



## **Retirement & Making Your Money Work For You**

*“Most seniors do not plan to fail....  
they fail to plan!”*

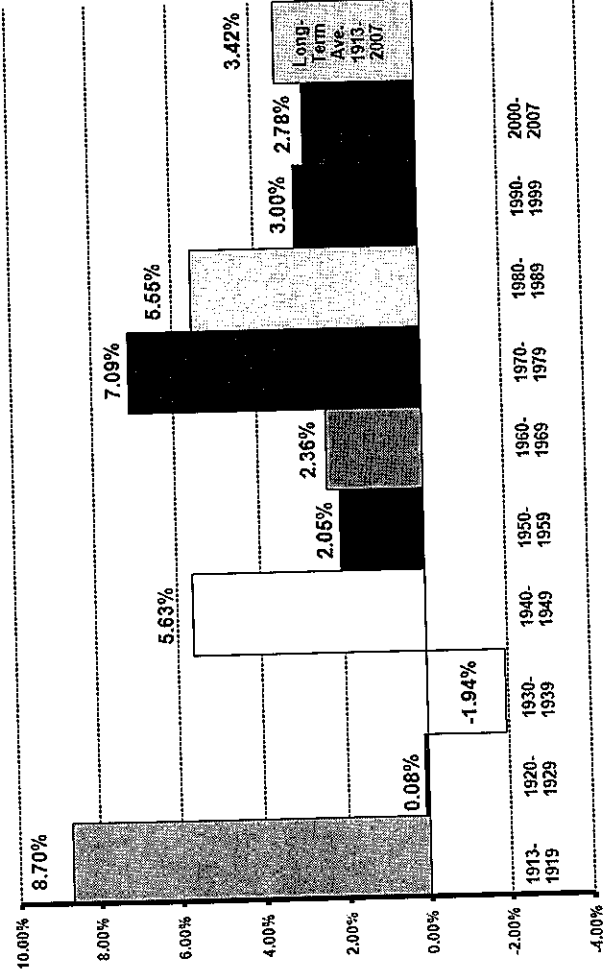
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# Why Invest?

## Reason #1 - INFLATION

Definition: an increase in the price you pay or a decline in the purchasing power of money (measured by the U.S. Bureau of Labor Statistics).

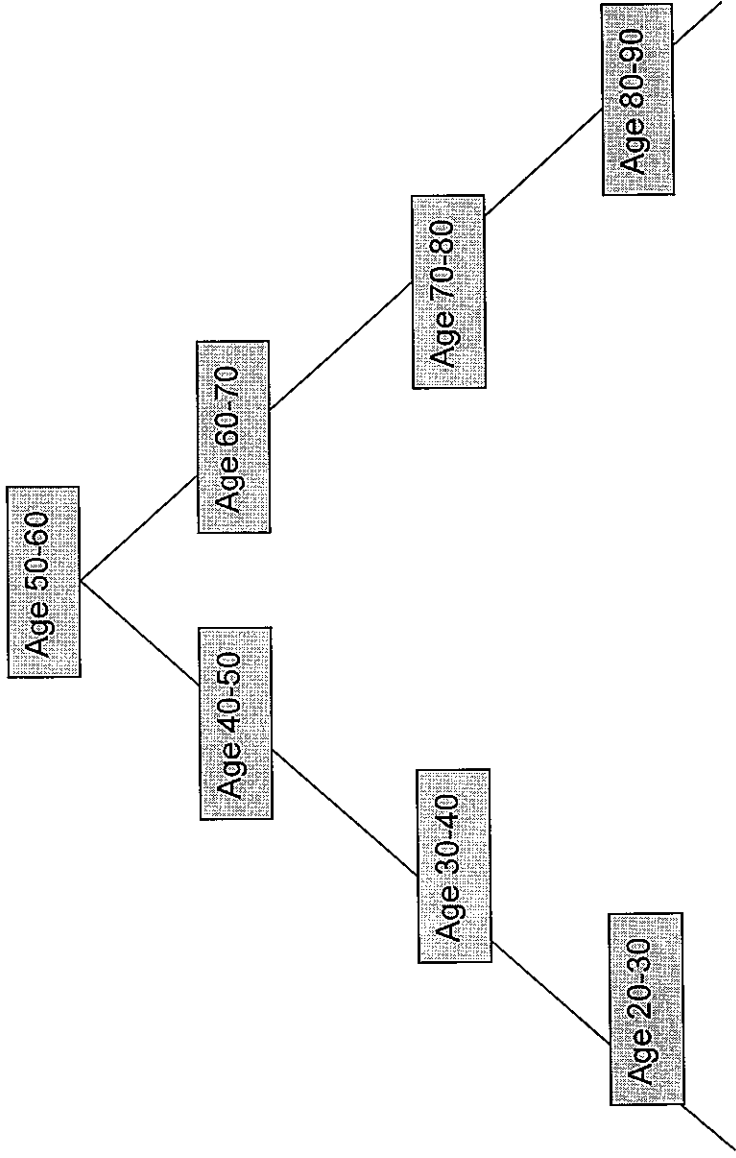
Average Annual Inflation by Decade  
© 2008 InflationData.com



