TriQuestUSA

Paying Cash Is Financing

AGENT QUICK START GUIDE

Opportunity cost. Capital preservation. The true economics of paying cash versus financing.

Purpose

Paying Cash Is Financing is a teaching application designed to make opportunity cost visible. It compares using your own capital for a major purchase with using Other People's Money (OPM), while separately tracking the asset, investment capital, loan cost, and the effect of payment timing.

Core Teaching Idea

Every purchase has a financing source. Paying cash avoids lender interest, but it also removes capital that could have remained invested. Financing preserves capital, but introduces loan interest and, when payments come from investment capital, lost growth on those payments.

> **THE QUESTION TO KEEP IN FRONT OF THE CLIENT**
>
> What did the money become, and what did using that financing source cost over time?

What Changed in v2.28

Reset and **Load Example** are now separate tools. Reset opens a clean teaching case; Load Example lets the agent choose a prebuilt Vehicle or House case. The Payment Source control is easier to read, the teaching sequence keeps OPM results hidden until OPM is selected, and the GHL layout is stabilized for portal use.

1. Build the Case

SECTION	INPUT	WHAT IT CONTROLS
Your Capital	Starting Savings	Capital available before the purchase.
Your Capital	Annual Return	Assumed annual growth rate on invested capital.
Your Capital	Annual Deposit	New capital added at the end of each year.
Major Capital Purchase	Purchase / Purchase Price	Names and sizes the purchase.
Major Capital Purchase	Asset Behavior	Choose Depreciates or Appreciates.
Major Capital Purchase	Annual Appreciation / Depreciation	Annual change in asset value.
Time	Time Horizon	How far the presentation can be advanced.

Formatted Fields

Dollar inputs display with currency formatting and rate inputs display as percentages after you leave the field. Click into a field to edit the raw number.

2. Reset vs. Load Example

CONTROL	USE IT WHEN	WHAT HAPPENS
Reset	You want a clean case to build from scratch.	Returns the app to neutral starting assumptions and Pay Cash mode.
Load Example - Vehicle	You want a quick depreciating-asset demonstration.	Loads a $25,000 vehicle example with 12% depreciation.
Load Example - House	You want a larger appreciating-asset demonstration.	Loads a $400,000 house example with 3% appreciation.

TEACHING TIP

Use Reset for a real client case. Use Load Example when demonstrating the concept before entering client-specific numbers.

3. Choose the Purchase Strategy

Pay Cash removes the purchase price from savings on Day 1. The left bucket shows the capital that remains invested; the center bucket shows the asset; the right bucket shows the opportunity cost - the capital removed plus the growth it could have earned.

Other People's Money adds Down Payment, Loan Interest Rate, Loan Term, and Payment Source. The right bucket becomes the outstanding debt. The app calculates the monthly payment, loan balance, principal paid, and cumulative interest.

> **PAYMENT SOURCE MATTERS**
>
> In OPM mode, select the real payment source. **Investment Capital** reduces invested capital as payments are made and creates lost growth on those payments. **Income / Cash Flow** keeps those payments outside the investment account shown.

4. Understand the Three Buckets

BUCKET	WHAT IT SHOWS
Savings / Capital	Invested capital. Basis and gain are separated so the client can distinguish original capital from accumulated growth.
Major Capital Purchase	Current value of the purchased asset. The original purchase-price line remains visible while the asset appreciates or depreciates.
Opportunity Cost / OPM	Pay Cash: capital removed and foregone gain. OPM: remaining loan balance and interest information.

Dynamic Scales

The three bucket rulers use a synchronized dynamic scale at the selected year. The scale grows in clean steps as values increase so the buckets retain visual impact without starting with an oversized future-value ruler.

Teaching Sequence Protection

The comparison is intentionally staged. Begin in **Pay Cash**. OPM comparison results are not introduced until the agent deliberately selects **Other People's Money**. This keeps the client focused on the opportunity-cost lesson before comparing strategies.

5. Use the Timeline as the Teaching Device

Move the Year slider from Purchase Day through the selected horizon. Pause at meaningful points: the end of the loan term, a midpoint, and the final comparison year. Watch the capital bucket compound, the asset change value, and the debt decline.

TEACHING PROMPT

What did the money become, and what did using that financing source cost over time?

6. Capital Outcome - Primary Result

PRIMARY ECONOMIC OUTCOME

This is the main comparison. It shows **Pay Cash capital**, **OPM capital**, and the **Capital Difference** at the same selected year and under the same assumptions.

Why the Capital Difference?

COMPONENT	MEANING
Foregone Growth - Pay Cash	Growth the purchase capital could have earned if it had stayed invested.
Loan Interest - OPM	Cumulative lender interest paid through the selected year.
Lost Growth on Loan Payments	Investment growth lost because each loan payment leaves invested capital over time.
Capital Difference	The difference between OPM capital and Pay Cash capital at the selected year.

When payments come from **Income / Cash Flow**, the explanation changes to **Two Different Sources of Money**. Loan payments are outside the investment account, so they are shown separately rather than deducted from OPM capital.

7. How to Present the App

STEP	PRESENTATION FLOW
1	**Start with Pay Cash.** Enter the assumptions and show what happens to the capital used for the purchase.
2	**Move through time.** Let the client watch retained capital, asset value, and opportunity cost change.
3	**Switch to OPM.** Enter financing assumptions and select the actual payment source.
4	**Compare at the same year.** Use Capital Outcome - Primary Result. Do not compare different years or assumptions.
5	**Explain the difference.** Use Why the Capital Difference? or Two Different Sources of Money.
6	**Generate the Client Report.** Click Client Report to create the current case handout at the selected year.

8. Current Example Cases

INPUT	VEHICLE EXAMPLE	HOUSE EXAMPLE
Starting Savings	$50,000	$500,000
Annual Return	7%	7%
Purchase	Vehicle - $25,000	House - $400,000
Asset Behavior	Depreciates 12%	Appreciates 3%
Loan	4% for 5 years	5% for 30 years
Payment Source	Income / Cash Flow	Income / Cash Flow
Time Horizon	6 years	15 years

9. Interpretation & Guardrails

• **OPM is not automatically better.** A high loan rate, low investment return, long financing term, or payments drawn from capital can cause Pay Cash to leave more capital.
• **Pay Cash is not free.** It avoids lender interest but gives up the future use and growth of the capital used for the purchase.
• **Income / Cash Flow mode is not a closed investment-account comparison.** Outside loan payments are separated from the investment capital shown.
• **Asset appreciation or depreciation is separate from the financing decision.**
• **The illustration is educational.** It does not automatically model taxes, investment volatility, financing fees, insurance, maintenance, transaction costs, or other factors unless reflected in the entered assumptions.

AGENT USE STANDARD

Start with Pay Cash, let the client see the opportunity cost develop over time, then switch to OPM and compare both strategies at the same selected year. The purpose is to make the financing source and its economic cost visible - not to assume that either financing method is automatically superior.