

Cash Flow Optimization

For Entrepreneurs



Cash Flow Optimization for Entrepreneurs

5 Ways to Stop the Cash Flow Leaks and Experience a Cash
Surge in Your Business

A Special *BUILD*: Executive Summary



Written By: The Builders at Wealth Factory

Introduction

It's an easy thing to notice whenever a business owner finds us. You can see it in their eyes on their face. Relief that they've finally found a group of people who understands them — and people that can help.

In our experience, the traditional financial advice industry just doesn't mix well with business owners. They preach the accumulation method for growing wealth, so they focus on net worth over cash flow. And that just doesn't make sense for the business owner who knows cash flow is the lifeblood of their business.

At Wealth Factory, we know how important cash flow is to you as a business owner. And that's why we start with Cash Flow Optimization.

But we also believe in living wealthy along the way. So when we say Cash Flow Optimization, we never mean pinching pennies and delaying happiness until "one day, someday" decades down the road.

That's a great recipe for becoming a miserable millionaire. As a business owner, you deserve a better approach.

We've found that 93 out of 100 business owners leak money in unnecessary and unnoticed ways. We call them "cash flow leaks," and this report will show you how to find those leaks and plug them fast.

So if you want to improve your monthly cash flow without increasing revenue, working harder, or scrimping on lifestyle expenses, then read this report from top to bottom.

You'll discover why budgeting sucks (and what to do instead) plus 4 ways to stop the leaks and improve your cash flow on your current revenue.

And if you're a *BUILD*: member, make sure to check your members area every week for more cash flow and wealth-building strategies designed specifically for business owners. Enjoy!

**Build the life you love,
The Builders at Wealth Factory**

Why Budgeting Sucks (and What to Do Instead)

According to a Gallup poll, two-thirds of Americans don't have a household budget. It's not for lack of trying. Nearly everyone has tried to set up a household budget at some point. It's sticking to a budget that's hard.

The main reason?

It's not fun. It doesn't feel good. And it doesn't actually work, because despite what some mainstream "financial gurus" say, you can't shrink your way to wealth.



Scrooge-like budgeting and counting every last penny just leads to loss of productivity, stress, and a miserly attitude. And that doesn't serve your business.

So here's what to do instead of budgeting...

Step #1: Rethink What It Means to Spend Money

Business owners do not get wealthy by cutting back. They need to feed their business while it's growing. That often means spending more.

It's not about spending at will – rather, it's about properly classifying your expenses into 4 areas:

- You expand your productive expenses (like investing in your business, which grows your wealth)
- Make room for protective expenses (like savings and insurance which protects all you've built from disaster)
- Manage lifestyle expenses (which enhance your life as long as you're not borrowing the money).
- ... And eliminate destructive expenses (which destroy your wealth, like paying more interest than you have to).

As you'll notice, 3 out of 4 expenses are positive. Only 1 is bad. So the only expense it's wise to cut back on are the destructive expenses – expenses that don't serve you and actually hold you back.

Step #2: Set Up a Sweep Account to Streamline Your Savings



Instead of budgeting, which takes energy and puts you in the scarcity mindset, we recommend turning your main checking or savings account into a “Sweep Account.”

A Sweep Account is where your income is deposited, but it doesn’t stay there.

A series of automated transfers pay your bills and build your savings — and then everything that’s left is fair game to spend. You don’t have to budget it, just don’t spend more than you have in the account.

Even if you have plenty of money, this sweep account will never be where you hold your wealth. Instead, it’s where you manage your monthly income. For example, if you know that \$10,000 will be deposited on the 1st and 15th of every month, then you can set up automatic transfers for the 2nd and 16th of every month.

Your automatic transfers should accomplish two things:

- 1) Pay your regular bills and commitments, and...
- 2) Build your savings

For your bills, set up your automatic transfers to pay every bill as soon as possible — meaning as soon as the statement is ready. A bill that's due is an open loop that takes up space in your mind, so pay the bill as soon as possible to close the loop and free your creativity.

Paying your bills right away also makes it easier to not budget, because with all the bills paid immediately, you don't have to keep track of what you spend. Just don't spend more than what's left in the account.

