

Here's the skinny: the 4 laws are

1. Track
2. Target
3. Trim
4. Train



[The 4 Laws of Financial Prosperity](http://amzn.to/2xGNeyA) by Blaine Harris

# My Summary

This book was created by The Financial Wellness Group to help people learn the basics of money management.  It organizes financial management principles into four categories: Track, Target, Trim, and Train.

The book uses a storyline about a man getting himself out of financial trouble with the help of his neighbor.  She agrees to loan him up to 2 million dollars if he can master these four principles.  The book chronicles his experience as he learns and applies the principles.  Along the journey, the reader is further instructed in the principles by drawing on both the arthur's wisdom as well as quoting the wisdom of many contributors to this area of human knowledge.

The **first principle or law is TRACK**. Track, in simple terms, means writing down every monetary transaction.  The purpose of tracking everything is to give you insight into your financial situation.

The **second principle is TARGET**.  Target means to set some goals.  The advice given in this book matches the best advice in the world of personal development.

The **third law is TRIM**.  Trim can be simplified by saying live on less to benefit from surplus.  It also means to pay yourself first.  It's not about not spending.  It's about spending differently.

The **fourth law is TRAIN**.  Train means keep learning, asking questions, reading books, and investing your money, so that it will work for you - rather than you work for it.

There are many more tidbits of knowledge in these pages not served by this summary, but these are the main points.  This is one of those books that you know what you read is true as you read it.  My notes from the book are below.  I both listened to the Audiobook and read the doTERRA version of the hard copy.  There is more in the printed book than the audiobook.

doTERRA sells a special edition of this book you can buy along with your oils.  This is part of their Free to Give Program.



