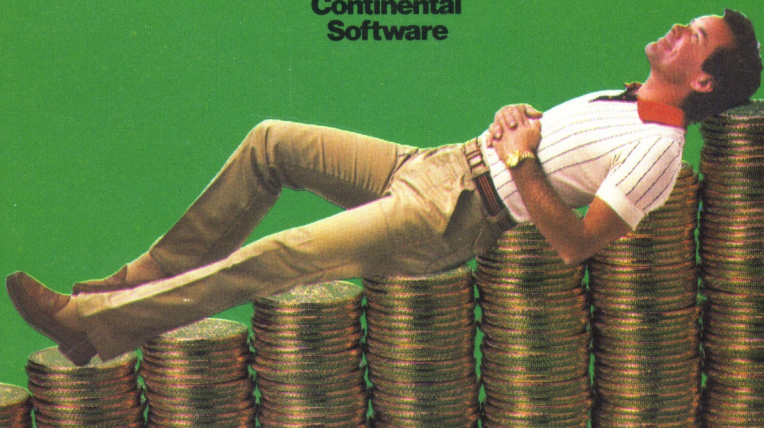


# **FINANCIAL STRATEGIES**

# **Get Rich!**<sup>TM</sup>



**Arrays, Inc./  
Continental  
Software**







# *Get Rich!*<sup>TM</sup>

**Financial Planning For Your Future**

By

**Harry Koons and Henry Hilton**



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**Continental Software**

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Documentation for *Get Rich!: Strategies* was developed and edited by Erin Rigby and Jim Richardson.



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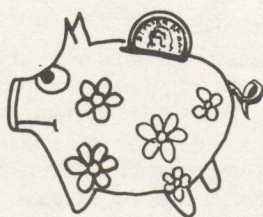
**IN ADDITION, upon our receipt of a completed warranty registration card,** you are entitled to the following: 1) a backup program disk for copy protected software; 2) support via mail service for one year; 3) replacement of any damaged program disk which is out of the 90-day warranty period for a charge of \$17.50 plus \$2.50 shipping and handling per disk.

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When we receive the registration card and fee, you will be entitled to several important, cost-saving benefits: 1) a backup program disk for copy protected software; 2) support via both telephone and mail service for a period of one year; 3) replacement of damaged disks free of charge for one year; 4) a new program disk free of charge in the event of any updates or enhancements to the program during the year in which you are registered; 5) an informative newsletter with helpful hints on using our programs.

We cannot accept telephone queries if you are not registered under our extended warranty program. However, if you do have a problem you wish to discuss on the telephone, and you have not registered, it is possible to do so over the phone with your VISA or MasterCard.





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## Money Whys

Finally, someone has designed a software package that works the way you do! How often have you sat down to use a program and been so discouraged by long, tedious documentation that you decided to run the program without reading anything? Then, when you needed the documentation to straighten out a problem, you couldn't find the answer. Since we use many different programs in our work, we at Arrays are no strangers to this problem. So we sat down one day and brainstormed our way to a solution.

This book introduces you to financial planning and explains why a program like *Get Rich!: Strategies* can be helpful to you. We don't just explain how the program works, we show you *how to use it* to attain your financial goals. We don't talk much about what happens when you press a specific key; that information is covered in the other book in this package, *Using Get Rich!* We focus instead on what all those keystrokes can do for you, and what you need to do to make each stroke effective.

You don't need to sit at your computer with this book at all—it's designed to guide you to your personal best use of *Get Rich!: Strategies*. If you're anxious to get to your computer, you can skip this guide entirely and go right to *Using Get Rich!*, boot the program, enter some information the program needs about your computer, and then run the Demonstration. If you're more cautious and would like to learn how to best use the program before you start it up, or if you've already started it and now want

to see what it can do for you, sit back, get comfortable and read on!

## About The Program

*Get Rich!: Strategies* is a powerful set of financial tools for planning your financial future. Whether your goal is to retire with a million dollars, buy a new home or car, finance a college education, or simply set up an emergency fund for your family, *Get Rich!: Strategies* will assist you. *Get Rich!: Strategies* has three types of financial tools to help you prepare and implement your financial plan:

- Forms to establish realistic financial goals, organize your assets and investments, and determine your net worth, discretionary income, and other indicators of your financial health.
- Calculations to solve a variety of problems involving money, time, and interest.
- Graphs to analyze the performance of investments, interest rates, and other money matters over a long period of time.

These tools will guide you as you chart your plan for accumulating wealth. They're easy to use and ask you for information in plain English. You merely type in the numbers or descriptions. If you need help in using *Get Rich!: Strategies*, it's always available—usually displayed conveniently on your screen. *Get Rich!: Strategies* is also designed to assist you if you use the services of a professional financial planner. *Get Rich!: Strategies* can organize your financial information and estimate your current financial position before a professional starts to work on your plan. Doing the financial legwork yourself will save you money and will give you a head start on implementing your plan. Your financial planner can concentrate on creative planning ideas rather than on recording financial details. Once you've established a plan, you can continue to use *Get Rich!: Strategies* to track your progress.



## A Word About Financial Planning

Financial planning is a richly rewarding activity. It's one of the best uses of your home or business computer, and it can return your initial investment many times over.

You'll soon discover that financial planning is a challenging process of continually matching your financial goals to your means. It may take you several weeks to complete a satisfactory financial plan, and you may have to root through a lot of paper to find the information you need. But once you create an initial plan, you'll be on your way to greater wealth. *Get Rich!: Strategies'* forms, which you use in constructing your plan, will become your way of keeping track of your goals, investments, and financial health. You should review your plan at least twice a year. Inflation, recession, new tax laws, or changes in your goals or financial situation may necessitate modifying your plan. To reach your goals, you'll need to aim carefully, apply your resources skillfully, and measure your progress continually.

### Get Rich!: Strategies' Package

In this package you should have the following:

1. This *Get Rich!: Strategies* guide
2. *Using Get Rich!: Your Personal Guide*
3. The *Get Rich!: Strategies* program disk
4. Your *Get Rich!: Strategies* warranty card

It is very important that you fill out the warranty card and register your purchase of *Get Rich!: Strategies* with Arrays, Inc./Continental Software. Please see the instructions that accompany the warranty registration card.

Registering your warranty and sending in your registration fee entitles you to several important bonuses. First, Arrays, Inc./Continental Software will extend the guarantee on your *Get Rich!: Strategies* program disk from 90 days to one full year from the date of purchase. You also

become entitled to one full year of service from our Support Services Group, and will receive an informative newsletter with helpful hints on using our programs. Finally (and most importantly), should our programmers come up with corrections or enhancements to *Get Rich!: Strategies*, registered owners will receive these updates and accompanying documentation for one year at no additional charge.

**ALL** Arrays, Inc./Continental Software users may receive help by sending a letter concerning their question or problem to Arrays, Inc./Continental Software, attn: Support Services. Be sure to include your full address, telephone number, and the serial number of your copy of *Get Rich!: Strategies*.

If you are a subscriber to The Source, a well known national telecommunications system, you may use SMAIL to leave a letter. Our number is ST 7655. We will reply via The Source within seven days.

Direct telephone support, and the other benefits listed above are provided for all users who have registered and paid the extended warranty fee. If you have not registered and wish to do so, you may register by phone, using a Visa or MasterCard.

If you choose to drop off letters or disks at our offices, please be aware that we have no arrangement for correcting problems while you wait. Any response will be by post, The Source, or telephone, as described above.

## **Get Rich!: Strategies' Capabilities**

By using different data disks, you can prepare an unlimited number of financial plans with *Get Rich!: Strategies*. Besides your own plan, you may also want to prepare a plan for a friend or relative. Each plan you create, however, must be on a separate data disk.

*Get Rich!: Strategies* can:



1. Prepare and print these forms:
  - Savings Goals
  - Money Matters
  - Assets
  - Liabilities
  - Income
  - Expenses
  - Graph Functions
2. Compute these financial factors:
  - Your net worth
  - Your discretionary income
  - Your investment income
  - Your investment rate of return
  - Your debt ratio
3. Perform these calculations:
  - Periodic Savings
  - Compounding
  - Sinking Fund
  - Loan or Mortgage
  - Loan with Balloon
  - Fixed Term Annuity
  - Lease
  - Lease with Residual
4. Plot these graphs:
  - Values
  - Trends
  - Moving Average
  - Ratios
  - Annual Rate of Return
5. Store 64 total files on a data disk (Each form and each itemized line use a separate file.)
6. Store up to 30 items for each itemization
7. Perform accurate calculations with amounts as high as \$9,999,999.00







## GETTING RICH: A Financial Planning Primer

### Accumulating Wealth

Have you ever thought about how much money you'll earn from now until you retire? If you're like most people, you may not know even a ballpark amount. Consider John for example. He's 30 years old and currently earns \$32,000 a year. What do you suppose his remaining lifetime earnings will be if he retires when he's 65 years old? Look at Table 2.1—Total Earnings From Now Until You Retire to see the surprising answer.

	John	You
1. Annual Salary:	\$32,000	_____
2. Years to Retirement:	35	_____
3. Total Earnings:	\$1,120,000	_____

**Table 2.1—Total Earnings From Now Until You Retire**

John's "million dollar plus" total earnings are of course measured in today's dollars. We haven't accounted for the effect of inflation over the next 35 years. For the sake of estimating lifetime earnings, however, we can assume that John's salary will increase at about the same rate as inflation.

Take a moment now to estimate your total earnings. Simply write your current annual salary on line 1 of Table 2.1, the number of years until you retire on line 2, then multiply these two numbers and enter the result on line 3. The result is your expected earnings in today's dollars over the remainder of your working career.

Your total earnings may even be greater than John's. But before you begin feeling like you just won the state lottery, think about how much of your earnings will be withheld for taxes, and how much of what you actually receive will pass right out of your hands.

Your claim to *most* of what you earn is in fact momentary: little more than the time between depositing your payroll check and paying for the cost of your life-style. You may be able to save a little money with effort, but, without a plan, you probably won't make much progress in accumulating wealth. Should serious illness, unemployment, or countless other misfortunes befall you, your wealth could evaporate rapidly as you grow older.

Don't be discouraged. Meeting many of your financial goals doesn't require a huge salary. Careful financial planning that gets the most mileage out of your income is far more important.

John, for example, has set a goal of accumulating one million dollars (today's dollars) by the time he retires. He believes this amount is the minimum he needs to enjoy a comfortable, secure retirement.

John plans to accumulate his million-dollar retirement account by investing \$10,000 he's managed to save. He also plans to save a certain amount of money each year. He'll invest his \$10,000 and his periodic savings in a tax-free retirement account that earns 10% compound interest. How much should he save each year to accumulate one million dollars? Table 2.2—John's Retirement Account Calculations gives the answer.



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Compounding of current savings:	
INITIAL AMOUNT:	\$10,000.00
ANNUAL INTEREST RATE:	10.00%
PERIODS PER YEAR:	1
NUMBER OF YEARS:	35
FUTURE VALUE:	\$281,024.37
Periodic savings:	
PERIODIC PAYMENT:	\$2411.64
ANNUAL INTEREST RATE:	10.00%
PAYMENTS PER YEAR:	1
NUMBER OF YEARS:	35
total payment	\$84,407.53
FUTURE VALUE:	\$718,975.63
TOTAL:	\$1,000,000.00

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**Table 2.2—John's Retirement Account Calculations**

Table 2.2 shows that the compound interest from John's original \$10,000 accounts for about 28% of the one million dollars he wants to accumulate. The rest comes from saving \$2,412 each year until he retires. This amounts to a little less than \$85,000 of John's total earnings of \$1,120,000. The magic ingredient in John's plan is compounding money by an annual investment.

To illustrate the effect of compounding money more dramatically, let's assume that you have the option of working for 35 days at either a flat rate of \$1,000 a day or starting at a wage of one cent the first day and thereafter being paid an amount double the previous day's wage. That is, you would earn two cents on the second day, four cents on the third day, eight cents on the fourth day, and so on. Which option would you choose?

If you choose the first option you would obviously earn \$35,000—not bad for only 35 days of work. The second

option seems like slave wages, and you would probably reject it immediately. But if you choose this option, at the end of the 35 days you would earn a phenomenal \$343,597,383.68!

Investments that produce this rate of compounding are of course rarer than five-leaf clovers. But if you plan carefully, start as early as you can, and invest what your plan requires, you will be amazed at how fast your wealth increases. The secret of accumulating wealth is simply converting some of the money you receive each year into income-producing investments, and then letting the effect of compounding occur.

## **Getting Organized**

Before you launch an all-out campaign to increase your wealth and realize your financial dreams, take some time to get yourself organized. You must start with complete and accurate financial information to avoid flying blind as you chart your way to greater wealth. Once you collect this information, *Get Rich!: Strategies* will help you maintain control over it.

We realize that many people dread collecting and organizing financial information. It may invoke images of mounds of paper strewn across your desk or dining table, waiting for you to put it in order.

Whatever comes to mind when you think about organizing your financial information, muster courage, and plunge forward. *Get Rich!: Strategies* will help you transform years of chaos into order. It's not all that bad when you know what to look for.

You need to collect information about:

- What you own (your assets)
- What you owe (your liabilities)
- Your income
- Your expenses



Look over the tables in the appendix that list the contents of *Get Rich!: Strategies*' forms. Use these tables as checklists for collecting your financial information. They include most of the asset, liability, income, and expense information that you'll need to gather.

Your last federal tax return may be the easiest way to obtain much of the information you'll need. It contains income information, and if you've itemized your deductions, it also contains some of your expense information. Another good source of financial information is a loan application that you may have filled out to obtain a loan for purchasing a house or car. Loan applications almost always require you to list your assets and liabilities. If you have a lot of insurance or investments, you may need to obtain some information from your insurance agent or stock broker.

## **Preparing And Implementing Your Financial Plan**

Once you've collected and organized your financial information, you may be wondering how it can ever lead to accumulating wealth. What you need to get to your destination is a map. That's what a financial plan is. We've identified nine simple steps for preparing and implementing your financial plan. These steps are your strategies for building a sound financial future.

Many of the nine steps require information from you. To make preparing your financial plan as easy as possible, *Get Rich!: Strategies* helps you to organize your information into several forms, which we'll discuss in Chapter 3.

### **Step 1: Set Your Goals.**

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Setting your goals may be the single most important step in financial planning. Your goals give direction and focus to your financial plan. If they're general and fuzzy

(such as becoming financially independent), no matter how hard you try, your efforts will be dispersed and ineffective. General goals indicate your aspirations, but they're not precise enough for financial planning. Specific goals must include an estimate of the amount of money needed to achieve the goal.

