all need to practice in paying bills and to ensure a solid infrastructure of the upcoming economic empowerment movement.

**The Debt-to-Credit-Limit Ratio:** Your debt-to-credit-limit (D/C) ratio is an important issue as well. Let's just say you have a \$3,000 balance on a credit card and a total credit limit of \$6,000. Your D/C would be 50% (\$3,000/\$6,000). This is an important number that accounts for a high percentage of your FICO score (30%). Continuing with the above example, if you pay off a \$1,000 balance on one of your cards (let's call it Card A), with a credit limit of \$2,500, I would advise you to NOT cancel Card A. Here is why. If you cancel Card A, your credit limit will decrease from \$6,000 to \$3,500 (remember you had a \$2,500 limit on the card). Since you just paid \$1,000 of your total balance owed, your new balance owed decreased from \$3,000 to \$2,000. Your new D/C ratio would now be 57% (\$2,000/\$3,500), which increased from 50%. The end result of your presumably responsible behavior of bill payment and debt reduction would be an increase in your debt-to-credit-limit ratio and a decrease in your FICO score. The best move when paying off the credit card balance would be to simply cut up your card, and leave the credit line open unless there is an annual fee. There is no sense in wasting \$50 to \$70 a year on a card you will never use.

**The Length of Your Credit History:** Your credit history is very important as well. If you must cancel a card, make sure you cancel the newest ones first. The Fair Isaac Corporation can use more points of data to determine your FICO score the longer your credit lines have been open. Protect those cards you have with the longest history. If you must cancel a card, cancel one card then wait a month. At the end of the month,

wait and see if your score was negatively affected. If it wasn't, do the same for each additional card you want to cancel.

#### **New Accounts/Card-to-Loan Mixture:**

For 4 and 5, you want to be careful not for apply for too many cards at once. This sends a red flag to lenders. Steer clear of too many retail cards as well. When you are at the sales counter at Sears, it can be very tempting to allow the checkout employee to coerce you into a savings card that will open the door to "extreme savings". In the book *The Millionaire Next Door*, the authors Thomas J. Stanley and William D. Danko mention the most popular credit cards of millionaires. The top five credit cards of millionaire household members, and the percent of millionaires who own these cards, are:

1. Visa (59%)
2. MasterCard (56%)
3. Sears (43%)
4. J.C. Penny's (30.4%)
5. American Express Gold (28.6%)

The truly wealthy realize the lack of need for these retail credit card traps. They use cards responsibly and with caution so as not to accumulate unnecessary, overpriced debt.

Lenders like to see a good mix of installment loans (i.e., monthly car notes, monthly mortgage notes) along with your credit cards. Installment loans show just how reliable one can be, especially if payments have been made for an extended period of time, as well as in a timely fashion.

#### **Using Credit Cards Wisely**

As consumption rises in America, so does consumer debt. There is often the incorrect assumption made that getting a credit card is merely opening an account that will give you credit. This is a misconception that many times leads to financial disasters. As Americans it is critical that you have an understanding of the most important factors to consider when selecting a credit card.

Keep in mind that it is not so much the credit card that is important, but much more critical is how you use the card. Whichever cards you choose, do NOT use these cards for everyday use. When you get a card, store it in a safe place in your home,

where you are not tempted to utilize it frequently. The purpose of this credit card will be two-fold:

1. To establish a credit history.
2. To give you extra protection in case of an emergency.

For number one you must be extremely careful. Unless it is an emergency, NEVER spend money that you cannot reimburse immediately. If you want to purchase a book, and want to use your card to establish a credit history, don't buy the book if you don't have the funds to immediately pay off the bill. When I use my credit card, I charge whatever item I purchase and on the following day I pay the entire balance on my credit card. If you cannot do that, then you must do without the item (unless it is a serious NEED such as food, water, lodging, or essential clothing).

For number two, make sure that you are able to get a sufficient line of credit. Ideally, the card should be able to cover at least three months of expenses covering an emergency. This card as an emergency fund should not replace your personal building of an emergency fund. Remember, you should be saving on your own to establish 6 months of living expenses.

Save, and use the card as a subsidy to whatever amount of emergency funds you must establish.