# My Notes

* Introduction by the Marcie Redding, daughter of Blaine Harris, co-founder of Financial Wellness Group
	+ Book about Paul Smith and his chance encounter with Mary Sessions
	+ Many people have benefited by these principles
	+ Inspired by actual events - anyone on any income can achieve debt-free prosperity
	+ Book developed by Blaine Harris for Financial Wellness Group
* Stephen R. Covey Forward
	+ We will all deal with economic issues
	+ The book is based on a whole-life approach tying your financial goals into your values and principles
	+ Strikes at the root of money problems
	+ Based on timeless principles (the 4 laws) - 8 Habits
	+ Increases organizational productivity
	+ Written in easy to understand and engaging style (storyline)
	+ Grows out of human experience
* The story starts
	+ The narrator, Paul Smith, is paying bills and becomes discouraged to the point of considering exiting life
	+ He leaves the house to go for a walk and visits his rich neighbor, Mary Sessions.  He asks her for a loan.  She agrees to loan him up to 2 million at 8% if he can demonstrate that he understands the 4 laws of financial prosperity.
* Track
	+ The first thing she asks Paul to do is to Track EVERY SINGLE financial transaction.
	+ You track your money, so you can SEE what you do with your money
	+ The idea isn't to stop spending, it is to CHANGE SPENDING
	+ What you focus on becomes easier
	+ Merely tracking something will improve your finances
	+ You mind needs information to be able to make sound financial transactions (you will be better at managing your financial problems)
	+ By tracking, the family discovered many transactions that could be changed to save money
	+ He became addicted to tracking - the family then became involved
	+ Tracking and score keeping - tracking lets you know where you are at any point in time.
	+ If you measure and track your money, you will play the game better
	+ Cash-flow problem is not the problem
	+ When performance is measured performance improves.  When it is measured and reported back, the rate of improvement accelerates.[note]the book quotes Thomas S. Monson[/note]
	+ "A leaky financial system that allows cash to either drip, drizzle, or flow untamed, sacrifices what you want most in life for the things you want right now."
	+ "You've got to measure it before you can manage it."
* Target - the second law
	+ Personal goal setting is the strongest force in the world
	+ The tracking gives you mind the data, but you need to tell your mind what you want to accomplish with that information: your goal.
	+ We often pay way too much in insurance.  If you don't know what goal to start with, start with improving your net worth by removing debt.
	+ Being debt-free is Paul Smith's first target
	+ "A goal that is not written down is just a wish." - read your goal when you see things that you want.
	+ Paul keeps telling himself that, "Getting out of debt is his first and most important goal."
	+ Retirement, college, a house, and others are also important goals
	+ Only select a few goals to focus on (otherwise you dilute your focus)
	+ Study goals - from many other sources
	+ Anyone can be a millionaire by saving $300 a month during their working career
	+ You might as well set your sights on being a millionaire - that's what you need to do what you want
	+ A pint of sweat today will save a gallon of blood tomorrow.
	+ Life is difficult.  Once you accept it, it no longer matters.
	+ Important things goals need
		- Goals must be written - memory, commitment, and reminders (regular review)
		- Goals not written are wishes
		- Goals must be your own
		- Goals must be positive - imagine how happy you will be when you achieve your goals
		- Goals must be measurable and specific - if you can't measure it, how will you know when you achieve it (It's hard to get to where you want to be without knowing where you want to be right now.  Have in mind exactly where you want to be). "Goals must answer the questions why, how much, and by when."
		- Goals must be stated in the most visible terms possible.  You need to be able to see it.
		- Goals must contain a deadline.  A goals program without deadlines is merely a philosophical statement
		- Goals must contain personality changes - Book Recommendation: [How to Be Rich](http://amzn.to/2wZTYc4) by J. Paul Getty.  Being rich.  First set goals to become before you set goals to have.
		- Goals are the intangible characteristics that make winners who they are - change by choice by setting your own targets rather than waiting for life to force you to change
		- Goals work better if they contain benefits and rewards - treat yourself when you achieve your goals
		- Goals must be realistic and attainable - a yard at a time.  Achieve things a little here and there.
		- Write your goals (why you want to be rich), then write them down in order of importance
		- Things in life more important than financial goals (happiness, family, contribution...)  However, you ability to function in these important areas is highly influenced by your financial stability.  You need to be able to afford and control your life and your contributions.
		- What you are doing is not about the love of money, it is about the love of life.  Applying these principles, helps you get more out of life and greatly reduce your stress.
* Trim - the third law
	+ The third law is to live on less than you earn so you can have a surplus to... reach your goals
		- Not spend less just spend differently
		- Pay yourself first, then live on what is left over
	+ This is the plan - Your PLAN to reach your goal
	+ Create a surplus!
	+ She asked her gardner, Julio, to show Paul his passbook
	+ They would take the surplus and apply it to their goals (his goal was to build his net worth by paying down his debt)
	+ Use what you learn through tracking to see what spending you can redirect
		- Ask, "Do I want this or my financial goals?"
	+ Trimming is redirecting the way we spend
	+ You will find extra money, you don't even know existed
	+ If you save a little each month and invest it.  Like a 10 year old saving $20 at 10% a month until retirement will be a millionaire
	+ Look at the amount you are saving as a payment to yourself
