

# **Highly Effective Strategies of Gaining Financial Freedom**

**“The Ultimate Guide to Building Your Wealth and a  
Roadmap to Financial Independence”**

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## Introduction

Thank you and congratulations for downloading the book, “**Highly Effective Strategies of Gaining Financial Freedom.**” It is an ultimate guide that will assist you by acting as a roadmap when building your wealth. I have elaborated in a step by step form on some of the critical things to consider while building wealth, which is the destination of your journey to financial freedom.

To be able to build wealth, you need to learn. Financial education is vital to any person who is looking to succeed in the journey to financial success. In this book, you will get some of the vital details on what you should do and what you should avoid while investing your money.

Saving and investment are the basis of the wealth building process. If you aspire to learn how you can build a concrete financial foundation, then you have got all the reasons to consider this guide. I have elaborated to DO's and DON'T's that will help you secure your money while it is multiplying at your investment of choice.

Whether you are interested in real estates, stocks, or entrepreneurship, this guide will provide you with detailed explanation on how to invest your money.

Being rich is very easy, but getting wealthy is a complex process that requires you to get through a rough journey. But with this guide, the journey has been simplified. Learn what other top world investors like Warren Buffet did to get where they are today. Learn the mistakes that they did which you can avoid. Learn how to diversify, all in this guide.

I wish you success while enriching yourself with financial knowledge that will help you to get wealthy!



Courtesy of: Financial Freedom Quotes (<http://www.quotesgram.com/>)

# CHAPTER

# 1

## What is Financial Freedom?

Everyone want financial freedom but not all people work to get there. Financial freedom can be explained simply with two words, **Financial Independence**. Every person is within the reach of financial independence. All it requires is a strong desire, persistence, and focus on investing in yourself and your dream. Doing this will ultimately lead you to achieve what you ought to be.

Always Remember: To achieve what you have never achieved in the past, you will be required to become a new person from what you were before. Therefore, it implies that it is a matter of **CHOICE**.

It is your choice to live in financial success. It is a matter of motivating your inner-self, conceiving an idea, and implementing this idea to earn you a *lifetime fortune*. Well, this book will not advise you how you can conceive that idea, that dream that will earn you a lifetime fortune, nor how to discover your passion, although it is the best guide on how to invest in yourself and the little money that is currently at your disposal, whereby you will get to learn how you can use the available investment avenues to nurture your small capital and build enormous riches. Remember many were at some point where you are today and because they chose what you are about to choose now, they ended up living in financial freedom.

When you are living in financial freedom, it implies that your money is working for you to earn you interests, profits, dividends, and other fortunes- in the form of money. In life, you can choose to work at getting a job (employment). You can also choose to create a job, which referred mostly to as self-employment. You can choose to own a business and let people work for you or choose what I am about to enlighten you about- **Investment**. For the latter, your money works for you. This is the ultimate financial freedom that I am talking about, and when you do it in the right way, you are assured of a massive flow of finance (money) for the rest of your life.

### **Characteristics of Financial Freedom:**

Financial freedom is characterized by financial success, massive wealth, and the ability to acquire all your basic needs and comforts without borrowing. All these are products

of sound investment strategies and options. To live as a person who is financially independent and successful, you will need to invest in the right strategies.

Every time you get money into your hands, you always have a unique opportunity to make choices. You can choose to accumulate liabilities or build assets; you can also choose to remain middle class and poor or to become rich. To sum-up, your current financial state is a resultant of what you did with money in the past. You always write a script for your financial future by what you do with the income and money you get today.

How much income you get has nothing to do with the attainment of financial freedom. It has to do with what you do with that current income. You have to change your personal philosophy for you to change your financial future. Your thoughts conceive your actions- thus, ***Think Something Different***. Implementing it will become easier when you change this thought from inside.

By making some few adjustments on your personal philosophy, you can attain financial freedom with just your current income. You will end up being shocked how these few changes create a huge margin in your life.

### **Steps that can change your *Financial Situation in Life* forever:**

- Making up your mind by moving from interest to commitment and from “I Should” to ***“I Must.”***

Changing your mindset by upgrading from poverty mentality to an abundance mentality and thinking about assets rather than liabilities.

- Knowing your financial health, something that can be attained by assessing what you own, what you owe people/firms, your assets, liabilities, and net worth.
- Setting your financial goals, which can be achieved by deciding where you want to be financially in a year’s time, three years, or even ten years’ time.

- Getting out of bad debt, by focusing on building your assets rather than liabilities.
- Spending below your income. They say, “Cut your coat according to your cloth and not your size.” Consider eliminating wasteful spending.
- Paying yourself first- this should be done in the form of saving and then spending what is left rather than starting with spending and saving what is left.
- Investing in your financial education, knowledge, and knowing what to do even before jumping there.
- Making your talents, hobbies, and gifts pay you. In this case, you should turn them into business.
- Taking baby steps. Never wait until tomorrow- consider starting where you are at this particular point.

**NOTE:** All these steps are transformational and therefore, they are not a specific formula to become rich. Although, on the other side of the coin, thinking rich so that you can start taking rich actions and then ultimately living your dream is reality. The most rewarding aspect of your journey towards financial freedom isn't the money that you are making but the person that you become while in this process. The journey to financial freedom isn't one but varies from an individual to another. Each person experiences unique dreams, hopes, temperament, skills, talents, and circumstances. The subsequent chapters will provide you with the ultimate 'roadmap' that will show you the terrain while leading your journey to financial freedom. You will have to make a decision on the specific path that you will be taking to get there.



# CHAPTER

# 2

## The 7 Steps to Financial Freedom

Despite what is believed by most people, the process of building wealth isn't that complicated. You don't have to receive a massive inheritance, know some clandestine investing strategies, or earn some huge six-figures salary.

All that you need is persistence and discipline to make smart financial decisions day-in-day-out. You will be shocked to find out that your daily undertakings highly affect your long-term **Financial Health**. The people that become financial successful always develop a set of habits that are unique, and that make them to easily build wealth. By following this proven system, their wealth building process is put on an autopilot.

To just introduce you in the wealth building system, consider using the following seven steps that will lead you to financial freedom.

### **1. Commit to becoming financially free.**

As mentioned before, everything **starts with you- and your thoughts**. The road to financial independence won't be that easy. You will need to have powerful goals and strong commitment. These will help you to keep going even when things are getting tough. By now you are aware of how to set financial goals and how to commit yourself to them. You can set goals for the next one year, three years, or even ten years. Break your goals into smaller chunks that can easily be met in a week/month.

### **2. Spend a lot less than you earn.**

To increase your net worth so as to start building wealth, you will need to learn how you can minimize your expenses and spending habits. Controlling your spending habits starts by cutting down luxuries. As mentioned before, start by cutting down luxuries, let your interests from assets and profits from investments buy you luxuries rather than your income. Only spend on the absolute expenses and basic needs with your income.

### **3. Becoming an enemy of debts.**

The absolute opposite of wealth is debt. You will need to get rid of debts if you are aspiring to become financially independent. In this case, learn to live a debt free lifestyle. Watch out how you spend your income, in most cases you borrow because you

have overspent on things that are not basic. Use your income to settle all your basic expenditure.

#### **4. Protect your wealth and yourself.**

If you are not prepared, there are plenty of things that can easily undermine your process of building wealth. In this case of protection, I mean a system that employ the use of legal entities, insurance, and emergency reserve. If you have assets as your investments, consider insuring them. In this way, you are assured that even in an occurrence of emergency (that can destroy them), you will be compensated.

#### **5. Consider buying assets and not toys.**

If you want to become wealthy, this is a key concept to master and understand. You should consider spending your money on assets that will provide you passive income or grow in value- or both. Don't spend on things that just put you in another social class- like personal cars or home electronics. There are plenty of different assets that you can consider buying.

#### **6. Maximizing your income.**

There are two ways of maximizing the income that you use for investment. One, you can consider making more money while staying at your current expenditure. It will increase the amount of money that you are channeling to your investments. Two, you can consider being frugal, such that you remain with a good amount of money for savings. In either way, ensure that you keep maximizing your income, you can also employ both ways.

#### **7. Nourish and grow your investments.**

In this case, learn to understand how the previous six steps work together so as to create a wealth-building system that is complete. Focus on implementing all of them simultaneously.

Well, you now have the basic know-how of what you need to kick-off your journey of building your personal wealth. The subsequent topic will provide you with a thorough breakthrough on how to build a strong financial foundation.

## CHAPTER

# 3

## How to Build a Strong Financial Foundation

Building a strong financial foundation is the key to a successful journey to financial independence. A strong financial foundation can be built with concrete investment and financial principles. Any investment course that you take will be affected by those core principles. You have to define your principles of how you look at your personal finance. Even as you define these principles, make sure that they are easy to adopt, thorough, and simple.

I have come up with six principles of a strong finance foundation. Whereas this stands as my opinion, I have covered almost every aspect that most of those who succeeded in building their personal finance covered while on their journey to financial independence. Everything done by a person who is seeking financial independence at least touches about three of these principles. Virtually, all of them will touch the first principle.

## **The Six Principles of a Strong Financial Foundation**

### **Principle One: Spend Less Than What You Earn**

Spending less than you earn is the center of everything. If you are only looking for one thing that you can do with your finances, then this should be it. Make it work on a consistent basis. Employ it every day, every week, monthly, and every year.

Remember that you will not be able to cut your spending in a little time segment. You need to give yourself time. Start by setting some spending goals- where you reduce how you spend weekly or daily. With such goals, you will be able to get there maybe after two months, half-a-year, or one year.

You shouldn't view this principle as being frugal, but as a way of increasing what you save and invest. The principle is made up of two parts. These are:

#### **Spending Less:**

This part of the equation serves as encouragement that assist you in cutting down your expenditure and, therefore, being careful with the purchases that are non-essential. Remember this doesn't mean that you have to subscribe to a life of frugality and misery -

NO. It implies the art of cutting back on the things that don't matter to you so that you can be able to afford those things that are important and matter.

