

*I read somewhere that the average American household carries over 16k of unsecured debt. That sounds like a lot of money. I hope my presentation can help with that.

My presentation is called income, livecome and wincome. I created this presentation to help people understand some very specific things. To identify and be accountable to earning their income. To identify their livecome. And to understand and manage their wincome.

Let's begin with the definition income. Income is money received, especially on a regular basis, for work or through investments.

Livecome is not a real word but a word that I made up to help me understand what I was spending my money on. livecome also helped me understand the difference between things that I needed and things that I wanted. My definition of livecome, is: That, which I absolutely need to live. Let me say it again, that which I absolutely need to live.

Wincome is a word I made up to help me recognize that by managing my livecome, responsibly, I would leave more money in my bank account for allocating to things that are important to me. My definition of wincome is, The amount or difference between your income and your livecome. I call it wincome because the more money I had in my bank account, the more I felt that like I was winning.

Income has a clear definition ***Money received on a regular basis*** This is what you can count on, whether it's weekly, every other week, or however often you get paid. Income is the money that is coming IN to your spending budget. I bring up the word budget because I want to compare budget with livecome. These two seem like the same thing, but they are not.

Budget, by definition, is an estimate of income and expenditure for a set period of time. Another definition is, a particular amount of money set forth (in a budget). If we go back to my definition of livecome, which is, ***what you absolutely need to live***, you'll see that livecome and budget are different. Let's compare those two and look at the differences with some examples.

The first example I like to use for budget is one that parents understand perfectly. Your kid has a field trip, you hand them \$20 to take on their field trip, how much are you getting back? That's right, ZERO! Why, because the interpretation is, my income is \$20 dollars which means my budget is \$20. Children have no concept of livecome or wincome. They don't see or understand the difference between what they have in their pocket and what they absolutely need on their trip. To them, it's the same thing, \$20 in, \$20 out. They do have the concept of budget, though. The definition of budget, as we went over already is basically, I have this much to spend. See, they understand budget perfectly. The second example I like to use applies when people are using part of the budget definition that says estimate of income and expenditure. This is the part that most people understand as, I'm going to make about this much and I'm going to spend about this much. Here's an example of estimating income and expenditure, my check will be about \$500, and my bills will be about \$400, so, I'm all good. Hold up! There are multiple issues here.

Before I explain those important issues, let me tell you what else people do to make this situation even more challenging. Let's take it from the top. My check will be about \$500 and my bills will be about \$400, so, I'm all good. I have \$100 to spend on **whatever I want**. Now, we have another issue. People have identified wincome without even knowing what it is, and if you don't know what it is, you can't manage it properly. If you remember my definition of wincome, I used the word **allocate** not spend. Instead of spending our \$100 we want to allocate, save, invest or plan. We don't spend on our savings account, on our retirement, on a vacation fund, or even our personal entertainment. We allocate money for those things. We **save** for a rainy day, for our kids' education, for a down payment on a house or a car. We **invest** in our retirement fund, into our business, into our kids and into ourselves. We need to **plan** for family fun expenditures and vacation. Managing your wincome, responsibly is all about allocating responsibly.

Let's go back to, my check will be about \$500 and my bills about \$400, so things are good. I told you, there were multiple issues here. My check will be **about**... That's a NO NO! The first objective of Income, livecome and wincome, is to *identify your income*. So, if you ask yourself, what is my income? The answer should be very clear, a flat dollar amount that you can project down to the nearest penny. That's what your income is. Why is that important? Because that will help you be accountable to yourself. Here's an example, if you make \$15 dollars an hour and you are scheduled to work 40 hours a week you earn \$600. If you're late, if you leave early, or you call in sick, your income goes down. When your income goes down, does your livecome go down? No. Remember, your livecome is what you absolutely need to live, Food shelter, and clothing. Are you going to stop eating because you left work early? Are you going to send less of a rent check or mortgage payment? Stop wearing clothes? No, of course not. Your livecome does not change. You need to hold yourself accountable to earning your projected income. The accountability factor is what is important here. You have to know and respect your value. In this example your employer has assigned your value for the week as \$600. If you leave early, that value goes down, right? Why would YOU lower the value on YOU? Hold yourself accountable to your value and your income.

The other problem is, my bills will be about... NO GOOD! We already went over how to allocate your wincome responsibly but we have to understand there will be no wincome if we do not manage our livecome responsibly. You have to take a good hard look at your bills and determine which bills are livecome and which ones are wincome. You might need to make a list and go over it one item at a time. At each item, ask yourself, do I need this to live? Once you've managed your livecome responsibly you can start allocating your wincome.

So let's sum this up. Income, the amount of money coming in. Get all you can, when you can, while you can and remember, when you are identifying your income, count what you absolutely know you will have, then, hold yourself accountable to getting that.

Livecome, the amount of money that has to go out. The amount that you absolutely need to live. Livecome is not what you want, but what you need. Don't worry about what you want, you will take care of that with your wincome. Manage your livecome responsibly so you have as much wincome as possible.

Wincome, that's the amount from which you allocate funds to certain items that are important to you. You will have to identify what's most important to you. It may be adding the NFL Sunday ticket to your cable package, yoga classes every week, a subscription to netflix, or pizza every Friday night. You may decide to allocate to a retirement fund, a savings account, a vacation fund or keep a stash of money in your nightstand for family recreation. Whatever you decide remember that these things are the things that you **want!**

That is income, livecome and wincome. A fundamental approach to managing your finances. I hope you find the information helpful. Let me leave you with this last statement. "If you can't Identify your income and you don't manage your livecome there will be no wincome...and that my friend, is when the debt come." Coach Mike