

**The  
Financial  
Banana Split**



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Financial  
Banana Split**

**Financial Literacy From High School To Retirement**

**Bruce A. Rowland, LNHA**

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Banana Split Marketing LLC  
4800 Baseline Road E104-246  
Boulder, Colorado 80303  
www.FinancialBananaSplit.com

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# INTRODUCTION





## 1

# Book's Purpose and Goal

**T**he *Purpose* of this book is to **put you in control of your financial life.**

It's this simple: If you don't control your money, a person or company will and this gives them control over your life because it limits your financial choices.

Understanding and using the information in this book will put you on the path towards this **Goal: The American Dream.** This means owning a fully paid-for home plus having income from financial resources equal to or more-than an average job would pay.

This then allows you to spend your time following your dreams, talents and passions instead of working at a job just because you need the money.

Basically, you'll have the knowledge and skills to successfully grow, protect and manage your own financial resources free from other's control.

How? By reading, understanding and applying this book's step-by-step process:

1. Step One: Gain Money Self-Awareness
2. Step Two: Achieve Financial Literacy
3. Step Three: Collaborate For Wealth Building

Most people believe one or more of these fairy tales about themselves:

1. I'm not **lucky** enough to be rich.
2. I'm not **smart** enough to be rich.
3. I'm not **talented** enough to be rich.
4. I don't know where to **begin** – it's too complicated.

I say nonsense! Here's the truth about you and your financial future: You're **lucky** because you're someone who's discovered this book to read. You're **smart** enough if you can understand this book, written at high school level. You're **talented** enough if you follow and actually use what's in this book. You **begin** right here, right now – at the beginning of my book!

“Knowledge is power” (Sir Francis Bacon, 1597).

In our case: Knowledge = Financial life-changing power.

Here's to your bright future filled with financial fortune and power!

## **How To Use This Book**

The Financial Banana Split is written to be used as a reference tool throughout your financial life cycle:

Saving > Spending > Investing > Retirement.

**Read it** through once to gain exposure to all financial terms and concepts – no need to memorize everything (except students?).

**Use it** as a reference tool and apply its specifics to whatever the financial task or challenge facing you: home buying, investing, establishing credit, etc. to help achieve your best outcome.



## 2

# Ice Cream Makes Me Happy

**A**t the moment you sink your mouth into a sweet, creamy, scoop of ice cream . . . your eyes close, and your nostrils widen as you deeply inhale the sweetened air below. Your mind drifts into the soft cloud of a happy daydream.

It can be a simple vanilla soft serve enjoyed outside a drive-up window on a hot summer day or a complex scoop of bourbon-infused banana ice cream with dark chocolate ribbons, flecked with pieces of honey-glazed toasted almonds, eaten in front of a roaring fireplace on a dark and stormy night.

These words easily transport us to a positive, comfortable place because the language of ice cream is familiar and understood – not the least bit frightening.

This book's goal is to make your relationship with money positive, comfortable, familiar, and understood – not the least bit frightening.

This will enable you to achieve the American Dream: home ownership and financial security.

Goal: Rewrite your STORY and . . . unlock your DESTINY.





### 3

## **Money – What is it and Why should I care?**

**H**ow many ducks or chickens did you trade to the shoe store to buy your sneakers? How many cows would you trade to buy a car or a house?

What? That’s right: Long ago people placed a value on what they owned and if they found someone with something they wanted and who also wanted to make a trade for what they had, a transaction would be done. This is known as “bartering”: trading your goods or services for equal value goods or services.

Then, currency (money - coins and paper bills) - was developed to represent the value of goods (ducks, chickens, cows, etc.) and services (labor to plant a field, sew a dress, etc.). Currency acts as a “medium of exchange” – or “middleman” between parties and represents the value each has to offer. It can be exchanged more easily than exchanging actual goods or services.

This is a huge advantage because now, using money, you don’t have to find someone willing to trade your chickens for their sneakers.