For instance, so long as you have clean teeth, you don't have to care on the kind of toothpaste that you use. So, it is ideal to stick on the free toothpaste that you get from your dentist. Also, consider using the recommended amount, which is a very small dot. Therefore, you will not need to buy any at the store nor have to use a big ward of toothpaste. By doing this consistently even on other aspects of your "spending life," you will end up having more money that you can work with on your budget. This money can be used in principle three and four.



Courtesy of: Building a Financial Foundation (<http://www.slideshare.net/>)

## **Earning More:**

The “spending less than you earn” mantra hid the “earning more” phrase to some extent. The concept of earning more is very powerful when it comes to supporting the idea of spending less than you earn. This concept works perfectly than frugality.

The most obvious path here is by considering increasing what you earn from work. You can achieve this by either moving upwards in your career rank or by seeking an additional side job. You can also earn more money by building some side businesses like blogging or investment. This has been discussed in detail on pillar four.

These two parts (concepts) of spending less and earning more widens the gap between what you earn and what you spend. The wider this gap is, the great the financial success you create in your life. You will also see the greater results faster by employing these concepts in this principle.

## **Principle Two: Question Every Dollar That You Spend**

The biggest aspect of frugality is the art of questioning every coin that you spend and seeking to find if there is any efficient way that you can spend it. It is simply squeezing more value out of that dollar. This doesn't mean that you will have to go without the things that you enjoy. It means that you should be critical of the money that you consider spending on the things that doesn't matter to you and being less critical on the money you use on things that mean “fun” to you.

The whole process can be simplified by one word- budgeting. Actually, by taking this pillar seriously, you will be employing the art of budgeting. This is because the core concept of budgeting is the evaluation of the money that you spend. If you are looking forward to practicing this concept and putting it into place, consider recording every coin that you spend for a short while. It will force you to put everything that you spend into consideration. It will also provide you with all the material that you need so as to make a budget that is truly useful.

## **No Dollar Is Spent Without a Reason**

The reason as to why you will be keeping track on each and every dime that you spend is to ensure that you aren't spending your money without reason that is genuine. In this case, you should also consider reviewing your expenditure from time to time.

It is always easy to let ourselves into trap of buying things that increase our expenses on the spur of every moment. It always seems like a pretty idea to purchase these items at the gas station. You always find yourself purchasing books or other things that you didn't need without even having thought about them. By reviewing such expenditure, probably at the end of the day, you will always find that you bought them through a pretty silly reason. Once you get into this understanding, it will be easier to cut out such expenses.

### **Principle Three: If You Have Debt, Your Singular Focus Should Be On Debt Elimination**

Your number one priority should be on debt elimination if you are currently holding a debt. By eliminating debt, you make your life incredibly easier. The process of debt elimination is easy and straightforward. You should just consider building a debt repayment plan and then follow it carefully.

There are many things that you can consider undertaking, and which will make the process of repaying your debt easier. They include having a small emergency fund. You should have about \$1,000 in the bank as an emergency fund- this assists you in heading off emergencies. You should avoid using your credit as a way of sourcing emergency funds. Such behavior becomes another downward spiral for many people. You will also be trusting that the bank will continue extending credit to you. Your cash outdoes all of that.

Beyond that, each and every dime that you have spared should be channeled on your debt repayment plan. In this case, if you are taking "Principle One" into your heart, you should have some dollars that you have spared. Therefore, you should be making a perpetual progress with your debt repayment plan.

### **Debts Act As Destructors on Your Cash Flow**



Debts do not only make you give your credit card company money in the form of interest while getting absolutely nothing in return but also destroys your periodic cash flows. Having some personal debts means that you have monthly bills. This also means that some of your monthly income will be departing from you just to settle those bills.

Whenever you have debts, you destroy your personal cash flow. Cash flow refers to the comparison of the amount of money that comes in and that amount that goes out. The greater the amount that comes in compared to the amount that goes out, the more money you have at your disposal for improving your business or investments. Each time you have some debts, you have made the decision to increase that amount that is going out. This further implies that you have less money that is left over for improving your current financial situation.

### **Cash Flow Gives You Options**

After successful elimination of debts (part of your monthly bills), you will have less money that is going out. This means that you will have more money that is flowing into your life. By increasing the gap between your monthly income and monthly bills, you create a huge amount of money and financial options that didn't exist. You can now choose to move into self-employment or take an off from job and write a novel for a year. The bottom line of all this is the fact that getting rid of debts assist in the improvement of your cash flow. Good cash flow offers you with powerful financial options.

### **Principle Four: You Should Be Investing for the Future- If You Don't Have Debt**

Once you are done with getting rid of your debts you should be having a pretty good amount of cash flow. You should use this money (or a good portion of it) to cement some of your future goals.

By investing this money, it becomes possible for you to take all sorts of great life goals. Such goals might include seeking an early retirement or even switching to a crazy career path at an extremely earlier age. You can also start a small business that have always aspired to run, travel around the world, build your dream home, or even buy a land.

## **Defining Your Goals for the Long Term**

What is it that you have always aspired to do for the rest of your life? What is your dream? What do you dream of becoming almost every day?

Investing can help you get to your dream-life, no matter what you have come up with. It will also require some commitment to consider putting aside some of the extra money that you bring after settling your basic expenses. The more money you bring in, the better. By having a clear goal in life, your decision on what to invest in becomes clear.

## **Principle Five: You Are Securing Your Retirement (Despite When It May Be)**

Most people have the thought that “retirement” is far away. They never recognize themselves as being any closer to the age of retirement. Therefore, they don’t worry about it.

Although, the truth is that “retirement” might be very close. This is basing on how you perceive it and how seriously you have considered saving for it. For example, one can see retirement as a time when they can write huge chunks of novels entirely without necessarily having to worry on whether they are big hits. Therefore, such a person see that it is not far away down the road, and as such they are tempted to save at a very high rate so as to get there.

## **Knowing What You Need to Save**

Ask yourself the amount of money that you will need to run your life every year after “retirement.” Also, consider finding out whether you will be supplementing it with Social Security Fund. You can also consider finding out whether you can use the income from a side business that you deeply enjoy. Find out whether your expenses will go down in case you won’t be working. Are you willing to live a cheaper life so as to have a somewhat free life?

## **Principle Six: You Have Life Goals- Consider Spending Your Days Striving to Achieve Them**

If you don't have big things in life that you are aspiring to achieve, it will be very easy to get distracted and walk away from the other principles. By having big life goals, you will be able to perpetually have something to keep your focus on. This will in turn make it easier for you to see how spending less than you earn can get you there.

Moreover, having some life goals offers you with something to fill your time with them. This does not involve a spending lot of money. You will instead fill your life with accomplishments and experiences that are meaningful to you.

### **Incorporate All Seven Aspects of Life**

A life that is well-lived is spread across seven aspects. They include spiritual, physical, social, familial, financial, professional, and mental. Each and everything that a person does touches at least one of these realms.

A good set of your life goals should incorporate all these aspects. You can consider having about five goals in your life that include all these aspects. This will give you something big to work with. They are the things that people will say about you at the end of your life. With such big goals, you will have a direction, you will be able to separate what is vital from what isn't.

### **Tie Them to Day-to-Day Living**

It is hard to work on your "big-life-goals" and statements on your day-to-day life. This is impossible. Therefore, you should consider splitting them into chunks that can be accomplished monthly, weekly, and daily. Always split your goals into tasks that you can easily handle on a daily basis. You will find it life affirming, spend a little amount of money on them, and get motivated by accomplishing the smaller chunks.

**NOTE:** While these principles might have worked for me and someone else out there, it is not guarantee that they will work for you. Although, with them you can easily come up with your financial freedom foundation principles that will work for you easily. The key

points are similar across different individuals, how you implement them is the only thing that vary.

This far, you now have what it takes to get a strong financial foundation. You now understand the basics to financial freedom and what you need to get there. The subsequent chapters will now provide you with some of the key areas that you need to work on while conducting your investments. They will offer you with basic investment know-how and what it takes to be a successful investor.

# CHAPTER

# 4

## Investing on Financial Knowledge FIRST

Financial knowledge is something that can benefit us at all the stages of our life. Many people are “suffering” from extreme financial anxiety today from savings for the college education to getting by at the time of retirement. This makes them look for answers.

Unluckily, most of such people lack even the basic economic concepts that are required to make sound investment and savings decisions. According to research, one out of every two Americans doesn't understand how to handle basic financial questions, and two out of every three people in the world has a similar problem. This is why serious barriers are presented in financial choices, retirement planning, and home purchases due to lack of financial literacy.

A consumer who is well-informed (about financial planning and know-how) is highly critical to a stable and strong economy. Despite the fact that not all financial concepts will fit all individuals, knowing some few significant concepts could highly assist in doing wonders for your peace of mind and finances.

### **Difference between Spending and Saving:**

When done over a given time, your savings can do you a lot of wonders in your future financial lifestyle. By paying attention to how you spend most of your money, you will learn some of the opportunities that you can cut back. Although, saving is the amount of money that you set aside before you have started spending. In short, you will be paying yourself first. You can make this easy by actually setting up contributions that are automatic from every paycheck that you receive. These funds can be channeled to your retirement savings account or your savings account that can be later used for investment.

To assist you in building personal savings gradually, you can consider thinking of personal savings as the first bill that you pay. If you do it perpetually and consistently, you will find out that no amount is too small to create a large difference. Such regular contributions also assist you in taking advantage of compound interest- an interest that is earned on interest. For instance:

Let's assume you have got \$1,000 that earns an 8% interest every year. At the end of ten years, this amount will have grown to \$2,158.92, even if you did not add any additional

dime on it. This has also taken the assumption that you don't withdraw the earnings on investment nor make any other additional contributions.

