



# **Accelerated Mortgage Payoff- Part 4 Know Your LOC's Billing Cycle**

**Keep Your Dollars Working 24/7**

# Scenario Overview

- 375K Mortgage at 4.5% for 30 Years;
- \$6,946.68 deposited each month;
- \$6,447.85 in monthly expenses;
- \$498.83 left after bills are paid and;
- \$10K in savings.

# 30 Year \$375K Loan at 4.5%

- Over 30 years, payments will total \$684,025;
- Interest payments will total \$309,025;
- Additional payments shorten the loan's life and;
- Half of the loan will be paid in 19.75 years;

# Over 12 Months, we can . . .

- Spend \$130 to make \$20,537 in principal payments:
  1. paying an additional \$12,995 in principal;
  2. enabling you to pay off the loan 21 months earlier;
  3. saving \$26,878 in interest payments and;
  4. building a savings balance of \$14,045 . . .
- Instead of growing savings to \$21,132 earning \$354 in interest at 2%?

# Our First Month Using a LOC

Withdraw \$2,519 that costs us just \$.79 in interest;

- Applying it to our mortgage saves us \$6,545;
- Using our income reduced LOC cost by 92.4%;
- We're using our income to refinance debt;
- Question: What's LOC's billing cycle?

# Is Our Billing Cycle 1 - 30?

Billing Cycle		Loan	Withdrawal	Balance	Average Daily Balance	Checking Account	Average Daily Balance
1	Income & Withdrawal	\$1,593.34	\$2,519.07	\$ (925.73)	\$ (925.73)		
2				(925.73)	(925.73)		-
3				(925.73)	(925.73)		-
4				(925.73)	(925.73)		-
5	2nd Income	1,880.00		-	(740.58)	954.27	190.85
6				-	(617.15)	954.27	318.09
7				-	(528.99)	954.27	408.97
8				-	(462.87)	954.27	477.14
9				-	(411.44)	954.27	530.15
10				-	(370.29)	954.27	572.56
11				-	(336.63)	954.27	607.26
12				-	(308.58)	954.27	636.18
13				-	(284.84)	954.27	660.65
14				-	(264.49)	954.27	681.62
15	Income	1,593.34	<b>1,900.07</b>	-	(246.86)	647.54	679.35
16				-	(231.43)	647.54	677.36
20	2nd Deposit	1,880.00		-	(185.15)	2,527.54	765.40
21				-	(176.33)	2,527.54	849.31
28				-	(132.25)	2,527.54	1,268.87
29				-	(127.69)	2,527.54	1,312.27
30	Expenses		4,547.78	(2,020.24)	<b>(190.77)</b>		<b>1,268.53</b>
		\$6,946.68	\$8,966.92				
5.00% Interest Rate & Interest Paid					<b>\$ (0.79)</b>		<b>\$2.11</b>

# What's the LOC's Billing Cycle?

- The billing cycle is the beginning and ending dates used to calculate the Average Daily Balance;
- When you call, be prepared to be surprised;
- If you already have a LOC, you can't change it;
- If you are applying for a LOC, ask early and;
- Reschedule expenses when you know the cycle;

# What if the Billing Cycle Starts on the 30th?

Billing		Average			
Cycle		Loan Payment	Withdrawal	Balance	Daily Balance
30	Expenses		\$4,547.78	\$(4,547.78	\$(4,547.78)
1		1,593.34	2,519.07	(5,473.51)	(5,010.65)
2				(5,473.51)	(5,164.93)
3				(5,473.51)	(5,242.08)
4	2nd Income	1,880.00		(3,593.51)	(4,912.36)
5				(3,593.51)	(4,692.56)
14				(3,593.51)	(4,033.13)
15	Income & Mortgage	1,593.34	1,900.07	(3,900.24)	(4,024.82)
16				(3,900.24)	(4,017.49)
18				(3,900.24)	(4,005.15)
19	2nd Deposit	1,880.00		(2,020.24)	(3,905.91)
20				(2,020.24)	(3,816.11)
29				-	(3,210.01)
		\$6,946.68	\$8,966.92		
5.00% Interest Rate & Interest Paid					\$ (13.38)

**Average Daily Balance**





# One Small Adjustment & We're Set

Billing					Average	
Days	Cycle		Loan Payment	Withdrawal	Balance	Daily Balance
1	30					
2	1	Income & Withdrawal	1,593.34	2,519.07	(925.73)	(462.87)
5	4				(925.73)	(740.58)
6	5	Income	1,880.00		-	(617.15)
7	6				-	(528.99)
15	14				-	(246.86)
16	15	Income & Mortgage	1,593.34	1,900.07		(231.43)
17	16					(217.82)
20	19				-	(185.15)
21	20	2nd Deposit	1,880.00			(176.33)
22	21					(168.31)
29	28				-	(127.69)
30	29	Expenses		4,547.78	(2,020.24)	(190.77)
			\$6,946.68	\$8,966.92		
5.00% Interest Rate & Interest Paid					\$	(0.79)