Now you simply give a shoe store a value in currency (money), equal to the sneakers and you're done.

“It's a free country” is an expression most of us have heard.

What does this really mean? Things cost money to buy – they're not free. The “free” in this expression means free will: The Right to make your own decisions about your own life, not have them be made for you by a government.

Well ... so much for politics. But what about your financial freedom? “If you don't learn how to control money, the people and companies that do know how to control money will end-up controlling you” (B.A. Rowland).

This means if you're not in control of your own money – if you're not financially literate, you could sooner-than-later give-up your financial freedom and this translates into giving-up your purchasing power and many life choices.

When this happens, you're limited in how much you can afford to pay for: housing, medical care, education, entertainment, clothing, travel, a car, etc.

And the added stress of always worrying about money is very unhealthy.

**Money is your link to the future.** It's up to you to save, protect and grow it.

If you desire to be healthy, if you desire a brighter future, commit to reading, understanding and using the valuable information in this little book.

It's the smart thing to do and it puts you on the road to financial success enabling you to maintain and expand your financial freedom and lifestyle choices.

You'll be way ahead of those who ignore the practices in this book.

Here's why you should care: to look out for your own self-interest.

And it's doubly important especially if you're not a financial person/student.

Why? To know enough not to be taken advantage of by those who don't have your best financial interests in mind. Who? Everyone else in this world!





## 4

### **True Story - Employee**

**C**an you achieve the American Dream if you start with nothing? Here's a true story illustrating that, with the right mindset, you can !

While I was operating a facility as a licensed nursing home administrator (LNHA) in the Bronx, NY, a longtime employee came to me in tears.

She told me she'd been evicted from her apartment along with her young son and her sister's asthmatic child. She asked if I could somehow help her regain her residence.

Her job was steady, with good pay and benefits, but her boyfriend had "borrowed" several months of rent money, and she had been evicted for non-payment. I called the sheriff's office but was told back-rent charges had to be paid in full before the housing authority would remove the door locks.

Since young children were involved and she was an excellent employee, I offered to loan her money to repay her debt (\$3,500) if she agreed to automatic payroll deductions until the loan was paid back. She agreed.

She and the children returned to their apartment, and she got rid of her “boyfriend.”

The loan was paid back in full and on time.

Later, I learned she had never stopped the automatic payroll deductions I’d set up as her employer. She and I were ahead of our time with the simple, now widely accepted wealth-growing technique known as automatic deductions – we just didn’t know there was a name for it.

After implementing these automatic deductions, she must have made adjustments to her lifestyle (budgeting), because she was also able to fund a savings account. Before I left the business and New York – over 20 years ago – she told me she had saved over \$5,000 dollars.

### **Moral of the Story**

If a victimized, urban, single mother of two – broke, in debt, and evicted from a public housing project – can pull herself together, learn to budget, and accumulate thousands in savings . . .

*SO CAN YOU!!*



**STEP ONE**

**GAIN MONEY  
SELF-AWARENESS**





## 1

# What Is Money Self-Awareness?

**S**elf-awareness is understanding how core values influence our behavior.

Core values are the basic values we live our lives by such as: honesty, humor, logic, control, faith, ambition, love, fairness, fear, courage, cheating, curiosity, etc. We all have them. Our behavior is marked by which ones are dominant in our personality.

Money self-awareness is understanding which core values dominate our thoughts when we deal with money. Reordering them to replace negative ones (fear/apprehension/negativity) with positive ones (healthy curiosity, logic) is vital to our future financial success.

Why? Because replacing decisions based on emotions with thoughtful consideration based on history, knowledge, comparisons, common sense, I tell you from experience, is the single most important factor in determining your future financial failure or success. Long term success needs long term thinking.

*Knowledge is useless if emotions overrule its application.*





## 2

# How to Own It and Use It

**Y**our feelings and family memories about money (Orman, 1997) will help you craft a meaningful three-line poem: your own Power Money Mantra. This will help you override emotions with logic when you need to make financial decisions – big or small.