Here are a few tips when looking at the services of various cards.

1. Make sure that there are NO **hidden fees** for having and using the card.
2. **Check the interest rate.** If you have a decent credit history, you should be able to get an introductory rate below 5%. This rate typically lasts for 6 months to a year. You might be able to get a 0% rate for this period. The FICO score (credit score) is a key number in this situation. If your score is above 720, you should be able to get an excellent rate. If it is below 720, you might benefit from getting your score above 720, and then apply for a card. With a high score, you will be able to demand lower rates.
3. **Know your grace period.** This is the time between the statement end date and the date when your payment is due. If you



pay off your bill in full during this period, you will owe no interest on the purchases you make until the next month. This grace period doesn't work if you carry a balance. The moment that you carry a balance over until the next month, you begin to pay interest. You might want to shop around for the longest grace period. The standard grace period is 25 days. Others have a 20-day grace period while some have actually given consumers no grace period at all (steer clear of these). Read each statement carefully, as many times companies switch grace periods and hide this in the small print that many never read. Check the due date each month, and see if the grace period has been shortened.

**4. What is the billing cycle?** Is it the averaged daily balance or two-cycle averaged daily balance? Average balance is good; two-cycle average daily balance is bad.

- Example of averaged daily balance: You will be charged with interest on only the \$200 that you didn't pay off.
- Example of two-cycle average: Last month you charge \$5,000 and pay off \$4,800 leaving a \$200 balance. This month, you charge nothing. You have a bill leaving you with interest on the full \$5,000 because this looks at a balance for the previous two months.

**5. How do they calculate the minimum due?** Cards calculate the minimum due by charging approximately 2.5% to 1.5% of the outstanding balance. The lower this number, the lower the amount you have to pay back per month. This can make a difference if you are hurting for cash to pay other bills. However, the lower amount you have to pay off, the more interest is allowed to build up. I strongly urge that you always pay off more than the minimum due and obviously the entire balance, if possible.

**6. Pay on time!**

**7. Look out for mistakes.** Many times credit cards mistakenly double charge you.

At the end of the day, credit card companies are for-profit companies. The more that you pay, the more money they make. They use the legal system that is created to make things more difficult for you to navigate through the red tape. Small letters in the fine print, long contracts with tricky word-

ing, changing billing cycle methods sent in letters they know you won't read, etc. The more irresponsible and uninformed we are, the more money they make. Over 60% of Americans spend more money than we make, and this is because of inflated debt from the misuse of credit cards. Good luck with your next credit card selection!

## Home Ownership

To own your own home is not a small venture, and requires considerable thought and planning. I am sure that those who have purchased a house would agree that the process is very long, tedious, time consuming, and perpetually costly. Whichever home you purchase, you must make that decision responsibly. The amount that you pay on your home, and the payments that you are required to make to retain your property will have a huge effect on your future financial state.

If you are not wealthy but want to be someday, never purchase a home that requires a mortgage that is more than twice your household's total annual realized income. (*The Millionaire Next Door*, Thomas J. Stanley and William D. Danko)

While I believe that the above statement over-simplifies the situation, the thought behind it is very true. If you want to purchase a home, you should "act your own wage." Make sure that you purchase a home within the limits of what you can afford to pay. I have witnessed many people going out to look for a new home without any idea of how much they can afford to pay. I urge everyone to take the time to do the math *before* beginning the hunt for a new home. The sub-prime credit market crash beginning in 2006 resulted from a nation of individuals who failed to properly prepare, making them more susceptible to predatory lending practices. Don't let the mortgage broker do the math, as he or she is pushing for the highest loan to make the most commission. He or she will find a way to stretch you well beyond your means, making a nice commission, while you lose your sanity and happiness trying to over-extend your budget to make your mortgage payments...this is the essence of predatory lending. Remember that everyone who has ever filed for bankruptcy or foreclosure was initially approved for a loan from

the bank. Know what you can and cannot afford before you meet with a mortgage broker. Buying a home should not be your only goal, but rather you should be buying a home that you can comfortably maintain while living in it.

