MASTER YOUR CASH FLOW

Audiobook companion

The figures and tables from the book, in full. Pinch to zoom, scroll the wide tables sideways, or download the whole set as a PDF.

FIGURE 1

The cash flow funnels

How people normally think of cash flow and saving income.

Chapter 3, page 55

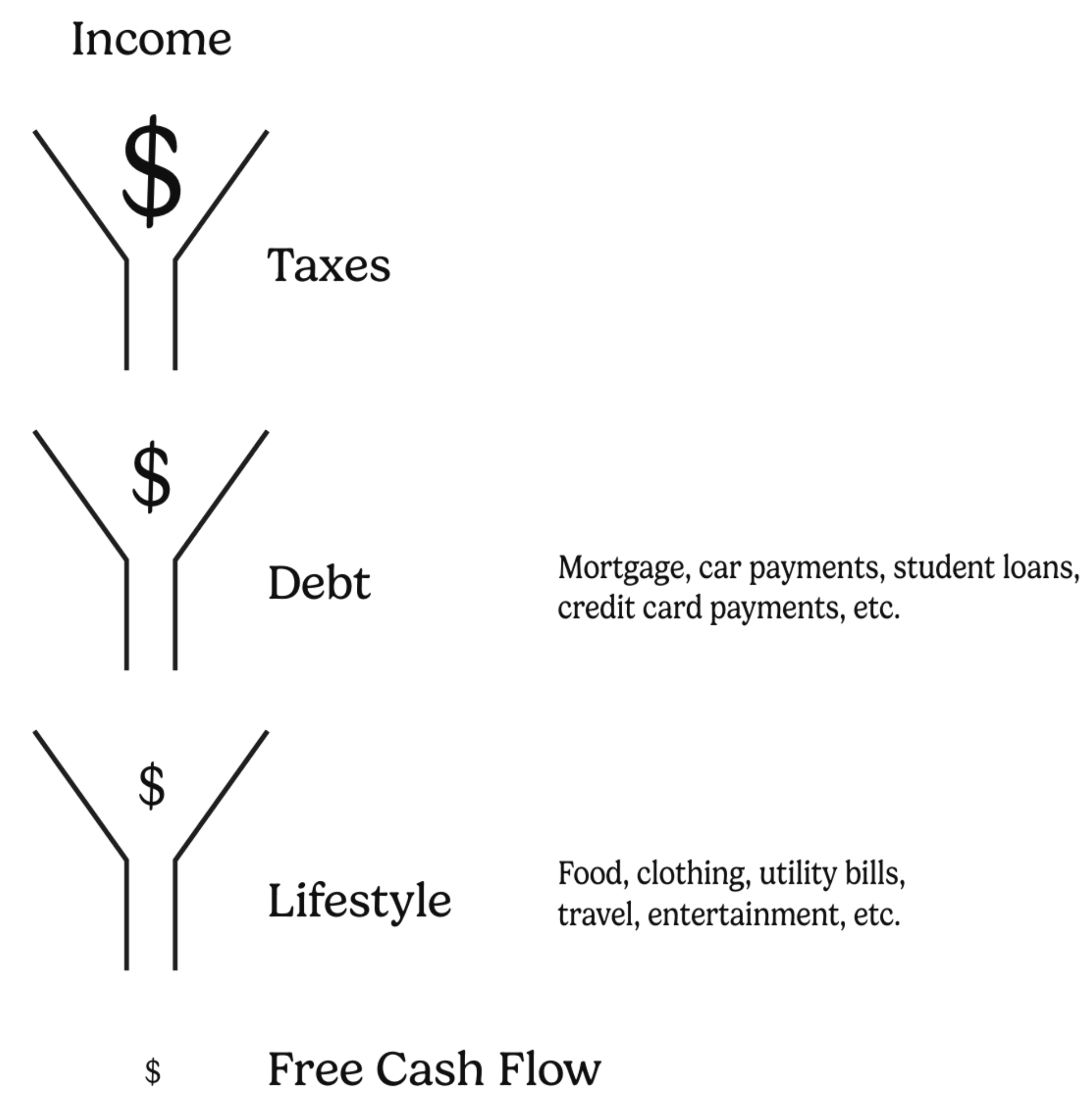


TABLE 1

The power of compounding

Savings now versus later.

