Investment /Accounting Principles vs. Economic Principles

Investment/Accounting based Finance (Micro-economics)
"Traditional Financial Planning"

1. **Accumulation:** **Accumulate your way to wealth**
   Low left/high right graph theory
   Internal rate of return
   Directly opposed to "Capitalism"
   Where the Financial Institutions get their capital to use "Velocity of Money" techniques

2. **Distribution:** **Interest only/Income oriented investing**
   "Never spend your money"

3. **Life Insurance:** **Term: using the following strategies:**

   A. Treated as an unwanted expense
   B. "You *need* insurance" (necessary evil)
   C. Buy Term and invest the difference
   D. For immediate needs.
   E. Second- to-Die for estate needs
   F. Treated as "Death Insurance"

"HOW MUCH MONEY CAN I ACCUMULATE"

***I**nvestment /**A**ccounting Principles vs. **E**conomic Principles*

<u>Economics based Finance (Macro-economics)</u>
"Lifetime Economic Acceleration Process" **(LEAP)**

1. Velocity of Money: **Spend the same dollars more than once**
Show effects of "Lost Opportunity Cost"
External rate of return
Become your own Financial Institution

2. Distribution: **Spend interest and principle,**
"Never run out of money"
Continue growth oriented investing

3. Life Insurance: **Permanent: using the following strategies:**

A. Treated as a capital transfer(advance)
"You *want* insurance" for what it does
B. Cost Recovery/Recapture
C. Leveraging certainty
(No-one leaves alive)
D. Treated as "Life Insurance"
(Turbo-Charger)

"HOW MUCH MONEY CAN I KEEP"