Salaries have not kept pace with Inflation.

	1977-1987	1987-1997	1997-2007
% of Inflation Increase / Year	5.30	4.69	4.68
% of Salary Increase / Year	3.10	3.69	2.02

## Reason #2 – TAX ADVANTAGE

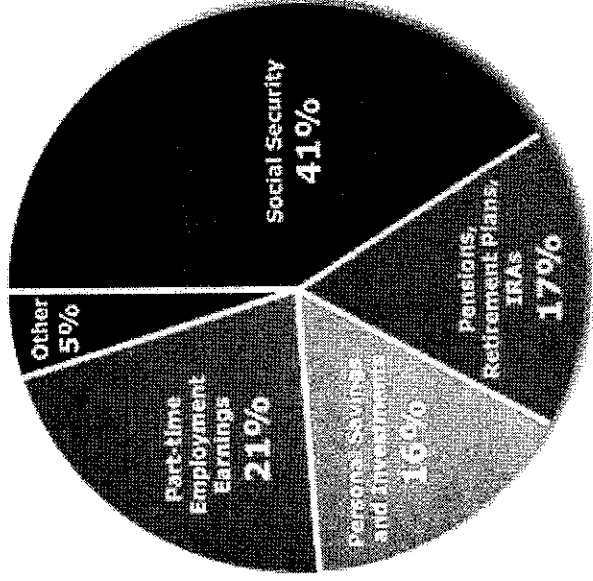


### Real Estate Investments Provide:

1. **Tax Shelter** during your Greatest Income Producing Years (20 – 60 years old).
2. **Income Needed** during your Least Income Producing Years (60 – 90+ years old).

## Reason #3 RETIREMENT

According to the Social Security Office, this is where Retirees currently receive Retirement Income.



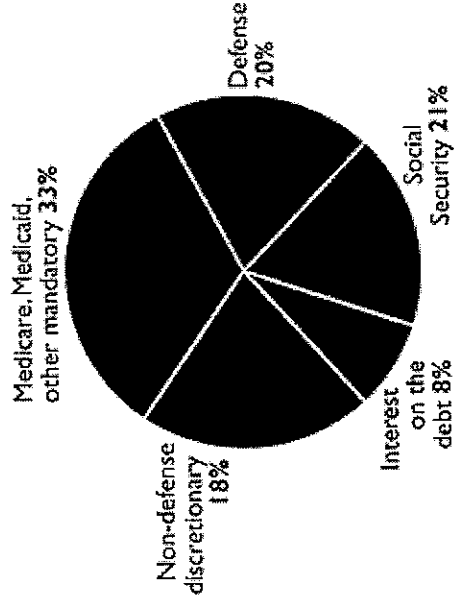
**Most Seniors  
Don't Plan to Fail,  
They Just Fail to  
Plan!**

- FACT:
- 1) 50% of seniors depend on SS to cover 50% of living expenses
  - 2) Average senior gets \$1011 in SS per month
  - 3) Americans within 10 yrs of retirement have saved \$88,000  
If you bought an annuity, figure \$653 per month income
  - 4) Retirees average \$330/mo extra health insurance & \$66/mo for prescriptions - \$393/mo for additional health care needs
  - 5) \$1268/mo is left to cover all other living expenses

According to the *Department of Commerce of Seniors.*

- 1% are Self-Supporting
- 24% Work for a Living
- 30% Depend Upon Charity
- 45% Depend on Relatives

## The Government Deception



**How U.S. Income Tax Dollars are Spent**

## Social Security - The Future

Year	# of Workers	Per Retiree
1930	50	1
1950	16.5	1
2030	2	1
2043	Funds Depleted	Funds Depleted