One good strategy to determine if you will be able to purchase your home before you buy it is to purchase an "imaginary house." Calculate the amount of money you think you will be able to afford and then immediately open a savings account. With your "house fund" put a down payment into your new account that will come as close to 20% as you can afford. Each month after you have made the down payment put the calculated mortgage payment for your new imaginary home in the account. Without fail, every month make mortgage payments into your savings account for either six months; or until you have the 20% down payment that you will need for your imaginary home. If you find that you are able to make these payments, and still able to live comfortably without over-extending your budget, then you are on your way to having that new house.

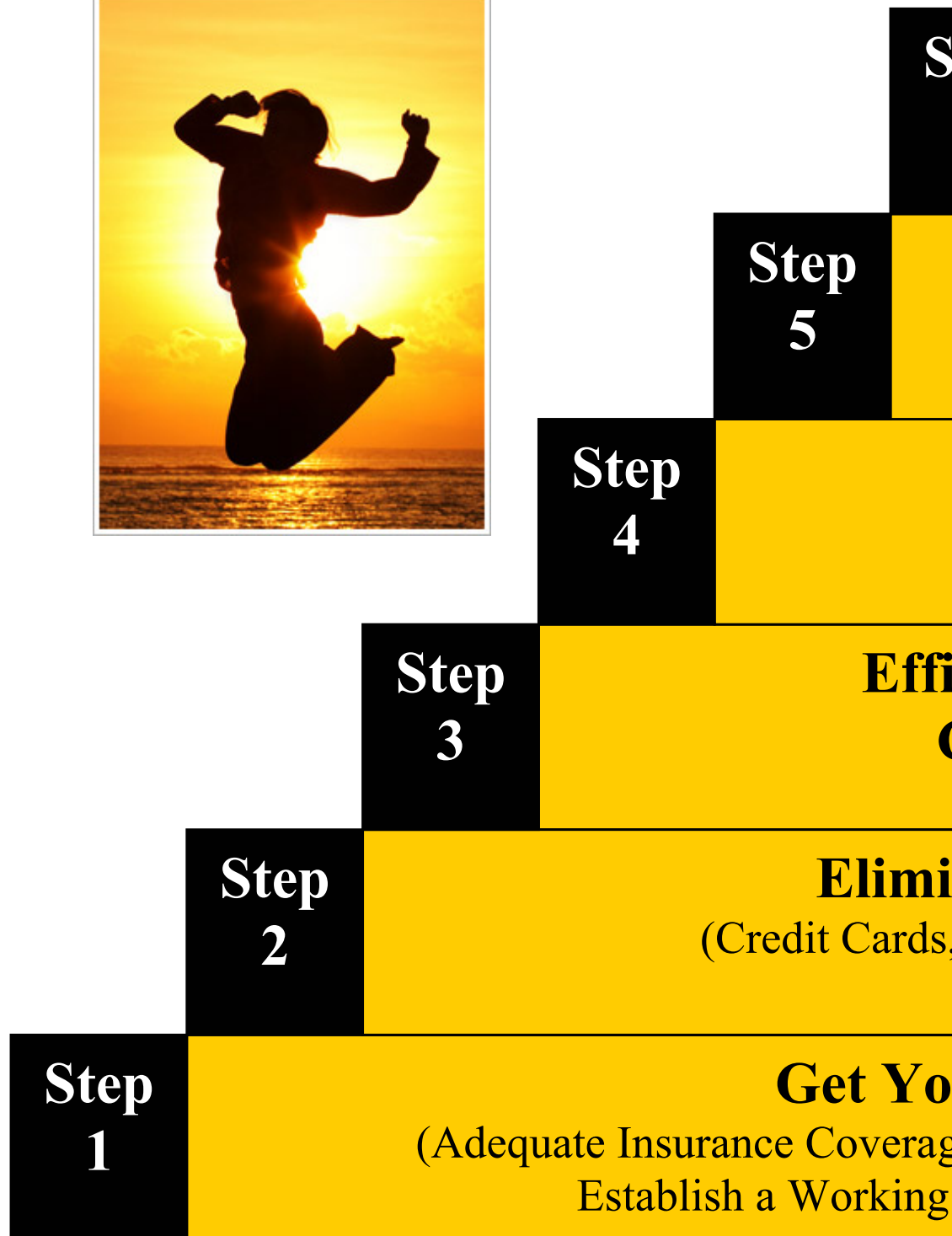
Many people have discussed the possibilities of paying off your mortgage early. I have always been a huge fan of early mortgage payments. However, you shouldn't start paying off your mortgage until you have established an adequate emergency fund that provides financial liquidity in case of unexpected circumstances. There are a number of pros and cons relative to paying off a mortgage early. Once you have purchased your home and made a decision to investigate an early pay-off, check with a financial advisor who will evaluate your personal circumstances and advise you appropriately.