For your savings, set up another automatic transfer (for the 2nd and 16th) to move 15% from your Sweep Account into what we call a Wealth Capture Account.



Continuing the example above, you'd have \$3,000 transferred into your Wealth Capture Account after the first month, \$9,000 after the third month and \$36,000 after one year — all automatically.

Note: If 15% of your income seems too high to save at first, you can choose a lower percentage. But remember, you will free up a lot of cash flow with Wealth Factory's cash flow optimization strategies — the average business owner grossing \$500,000 annually frees up \$2,484/month. So you may be able to afford more than you think.

Do this even when times are financially tough. In fact, it's more important to capture 15% of your income when times are tight because it forces you to be resourceful and bounce back.

With this system, you will grow wealthier every month. And because it's based on a percentage of your income, rather than a set amount, as your income increases, so does the velocity of your Wealth Capture.



For example, we showed how putting 15% of two monthly \$10,000 deposits into your Wealth Capture Account will leave you with \$36,000 at the end of the year. But let's say your income is increasing 10% per year. The second year, you'd sweep \$39,600 into your capture account. By the fifth year, you'd be sweeping \$52,708 into your capture account, for a five-year total of \$219,784.

The faster your income grows, the faster and greater your Wealth Capture Account grows.

4 Ways to Stop the Cash Flow Leaks and Improve Your Cash Flow Without Increasing Revenue

#1: Check For Cash Flow Leaks In Your Tax Strategy

Tax strategy is one of the easiest ways to recover cash flow if you can find a production-minded accountant. Unfortunately, actually finding that accountant is not easy, and getting it wrong will cost you.

We find that the average business owner overpays the IRS \$11,284 per year. Fortunately there are ways to stop the leaks... and even get your money refunded for past years you overpaid.

Here are a few things to look for if you want to stop overpaying on tax:

- **Connect personal expenses to your business.** Go through your last 2 months of personal credit card or bank statements and analyze your purchases. Can any of these purchases be tied to your business? Like magazine subscriptions, cleaning supplies, travel or education expenses? If so, and your CPA approves, you just found yourself another tax deduction.
- **Rethink your business entity.** Doing business as an S corp will save you on payroll tax. Creating a C corp for just a small segment of your business — a divide and conquer strategy — will allow you to pay less tax on the first \$50,000 of income (*BUILD*: members, see the first issue of *BUILD*: for more).



So if you've never sought advice on the best legal entity for your business, ask a qualified CPA now. Or if it's been a few years since the topic has come up, it's

never a bad idea to ask the question again. Because as your business grows, your situation changes and a different entity may now be best.

- **Shift income to a lower tax bracket.** A great way to do this is to [hire your child to work for your business](#) tax-free. Anyone, including your children, can make up to \$12,000 without triggering any income taxes — technically making it possible for your next \$12k, \$24k or even \$36,000 of income to be tax free.

If you hire your children to perform legitimate small jobs in your business, as their parent, you can then put that money in a savings account for college or their first car or starting a business — and you avoid the tax that you would have paid if you kept the money for yourself. This is also a great strategy to use with retired parents who may be living with you.

- **Get a 2nd opinion on your taxes every 3 years.** Why? Another set of eyes may find tax savings that your original accountant missed. And thanks to Title 26 Section 6402(a) of the U.S. tax code, you can amend your tax returns going back 3 years — and if you find that you paid more than you owed, the IRS will send you a check. Garrett has received 2 checks totaling \$55,596. We helped Dr. Mike Gandolfi recover \$102,000. And you could get a huge refund if you've been missing out on key tax-saving strategies.

Two more things to consider:

- Don't cut back or slow down your business's growth to pay less tax. Because the best tax shelter is always to earn another dollar. (*Look up "marginal vs average" tax rates if you're afraid of paying more taxes*).
- Beware if you have a "conservative" accountant. Conservative accounting often means lazy or even out of date. The IRS has stated their intention to audit every business once in its lifetime, so it's unavoidable that you'll be audited at some point. Take the deductions you're legally entitled to, keep good records and a tax audit will be nothing to fear.