Source: Social Security Administration 2005 OASDI Trustees Report

## Longevity of Seniors is Increasing.....Dramatically!

- 13 million Americans are over 65 & by 2050, 80 million Americans
- 75 million Baby-Boomers are retiring over the next 15 years
- Seniors over 85 are the fastest growing segment of the over 65 population
- Seniors 65-84 spend about \$5000/yr on Health Care Costs and Seniors over 85 spend about \$16,000/yr

***What is Your Retirement Plan?.....Have You Done the Math?***

## How Much Do I Really Make & Spend Each Month?

Monthly Income	Monthly Expense	Minimum Payment	Balance Owing
<i>Salary:</i>	Housing (mortgage or rent payment)		
	Utilities		
	Groceries		
<i>Rental Income:</i>	Eat Out (lunch)		
	Eat Out (dinner)		
	Family Necessities (laundry, hair cuts, etc)		
	Phone + Cell Phone + Computer Line		
<i>Other Income / Child Support:</i>	Medical Insurance		
	Life Insurance		
	Car Insurance		
<b>Gross Monthly Income (a):</b>	Car gas & repairs + maintenance		
	Clothing		
	Gifts		
<b>Less Monthly Taxes (federal &amp; state) + Social Security (b):</b>	Recreation + Entertainment		
	Church & Charity		
	Education Costs – Student Loans		
	Savings		
	Retirement Plan		
	Car Payment		
<b>Net Income (a-b=c):</b>	Credit Card Payments		
	Installment Payments		
	Furniture + Appliance Payment		
	Equity Line or Loan Payment		
	Vacation / Trips Away		
	Other		
<b>Total Net Income:</b>	<b>Total Monthly Expense</b>		



## Determine Your Net Worth – Your Annual Report Card

<b>Personal Balance Sheet</b>	
<b>Liquid Assets</b>	<b>Value</b>
Cash	
Savings	
Marketable Securities	
Life Insurance (cash value)	
<b>Total Liquid Assets (a)</b>	
<b>Other Assets</b>	<b>Value</b>
Stocks (market value)	
Bonds (market value)	
Real Estate Investments (market value)	
Residence (market value)	
Automobiles (current value)	
Household Furnishings	
Jewelry & Furs	
Other	
<b>Total Other Assets (b)</b>	
<b>Total Assets (a+b=c)</b>	
<b>Liabilities</b>	<b>List All Debt Owed</b>
Current Payables	
Installments Debt	
Mortgage Loans	
Notes Payable	
Other Debts	
<b>Total Liabilities (d)</b>	
<b>Net Worth (c-d)</b>	

A List of "Essential" Things that Working People Say They Spend Their Money On! Are You One of These People?

Monday - Friday	Cost / Day	Cost / Week	Cost / Month	Cost / Year
Breakfast coffee & bagel or donut	\$2.20	\$11.00	\$47.67	\$572.04
Can of Coke at work	\$.75	\$3.75	\$16.25	\$195.00
Dinner out, Tuesday & Friday	\$15.00 incl tip	\$30.00	\$130.00	\$1560.00
Movie rental (2) Friday night	\$7.90	\$7.90	\$33.97	\$407.64
Lunch out	\$6.75	\$33.75	\$146.25	\$1755.00
<b>Total Costs</b>		<b>\$86.40</b>	<b>\$374.14</b>	<b>\$4489.68</b>
<b>Saturday - Sunday</b>				
Lunch out while shopping	\$7.50	\$7.50	\$32.50	\$390.00
Movie & snacks (2) - twice / month	\$23.50		\$47.00	\$564.00
Nice Dinner out (2) - once / month	\$45.00 incl tip		\$45.00	\$540.00
<b>Total Costs</b>			<b>\$124.50</b>	<b>\$1494.00</b>
<b>Total Costs / Year</b>		<b>\$93.90</b>	<b>\$498.64</b>	<b>\$5983.68</b>

*By just cutting the "essentials" in half, you'll save in excess of \$15,000 in 5 years!*

## Earnings & Savings Chart

Year Old	Average Salary	10% Savings Yearly	Compounding Factor Rounded	Future Retirement Fund
25	\$20,000	\$2,000	443	\$886,000
30	\$30,000	\$3,000	271	\$813,000
35	\$40,000	\$4,000	164	\$656,000
40	\$60,000	\$6,000	98	\$588,000
45	\$70,000	\$7,000	57	\$399,000
50	\$80,000	\$8,000	32	\$256,000
55	\$90,000	\$9,000	16	\$144,000
60	\$100,000	\$10,000	6	\$60,000