We need more Americans to realize the dream of owning their own home. To come home to something that we own is truly a magical feeling. However, we need to be diligent enough to do our own research and not leave our financial futures in the hands of others. Make sure to personally cross every "T" and dot every "I." Do not be afraid to invest in a competent financial advisor to assist you in this tedious process. A principle of wealth is to be willing to invest in those professionals whose intellectual capital will enhance the quality of our lives.



# Optimum Capital Management, LLC

## *Seven Steps to Financial Freedom*





**Step  
7**

**Diversified Investment Strategy**  
(Stocks, Bonds, Real Estate,  
Venture Capitalism)

**Step  
6**

**Eliminate Low Risk Debt**  
(Student Loans, Auto Loans, Mortgages, etc.)

**Establish an IRA**

**Establish Emergency Fund**  
(6-9 Months of Living Expenses)

**Efficiently Establish/Allocate the  
Company Retirement Plan**

**Eliminate All High Risk Debt**  
(Cash Advances, IRS Collections, etc.)

**Get Your House in Order**

(Create – Up to Date Estate Planning Documents –  
Budget – Improve the Credit Score)

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With predatory lending being such a hot topic, I want to summarize this section with three simple steps on how to avoid predatory lending:

### ***Step One: Improve Your FICO Score***

If you are thinking of purchasing a home, the right time to start thinking about improving your credit score is now. You should give yourself a year to improve your FICO score by doing the following:

- Step One: Basic Housekeeping of your Credit Report
  - 75% of all reports have errors on them. You are allowed to obtain one free report per year from each of the credit agencies (Equifax, Experian, Transunion). Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) and obtain your free copies of your reports.
  - Get rid of any small balances that you have forgotten about.
- Step Two: Pay Your Bills on Time
  - Use auto payment to assure that the money is automatically taken from your account. Make sure that you have an efficient budget to leave enough funds in your account to cover bill payments.
- Step Three: Pay Down Debts
  - Carrying balances on your cards serves no purpose. Eliminate all balances on your credit cards as soon as possible.
  - Avoid being seduced by credit card companies with their special offer. You will never hear of someone becoming a millionaire because their credit card company offered them frequent flier miles.
- Step Four: Do Not Cancel Old Accounts
  - 30% of your FICO score is your balance/lending ratio. If you already have the account open, canceling that account can lower your FICO score.
- Step Five: Don't Fear Credit Counselors
  - Going to a credit counselor or a credit consolidation agency is not viewed negatively by FICO.
- Step Six: Steer Clear of Bankruptcy
  - Bankruptcy is even harder to file for as a result of new legislation passed by George Bush.

- 200 points can be deducted from your score.
  - This will stay on your report for 10 years.
- Step Seven: Be Patient!
    - Nothing happens over night. This is a process that will take time.

If you do these steps and your FICO score is still below 650 then do not purchase a home. Give yourself enough time to raise your score. There is nothing wrong with waiting and there is no such thing in the housing market as a deal that is here today that will not return in some form tomorrow.

### ***Step Two: Know Your Limits***

As stated before, the house budget is crucial to home ownership. Do not allow the bank to decide how much you can afford. If you Google the key phrase “mortgage calculator” you will be able to find many calculators that will assist you in this process. I urge that you do seek out assistance with a professional who is familiar with the calculation process so that you can have an unbiased and objective opinion.