You may establish as many specific financial goals as you have dreams for your future. Your goals should be both short term (e.g., setting up a savings account for emergencies) and long term (e.g., buying a retirement home). These are some of the goals to consider for your financial plan:

- Set up an emergency fund
- Purchase adequate insurance
- Get out of debt
- Buy a house
- Add on to your house or make other home improvements
- Buy a new car
- Buy a boat or an airplane
- Pay for your children's college education
- Get an advanced degree
- Travel around the world
- Take up a new, expensive hobby or sport
- Live in another country for a while
- Take a year off to try out a new vocation
- Have or adopt children
- Start your own business
- Retire early
- Make a large contribution to a cause you support
- Work part time instead of full time
- Quit working altogether



Be sure not to overlook setting up an emergency fund and purchasing adequate insurance. It's important that you achieve these goals first. By doing so, you'll establish both peace of mind and a solid foundation for building your wealth.

## Setting Up An Emergency Fund

Having money in case of an emergency is the foremost reason for saving money. You should consider an amount equivalent to three months of your salary as the minimum for your emergency fund. It should be tucked away in a safe insured investment that yields a moderately high rate of return. You should be able to withdraw your emergency fund at any time (even if you incur a minor penalty), since emergencies can't be anticipated.

## Purchasing Adequate Insurance

Adequate insurance gives you protection against disasters such as an auto accident, death, or the destruction of your residence by fire. If you don't have adequate insurance, disasters can result in severe financial hardship. Insurance is your best security against disasters.

**Note:** Another volume of Arrays Inc./Continental Software's *Get Rich!* series, *Get Rich!: Insurance Planning*, deals with risk management and insurance. That volume will help you determine the types, amounts, and minimum costs of insurance that will provide you with the right protection.

Use the Savings Goals Form to record your goals. For each goal, you must enter:

- Your goal
- The current year
- The year you need the money to achieve the goal
- The total amount of money needed
- The amount you now have available for the goal

- The rate of return you expect from the investments directed toward reaching the goal

Defining your goals this way sharpens them, and makes your financial plan effective. *Get Rich!: Strategies* will show you how much you must invest annually to meet each goal. In Step 4, you'll assign money to your goals.

## **Step 2: Determine Your Current Financial Position.**

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Determining your current financial position is similar to determining your current state of health. When you have a physical examination, your doctor probes and questions you, measures your blood pressure, weighs you, and may even have laboratory tests done. With this information he assesses your physical well being.

Your financial health can also be assessed by looking at key indicators such as your net worth, and the ratio of your debts to your take-home pay. The information you enter about your assets and liabilities provides the basis for these indicators.

### **Assets**

Your assets are the things you own. They can be categorized as *investment assets* and *personal assets*.

**Investment Assets:** The purpose of an investment asset is to increase your wealth by producing additional income. There are three categories of investment assets:

- **Liquid Assets**—These are assets that you can use to respond swiftly to emergencies and investment opportunities. Liquid assets include cash accounts and short-term investments such as Treasury Bills, Treasury Notes, money market funds, and the cash value of life insurance.
- **Marketable Assets**—These assets include stocks, mutual funds, bonds, and Certificates of Deposit. It's



not as easy or as fast to convert these assets into cash for emergencies or new investments.

- **Nonmarketable Assets That Produce Annual Or Deferred Income**—These assets include retirement funds, Individual Retirement Accounts (IRAs), Keogh plans, and tax-deferred annuities.

**Personal Assets:** Personal assets are items that you acquire for your own or your family's use or enjoyment. Your personal assets include your home, furniture, cars, boats, art, antiques, stereo equipment, personal computers, recreational and sports equipment, etc. *Get Rich!: Strategies'* Assets Form makes recording information about your investment and personal assets simple. The Assets Form is several pages long. When you itemize a line on this form, different screen formats will appear for entering investment and personal asset information. You itemize your investment assets on the first seven pages, and your personal assets on the last two pages.

You should fill out the information on the Assets Form as completely as possible. You will notice that there's a line labeled GOAL on the forms for itemizing your investment assets. This line is where you indicate which goal you want to achieve with a particular investment asset. Don't worry about this now. We'll discuss goals in Step 6.

## **Liabilities**

Liabilities are what you owe to others. Liabilities are divided into these categories:

**Current Short Term Liabilities**—These are obligations that you must pay within the next year. They include taxes due, charge accounts that you normally pay off every month, and short-term loans.

**Mortgages And Real Estate**—These are long-term obli-

gations that you've incurred to finance the purchase of your home or other real estate.

**Installment Debt**—This includes extended payments for credit cards, bills due, your car, home improvements, and education.

Use the Liabilities Form to itemize your current short term liabilities, each mortgage, and all your installment debts.

Once you've entered information on the Assets and Liabilities Forms, *Get Rich!: Strategies* determines these indicators that assess your financial position and displays them on the Money Matters Form:

- Line 3 indicates your *net worth*. Your net worth is the difference between your assets and your liabilities. Net worth is the best overall measure of your financial health, financial resources, and credit worthiness. If your liabilities are great, even though you have a million dollars in assets, your net worth could be negative. A negative net worth means you're insolvent and could face bankruptcy.
- Line 8 shows the total amount of money you have invested in income producing assets.
- Line 9 tells you the annual income you're currently receiving from your investment assets. [This doesn't include deferred income, such as income from an Individual Retirement Account (IRA).]
- Line 10 indicates the average rate of return you're getting from your income producing investments. This is an important indicator because it measures how fast you can expect to achieve your financial goals. If your rate of return is low, you can increase the speed at which you achieve your goals by investing in higher yielding, but less conservative, investments.

These indicators give you a good picture of your current



financial position. You'll be using them to make decisions about what course you should take to reach your goals.

### **Step 3: Determine Your Current Discretionary Income.**

---

The difference between your income and your expenses is your *discretionary income*. Discretionary income is sometimes considered to be the extra money that you spend to maintain your life-style, such as what you spend buying tickets to the theater or a bottle of wine for a leisurely Sunday dinner.

We use a more precise definition of discretionary income in financial planning. Discretionary income is the money you have left for investments *after* you've paid for your present lifestyle. It's what's available to you for investing to reach your financial goals. How much discretionary income you have available and what you do with it determine how easily you will achieve your goals.

To determine your discretionary income, you need to enter information about your income and expenses on the Income and Expenses Forms.

#### **Income**

Income is money that you receive. Your income may come from many sources:

- **Salary And Wages**—This is income that results from working. It includes bonuses, business income, tips, and other pay.
- **Investments**—Investment income is revenue that's generated by an investment asset. It includes interest earnings, dividends, capital gains, and trust income. You should use income from your salary and wages, not from your investments, to pay taxes.

- **Pensions**—This is money you may receive from Social Security, an employer's pension, a private pension, a profit sharing plan, annuities, or other sources.
- **Other Income**—This income can include family contributions, unemployment and disability insurance, alimony, and child support.

Use the Income Form to record all of your income. The easiest way to complete the Income Form is to enter the information from your latest federal income tax return. You can itemize a line on the Income Form if, for example, you want to enter more than one salary or capital gain.

**Note:** When entering investment income information, be sure not to use line 12, OTHER INVESTMENTS, if you've completed the Assets Form. *Get Rich!: Strategies* calculates the total annual income from your income-producing investments, and automatically transfers that amount from the Assets Form to the Income Form.

## Expenses

Your expenses are divided into four categories:

- **Living Expenses**—These include food, clothing, household expenses, entertainment, transportation, etc.
- **Deductible expenses**—These expenses include medical costs, interest payments, contributions, union dues, and any other tax deductible expenses.
- **Taxes**—These include federal, state, and local taxes; Social Security; real estate, motor vehicle, and property taxes; and any other taxes you pay.
- **Other Expenses**—These include such items as



insurance premiums, rent or mortgage, educational costs, alimony, and child support.

## **What The Money Matters Form Tells You Now**

When you have entered information about your income and expenses, take a moment to examine the summaries on the Money Matters Form. They give you this valuable information about your financial well-being:

- Line 6, money available, is your discretionary income. *Get Rich!: Strategies* has calculated this amount by subtracting your expenses from your income.

**Note:** Deferred income, such as that from an IRA, isn't included in the income amount on line 4. Deferred income is included only when you actually receive it.

- Line 11 shows the total amount of your take-home income, as calculated from your entries on the Income Form. This is the difference between your total income and the taxes normally deducted from a payroll check.
- Line 12 shows your annual installment debt payments, as calculated from your entries on the Liabilities Form. The mortgage payments on your principal residence aren't included in this amount.
- Line 13 shows the ratio of your installment debt payments to your take-home income. This ratio is the amount on line 12 divided by the amount on line 11.

**Note:** Capital gains are considered to be part of of your take-home income in calculating your debt ratio. A large gain may lower your debt ratio during the year you take the gain. Be sure

to consider such unusual income items when deciding if your personal debt ratio is acceptable.

## **Reducing Installment Debt**

Your *debt ratio* is another important measure of your financial health. Many people find themselves in constant credit crunches that rob them of the opportunity of saving for long-range financial goals. Think how much faster you could increase your wealth if you invested the money you're now using to pay off installment debts!

Beware if your personal debt ratio is greater than 20%. You're in financial danger. If your debt ratio is between 5% and 15%, you're probably not in immediate danger, but you're unlikely to have enough discretionary income to begin accumulating wealth. If your debt ratio is greater than 5%, take immediate steps to decrease it below 5%. Go back to Step 1 now and add debt reduction as a savings goal. By using your discretionary income to pay off your installment debts, you can break the vicious cycle you're in.

## **Step 4: Direct Your Discretionary Income Toward Your Savings Goals.**

---

Your discretionary income and assets are your means of attaining your savings goals. Assign some of your discretionary income to each goal you identified in Step 1, giving priority to your most important goals.

Use the Savings Goals Form and assign part of your discretionary income to each goal. The total amount that you've assigned will be displayed at the top of the Savings Goals Form. You should assign money to your goals until this amount is about equal to your discretionary income. You might find that some of your



goals can't be realized now. Assign zero dollars to those goals for now.

## **Step 5: Increase Your Discretionary Income.**

---

Next to establishing your savings goals, this is the most important step in your financial plan. All income-producing assets you purchase in the future will come from your discretionary income. These assets have the potential of generating enormous wealth for you. Increasing your discretionary income is a surefire way to increase your potential for accumulating wealth.

You can increase your discretionary income by either increasing your income or decreasing your expenses. You can, for example, increase your income by:

- Earning a higher rate of return on your investments
- Changing your income-producing assets into tax shelters or investments that decrease your income tax
- Increasing your salary or wages by taking a higher-paying job or an additional job on the side

Decreasing your expenses, however, is less risky than trying to increase your income. There are also more tangible ways to decrease your expenses than there are to increase your income. Carefully review your expenses, and then try to minimize them by reducing the unessential items.

You might keep these ideas in mind as you think about ways to decrease your expenses:

- Establish a budget that provides you with the discretionary income that you need to meet your goals. A computer program such as Arrays, Inc./Continental Software's the *Home Accountant*

is an excellent way to establish and maintain a budget.

- Use a special bank account for the budget-breaking irregular expenses such as taxes, insurance premiums, vacations, repairs, clothes, holiday and birthday expenses, and all other expenses that always seem to pop up at the wrong time.
- Cut back on expensive forms of recreation and entertainment.
- Buy food in larger quantities.
- Buy major items on sale or at discount.
- Establish a definite budget category for eating out.
- Cancel subscriptions to magazines or newspapers that you don't really read.
- Every time you buy something, stop and ask yourself if you really need it.
- Make sure your purchases justify their cost. For example, you might need to consider renting a camper for a vacation instead of buying one.
- Car pool or use public transportation instead of maintaining a second car.

## **Step 6: Assign Your Current Investment Assets To Specific Goals**

---

Now assign each of your investment assets to one of your goals by filling out the line labeled GOAL on the form. If you haven't already done so, compare your goals and assets, and then assign your assets so they afford you the best advantage.

Be sure to consider investment risk when you make your assignments. Don't assign a growth stock to your emergency fund goal or a passbook savings account to your retirement fund goal. The first assignment is too risky, and the latter is too conservative.



## **Step 7: Change Your Investments To Increase Your Rate of Return**

---

Although the rate of investing is more important in attaining financial goals than the rate of return, you should seek the highest possible rate of return consistent with the risks you're willing to take. How fast you'll reach your goals is determined not only by your investing rate, but also by the rate of return on your investments.

Your most important goals, such as emergency and retirement funds, should be invested in safe, low-risk investments. You can afford to take a greater risk on less important goals, such as accumulating money for a special vacation or a second car. Always keep in mind, however, you'll reach your goals only if your investments are successful.

Table 2.4—Investment Risks summarizes broad categories of investments by risk. As a general rule, the higher the expected or historical rate of return, the greater the risk. The risk to principal is the risk of losing the dollar amount of your original investment. The risk to purchasing power is the risk that your investment will not keep up with inflation.

## **Step 8: Review Your Savings Goals**

---

After completing Steps 1 through 7, take time to review your savings goals. In light of the discretionary income that you can squeeze from your budget, determine which goals are unrealistic. You may have to extend the time you've given yourself for attaining these goals. For example, you might not have the down payment to buy a house for another year, and need to rent longer than originally planned. You may also need to consider scaling down some goals. You

may, for example, decide to buy a compact car instead of a luxury car.

Review your savings goals and calculate your net worth and discretionary income at least twice a year. When you achieve a goal, you may be able to add a new one to your plan. For example, after paying for your children's college education, you could redirect your money to another goal, such as purchasing a vacation house. Remember, too, that as you grow older, your goals change.

<b>Type Of Investment</b>	<b>Risk To Principal</b>	<b>Risk To Purchasing Power</b>
Cash	Low	High
Brokerage Accounts	Low	High
Checking Accounts	Low	High
Savings Accounts	Low	High
Certificates Of Deposit	Low	Medium to High
Credit Union Account	Low	High
Life Insurance	Low	High
U.S. Savings Bonds	Low	Medium
Money Market Funds	Low to Medium	Medium to High
Treasury Bills	Low to Medium	Medium to High
Treasury Bonds	Low to Medium	Medium to High
Corporate Bonds	Low to Medium	High
Municipal Bonds	Low to Medium	High
Income Stocks	Medium	Medium
Real Estate	Medium to High	Low to Medium
Growth Stocks	Medium	Low to Medium
Mutual Funds	Medium to High	Medium
Precious Metals	High	Low to Medium

**Table 2.4—Investment Risks**



## **Step 9: Manage Your Investments**

You can't achieve your goals unless your investments live up to your expectations. Spending a few hours a month to manage your investment assets is the most financially profitable use of your time. To stay on top of your investments, be constantly aware of the amount of each asset in your portfolio, its profitability, and its rate of return. A forthcoming volume of Arrays Inc./Continental Software's *Get Rich!* series will help you manage your assets easily and effectively so that you'll get the most out of your financial plan.