### **Planning On Your Retirement:**

The baby boomers- who were born between 1946 and '64- have started to retire. According to EBRI's (Employee Benefits Research Institute) Retirement Confidence Survey that was done back in the year 2013, employees aged 55 and older disclosed the following about their retirement savings:

- 36% had saved less than \$10,000;
- 43% had saved less than \$25,000; and
- 21% had saved less than \$100,000 in their retirement savings.

This is pretty scary, or isn't it? What we can learn from this is that, the earlier you start investing and saving for your retirement the better. In case you do not have a specific investment venture that you can consider, it is advisable to put your money in saving accounts that earn compound interest. You should have strong saving goals for your retirement. With proper financial literacy, you will understand the best saving and investment plan that work out for you.

### **Financial Education and Decision-Making:**

It can be highly intimidating when figuring out the investment strategies that might work for you. This is due to the fact that the investment of your choice assist you in determining whether or not you can fulfill your financial objectives. Although, even before you start making your choices, it is advisable to take time and think about the extent to which you can tolerate the risks associated with such investment plans. That is, your ability to withstand the swings that will affect the value of what you have invested.

Your risk tolerance should be able to take into account the stability of your current job, your extra financial assets, the time horizon that you have for each goal, and your specific goals. To help you in ensuring that your portfolio has been best suited for your situation, it is advisable to consider revisiting your risk tolerance as changes occur in

different circumstances. By having some basic financial know-how, you will be able to make sound decisions regarding your retirement and your money.

**How to Get Even More Income during Retirement:**

Financial education is also important in boosting your income for retirement. You will be able to understand some of the best options for investing for your retirement and the risks associated with such strategies with proper financial education.



## **The 7 Key Reasons Why Financial Knowhow Is Your Best Investment:**

They say that, “**If You Think Financial Education Is Expensive, Just Try Ignorance.**” Basic financial education will provide you with a clear understanding of the difference between an income statement and balance sheet for your personal finance. You will also get the essential due diligence steps that you can take before putting your capital (money) at risk on any new investment strategy. Moreover, this form of education will clearly give you the difference between gambling and investing, the risks associated with each, and how they affect your profits.

It is otherwise amazing to know that the biggest skill that can break or make your financial success is not taught in school. You can graduate with a four-years-degree in finance and learn absolutely nothing about investing and finance. Attorneys and doctors can open their consultancy firms even without any clue on how to read a simple financial statement. Investors and business owners might remain dangerously ignorant of the tax laws.

The basic truth is, financial literacy serves as the essential skill that you must develop if your main goal is to build a lot of wealth and enjoy financial freedom. There isn't any alternative to this. This is the best investment you can make for your financial independence and yourself. It will serve as the obvious starting point for building your wealth. **The following are the seven reasons why financial literacy is the key to successful financial freedom:**

- It provides you with a peace of mind around your money;
- Offers you with the ability to defend your portfolio from avoidable losses;
- Secures your retirement;
- It improves your finances and the quality of your life;

- It assists in increasing your return (interests and profits) on what you have invested;
- It helps in increasing your earning potential;
- Provides you with dividends for life, which can never be taken from you by anybody.

The above long list offers you with the merits of financial literacy. Although it doesn't offer you with the disadvantages- why? Because the main demerits are a lot of efforts and time which you will need to get such education. Remember that you can't secure such much time and effort from your "busy" schedule! But you can, the disadvantages aren't any better than having a miserable life after retirement.

In case you are very willing to commit yourself to the time, you will be able to have all these advantages that are accruing from becoming literate- financially. All that is needed from you is putting your time and effort, and you will surely enjoy the benefits that have been mentioned. Invest in your education, invest in yourself- there is nothing better than this. You will have chosen a little bit of time and effort now for a lifetime financial security, rather than, a little bit of avoidance and procrastination for a lifetime of financial mediocrity. This is not a difficult decision, but many people fail to choose it.

Basic financial education stands as one of the greatest bargains that you can get in life, as it will return you huge rewards but risks nothing and costs little. The sooner you will choose to get it the more you will see its worth to you.

**Note:** True Freedom and Independence Requires Financial Intelligence.

**Check out one of my favorite financial quote by J. W. Frick:**

“Don’t tell me where your priorities are. Show me where you spend your money and I’ll tell you what they are.”

**–James W. Frick**

## CHAPTER

# 5

## Overview of the Investment Options and Strategies

Today investors have got more investment options compared to what was available to an average investor a decade ago. Whereas having a wide array of options for investment is pretty good, too many options can overload the system something that may lead to avoidance of decision making by many people.

Investment is a very broad topic that always seem intimidating to start-up investors. Perhaps, this is understandable, as there are thousands of investment options, hundreds of investment strategies, and dozens of investment vehicles. Even before looking at some of the investment options that are available and best for a start-up investor, it is ideal to consider some of the strategies.

### **Choose investing strategies to help reach your goals**

The first thing to consider when looking forward to invest is your investment goals. These will assist you to choose the best strategies. The goals will also assist in determining some of the best investment vehicles that you can adopt. Remember that investment and saving are two different things but closely related. Investing is a long-term venture while saving is short-term. Both the two ventures are primarily entered to raise finance or wealth.

Your saving goals often encompasses major purchase like a car, major vacation, college tuition, down-payment for a home, and so on. Most of the traditional “investments” might be appropriate for savings because they may lose value. It is advisable to keep most savings in accounts that are low volatile like high-yield savings accounts or a CD.

On the other hand, the common investment goals include long-term goals (objectives) like keeping pace with inflation, retirement, or college tuition. It’s wise to note that I have place college tuition in both the groups because it depends on your time-frame. For instance, you can easily take a little more risk for investment that will take an intermediate length. If your son is seven years, you can risk his college funds money now than how you could have risked if he was 15 years.

### **Find an Investment ‘Vehicle’:**

After you have determined your investment goals (and strategies), the next step is establishing your investment ‘vehicle’ that will meet your needs. I am not talking about purchasing shares in a leading bank in this case. I’m talking about something that is exciting and more fun. They include things like brokerage accounts, college saving funds, 401k plans, IRAs, and so on. There are plenty of specific investment plans that have got tax breaks and other incentives that make them valuable to adopt. For instance, 401k and IRAs are retirement plans that are tax advantaged, which offers users tax breaks either now or in their years of retirement. For college savings, Coverdell ESAs and 529 College Savings Plans are worthwhile as they offer tax advantages.

## **Open an Investment Account**

Once you have successfully determined your investment goals and vehicle that you will use, the next step is selecting the option. Selection of the option come with the opening of an investment account. The process of opening an investment account will come automatically after you have chosen and enrolled in a given option or take you less than an hour depending on the type of investment that you have put into consideration.

For instance, it will take you about 15 minutes to open an IRA account. On the other hand, when enrolling on 401k at work, the account opening part is done automatically. The process of opening an account is often pretty simple, as it encompasses providing your information (as required), signing a form(s), and then the transfer of funds to your investment account.

## **Choosing an Investment Option**

Earlier on in this guide I had talked about the importance of financial education. Financial literacy will make you have a clue of some of the promising investment options that are being offered in the market and how you can benefit from them. With proper financial education, you will be able to understand how different options give you different returns on what you have invested.

When it comes to options, the list is “endless”. There are quite a large number of different options. Although, when mentioning about the best options for a starter across the world, the list becomes shorter. Some of these investment options that I will

advocate for your consideration include stocks, bonds, mutual funds, real estates, savings accounts, MLM companies, and small businesses. These are the investment options that will suit your start-up capital (despite your amount) and a start-up investor.

With proper investment goals, you will be able to make an informed decision regarding the company option of your choice. Before getting stunned by a large number of options, it is vital to consider your investment goals, and whether your goal can withstand the risk associated with the option that you have selected. With this regard, you will be able to eliminate a very large number of options by simply counter-checking them amid your goals for investment.

Whereas, for a first-time investor, proper recommendation is on the savings accounts and Time Deposits, if you are ready to take your risk capability a further milestone, you can consider the other available options. Other options that you can consider when investing for retirement (retirement goals) include investment in a target date fund that is based on the retirement age that you have targeted. These options have been expounded in details in the subsequent chapters.

## **Starting Your Investment**

So far, you have got your investment goal, an investment vehicle, and options (account). The next step involves getting started on your investment. Because you are a first-time investor, I wouldn't recommend you to time and try the market. I would otherwise recommend that you consider Dollar cost averaging by making automatic contributions. This will assist you in smoothing your returns on investment in the long-run. You could consider setting up an allotment from your paycheck for 401k contributions or sometimes invest these contributions on other investments like brokerage firms. By automating your contributions, it will be very easy for you to stay on track.

## **Monitor and Adapt Your Investing Strategies**

It is very easy to open a CD Ladder or savings account compared to actually trading (investment) in the market. The investment will require you to put more hands approach. You will need always to be aware of how your money is being allocated and the general performance of the investment. The “money tracking software tools” are

good tools for tracking your investments so that you can see them all in one place. It is recommended to consider performing period checks and adjusting your asset allocation as required. You can do this quarterly, semi-annually, or annually.

## **Things to consider when choosing investment options:**

To ensure that you are not overcomplicating your decisions for investment, consider keeping the following things in mind. They will assist you in getting started.

### **1. Investing for long-term.**

Because you are looking forward to growing your investments, it will be difficult to achieve this if you only select short-term investment with low-risk. This is the likes of bonds and cash. You shouldn't shy away from investment in shares. Historically, they are known to perform better when compared to bonds and cash over the long-haul.

### **2. Diversification.**

They say that you shouldn't put all your eggs in a single basket. Well, this is pretty true. For instance, if you consider choosing a basic managed fund- this is an already diversified area. Meaning that you will not need to spread your money on other forms of investment to achieve the goal of diversification.