Chapter 5, page 77 · 7% assumed rate of return

	The Go-Getter		The Slowpoke	
Year	Contribution	Wealth	Contribution	Wealth
1	$5,500	**$5,885**	$0	**$0**
2	$5,500	**$12,182**	$0	**$0**
3	$5,500	**$18,920**	$0	**$0**
4	$5,500	**$26,129**	$0	**$0**
5	$5,500	**$33,843**	$0	**$0**
6	$5,500	**$42,097**	$0	**$0**
7	$5,500	**$50,929**	$0	**$0**
8	$5,500	**$60,379**	$0	**$0**
9	$5,500	**$70,490**	$0	**$0**
10	$5,500	**$81,310**	$0	**$0**
11	$0	**$87,001**	$5,500	**$5,885**
12	$0	**$93,092**	$5,500	**$12,182**
13	$0	**$99,608**	$5,500	**$18,920**
14	$0	**$106,581**	$5,500	**$26,129**
15	$0	**$114,041**	$5,500	**$33,843**
16	$0	**$122,024**	$5,500	**$42,097**
17	$0	**$130,566**	$5,500	**$50,929**

	The Go-Getter		The Slowpoke	
Year	Contribution	Wealth	Contribution	Wealth
18	$0	**$139,705**	$5,500	**$60,379**
19	$0	**$149,485**	$5,500	**$70,490**
20	$0	**$159,949**	$5,500	**$81,310**
21	$0	**$171,145**	$5,500	**$92,886**
22	$0	**$183,125**	$5,500	**$105,274**
23	$0	**$195,944**	$5,500	**$118,528**
24	$0	**$209,660**	$5,500	**$132,710**
25	$0	**$224,336**	$5,500	**$147,884**
26	$0	**$240,040**	$5,500	**$164,121**
27	$0	**$256,843**	$5,500	**$181,495**
28	$0	**$274,822**	$5,500	**$200,084**
29	$0	**$294,059**	$5,500	**$219,975**
30	$0	**$314,643**	$5,500	**$241,258**
31	$0	**$336,668**	$5,500	**$264,032**
32	$0	**$360,235**	$5,500	**$288,399**
33	$0	**$385,452**	$5,500	**$314,472**
34	$0	**$412,433**	$5,500	**$342,370**
35	$0	**$441,303**	$5,500	**$372,221**
36	$0	**$472,195**	$5,500	**$404,161**
37	$0	**$505,248**	$5,500	**$438,337**

	The Go-Getter		The Slowpoke	
Year	Contribution	Wealth	Contribution	Wealth
38	$0	**$540,616**	$5,500	**$474,906**
39	$0	**$578,459**	$5,500	**$514,034**
40	$0	**$618,951**	$5,500	**$555,902**
41	$0	**$662,277**	$5,500	**$600,700**
42	$0	**$708,637**	$5,500	**$648,634**
43	$0	**$758,241**	$5,500	**$699,923**
Total	**$55,000**		**$181,500**	

> The Go-Getter saves for the first ten years and then stops. The Slowpoke waits ten years, then saves for the next thirty-three. The Slowpoke puts in more than three times as much money — $181,500 against $55,000 — and still ends up behind.

TABLE 2

The power of compounding

Savings now versus later — saving big.

