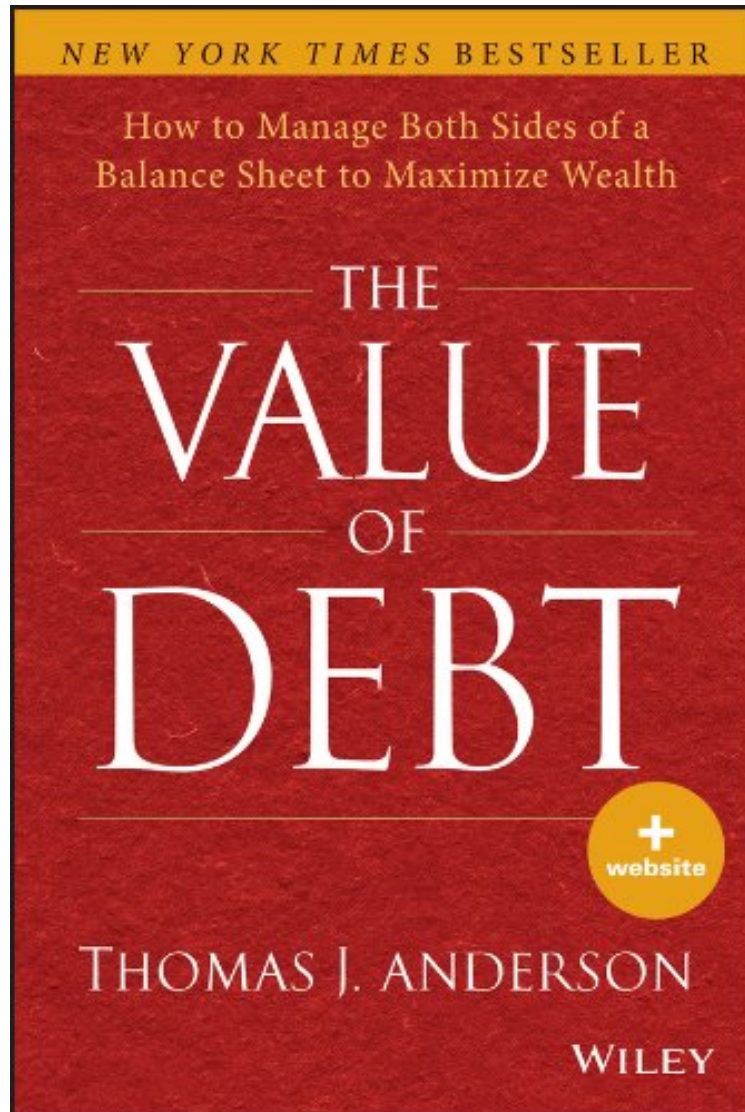


(Library ebook) The Value of Debt: How to Manage Both Sides of a Balance Sheet to Maximize Wealth

The Value of Debt: How to Manage Both Sides of a Balance Sheet to Maximize Wealth

Thomas J. Anderson

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Thomas J. Anderson : The Value of Debt: How to Manage Both Sides of a Balance Sheet to Maximize Wealth before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Value of Debt: How to Manage Both Sides of a Balance Sheet to Maximize Wealth:

2 of 2 people found the following review helpful. Debt is Not Just a Four Letter Word By CK Wendelldquo;The truth is, we live in a world that tends to have two types of people: those who are very highly leveraged and take on way too much debt and those who are totally debt adverse and donrsquo;t have any debt whatsoever.rdquo; Tom Anderson from The Value of DebtReading the previous quote, you may wonder how anyone could expect to sell a book written