### **3. Fees and Charges.**

Consider checking how much the given funds that you are offered with charge. Always consider choosing those funds that have got competitive charges.

### **4. Review your investment choices every year.**

Always consider checking your investments at least once annually, just to ascertain that the charges haven't gone up, and you are till comfortable with the level of risk that is associated with them.



# CHAPTER

# 6

## Investing in Stocks

Stocks refers to an equity investment that represents part of ownership in the given corporation. It entitles a person part of the corporation's assets and earnings. Common stocks offer the respective shareholders with the rights to vote although they have got no any dividend guarantee. On the other hand, preferred stocks have got a guarantee of dividend payment but do not offer the respective shareholders with voting rights.

Earlier on, shareholders were given a paper stock certificate, referred to as security. This certificate verified the number of shares own by the respective shareholder. Today, the ownership of shares is recorded electronically. The shares are held in street name by the entity.

It can be a very tricky business when investing in stocks. It is important to treat all your investment ventures as businesses. This is what the stock market mentor of Warren Buffet, Benjamin Graham, recommends.

Even before buying your stock, consider mastering the basics of stock investment. Even though this will never make you a great investor on an overnight, you will get some confidence when embarking on the venture by having the fundamentals.

## **What Is Common Stock or Preferred Stock?**

NOTE: Always keep back in your mind, that despite the type of stock that you have purchased, you become a shareholder or a part owner of the given company.

### **1. Preferred Stock:**

Firms that trade in preferred stock can be said to be actually offering a mix of a more conservative investment (bond) and a more aggressive one (stock). With this combination, it implies that the prices of preferred stock don't fluctuate way higher compared to the prices of common stock. This is the reason as to why most of the investors who are risk averse favor the preferred stock.

The other main feature of preferred stock is the fact that it pays dividends to its shareholders. Entities will start by paying dividends to its shareholders who have preferred stock before paying the shareholders with common stock.

Also, in a situation where the company goes bankrupt, the preferred stockholders have got a claim to any assets ahead of the stockholders with common stocks. The only demerit of preferred stock is the fact that its shareholders have got no voting rights. This doesn't matter to most of the investors. Although, if you are passionate about the decisions of the management in the company, you may need the voting rights and therefore, preferred stock isn't for you.

## **2. Common Stock:**

Most companies sell common stock. This is the only "pure" form of stocks that you can get on the market. It is what people talk about when you hear them mentioning about the stock. Because common stock has got the potential of an even greater returns, investors consider buying them over preferred stock.

Common stock is a representation of an equity ownership in the entity that provides the shareholders with a voting right on management issues at the annual meeting of shareholders. On the other hand, common shareholders may (or may not) receive dividends. This will depend upon the decision of the management about the distribution of profits.

Most investors have got the belief that preferred stock is better when compared to common stock, although this is not the case. Your interests in the voting rights of the company, tolerance of the associated risks, and financial goals are the only parameters that can affect your decision to buy either of the stock.

Because most investors are interested in appreciation of price, they usually consider buying the common stock. You will get a lot of benefits from your invested capital when the market is booming. This will ultimately give you a lot of returns. Therefore, I have concentrated on how you can make money by investing in the common stock.

## **How Do You Make Money Investing in Stock?**

You can earn money in two ways by investing in stock. These are through dividends and price appreciation.

For instance, if you invest in a company, and it does so well regarding returns and makes a lot of money, people get attracted to its stocks. After that, more investors will also want to join the company as shareholders something that increases the demand for the stock of this company. But remember that the supply of the common stock does not change. When the demand is high but with a constant (low) supply, the price is driven up. Prices of the stock move up because many people want to buy them, which is referred to as price appreciation. Our stock will increase in value. When you sell a stock that has appreciated you will realize a gain in returns on the capital that you had initially invested. The flip side of this is price depreciation- when the stock goes down.

In addition to price appreciation, you can also earn dividends from your stock. The company distributes dividends to its shareholders as a way of sharing their profits with you. In this case, the company might be paying you some profit share (dividend) per every share that you have with them. Normally, the dividends paid are smaller than the par price of the shares. In this way, you will be getting a steady flow of income.

STOCK MARKETS									
Price	Chng	52 week High	Low	Yld	P/E	Vol '000s	Stock		
937	644.50	3.5	11.4	635	ChTelecomH				
20844	4.1	23.5	20844	ChUnicom					
4987	2.7	12.6	4987	CiticPac					
3367	10.6	3367	1161	CoscoPac					
1161	12.0	1161	19.4	88166	DenwayMtr				
5889	19.4	5889	4218	4218	EspritAsia				
4218	16.1	4218	4041	4041	Guoco Gp				
4041	16.7	4041	316	316					
316	17.8	316	1437	1437					

Courtesy of: Money Matters- Stock Investing  
[\(http://www.moneyandmatters.com/\)](http://www.moneyandmatters.com/)

## **10 Questions to Ask Before Purchasing a Stock**

Before you buy stocks of a given company, it is good to carry out a thorough research on its previous performance. Whereas this is an important part when investing in stock, many people fail to put attention on it. The following questions will assist you in knowing whether to invest in the stocks of a particular company. Knowing their answers will not guarantee you better returns and safety of your capital (money), but will place you in a better position than when you had invested on a firm without answers to such questions.

### **1. What Does the Company Do?**

One of the greatest investors, Warren Buffett, said that he can't invest in what he doesn't understand. This implies that he acknowledged that he does not understand all companies. It is wise to take heed on this. Your first simple question when looking to invest in a particular company is to consider what they do, and if you understand it. You can get plenty of information from the website and blogs of the company.

### **2. Is the Company Profitable?**

The next question is all about the profitability of the company. Although, sometimes this question can be somewhat complicated due to the variations of earnings of the company over the past years. To put you on a safer side, consider reading how much earnings the company reported annually and quarterly over the past three years and also check its net income in earnings per share and dollars.

### **3. What Are the Company's Previous Earnings and Outlook?**

This question will be best answered if you put a lot of attention to the previous question. You can also consider reading older news about the company and as well go through its quarterly statements. After carrying out thorough research consider questioning yourself if the company has a history of steady growth in earnings. Also, find out whether its earnings are volatile.

### **4. How Richly Is the Company's Stock Valued?**

It can be amazing to find a company with earnings that grow exponentially, but on the other side of the coin is the value being paid by the market for such a growth and as well its probable future growth. You can find out how richly is the stock of the company valued by determining the company's valuation. This can be done using price and earnings to sale.

### **5. Who Are the Company's Competitors?**

Companies do not run in a vacuum. For example, for every Coke (Coca-Cola Sodas) there is Pepsi (PEP Sodas) as well as other competitors with alternatives to soft drinks. Constantly, companies try to take business from their competitors. It is, therefore, wise to find out the competitors of the company that you are looking forward to investing in and whether it has got the largest market share. Also research on how the market share has been affected for the past few years and how the statistics show its future competitiveness. Also, pay focus on foreign competition.

### **6. Who Runs the Company?**

As opposed to professional money managers, as an individual investor you might not be able to drop by a company and have chat with its top executive management before making your decision for investment. Although, this doesn't imply that you will not get enough history about the leadership of such a company. You can consider finding information about it and its management from the web. Find out how its top leaders have been fairing with the company and how long they have been there. You can also dig information from business magazines and such like publications.

### **7. How Clean Is the Company's Statement of Financial Position?**

If you are a serious investor, you should be able to read over the balance sheet of that particular company. Find out whether the company is burdened with a huge amount of debt in comparison to what it earns. Check out the levels of its inventory and also the amount spent on development and research by such a company.

### **8. Have You Read the Company's 10-Q and 10-K Annual Reports?**

The 10-K company's annual report is a report that every company is required to file with the Exchange and Securities Commission. On the other hand, 10-Q is its quarterly report similar to the former one despite the fact that it is required on a quarterly basis.

### **9. What is The Company's Integrity?**

Research on the integrity of the company regarding its management and accounting practices.

### **10. Is the Competitive Position of the Company Sustainable?**

If you are a serious minded investor, it is ideal to consider this. Research how the company has coped with competition for the past few years and what statistics shows on its performance in the future.



# CHAPTER

# 7

## Investing in Mutual Funds

Mutual fund refers to a company that pools money off a large number of investors and then invests the money in securities like short-term debt, bonds, and stocks. The combination of holdings of the mutual fund is referred to as its portfolio. Investors buy shares from a mutual fund. Each and every share acts as a representation of the part of the ownership of that particular investor in funds and as well as the income generated by the company.

## **Benefits of Mutual Funds**

Mutual funds have become very popular since they offer the investors with the following features:

- **Liquidity:** It is very easy for a mutual fund investor to redeem his/her shares at any particular time. During the time of redemption, the investor will get his/her shares at the current NAV (net asset value) and any other redemption fee.
- **Affordability:** Most of the mutual funds always set a dollar amount that is relatively low for all the initial investments as well as any other follow-up purchases.
- **Diversification:** “Remember the saying that you shouldn’t keep all your eggs in a single basket?” Well, mutual funds fulfill this as it invests in a range of industries and companies. It will lower the risk in case one company fails.
- **Professional management:** All management activities are done for you professionally by the fund managers. They will select these securities and monitors their performance.

## **Types of mutual funds**

Most of the mutual funds that are there in the world will fall in any of the following categories- target date funds, stock funds, bonds funds, or money market funds. Each of these types has got their distinct rewards, risks, and features.

### **1. Target-date funds**

This type of mutual funds is characterized by the aspect of holding a mix of bonds, stocks, and as well other forms of investments. Over a particular time, the mix will shift depending on the strategy of the fund. This type of mutual fund is sometimes known as lifecycle funds. It is specifically designed for people who have got a particular retirement date.