## System Overview

The Main Menu shows you *Get Rich!: Strategies'* menu structure. Notice that the program has eight Main Menu selections. Some of these selections lead to sub-menus or other options. For example, selecting PRINT FORMS leads to a submenu with several options.

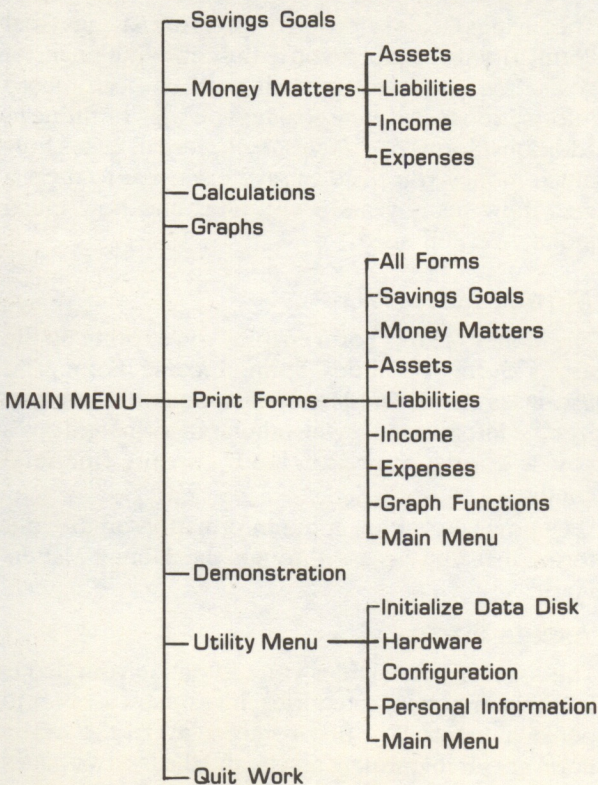


Figure 3.1 — Menu Map

Many of the *Get Rich!: Strategies* menu selections result in displaying a *form* on your screen. The forms generally consist of a title, numbered lines of text for which you enter information, and a small menu at the bottom that indicates the keys you may use to perform various operations. Many of the forms have several pages (screens).

Now let's briefly describe the Main Menu selections.

## **Savings Goals**

The Savings Goals selection displays the Savings Goal Form(s) which enables you to describe your financial goals. Use one form for each goal. You can record information for as many goals as you wish by filling in additional forms. *Get Rich!: Strategies* calculates how much money you need to save each year to meet a goal, how many years it will take, and how much money you still need.

## **Money Matters**

The Money Matters Form enables you to bring up the Assets Form, Liabilities Form, Income Form, and Expenses Form. The Money Matters Form summarizes the information on the other four forms and gives you a good picture of your current financial condition.

Let's now take a look at the information on the four forms that you access through the Money Matters Form.

## **Assets Form**

The Assets Form enables you to itemize your assets into two important categories: investment assets and personal assets. The first seven pages of the Assets Form are for investment assets, and the last two pages are for personal assets.



The Assets Form may seem imposing, but like all of *Get Rich!: Strategies'* forms, you need to enter only the information that applies to your financial situation. Many people find that just a few lines or pages on a form are necessary to record their financial information.

## **Liabilities Form**

The Liabilities Form categorizes liabilities as current or short term, mortgages and real estate, and installment debt. Just as with the Assets Form, you may itemize mortgages and installment debts.

## **Income Form**

*Get Rich!: Strategies* divides your income into these categories: salary and wages, investments, pensions, and other income. Each category consists of several items such as trust income, private pension, annuities, and child support.

## **Expenses Form**

*Get Rich!: Strategies* divides your expenses into four main categories: living expenses, deductible expenses, taxes, and other expenses. The Expenses Form is not meant to be a complete tool for budgeting. You should use a program such as Arrays Inc./Continental Software's the *Home Accountant* if you want a complete budgeting program. The Expenses Form will enable you, however, to identify areas where you might decrease your expenses so that you can attain your financial goals faster.

## **Calculations**

Each of the *Get Rich!: Strategies* calculations involves money, time, and interest. Use the Calculations Form to evaluate your options in making financial decisions. For example, if you're planning a major purchase, you can compare how much interest earnings

you'll lose, if you use your savings, to the monthly payments you'll have to make if you borrow money. You can also use the Calculations Form to evaluate the costs and benefits of various types of loans, leases, mortgages, insurance plans, savings plans, annuities, etc. Chapter 5 gives many examples illustrating the kinds of financial calculations you can make.

## **Graphs**

The Graphs selection allows you to analyze economic data graphically. We have included the Consumer Price Index, stock indices, selected interest rates and other factors used by financial analysts in forecasting economic trends.

You can also add your own personal data such as your salary, investment income, and the prices of stocks in your portfolio. You can compare your data to the data we've provided to see how you're doing. Chapter 7—Using The Financial Graphics Analysis Package describes the various graphing techniques available to you.

## **Print Forms**

This selection enables you to print out the various forms and graphs containing the information you've entered. You may print one form at a time or all the forms at once. There are also options available for printing itemizations.

## **Demonstrations**

This selection shows you a typical session of using *Get Rich!: Strategies*. It runs automatically, so after selecting it, just sit back, relax, and watch.

## **Utility Menu**

The Utility Menu includes selections for initializing a



data disk, configuring your hardware, and editing personal information on a data disk. You'll need to use the INITIALIZE DATA DISK option whenever you start a new financial plan. The PERSONAL INFORMATION option allows you to change the title of a data disk, your name, or any other information you entered when you first started the plan. You must use the HARDWARE CONFIGURATION option the first time you start up *Get Rich!: Strategies*. You won't need to use the option again unless you change your hardware, or add another printer or disk drive to your system.

## **Quit Work**

When you're done using *Get Rich!: Strategies*, you should *always* use this selection to leave the program. If you don't, you risk losing or damaging data permanently.







## Financial Planning with the Wises (Tutorial)

This tutorial shows how one couple, Paul and Penny Wise, can use *Get Rich!: Strategies* to start a financial plan for themselves.

Reading through the tutorial should give you a good idea of how the program works. If you like, you can *boot up* the program and follow along with the tutorial for some practice using the program. The forms you see on your screen will closely match those that appear in this book. Note that the bottom of the screens will have a list of the choices available to you. We won't go through all of the steps outlined in Chapter 2, but we'll illustrate how to begin and how to use the *Get Rich!: Strategies'* forms and essential functions.

Everything that the Wises do at their computer appears in boldface type in our tutorial. If you decide to work through the tutorial on your computer, just follow the boldface descriptions of the Wises' actions. Paul and Penny Wise have a goal of saving \$24,000 by 1993 for their daughter's college education. The financial information they've collected is summarized in Table 4.1—Paul and Penny Wise's Financial Position.

We'll show you how Paul and Penny enter information about their assets. You may want to use the other information on Table 4.1 for additional practice.

**Note:** If you only have one disk drive, follow the prompts on the screen that tell you when to swap disks.

Federal Tax Bracket	38%
State Tax Bracket	10%
Local Tax Bracket	0%
Assets:	
Checking Account	\$1,000
Savings Account	\$5,000
Residence	\$85,000
Home Furnishings	\$15,000
Automobile	\$5,000
Stereo	\$1,200
Liabilities:	
Home Mortgage	\$48,000
Credit Card	\$1,000
Income:	
Paul	\$21,000
Penny	\$28,000
Savings Interest	\$275
Expenses:	
Taxes, Federal	\$12,000
Taxes, State	\$2,400
Social Security	\$3,200
Mortgage	\$6,000
Utilities	\$2,500
Food	\$4,500
Transportation	\$3,500
Travel & Entertainment	\$6,000
Miscellaneous	\$7,200

**Table 4.1—Paul and Penny Wise's Financial Position**

## **Entering Personal Information**

The Wises must do three things before they can get down to the business of entering their personal



information on the computer. If you are following on your computer, please check your *Using Get Rich!* guide for instructions on how to perform these tasks.

**First, Penny makes a working copy of the program disk.**

**Next, she enters information about their hardware configuration.**

**Finally, she initializes a data disk.**

As soon as this is finished, the Personal Information Prompt appears, asking her to enter some information.

**Penny Wise presses C to continue to the next screen.**

This prompt then appears:

\*\*\*\*\*

Title: \_\_\_\_\_

\*\*\*\*\*

The title that Penny types here will help her identify the information on her data disk. It will also appear at the top of each printout produced by *Get Rich! Strategies*.

The line beside the prompt shows the maximum length for her entry.

**Penny types in "Wise Financial Plan."**

When she's finished entering the title, a dashed line appears near the bottom of the screen. Below the dashed line is the *function menu*, a list of the functions that she can perform at this point in the program.

**Note:** All the functions that appear in the function menus are described in the back of this book.

Once Penny and Paul have given their system a title, they'll continue entering the rest of their personal information. As they complete each line, the cursor will move down to the next. When each screen is finished, the program will ask them to press **C** to continue entering new information or **E** to edit what they've just entered. The computer doesn't record what they've entered until they press **C** to continue. After they give a name to their data disk, Penny and Paul will work through the screen asking for their first and last name.

**Penny enters "Wise" on the first line of the Name Form. Then she enters "Paul & Penny" on the next line and leaves the line asking for an initial blank.**

The next form asks the Wises for their Federal, State, and Local tax brackets. *Get Rich!: Strategies* uses this information to calculate the tax benefits of investing in tax-free municipal bonds. This time Paul enters the information from the most recent tax rate schedules:

**Paul enters "38" on the FEDERAL TAX bracket line, "10" for the STATE TAX, and "0" for the LOCAL TAX.**

When Paul presses **C** to continue from this screen, the program stores the information on the data disk and the Main Menu appears.

**Note:** You can edit the title, your name, and tax bracket information any time by selecting **P** for Personal Information from the Utility Menu.



**\$\$ GET RICH! \$\$**  
**MAIN MENU**

S - Savings Goals  
M - Money Matters  
C - Calculations  
G - Graphs  
P - Print Forms  
D - Demonstration  
U - Utility Menu  
Q - Quit Work

ENTER SELECTION?

**Screen 4.1 — The Main Menu**

**Entering Savings Goals Information**

Now the Wises are ready to enter information about their goal for saving \$24,000 by 1993 for their daughter's college education.

**Paul presses S to select Savings Goals from the Main Menu.**

A program loads from the program disk into the computer's memory.

**After the title of the data disk appears, Paul presses C to continue.**

Savings Goals (Screen 4.2) will then appear.

## \$\$ SAVINGS GOALS \$\$

MONEY ASSIGNED
0

---

Item 1 of 1

GOAL .....

THIS YEAR .....

YEAR NEEDED .....

AMOUNT NEEDED .....

AMOUNT AVAILABLE .....

RATE OF RETURN .....

MONEY ASSIGNED .....

still needed .....

years to go .....

savings per year .....

---

ENTER DESCRIPTION

### Screen 4.2—Savings Goals

This is the screen format that *Get Rich!: Strategies* uses when several entries are needed. The title appears on the top of the form. The space between the top line and the dashed line near the bottom of the screen contains up to nine lines of text. Below the dashed line is a list of the functions available at each point in the program. Sometimes this space is empty, but that's because *Get Rich!: Strategies* is computing the answer for a line. The program will fill in any commas, dollar signs, or percent signs, so leave these out when you're entering information.

**Note:** The program stores any figures you enter but *rounds* the numbers displayed on the screen and printed on paper. For example, \$1.068 times 12 equals \$12.816, but on the



screen, this becomes \$1.07 times 12 equals \$12.82. This amount is incorrect or slightly off because of the rounding that occurs. There will also be small differences in the accuracy of some calculations from one computer to another. Usually the differences are a few cents.

The Wises will make entries on Screen 4.2 to describe a savings goal and to calculate the amount of money that must be saved each year to realize it.

The cursor is next to the line labeled GOAL. The window at the bottom of the screen reads: ENTER DESCRIPTION.

**Paul enters "College" on the first line of the form.**

The cursor moves down one line after he completes each entry, and the window at the bottom of the screen prompts him for the correct type of entry for each line. In this case, the prompt now reads: ENTER YEAR e.g. 1980.

**Paul enters "1985" as the YEAR.**

The Wises' daughter will be entering college in 1993, and they estimate they will need \$24,000 for her education.

**Paul enters "1993" as the YEAR NEEDED, and "\$24,000" as the AMOUNT NEEDED.**

The Wises currently have \$5,000 in a savings account, but they consider it an emergency fund, so they have nothing available in 1985 for their daughter's education.

**Paul enters "0" for the AMOUNT AVAILABLE.**

The sixth line, RATE OF RETURN, is perhaps the most important line on the Savings Goal Form. The Wises must enter the rate of return they expect to get from their savings or investments in order to meet their goal. The higher the rate of return, the less they must

save each year. Usually, however, as the rate of return increases, so does the risk.

The Wises are very conservative and plan on saving the money in a passbook savings account that earns 5.5% interest annually.

**The Wises enter "5.5" on the RATE OF RETURN line.**

The next line, MONEY ASSIGNED, is where the Wises will enter the amount of money they'll assign to the goal from their discretionary income.

**Since Paul isn't sure how much is needed, he enters "0" for this amount.**

The MONEY ASSIGNED line is the last line that requires an entry. *Get Rich!: Strategies* now calculates the amounts for the remaining three lines and displays the results on the screen. Savings Account For College (Screen 4.3) indicates what the form looks like when the results of the calculations appear.



## \$\$ SAVINGS GOALS \$\$

MONEY ASSIGNED

0

---

Item 1 of 1

GOAL .....	COLLEGE
THIS YEAR .....	1985
YEAR NEEDED .....	1993
AMOUNT NEEDED .....	24000
AMOUNT AVAILABLE .....	0
RATE OF RETURN .....	5.5
MONEY ASSIGNED .....	0
still needed .....	24000
years to go .....	8
savings per year .....	2340

---

A-Add

E-Edit

AD-Delete

Q-Quit

F-Forward

R-Reverse

### Screen 4.3—Savings Account for College

The savings per year amount is higher than Penny and Paul had expected. They decide to see what savings would be required if they invest in a money market fund. They estimate that a money market fund might have an 8% rate of return annually over the next eight years.

