

A Dozen Facts You Must Know About Debt

If You are Serious about Getting Rid of Your Debt
by Dave Ireland

Hello, I'm Dave Ireland, a retired corporate executive and currently a Professional Speaker, Author, Educator and Founder of IYD Inc. I have been speaking on the subject of debt elimination for over 20 years. People who have heard me speak know that I have a problem with conventional wisdom. Not all of it is bad but most of it contains ideas that people blindly accept without thinking them through. I encourage people to challenge conventional wisdom as part of developing a True Financial Freedom plan. With the goal of encouraging people to think conventional wisdom through, I present some of my favorite "unconventional" thoughts.

1. Do not waste your time and energy trying to manage your debts.

Credit cards (and most debt) are just like drugs; they make you feel good in the beginning, but for some of us, there is a high price to pay in the long run. In the beginning, it feels like free money and we are joyous and happy about all the new stuff we have bought. However, 30 days later, the bill comes in and the pain begins. If you are \$70,000 in credit card debt like I was, the pain can become overwhelming!

I'm not addressing people with debt problems; there are Banker Hardship programs available for those folks. But what about middle class American's paying their bills but just treading water; making no real progress and getting sick and tired of being sick and tired, of their debt. I'm talking about folks making \$50,000 a year and spending \$55,000; making \$20,000 and spending \$25,000; or making \$200,000 a year and spending \$220,000 and trying to figure out; what is wrong with this picture?

What's wrong is the fact that being in debt is a brand new phenomenon of the last 30 to 40 years and it does not have to be this way.

What should you do?

Don't just settle for managing your debts. That is just a short-term approach. Start eliminating your debts today, and begin building True Financial Freedom! And if you can't do it yourself, hire a debt elimination expert to do it for you. I'm not referring to consumer credit counseling or debt negotiation/settlement companies that have programs that dramatically reduce your credit score. They may be appropriate for someone who has a major debt problem and already has a low credit score, but they are not appropriate for the typical middle class Americans like you.

I'm referring to someone just like you; someone who actually has the Great American Debt Opportunity; that is the opportunity to turn their debt into real wealth for themselves and their family. I'm referring to companies like IYD Inc. They offer services like the Automatic Debt E-Racer[®] Program, ADE[®] as they call it. It is a service that rapidly eliminates debt without harming your credit score. It manages ones liabilities in such a way that credit scores immediately improve, monthly payments are immediately reduced and debts are rapidly eliminated; systematically, one at a time, until all consumer debt is gone in about 3 to 4 years and most 30-year mortgages are eliminated in another 4-5 years.

Most Americans are spending \$30, \$40 or more a day just on interest cost (that's \$15,000 to \$20,000 per year), plus more to make a small dent in the principle. If you ever want to be financially secure, you absolutely must break this viscous cycle of debt management and start eliminating your debt. Think about it, over the past 2 to 3 months you have probably spent three to four thousand dollars on interest fees while trying to manage your debts. To find out how much money you are wasting on interest costs every day go to the complimentary [ADE Needs Analysis Debt Calculator](#)

You must start now, today; you can't afford not too!

“WE ARE CONFRONTED WITH INSURMOUNTABLE OPPORTUNITIES”

... Pogo

2. Do not fall for the “Interest Rate Trap”

Conventional wisdom has all of us trying to improve our financial situation by pursuing a strategy of getting as low an interest rate as possible. We are scrambling to get lower interest rates by doing expensive balance transfers or expensive refinancing in order to save a miniscule amount of interest cost or get a useless tax deduction, while the creditors are robbing us blind.

There are times when it makes sense to restructure high interest debt into low interest rates, but that should be the exception not the rule.

Folks it is all smoke and mirrors And here is why

Studies have shown that people who consolidate loans are worse off than they would be if they had just left everything alone. This is what typically happens. You get a consolidation loan, let's say a Home Equity Line of Credit; you pay off your credit cards and car loans and now you are told that you just eliminated your debts. What a joke. You owed a \$170,000 before and you still owe \$170,000 after consolidating; **no change!** However, they argue it's good because your interest rates are lower, monthly payments are lower and it's all tax deductible; and that is good.....