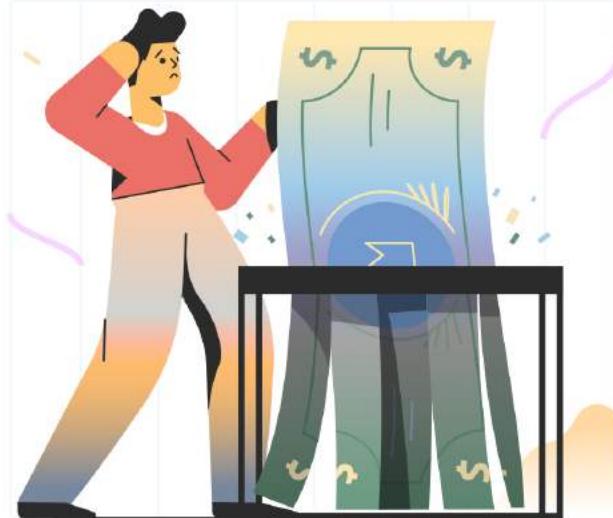
Cash Surge Ranking: ★★★★

As mentioned, we've helped Wealth Factory members recover as much as \$102,000 back from the IRS using strategies like these. Garrett personally received 2 checks from the IRS totalling \$55,596 — and our average member saves \$11,284 per year on their tax bill.

#2: Use This Formula to Pay Down Loans More Efficiently and Free Up Cash Flow

There are two common mistakes people make when paying down loans:

1. They try to aggressively pay down more than one loan at once, when it's wiser to focus.
2. They simply choose to pay down the highest interest rate loan first without considering cash flow.



Both of these mistakes can lead to cash flow problems that leave you worse off in the long run.

So instead, we use the “Cash Flow Index” to determine which loan to pay off first.

The formula is simple, just plug the numbers for each of your loans into this equation:

$$\text{Cash Flow Index} = \frac{\text{Your balance}}{\text{Your Minimum Payment}}$$

Then pay down the loan with the lowest Cash Flow Index number before moving onto the next loan. And we especially recommend paying off any loan that checks in under 50 as fast as you can. (Check out *BUILD*: issue #1 for more on the Cash Flow Index.)

Next, optimize your loan terms with the 3 “C’s” to free up cash flow:

The First “C”: Credit

Having a seasoned credit history with a score of at least 720 or higher will get you the best interest rates and loan terms. And actually, 780 or higher is ideal these days to protect you from errors that creep onto one in five credit reports and get you the best possible interest rates.



So check your FICO credit score — MyFico.com will give you the most accurate score, but it does cost money. And then if your score is below 720, work to improve it.

And this means more than just making payments on time: Try to never spend more than 30% of your credit card limit. Make sure to use your oldest credit card regularly, even if it's just for one purchase per month, to keep your account with the longest credit history active. And never voluntarily close an old account.

You'll find a 3-part series on maximizing your credit score in *BUILD*: issues #5-#7.

The Second “C”: Cash Flow

The better your cash flow situation, the easier it is to get a loan with the best terms possible.

Banks want to know you have more money coming in than going out, so one number they look at is your debt-to-income ratio (the % of your gross income that goes to loan payments).

If the result is higher than 65%, getting a loan will be tough and getting favorable terms will be next to impossible.

The Third “C”: Collateral

Why do credit cards charge anywhere from 12% to 30% interest when auto loans and mortgages charge 3% to 5%? One “magic” word: Collateral.

If you never pay the balance on your credit cards, the bank is out of luck. Sure, they may hound you with letters and calls, but there’s no collateral for them to repossess and sell to recoup the loss.

But with an auto loan, a bank can repossess the car if you default. A bank can foreclose on a house if you default on the mortgage. This substantially limits a bank’s losses, so they can afford to charge less interest.

Therefore, offering up collateral for your loans will get you more favorable terms, and can include anything ranging from publishing rights to the cash value of a life insurance policy, or even equipment such as a dentist’s patient chair or X-ray machine.

You’ll find more ways to use collateral to your advantage in *BUILD*:

Cash Surge Ranking: ★★★

Using the Cash Flow Index and the 3 Cs to pay down and restructure loans, we’ve helped businesses lower their monthly loan bills by as much as \$15,000 per month and more. Not everyone has loans, hence the 4-star Cash Surge Ranking instead of 5.