### ***Step Three: Get Three Opinions***

- **Opinion One** – A Mortgage Professional: Get an opinion from a mortgage lender that you are comfortable working with who seems to be trustworthy. There is nothing that can compare to a professional opinion in this matter.
- **Opinion Two** – An Unbiased Party (Knowledgeable Friend/Financial Advisor): Get an opinion from an unbiased party who does not have a conflicting interest. While it is good to have a professional opinion from a qualified mortgage lender, these professionals often have a conflicting interest in earning a commission. The larger loan you take out, the larger the commission they earn. This act of predatory lending has caused many to take out loans on homes that were not affordable over the long run.
- **Opinion Three** – Research for YOURSELF: The days of going into the financial professional without researching the various products for ourselves is over. If I steal a car, and I know that I will be arrested if caught stealing that car, does that mean that I am as smart as a lawyer? No. It does mean that I have

the basic knowledge of the law that keeps me out of trouble. This same applies to our finances.

Many Americans were duped by Interest Only mortgages. Under these mortgages the borrower is only obligated to pay the interest portion of the loan as opposed to the interest plus the principal. This, obviously, makes the loan more inexpensive for a period of time. However, because many borrowers throughout America were not educated they were unaware that this introductory period would soon expire. After this period expires, the borrower would be obligated to begin repayment of principal of the loan making the mortgage payments increase over 500% in many cases. It was not an uncommon scenario to see a mortgage increase from \$500/month (which the borrower could afford) to \$2,500/month (which was unaffordable by the borrower). A few hours of research could have avoided the millions of foreclosures that we are currently seeing across this nation.

To educate yourself and find programs that can assist you in purchasing your home you can go to the following websites:

The Federal Housing Administration – [www.fha.com](http://www.fha.com) The U.S. Department of Housing and Urban Development – [www.hud.gov](http://www.hud.gov)

## **Investing in Your Community**

In my years as an Equity Trader on Wall Street and currently as a Financial Planner, I have fielded many questions. One of the most frequent questions I have been asked is, “What is the best area to invest in this market?”

Many say that stocks are poised for a strong rally in the long run. Others say that bonds are very attractive. I have heard frequently that real estate is best to accumulate wealth for the long run. The answer to this question depends much on whom you ask.

There is another area of investment that is not talked about as frequently. This area of investment has TREMENDOUS potential and almost unlimited upside. Doubling, and tripling your investment in this area would be an enormous understatement. “What is it?” you ask.



I will give you a clue: you wake up every day and go to sleep in it. You eat in it, you take your children to school in it, you attend block parties in it, and many of your family and friends may also live in it. If you haven't guessed by now, I am referring to the community. That's right. An investment in your community is the greatest investment you can make. How does one invest in a community and what are the returns for the investor?

I have always tried to be a person who has lived a life of assertive purpose and tangible impact. I graduated from the University of Michigan Business School majoring in finance in 1999. I spent the next 5 years working on Wall Street as an Equity Trader, four of those years at the largest NASDAQ trading firm in the country. Of the 300 traders on the floor, there were only 3-5 traders who were African American at any point in time during my tenure. It was not something that personally made me uncomfortable because my primary objective was not create social change, but to make money. I became quite skilled at doing so. However, during my final year on Wall Street, my aunt called me and asked me, "What is a stock?" This caused me a great deal of concern because I had been involved within a world of finance for many years and many members of my own family did not know about this important information. When looking at the statistics about the lack of knowledge of this important arena within the community at large I decided to pursue a career where I would be able to create change by educating my community of the importance of financial literacy. The best way for me to do this was to pursue a career in financial planning.

When I got my first offer from my dream company, I turned in my letter of resignation to the Equity Trading firm and began to prepare for my first day on the job. I was excited to say the least. I had visions of using this firm to educate ALL components of my community and communicated these visions to my new employer. I was hit with a harsh reality when I was told this, "I understand that you want to educate your community. However, unless you are working with high net worth individuals you are wasting your time."

This crushed my spirits as he basically told me that if my own mother walked in the room I could not work with her because according to that firm, because she was not a rich woman, she would be a "waste of time". It was at that time that I told that I needed a few more days to contemplate the offer and I walked out. Soon after, on a Tuesday, September 14th, 2004, Optimum Capital Management became a reality.