*NOTE: Assumed an annual 10% savings, coupled with a 10% compounded annual return on investment & a typical retirement age of 65.*

### How Many Dollars Have Americans Saved for Every \$100 They've Earned Over the Last 15 Years?

1990	\$6.99	1998	\$4.23
1991	\$7.70	2000	\$2.27
1994	\$4.75	2002	\$1.97
1996	\$3.95	2004	\$0.60

SOURCE: U.S. Department of Commerce

## What is Leverage & How Does It Work?

### Example - \$10,000 to Invest

	Money Market Account	Gold & Silver	Stocks & Mutual Funds	Savings Account	One Year CD	Real Estate Investments
Initial Investment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000 Buy \$100,000 Property
Rate of Return Before Tax	1.80%*	10%	10%	.70%*	3.75%*	3-4% Nat'l Average 3.2%
Gross Gain	\$180	\$1000	\$1000	\$70	\$375	\$3000
Pay Capital Gains Tax	\$50	\$280	\$280	\$20	\$105	None - Unless Sell Property
Net Gain After Tax	\$130	\$720	\$720	\$50	\$270	\$3000
After Tax Rate of Return	1.3%	7.2%	7.2%	.50%	2.7%	30%

Note: \* Highest rate of return before tax as quoted by local banks.

**Definition of Leverage:** Taking a little money to tie up a big asset!

**Growth of Asset:** Based on value of total asset, not initial investment.

**FACT:** Our national economists will tell you that inflation is about 3-5% annually. If you do the math, you'll see that true inflation runs about 5-8%. Your money actually loses money sitting in a bank. That's why people who want to achieve financial freedom do so through real estate investments. Your earned income will never keep pace with inflation.

# How Do I Get Started?

## Plan & Sacrifice for Your Financial Future

- 1) Get your financial house in order & get out of *debt*  
Eliminate your “essential” spending to power pay *debt*
- 2) Use credit cards to “float” your money – not purchase items  
Have household credit card to verify monthly spending
- 3) Determine what your long-term financial goals are – retirement, parent care, college, etc. - & strategize a plan to get there
- 4) OPM (other people's money) – use leverage (mortgages) to optimize your money & learn to manage your money yourself

## Make Your First Property Your First Investment Property

- 1) Buy your first home in anticipation of making it your 1<sup>st</sup> rental property
- 2) Live in the home, make necessary improvements or repairs to make durable for tenants & get to know your neighbors - encourage them to call you if there are any problems with the tenants or the property
- 3) Save the money to buy the next property (within 1-3 years) - buy your next property same as before - & repeat pattern until have desired number of rental properties to meet your future financial objectives
- 4) Make your last purchase your dream home!

## Leverage Your Current Home for Investment

- 1) Determine the current value of your home & what market rent would be
- 2) Only if needed, determine equity position & refinance mortgage to draw enough cash to make next purchase & eliminate current *debt* – make sure not to leverage more than 80% of value & make sure that the cash flow from rental is positive, not negative

## Hire the Right “Team” of Professionals

The Facts: From 1993 to 1996, 50 new agents/month entered the real estate business – 48% of total membership in HRRA (3790 agents)  
Most people hire the 1<sup>st</sup> or 2<sup>nd</sup> agent they speak with due to laziness  
Ask for referrals & interview at least 3-5 agents, or any professional, to insure you have made a good selection

Once You've Got a Handle on Your *Actual* Spending, then You Can Figure How Much You'll Need to Retire.

**What the Financial Planners say.....**

The Rule of 25 – to estimate the amount needed from personal assets in retirement at age 67

Age	Current Gross Income	Projected Gross Income Before Retirement	85% Retirement Spending Needed	Estimated Social Security & Pension Income*	Income Gap to be Funded by Retirement Assets	Multiply Income Gap by 25 Retirement Assets Necessary
45	\$80,000	\$109,365	\$92,960	\$52,960	\$40,000	\$1,000,000

NOTES: \* Social security income of \$24,816 based on Social Security Administration data plus a hypothetical pension income of \$28,144

Source: Fidelity Investments – “Improving Retirement Readiness”

**Retirement is about Cash-Flow, not a pile of Cash!**

Old school – need 70 – 80% of current income for retirement  
 Assumes that house is paid off & those housing monies are targeted for future medical expenses.