**Paul chooses the Edit function and moves the cursor to the RATE OF RETURN line. He changes the entry to "8.0."**

The cursor moves down to the next line.

**Paul leaves the zero beside the line labeled MONEY ASSIGNED.**

*Get Rich!: Strategies* again performs the calculations for the remaining three lines and displays the results

on the screen. Money Market Fund For College (Screen 4.4) shows the completed form.

\$\$ SAVINGS GOALS \$\$	
MONEY ASSIGNED	0
Item 1 of 1	
GOAL .....	COLLEGE
THIS YEAR .....	1985
YEAR NEEDED .....	1993
AMOUNT NEEDED .....	24000
AMOUNT AVAILABLE .....	0
RATE OF RETURN .....	8
MONEY ASSIGNED .....	0
still needed .....	24000
years to go .....	8
savings per year .....	2089
A-Add      E-Edit      AD-Delete    Q-Quit	
F-Forward    R-Reverse	

#### Screen 4.4—Money Market Fund for College

With a higher rate of return, the savings per year drops to \$2,089. This amount seems within reach, so the Wises agree to save about \$2,100 each year for their daughter's college fund. They assign that amount to this goal from their income.

**Paul presses E to edit the information again. Then he moves the cursor to the line labeled MONEY ASSIGNED.**

**He enters "2100" on the MONEY ASSIGNED line.**

The entries for this goal are now completed.



## **Paul returns to the Main Menu.**

*Get Rich!: Strategies* then saves the information from the Savings Goals Form to the data disk, and the Main Menu appears.

**Note:** If you have been following the tutorial with your computer, you might want to make some rough estimates for your own goals at this time. Remember, however, that any entries you make will be saved on the tutorial data disk. They can't be transferred to your own financial planning data disk. Also, don't assign any money to your goals, since this may cause the amounts shown on your screen to be different than the amounts indicated in this tutorial. The total amount assigned, which appears in the upper right corner of the screen, should remain at \$2,100.

## **Entering Money Matters Information**

Penny Wise now proceeds to the Money Matters Form.

**First she presses M from the Main Menu, then she presses C when the title of the data disk appears.**

The program and text for the Money Matters Form loads into the computer's memory and Money Matters (Screen 4.5) appears.

## \$\$MONEY MATTERS \$\$

→	NET WORTH	0
1	ASSETS [A]	0
2	LIABILITIES [L]	0
3	net worth	0
	CASH FLOW	
4	INCOME [I]	0
5	EXPENSES [E]	0
6	money available	0
7	money assigned	2,100

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help		

### Screen 4.5—Money Matters

**Note:** The symbol on the left side of the first line is called a *pointer*. Depending upon your computer, it can either be an arrow or >, the greater than sign.

All of the lines now contain zero except line 7. The \$2,100 on that line was brought to this form from the Savings Goals Form.

Notice the letter within square brackets, [A], on line 1. The square brackets indicate that an itemization of that line will lead to another form, and the letter indicates which form. When a line has been itemized, the letter "I" will appear in the column between the description of the line and the amount entered.

The numbered lines with all capital letters are the only lines that will accept entries or itemizations. The unnumbered lines are labels, and the lines written in



lowercase letters contain values that are automatically computed by *Get Rich!: Strategies*.

**From line 1, Penny Wise presses I to itemize their assets.**

Assets (Screen 4.6) will then appear.

**\$\$ ASSETS \$\$**

→ INVESTMENT ASSETS

LIQUID ASSETS

1 CASH	0
2 CHECKING ACCOUNTS	0
3 SAVINGS ACCOUNTS	0
4 MONEY MARKET FUNDS	0
5 CREDIT UNION ACCOUNT	0

---

E-Enter  
U-Up  
+ - \* /

I-Itemize  
D-Down  
H-Help

L-Line  
F-Forward

Q-Quit  
R-Reverse

Screen 4.6—Assets

**Penny Wise enters “0” as the amount on the CASH line.**

*Get Rich!: Strategies* requires you to itemize your checking accounts, or other investment assets, even if you only have one.

**Penny moves to line 2, CHECKING ACCOUNTS, and presses I.**

The Checking Accounts Screen appears.

\$\$ ASSETS \$\$	
2 CHECKING ACCOUNTS	0
Item 1 of 1	
DESCRIPTION .....	_____
OWNERSHIP .....	_____
GOAL .....	_____
STRATEGY .....	_____
DATE PURCHASED .....	_____
VALUE .....	_____
COST OR BASIS .....	_____
EVAL. DATE .....	_____
SET TO \$1 .....	_____
INCOME PER \$1 .....	_____
current value .....	_____
yield .....	_____
annual income .....	_____
yld after tax .....	_____
_____	
ENTER DESCRIPTION	

#### Screen 4.7—Checking Accounts

Screen 4.7 is typical of the type of form *Get Rich!: Strategies* uses for itemizing investment assets.

The format *Get Rich!: Strategies* uses for itemizing investment assets where capital gains is a consideration (e.g., stocks and bonds) differs only slightly from Screen 4.7. Instead of having lines labeled VALUE, SET TO \$1, and INCOME PER \$1, it has lines labeled SHARES, PRICE/SHARE, and INCOME/SHARE.

The cursor is on the line labeled DESCRIPTION.

**Penny enters “National Bank” as the DESCRIPTION.**

The cursor moves down to the next line labeled OWNERSHIP. The help message in the function window is:



\*\*\*\*\*

ENTER: C J H W or S

\*\*\*\*\*

These letter abbreviations are for identifying who the asset belongs to. The **C** stands for community property, **J** stands for joint tenancy, **H** stands for husband, **W** for wife, and **S** stands for self for single people.

**Penny enters "J," for a joint account.**

**Penny fills in "Regular Expenses" as the GOAL.**

The cursor then moves down to the line labeled STRATEGY, and the function window shows:

\*\*\*\*\*

Tax: free, favored, deferred,  
sheltered, shifted, or taxable.

Risk: low, medium, high.

\*\*\*\*\*

Now Penny will indicate the Wises' strategy for dealing with the tax and risk consequences of their investment.

The checking account doesn't earn interest, so it's tax free. It's also a very low risk investment.

**Penny enters "Free/Low" as their STRATEGY.**

The cursor moves down to the next line, DATE PURCHASED. This line would apply to such investment assets as stocks or bonds, but it doesn't apply to a checking account.

**Penny enters "N/A" (for not applicable) as the DATE PURCHASED.**

**She then fills in "1000" for the VALUE, and "1000" for the COST OR BASIS. On the line marked EVAL. DATE she fills in today's date, "2/1/85."**

The cursor moves down to the next line, SET TO \$1. Since the number she entered for the VALUE line is a dollar amount:

**Penny enters "1" for the line labeled SET TO \$1.**

**Note:** For a stock or bond, this line will read INCOME/SHARE. Then you would enter the income per share. For dollar-denominated assets, the unit per share of ownership is the dollar.

The cursor moves down to the next line, INCOME PER \$1. For interest, it refers to the amount earned per dollar. So for an interest rate of 5.5%, the income per unit would be \$0.055 per dollar.

**Penny Wise enters "0" for the line labeled INCOME PER \$1, because their checking account doesn't earn any interest.**

*Get Rich!: Strategies* now calculates the current value, yield, annual income, and the yield of this investment asset after taxes. All the amounts except the current value will be zero.

**Since the Wises have only one checking account, they now return to the Assets Form.**

**From the Assets Form, Paul chooses to itemize their savings account.**

Another screen appears asking for information about the savings account. Notice the T-Text function in the function menu. If Paul pressed **T**, the line labeled VALUE would change to SHARES, and the line labeled SET TO \$1 would change to PRICE/SHARE. Also, the line labeled INCOME PER \$1 would change to INCOME/SHARE. This function accommodates entering other types of investment asset information.

**Paul Wise fills out the Savings Accounts form, then returns to the Assets form. He continues to enter the information shown on Table 4.1 on the Assets form.**

The Wises have more than one car, so they will need to itemize line 44, Automobiles.



**Paul presses I from line 44 to itemize their automobiles.**

Itemization (Screen 4.8) appears.

\$\$ ASSETS \$\$

44 AUTOMOBILES 0

ITEM AMOUNT

---

→1.

#### Screen 4.8—Itemization

*Get Rich!: Strategies* uses this screen format for itemizing lines that need only a simple description. The top line contains the name of the form Paul is working on. The name of the line he's itemizing appears just below the title. Below that, there's room for entering a description and an amount for each item. The amount at the top of the screen indicates the total of the itemizations for the line.

**Paul enters "Sports Car" on the first line.**

After he completes the entry, the cursor moves over to the right column.

**Paul now enters "3600" in the AMOUNT column.**

When he finishes this entry, a function menu appears at the bottom of the screen. Paul presses **A** to add another car and the cursor moves to the second item on the left side.

**Paul enters "Family Car" in the ITEM column, then enters "2900" in the AMOUNT column.**

Paul decides that the sports car is really worth more than \$3,600.

**Paul moves back up to item one and presses +. He then enters "1200."**

The amount for the sports car increases to \$4,800. The total for all cars listed is now \$7,700.

Paul could enter as many as 30 items for this (or any) itemization, but only 10 of them would be shown on the screen at one time. However, the Wises only have two cars, so Paul returns to the Assets Form.

**Paul presses Q-Quit to leave the Automobile Itemization form.**

When Paul has finished, the Wises take a moment to page through the Assets Form and see the results of their entries. The total of their liquid assets is shown on line 12, to the amount of \$1,000. A complete summary of their investments appears on lines 35 to 42. And all of their assets have been totaled on line 58.

**The Wises now quit the Assets Form and return to the Money Matters Form.**

The information is recorded, and Money Matters With Asset Information (Screen 4.9) will appear.



## \$\$ MONEY MATTERS \$\$

NET WORTH			
-1	ASSETS [A]	I	8,700
2	LIABILITIES [L]		0
3	net worth		8,700
CASH FLOW			
4	INCOME [I]		0
5	EXPENSES [E]		0
6	money available		0
7	money assigned		2,100
<hr/>			
E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help		

Screen 4.9—Money Matters with Asset Information

The I on line 1 between the word ASSETS and the amount, \$8,700 is a *line status indicator*. It tells the Wises that they've itemized the line. The amount on line 1 is the amount brought forward from line 58 on the Assets Form.

**Now that Paul and Penny have finished entering their assets, they continue to fill in the rest of their financial information on the Money Matters Form.**

If you have been following Paul and Penny on your computer, and you still want more practice with *Get Rich! Strategies*, you can enter more information on Table 4.1

**When they are satisfied with the information they have entered on the Money Matters Form, they return to the Main Menu and print it out.**

If you have been working with the Wises on your computer, look in *Using Get Rich!* for directions on printing out the forms you have created.

You're now ready to create your own financial plan by following the financial planning steps outlined in Chapter 2.



# Periodic Savings

The Periodic Savings Form calculates the amount of money you will accumulate (the future value) if you place a fixed amount (the periodic payment) into a savings account at regular intervals.

## Problem 1

Paul and Penny need to save \$8,000 for the down payment on a new house. They decide to save the money in a money market fund paying 9.5% interest annually. They want to save the money in 5 years. How much must they deposit into the money market fund each month to realize their goal?

Paul makes the entries shown on Periodic Savings, Problem 1 (Screen 5.1) to calculate the PERIODIC PAYMENT.

\$\$ CALCULATIONS \$\$

PERIODIC SAVINGS

→1 PERIODIC PAYMENT0.00

2 ANNUAL INTEREST RATE9.50

3 PAYMENTS PER YEAR12

4 NUMBER OF YEARS5.00

5 total payments0.00

6 FUTURE VALUE8,000.00

E-Enter

I-Itemize

L-Line

Q-Quit

U-Up

D-Down

F-Forward

R-Reverse

+ - \* /

H-Help

C-Calc.

P-Print

Screen 5.1 — Periodic Savings, Problem 1

## Answer

1 PERIODIC PAYMENT: 103.86  
total payments: 6,231.57

## Problem 2

Paul and Penny have examined their cash flow and decide that they can afford to save \$75 each month toward the down payment on a house. If they deposit that amount each month into a savings account paying 7.75% annually, how long will it take them to accumulate \$8,000?

Penny enters the figures shown on Periodic Savings, Problem 2 (Screen 5.2) to calculate the NUMBER OF YEARS.

\$\$ CALCULATIONS \$\$			
PERIODIC SAVINGS			
1	PERIODIC PAYMENT		75.00
2	ANNUAL INTEREST RATE		7.75
3	PAYMENTS PER YEAR		12
→4	NUMBER OF YEARS		0.00
5	total payments		0.00
6	FUTURE VALUE		8,000.00
<hr/>			
E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

### 5.2—Periodic Savings, Problem 2

#### Answer

4 NUMBER OF YEARS: 6.75

5 total payments: 6,075.08

## Compounding

The Compounding Form calculates the value at some future time of a sum of money (the initial amount) placed in a savings account and left to accumulate interest.



This form also calculates the increase in an amount caused by inflation. For example, you can use this form to calculate your expected salary in ten years, if the inflation rate is assumed to be 7% over that period.

### Problem 1

If they can't make a down payment for 5 years, Paul and Penny realize that the cost of housing will increase because of inflation. How large will the down payment have to be in 5 years if they assume the value of housing will inflate at 6% per year?

Make the entries shown on Compounding, Problem 1 (Screen 5.3) to calculate the FUTURE VALUE.

\$\$ CALCULATIONS \$\$			
COMPOUNDING			
7	INITIAL AMOUNT		8,000.00
8	ANNUAL RATE		6.00
9	PERIODS PER YEAR		1
10	NUMBER OF YEARS		5.00
→11	FUTURE VALUE		0.00

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

Screen 5.3—Compounding, Problem 1

**Answer:**

11 FUTURE VALUE: 10,705.80

### Problem 2

The Rosses win \$5,000 in a contest being run by a group of local merchants. They invest the money in a

certificate of deposit paying 10.5% annually. How much money will be accumulated in six years when they are ready to retire?

Make the entries shown on Compounding, Problem 2 (Screen 5.4) to calculate the FUTURE VALUE.

\$\$ CALCULATIONS \$\$			
COMPOUNDING			
7	INITIAL AMOUNT		5,000.00
8	ANNUAL RATE		10.50
9	PERIODS PER YEAR		1
10	NUMBER OF YEARS		6.00
→11	FUTURE VALUE		0.00
<hr/>			
E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

Screen 5.4—Compounding, Problem 2

### Answer

11 FUTURE VALUE: 9,102.14

### Sinking Fund

A *sinking fund* is a fund set up to buy something in the future. For example, if you want to buy a house and need a \$10,000 down payment, you could set up a sinking fund that would have a balance of \$10,000 in 5 years. The term *sinking* means that the difference between what you need and what you have decreases with time.