The road was not an easy road as the next 12 months I did not earn a single dollar. I spent that time researching all of the firms who gave me offers, reading 2-3 books per month, working with Crown Financial Ministries to learn Biblical principles of managing finances, conducting free seminars throughout my community (4-6 per month), and I created a personal financial literacy course for colleges and one for the US Department of Justice. I started a campaign to teach financial literacy to those individuals of all individuals of all income levels. Rich or poor, Black and White, men and women...all were the target of this crucial education. Unions, churches, gang members, youth, public housing communities, inner-city neighborhoods, universities and all aspects of the community were, and continue to be, my target audience. In the years of my company I have traveled across the US and have even traveled as far as South Africa to teach this information to ALL those in need.

This was not an attempt to brag or boast about the efforts of my company. We all have skills and abilities that we can contribute to the progress of our communities. If you are one of those who is taking up space and too apathetic to contribute, then I suggest that you put this book down and give it to someone who is willing to assist in the movement. If you are one who wants to assist in the growth of the community, then I have listed below a few ways and places where you can contribute.

### ***Investing In Our Youth***

Investing in the youth of our communities will not only yield enormous returns but returns that are often the most immediate and most fulfilling. The youth of our communities are crying out for our assistance and support. Within my firm we started a youth financial literacy organization called

All About Business (AAB). I have been volunteering my time for at least 4 days per month for over 6 years teaching youth financial literacy within the local school system. The program began to grow and expand into something than I had ever imagined.

Meeting once per week with these students, they began to grasp the information so well that I felt that they were ready to begin to teach this information all around the community...even to adults. It was amazing to see a 15 year old teach a group of adults about complex financial principles. Not only did this group of youth conduct their own seminars, they began to embody the principles that they were learning. Many began to research scholarships and received scholarships to school. Due to their new found ability to network many received internships. Heavy emphasis on principles of entrepreneurship has caused many various types of businesses to form such as an event planning company, a car service, a construction service company, an All About Business board game, and a clothing line to name a few. As I am writing this, 10 of my students are writing a book which will be the first book written by teenagers to educate adults about the importance of financial literacy. We must raise the level of expectations for our youth in every way, and All About Business is an example of what happens as a result of these increased expectations.

Seeing the smile on a youngster's face—a smile that you helped to create—is one of the most personally rewarding experiences one can have. I personally spend a great deal of time with the youth in my community, and will always continue to do so because I continue to see so many positive results. How many young Bob Johnsons, Warren Buffets, or Bill Clintons will never reach their potential because we didn't take the time to invest in them? I urge all to take time to volunteer at the local school in your community and talk to the children. Career days, tutor programs, after school programs, and more are all opportunities to stop by and spend some time with the children of your neighborhoods. They are our future, and investment in their lives is also an investment in yours.



## Estimated Budget

### MONTHLY INCOME

**GROSS MONTHLY INCOME**

Salary \_\_\_\_\_  
Interest \_\_\_\_\_  
Dividends \_\_\_\_\_  
Other Income \_\_\_\_\_

**LESS**

**1. Tithe /Giving**

**2. Taxes (Fed., State, FICA)**

**NET SPENDABLE INCOME**

### MONTHLY LIVING EXPENSES

**3. Housing**

Mortgage/Rent \_\_\_\_\_  
Insurance \_\_\_\_\_  
Property Taxes \_\_\_\_\_  
Electricity \_\_\_\_\_  
Gas \_\_\_\_\_  
Water \_\_\_\_\_  
Sanitation \_\_\_\_\_  
Telephone \_\_\_\_\_  
Maintenance \_\_\_\_\_  
Cable TV \_\_\_\_\_  
Other \_\_\_\_\_

**4. Food**

**5. Transportation**

Cab Rides \_\_\_\_\_  
Gas and Oil \_\_\_\_\_  
Insurance \_\_\_\_\_  
License \_\_\_\_\_  
Maint./Repair/Replace \_\_\_\_\_  
Subway and \$ Van \_\_\_\_\_