#3: Focus on “Now” — Not the Future — When Money Is Tight

Strategy #1: Temporarily Stop Retirement Contributions

If you don't have your protective expenses in place — like 6 months of emergency savings, an estate plan to pass on your assets, or insurances to protect your family and your peace of mind — then what business do you have investing? You'd be investing in your “future” when your “now” is in jeopardy.

Strategy #2: Cash Out Investments

After that's taken care of, it's time to look at your investment returns and compare them to your loan costs.

Are there any loans that are costing you more interest than the return you're earning from one of your investments? If so, it makes sense to cash out the investment and pay down the loan. And at a minimum you'll want to stop contributing any more to the investment until the loan is paid off.

Think your money is locked away in a retirement plan? Everyone knows that if you take money out of your 401(k) or IRA before age 59 ½ there's a 10% penalty. But not everyone knows there's a way around it. It's called Rule 72(t), and it requires you to take equal distributions from your 401(k) or IRA for 5 years or until you're 59 and ½, whichever is longer. The money is then subject to taxation just like ordinary income, but there's no penalty.

Strategy #3: The 90-Day Debt Delay

Many people think getting out of debt should be your #1 priority. And sometimes that may be the best thing to do in your situation — but often the math just doesn't add up.

Instead, sometimes the smart thing to do is to make the minimum payment on all of your loans and delay paying any of them down. For example, you may have a credit card with a 13% interest rate. But your business may also be returning 25% for every \$1 you put into it. In this case, it's smarter to focus on growing your business now, and paying down debt later.

Cash Surge Ranking: ★★★★

The financial industry puts immense pressure on you to make automatic retirement contributions and never to withdraw your money — because it's in their financial interest to do so. But after helping countless entrepreneurs get their financial house in order, these 3 strategies always seem to bring instant and welcome cash flow relief.

#4: More Quick Tips to Decrease Monthly Bills

- Increase your car insurance deductible to lower monthly premiums (*because if it's a minor accident, it's usually better to pay out of pocket anyway*).
- Consolidate and bundle your insurance policies within one company to save more money on your monthly premiums.
- Check your credit report for errors that could be impacting your credit score. "60 Minutes," an investigative TV show on CBS, recently reported that more than 40 million Americans have an error on their credit report. And half of those errors are significant enough to lower the credit score substantially resulting in higher interest rates on your loans.
- Call your credit card companies and ask them to raise your credit limit — this will help your balance stay below 30% of your limit and improve your score.
- Once your credit score is as high as possible, look at restructuring your loans. Talk to your lenders and you may be able to lower your interest rates AND extend the length of your loan, which will reduce your monthly payment drastically and increase your cash flow



Cash Surge Ranking: ★★★★★

Everyone has cash flow leaks — and especially entrepreneurs. We help the average business owner put \$2,484 PER MONTH back into their pocket using strategies like these — that's nearly \$30,000 per year. And you'll find even more in the first issue of BUILD:

How This Business Owner Earns an Extra \$50,000 a Year Simply By Using the Right Credit Cards

You know it's time for a change when you pull your credit score... and it comes back with a 410.

Combine a poor credit score with a ton of debt, and that was the situation Michael Bernoff found himself at Arizona State College. A sales rep caught his attention with a free gatorade and sealed the deal by signing Michael up for a high-interest credit card.

Yet this was Mike's catalyst for becoming a sort of savant when it comes to optimizing credit card rewards and earning "free money".

It all started by asking himself a simple question:

"If I needed to make more money without doing anything different from what I'm doing, how would I do it?"

Within an hour, he got an email asking if he'd like a credit card that pays more cash back.

Since then, he's been obsessed with the idea of getting paid for doing what you're already doing.

And what started as an experiment to see how much he could earn without working harder...

Turned into a simple strategy that allows Michael to earn about \$50,000 per year in credit card rewards for doing the same thing as every other business owner he knows — spending money. Yet most business owners in his situation would be using an American Express card that would only kick back \$10,000.