### Problem

Bob has just purchased a new car, but he realizes that



he'll probably need to buy another one in about 5 years. Instead of borrowing, as he has always done in the past, he decides to set up a sinking fund to purchase a new car in 5 years. He estimates that he'll need \$8,000. He can earn 8% interest in his credit union account. How much must he save each month?

**Hint:** The number of periods is the number of years multiplied by the number of payments per year. (That is, 5 years multiplied by 12 payments per year, or 60 periods.) The interest rate is the rate per period. For monthly payments, the interest rate is the annual rate, 8%, divided by 12. This is equal to 0.67% per period. Make the entries shown on Sinking Fund (Screen 5.5) to calculate the PERIODIC PAYMENT.

**\$\$ CALCULATIONS \$\$**

**SINKING FUND**

12 INTEREST RATE	0.67
13 NUMBER OF PERIODS	60
→14 PERIODIC PAYMENT	0.00
15 FUTURE VALUE	8,000.00

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

**Screen 5.5—Sinking Fund**

**Answer**

14 PERIODIC PAYMENT: 108.76

## Loan Or Mortgage

The Loan Or Mortgage Form allows you to perform the basic calculations used in borrowing money. You

can calculate the monthly payment (the periodic payment) and the total interest paid to the lender over the length of the note.

**Problem 1 - Loan**

Ted and Mary decide to take out a loan for a once-in-a-lifetime trip to Europe. They notice an ad in the paper that offers a tour of the major attractions for \$2,850 per person. A brochure from the credit union at the hospital where Mary works indicates that she can get a 3 year unsecured loan at an annual interest rate of 11%. How much will the monthly payments be for the 3 year loan?

Make the entries shown on Loan (Screen 5.6) to calculate the PERIODIC PAYMENT.

\$\$ CALCULATIONS \$\$

LOAN OR MORTGAGE

16 PRINCIPAL AMOUNT5,700.00

17 ANNUAL INTEREST RATE11.00

18 PAYMENTS PER YEAR12

19 NUMBER OF YEARS3.00

→20 PERIODIC PAYMENT0.00

21 total payments0.00

22 total interest0.00

E-Enter

I-Itemize

L-Line

Q-Quit

U-Up

D-Down

F-Forward

R-Reverse

+ - \* /

H-Help

C-Calc.

P-Print

Screen 5.6—Loan

**Answer**

20 PERIODIC PAYMENT: 186.61  
21 total payments: 6,717.99  
22 total interest: 1,017.99



## Problem 2 - Mortgage

Steve and Betty want to start looking for a house. They've decided that they can afford mortgage payments of \$850 per month. The current first mortgage rate is 13.5%. Although they know that there are many creative financing schemes available today, they realize that they'll only be able to afford a house close in price to one they can buy with a conventional 30 year mortgage. Estimate the price of the house that they can afford.

Make the entries shown on Mortgage (Screen 5.7) to calculate the PRINCIPAL AMOUNT.

\$\$ CALCULATIONS \$\$			
LOAN OR MORTGAGE			
-16	PRINCIPAL AMOUNT		0.00
17	ANNUAL INTEREST RATE		13.50
18	PAYMENTS PER YEAR		12
19	NUMBER OF YEARS		30.00
20	PERIODIC PAYMENT		850.00
21	total payments		0.00
22	total interest		0.00
<hr/>			
E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

### Screen 5.7—Mortgage

#### Answer

16 PRINCIPAL AMOUNT: 74,209.09

21 total payments: 306,000.00

22 total interest: 231,790.91

# Loan With Balloon

A loan with a balloon payment is a special type of loan. It's not completely paid off by the periodic payments. One large, last *balloon payment* must also be made to the lender.

## Problem

Tom is negotiating a private loan from Jerry. The loan amount is \$4,800, and they agree that the annual interest rate will be 10% with 48 monthly payments of \$100. What balloon payment must Tom make to Jerry with the 48th payment in order to fulfill the loan agreement?

Make the entries shown on Loan With Balloon (Screen 5.8) to calculate the BALLOON PAYMENT.

**Note:** The balloon payment represented all of the interest due.

\$\$ CALCULATIONS \$\$

LOAN WITH BALLOON

23 PRINCIPAL AMOUNT

24 ANNUAL INTEREST RATE

25 PAYMENTS PER YEAR

26 NUMBER OF YEARS

27 PERIODIC PAYMENT

28 total payments

29 total interest

→30 BALLOON PAYMENT

4,800.00

10.00

12

4

100.00

0.00

0.00

0.00

E-Enter

U-Up

+ - \* /

I-Itemize

D-Down

H-Help

L-Line

F-Forward

C-Calc.

Q-Quit

R-Reverse

P-Print

Screen 5.8—Loan With Balloon



**Answer**

28 total payments: 4,800.00

29 total interest: 0.00

30 BALLOON PAYMENT: 1,276.65

**Fixed Term Annuity**

An *annuity* is a contract that is usually with a life insurance company. In return for a cash deposit, the insurance company guarantees a fixed monthly income (periodic payment) for the term of the annuity.

You can use the Fixed Term Annuity Form to make such calculations as the amount of the deposit required to assure an income of \$2,000 a month for 20 years, assuming different annual interest rates.

**Problem**

Fred is about to retire. He'll receive a lump sum payment of \$120,000 from his pension plan. He's interested in investing this amount in a 25 year fixed term annuity. How much will he receive per month if he deposits the money in an annuity paying 7.5% annually?

Make the entries shown on Fixed Term Annuity (Screen 5.9) to calculate the PERIODIC PAYMENT.

## \$\$ CALCULATIONS \$\$

### FIXED TERM ANNUITY

31	INITIAL AMOUNT	120,000.00
32	ANNUAL INTEREST RATE	7.50
33	PAYMENTS PER YEAR	12
34	NUMBER OF YEARS	25.00
-35	PERIODIC PAYMENT	0.00

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

### Screen 5.9—Fixed Term Annuity

#### Answer

35 PERIODIC PAYMENT: 886.79

#### Lease

A *lease* is a contract renting property to another for a specified period of time. You can, for example, lease a building, a car, or machinery for a factory. You should calculate the monthly payments for a lease and compare them with the monthly payments for a loan that you would use to purchase the property outright.

#### Problem

A company has been set up to lease computers costing \$50,000. They want to achieve a 14% annual yield in leasing the computers to customers for a 5 year period. Assume that the computer will be obsolete in 5 years so it has no residual value. What should the company charge for quarterly payments in order to achieve its goal of a 14% annual return?

Make the entries shown on Lease (Screen 5.10) to calculate the NUMBER OF YEARS.



## \$\$ CALCULATIONS \$\$

### LEASE

36	AMOUNT OF LEASE	50,000.00
37	ANNUAL INTEREST RATE	14.00
38	PAYMENTS PER YEAR	4
39	NUMBER OF YEARS	5.00
→40	PERIODIC PAYMENT	0.00
41	total payments	0.00
42	total interest	0.00

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

### Screen 5.10—Lease

#### Answer

40 PERIODIC PAYMENT: 3,399.09

41 total payments: 67,981.72

42 total interest: 17,981.72

### Lease With Residual

If the property has value remaining at the end of the lease, the leasing firm can expect to sell the property and realize more income. This residual should be included when the terms of the lease are defined. It represents an increase in annual yield over a property that has no residual value.

#### Problem

For the last problem, assume that the computer has a residual value of \$12,000. Then what should the company charge to achieve its goal of a 14% annual return? Make the entries shown on Lease With Residual (Screen 5.11) to calculate the PERIODIC PAYMENT.

## \$\$ CALCULATIONS \$\$

### LEASE WITH RESIDUAL

43	AMOUNT OF LEASE	50,000.00
44	ANNUAL INTEREST RATE	14.00
45	PAYMENTS PER YEAR	4
46	NUMBER OF YEARS	5.00
→47	PERIODIC PAYMENT	0.00
48	total payments	0.00
49	total interest	0.00
50	RESIDUAL VALUE	12,000.00

---

E-Enter	I-Itemize	L-Line	Q-Quit
U-Up	D-Down	F-Forward	R-Reverse
+ - * /	H-Help	C-Calc.	P-Print

### Screen 5.11—Lease With Residual

#### **Answer:**

47 PERIODIC PAYMENT: 2,989.10

48 total payments: 59,782.05

49 total interest: 9,782.05







## Using the Financial Graphics Analysis Package

The graph analysis section of *Get Rich!: Strategies* contains a graphics program and extensive financial and economic data for you to analyze. The data covers the period from 1953 to 1983 which included times of both strong economic growth and serious recession.

Comparing such factors as the interest rates, leading economic indicators, and market indices during this 30 year period will give you insight into future economic conditions. This insight will be invaluable as you develop your own financial strategies.

You can also include up to eight kinds of data for your own analysis. We suggest that you include at least your salary and your investment income. If you're just beginning, it's easiest to enter this data each year after you prepare your tax returns.

You can compare the values of two functions (sets of data), graph the ratio of one set to another, or graph one set of data together with 1) its moving average, 2) its trend over a period of years, or 3) its annual rate of change.

The program automatically chooses the numeric scale so that the data fit on the graph, or you can manually change the scale of a graph. Changing the scale will include out-of-range upper or lower values. You can also edit the data sets to update them or to add another set for your financial planning.

The graphics analysis package contains a large number of functions not used on the other forms. These functions are described at the end of this chapter.



**Note:** The sample graphs included here are typical of the graphs *Get Rich!: Strategies* can produce. The actual format of the graphs may vary slightly on your computer.

## The Graphs Form

The first thing you'll see after you load Graphs is this screen:

\$\$ GRAPHS \$\$

→	CURRENT RATES	
1	MONEY MARKET ACCOUNT	9.00
2	CERTIF. OF DEPOSIT	12.00
3	MORTGAGE RATE	12.00
4	SECOND TRUST DEED	14.00
5	AUTO LOAN	15.00
6	CREDIT CARD	19.80
7	PASSBOOK ACCOUNT	5.50

---

G-Graph	E-Enter	H-Help	Q-Quit
U-Up	D-Down	F-Foward	R-Reverse

### Screen 6.1 — Graphs Form

This is just the first page of the Graphs Form. The numbers on the right are the interest rates at the time the program was written.

**Page down the form to see the various data the program will graph for you.**

The Graphing Module contains data for 34 different economic indicators during the years 1953-1983. As you page down the form, you can press **H** at each line to get a more complete description of the data sets.

To help you understand how the Graphs Module works, we'll show you how to set up several different

kinds of graphs. We'll analyze the Standard & Poor's 500 Stock Index (SP500) and the Consumer Price Index.

## Value Graph

A Value Graph will show you a plot of the values of one or more of the items on the Graphs list. You can graph one function, or you can graph two for a visual comparison of their performance over the last 30 years. If you only want to study one function, you must designate it as function A.

First, we'll compare the SP500 with the CPI to determine how well stocks have kept up with inflation over the past 30 years. To do this, we must find and select the information we want to graph.

**Find STANDARD & POORS 500 listed on line 16 of the form.**

If you know the current value for the SP500 index (it's probably in the business section of your local newspaper), enter it on that line. By keeping the values on the form up to date, you'll become more aware of significant trends in the economy.

**Now press G to display the graphs function menu.**

The function menu displayed at the bottom of your screen will change to show you your options. It will now look like this:

```
*****
T-Type      V-View      S-Scale      G-Quit
U-Up        D-Down      F-Forward    R-Reverse
A,B-Select  C-Clear      E-Edit
*****
```

**Press A to select SP500 as function A.**

The data values will load into the computer's



memory. Notice that an A then appears in the line status indicator column.

**Now move back to line 8 to the Consumer Price Index.**

**Press B to select the Consumer Price Index as function B.**

The data loads into the computer's memory and the letter B appears in the line status indicator column.

**Press V to view the graph.**

Figure 6.1—Value Graph Of The SP500 Index And The CPI will then appear.

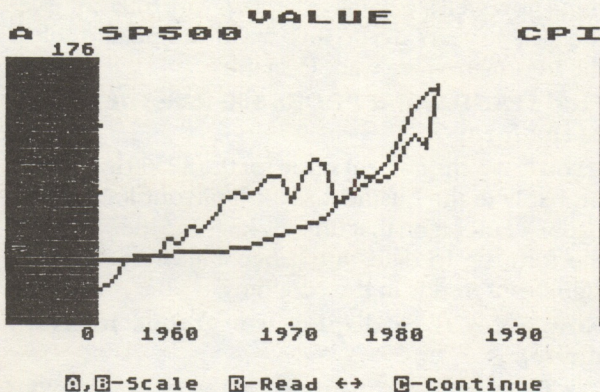


Figure 6.1—Value Graph Of The SP500 Index And The CPI

Since you are just starting, the values for the SP500 index and the CPI will be plotted on the graph. The top line identifies the type of graph. In this case, it says VALUE. The next line identifies the functions by short abbreviations. The letters just above the left side of the graph identify the A function. The letters above the right side of the graph identify the B function.

The letter on the left identifies the function corresponding to the Y-axis scale that is displayed. It should now be an A to signify that the scale is for the SP500 index. The lower value is 0, and the upper value is 176.

**Press B to change the scale to the B function (CPI) values.**

The letter at the left on the second line changes to B. The lower value remains 0, but the upper value changes to 328. All of the graphs are linear graphs, so the values are equally spaced between the lower and the upper value.

**Press R to read the data values from the graph.**

When you press **R** a *cross hair* appears at the left of the graph. You'll be reading the function identified by the letter in the upper left. Refer to your *Using Get Rich!* guide on how to move the cross hair.

**Move the cross hair back and forth across the graph.**

You should be reading the CPI values from the graph. There should be a B at the upper left. You read the year and the values at the top of the graph.

**Move the cross hair to YEAR=1970, and press A to select the scale for SP500.**

The cross hair will move up to the A curve.

**Now move the cross hair to follow the SP500 curve and read the values.**

**Press C to continue when you're finished with this graph.**

The Graphs Form will reappear on your screen, and the graphs functions will be displayed in the function window.

Now let's examine the other types of graphs that can be plotted.



**Press T to choose TYPE from the function menu.**

The graph types will be displayed in the function window. The arrow in the window will point to the type that's selected. Since we've been looking at a Value graph, the pointer will be at V-Values.