**6. Insurance**

Life \_\_\_\_\_  
Health \_\_\_\_\_  
Other \_\_\_\_\_

**7. Debts**

Student Loan and Credit Card

**8. Entertainment/Recreation**

Eating out \_\_\_\_\_  
Baby-sitters \_\_\_\_\_  
Activities/Trips \_\_\_\_\_  
Vacation \_\_\_\_\_  
Pets \_\_\_\_\_  
Other \_\_\_\_\_

**9. Clothing**

**10. Savings**

**11. Medical Expenses**

Doctor \_\_\_\_\_  
Dentist \_\_\_\_\_  
Prescriptions \_\_\_\_\_  
Other \_\_\_\_\_

**12. Miscellaneous**

Toiletries/Cosmetics \_\_\_\_\_  
Beauty/Barber \_\_\_\_\_  
Laundry/Cleaning \_\_\_\_\_  
Allowances \_\_\_\_\_  
Subscriptions \_\_\_\_\_  
Gifts (incl. xmas) \_\_\_\_\_  
Cash \_\_\_\_\_  
Other \_\_\_\_\_

**13. Investments**

**14. School/Child Care**

Tuition \_\_\_\_\_  
Materials \_\_\_\_\_  
Transportation \_\_\_\_\_  
Day Care \_\_\_\_\_

**TOTAL LIVING EXPENSES**

### INCOME VS. LIVING EXPENSES

**NET SPENDABLE INCOME**

**LESS TOTAL LIVING EXPENSES**

**SURPLUS OR DEFICIT**



## **SAVINGS AND INVESTMENT GOALS:**

I would like to save \_\_\_\_\_ percent of my income.

Other savings goals: \_\_\_\_\_

I would like to make the following investments:                      Investment

_____	_____
_____	_____
_____	_____
_____	_____

I would like to provide my/our heirs with the following: \_\_\_\_\_

## **STARTING A BUSINESS**

I would like to invest in or begin my/our own business: \_\_\_\_\_





## EDUCATIONAL GOALS:

I would like to fund the following education.

Person	School	Annual Cost	Total Cost
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Other educational goals: \_\_\_\_\_

## LIFESTYLE GOALS

I would like to make the following major purchases (home, automobile, travel, etc.):

Item	Amount
_____	_____
_____	_____
_____	_____
_____	_____

I would like to achieve the following annual income: \_\_\_\_\_



## GOALS FOR THIS YEAR

Priority

Financial Goals

1

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2

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3

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4

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5

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## The Optimum Capital Management Difference

*Optimum Capital Management is committed to providing highly-skilled, full service financial planning in the most cost effective means for our clients.*

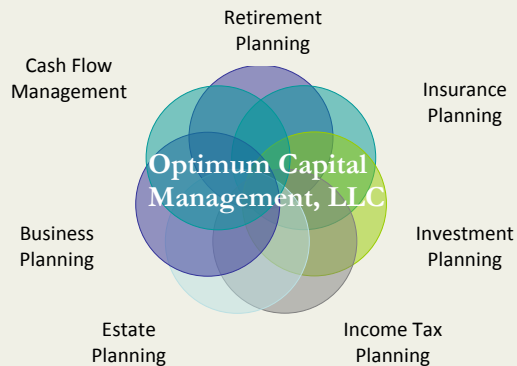


We realize that our clients' objective is to save money and not waste it on hidden expenses and excessive commissions that accomplish nothing but long-term return erosion.

As the financial planning industry has shifted to a more product driven strategy, Optimum remains steadfast of purpose by continuing to focus on a service-oriented strategy. Optimum is a fee-only advisor which means that service will continue to be our focus. Our clients need not worry about being placed in inappropriate products that don't fulfill their needs or being given inappropriate advice. Due to its fee-only advisory status, Optimum has removed the conflict of interest that is often involved with security selection.

### Services We Offer:

- ✧ Financial Literacy Workshops
- ✧ Fee-Based Financial Planning
- ✧ Equity & Fixed-Income Strategies
- ✧ Cash Flow & Budgeting Solutions
- ✧ Retirement Income Strategies
- ✧ Insurance – Life, Annuity, Disability, Long Term Care, Health
- ✧ Business Insurance Services
- ✧ Business Plans & Capital Procurement
- ✧ Strategic Professional Partnerships



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