**Average Daily Balance**

# Schedule Income & Expenses

 Optimize Your ADB 

Average Daily Balance: \$3,496.89

## Optimize Your Average Daily Balance

### Income Deposit Days

Primary bi-monthly deposit of \$1,593.34


1st / 15th

Secondary bi-monthly deposit of \$1,880

5th / 20th


### Loan Payment Days






First mortgage payment of \$1,900.07 15th





### Expenses Payment Days

Property tax payment of \$416.67 30th




 Education  CashFlow  CashMap  My Maps  Settings

 Optimize Your ADB 

## Average Daily Balance Map

Map name

Map name 

Save

### Positive Cash Flow Report

Creating and optimizing your monthly positive cash flow is your first step in getting the most from your hard earned dollars. Your monthly positive cash flow is **\$498.83**. To optimize your cash flow, you want to deposit your funds as early as possible, and defer payments as late as possible. The greater your average daily balance, the better.






Using your selections, your average daily balance is **\$3,496.89**.

Your selections are outlined below.

### Loans

Income	Amount	Day
Primary Bi-Monthly	\$1,593.34	1st and 15th
Secondary Bi-Monthly	\$1,880	5th and 20th

**Income Total \$6,946.68**

 Education  CashFlow  CashMap  My Maps  Settings

Expenses

Expense	Amount	Day
First Mortgage	\$1,900.07	15
Property Taxes	\$416.67	30
Utilities	\$140	30
Home Maintenance	\$116.67	30
Internet	\$100	30
Cell Phone	\$175	30
Lessons	\$300	30
Clothing	\$200	30
Family Activities	\$125	30
Vacation	\$111.11	30
Charity	\$1,333.33	30
Groceries	\$400	30
Dining Out	\$100	30
Gas	\$350	30
Car Maintenance	\$200	30
Copays	\$5	30
All Insurance	\$475	30

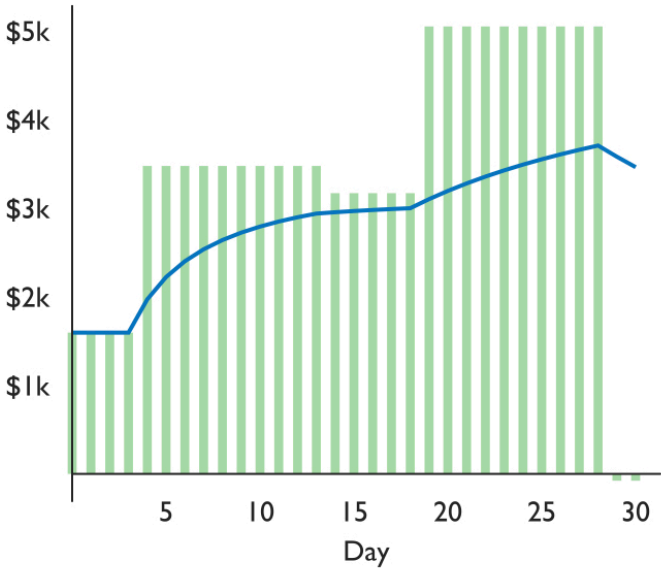
Expenses Total \$6,447.85

Positive Cash Flow  
\$498.83

Optimized ADB  
\$3,496.89

Optimizing your average daily balance enables you to maximize what you earn in your interest bearing accounts and minimize the interest you pay on lines of credit. Optimizing in an interest bearing account means creating a high average daily balance. In a line of credit, optimizing means minimizing your average daily balance. Your selections simultaneously optimize in either situation.

Daily Balance Graph



# A Few Tips

- Set the beginning of cycle to the first date of the greatest income deposited;
- Monthly and bi-monthly deposits allow predictability;
- Weekly & bi-weekly determine the fluctuation;
- Schedule expenses to the end of the billing cycle;
- If a date can't be moved, use your credit card.

# Choose the first option and . . .

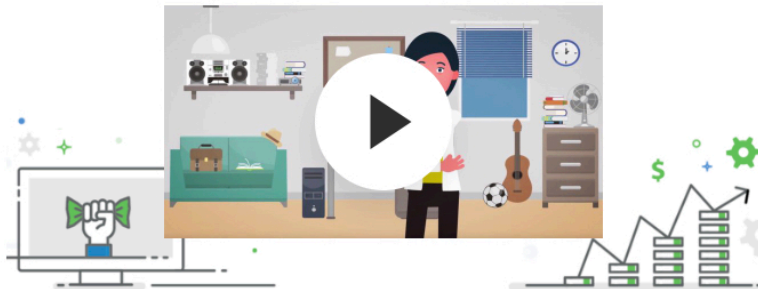
- The mortgage will be paid off in 15 years;
- \$107,915 in interest payments will be avoided;
- Build \$86K in savings in 15 years before taxes and;
- Build \$1.1 million savings in 29 years!

Solution uses a \$15K Line of Credit at 5% interest.

Regain financial  
freedom.

Save thousands of dollars  
in interest by putting your  
income to work.

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your dollars working 24/7.



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your pocket

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**Thank You!**