## Ratio Graph

The Ratio Graph will divide the value of one function by the other, and then plot the result on a graph.

When you graph a ratio, the "A" function is always divided by the "B" function. If you want to turn it around, you must go back to the Graphs Form and select the functions in the opposite way.

Let's plot the ratio of the SP500 index to the CPI.

**Press R to select a ratio graph, press C to continue, then press V to view the graph.**

Figure 6.2—Ratio Graph Of The SP500 Index And The CPI will appear.

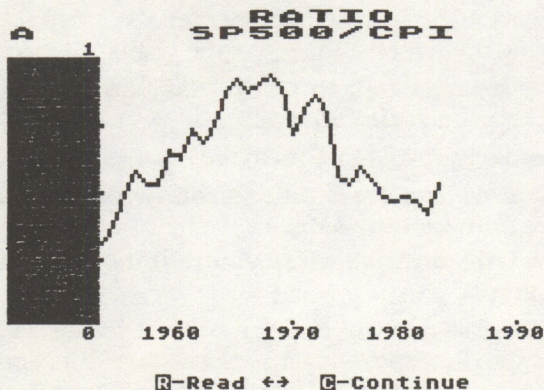


Figure 6.2—Ratio Graph Of The SP500 Index And The CPI))

**Press R to read the graph. Move the cross hair to find the maximum value of this ratio.**

You should find the maximum value at the year 1968. The value itself is not important for this particular ratio, because you're comparing functions that are measured in different units. It may be important, however, if you're viewing functions measured in the same units, such as the ratio of two interest rates. Figure 6.2 shows that prior to 1968, the stock index generally outperformed inflation. Since 1968, however, the stock market has failed to keep up with inflation.

**Press C to continue, then press T to select another type of graph.**

## **Trend Graph**

The trend is the best straight line that fits the data over the period you choose. The fit is made over the most recent years in the data and is extended 5 years beyond the last data value to predict future values. We'll examine the trend of the SP500 index over a 5 year and a 10 year period.

**Press T to select a trend graph.**

Notice the period in years is under the word "Period" in the lower right corner of the function window. Note that it's preset for a period of 5 years.

**Press C to continue, then press V to view the graph.**

Figure 6.3—Trend Graph Of The SP500 Index will then appear.



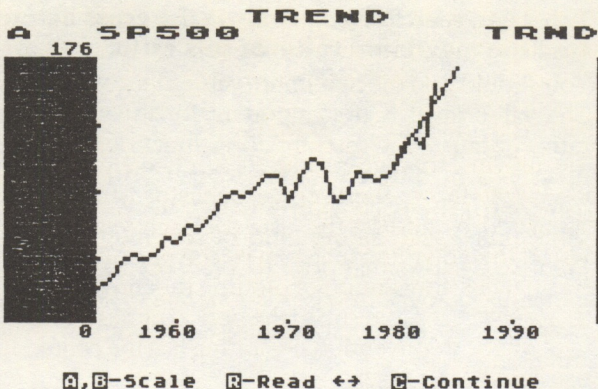


Figure 6.3—Trend Graph Of The SP500 Index

Curve A is the SP500 value curve as before. Curve B is a 5 year trend curve. Only the trend of function A can be plotted.

Now let's change the trend period to 10 years.

**Press C to continue, press T to select the type of graph you want, then press P to change the period.**

This prompt will appear in the window at the bottom of the screen:

```
*****
ENTER PERIOD ?
*****
```

**Enter 10 as the period.**

Notice that the period has now changed to 10 years.

**Press C to continue, then V to view the new graph.**

The graph will now appear different.

**Press R to read the graph, then press B to select the trend curve.**

As you move the cross hair across the graph notice that the trend of the SP500 index is upward, with a trend value of 160.96 estimated for 1986.

## Moving Average Graph

The moving average produces a relatively smooth curve that shows the average behavior of data. It's calculated by adding the data for each year in the period then dividing that sum by the period. We use the financial convention of plotting the moving average for the year at the end of the period rather than the mathematical convention of plotting it at the center of the period.

**From the Graphs Form, press C to continue, press T to select the type of graph, then press M to select the moving average.**

Note that the period shown in the function menu is still 10 years.

**Press C to continue, then press V to view the graph.**

Figure 6.4—Moving Average Graph Of The SP500 Index will appear.

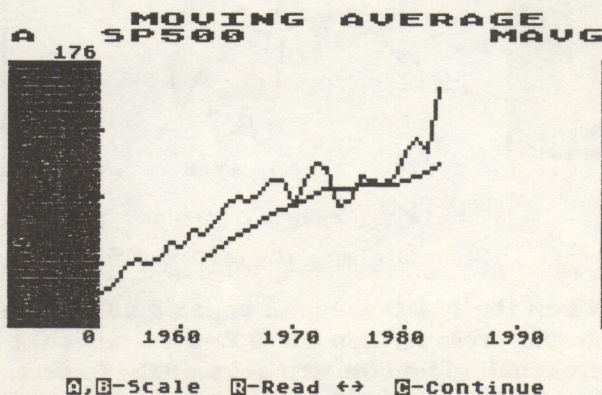


Figure 6.4—Moving Average Graph Of The SP500 Index



The moving average of the SP500 index shows that the stock market index has averaged a steady increase, even though at times it has decreased noticeably.

## Rate of Change Graph

The final graphical tool available is a graph of the compounded annual rate of change of a function over a specified period.

Let's now view the rate of change of the SP500 index. We'll stay with the 10 year period.

**Press C to continue, T to select the type of graph, then A to select the annual return graph. Press C to continue, then press V to view the graph.**

Figure 6.5—Rate Of Change Graph Of the SP500 Index will appear.

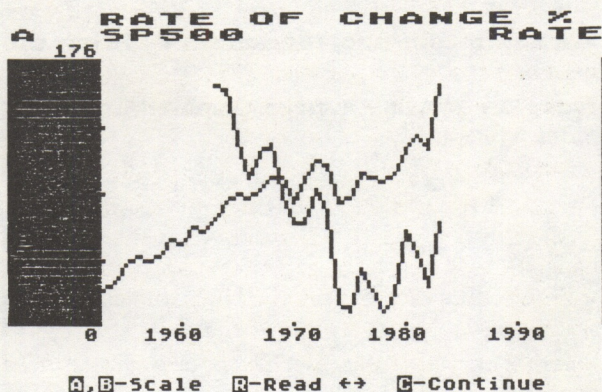


Figure 6.5—Rate Of Change Graph Of the SP500 Index

**When the function menu appears under the graph, press B, then press R, then move the cross hair to find the first point on the B curve: YEAR=1963, A=10.943.**

Since the data begin in 1953, 1963 is the first year that a 10 year rate of change can be computed. The value, 10.943, means that the compound annual rate of change (or compound annual rate of return) of the stock index over the period 1953 to 1963 was 10.943 percent.

Dividends paid by the companies must be added to this number to give the total investment rate of return from the market over this 10 year period. Note that the return has grown steadily worse since 1963. If you held stock from 1968 to 1978, you would have generally sustained a loss, excluding dividends.

**Note:** By setting the period equal to 1 for 1 year, you can plot the simple annual rate of change of a function.

Try plotting an annual rate of change graph for the SP500 index using the techniques you've just learned. Note the wild fluctuations in the market returns from year to year. What was the highest rate of return and what was the lowest between 1954 and 1983?

**Press C to return to the Graphs Form.**

## **Changing The Scale Of A Graph**

Occasionally, a value is too high or too low to be plotted on the graph. When this happens, you can change the Y-axis scale to fit the data better. As an example, let's plot the trend of the Consumer Price Index.

Remember, you must select the function you want to analyze as the A function. Right now the CPI is the B function.

**Clear the previous selections.**

This does not reset the graph's parameters such as the type of graph or period, it simply resets A and B.

**Move the pointer to line 8.**



**Choose A when the Select function is visible in the function window.**

**Using the techniques you have learned, set the graph type to “trend” and the period to 5 years.**

Now view the graph. Notice that the trend line seems to go right off the top of the graph. To see if it really does, you have to experiment with the Y-axis scale.

**Press C to continue, then press S to display the scale selections in the function window.**

The pointer is at the scale option that’s currently selected. The first time you use the Graphs program each session, the scale option will be set at “Automatic.” Under this option, the computer calculates the best scale for each curve. The values at the upper and lower limits of the Y scale may be a number like 298 instead of a more convenient number such as 300.

Convenient numbers for each scale have been saved with the data on the program disk. To use these numbers, you select **P** for a preset scale.

To overcome the difficulty with the trend line for the CPI, we must increase the upper value for the scale from 328 to something higher.

**Press U to change the upper value.**

This prompt will appear in the window at the bottom of the screen:

```
*****  
ENTER UPPER LIMIT ?  
*****
```

**Enter 500 as the upper limit.**

This value is now shown below the word “Upper” in the function window. Let the lower limit remain at 0. To use the upper and lower limits shown in the function window, you have to select the manual scale.

**To select the manual scale, press M, then press C to continue, and V to view the graph.**

Good! Now the data is all plotted on the curve. If you read the trend curve, you'll find that the 5 year trend predicts a CPI value of 387.4 for 1987.

**Note:** Be sure to reset the scale to automatic or preset before plotting a new financial parameter. If a curve doesn't appear or is flat at the top or bottom of the screen, it's usually because the scale is set to manual and the upper and lower limits are not appropriate to the data being plotted.

**Press C to return to the Graphs Form.**

## **Editing Graph Data**

The edit function can be used to correct, update, and add new financial functions to those already available on the program disk. The data for each line is contained in a separate file on your program disk. To edit any of the functions, move the pointer to the line and press **Ctrl-E**.

Let's edit a sample file.

**Page forward to the last page on the Graphs Form.**

The paging will stop when you reach the last page. Then selections 35 to 42, for your own data, will appear. We recommend that you enter data for such items as your salary, investment income, retirement fund accumulations, and taxes.

**Move the pointer to line 35, GRAPH 1 and press G.**

The function menu at the bottom of the screen will change.

**Choose the Edit function from the function menu.**



Your current data for this form will be saved on the program disk and a new program will be loaded into your computer's memory. Edit Graph Data (Screen 6.2) will then appear.

\$\$ EDIT GRAPH DATA \$\$			
ITEM	AMOUNT		
→1. NAME	SAMPLE		
2. LOWER	0.00		
3. UPPER	40,000.00		
<hr/>			
U-Up	E-Edit	Q-Quit	
	D-Down	F-Forward	R-Reverse

### Screen 6.2—Edit Graph Data

The graph editing functions shown in the function window are similar to those for itemizing a line.

The first page of the itemization contains three items: NAME, LOWER, and UPPER. NAME identifies the data and appears beside the graph number on the Graphs Form for lines 35 to 42. LOWER is the preset value for the bottom of the Y scale, and UPPER is the preset value for the top of the Y scale. Any of these items may be changed by editing the line.

Let's change the name of the graph to MONEYWIZ.

**Press E, and enter MONEYWIZ.**

Now let's page to the end of the itemization to replace one of the entries.

**Page forward one page.**

The rest of the pages look like this. The years from 1953 to 1990 appear in the left column, and the corresponding values for the function appear in the right column.

**Press F until the page with 1984 appears, then press D to move down to the line with 1984.**

Notice that the value for 1984 has been set to -1. That is the value that tells the computer to ignore the data for that year.

**Press E to edit the line.**

The cursor immediately appears in the right column. You can edit only that column.

Let's assume that Paul Wise has been given a raise in 1984 to a salary of \$37,000.

**Enter 37000 on the line for 1984.**

In this way you can add your own data to lines 35 to 42 on the Graphs Form and update the data we've already provided on the other lines of the form.

**Press Q to quit the editing function and return to the Graphs Form.**

Take a moment to view the graph for that line and convince yourself by reading the curve that you did add \$37,000 for 1984.

You have just finished an example of the powerful tools that *Get Rich!: Strategies* provides to help you understand economic trends. We recommend that you spend some time looking at data that is currently in the news, such as the money supply, the price of gold and oil, and the prime rate to form your own opinions about the future trends of these important indicators.

**After you're finished with the Graphs Form, return to the Main Menu.**

**Note:** If you're viewing a graph, remember you have to press **C** to return to the Graph Form. Then you have to press **Q** twice, once to move from the graphs functions to the forms functions in the function window, and a second time to quit the form.



## Graph Functions

You may use the following functions to work with graphs:

- G** Display the graphics analysis functions.
- T** Select the type of graph you want displayed. When you press **T**, a new function menu will appear to show you the types of graphs available.
- V** View the graph you've selected.
- S** Select the vertical (Y-axis) scale for a graph. When you press **S**, a new function menu will appear to show you the scale selections available.
- Q** Return to the "entry" function menu (see Screen 6.1).
- U** Move the pointer up one item on a page.
- D** Move the pointer down one item on a page.
- F** Page forward one page through the items.
- R** Page in reverse one page through the items.
- A,B-Select** Select the two functions you want plotted. Move the pointer to the line containing the function, then press **A** or **B** to select it. You must press **A** for the first function or when graphing only one function. The data for the graph will be read in quickly from the program disk and an **A** or **B** will appear in the appropriate line status column.
- CTRL-C** Clear the selected functions **A** and **B** before selecting new functions.

**CTRL-E** Edit the graph data for the line where the pointer is. You can also use this function to enter your own data into a data file to be graphed.

When you press **T** to select a type of graph, the following functions will appear in the function menu:

- V** Plot the value of function A (and function B if you selected it) as a function of time. All of the graphs cover the time period from 1953 to 1990 on a common time scale. Data for certain years may be missing for some types of graphs.
- R** Plot the ratio of the values for function A to the value for function B. You could use this type of graph to plot the ratio of the price of a stock in your portfolio to the Standard and Poor's 500 Index.
- T** Select a graph showing the trend of the data over a period of time. The values for function A and the trend of those values will be displayed when you view the graph. The trend is carried five years beyond the latest data available for the item.
- M** Select a graph showing the moving average of the data over a period of time. The values for function A and the moving average of those values will be displayed when you view the graph. The moving average is plotted at the end of each time period.
- A** Select a graph showing the annual rate of return of the data. The values for function A and the annual rate of return calculated from those values will be



displayed when you view the graph. The annual rate of return is the periodic interest rate for annual compounding.

*Get Rich!:* *Strategies* uses a period of five years unless you change the period by pressing **P**. A longer period produces a smoother graph. The simple annual rate of return can be plotted by setting the period equal to 1 for one year.

