

## A GUARANTEED INVESTMENT

When we talk about personal savings we are talking about asset accumulation. When we talk about asset accumulation, we are interested in getting a good return on our money – particularly a good after tax return so we can grow the pot bigger and faster. Why? So we have more money to spend on our lifestyle. Most people would agree that if there was a guaranteed investment that was virtually risk free and produced a good healthy return on our money (say 5 – 10 – 15 or better yet, 20% after tax) that we would be pretty happy. We could see that the healthy return would give us a big enough asset that we would have lots of money for things we like to enjoy. We might even be more excited about making the initial investment knowing the rewards are guaranteed.

At 10% guaranteed, even a modest \$100 per month would accumulate to \$10,000 in just over six years. If there was no risk and six years was too long, we would simply chose a higher return. What is the point of all this? Anyone knows that if you get a better return on your money it will grow faster and give you more money to spend. And any financial advisor or good calculator will tell you how long to save for, how much, what rate of return is best to meet your goals, etc. If the return is guaranteed and there is no risk, we can get excited about investing for our future and about all the things we can do with the money we earn. Saving and investing are activities we normally feel good about doing even if we might occasionally be intimidated by the number of options and risks associated with making specific investment choices.

The point is, on the flip side of investing is debt. The big ball and chain many people carry around with them: the dreaded bills, the high interest charges, and the monthly payments that eat into precious cash flow that could otherwise be used for our current lifestyle or for savings and investing.

If the goal of investing is to accumulate say \$10,000 by saving a little each month and getting a high return on our money; the goal of credit is to give us the \$10,000 before we have actually made the monthly investments. The purpose of the monthly debt payments is to now pay for the investment. In exchange for the advance on the investment, the financial institution earns interest.

So what's the guaranteed investment? Quite simply, if you have any outstanding debt, you have already received the accumulated value of your investing – now you just have to make the monthly investments that you would have made if you were saving to accumulate money and earning the return you are now being charged on your debt. If you have debt, you have already cashed in on the investment so rather than begrudging the debt payments and cursing the monthly obligations and interest charges, next time consider your payment as your investment. I guarantee it will make you feel a lot better when you look at your debt as an investment already earned. So, if you are looking for a guaranteed investment with a high return, make payments to your outstanding debt. It's guaranteed – you have already received the value of the investment!!!