### **2. Stock funds**

This type of mutual fund is depicted by the fact that it invests in corporate stocks. It is wise to remember that all stock funds aren't similar. For example, sector funds, a form of stock funds, will specialize in a given segment of the industry. An index fund, another type of stock fund, performs by tracking a given market index like Poor's 500 index or the Standard. Income funds function by investing in stocks that will pay them regular dividends. Another type of stock funds that is called growth funds put their main focus on stocks that are unlikely to pay dividends regularly but with a higher potential for a financial gain that is above average.

### **3. Bond funds**

This type of mutual funds has got a very high risk that the money market funds. This is because they mainly aim at producing high returns. The fact that there is a wide variety of bonds, the rewards and risks of such bond funds can always vary in a dramatic manner.

### **4. Money market fund**

The main feature of this form of a Mutual Fund is the fact that they have low risks. They only invest in some given short-term, high-quality investments issued by local governments, federal and state governments.

## Why Should You Invest In Mutual Funds?

Mutual funds offer you with potential diversification and professional investment management. **They will also offer you with three ways of earning money:**

- **Increased Net-Asset-Value:** The value of the funds and its share will increase if the market value of a given fund's portfolio increases after the deduction of all the expenses incurred. The higher the value of Net-Asset-Value the higher the value of what you invested.
- **Capital Gains Distributions:** the securities prices in the funds can increase. Each time the fund sells a security that has got a price increase, it gets capital gains. At the year ends, it will distribute these gains to investors after deducting any other capital losses.
- **Dividend Payments:** Mutual funds can earn income from interest on bonds or dividends on stock. They in turn pay their shareholders nearly all this income after deducting their expenses.

**NOTE:** All Mutual Funds carry some risks (just like any other investment platform). In this case, you may lose all the money that you have invested when the securities held by the fund go down in value. With changes in market condition, interests and dividend payments might also change.

The past performance of a mutual fund isn't important because this does not predict its future performance. Although, such a performance can always show you how stable or volatile the mutual fund has been over a given term. The investment risk is high when the fund is more volatile.

## **How to Buy and Sell Mutual Funds**

Most investors consider buying the shares of a mutual fund through a broker of the fund or from the fund itself, rather than buying from other investors. Investors pay a price for the mutual fund, which comprises of the funds per share NAV plus any additional fee that is charged at the time of purchase (like sales loads).

The shares of a mutual fund are redeemable. This means that investors can easily re-sell back their shares to the fund at any particular time. Usually, the fund will send you the money within a period of seven days after redemption.

Always consider reading the prospectus carefully before buying shares from a mutual fund. This is because it contains useful information about the investment risks, expenses, objectives, and performance of the mutual fund.

### **Understanding fees:**

Just like any other business set-up, operating a mutual fund involves additional costs. The fund will pass these costs to investors by charging expenses and fees. Different mutual funds have got different expenses and fees. A fund that has got higher costs has to perform better than one with low costs, so as to generate similar returns to you.

Always remember that even a difference that is very small in fee might mean a very large difference in return over time. For instance, if you had choose to invest \$1,000 in a mutual fund that has got 10% returns annually, and annual operating expenses of 1.5% after a period of 20 years you would have roughly gained \$4,972.5. If you invested in a mutual fund with similar amount of money that performs the same (10% annual return) and with expenses of 0.5% after a period of 20 years, you would have gained \$6,085.8

The process of computing the costs of different mutual fund takes a very short time when you use mutual fund cost calculators that are available online.

### **Avoiding fraud:**

Every mutual fund is required by the law to file a regular shareholder report and prospectus with the SEC. Always, before investing in any mutual fund, consider reading

these reports (shareholders report and prospectus). Also, always consider checking whether the investment adviser is registered before making your investment.

# CHAPTER

# 8

## Savings and Time Deposits

Time deposits and savings accounts are the other forms of investing your money. This is because either of them earn you interest when invested for a given duration of time. If you are looking to invest your funds either for retirement or short-term purchases, this is the ideal way as the risk factor is low but with a certainty of earning you an interest.

### **Savings Account:**

These are certificates of deposits (CD) or savings accounts that are held for a fixed-term. This is with an understanding that the depositor will be able to make a withdrawal by only providing notice. Banks are authorized by the law to allow the depositors to provide a one month notice before withdrawing their funds from savings accounts. Although, for checking accounts, the funds are always readily available and the depositors can make withdrawals even without providing a notice in advance.

### **Time Deposit:**

On the other hand, time deposits are interest bearing bank deposits that have got specific maturity dates. Financial institutions like banks can always negotiate any maturity term (which serves as the length of deposit) that their customers request. This is so long as the minimal term is one month with a payable interest. The funds can always be withdrawn without any penalties once the maturity time is reached. The funds can also be renewed (by being held for another term). Higher interest rates are always imposed on longer terms. For instance, a one-year time deposit can offer a 1.20% APY whereas a three-year time deposit for the same amount might offer a 1.85% APY. More favorable interest rates are offered to those with higher deposits.

### **Why it Matters:**

Companies and individuals consider time deposits as readily available cash, despite the fact that they are technically not payable when demanded. The requirement of a notice also implies that the banks and other financial institutions might access a penalty for making a withdrawal prior to the date that has been specified.



It is also wise to understand that time deposits will pay a relatively higher interests as compared to demand deposits like money market accounts and checking accounts. The latter allows for withdrawal at any particular time.

### **Time Deposit Tenure:**

The terms for time deposits vary from one month to five or six years depending on the bank or financial institution.

### **Time Deposit Fees and Charges:**

When you invest your money in time deposits, it is wise to understand that it attracts charges in the form of tax on the interests earned. The tax rates vary from one country to another. In the Philippines, the banks charge a tax rate of 20% that is done monthly when your account earns an interest. Other countries will also charge stamp duties for investment that exceeds certain amounts. A good example is Philippines where stamp duties are charged for principal amounts that exceed P250,000. In this case, for every additional P200 you will be charged P1.

### **Time Deposit Requirements:**

Term limitations and minimum amount that you can put on time deposits vary from one bank to another. The bank will give you a certificate of deposit in the exchange of the initial amount and copies of identification that you will give them.

### **Why Put Your Money in Time Deposits?**

When and why you put your money in time deposit account or savings account depends with your financial goal. For example, if your financial goal (as an investor) is not instantaneous like education (if you have a baby) or retirement and you are looking for a less risky and safe way to invest, it is advisable to consider a long-term time deposit. Say five years- this is the best option. With the fact that you will get very high rates of interest, that is compounded and fixed on a monthly basis. Some countries do not tax nor effect documentary stamp taxes on such investments.

Regular time deposits are also very appropriate if you have some short-term goals. Since, they have got higher interest rates unlike checking accounts (interest bearing) and regular savings accounts.

**Comparison of Time Deposit with the Best Rates in the Philippines:**

The following table will allow you to check different time deposits that are offered in the Philippines as well as the interest rates that they offer when you invest lump-sum amount. They are based on an investment of P50,000.

<b>Bank</b>	<b>Best Time Deposit Product</b>	<b>Best Interest Rate</b>	<b>Investment Returns</b>
PS Bank	PSBank Peso Time Deposit	1.25 % (12 Months)	P500
Maybank	Maybank Classic Time Deposit	0.88% (12 months)	P352
ChinaBank	Chinabank Diamond Savings	0.75% (12 months)	P300
Metrobank	Metrobank Regular Time Deposit	0.75% (12 months)	P300
B. P. I. Family Savings Bank	B. P. I. Family Regular Time Deposit	0.63% (12 months)	P252

### **Savings Account in the Philippines**

Philippine banks offers their customers a wide variety of options when it comes to saving money as a form of a low-risk investment venture. Savings accounts are one of such ways.

Saving accounts are bank accounts that offer their customers with a protection of their invested funds (money) while they earn a stable, low interests that are typically 0.5 % to about 1% annually. For example PNB (Philippine National Bank) offers 0.5% interest rate on their Peso-denominated savings account.

Any money invested in a savings account is highly liquid, something that implies it can be withdrawn when needed at any particular time. Due to their low interests, many people often find saving accounts very unprofitable in comparison to time deposits. Although, savings accounts are better due to a variety of reasons as described below in detail.

## **Benefits of a Savings Account**

- **Earn Some Interests:** Savings account will earn you some interest despite the fact that the rates are too low. This beats the interest earned if you had kept your money in a checking account or under the pillow (zero).
- **Convenience:** You can use your saving account to transfer money to family and friends electronically. It can still be used as payroll account by your employer company. In addition to this, you can also withdraw your money at any time and in any contrary via the ATM's.
- **Liquidity:** By having your money in savings account, you will make it readily available (liquid). This implies that you can withdraw it as cash without having any form of penalty. This is very useful, more so during instances of emergencies.
- **Protection:** Savings accounts let you keep your money in the back safely, and the law will also protect it. For example, all the Philippine banks are members of PDIC (Philippine Deposit Insurance Corporation) where savings are insured and secured up to a maximum amount of PHP500,000 for every person. Thus, in an event of failure by the bank PDIC will pay the respective investors (depositors) an amount that is subject to the maximum.

CHAPTER

9

Investing In Real-Estate

Real estate investment encompasses the buying, owning, and managing rental or sale (or both) real estate for profit making. Real estate development, part of real estate investing, is an improvement of realty property. Real estate is capital intensive apart from being an asset that has got a limited liquidity that is relative to other forms of investment.

## **Sources and Acquisition of Investment Property**

In most countries, real estate markets aren't well organized nor efficient as compared to other market forms for investment that are relatively more liquid. The main challenge for an investor who is seeking to elevate instrument opportunities and prices is the fact that individual property is unique to these individuals and aren't intangible directly. This is the reason as to why it involves a lot of competition and substantial work to locate a property or properties to invest. Before purchasing the property, real estate investors use different varieties of price appraisal techniques when determining the value of their properties.