on the idea that personal debt can be a good thing. If you're like me, right about now you may be hearing the voice of financial radio guru Dave Ramsay or a penny pinching elder lecturing you that all debt is bad, rotten, and evil. Debt is not just a four letter word but for many a conditioned negative response. Blame our lingering, unresolved federal budget deficit or the throngs of people who lost fortunes in our recent economic crisis. Wealth manager and author Tom Anderson's challenge is to convince us that if approached correctly, debt, as it is for businesses can be leveraged for the better good. His recently released book *The Value of Debt* takes the fundamental concepts of debt that many companies use every day and applies them to personal finance. Anderson takes the first few chapters to lay the groundwork for his work. He begins by laying out Five Tenets (or Action Principles) of Strategic Debt Philosophy which include the adoption of a holistic approach, exploring the idea of thinking like a company, understanding your limitations, finding your optimal personal debt ratio, and staying open minded. The fundamental problem here is that individuals who will find debt enticing are also the ones who shouldn't be playing around with debt in the first place. At this point I have to provide my own disclaimer for this book review: I am not a financial advisor, I do not play one on TV and well...you know the rest. Fortunately, *The Value of Debt* cautions readers multiple times throughout the book that most of the discussed strategies should be discussed with a qualified financial advisor. Anderson makes it clear from the start that one has to have accumulated financial assets and a limited debt in order to leverage those same assets with favorable rates and terms. Anderson spends time early in the book introducing this concept of an "asset-based loan facility" or "ABLF". In layman's terms this is borrowing against your own investment accounts. These are usually non-retirement funds that have a value of \$200,000 or more. It is then possible to borrow against these assets at rate of interest that is favorable to a bank loan (and without amortization or loan fees of a traditional loan). Anderson goes on to explain that the direct costs (high priced capital, lower credit rating) and indirect costs (worry, stress, diminished lifestyle) of financial distress can be minimized with the availability of ABLF funds. In other words, using debt properly can provide the liquidity and flexibility to lessen the impact of unforeseen events and provide money for opportunities that may come along. Anderson applies his idea of incurring low impact debt to the purchase of a second-home, the purchase of a car, handling a financial windfall, working out a divorce situation, assisting with the care of elderly parents, and producing retirement income. Even if you are not in a position to take advantage of the strategies prescribed in *The Value of Debt*, the author does a good job of laying out basic personal finance principles so people can position themselves going forward. Although there are parts of the book where readers wade through detailed financial verbiage, Anderson does a good job keeping the narrative interesting and conversational and includes well explained diagrams that make sense of it all. 12 of 13 people found the following review helpful. thought provoking but...By Deborah Chandler After reading all of the positive reviews for this book, I was expecting a more sophisticated analysis. There are a couple of good, basic ideas presented around thinking about debt similar to the way corporations think about debt. Sound thinking and there is no doubt that many could benefit from asset based loan facilities to improve liquidity and perhaps improve portfolio returns. But, the analysis on these ultimately levered portfolios only looks at an upside average case. While the author notes the risks, a more sophisticated analysis (egg. Monte Carlo) would unveil more path dependent risk using some of the (somewhat) levered approach the author advocates. Having an ABLF available to deal with emergencies is a good idea for most people. Taking advantage of it may be advantageous for many, but there are more risks than are apparent from this very cursory analysis. 1 of 1 people found the following review helpful. A must read if serious about your personal finances By Matt B. For too long and repeated too often, people for years have been told "debt is bad" and it has been assumed by the masses to be true. Tom Anderson does an excellent job in this book explaining why this is not necessarily true and under what circumstances debt can actually be put to good use by individuals/families. In a clear and an easy to understand way, the author has illustrated many examples and the math behind it to show how people are able to use similar debt techniques as successful and highly respected companies around the world have been utilizing for decades to help expand and grow their own personal net worth. There is a right and a wrong way for taking on debt as well as right and wrong situations in doing so. Mr. Anderson explores various situations people face in different periods in their lives and helps the reader understand when and how it may be appropriate to utilize debt strategically and in a responsible way. This book has change my thoughts about personal debt and I will be having some very in depth talks with my advisors as a result to see how I too can use both sides of the balance sheet more efficiently as a result.

A New York Times bestseller and one of the Ten Best Business Books of 2013 by WealthManagement.com, this book brings a new vision of the value of debt in the management of individual and family wealth. In this groundbreaking book, author Tom Anderson argues that, despite the reflex aversion most people have to debt—an aversion that is vociferously preached by most personal finance authors—wealthy individuals and families, as well as their financial advisors, have everything to gain and nothing to lose by learning to think holistically about debt. Anderson explains why, if strategically deployed, debt can be of enormous long-term benefit in the management of individual and family wealth. More importantly, he schools you in time-tested strategies for using debt to steadily build wealth, to generate tax-efficient retirement income, to provide a reliable source of funds in times of crisis and

financial setback, and more. Takes a "strategic debt" approach to personal wealth management, emphasizing the need to appreciate the value of "indebted strengths" and for acquiring the tools needed to take advantage of those strengths. Addresses how to determine your optimal debt ratio, or your debt "sweet spot." A companion website contains a proprietary tool for calculating your own optimal debt ratio, which enables you to develop a personal wealth balance sheet. Offering a bold new vision of debt as a strategic asset in the management of individual and family wealth, *The Value of Debt* is an important resource for financial advisors, wealthy families, family offices, and professional investors.