NO! NO! NO!

Why do I say it's not good? You just created a 15 or maybe a 30 year car loan. And government studies show that within a matter of days the typical American will be maxing out new credit cards and within a year or two deciding to buy new expensive cars; and they still have the consolidation loan on top of all the old debt, which has come back as new debt.

Nothing fundamental has changed, except you are further in debt and more frustrated than ever. Consolidation Loans are a financial disaster for most people, unless they have a plan to pay them off rapidly. A plan similar to the one described in the textbook, *Invest In Your Debt* or the previously mentioned ADE[®] Program. You can dramatically cut your effective interest rates in half and reduce your monthly payments just by investing in your debt. Don't you think you should own the roof over your head before your out speculating in “pork belles”, oil wells and 401Ks that sometimes turn into 201Ks. To find out how much you can cut your interest rates, go to the free [ADE Needs Analysis Debt Calculator](#) You will be glad you did!

See number six below for a discussion of the tax deduction and find out what a farce that is.

3. A 13 percent mortgage that is better than a 7%?

The creditors understand the “time value of money” and so will you after you read the following.

Did you know that a 13% mortgage can be far better than a 7% mortgage? Now that is more than unconventional, that is down right controversial. But hear me out. Let’s say you go out and get a \$100,000 mortgage at 7%. You will pay about \$150,000 in interest cost over the 30 year life of the loan. You say, Dave, that’s normal, everyone knows that a \$100,000 house (if you could buy a decent house for a \$100K in this day and age) will cost you about two to three hundred thousand dollars, depending on the interest rate. That’s where conventional wisdom goes a stray. It’s not dependent on just the interest rate. As a matter of fact, the “time value of money” is much more important to the total cost of interest than the interest rate itself.

Here is the “rest of the story” as Paul Harvey would say. Get that same \$100,000 mortgage at 13% and use an automatic debt elimination process, like ADE[®] to pay it off in 7 years or so. Your cost of interest has dramatically been reduced to \$50,000. Now that you have been told the rest of the story, I ask you this simple question; which would you rather have, a 7% mortgage that costs you \$150,000, or a 13% mortgage for only \$50,000? It’s not a trick question. Think about it. And as you do, you may say, “hey Dave, what’s wrong with a 7% mortgage that I pay off in 7 years by using a process like ADE[®]”. And I say, “Not a bad idea”. Now your cost of interest drops to about \$30,000, saving you another \$20,000. However, here is the point of the story. Reducing the interest rate from 13% down to 7% only saves you about \$20,000, while cutting the term of the loan by 23 years saves you about \$100,000; about 5 times more. Folks, chasing lower interest rates for whatever reason is a waste of time and energy compared to reducing the time you are in debt. The “time value of money” trumps the interest rate, every time.

But then you say, “Where do I get the extra money to pay off the mortgage in 7 years?” It comes out of your Bankers’ pockets! The ADE[®] process easily, systematically and automatically, does this for you.

**“MOST PEOPLE WOULD RATHER BE RIGHT
THAN BE HAPPY”**

... James H. Quinn

4. Getting Out of Debt is Like Losing Weight ... Almost Impossible!

Why did I suggest an automatic debt elimination process such as ADE[®] to eliminate your debt, reduce your interest rates and reduce your monthly payments in a timely manner? Simple; don't take any chances that you may not have the time; energy, discipline or wherewithal to get rid of your debt ASAP, especially if it is high interest, such as a 13% mortgage or high credit card debts with a long loan payment schedule. At 30 years, your cost of interest for the 13% mortgage will be an astonishing \$300,000 in interest cost on a \$100,000 house.

Even a low 5% student loan, paid off over 30 years, will cost you twice as much as you originally borrowed. It's important to automate the process and make sure it happens. If not you will be in debt forever as many of the baby boomers are realizing.

