A SIMPLE
MONEY SYSTEM
TO CHANGE YOUR FINANCIAL LIFE



Divide every dollar into 3 accounts
and watch your finances transform

SMART MONEY TALK 💰

SMART MONEY TALK · FREE PLAYBOOK

A Simple Money System to Change Your Financial Life

Divide every dollar into three accounts: commitments, investments, personal.

How to Divide Your Income, Build Wealth, and Redefine Your Financial Future

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CHAPTER 1

Introduction: The Illusion of Complexity

What if I told you that most of what holds people back financially isn't a lack of income, but a lack of a system? We are taught to chase promotions, negotiate salaries, and find side hustles—all in the pursuit of more. Yet, for many, "more" simply leads to more spending, more debt, and more anxiety. The core problem remains unsolved.

This playbook offers a different path. It introduces a money management framework so effective it has the power to permanently alter your financial trajectory. I am confident that applying this simple system will have a profound and positive impact, and I believe you'll thank me for sharing it.

This system isn't my own invention. I discovered it by chance, searching for a better way to organize my own chaotic finances. The framework, articulated by business strategist Tom Ferry, was so clear and powerful that it felt like turning on a light in a dark room. It strips away the jargon, the complicated spreadsheets, and the daily grind of budgeting.

Instead, it offers a single, powerful philosophy built around one question. Your answer to that question reveals everything about your financial present and determines everything about your financial future.

CHAPTER 2

Chapter 1: The Core Philosophy – How Do You Define Ownership?

Before we build the system, we must understand the foundational mindset that makes it work. It begins with a simple thought experiment.

The Question That Changes Everything

Let me ask you the same question Ferry posed: **If a direct deposit of $10,000 appeared in your bank account right now, how much of that money is truly yours?**

Take a moment. What is your honest, gut-level answer?

For most people—the 80% living paycheck to paycheck—the answer is immediate and intuitive: “All of it. I own $10,000.” This perspective is the default setting for modern financial life. All income flows into one big pot, and we spend from it until it’s gone, hoping there’s enough for our obligations along the way.

But the wealthy—the 15% this system emulates—think differently. Their answer would be equally immediate but radically different: “I own $3,333.”

Where does the other $6,667 go? It doesn’t vanish. It is immediately and irrevocably assigned. This pre-emptive allocation

is the very heart of the system and the fundamental dividing line between financial stress and financial freedom.

The Three Categories of Financial Life

To grasp the power of this thinking, it helps to understand Ferry's categorization of financial standing:

- **80% live paycheck to paycheck:** This is the vast majority. Their income is consumed by their immediate needs and wants, leaving little or no room for savings, investments, or the life they wish they could lead. They work for money, and the money is gone as soon as it arrives.
- **15% are wealthy:** These individuals enjoy a comfortable life. They can save, invest, and afford luxuries. The key difference between them and the truly rich is that their wealth is often built and sustained within their own lifetime; it may not last for generations.
- **5% are truly rich:** These are the families with generational wealth, where assets work so effectively that they sustain the family for decades or centuries.

This playbook focuses on the system used by the 15% because it's powerful enough to build significant wealth, yet simple enough for anyone to apply, regardless of their starting income.

Mindset Shift: From "It's All Mine" to "It's All Assigned"

The most critical shift you must make is to stop viewing your income as a single pool of money. From this moment forward, every dollar that enters your life does not belong to you; it belongs to your system. Its purpose is pre-determined before it even arrives.

This isn't just semantics. It's a psychological guardrail. When you see your paycheck as one lump sum, you are emotionally vulnerable to impulse buys and lifestyle creep. But when that paycheck is already divided into jobs—one part for obligations, one for growth, and one for you—the decision is already made. Willpower is no longer required.

CHAPTER 3

Chapter 2: The Three-Account Architecture

The system operates on a simple rule: **The moment any income arrives, it is immediately divided into three separate accounts.** These accounts can be literal, separate bank accounts (which is highly recommended) or distinct buckets within a single account.

Account 1: The Commitments Account (33.3%) – Your Fortress

This account is for your fixed, non-negotiable monthly obligations. It is the foundation of your financial stability.

- **What it covers:** Rent or mortgage, car payments, student loans, utilities, insurance premiums, and minimum debt payments.
- **The Rule:** The money in this account can only be used for these bills. It is not an emergency fund or a vacation fund. It is a dedicated bill-paying machine.
- **The Hidden Power:** As you'll see, this account is designed to generate a surplus. If your total commitments are less than 33.3% of your income, the difference accumulates. This growing buffer becomes a powerful tool for debt elimination and future cash purchases, creating a fortress of financial security around you.