### **a) Your Feelings About Money**

What thoughts about money make you fearful, self-conscious, over-whelmed: Student and credit card debt? Next month's rent? Lack of money? A job or better pay? Everything about money? (Orman, 1997). Write your three most pressing money problems down for later use.

What do you want your financial future to look like: Being able to pay for college? Owning your own home? Being your own boss? World travel? Write the three top financial priorities down for later use (Orman, 1997).

## **b) Your Hidden Money Memories**

Think of your oldest sweater or jeans hanging in the back of your closet or buried deep in your dresser drawer. You've forgotten about them. They don't fit. They're not useful. You replaced them long ago.

This describes most people's attitudes towards money: It was acquired years ago. You still own it. It no longer fits. It needs updating.

Most of us form our understanding and relationship to money when we're children, taking our cue from our family (Orman, 1997).

Take a moment to remember your family's money dynamics.

What was your household's feeling(s) about money: Comfortable, nothing to worry about? Taught or not about finances from parent(s)? Stressed-out, never enough? Money is evil? We're not the lucky ones?

Write down this important link(s) to your past for later use.

## **c) Creating Your Power Money Mantra**

Want power? Then unleash your creativity!

The goal is to create a Power Money Mantra related to the financial vision you want for your future while powering past negative money feelings that could hinder your financial success.

A mantra is a repeated verse used to express a belief.

We'll use a three-line format similar but simpler than Japanese Haiku poetry. This promotes meaningful, easy to remember phrasing.

Your Mantra is 3 lines using Points A, B and C:

Point A: **The Subject** – The main focus of your writing.

Point B: **Living / Natural Objects** – Universally relatable.

Point C: **Action** – This adds dynamics, depth and interest.

Lines can be in any order. One line may contain multiple points. Each of the three points must be used at least once in your mantra.

Use words and phrases from exercises a) and b), above, etc.

Now let's write one general Haiku and one Power Money Mantra. Here are my examples:

My General Haiku

Standing on the front porch (action/objects)  
... loud sniffing behind door (action/objects)  
family dog, anxious to greet me (subject/action)

My Power Money Mantra

Money mistakes – darkness – fear of the unknown  
(action/nature/ living)  
financial information – light – awaiting discovery  
(Object/nature/action)  
knowledge conquerors fear and powers prosperity  
(living/action/living/subject)

Your General Haiku

Your Power Money Mantra

This is your **Power Money Mantra**. It's your new story. Memorize and repeat it before making any financial decision. More information: [www.FinancialBananaSplit.com](http://www.FinancialBananaSplit.com)



**STEP TWO**

# **ACHIEVE FINANCIAL LITERACY**





## Overview

1. **Ingredient One – The Dish: Cash Flow and Banking**

The foundation: solid, no leaks.

2. **Ingredient Two – The Banana: Home Ownership**

The defining structure of the Banana Split and the American Dream.

3. **Ingredient Three – Ice Cream: Loans/Credit/Debt**

Ways to use money are as numerous as ice cream flavors.

4. **Ingredient Four – Toppings: Avoiding Financial Landmines**

They cover other ingredients and affect their overall flavor.

5. **Ingredient Five – Whipped Cream: Investing for Wealth and Retirement**

Rapid growth showcases your determination to follow financial plans and quickens your pace towards the American Dream.

6. **Ingredient Six – Cherry On Top: Goodwill and Charity**

It's sweetness gives your finances direction and purpose

Ingredients 1 - 4 protect your money. Ingredient 5 grows your money. Ingredient 6 gives you emotional support.

Together they guide your finances during your life cycle.





## 1

# Ingredient One: Cash Flow And Banking

**C**ash Flow and Banking are the dish in the banana split. It's the part of your financial plan that has to be solid, no leaks.