The analogy that makes the most sense to me is losing weight. The concept is easy; just burn more calories than you take in! You do that and I guarantee you will lose weight; I'll stake my life on it. Getting out of debt is the same way. Just prioritize your debts (and the highest interest rate is not the best way to pay off debt; see #10 below) and roll run debt into the other and I guarantee you will be debt free. However, like losing weight, it's a lot easier said, than done. We are faced with offers for consolidation loans, new toys to try, new things to buy. Like losing weight, the marketers are constantly bombarding us with new "Twinkies", new restaurants to visit, and etc. Thus, in our society it is almost impossible for us to lose weight or get out of debt.

If creditors could, they would keep you in debt forever; and they are doing it all the time; with interest only loans, 29% credit cards, and etc. Many Americans are retiring with six, seven, eight hundred dollar mortgage payments. Are you now seeing what you are up against? Reducing your interest rates, reducing your monthly payments and getting out of debt rapidly are not going to be easy; the deck is stacked against you. Get all the help you can; you are going to need it!

"IF I ALWAYS DO WHAT I'VE ALWAYS DONE, I'LL ALWAYS GET WHAT I'VE ALWAYS GOT"

... James H. Quinn

5. With all the high unemployment and the state of the economy, it may be a good idea to own your home.

To determine if you own your home, skip two mortgage payments and you will quickly realize who actually owns your home. You may think interest rates are low and you can do better by investing your money someplace other than your house. Please, look closely at your mortgage statement. For most of you, more than 90% of your payment goes to the bank in the form of interest. That's 90% interest, not 5%. Your actual mortgage payment is a minuscule 10% or less of your total monthly payment.

Use the complimentary [ADE Needs Analysis Debt Calculator](#) to find out how quickly you can own your home; free and clear! Very enlightening!

6. Don't payoff your mortgage; it's the last tax deduction left.

If you have a tax planner, financial planner or friend giving you this advice, get a new one FAST! Yes, while you have a mortgage, it may be appropriate to take the tax deduction, but the deduction is not a reason to keep your mortgage. While you are paying out tens of thousands of dollars in interest over a 30-year period, you are only getting back from the IRS, 15, 25 or 35 percent at most, depending on your tax bracket. And if you only have the mortgage you may be better off taking the standard deduction in place of itemizing. The standard deduction is now over eleven thousand dollars for a married couple. To beat that you must be paying a lot of interest on your mortgage.

Why give away dollar bills to the bankers just to get back pennies from the IRS? It makes no sense if you really look at your options and think it through.

***“NEVER GET ANGRY, NEVER MAKE A THREAT
REASON WITH PEOPLE”***

... Don Corleone (The Godfather)

7. Pay yourself first.

No way! Government studies show that 96% of Americans do not achieve financial freedom by the time they retire at age 65 (or is it 66 or 67 for some of us). Conventional wisdom wants you to pay yourself first, but it just doesn't seem to work for most people.

Here's why:

On page 115 in the *Invest in Your Debt* textbook, it shows that a \$2000 credit card balance at 17.9% interest will cost you \$6827 to pay off over the 30-year and 5 month payment plan your friendly credit card company has you on. That's right, by paying the minimum monthly payment that the bank offers you each month, you will pay nearly \$5000 in interest and about 3 ½ times more than you originally borrowed. That's worse than a 30-year mortgage.

The *Invest In Your Debt* strategy is to pay your bankers first and in the long run keep more of your money for yourself and your family!

Net Worth is equal to Assets minus Liabilities. We have many people looking out for our assets; financial planners; stockbrokers, insurance people, but whom do you have helping with your debts? Well, if you are married you have your spouse; maybe a cousin or brother-in-law telling you how to get rid of your debt. But here is the most insidious idea; depending on your bankers for debt advice. That is like having the fox keep an eye on the chicken coop; NOT A GOOD IDEA!