Chapter 5, page 80 · 7% assumed rate of return

	The Go-Getter		The Slowpoke	
	Savings $100,000/year from year 1		Savings $100,000/year from year 11	
Year	Contribution	Wealth	Contribution	Wealth
1	$100,000	**$107,000**	$0	**$0**
2	$100,000	**$221,490**	$0	**$0**
3	$100,000	**$343,994**	$0	**$0**
4	$100,000	**$475,074**	$0	**$0**
5	$100,000	**$615,329**	$0	**$0**
6	$100,000	**$765,402**	$0	**$0**
7	$100,000	**$925,980**	$0	**$0**
8	$100,000	**$1,097,799**	$0	**$0**
9	$100,000	**$1,281,645**	$0	**$0**
10	$100,000	**$1,478,360**	$0	**$0**
11	$100,000	**$1,688,845**	$100,000	**$107,000**
12	$100,000	**$1,914,064**	$100,000	**$221,490**
13	$100,000	**$2,155,049**	$100,000	**$343,994**
14	$100,000	**$2,412,902**	$100,000	**$475,074**
15	$100,000	**$2,688,805**	$100,000	**$615,329**
16	$100,000	**$2,984,022**	$100,000	**$765,402**

	The Go-Getter		The Slowpoke	
	Savings $100,000/year from year 1		Savings $100,000/year from year 11	
Year	Contribution	Wealth	Contribution	Wealth
17	$100,000	**$3,299,903**	$100,000	**$925,980**
18	$100,000	**$3,637,896**	$100,000	**$1,097,799**
19	$100,000	**$3,999,549**	$100,000	**$1,281,645**
20	$100,000	**$4,386,518**	$100,000	**$1,478,360**
21	$100,000	**$4,800,574**	$100,000	**$1,688,845**
22	$100,000	**$5,243,614**	$100,000	**$1,914,064**
23	$100,000	**$5,717,667**	$100,000	**$2,155,049**
24	$100,000	**$6,224,904**	$100,000	**$2,412,902**
25	$100,000	**$6,767,647**	$100,000	**$2,688,805**
26	$100,000	**$7,348,382**	$100,000	**$2,984,022**
27	$100,000	**$7,969,769**	$100,000	**$3,299,903**
28	$100,000	**$8,634,653**	$100,000	**$3,637,896**
29	$100,000	**$9,346,079**	$100,000	**$3,999,549**
30	$100,000	**$10,107,304**	$100,000	**$4,386,518**
31	$100,000	**$10,921,815**	$100,000	**$4,800,574**
32	$100,000	**$11,793,343**	$100,000	**$5,243,614**
33	$100,000	**$12,725,876**	$100,000	**$5,717,667**
34	$100,000	**$13,723,688**	$100,000	**$6,224,904**
35	$100,000	**$14,791,346**	$100,000	**$6,767,647**