New school – need 100+% of current income for retirement  
 Assumes an active life-style in retirement & an extended life expectancy for retirees

**Using Real Estate Investments as Primary Retirement Vehicle**

Rents rise with inflation – hedges the cost of future goods

Monthly Retirement Income Needed	Gross Monthly Income Required*	Average Monthly Rental Income	Rough Number of Rental Properties Needed	Total Number of Rental Properties Needed*
\$6000	\$8340	\$900	9.27	13
\$4000	\$5570	\$900	6.19	10

NOTES: \* Based on 28% income tax rates

\* Total number of rental properties needed – the difference in rough number of properties is based on covering carrying costs – insurance, real estate taxes, repairs & maintenance, future replacement reserves, etc.

## What Will College Costs? – Children Born in 1996

	Public	Private
Annual College Costs Today	\$8,000	\$20,000
Education Fund Started at Birth	\$500	\$500
Current After-tax Return	8%	8%
Assume College Inflation Rate	5%	5%
Future 1 <sup>st</sup> Year Cost in 18 Years	\$19,253	\$48,132
Future Total Cost of College	\$82,983	\$207,457
<b>To Reach Your Goals, You Must</b>		
Make a One Time Deposit Today of	\$17,984	\$45,710
or Make Annual Contributions of	\$1,632	\$4,149
or Make Monthly Contributions of	\$135	\$344

### Learn to Use Leverage for Costly Future Expenses!

Madison (ages 0-3 yrs) – Saved \$235/month for 3 years = \$8460  
 Bought a house for \$75,000 in 1999 with  
 Madison at my side

Madison (age 5 yrs) – Teach repairs & maintenance (take care of  
 what you own) inspect property annually

Madison (age 7yrs) – Teach records & bookkeeping (make deposits  
 & pay bills) staying organized is key to success

**FACT:** By paying 14 payments per year to the mortgage, instead of 12, the mortgage is paid off in about 15 years. In 15 years, the property value should easily double (\$150,000) with no mortgage owed. When Madison is 18 years old, refinance the mortgage to take enough cash to pay for college expenses (tuition, books, housing & transportation).

# Doud Properties LLC

Eric and Lisa Doud

4730 Tanager Crossing Chesapeake VA 23321  
Office 757-673-7517



## To Whom It May Concern:

As I look back over my life, I have to credit Teresa Brooks with being one of the biggest financial influences in my life. I remember I was getting very frustrated living in an apartment because the management company would not respond when I needed something fixed. I had enough and figured there was a better way. I started going through the paper looking for a new apartment, I could not find anything in my budget even with a room mate. December of 1997, I was a frocked E-4 in the Navy, which means I wasn't getting paid for E-4 yet. I also was attached to ship so I was not eligible to receive Basic Allowance for Housing (BAH). I believe that I was only bringing home \$450.00 every two weeks. My car payment and insurance was \$132.00 a month.

About a 2 week search it finally dawned on me that the monthly mortgage on a small town house for much less then I was renting my apartment for. I called 4 different realtors that didn't want to waist their time working with me because my budget was so low. I was aggravated and I almost didn't call Teresa. When I called she actually took the time to talk to me and asked me to meet at her office. She wanted me to bring all my financial records with me so she could see how best to work with me. She told me that her goal was to sell me a house that I could comfortably afford. Like most 20 year olds only had \$300.00 in my savings account. I thought that I could use my VA loan to get this house, but unfortunately I couldn't even qualify because I didn't make enough money. My only option was to use an adjustable rate Mortgage. I also had to put money down, and when you don't have money that is very difficult. I talked to my family and they decided that they would lend me the rest of the money. I closed on my 3 bedroom 2 bath townhouse (1502sqft) January 28, 1998. My mortgage payment was \$320.97 a month. My room mates (2) were paying the mortgage + some and I ended paying the utilities. It worked out really well for me.

Teresa gave me her money management talk on our first meeting. Although I was not in a position to take on another property, I remembered everything she said about how to build wealth, and how to leverage your assets to create more wealth. I lived in my town house until 2002. My husband to be had a house of his own and we couldn't decide which house to live in. To make it easier we decided to buy a new house and rent the other 2 out. He wanted to use his agent; I didn't want to force the issue so I agreed to meet with this guy. His agent seemed too busy to listen to us and I convinced Eric to meet Teresa.