**P** Select the period over which *Get Rich!:* *Strategies* calculates the trend, moving average, or annual rate of return. When you press **P**, the function window will disappear and the prompt ENTER PERIOD will appear. Enter a period from 1 to 30 (years) and press **Return**. The time period will then be displayed after the equal sign in the lower right corner of the function menu.

**C** Continue. The Graph functions will reappear in the function window.

When you press **V** to view the graph, your screen will be momentarily blank before the selected graph appears. The type of graph will be indicated at the top. The A function will be identified at the top left of the graph, the B function at the top right.

The letter in the extreme left above the graph identifies the Y-axis scale. If the letter is A, the values on the Y-axis correspond to the A curve, and if the letter is B, they correspond to the B curve.

After you press **V**, these functions will appear in the function menu:

**A,B Scale** Select the Y-axis scale corresponding to the A or B curve. If you've selected the Read function by pressing **R** (see description below), then pressing **A** reads

the A curve and pressing **B** reads the B curve.

- R** Read the data values from the graph. Once you've pressed **R** to use the horizontal arrow (cursor) keys to move the pointer across the graph, the values of X (time) and Y (value, trend etc.) will appear just above the graph. If the value is out of range for the scale you've selected then, "V=\*\*\*" will appear on the screen. If this occurs, experiment with different scales to keep the values on the graph.
- C** Continue with the program, erase the graph, and return to the form with the Graphs functions in the function window.

When you press **S** to select the vertical (Y-axis) scale for the graph, these functions will appear in the function window:

- M** Use the upper and lower limits that you've manually entered for the Y-axis (see the descriptions of **U** and **L** below).
- A** Calculate the upper and lower limits for the Y-axis automatically.
- P** Use the preset limits that are included with the data on the data disk.
- U** Set the upper limit for the manual scale. When you press **U** the function window will disappear and the prompt ENTER UPPER LIMIT will appear. Enter the number you want for the upper limit of the Y-axis. The value will appear below the word "Upper" in the function window.



**L** Set the lower limit for the manual scale. When you press **L**, the function window will disappear and the prompt ENTER LOWER LIMIT will appear. Enter the number that you want for the lower limit of the Y-axis. The number will appear below the word "Lower" in the function window.

The upper and lower limits that you enter will be used only after you select the manual option by pressing **M**. An arrow in the function window will point to the option that has been selected.

**C** Continue with the program and return to the Graphs functions in the function window.

Press **Ctrl-E** to edit the line with the pointer. You can't change the descriptions or years. If you don't have a value for a particular year, enter a **-1** (that is, the number 1 with a minus sign in front of it). The program will treat this as "no entry."

**Note:** If you must enter a **-1** in your data, you can avoid the program's treating it as "no entry" by entering a number close to **-1** such as **-1.00001**.

When you press **CTRL-E**, the available functions correspond to the rest of the program: U-Up, D-Down, F-Forward, R-Reverse, and Q-Quit.



## Print Forms

Press **P** at the Main Menu to print your forms. The Print Menu will then appear, with a list of all the forms you may print. You may select one form at a time or print all of the forms at once. Once you make a selection, the Print Option screen will appear. The following options are available when printing your forms.

- F** Print only the form(s).
- I** Print only the itemizations for the form(s) you've chosen. If the itemized line is itself a separate form, it won't be printed. You'll need to print out that form separately.
- B** Print both the forms and the itemizations.
- S** Print only selected itemizations from the form(s) you've chosen. When you select **S**, the short description for each itemization will appear on the screen. A dashed line will appear near the bottom of the screen with a choice of functions. Press **P** to print the itemization shown. Press **C** to skip that item.

When a form is finished printing, the Print Menu will reappear. If you want to print another form, just select the one you want from the menu. You may also return to the Main Menu by pressing **X**.





## APPENDIX A: FORMS

Get Rich!: Strategies' forms generally consist of a title, numbered lines of text that you may enter information for, and a small menu at the bottom that indicates the keys you may use to perform various operations. Many of the forms have several pages (screens).

These are the *GET RICH!: Strategies'* forms:

- Savings Goals
- Money Matters
- Assets
- Liabilities
- Income
- Expenses
- Calculations
- Graphs

The Savings Goals Form is Shown as Screen 4.1 in the tutorial (Chapter 4).

(Page 1)

### NET WORTH

- 1 ASSETS [A]
- 2 LIABILITIES [L]
- 3 net worth

### CASH FLOW

- 4 INCOME [I]
- 5 EXPENSES [E]
- 6 money available
- 7 money assigned

(Page 2)

### INVESTMENTS

- 8 income investments
- 9 annual income
- 10 rate of return

### DEBT RATIO

- 11 take-home income
- 12 debt payments
- 13 debt ratio

**Table A.1—Money Matters Form Contents**

\*\* The letters in brackets, [A], [L], [I], and [E], refer to other forms available to you by itemizing the line.



(Page 1)

INVESTMENT ASSETS

LIQUID ASSETS

- 1 CASH
- 2 CHECKING ACCOUNTS
- 3 SAVINGS ACCOUNTS
- 4 MONEY MARKET FUNDS
- 5 CREDIT UNION ACCOUNT

(Page 2)

- 6 LIFE INSURANCE
- 7 U.S. SAVINGS BONDS
- 8 TREASURY BILLS
- 9 TREASURY NOTES
- 10 BROKERAGE ACCOUNTS
- 11 OTHER LIQUID
- 12 total liquid

(Page 3)

MARKETABLE

- 13 STOCKS
- 14 MUTUAL FUNDS
- 15 CORPORATE BONDS
- 16 MUNICIPAL BONDS
- 17 CD'S
- 18 OTHER MARKETABLE
- 19 total marketable

(Page 4)

NONMARKETABLE

ANNUAL INCOME

- 20 TAX SHELTERS
- 21 BUSINESS INTERESTS
- 22 MORTGAGES RECEIVABLE
- 23 INCOME PROPERTY
- 24 OTHER
- 25 total

(Page 5)

DEFERRED INCOME

- 26 PROFIT SHARING PLANS
- 27 THRIFT PLANS
- 28 RETIREMENT ACCOUNTS
- 29 ANNUITIES
- 30 PENSION PLANS

(Page 6)

- 31 IRA
- 32 KEOGH
- 33 OTHER
- 34 total deferred

(Page 7)

INVESTMENT SUMMARY

- 35 income investments
- 36 annual income
- 37 rate of return
- 38 deferred income
- 39 annual accum.
- 40 rate of return
- 41 all investments
- 42 rate of return

(Page 9)

- 51 CLOTHING
- 52 PERSONAL PROPERTY
- 53 TV-STEREO
- 54 BOAT-AIRPLANE
- 55 VACATION HOME
- 56 OTHER PERSONAL
- 57 total personal
- 58 total assets

(Page 8)

PERSONAL

- 43 RESIDENCE
- 44 AUTOMOBILE
- 45 FURS AND JEWELRY
- 46 ART-ANTIQUES
- 47 COMPUTER
- 48 COLLECTIONS
- 49 HOBBIES
- 50 HOME FURNISHINGS

**Table A.2—Assets Form Contents**



(Page 1)

CURRENT

- 1 CHARGE ACCOUNTS
- 2 SHORT-TERM LOANS
- 3 UNPAID TAXES
- 4 CAPITAL GAINS TAXES
- 5 BUSINESS TAXES
- 6 OTHER CURRENT
- 7 total current

(Page 2)

MORTGAGES

- 8 RESIDENCE
- 9 annual payments
- 10 INCOME PROPERTY
- 11 VACATION HOME
- 12 OTHER
- 13 total real estate

(Page 3)

INSTALLMENT DEBT

- 14 CREDIT CARDS
- 15 BILLS DUE
- 16 AUTOMOBILE
- 17 HOME IMPROVEMENT
- 18 EDUCATION

(Page 4)

19 DEMAND NOTES

- 20 OTHER DEBT
- 21 total instal. debt
- 22 debt payments
- 23 total liabilities

**Table A.3—Liabilities Form Contents**

(Page 1)

SALARY AND WAGES

- 1 WAGES
- 2 BONUSES
- 3 BUSINESS INCOME
- 4 FARM INCOME
- 5 OTHER
- 6 total wages

(Page 2)

INVESTMENT INCOME

- 7 annual income
- 8 CAPITAL GAINS
- 9 RENTAL INCOME
- 10 PARTNERSHIPS
- 11 TRUST INCOME
- 12 OTHER INVESTMENTS
- 13 total invest. inc.

(Page 3)

PENSIONS

- 14 SOCIAL SECURITY
- 15 EMPLOYERS PENSIONS
- 16 PRIVATE PENSION
- 17 PROFIT SHARING PLANS
- 18 ANNUITIES
- 19 OTHER PENSIONS
- 20 total pensions

(Page 4)

OTHER INCOME

- 21 FAMILY CONTRIBUTIONS
- 22 UNEMPLOYMENT INSUR.
- 23 DISABILITY INSURANCE
- 24 SUPPLEMENTAL INCOME

(Page 5)

- 25 ALIMONY RECEIVED
- 26 CHILD SUPPORT
- 27 OTHER INCOME
- 28 total other income
- 29 total income

**Table A.4—Income Form Contents**



(Page 1)

- LIVING EXPENSES
- 1 FOOD
- 2 CLOTHES
- 3 UTILITIES
- 4 HOUSEHOLD
- 5 PERSONAL
- 6 CHILDREN'S EXPENSES
- 7 CASH EXPENSES
- 8 TRANSPORTATION

(Page 2)

- 9 REPAIRS
- 10 LAWN AND GARDEN
- 11 VACATIONS
- 12 ENTERTAINMENT
- 13 HOBBIES
- 14 GIFTS
- 15 FURNITURE
- 16 APPLIANCES
- 17 OTHER

(Page 3)

- DEDUCTIBLE EXPENSES
- 18 MEDICAL
- 19 INTEREST EXPENSES
- 20 CONTRIBUTIONS
- 21 UNION DUES
- 22 OTHER DEDUCTIONS

(Page 4)

- TAXES
- 23 FEDERAL INCOME
- 24 STATE & LOCAL
- 25 SOCIAL SECURITY
- 26 'payroll' taxes
- 27 REAL ESTATE
- 28 MOTOR VEHICLE
- 29 PROPERTY
- 30 OTHER

(Page 5)

- OTHER EXPENSES
- 31 INSURANCE PREMIUMS
- 32 RENT/MORTGAGE
- 33 EDUCATION
- 34 ALIMONY PAID
- 35 CHILD SUPPORT
- 36 MISCELLANEOUS
- 37 debt payments
- 38 total expenses

### **Table A.5—Expenses Form Contents**

Table A.6 is a listing of items you may wish to include on your expenses form.

3 UTILITIES	18 MEDICAL
Gas	Doctor
Fuel	Dentist
Electricity	Medicines
Telephone	Hospital
Water	Eyeglasses
Garbage	
Sewerage	
4 HOUSEHOLD	20 CONTRIBUTIONS
Domestic help	Church/Synagogue
Appliances	Charity
Pool	Political
Snow removal	
Laundry/cleaning	31 INSURANCE PREMIUMS
Diaper service	Life insurance
Home/office supplies	Health insurance
Animals	Property insurance
Personal care toiletries	Homeowners insurance
Books and magazines	Automobile insurance
Disability insurance	
Liability insurance	
6 CHILDREN'S EXPENSES	33 EDUCATION
Allowances	Tuition
Lessons	Room and board
Camp	Books and supplies
Recreation	Travel
Sports	
8 TRANSPORTATION	36 MISC. EXPENSES
Gas/Oil	Support of others
Repairs	Baby sitter
Licenses	Club dues
Registration	
Parking	
Commuting	
Boat	
Airplane	
Auto lease	

**Table A.6—Typical Items To Include On the Expenses Form**



(Page 1)

PERIODIC SAVINGS

- 1 PERIODIC PAYMENT
- 2 ANNUAL INTEREST RATE
- 3 PAYMENTS PER YEAR
- 4 NUMBER OF YEARS
- 5 total payments
- 6 FUTURE VALUE

(Page 2)

COMPOUNDING

- 7 INITIAL AMOUNT
- 8 ANNUAL RATE
- 9 PERIODS PER YEAR
- 10 NUMBER OF YEARS
- 11 FUTURE VALUE

(Page 3)

SINKING FUND

- 12 INTEREST RATE
- 13 NUMBER OF PERIODS
- 14 PERIODIC PAYMENT
- 15 FUTURE VALUE

(Page 4)

LOAN OR MORTGAGE

- 16 PRINCIPAL AMOUNT
- 17 ANNUAL INTEREST RATE
- 18 PAYMENTS PER YEAR
- 19 NUMBER OF YEARS
- 20 PERIODIC PAYMENT
- 21 total payments
- 22 total interest

(Page 5)

LOAN WITH BALLOON

- 23 PRINCIPAL AMOUNT
- 24 ANNUAL INTEREST RATE
- 25 PAYMENTS PER YEAR
- 26 NUMBER OF YEARS
- 27 PERIODIC PAYMENT
- 28 total payments
- 29 total interest
- 30 BALLOON PAYMENT

(Page 6)

FIXED TERM ANNUITY

- 31 INITIAL AMOUNT
- 32 ANNUAL INTEREST RATE
- 33 PAYMENTS PER YEAR
- 34 NUMBER OF YEARS
- 35 PERIODIC PAYMENT

(Page 7)

LEASE

- 36 AMOUNT OF LEASE
- 37 ANNUAL INTEREST RATE
- 38 PAYMENTS PER YEAR
- 39 NUMBER OF YEARS
- 40 PERIODIC PAYMENT
- 41 total payments
- 42 total interest

(Page 8)

LEASE WITH RESIDUAL

- 43 AMOUNT OF LEASE
- 44 ANNUAL INTEREST RATE
- 45 PAYMENTS PER YEAR
- 46 NUMBER OF YEARS
- 47 PERIODIC PAYMENT
- 48 total payments
- 49 total interest
- 50 RESIDUAL VALUE

**Table A.7—Calculations Form Contents**

(Page 1)

CURRENT RATES

- 1 MONEY MARKET ACCOUNT
- 2 CERTIF. OF DEPOSIT
- 3 MORTGAGE RATE
- 4 SECOND TRUST DEED
- 5 AUTO LOAN
- 6 CREDIT CARD
- 7 PASSBOOK ACCOUNT

(Page 2)

ECONOMIC INDICATORS

- 8 CONSUMER PRICE INDEX
- 9 MONEY SUPPLY-M1
- 10 GNP
- 11 LEADING INDICATORS
- 12 PERSONAL SAVINGS
- 13 FEDERAL EXPENDITURES
- 14 FEDERAL SURPLUS

(Page 3)

STOCKS AND BONDS

- 15 DJ INDUST. AVERAGE
- 16 STANDARD & POORS 500
- 17 GROWTH FUNDS
- 18 INCOME FUNDS
- 19 CORPORATE BONDS
- 20 MUNICIPAL BONDS
- 21 TREASURY BONDS
- 22 TREASURY BILLS

(Page 4)

MONEY AND CREDIT

- 23 PRIME RATE
- 24 DISCOUNT RATE
- 25 BUSINESS LOANS
- 26 SHORT TERM FUNDS
- 27 FHA MORTGAGES

(Page 5)

TANGIBLE INVESTMENTS

- 28 GOLD
- 29 SILVER
- 30 COINS
- 31 STAMPS
- 32 GEMS
- 33 OIL
- 34 HOMES

(Page 6)

YOUR GRAPHS

- 35 GRAPH 1
- 36 GRAPH 2
- 37 GRAPH 3
- 38 GRAPH 4
- 39 GRAPH 5
- 40 GRAPH 6
- 41 GRAPH 7
- 42 GRAPH 8

**Table A.8—Graphs Form Contents**





## APPENDIX B: FUNCTIONS

The following pages summarize *Get Rich!: Strategies* functions. The functions that are available to you at any point in the program will appear in the function menu at the bottom of the screen. This menu changes as you work with different parts of *Get Rich!*

**A-Add:** Adds new items to a list of itemizations. When you press **A**, the cursor will appear on the screen at the location of the entry.