### **Distinctive sources of investment properties include:**

- Real estate investors and wholesalers;
- Private sales by owners;
- Public auctions and foreclosure sales;
- Government entities;
- Banks, like bank real estate owned departments;
- Real estate brokers and agents;
- Market listings.

Once an investor has located a property and completed the preliminary due diligence (verification and investigation of the property's condition and status), he/she progresses by negotiating the sales price and terms with the seller. They will then proceed with an

execution of a sales contract. To assist and ease in the acquisition process, most real estate investors employ real estate attorneys and agents.

### **Sources and Management of Cash Flows:**

Typically, an investment property will generate cash flow to the investor in the following four ways:

- Net operating income, which encompasses all the positive cash flows from sources like rent less all the net outgoing expenses like taxes, fees, and maintenance costs.
- Tax shelter offsets. That comprises of carryover losses, tax credits, and depreciation.
- Equity build-up that increases the capital ratio of the investor.
- Capital appreciation, which is the rise in the market value of the assets over a given period. This is realized as cash flows from the sales of the property.

### **Risk Management:**

Evaluation and management of risk is a vital part of every successful real estate strategy for investment. In this particular type of investment, risk occurs in a variety of ways in each and every stage of the process of investment. The following are some of the common risks and how to mitigate them.

<b>Risk</b>	<b>Mitigation Strategy</b>
Adverse possession	Consider obtaining a boundary survey from a surveyor that is licensed.
Fraudulent sale	Consider verifying the ownership and purchasing title insurance.
Building system or component failure	Always perform regular maintenance and as well, complete a detailed inspection before purchasing.

Environmental contamination	Consider obtaining environmental survey and carry a test for contaminants like soil contaminators, asbestos, and lead paint.
Overpayment at the time of purchase	Consider obtaining a third-party appraisal and as well performing a discounted cash flow analysis as part of your proforma for investment.
Cash shortfall	Always maintain sufficient cash reserves and liquid cash that will cover costs and as well service debts for a given time period.
Economic downturn	To stand out from the high competition, consider purchasing properties with distinguished features in locations that are desirable.
Personal injury, fire, and flood	Cover the property with an insurance policy.

**NOTE:** Always remember that you do not have to pay some gurus for you to be successful with real estate investment. Most real estate investors have turned out to be successful even without any help from the guru crowd.

Getting some real estate education is also highly recommended. With such an education, you will be able to overcome most of the risks mentioned above easily. You will also be able to analyze the properties with great returns regarding location desirability and competition. Sources for real estate education are plenty. They include blogs, books, mentors, and podcasts.



## CHAPTER

# 10

## Investing in MLM & Networking Companies

Multi-Level Marketing (MLM) is a strategy for marketing whereby the sales force is compensated for the sales that they have generated as well as the sales people that they have recruited into the company. The sales force that is recruited is known as participant's (downline) that can provide compensation on multiple levels. Other vital terms that are also used in MLM include referral marketing, network marketing, and pyramid selling.

MLM acts as a form of direct selling. In this case, the sales force are required to sell the products of the company directly to the consumers through word-of-mouth marketing and relationship referrals. As an MLM salesperson, you will not only encourage other people to join the company sales force but also sell the product of the company.

Multi-level marketing and network marketing is a synonymous form of direct selling. This is because they involve a distribution system and a compensation plan.

Distributors, who are independent non-salaried participants that encompass independent agents, independent business owners, and associates are given the authority to distribute the services and products of the company.

The distributors are then awarded commission and their retail profits from customers. The commissions are given through a multi-level marketing plan for compensation that is based on the volume of services or products sold via their downline organization and their efforts of sales.

The independent distributors can consider developing their organization by recruiting a downline of distributors who are independent or by building an active consumer network that buy directly from the company. This will expand the overall organization. Moreover, the distributors can also earn some returns after retailing products they bought at a wholesaling price from the company.

## **How to Start Your Own Network Marketing Company**

As an investor, you will be interested in how to start your own MLM Company. This is a very legitimate business opportunity, so long as you place your emphasis on selling products. If you start your own Multi-Level Marketing and Network Company, you will need to have a manufacturer wholesale or a wholesale company (that might not be necessarily a manufacturer). You should select the name of your business and proceed to obtain a doing business license. A vendor license will still be needed.

### **Step 1:**

Start by selecting a product or service line for your MLM and Network Company. The most popular is a nutrition company.

### **Step 2:**

Consider searching for a wholesale supplier. This can be done through National Association of Wholesaler-Distributors (at [NAW.org](http://NAW.org)). To be more familiar with wholesalers, consider attending more NAW meetings.

### **Step 3:**

Call some potential manufacturers and wholesalers. Consider asking them if they have drop-shipping services- this will keep the levels of your inventory down. Also, find out whether the suppliers offer brochures, catalogs, and other product forms. Consider selecting the supplier that will offer you with the product that costs the lowest per unit.

### **Step 4:**

As per the recommendations of your supplier, consider setting the retail price of your product. Proceed by establishing a commission structure for your prospective distributors on numerous distinct levels. For instance, consider setting the commission at 10 percent on the first level sales. In this case, the distributors will earn more of these people that they have recruited. You can also set commission at level two as 6 percent and 4 percent for level three.

### **Step 5:**

Proceed with installing software for marketing commission payment. This will be helpful when calculating the commissions for your future distributors.

**Step 6:**

You can now create a manual for instructions for all your distributors. In this case, you should highlight distinct ways that they can use when advertising their network marketing business. Also, create a distributors kit that will be used by your potential dealers. This will encompass an order form, price list, a catalog, and an instruction manual.

**Step 7:**

Consider advertising your MLM Company in some of the major magazines. You can start with classified ads that are cost effective.

**Step 8:**

Finish by mailing order forms and letter brochures to the people that have responded to your ads. When they inquire about your MLM Company, call them back. Always consider recruiting distributors to your business on an ongoing basis.

## **Things Needed When Starting an MLM and Network Company**

- Shipping labels
- Order forms
- Wholesale supplier
- Brochures
- Commission payment software
- Catalogs
- Instruction manual
- Sales letters
- Price lists
- Shipping envelopes or boxes

## **Tips for Network Marketing Success**

- Choose an MLM and Network Company wisely. Look for stability, excellent services and products, pay plan, and integrity of the company.
- Pay attention and practice what they teach you. For you to succeed, you will need to learn and listen from the mentors.
- The higher-ups are very important. Those people who are above you on the downline are important. Seek their support and listen to them.
- Always strive to take up the lead when it comes to your downline.

- Use the internet. Again use the internet. It is very important, more so the social media, to use the internet are your major marketing tool.
- Always take care of the business.
- Never quit your day job before having a steady flow of income from the business.

### **Some of the Best MLM Companies in the World**

- **Pure Romance-** which specialized on bedroom furnishings like lubricants and sex toys.
- **Alliance in Motion-** This Company is based in the Philippines and specializes in products that range from coffee to teeth whiteners.
- **Oregano Gold-** which specializes in coffee and other mushroom-based products that are called “Ganoderma.”
- **Brain Abundance-** That has specialized with natural supplements for the brain.

CHAPTER

11

Investing in Government Securities

For governments to operate, just like any other type of business and people, they need money. Sometimes the government borrows money when it's not available but needed. In this case, it issues "government securities."

### **What Is a Government Security?**

A government security can be simply defined as a debit obligation or bond that is issued by a government with a promissory note of repayment upon the date of maturity of the security. Most of the government securities are considered as investments with low risk because they are backed with a government's taxing power. For instance, the safest investment that a person can ever make is in the U.S. Treasury securities.

### **Why Are They Issued?**

There are two reasons on why government securities are issued. The most common reason being raising funds for the expenditures of the government. The government can issue such securities like bonds so as to cover deficits in its annual budget. Moreover, cities might consider issuing bonds for construction of stadiums, libraries, schools, or any other infrastructure program for the public.

The other reason why the government issues securities is to control the money supply in the economy. This is done by the central bank of any country, for example the Federal Reserve of the U.S. Government securities will be sold by the central bank of such a country if it wants to slow the growth rate of money. In this case, it replaces money with bonds thus reducing its supply. In this way, inflation will be kept under control.

### **Types of Government Securities**

- **Treasury Bonds:** They are long-term investments that have got a maturity period of 30 years. The interest is paid after every six months.
- **Treasury Notes:** Which are securities with maturity periods that are more than the treasury bills. In this case, the periods of maturity can either be two or three years or even up to ten years. The interests are also paid semi-annually.



- **Treasury Bills:** These are short-term securities that are issued by the government with a maturity period of some days to one year. Treasury bills are sold at a discount but during the time of payment, it is done at face-value. This is how the investors make money.

To determine the **discount** of a **Treasury Bill**, the formula is as follows:

$$PP = \frac{PV(360)}{360 + r \times t}$$

$$d = PV - PP$$

or

$$d = PV \times (1 - PP)$$

**Where:**

- PP = Purchase Price
- PV = Principal Value of the Treasury Bill
- T = Term (tenor); Number of days to maturity (ex. 91 days)
- D = Discount
- Withholding Tax = 20% on the discount

To determine the semi-annual coupon amount of Treasury Bonds, the formula is as follows:

$$K = PV \frac{(i)}{m}$$

or

$$PV \times i \times \frac{180}{360}$$

## **The Philippine Government Securities**

The Philippine government securities are denominated in the local Philippines currency- the Philippine Peso. They are issued by the Government of Philippines through its Bureau of Treasury.

### **Treasury Bonds and Notes:**

They are long-term investments (government securities) with a fixed coupon rate that is determined at auction. Both are also interest bearing where their interests are paid semi-annually. They are issued at par value within two days after the auction. Treasury bonds last for either 10, 20, or 25 years; while notes are scheduled for either 2, 3, 4, 5, and seven years.