Again she met us at her office, and went through our finances with us. Eric didn't like that, but I told him that is how she helps us figure out how much house that we can afford comfortably. We were able to buy a HUD home in the same neighborhood as my husband's house. We were married August 24 2002 and we closed on that house September 11, 2002. This home was definitely a "fixer upper" out of the 2 ½ baths not



## Doud Properties LLC

one toilet in the house worked. This started us on a path of buying houses and fixing them up and renting them.

Because of Teresa's influence we have managed to acquire 5 different rental properties, set up our LLC and be on our way to a very comfortable retirement. I know that there are many people that spend all their money on frivolous things, but my husband and I listened to everything Teresa said, we try to put everything in to practice. We will only know if we have succeeded in about 15-20 years when it is retirement time.

Through Teresa's guidance she has shown us it is never about how much money you make it is about what you do with your money. You too can have success, you just have to stop thinking about now and start planning for the future. That means no new car, eating at home, no more manicures and pedicures; you have to cut back so that you can afford to buy the properties. What are you willing to sacrifice now so that you don't have to sacrifice in the future?

I hope that my story is very helpful to anyone who takes the time to read it. If anyone wants to contact me about anything I have written please feel free to do so. I just hope that it has given you encouragement to know that building wealth can be done for an average person with proper guidance from someone that is already where you want to be.

Sincerely,

*Lisa Marie Doud*  
Lisa Marie Doud

## **TERESA BROOKS TESTIMONY**

I first heard Teresa Brooks at her life changing seminars way back 2002. She blew me away. I aligned myself with everything she said. I jumped into the real estate pool head first. Since that time I've bought three properties.

Teresa was a mentor to me. I take mentors very seriously. They are a role model. It's important to surround yourself with successful people. When reaching for your goals we'll all face obstacles, mentors pull you through them.

Teresa is exceptional. She's business minded, efficient, family focused and adventurous! To sum her up in one sentence: She's the best one to tell you the difference between a challenge, an obstacle and to give you a firm NO!

Somewhere along the way I flipped a switch in my head and saw Teresa as a professor not a mentor. I was raised that you don't brown-nose the professor. They teach, you learn and then you create something on your own so they can look at it and be proud of you.

I had a real estate agent before Teresa whom I was fiercely loyal to. Loyalty is huge with me. You don't abandon those who walk the journey with you. However, before long I had a mess on my hands. Two out of the three houses are now 'upside down'. They are worth less than what is owed. Loyalty is important, but if you're on the wrong track, going the wrong way and you're headed for a devastating destination it's time to change direction.

Recently, I've returned to my mentor Teresa Brooks. If you're in a desert sandstorm you grab the waist of the guide so they can lead you out. If you let go of the guide, you'll be LOST. Don't get lost, always be led. I compromised on my guide and paid a heavy price. Who knows where I'd be today if I stayed with her.

I've now flipped back that switch and have returned to my mentor Teresa Brooks. I have my arms securely around the waist of my guide. This time I'm never letting go.

Harrison H. Kramer, MBA  
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Pete and Lisa Walters  
2092 Weybridge Dr  
Virginia Beach, VA 23454

October 21, 2007

To all who have not had the privilege to enjoy the "*Teresa Brooks Experience*",


In 1999, my wife and I finally decided that we wanted to purchase our first home but neither of us had much knowledge about real estate. One day I was talking about finding a real estate agent to assist us, and a co-worker recommended Teresa Brooks. I studied the business card that he handed me and thought, "OK she appears to be just another smartly dressed real estate agent trying to carve out a career". I asked if she was a buyer oriented broker and he responded with great enthusiasm, "she is a real go-getter who employs a take-no-prisoners approach when it comes to finding and purchasing real estate" and "if she cannot find the right house at the right price, then no-one can".

From the very first time we sat down with her, we were immediately impressed and thoroughly convinced that this little fireball of a lady was in fact the real deal and had our best interest at heart. This became even more evident when she arrived in blue jeans and a t-shirt and sporting a multi-tool and flashlight for our first showing, where she immediately commenced to climb into the attic, then into the crawl space; the whole time barking commands like a drill sergeant; "make note of this and of that"; "test all of the electric plugs; "look for leaks under all sinks and toilets". At each house we looked at, she performed the same ritual. Needless to say, she found us the house we were looking for and at the right price.