**Now that's unconventional
and even a bit controversial, wouldn't you say!**

On page 171 in the *Invest In Your Debt* textbook, it clearly shows that you can build 2 to 3 times more wealth by paying off debt before you start traditional investing; even if it's into an IRA, 401k, 403b and etc. The only exception might be a Roth IRA under certain circumstances. If you are serious about capturing this money you need to get serious about your debt.

You are smart enough to hire a stockbroker or financial planner to manage your assets; or a tax expert or an insurance expert to make sure you're properly protected; or a transmission mechanic to get the transmission fixed on your car not just any old mechanical; an expert is what you need. Don't think you have to go it alone with respect to your debts.

The ADE[®] process provides you with your own personal liability manager to make this happen for you. Remember, Net Worth is equal to Assets minus Liabilities

***“THE ONLY THING MORE CONTAGIOUS THAN ENTHUSIASM,
IS THE LACK OF IT”***

... James H. Quinn

8. Give yourself a 46% raise by eliminating all your debts.

The typical American family uses about 40 to 50 percent of their paycheck to service their debts; mortgages, car loans, student loans credit card and etc. If you did not have these monthly payments, you could increase your monthly cash flow by the same amount without begging your boss for a raise. Take charge and give yourself a raise by eliminating this unnecessary and burdensome debt.

9. Get out of debt now!

According to the best selling book, *The Millionaire Next Door*, by Bill Danko and Tom Stanley, millionaires in our society do not have consumer debt and they own their own cars, homes and their lives. The idea of using other people's money is a new (and dangerous) phenomenon of the last 30 or 40 years. My grandmother did not have credit card debt and she lived a lot less stressful life than I did when I was a quarter million dollars in debt. In the old days, they had the audacity to pay cash for their cars (no leases) and some even paid cash for their homes or at most, had a 5-year mortgage; not the 15, 30 and 40 year or interest only mortgages of today.

Speaking about credit cards. I'm not an advocate of doing total plastic surgery on yourself. How are you going to rent a car, reserve hotel rooms, buy stuff off the internet without a credit card. Nearly impossible. So here's my advice, if you have 18 credit cards go ahead and put 16 or 17 of them into a class of water and put the glass in the freezer. You probably only need one or two, at the most. Now don't close the accounts. that will hurt you credit score. But then again, have you ever heard the saying, "Good credit is equivalent to good bondage". So don't be putting all your energy

into having a perfect credit score. Whether you have a 700 score or an 800 score is not as important to your financial well being as being debt free.

Eliminate your debt and you will have a great credit score no matter what!

Also, I don't think that debt is bad either. I don't even think debt is good. It, just is. I've come to the realization that debt is just debt; not good or bad, it, just is! It's like fire. Fire can heat your house, heat your body, but what else can it do to your house? See my point.

Did I forget to mention; the credit cards that are in the freezer, they are still good, but you will have to have a melt down in your life before you can use them! ha ha

The ADE[®] process will reduce your interest rates, reduce your monthly payments and rapidly eliminate your debt without harming your credit score. It will actually improve your score!

Use the complimentary [ADE Needs Analysis Debt Calculator](#) to find out how quickly you can get rid of your credit card debt and own your home; free and clear!

10. As you are looking for ways to pay off your debt, focus on the Optimum debt first.

I know that conventional wisdom wants you to pay off the debt with the highest interest rate first, but that usually benefits the bankers, not you.

What do I mean by Optimum debt first?

If you only have one or two debts you can "eye ball" it and easily see which one to pay off first; if you have 3 or 4 debts it is a bit complicated. There are 24 possible combinations and permutation with only four debts (four factorial; $4 \times 3 \times 2 \times 1 = 24$); with as little as 7 debts you have seven factorial or 5040 different possibilities. Conventional wisdom would have you payoff the one with the highest interest rate or maybe the one with the smallest balance first. However, there are 5038 other possibilities that just might be better; and I can guarantee you that 2 or 3 of these 5038 will be better than highest interest rate or smallest balance.