Account 2: The Investment Account (33.3%) – Your Engine

This is the account that builds your future. Its sole purpose is to acquire assets that grow in value or generate more income.

- **What it covers:** Contributions to a retirement account (401k, IRA), buying stocks or index funds, seed money for a business, or purchasing real estate.
- **The Rule:** This money is for one thing only: **growth**. It is never to be touched for lifestyle expenses, emergencies, or bills. Raiding this account is stealing directly from your future self. This discipline is non-negotiable.
- **The Hidden Power:** This forced savings mechanism overcomes the common habit of "investing what's left." By allocating a full third of your income to growth first, you are making wealth-building an automatic, non-emotional process.

Account 3: The Personal Account (33.3%) – Your Life

This is the only money you truly "own" for daily living. It's your lifestyle budget, and it's where you have complete freedom.

- **What it covers:** Groceries, dining out, entertainment, shopping, hobbies, travel, and any other variable expenses.
- **The Rule:** This is the money you are free to spend, guilt-free. If it runs out before the end of the month, your lifestyle for the

month is over. You do not borrow from the other two accounts. This hard limit forces creativity and conscious spending.

- **The Hidden Power:** This account liberates you from financial guilt. Because you know your bills are covered and your investments are funded, you can enjoy spending the money in this account without a shred of anxiety. It turns spending from a source of stress into a source of joy.

CHAPTER 4

Chapter 3: The System in Action – A Four-Year Case Study

Theory is one thing; results are another. The rest of this is my own analysis, a case study that convinced me of this system's profound power. For nearly two years now, I have lived by this method, and the results have been nothing short of life-changing. It is the reason I have the financial breathing room to create and share this content with you today.

Imagine a person named Alex who earns $10,000 per month. Alex's fixed monthly commitments—rent, car payments, and loan installments—total $2,500.

The Old Way (The 80% Method):

Alex receives the $10,000. It all lands in one checking account. Alex pays the $2,500 in bills, leaving a balance of $7,500. Psychologically, this entire amount feels like disposable income. It gets spent on dinners, gadgets, and spontaneous weekend trips. By the end of the month, little to nothing is left. Alex feels like they're running on a hamster wheel, earning a great income but with nothing to show for it.

The New Way (The 15% Method):

The $10,000 income is immediately split:

- **$3,333** to the Commitments account.
- **$3,333** to the Investment account.
- **$3,333** to the Personal account.

Let's focus on the two accounts that build wealth: Commitments and Investments.

Years 1-2: Building the Foundation and Financial Armor

Commitments Account:
Alex pays the $2,500 in bills from the $3,333 deposited. This leaves a **surplus of $833** in the account every single month.

- After 12 months: Alex has a surplus of **$9,996**.
- After 24 months: The surplus grows to **$19,992**.

This money is not for spending. It's an obligation buffer. With nearly $20,000 accumulated, Alex can now attack debt. Let's say Alex uses this surplus to pay off a high-interest personal loan. This strategic move reduces the monthly commitments from $2,500 to $2,000. Now, the surplus becomes **$1,333 per month** ($3,333 - $2,000), accelerating financial security even faster. In the future, this fund could be used to buy a car with cash, avoiding a new loan entirely.

Investment Account:
Simultaneously, the Investment account is growing relentlessly.

- After 12 months: Alex has **$39,996** ready to invest.
- After 24 months: The fund grows to **$79,992** (before any market growth).

With this capital, Alex is no longer just a passive saver but an active investor. Alex could use this to start one or two online businesses. It's entirely possible for a well-run e-commerce store or a content platform to generate an extra $2,000 per month. If Alex starts two, that's an additional **$4,000 in monthly income**.

Years 3-4: Hitting the Acceleration Point

Let's reset the clock. Two years have passed. Alex has paid off a loan and launched two side businesses. The system's true power begins to reveal itself.

- **New Monthly Income:** $10,000 (salary) + $4,000 (business) = **$14,000**.
- **New Monthly Commitments:$2,000**.

Now, Alex applies the same system to the new, higher income:

- Each Account Receives: **$4,666** per month ($14,000 / 3).

Look at the exponential impact:

- **Personal Spending Power:** Alex's lifestyle budget has grown from $3,333 to $4,666. Life has become more comfortable, and it was earned through discipline, not debt.

- **Commitments Surplus:** Alex pays the $2,000 in bills from the $4,666, leaving a surplus of **$2,666 each month**. After just one more year, this account will have a surplus of over **$32,000**.
- **Investment Power:** The Investment account now receives **$55,992 per year**. After two more years, Alex will have over **$112,000** in fresh capital ready for a larger investment, like a rental property, which could potentially generate another $4,000 per month.