**A-Annual Return Graph:** A graph where the A curve will show the values for the financial function you selected as the A function. The B curve will show the compound annual rate of change of the A function over the period you selected.

**A-Automatic:** A scaling option for the Y axis on the Graphs Form. When you select automatic scaling, the computer calculates the upper and lower limit for the curves from the data to be plotted.

**A,B-Scale:** When displaying a graph, this function selects the Y-axis limits and the curve you want to read with the cross hair.

**A,B-Select:** Selects the A curve and the B curve for graphs. When you select a financial function with the pointer, an inverse video A or B will appear in the line status column.

**C-Calculate:** Instructs the computer to perform a computation for the line on the Calculations Form where the pointer is. A tone will sound if the line can't be calculated.

**CTRL C-Clear:** Clears the A and B functions in the Graphs program. Use it before selecting new func-



tions to graph. Press the **CTRL** (Control) and **C** keys simultaneously to activate the function.

**C-Continue:** Moves you to the next step in the program. When you're satisfied with the material displayed on the screen, press **C** to continue working.

**CTRL D-Delete:** Deletes an item in an itemized list. To delete an item, move the pointer to the line containing the item you wish to delete, then press the **CTRL** (Control) and **D** keys simultaneously (but don't hold them down). On screens with several lines of description for one item, **CTRL-D** will delete the entire item.

**CTRL E-Edit:** When you press the **CTRL** (Control) and **E** keys simultaneously on the Graphs Form, a new program will load into the computer's memory to allow you to edit the graphics data.

**D-Down:** Moves the pointer down the page. The pointer will stop at the bottom of the page.

**E-Edit:** Allows you to change an entry in an itemization. Use it to change a description, date, amount, etc. When you press **E**, the cursor will appear at the location of the entry. If you're working on a simple itemized list, you can select the item you want to edit by moving the pointer to the line containing the item. If you simply press **Return** for any line, the old entry will remain unchanged, and the cursor will move to the next line.

**E-Entry:** Use this function to enter an amount on a form. Although the Entry function is very similar to the Edit function, you should use the Entry function only when you want to enter one amount without a description.

When you press **E**, the function menu disappears to remind you that you can't select another function

until you make the entry. The cursor will appear beside a symbol on the line with the pointer. Enter a number, and press **Return**.

**REMEMBER:** Don't use commas or dollar signs when entering numbers.

You can enter a number on a line only if the description on the screen is in capital letters. You can't enter a number on a line that is currently itemized (that is, a line with an I in the line status column).

**F-Forward:** Pages forward through a form or an itemization. There won't be a response when you reach the end of the form or list. When you page forward, the pointer will appear at the top line of the new page.

**G-Graph:** Displays the graph functions in the function window at the bottom of the Graphs Form.

**H-Help:** Brings up help descriptions that are displayed in the window at the bottom of the screen. To display a help description, move the pointer to the line you want help for, and press **H**. After reading the help description, press **Return** to redisplay the function menu.

**I-Itemize:** Itemizes a line. Move the pointer to the line you want to itemize, then press **I**.

Pressing I can lead to another form such as the line 1, ASSETS [A] from the Money Matters form. Most of the time, lines must be itemized (up to 25 items). Many lines on the Assets Form, for example, will allow an entry, but they should be itemized. Then *Get Rich!: Strategies* uses a multiple line, data entry form so that you can enter the descriptions required for each asset.

**L-Line:** Moves the pointer rapidly to a specified line in the form you're working on. When you press **L**, a prompt for the line number will appear in the



function window at the bottom of the screen. Enter the number and press **Return**. If the program finds the line, a page appears with the pointer at that line. If not, the current display won't change.

**Line Status Indicators:** Letters that appear in a column between the description of the line and the amount entered for that line. They are reminders of the work you have done on a form.

**A or B**—An A or B will appear only in the status column of the Graphs Form of *Get Rich!: Strategies*. The letter indicates that the line has been selected for graphing, and signifies whether the data will appear as curve A or curve B in the graph.

**I**—An I in the status column indicates that the line has been itemized. If the description of the line contains a square bracket, the itemization is a form.

**L-Lower:** Use this function to enter the lower limit for the Y axis in the Graphs program. This lower limit is used for the graph when you select the manual scaling option.

**M-Manual:** A scaling option for the Y axis on the Graphs Form. When you select manual scaling, the upper and lower limits for the Y axis will be the numbers you entered.

**M-Menu:** Returns you to the Main Menu.

**M-Moving Average Graph:** A graph where the A curve will display the values for the financial function you select as the A function. The B curve will be the moving average of the A function computed over the period you selected.

**P-Period:** To enter a period in years for the trend, moving average, and annual return graphs. When you press **P**, a prompt for the period will appear in the

function window at the bottom of the screen. Enter the number and press **Return**. The period you entered will be displayed below the word "Period" in the function window.

**P-Preset:** A scaling option for the Y axis on the Graphs Form. When you select preset scaling, the upper and lower limit for the Y axis is taken from a data file on the program disk. Generally these limits are rounded to more convenient numbers than the ones that would be calculated automatically.

**P-Print:** Prints a selected itemization. Press **C** to continue if you don't want to print the itemization. This function on the Calculations Form will print the page displayed on the screen.

**Q-Quit:** When you're finished working on a form or itemization, press **Q** to return to the preceding form. Pressing **Q** while working on some of the forms will return you to the Main Menu.

**Note:** You must press **Q** to exit the program.

This will ensure that your financial information is safely stored on the data disk.

**R-Ratio Graph:** A graph where the only curve plotted will consist of the values for the A function divided by the values for the B function.

**R-Read:** Press **R** to read data from a graph. A cross hair will appear on the graph. The X and Y values at the position of the cross hair are displayed at the top of the graph.

**R-Reverse:** Pages back through a form or an itemization (from back to front or bottom to top). Holding down R will take you one page at a time to the top of the form and stop there.

**S-Scale:** Displays the options for the Y-axis scale in the function window.

**T-Text:** When itemizing an investment asset, use



this function to change the line labeled VALUE to SHARES, the line labeled SET TO \$1 to PRICE/SHARE, and the line labeled INCOME PER \$1 to INCOME/SHARE. Choose the labels that are the most appropriate for the asset you're itemizing. The label doesn't affect the calculation.

**T-Trend:** This is one of the types of graphs that *Get Rich!: Strategies* can plot. The A curve will display the values for the financial function you selected as the A function. The B curve will be the best straight line fit to the A curve values over the period you selected. The trend is displayed five years beyond the last value available for the function.

**T-Type:** Displays in the function window the types of graphs you can plot.

**U-Up:** Moves the pointer up the page. The pointer will stop at the top line on that page. There won't be any response once the pointer reaches the top of the page.

**U-Upper:** Use this function to enter the upper limit for the Y axis in the Graphs program. This upper limit is used for the graph when you select the manual scaling option.

**V-Value Graph:** A graph where the A curve will display the values for the financial function you selected as the A function. The B curve will be the values for the financial function you selected as the B function.

**V-View:** Displays the graph for the functions and parameters that you've selected.

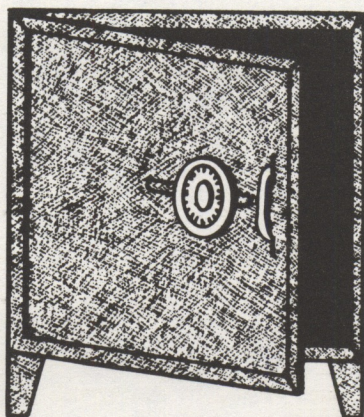
**+ (Plus):** To add a number to a previously entered number. Move the pointer to the line, press +, and the cursor will appear. Enter the number. The new number will be added to the original number on that line.

**— (Minus):** Use the — (minus) key to subtract a number from the previous entry. Move the pointer to the line, press — and the cursor will appear. Enter the number. The new number will be subtracted from the original number on that line.

**\* (Multiply):** Use the \* (asterisk) key to multiply the current number on a line by a number that you enter. Move the pointer to the line, press \*, and the cursor will appear. Enter the number. The new number will be multiplied by the original number on that line.

**/ (Divide):** Use the / (slash) key to divide the current number on a line by a number that you enter. Move the pointer to the line, press /, and the cursor will appear. Enter the number, and press **Return**. The original number will be divided by the new, and the result will appear on the same line.





# GLOSSARY

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**Annuity:** A kind of insurance that provides an income for a specified time period, such as for a certain number of years or for a person's lifetime.

**ASCII Printer Control Code:** A decimal code assigned to each character, graphics symbol, and to most control keys on your keyboard. These codes are used to control your printer's operating mode.

**Assets:** What you own. *Get Rich!: Strategies* categorizes our assets as "personal" (items that you acquire for enjoyment or use) or "investment" (items that store up and produce income).

**Backup:** An extra copy of your data or program disk that can be used in case of a disk or system failure. It's always a good idea to make backup disks.

**Balloon Payment:** The final payment on a loan. This payment is usually much larger than the previous periodic payments.

**Base:** The price you originally pay for property. This price is always used as the reference point when computing capital gains tax.

**Boot up:** Load a program from a disk into a computer's memory by turning on the power to the computer.

**Character:** Any keyboard symbol, such as a letter of the alphabet, a number, or a blank space.

**Cross Hair:** An indicator which you can move, on the curve being graphed, with the cursor control keys. As it moves along the curve, values are displayed at the top of the screen.

**Cursor:** An indicator, such as a square of light or a short line, that is visible on your TV or video display



and marks your current position on the screen.

**Data Disk:** A disk that contains the data for your financial plan. Each financial plan you create must be on a separate data disk.

**Debt Ratio:** Your annual installment debt payments divided by your annual take-home income. To be financially healthy, your debt ratio should be less than 5%.

**Discretionary Income:** The difference between your income and expenses. Your discretionary income is the money you have left for investment after you've paid for your present life-style.

**Disk:** A thin mylar disk coated with magnetic material used for storing data or programs.

**Display:** A visual presentation of information on the TV or video monitor.

**DOS:** An acronym standing for Disk Operating System. This is the system that controls "housekeeping" functions, such as copying disks or preparing them to receive data.

**Form:** A screen that you may use to record your financial information. *Get Rich!: Strategies* uses these forms: Savings Goals, Money Matters, Assets, Liabilities, Income, Expenses, Graphs, and Calculations.

**Function:** An operation that you can perform while using *Get Rich!: Strategies*, such as editing information or moving forward or in reverse through a form. The functions that are available to you will appear in the function menu at the bottom of the screen.

**Function Menu:** A list of functions that you may perform at various times. The function menu is displayed at the bottom of most screens. This menu changes as you work with different parts of *Get Rich!: Strategies*.

**Function Window:** The space below the dashed line at the bottom of many of *Get Rich!: Strategies* screens. Descriptions of the lines appear in the function window when you ask for help. When you've entered all the information and are ready to continue with another operation, the function menu appears.

**Hardware:** Any device that is part of your computer such as the disk drive, printer, and video monitor.

**Hardware Configuration:** Physical components of your computer system, such as the number of disk drives and the type of printer you own. It's necessary to enter information about your hardware configuration.

**Initialize:** The process of preparing a disk to become a data disk.

**Input:** As a verb, to enter data. As a noun, the data entered.

**Inverse Video:** When information is displayed in dark letters against a light background rather than in light letters against a dark background.

**Kilobyte:** 1,024 bytes or characters. A kilobyte roughly corresponds to the amount of information on one-half of a typewritten page. K or KB is the abbreviation for a kilobyte.

**Lease:** A contract where property is rented to another person or group for a specific amount of money and a specific period of time.

**Liabilities:** What you owe others. *Get Rich!: Strategies* categorizes liabilities as current short-term, mortgages and real estate liabilities, and installment debt.

**Line Status Indicator:** A letter that appears on a line of a form. A line status indicator of "I" indicates that the line has been itemized. On the Graphs Form,



a line status indicator of "A" or "B" indicates that the line has been selected for graphing.

**Load:** The process of copying a program or data from a disk into your computer's memory.

**Menu:** A list of selections or choices available at certain points in *Get Rich!: Strategies*.

**Net Worth:** The difference between your assets and liabilities. Your net worth is the best overall measure of your financial health, financial resources, and credit worthiness.

**Pointer:** The arrow or greater than sign ">" on the left side of a form that you may move up and down to select a line.

**Press:** To push down on a designated key momentarily and then release it.

**Principal:** The amount of capital in an investment as distinguished from interest or profit.

**Printer Control Codes:** ASCII characters used to tell the printer what to do.

**Prompt:** A cue or message appearing on the display screen that elicits a response from you.

**RAM:** Random access memory. The main type of memory used in the computer.

**Rate of investment:** The dollar amount of money that you commit to your investments each year.

**Save:** To store data on a disk or somewhere other than in the computer's memory.

**Sinking fund:** A fund that you set up to buy something in the future. The term *sinking* means that the amount you need to reach your total decreases over time.

**Software:** Another term for computer programs. Software is used to control the computer hardware and perform tasks.

**Type:** To enter a sequence of characters by pressing the designated keys on the keyboard.

**Write-protect label:** A piece of tape that you can place over the square notch on the side of a disk so that the information on the disk can't be changed.





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