Fast-forward eight years; under Teresa's tutelage, we have successfully established a strong base upon which to build financial security for our retirement years. Our latest acquisition was a three-unit apartment in Norfolk that can potentially provide us with a net yearly cash flow in excess of \$32,000. This is just an example of what one investment property can do in terms of providing financial security for retirement!

Regardless of whether you are looking to buy your first home, start a real estate investment portfolio, or simply trying to learn the secrets on how the "rich become richer" she is the one person who can help you get there!!

Sincerely,



Pete Walters

**Patrice Ayvazian and Associates**  
**246 Sir Oliver Road**  
**Norfolk, VA 23505**

**To REO Connection,**

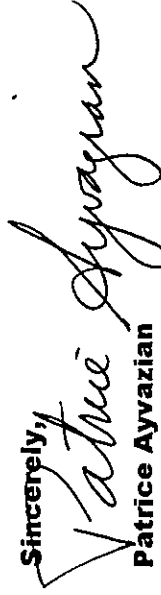
**I have just finished the tapes and accompanying booklet titled Real Estate Investing In The 90's and would like to personally thank Ms. Brooks for this excellent course.**

**As a full time Certified Real Estate Appraiser and Realtor I felt I had the basic background to start my own investment portfolio. My problem was how to get started. Teresa's delivery of the information was organized, logical and easy to follow. The information I found to be just what I needed to supplement my real estate background. By listening to the tapes I felt that Teresa was taking me personally by the hand and showing me the ups, downs, ins and outs. Her no nonsense approach to both the negative and positive aspects of investing was seasoned with her many stories of her own experiences. The workbook allowed me to follow along as Teresa crunched the numbers and see everything in black and white now rather than "in the red" later.**

**Although this series refers to "investing in the 90's" I plan to refer to the workbook and tapes on a regular basis as I take my journey down the path of real estate investing in the 2000's.**

**In the tapes Teresa suggests taking a successful professional to lunch and pick their brain. These tapes have been one great lunch. Thank you Teresa for the wonderful course and your infectious appetite for helping others.**

**Sincerely,**



**Patrice Ayvazian**  
**Patrice Ayvazian and Associates**  
**Certified Residential Real Estate Appraiser**

## Testimonial

When I received a job offer out of state, this caused me to have to pack the family up and move in a short period of time. Given the downturn in the housing market we realized it might take some time to sell our home. After 9 months, 2 real estate agents, 3 showings, and no offers during that time period, my wife and I were becoming extremely frustrated. I then decided to follow a friend's advice and call a realtor that he had recommended to me previously, at which time I called Teresa Brooks. After speaking with Teresa, I was able to be optimistic again that we were going to be able to sell our home, and that a short sale or foreclosure were not our only options. Teresa assessed our property, crunched the numbers, and provided us with different options along with her recommendations on how we could sell our home. After following Teresa's recommendations, we had 3 showings, received an offer, and ultimately sold our home within about 6 weeks. Our experience with Teresa in comparison to our other realtors was night and day. Teresa provided us with professional service and offered us her expert advice throughout the entire process. The one thing I appreciated most about working with Teresa was the fact that she was a straight shooter and her expertise was very evident in the service she provided. The only thing I regretted about working with Teresa was not calling her sooner.

Thank you Teresa!

Jason Currie

## Seminar Questionnaire

1. Presentation of information: \_\_\_\_\_  
\_\_\_\_\_
2. Presentation of speaker: \_\_\_\_\_  
\_\_\_\_\_
3. Was the format educational & entertaining?: \_\_\_\_\_  
\_\_\_\_\_
4. General comments: \_\_\_\_\_  
\_\_\_\_\_
5. Where did you hear about the seminar? \_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
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Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
\_\_\_\_\_

### By my checkmark, please provide me with:

- \_\_\_\_\_ Private consultation with Teresa Brooks  
(After you've completed your homework, call Teresa to schedule)
- \_\_\_\_\_ Presentation of a seminar(s) to another group - **FREE**  
(Call Gwyneth @ 288.6642 to schedule group presentation)
- Personal Finance 101 - Money Management Seminar
  - Home Buying 101 - Home Buying Seminar
  - Retirement & Making Your Money Work For You - Retirement Planning Seminar
  - Real Estate Investing 101 - Real Estate Investment Seminar

***Thanks for coming today & don't forget to tell a friend!***