

Cash is More Powerful than Credit!

By Tom Beeson

Have you seen it? There is a new Visa commercial on TV. The setting is a busy deli where dozens of fast moving busy people are buying lunch. The sandwiches, sodas, lunch meat, veggies and condiments are flying through the air with the precision of a river dance. Everyone is happy as they approach the register to pay using a credit card. The pace is fast and well choreographed. Everything is going with incredible precision when suddenly a man approaches the register and pulls cash out of his wallet. Suddenly everything screams to an abrupt stop, people spill their food, several loud audible gasps can be heard and everyone begins to stare at this man in profound horror. The message: cash disrupts the fast pace flow of society.

Imagine for a moment that you and I are standing on a busy street having a conversation. I am holding a \$20 bill in my hand. Come with me to that vendor over there and I will treat you to a latte or a coffee. Here is what will happen:

First, the vendor will smile. He will ~~not~~ have to pay a 1.5% + \$.30 transaction credit card processing fee on the purchase we just made. If our coffee costs \$8.97 and we pay with cash then the vendor will get to keep \$0.43 that he did not have to pay to Visa, MasterCard or Discover. If everyone paid with cash, and 100 people purchased coffee a day, he would have an additional profit of \$57.00 per day (\$399 per week). But, don't worry because the vendor already figured the cost of credit into your cup of coffee. He has no choice as long as Visa brainwashes you and me into thinking that cash is a punishment and credit is king.

Second, I would not have to pay 24% interest for a cup of coffee. Visa takes money out of the vendor's pocket and then takes money out of my pocket. And because I like to entertain and let my coffee habit get away from me, I could be forced to carry the balance over until next month. Wow! I have never had a cup of coffee stay with me for that long. Combined with all the other purchases of yesterday, I have nothing left for tomorrow.

Third, I will enjoy my coffee the most because I don't have to hassle with reconciling my credit card or bank statement at the end of the month. Cash is final. Cash is immediate. Cash is complete and the sale will not haunt me for ages to come.

And finally, I get my approval elsewhere. Not from a machine that blurts out the word "approved" as if my low self esteem needed a credit card machine to give me an ego boost. I have never been "declined" when paying with cash. Never embarrassed and never intimidated. I am thinking that Cash is far more powerful than credit.

So why would Visa pay such a premium to convince you that cash is a punishment for our society? Because, debt is a product. And a very profitable product at that. Think about the numbers I mentioned above. Ask your favorite vendor what they pay a month in credit card transaction processing fees. The amounts you hear will be very eye

opening. Then ask your vendor for a discount when you pay with cash. I'll bet he will gladly give you one! I gladly give cash discounts for all my customers.

Wow! Imagine if I bought my next car with cash? What would that feel like? I would be a king! And then imagine if I bought all my future cars with cash. Sound impossible? It is most certainly not! We only make it impossible because we have adopted a "gotta get a loan" mindset that sabotages our future wealth.

The New Debt-Free Mindset is sweeping the world. Will you embrace it? Or will you pay \$469,520* in Interest over the next 37 years struggling to make ends meet and saving nothing for your future? This is the prevailing question of many financial planners today. Debt is the nemesis of retirement for the average American and as debt grows, retirement funds shrink to dangerously low levels.

-- Sobering Statistics

The average family pays \$4,680 in credit card interest per year. The typical credit card will be paid off in 37 years if you only make minimum payments. Over 70% of American families today live paycheck to paycheck and never touch the principle on their overwhelming debt load. After 37 years these families will have paid \$182,520 in credit card, car loan and student loan interest alone. Add another \$287,000 of mortgage interest and these families will have handed \$469,520 to the bank over their lifetime. Was it worth it? We now understand why debt is the most heavily marketed product in the world today!

So many people are sick and tired of the negative impact debt has on their lives that they are declaring war. Myths about debt are being dispelled everyday and people are adopting this new debt free mind set as their primary defense against poverty, bankruptcy, and personal disaster. Hope has been stolen from us and we want it back! King Solomon wrote the following words nearly 3000 years ago. Take a moment to think about them.

So next time will you pay with cash or with credit? Remember that rich people pay with cash, poor people use credit. Will you be poor or be rich?

About the Author

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