Interest rates are important and the balance is also important, but if you want to optimize your financial situation and not the bankers' pockets, you must take into consideration interest rates, balances and the magnitude of the payments when prioritizing your pay off schedule. If you have as little as 14 debts there are over 87 billion possible combinations and permutations. All three elements must be taken into consideration in a very sophisticated calculation that is too complicated to cover in this article.

Put all your energy into eliminating your optimum debt first, regardless of its interest rate. Do this by investing any extra funds into the optimum debt first and get a real sense of accomplishment when you eliminate that debt in a matter of months, in place of years. Then go onto the next optimum debt and achieve real confidence and self-esteem as you eliminate one debt after the other in a matter of months, in place of years.

Remember it's the time value of money that counts, the term of the loan is what's important, not the interest rates.

However, the psychological advantage is huge!

Getting out of debt is as much a psychological battle as it is a financial battle.

Combine the Optimum prioritizing technique with the Linear Math, Critical Path methodology used in the ADE[®] process, and you will have a huge psychological advantage; and you will reduce your interest rates, your monthly payments and be debt free in no time at all; saving you tens of thousands of dollars in interest costs, not because of the interest rates, but because of the shorter time frame. The psychological advantage is real.

Another point, the ADE[®] process does use the Optimum approach for prioritizing your debts. To find out more about optimizing you debts use the complimentary [ADE Needs Analysis Debt Calculator](#) We do not sell the ADE[®] software, but ask and we will show you how to properly prioritize your debts.

***“TRY NOT TO BECOME A MAN (PERSON) OF SUCCESS, BUT
RATHER TRY TO BECOME A MAN (PERSON) OF VALUE”***

... Albert Einstein

11. To achieve True Financial Freedom, invest extra funds into your debt before putting money into traditional investments, stocks etc.

Do this by prioritizing your debts properly and making extra payments on your optimum debt first. You can do this with your current income, no second job; no living like a Hermit in the Himalayas. You can do this by spending wiser and smarter. Our Spend Smart Program teaches you how to Reverse Budget and Seize Your Saving. Traditional Budgeting does not work for most people. However, using a 21st Century version of the old envelope system our grandparents used and our Spend Smart concepts will easily provide you with the seed money you need to make ADE[®] work for you in place of you working all day for the bankers. Investing as little as \$25 a month into your debt will make a big difference in your financial life.

You can also do this easily by using the funds that you are currently putting into traditional investments. Real Estate, pork bellies, oil wells and 401Ks that have a tendency to turn into 201k may not be the best place for your hard earned money in today's environment. Maybe you should consider owning the roof over your head before you venture into these speculative areas.

When you have the first debt paid off, put all the money you had been investing into your first debt, into the next optimum debt. Continue this debt elimination process until you reach your mortgage which usually will be the last one you will eliminate.

Following the above process, you will eliminate most consumer debt in 3 to 4 years and then eliminate most 30-year mortgages in another 4-5 years.

12. To get a guaranteed, risk free, tax free and commission free double digit return, you do not have to be a Wall Street Wizard.

Just invest in your debt. It's risk free because I don't know of any banker who will not take your money and stop charging you 7%, 18%, 29% or whatever interest you are paying on your debts. It's guaranteed to happen. And it is tax free, not just tax deferred.

Why? Because if you agree with Ben Franklin that a penny saved is a penny earned, when you pay off your debt ahead of schedule, you are

going to save (earn) a lot of money and no one from the IRS is ever going to come to take any of that earned (saved) money..... .

It is truly tax free!

In the textbook, *Invest In Your Debt*, it is shown on page 183 that the typical American family will receive an equivalent 37.13% return by investing in their debt. Unless you are the typical family with 2.64 children and 2.98 cars in the garage, you probably will not get a 37.13 percent return. With my ADE® Students, I've seen as high as 55%, and as low as 15%. However, the point is, you will get a substantial double digit equivalent return on your debt investment, which will be a guaranteed, risk free, tax free return. And you will not need to pay a sales person or stock broker any commissions.

Here's an extra fact for you, I hope you like a "Baker's Dozen".