* Train
	+ Reading, asking questions, and learning...
	+ "The only thing worse than investing in things that depreciate is paying interest on money invested in things that depreciate" Blaine Harris
	+ Debt thoughts
		- It doesn't matter how much you earn, it matters where you spend it
		- Take the no-debt pledge
		- **"Set your standard of living lower than your income"**
		- Story of Vietnamese family
	+ Spend
		- Spend your way to wealth
		- Spend is To Allocate - you spend differently
		- Direct your money into channels that build security
		- Other people can do it and so can we
		- "Almost anyone can get out of debt in 5 years"
	+ Out of debt
		- Keep spending - but on things that increase in value
	+ Grow your wealth - put your money to work
		- Invest in things that increase your
		- Those that understand money spend it on assets that generate wealth.  Those who don't understand money, spend it on things that consume wealth, and thus the rich get richer and the poor get poorer.
		- Become the rich 10% that provide the money for the rest of the 90% to borrow
	+ Learn
		- Attend seminars - real estate, stocks, bonds,
	+ Preparation (Train) - learn, invest, make your money earn money
	+ Beliefs
		- Beliefs from parents - hand-me-down attitude
		- Feelings about money
		- Change your beliefs
		- Develop the attitudes and behaviors needed to succeed
	+ Reason to acquire, keep, and manage money
		- Improves the quality of life
		- Eliminates money-worry stress
		- Improves relationships, health, ability to contribute
	+ Principles
		- Track your daily expenses
		- Set Targets
		- Live on less than you earn
		- Pay yourself first
		- Get out of debt
		- Collect interest rather than pay
	+ Borrowing
		- Borrowing is not necessarily bad
		- People may borrow money to get into real estate previously inaccessible to them
		- People who borrow to go to school are statistically better off financially
		- It's smart to borrow to invest in things that improve your net worth
		- Pay it off quickly
* Other words of wisdom
	+ When Paul came to visit Mary later after he paid off most of their debts, he told her he no longer needed her line of credit because his final debt was at a lower percentage and he doesn't want to be in debt anyway
	+ Interest
		- You are likely paying more interest than you are aware of
		- Over the life of the loan, you will end up almost doubling it
		- Borrow for things that increase in income - pay cash for pleasure, comfort, and vanity.
		- Interest can then begin to WORK FOR YOU it never takes a day off, it is completely loyal to you
		- Those that understand interest receive it, those that don't understand it, pay it
		- Albert Einstein said one of the most powerful forces of the universe is compound interest
		- Make the transition from borrower to lender
	+ Spending
		- Paul wants to write a book about all the things that Mary told him
		- Pay yourself first - build your net worth (beginning with debts and then investments)
		- Spend your way to wealth
		- Creating wealth is not so much a function of budgeting and belt tightening, rather it is just spending differently
		- Different families with similar incomes live very different financial lives, some always seem to have plenty, others don't
		- "Financial prosperity is more a function of how you spend than how much money you earn."
		- "The lack of money doesn't cause as much financial stress as the lack of ability to spend our money wisely."
		- You can have ANYTHING you need, but not EVERYTHING you want.
		- People with tiny incomes can get ahead.  It takes management and discipline
		- Story of Vietnamese family who choose to live far below their expenses and bought the restaurant they were working at
		- Reasons to get ahead financially
			* Worrying about money is the leading cause of stress-related heart failure
			* Fighting about money is the leading cause of divorce
		- It doesn't matter how much you earn
		- **You are to blame for your financial woes**
		- You always spend whatever you earn - the important thing is where you spend it
	+ More Money To Manage
		- Becoming a better money manager will make you better in other areas of life
		- These principles are never taught in schools
		- The natural human wants gravitate us away from these principles
		- Benjamin Franklin (on the $100 bill, and new world first millionaire) his principles (two rules)
			* Manage money you have
			* Create more money to manage
		- Regenerating Income Principle
			* Income not tied to labor
			* Generates income even without you there
			* Money earning money
		- Share what you learn
	+ The 4 Laws
		- Paul thinks people reading his book need a Mary Simmons
		- Life is to be enjoyed

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This book is promoted by a company called Financial Wellness Group

Roger Merrill[note]Roger Merrill is from the company The Financial Wellness Group.  They put together a video they promote along with this book.  Here is the link to that video (<http://themoneyplanner.com/video_wayoflife.php>).  The following quote is from this video.[/note] said, "The ability to manage money is absolutely critical to the quality of life."

[su\_spoiler title="More from The Financial Wellness Group" style="fancy"]Roger Merrill also said,

* "The ability to manage money is absolutely critical to the quality of life."
* "Simply accumulating just to be rich is an incomplete and shortsighted goal, but learning how to manage money wisely and with purpose has a huge impact not only on the actual availability of your money but also on relationships, levels of stress, lifestyle choices, your ability to contribute, and your personal peace.  Like time, money demands attention.  Either you manage it or it manages you.  There is no other choice.
* One is financially well when money is an enabling element of life not a distracting element.
* To improve when you desire to change you need to do two things: First, to understand and believe in relevant valid principles.  And Second, to develop ways to remember what you want to do and why.
* 4 Fundamental principles of financial health: Track, Target, Trim, and Train.

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