

The Power Of Self Finance

I just had something happen to me recently that illustrates just how messed up we are in our thinking about paying for things and using our money to help those we want to help.

As many of you know, I am president of the German American Society of Bristol, a very nice social club of about 150 members located in Bristol, CT. Our building has some problems. The club needs a new alarm system and an update to our air conditioning system so we can keep our hall rental business healthy. We have estimates for about \$8,000 to take care of these items. We are paying our bills, but there is little left over to pay for of this sort of extra expense.

The club board and I have been putting off dealing with these problems for the past few months, hoping for a windfall of cash to pay for fixing them.

Well, here it is almost March and the windfall has yet to come. In the meantime, the problems are still there and the deadline to fix things gets much closer.

WHAT WOULD I SAY TO THE BRIDE DURING HER LATE JULY WEDDING WHEN THE HALL IS 85 DEGREES AND HER FAVORITE AUNT TILLIE IS PASSING OUT FROM HEAT STROKE?

Naturally, the bank that holds the mortgage on our club wants no part of doing a loan for these repairs.

I have been thinking much too conventionally about how to solve the problem, but suddenly, last weekend, the answer hit me like a brick.

BOY – BOY – BOY – BOY TO THE FOURTH POWER!!!!

ENTER ALAN AND MARIE WITH THEIR FOUR BOY PLANS TO HELP THE CLUB!

I checked our available loan values the other day. Our plans have plenty of available loan value to help the club out without putting us in a bind for own financing needs the rest of this year.

At present, we are using our plans to refinance business debt and to pay for our Florida vacation next week. We also have some home improvement projects coming later this year.

Please keep in mind that BOY is so flexible that even with these existing loans and what we are planning to do down the road we can easily do another loan to help the German Club if we want to.

You see, you can do multiple loans for multiple purposes with BOY all at the same time.

IT IS JUST A MATTER OF HAVING ENOUGH TOTAL LOAN VALUE AVAILABLE TO DO WHAT YOU WANT TO DO.

You see, our cash and loan values will increase steadily the rest of this year as we pay our premiums and reinvest dividends paid on the plans. Several of our plans are over 3 years old so the magnitude of these increases in cash value will be substantial. Also, as I make loan repayments against the current loans, the loan value will also increase.

NOW I AM A GOOD GUY, BUT I AM NOT SANTA CLAUS.

The German Club will have to do their part in this deal.

Like any other creditor, I want to know that I am going to be paid back in a timely manner.

However, unlike the club's bankers, I will sit down with the board of directors and get creative about doing the loan and figure out a way the club can pay back the loan without messing up the club's finances.

I will be happy if the club can repay the loan over the next year and a half or so. It will not hurt me one bit financially to do this loan and it will help the club immensely.

YES, EVEN I GET STUCK IN CONVENTIONAL THINKING ONCE AND A WHILE.

You know, it took a while for it to dawn on me how to help the club, so don't be too hard on yourself if it is taking a while for you to understand the power of self financing.

BOY IS NEW AND DIFFERENT FROM ANYTHING WE KNEW BEFORE.

I am not used to having the amount of liquid cash available that I now do. I would not naturally think in terms of using this cash to help myself and my club. I still look at my BOY premium payments as a bill instead of the savings accumulation that it actually is! The increases that occur in the plan values still sneak up on me.

Please don't get me wrong. This is a far better problem to have than not having the money available to back me up.

All of you, whether your plans are a year old or 5 years old, are working toward this same situation.

Enjoy the ride and enjoy the fruits of your labor.

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