### **Treasury Bills:**

They are short-term government securities that are issued at a discount basis. The yield is determined during the auction. Being short-term they last for 91, 182, or 364 days.

CHAPTER

12

Investing in Annuities

## **What is an annuity?**

An annuity can be simply defined as an insurance product, which pays out income. Annuities can be used as part of a strategy for retirement. Therefore, if you are looking for some of the best investment strategies for retirement, finding a good annuity plan is the best way to go. They are the ultimate choice to those investors that are seeking to receive an income stream that is steady in retirement.

## **How annuities work:**

You will make an investment of a given amount in the annuity; then you will receive steady payments on a series of dates or a future date. Annuity incomes can be doled out annually, quarterly, monthly, or in a lump-sum payment. The length of your payment period is some of the factors that affect the size of your payment. You can choose to receive these payments for the rest of your life or just a set number of years. The amount that you receive depends on whether you had opted for a variable or fixed annuity.

## **What are the different types of annuities?**

There are two types of annuities. That is immediate and deferred annuities.

### **1. Immediate annuities.**

If you consider opting for an immediate annuity, you will begin receiving payments soon after you have made your initial investment. This is the best form of annuity investment to consider if you have just approached the retirement age. Immediate annuity pays out money.

### **2. Deferred annuities.**

In this type of annuity, your money is invested for a given period until you are ready to start taking withdrawals. Typically, you can begin taking withdrawals upon reaching your retirement age. Deferred annuity accumulated money. When the owner wants to start receiving the money, deferred annuities can sometimes be converted into immediate annuities.

**Are there tax benefits to annuities?**

Yes, there are. The money that you have invested in annuities is tax deferred. When you start making your withdrawals, the amount on which you contributed to these annuities won't be taxed, although your earning will be taxed at the regular income rate of income tax.

**What are the advantages of annuities?**

You will be able to stock a very large amount of money and as well defer payments. As opposed to IRAs and 401 (k)s there is no any limit to your annual contributions. In this way, you will be able to put away a lot of money for your retirement. This is the best option for those who are close to the age of retirement but would need to catch-up.

When your cash is out, you can make the choice of receiving a lump-sum payment or guarantee payments for a given time length or the rest of your life.

CHAPTER

13

Mastering the Fundamentals of Entrepreneurship

The decision to start a business or any other investment is exciting, although you shouldn't get caught up in the fairytale. If you want to succeed in any start-up business venture it is vital to master the fundamentals of entrepreneurship. This is because the journey of developing a business from the ground to the top isn't easy when you do not possess the relevant skills. You won't want a situation whereby you are unable to transform your idea into a business that is profitable.

Whether it is that business idea that you are looking forward to executing into a profitable business venture, or you are just looking forward to investing in a certain firm, you will need to possess some entrepreneurial skills. **The following are some of the fundamental principles of entrepreneurship:**

**1. Understand where you want to go with your new company and why.**

This should be the first thing to consider when you plan to venture into entrepreneurship. You should know where you want to go and why you want to get there. In this way, you will easily get focused and motivated.

Having a compelling vision and some mission tasks can guide you through the tough times and as well assist in rallying your customers into your company. So consider asking yourself where you are looking forward to going with your business and why you want to get there.

Once you have successfully set your vision for your long entrepreneurship journey, you can go another mile by establishing the specific goals of your business. The goals can be further broken down into plans, tasks, and actions. By breaking down big projects that are seemingly unattainable, you will get amazed how easily you can get them accomplished.

**2. Learn how to sell.**

A business can never exist without revenue. Therefore, you have to learn the art of selling. In the previous chapter, we discussed the importance of financial education. Through this kind of education, you will learn how you can sell your business (product or services) to your potential customers.



Many times you must have come across a company that has got a great logo, office space, letterhead, and business cards, but with a little to show concerning sales and customers. You don't have a business not until you have customers. This implies that you have to learn the art of selling and getting repeated purchases from your business after you have done your first sales. Your first goal when coming up with a business venture is to generate as much capital as you can.

### **3. Selling what people want to purchase.**

You must have seen a company or companies that looked forward to breaking ground in an "untested" or "new" market, just to discover that they are competing for a very small market share, or there isn't any market in the long-run.

To avoid this kind of menace, you should consider thinking concerning very large categories at first. For instance, many people already buy entertainment, technology, clothes, shoes, and foodstuffs, and they are still willing to purchase even more of this when the right service or product comes along. You should consider starting big and then proceed by going narrow. Though this way, you will discover lots of opportunities as compared to a situation where you went narrow.

### **4. Start by creating cash flow first and then move to profits.**

You should consider starting by establishing a consistent cash flow before making profits. If you are looking forward to building systems, it is okay. Although, you should consider getting cash flow first. Similar, if you want to build great teams, you will still be able to, but after creating a consistent cash flow. By adopting this principle, you will be able to build even bigger profits.

Finally, you can consider doing your business. This far, your projections, plans, goals, dreams, and visions are as good as the effort and action you pursuit to them.

## **The 3 Basic Things you need to succeed in a business venture:**

### **1. Enough capital to sustain you for six months.**

The time that it will take to turn profits varies between individual business ventures and industries. Although the rule of thumb remains the same in both the two situations: have enough capital (in the form of cash) in the bank to survive for about six months before launching your business. You can develop a realistic business and personal budget that will assist you to survive the first few months after launching your business. It will also be crucial to stick to this budget.

You should also consider developing a list of potential expenses earlier on such that you have a clear idea of what extraneous expenditure and monthly bills will add up to and how this spending can affect your bottom line. At the back of your mind, you should remember that you might not receive a paycheck for months or years after rolling out your business. To ameliorate the emergent pains of starting a business, you should consider having a cash reserve.

## **2. Sales and marketing strategies for early adopters.**

It is great when coming up with an outstanding service or product. Although, your business might end up failing without the first few vital customers. Therefore, you should consider developing a marketing plan that has got an allotted marketing budget, which will get your services or products in the front of key-adopting clients. Consider preparing ways of engaging and nurturing your new and potential clients so as to develop a loyal base.

The next step should involve building your sales infrastructure by thinking about product listings, proposals, and sales contracts. Think of anything else that your clients will see when they aspire to purchase from your company.

## **3. Endurance.**

You might have heard of this term before, endurance. This is one of the hardest parts of being an entrepreneur. It is the art of having the stamina to keep up with the day-to-day demands of running your venture. Most people think that it will be a walk in the park- but it isn't!

Surely, you will experience some great benefits like enjoying the success of your hard work, flexible schedule and working for yourself. Although, each of these benefits will come along with the cost of putting your reputation and capital at stake.

Before starting your entrepreneurship, ensure that you can physically and mentally ensue this journey. Also, you should be prepared to make personal sacrifices, dedicate yourself to the business fully, work for long days, and do things that are outside your comfort zone. The business won't achieve its full potential if you aren't in 100 percent.

## **The 7 Traits of Successful Entrepreneurs**

### **1. Tenacity.**

It is an ultra-marathon to start a business. This is because you should have the ability to live with some uncertainties and push through the crucible of different obstacles for months or years. This trait is referred to as resilience, commitment, determination, persistence, perseverance, or tenacity.

It is the ability to deal with repeated failure but still have the audacity to push forward with the vision, goals, and objectives of the business. It happens many times in new business ventures, and only those who have this trait can be able to go successfully through the entrepreneurial journey.

When you experience failures, you have to consider starting over again. If you are almost becoming bankrupt due to a mistake that you had committed unknowingly, you have to soldier on and push forward with the business with the main aim of fulfilling your vision. With perseverance, you will be able to battle challenges when they occur and, therefore, succeed even during the tough times.

### **2. Passion.**

Many people assume that those entrepreneurs who are successful are driven with money. Although, most of them will confess to you that they are driven by passion for their services or products. They are fueled by the opportunity to make life cheaper, better, and easier by solving real life problems.

“Most entrepreneurs have the belief that they will change the world to be a better place after venturing into their dream businesses,”- Jay Friedlander. This belief is what gets them through the hard times. Having a passion that is based on the vision and mission of the company is an intrinsic drive that offers you with an internal reward, which will sustain you amid paydays.

### **3. Tolerance of ambiguity.**

Tolerance of ambiguity can be defined as the ability to withstand the fear of potential failure and uncertainties. It is the simplest definition of risk-taking. Being able to manage fear is a great trait of any successful entrepreneur. Whether it is the fear of getting into bankruptcy, running out of cash, missing payroll, or fear of humiliation, being able to control it serves as a very great trait.

### **4. Vision.**

The ability to spot a given opportunity and imagine something that other people have not is one of the defining traits of a successful entrepreneurs. Successful entrepreneurs have got a curiosity that assist them in identifying niches that are overlooked and then put them at the forefront of emerging fields and innovation. Such entrepreneurs are able to imagine another world and, therefore, have got the ability to communicate their vision to staff, customers, and investors. This is called vision. Entrepreneurs are always several steps ahead of the market, something that makes assist them in facing naysayers.

### **5. Self-belief.**

Ability to be crazy sure that your services or products are something that is highly needed by the world, and you are able to deliver it so as to overcome the naysayers is a very great entrepreneurial trait. It is self-confidence or task-specific confidence. It can be explained as the belief that helps an entrepreneur to turn the risk proposition around.

### **6. Flexibility.**

The survival of any business just like that of any species is dependent on adaptation. Your final service or product will not look like what you had initially started with. It is essential to have a flexibility that allows you to respond easily to changing market conditions and tastes. Colwell of Plains Angels says that “You should have the willingness of being honest with yourself and say that something isn’t working.”

### **7. Rule-breaking.**

Entrepreneurs mainly exist to challenge conventional wisdom. Entrepreneurs have a combination of illicit, “aggressive,” and “smart,” risk-taking activities. This is among their trail mix. In most cases it shows in their youthful ages as rebellious behaviors, like pot-smoking.