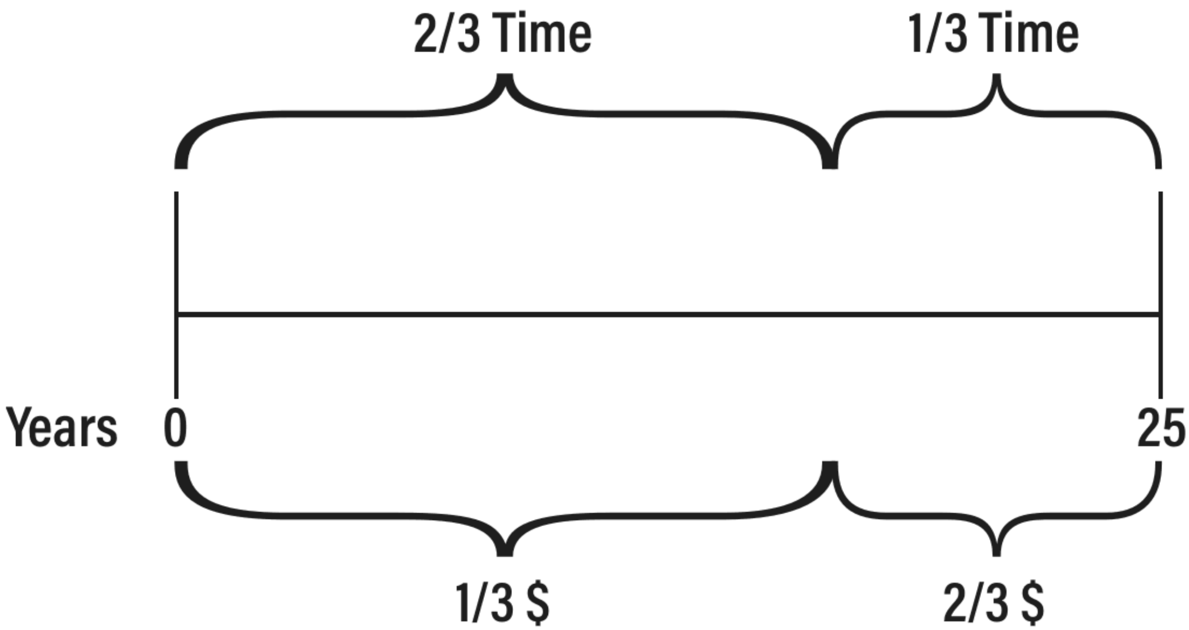
	The Go-Getter		The Slowpoke	
	Savings $100,000/year from year 1		Savings $100,000/year from year 11	
Year	Contribution	Wealth	Contribution	Wealth
36	$100,000	**$15,933,740**	$100,000	**$7,348,382**
37	$100,000	**$17,156,102**	$100,000	**$7,969,769**
38	$100,000	**$18,464,029**	$100,000	**$8,634,653**
39	$100,000	**$19,863,511**	$100,000	**$9,346,079**
40	$100,000	**$21,360,957**	$100,000	**$10,107,304**
41	$100,000	**$22,963,224**	$100,000	**$10,921,815**
42	$100,000	**$24,677,650**	$100,000	**$11,793,343**
43	$100,000	**$26,512,085**	$100,000	**$12,725,876**
Total	**$4,300,000**		**$3,300,000**	

> Here both savers keep going for the full forty-three years. The Slowpoke never catches up, and the gap keeps widening.