- 13. When you are debt free, take the money you were wasting on debt, typically 30 to 40 percent of your gross pay, and put it into more traditional investments.**

You are now paying one, two, three thousand dollars or more each and every month on your debts. When you are debt free, you will no longer have to make any debt payments, this money is all yours and you can invest this same money into traditional investments. Because you are out of debt 15 to 25 years sooner, you can easily accumulate a million dollars or more of future wealth for yourself and your family. You now have the "time value of money" working for you, not against you. You can do all this on your current income, while most Americans are still struggling just to get out of debt.

"BALANCE IS THE KEY TO POWER"

... James H. Quinn

One last comment. There are people out there that have a vested interest in keeping you in debt. You will find that getting out of debt will be one of the most challenging things you ever try. And I do mean try. Many people have tried, but most have failed. It's almost impossible to loss weight or get out of debt in our society today.

And they both seem so easy!

Just burn more calories than you take in and I guarantee you will lose weight; I'll stake my life on it. Getting out of debt is the same way. Just properly prioritize your debts and roll run debt into the other and I guarantee you will be debt free sooner than you ever dreamed possible; in months not years.

However, like losing weight, it's a lot easier said than done. Thus, it is almost impossible for us to lose weight or to get out of debt on your own.

However, if someone had a program that would do all the exercising for you, and eat all the right foods for you, but you could go on living your life as you do today, but they did all the work and you lost all the weight; now that would be awesome.

Sorry, but that kind of weight loss program does not exist. However, with respect to your debt, companies like IYD Inc., the "Invest in Your Debt" Company and services like the ADE[®] process do exist and are ideal for busy middle class Americans like you. They automatically eliminate your debt for you, while improving your credit score at the same time. I know that sounds unconventional and impossible, but it's real and it works. Conventional debt elimination plans don't work for the vast majority of Americans and/or dramatically destroy ones credit score. Are you interested in rapidly getting rid of your debt without harming you credit score and without living like a Hermit in the Himalayas. Do you have a lot of free time at the end of the day or are you like me, looking for that 28-hour day so I can get some sleep in.

To find out more about your debt and get a complimentary personal 1500 word report telling you how long the bankers plan to keep you in debt; how much they are charging you for interest every day (see if it's more than the \$39.87 average) and the total amount your bankers plan to charge you for the interest on your debt, use the complimentary [ADE Needs Analysis Debt Calculator](#)

The 1500 word report will also tell you how quickly you can eliminate your debt and how low your interest rates will be reduces; as well how much money you will save by paying off your debt rapidly. We do not sell the ADE[®] software, but ask and we will show you how to properly prioritize your debts. Very educational!

If this type of thinking resonates with you,
visit www.investinyourdebt.com for more information or call
Dave Ireland directly at 512 447 1990.

Dave Ireland is Founder of IYD Inc. and co-author of *Invest In Your Debt*.
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8786.

***“MAN (PERSON) IS THE CENTER OF A CIRCLE, THE
CIRCUMFERENCE OF WHICH IS DETERMINED BY HIS (ONES)
OWN SELF-IMPOSES LIMITATIONS”***

... MAHATMA GANDHI

Use the free [ADE Needs Analysis Debt Calculator](#) to discover the truth about your debt.

[CLICK HERE](#) to use the free calculator.

You will instantly receive your own personal private needs analysis report.

No cost and no obligation!

As you read this 1500 word report, you will be amazed at what it says about your finances.
The answers you are looking for are in this report and you will be informed and amazed at
what it reveals. Find out how much you are spending every day on interest charges and how
quickly you can **reduce your monthly payments and interest rates** while rapidly
eliminating all your debt **without harming your credit score**.

[Use our free calculator](#)

**Take the time right now, to find out what the bankers have in
store for you and what you can do about it!**

***“MAN (PERSON) IS THE CENTER OF A CIRCLE, THE
CIRCUMFERENCE OF WHICH IS DETERMINED BY HIS (ONES)
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... MAHATMA GANDHI