Here's how Michael gets 5x more "free money" than other business owners, and...

How You Can Implement The Same Strategy in 2 Hours or Less

The majority of business owners are using some kind of American Express (Amex) card and are happy to get their 1 point for each dollar spent.

But what most people don't realize is that the average Amex point is worth less than a penny. Add on the \$400 per year cost of the Platinum card, and at the end of the day you're not getting much back.

You see, with Amex, people get enamored with the points, prestige, and status. For a long time, it's been a symbol of success to pay with Amex.

But Michael only cares about 1 thing — how much is in the bank at the end of the day.

So he developed a simple system that only takes a few minutes to find where you spend the majority of your money... and then get the card that's appropriate for those exact expenditures.

The best part?

The more you spend, the more you'll save with this strategy.

He's seen entrepreneurs put hundreds of thousands of dollars back into their lives with a few simple changes in how they pay for expenses they already have.

3 Steps to Getting More “Free Money” Today

Step 1: Get the Amazon Prime Rewards Visa Signature Card (Chase)

The screenshot shows the Chase website homepage with the Chase logo and navigation links like 'Explore products', 'Sign in', and 'ATM & branch'. Below the navigation is a banner for the 'Amazon Prime Rewards Visa Signature Card' with three large, bold numbers: '5%', '2%', and '1%' followed by the text 'Back'. Below each percentage are small descriptions: 'Earn 5% Back at Amazon.com and Whole Foods Market with an eligible Prime membership¹', 'Earn 2% Back at restaurants, gas stations, and drugstores¹', and 'Earn 1% Back on all other purchases²'. At the bottom of the banner, there is a note about no annual credit card fee, no foreign transaction fees, and no earnings caps, along with links to learn more and explore cardmember advantages.

For most business owners, Amazon.com purchases are a big expense. Those smiley boxes show up on our doorstep day after day, and for Michael, he was spending between \$10,000-\$15,000 a month on Amazon.

So when he took 9 minutes to fill out the application for Amazon's Visa card, he immediately started saving 5% on that expense... with no annual fee.

That's an extra \$500 a month, or \$6,000 a year... with a simple, 9 minute change.

Imagine what you could do with that kind of extra cash flow?

Step 2: Find Your Top 3 Expenses and Get The Right Card for Each

Next, take a look at your monthly income statements and find out where the majority of your money is spent.

Everyone is different, but many of our clients spend a lot on things like travel, restaurants, and basic business or office expenses.

There are plenty of cards like the American Express Simply Cash Card or the Chase Sapphire Card with no annual fee that offer 3-5% of these exact categories.

For instance, because he runs large events, Michael says he's spent more than \$100k on hotels in the past 18 months. He ran all of these charges using his Hilton credit card and earned 2 free weeks worth of hotel stays in New York.

Compare that to what would have been 2 flight tickets with a normal Amex card, and it's a no-brainer to switch.

So take a look at your statements to find your biggest expenses, and then double down on the cards that are going to save you the most.

Step 3: Get Your Free Money to Work For You

Once you start earning up to 5x more cash back on your purchases, you're faced with a fun question:

What to do with that extra cash flow?