Are these characteristics in you? Well, you should find out. Always remember that entrepreneurship is a risk that will come along with rewards. The measurement of this kind of risk can be equated to the amount of money and time that you invest into your new business venture.

CHAPTER

14

Safeguarding your Investment

Wise investment management takes in into account all possible protections. There are plenty of ways through which you can protect your funds and other investments. Most cases, the investments that require safeguarding are the ones that you have invested in the form of money (funds), like in stocks, mutual funds, annuities, bank savings, and so on. This is because entrepreneurship (business) and real estate have got its kind of protection like insurance and funds reserves (that we will address here). There are plenty of ways through which you can divide your funds, guarantee the safety of your money, and as well lower the potential risk of loss. **The following tips will assist you while safeguarding your investments:**

- Consider using a brokerage account to invest in brokered Certificates of Deposits. You can easily invest in brokered certificates of deposits (CDs) by opening accounts with the brokerage firms. These are just the normal CDs but with very large denominations. It acts as a pool of investors that enables them to get a large share in the CDs with a potential of very high interests. This is much more than what they would have got when they invested on their own.
- Always bank with credit unions, which carries private excess share insurance. There are some credit unions that are members of the NCUA (National Credit Union Association). Such unions carry excess share insurance so as to provide members with additional coverage for their savings and deposit accounts.
- Open an account with SIF- or DIF-insured bank. These are Share Insurance Fund and Deposit Insurance Fund, which provides insurance for share funds and deposits accounts respectively.
- Always research your brokerage firm and the broker. It is vital to know your broker, despite the fact that you are responsible for approving and making

decisions that are related to your investments. This will help you not to become a potential victim of fraud.

- Consider knowing the time horizon of your investment. Always consider investing the money that you need in short-term in low-risk vehicles like treasury bills and certificates of deposits.
- Keep your records of all the transactions of your investment. This will assist you to overcome the loss of funds when you are concerned that there might be an instance of error or fraud.
- NOTE: Every form of investment has its risks. Although, there are plenty of means that you can reduce such risks like seeking an additional insurance coverage on your investments. Always take your time to protect your funds and have a peace of mind with such safety options.

## **Tips and Tricks for Protecting Your Investments Online**

Technological advancements come with its challenges. Whereas you can no longer invest your funds online, unlike a few decades ago, you can also lose them due to hacking and other vices. When you choose to invest online, always be aware of two things: your data is online, and hackers will never stop trying to steal it. **The following tips will assist you in safeguarding your online investments:**

- Start by accepting that your personal information has been compromised. In this case, criminals might be knowing your social security number, address, and name. You can never stop hackers from getting some information from you. In this way, you will be able to face the problem amicably.



- Be very skeptical while opening links and emails. Some emails seem very legitimate, such that they have got the logo of your financial institution and professionally designed. Some of such links and emails can have virus that will download your personal information, like logins and passwords.
- Always check computer viruses. You should consider investing in an antivirus software. Always keep it up-to-date regularly. Antivirus softwares are always updated to combat new threats as criminals come up with some new ways to steal online.
- Use passwords that are complex. You will find it very convenient to use a password that is easy to remember. It will be even more convenient to use this password in multiple online accounts- but remember this is very DANGEROUS. There are many ways through which passwords can be compromised. Hackers can use “brute-force-attack,” by trying all possible combination of symbols, numbers, and letters to hack your password.
- Consider using a password manager. Because you will be employing the use of longer and complex passwords, it will be almost impossible to remember all of them. In this case, you can consider using a confidential password manager- with a master password that is only known to you.
- Consider enabling a two-factor authentication. In this case, you will need more than a username and password to access your investment accounts. Sometimes, the financial institution can send you a code to your phone or email when you try to access your account- this provides additional security.
- Never login your account on a public network. Resist the temptation of logging into your financial account (online) at the coffee shop, public library, and so on. Never use the public Wi-Fi, because they do not have the assurance of being secure.

## CHAPTER

# 15

## How to Deal with Losses and Economic Downturn

An economic downturn refers to a general slowdown in economic activities over a continued period of time. An Economic downturn can either happen globally (like late 2000's global financial crisis) or in a specific region (like the 1990's Asian financial crisis). Some of the main features of economic downturn include declining investment, low consumer confidence, falling house and share prices, and rising unemployment.

Whereas you might not be able to protect your business completely from an economic downturn, understanding how it can affect you will highly assist in protecting you in developing a plan that can minimize its impact. It can also assist you in the identification of new business opportunities. You should plan, review, and monitor your business and investments so as to get relevant information that you will need to make changes that will help you to stay viable financially. Through this, you will make your business to recover and respond to any economic downturn.

Always remember that the stronger your investment is, the less likely it can get affected by any risks like events that are unforeseen. Strengthening your business does not only involve management of finances but also improving your business practices, keeping your staffs' morale high, marketing your business affordably, as well as strategies to broaden and retain your customers. Also, consider looking for opportunities to form alliances and network, so as to help you minimize risk exposure.

**To strengthen and deal with economic downturn and losses, consider employing the following strategies:**

**1. Make your customers a priority.**

Quality customer service is all about providing them with what they are looking for. You are likely to retain and broaden your existing customers if you provide quality customer services. This also implies that you will have a broad chance of increasing and keeping your client base. You can consider running customer and loyalty incentive programs and diversification of your business and investments. In an instance of an economic downturn, it is advisable to provide your customers with proper after-sales service so as to retain them.

**2. Marketing strategies.**

Carrying out a review of your strategies for marketing can assist you to come up with an awesome idea that will increase your sales and proper ways of using your money. Always have a proper way that you can use to communicate the competitive advantage that you have.

Having a unique selling proposition will effectively assist you to stand out from the masses. Develop some strategies that can assist in measuring your competitive advantage. During an instance of economic downturn, you can market your business either through word-of-mouth adverts or social media.

### **3. Managing staff.**

Always update your HR (human resources) plan. This will be useful for detailing your staffing costs, and will in turn help in costing your services and products. Thus, you will avoid any possible losses. Always consider communicating clearly with your staff on the state of the business. This will assist you in building the morale of your staff. Involve them while making decisions as well as when finding solutions.

You may be forced to change the arrangement of your staffing during an instance of an economic downturn. Try to find options that are flexible if you need to reduce hours. Understand your obligation for ending any employment, in case you will be needed to lay-off some staffs. This will reduce any possible losses in the business.

### **4. Networking.**

Networking is an important approach during an instance of an economic downturn. Through it, you will be able to understand how other businesses are coping. Networking also assists you in discovering new staff, customers, opportunities, business partners, and suppliers at a minimal cost. You can choose to liaise with other businesses through alliances by offering discounts and complimentary services.

### **5. Developing innovative practices.**

By developing innovative practices, you will be able to adapt the market conditions that are changing, making you stay far ahead of the competitors. Consider reviewing on whether improving the use of technology in your business can make you more

competitive, reduce cost, and enhance efficiency. You can choose to do business online or install customer management system.

#### **6. Seeking assistance.**

Speak to business and financial advisers, like consultancy firms and accountants. They can highly assist you in surviving losses and economic downturn.

## CHAPTER

# 16

## Money Mistakes to Avoid on Your Way to Financial Freedom

There is a very wide distinction between being rich and having financial freedom (wealth). You can get rich quickly but NEVER Wealthy. Wealth can be termed as an abundance of something. It is a surplus that can be destroyed by any condition. Very few people learn how to get wealthy. I have explained most of the ways through which you can invest to get wealthy; you will learn that it is a process and thus will take time and effort.

The wealthy understands that money should be invested and used to work so that it can grow. They also understand that for you to have money (a lot of it) you should acknowledge and love it. They pay attention to it knowing that for it to multiply it has to be invested wisely. The wealthy avoid mistakes that are made by big income earners and the rich. **The following are some of the money mistakes to avoid while seeking financial freedom:**

- **Diversification:** While making a lot of diversifications will make you rich, overdoing it might not get you wealthy. Learn where you are good at and work to become the best at it.
- **Seeking comfort rather than freedom:** Comfort is a great enemy of abundance making it a dangerous element of your finances. All the middle-class people seek comfort and not freedom. Focus on the freedom and not comfort.
- **Depending on a single flow of income:** Never depend on one flow of income despite how big it is. Make investments with dependable income flows.
- **Comparing yourself to others:** Never compare your life to others, this will make you live a life of paycheck-to-paycheck.
- **Avoid investing in the latest trends:** Always remember that they can be easily displaced by updates and newer technologies. For example, Warren Buffet

has made investments in candy, food companies, soft drinks, insurance, electricity, banks, and railroads.

- **Trusting even without a proof:** Never trust people or companies without getting a proof just because you like the way they have presented themselves to you. You might end up being deceived.
- **Saving to save:** You can never be wealthy by just saving, you need to have real-time investments.
- **Never be a pretender spender:** Never try to impress other people with how you are spending from V.I.P tables, shoes, designer bags, and other expensive clothes.
- **Pretender spender:** On the other end of the curve is the pretender spender. They try to impress others with how they spend money. It's not their money; it is always someone else's. Sports cars, expensive clothes, designer bags, shoes, V.I.P. tables -- the list is endless. Start by investing the money, you can then spend on what you want after reaching a zone of financial freedom.



## Conclusion

Thank you once again for downloading this book.

I hope this book was of great importance in providing you with vital financial knowledge that will assist you while seeking financial freedom. Well, it is now time to start practicing what you have gained here. You have to come up with a plan and vision.

As mentioned, you will need to have a vision and a plan that you will be executing. Learn what you are good at. You should not quit your formal job not until you have steady income flows from your investments.

I hope that you were able to find useful information on what you have always aspired to invest in, in this guide. It is the highest time to consider putting it into action. Seek advice to hasten the process.

Thank you for using this guide!



## What About An Amazon Review?

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