*Being aware of and actively managing your cash flow is the difference between controlling your money or your money controlling you . . . period.*

How much you spend on credit cards, entertainment, food, clothes, or telephone and how much you're able to save need to be informed choices because they tie in directly to your cash flow.

Credit and debt are so impactful to your financial health that they're covered separately in Ingredient Three: Loans, Credit, and Debt.

A budget helps you make informed choices because you'll realize how much available cash you have to spend each month before overspending into debt – explained in detail in the next few pages.

A friend recently asked me: "How does someone blow through a million dollars without realizing it and end up broke?" My answer:

“They didn’t pay attention and didn’t know or didn’t care about cash flow: how much was coming in versus how much was going out.”

This scenario famously happens to celebrities all the time.

**My Point:** If a millionaire superstar can get into financial trouble, **you** must be **aware** of your **cash inflow and outflow**, which is exactly what a budget helps you see.

What causes you to spend beyond your means? Advertising. There’s nothing wrong with you. You’re human. Advertisers know this and use it to sell you products and services prioritizing their greed over your need.

We fall victim to advertising with strong psychological appeal. Advertisers use behavioral science (the study of behavior) and data gathered from our smart phones, credit card transactions, etc. to understand our buying habits.

They know us better than we know ourselves. Previously, in this book’s Step One: Gain Money Self-awareness, you learned techniques to understand and redirect yourself from taking actions that lead to bad money decisions.

You can also resist these ever-present, sophisticated techniques that don’t add lasting quality to your life and move you further away from the American Dream with the following techniques:

## **Cash Flow Defense - Four Helpful Techniques**

(All techniques are explained in detail later in the book)

1) Use your Power Money Mantra developed in Step One: Gain Money Self-Awareness to control potential bad spending choices.

After going through this sequence a few times, it becomes automatic. You’ll apply it to all future purchase decisions.

2) Start saving for your future now, whether to buy a home or to increase retirement savings, to counter overspending. A simple way to accomplish this is by implementing automatic deductions from your paycheck or checking account and transferring these funds into savings. This is using the “out of sight, out of mind” technique (detailed later in the book).

Automatic deductions are a major stepping stone on your path to financial security. This is so important it’s detailed again separately in Ingredient Five: Investing.

3) Be a “Conscious Consumer.” Earning money takes your time and effort. Have respect for yourself and consider your spending choices in view of this.

***You have a lot more control over what you spend . . . than over what you earn.***

Before you open your wallet and hand over your money, ask:

- Will I really use this product or service? Is it worth it?
- Can I live without it? How does this change my life?
- Do I own anything else that provides the same use?
- Did I feel a need for this item before I saw it in the store?
- Can I get the same product or service for less elsewhere?

4) Be aware of and track your cash flow using a budget. A sample one-page blank budget is provided on page 29. It’s simply adding up all your expenses and then adding up all your income and subtracting one from the other. The net result shows if you spend all, more, or less money every month than you take in – the basic cash flow concept. Elsewhere in this book are techniques to improve your monthly cash flow by helping you save and grow your wealth.

You can also go to: [www.FinancialBananaSplit.com](http://www.FinancialBananaSplit.com) to download apps for services that help you develop a budget and track and manage your money.

These apps allow users to keep track of activity from banks, credit cards, investments, loans, and financial transactions through a single user interface. Users can also create budgets and financial goals.

Feel free to use my format to input your own information. You're looking for realistic numbers – a good guess – not perfection. Your accuracy improves as you complete each monthly budget.

Obtain information from your bank and credit card statements, receipts, checkbook, cash on hand, memory, etc. Looking back on how you spent your money every month will amaze you. It's a real eye opener into your spending habits.

Also, make a list of once-a-year expenses (birthdays, holidays, etc.), add them all together, and divide by twelve. Put this amount in the "Annual Expenses" item of your budget. If you don't spend this amount monthly, you'll have it to spend at the time of year it was meant for: holidays, birthdays, vacations, etc.