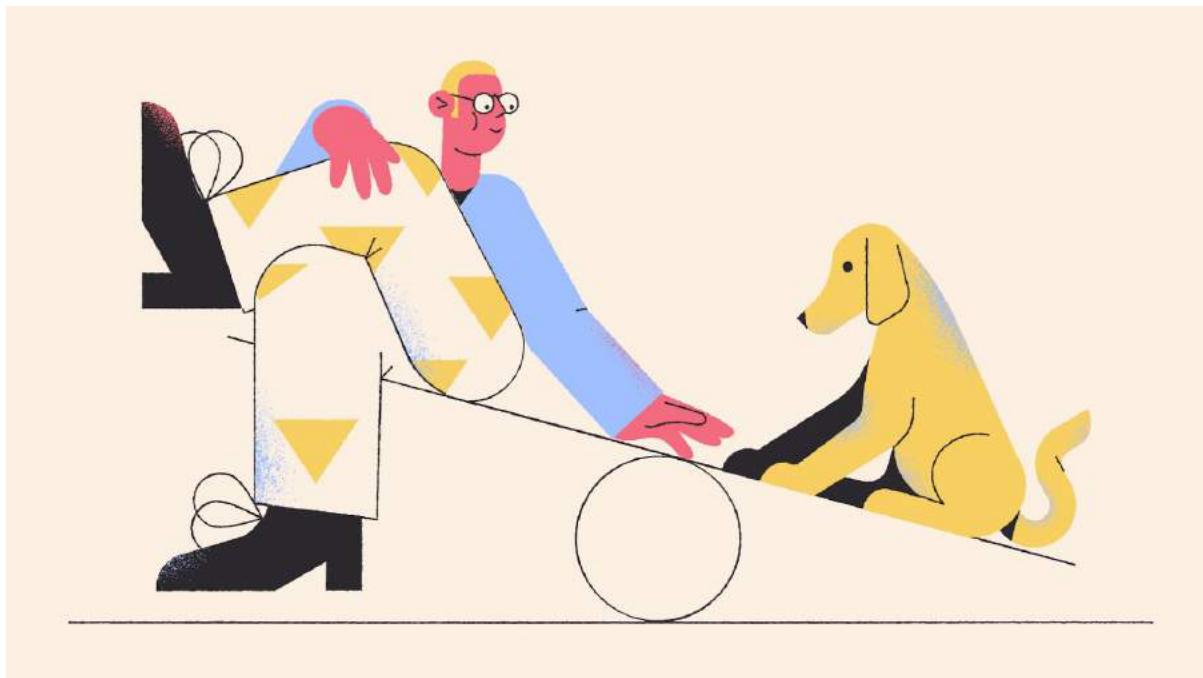
Michael likes to reinvest. He sees it as "house money," and has played the stock market and bought real estate with it. Next up is paying off his mortgage.

Another option would be to invest your "found money" into a Cash Flow Banking account and earn an extra 5-7% annually tax-free. (You'll learn more about Cash Flow Banking in BUILD: issues #8-#10.)



If you have kids under 18, you could use the cash to hire your child(ren) to work in your business. You can teach them about entrepreneurship, help them develop a strong work ethic AND best of all — it's tax-free income — up to \$12,000 per child.

Lastly, Garrett's personal favorite option is to simply use your "free money" to enjoy life a little more. Spend it on your family, travel, or fun... 100% guilt free.



However you choose to spend it, at the end of the day you'll love the feeling of having more cash flow coming in month after month, simply by optimizing what you're already doing.

Cash Surge Ranking: ★★★★

It's not often that you get to make 5-TIMES more money for doing what you already do, making this a solid 5-star Cash Surge Ranking.

Build Wealth With Us All Year

Now that you have 5 ways to stop the cash flow leaks and experience a cash surge in your business...

Why not grow your business and wealth with us all year?

If you're already a *BUILD*: member, be on the lookout for more cash flow strategies in your email inbox every Monday.

And if you're not already a member, we'd like to offer you a 75% discount for reading this special report. Seriously... many people don't read this far, but you did. You've proven that you take this seriously and are an ideal *BUILD*: member.

We'd love to have you.

[Click here to become a *BUILD*: member for 75% off](#)

Besides getting more cash flow strategies every week, you'll also discover...

- How to create generational wealth with The Rockefeller Method, an elite wealth-building strategy Garrett discovered while shadowing a financial advisor to the ultra-wealthy... that you can do, too
- How to gain an unfair investment advantage when you combine your unique Investor DNA with Soul Purpose
- How to "retire" wealthy in your business in just 3-7 years instead of 30 like most financial plans
- Garrett's never-fail-me wealth-building strategy that has outperformed gold, bonds and the Dow... AND posted a positive gain every year, without fail... for the last 143 years in a row
- **And maybe most important:** How to live and leave a lasting financial legacy that passes on more than just money and opportunity... but wisdom and values, too

And of course, your purchase is always protected by our 30-day money back guarantee.

So click the link below, fill in your details and we look forward to building wealth with you all year long:

[Click here to become a *BUILD*: member for 75% off](#)

**Build the life you love,
The Builders at Wealth Factory**