DIAGRAM

Two-thirds of the time, one-third of the dollars

Chapter 5, page 82

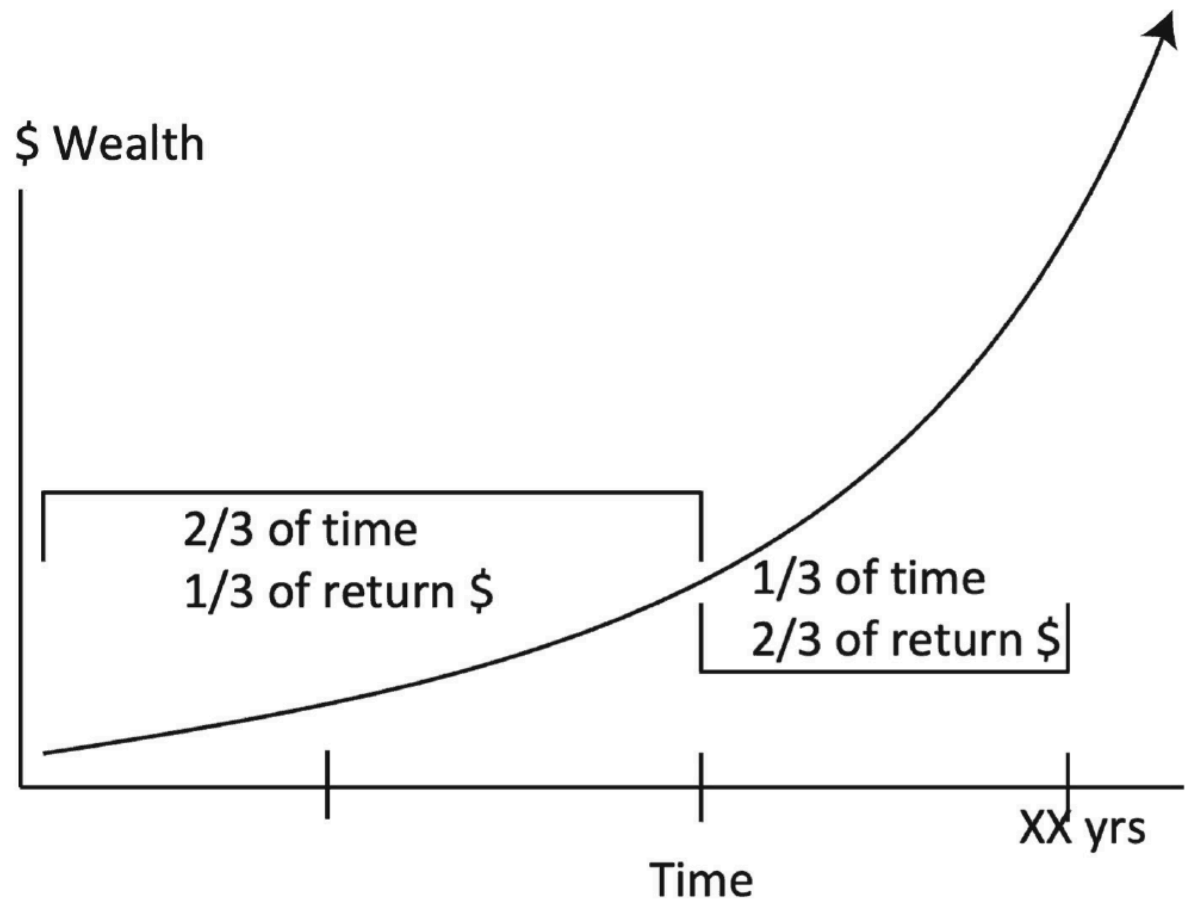


The first two-thirds of the time period, you only accumulate one-third of the dollars of wealth you need. The last one-third of the time, you accumulate two-thirds of the wealth you need.

DIAGRAM

The geometric jump

Chapter 5, page 83



If you have saved faithfully, the “magic” of compounding occurs in the last one-third of the time, generating two-thirds of the returns.

TABLE 3

Tax Savings Savings Effect

(Or how to turn $3,000 into $5,000 without working harder.)

Chapter 6, page 91 · 40% assumed tax bracket

Amount	Tax rate	Tax owed
$3,000	40%	**$1,200**
$1,200	40%	**$480**
$480	40%	**$192**
$192	40%	**$76.80**
$76.80	40%	**$30.72**
$30.72	40%	**$12.29**
$12.29	40%	**$4.92**
$4.92	40%	**$1.97**
$1.97	40%	**$0.79**
$0.79	40%	**$0.32**
$0.32	40%	**$0.13**
$0.13	40%	**$0.05**
$0.05	40%	**$0.02**
$5,000 (rounded total)	**40%**	**$2,000**

> To save $3,000 outside a tax shelter, you have to earn $5,000 and pay $2,000 in income taxes. Shelter it instead — in a 401(k), say — and you can run the same cascade in reverse.

TABLE 4

Leveraging the equity in your home to create investable cash

Take out a $250,000 mortgage at 4 percent, invest it for returns of 7 percent.

Chapter 6, page 98

CASH IN	
Income earned from investing	**$17,500**
Less income taxes on that income (blended capital gains and ordinary rates)	**−$5,250**
Net income	**$12,250**
CASH OUT	
4% interest on a $250,000 mortgage	**$10,000**
Less possible tax savings on deducting interest ($10,000 × 40%)	**−$4,000**
Net cost	**$6,000**
NET CASH FLOW FOUND	
Possible net investable cash created	**$6,250**
If saved in a 401(k), and the tax savings saved too	**$10,417**

> Sophie increased her net cash flow by $6,250 a year without working one day longer — and by more than that after tax, because she could deduct the mortgage interest.

Master Your Cash Flow: Let Them Eat Cake And Build Wealth Too!
by Al Zdenek and Amin Boroomand.