In just four years, Alex's income could jump from $10,000 to $18,000. The personal spending budget could nearly double, and the investment capital would grow exponentially. Soon, the income from assets will surpass the salary. At that point, Alex transitions from someone who works for money to someone whose money works for them. This is the path.

CHAPTER 5

Chapter 4: Practical Implementation Guide

This system is simple, but simple does not mean easy. It requires a one-time setup and an ongoing commitment.

Step 1: The Honest Assessment (Where Are You Now?)

Before you can split your income, you need to know your numbers.

1. **Calculate Your Total Monthly Income:** What is your average take-home pay?
2. **List Your Fixed Commitments:** Add up your rent/mortgage, minimum debt payments, utilities, etc.
3. **Find Your Ratio:** What percentage of your income do your commitments consume? Be honest.

Step 2: Setting Up the Accounts (The One-Hour Task)

Open two new, separate bank accounts. This is crucial for psychological separation. Many online banks offer free checking and savings accounts.

- **Account A (Checking):** Name it "Commitments."

- **Account B (High-Yield Savings):** Name it "Investments."
- **Your existing checking account:** Rename it "Personal."

Step 3: The First Paycheck (Executing the Split)

Set up automatic transfers for the day after your payday.

1. Your full paycheck deposits into your **Personal** account (or a designated "hub" account).
2. An automatic transfer sends 33.3% to your **Commitments** account.
3. An automatic transfer sends 33.3% to your **Investments** account.

The 33.3% remaining in your Personal account is now your budget for the month.

The "What If?" Scenarios: Adapting the System

- **"What if my commitments are more than 33.3%?"**
  This is a common and critical situation. It signals that your fixed costs are too high for your income. You do not abandon the system. You adapt it. Let's say your commitments are 60% of your income. You take the remaining 40% and apply the system to that. Split the 40% into three, sending a third to Commitments (to build a surplus), a third to Investments, and a third to Personal. It will be painful, but this pain is a powerful

motivator to either reduce commitments (downsize, sell the car) or increase income.

- **"What if my income is irregular?"**
  For freelancers or commission-based earners, apply the rule to every single payment you receive. A client pays you $500? Immediately transfer $166.67 to Commitments and $166.67 to Investments. Don't wait until the end of the month. The discipline must be applied on a per-transaction basis.

CHAPTER 6

Chapter 5: The Psychology of Discipline and Patience

The mechanics are simple. The mental game is the hard part.

The Sacred Rule: Never Steal from Your Future Self

There will come a day when your Personal account is empty, but there are still five days left in the month. You will be tempted to "borrow" from your Investment account. **You must not.**

This is the moment of truth. Borrow from a friend, sell something, or eat ramen. The pain of that experience is what teaches you to manage your Personal account better next month. Violating the Investment account rule destroys the entire system. That money is sacred. It belongs to the person you are trying to become.

Patience Is a Strategy

The most powerful results of this system do not appear in one month. They appear after one, two, or three years of unglamorous, consistent effort. You are not hunting for a windfall; you are farming wealth. You plant the seeds (your contributions), water them consistently (your discipline), and wait for the harvest. Chasing overnight success is a fool's game. True wealth is built slowly, then all at once.

My Personal Journey: From Pain to Possibility

This system changed my own life. I was once in a position where 66% of my income was consumed by commitments. The remaining third was all I had left to live on. It felt impossible.

But I stuck with the principle. I took that final third and split it into three again. It was painful. I gave up weekend coffees from Starbucks. I ate only one meal at work to save money. But the system was working, even on a small scale. The money that slowly accumulated in my Investment account allowed me to buy the camera, lens, and software to start creating content. The money in my Commitments account helped me pay down my obligations and breathe easier.

Without this system, I would never have found the funds to build this platform. It would have remained a daydream.

CHAPTER 7

Conclusion: The Difference Is Everything

You have a choice. You can continue living on what's left over, a passive participant in your own financial life. Or you can start building a future with what you intentionally set aside, becoming the active architect of your wealth.

The path to financial change isn't a secret; it's a system.

- **Divide Every Dollar:** Split all income—no matter how small—into your three accounts.
- **Be Disciplined:** Your Investment account is sacred.
- **If Your Income is Low, Increase It:** The modern world offers endless ways to earn more. "He who seeks, finds."
- **Be Patient:** Consistency is more powerful than intensity.

The difference between these two paths is not small. It is everything.