

Grow

If you take care of the minutes, the years will take care of themselves. —Rick Hanson

REAL WEALTH = Freedom

Real wealth is the ability to live life on your own terms. It's about having the money and freedom to do what you want, when you want, with the people you want to be with, and most importantly, to enjoy each moment.

Develop Your Mindset

A change in life requires a change in the way you think.

Your mindset will continue to be the most important factor in creating the life you want to live.

We can look at challenges as problems and complain about them, or we can look at challenges as adventures and face them with creativity and positivity. It's all about mindset.

Learn, grow, and keep taking steps, no matter how small. Over time, these small, incremental changes will create a big mindset shift. All of a sudden, you will look at money and life in a whole new way. That mindset shift will have an exponential

effect on your finances and your life. It will change how you see things, and then everything will start to change.

The Gremlin

Your Gremlin is the embodiment of all your fears and doubts. It's the whispers in your mind that say, 'You can't do that', 'You're not good enough', or 'You don't deserve that'. We all have them. They're the things that hold us back and that hold power over us until we bring them into the light. You have to tame your Gremlin and get into the right mindset to solve your problems.

This all starts in your mind. Your focus becomes your reality. If you focus on not having enough, or on problems, or what's wrong with the world, then that's what you'll attract into your life. If you focus on what you do have, what you are grateful for, what's working, the possibilities in your future, and what's good about others, then you will start to see more of that goodness show up in your life.

Fixed Mindset vs. Growth Mindset

People with a fixed mindset believe they were born with qualities and personalities which are fixed and unchangeable.

People with a growth mindset believe that favorable and advantageous qualities and abilities can be developed and strengthened through commitment, persistence, and curiosity.

Keep Learning

"I don't need to know everything, I just need to know where to find it when I need it." —Albert Einstein

There has never been a better time in history for accessing information and learning than today. Focus on learning and growing from reading, listening to audio programs and podcasts, attending conferences and workshops, collaborating with others, and learning together.

Take advantage of the miracle of books. It's extraordinary in today's world that there are people who invest hundreds — sometimes thousands — of hours writing and editing in order to put their lifetime of learning, experience, and expertise into a book which only costs about twenty bucks.

You might have no experience with investing or any subject for that matter, however, you can usually find the lessons somewhere – from a mentor, a teacher, a book, or online.

The more you learn, the more you earn.

Breathing

"Breathe in courage and keep moving." – John Weise

Why does John always say "breathe"? Because deep breathing activates the prefrontal cortex area of the brain and increases heart rate variability, which helps shift your brain and body from a state of stress to self-control mode. Just a few deep breaths can actually help you feel calm, be more in control, and be more capable of handling challenges.

Stay Healthy

"It is health that is real wealth and not pieces of gold or silver." – Gandhi

The best way to live your best life is to live your longest life in the healthiest way.

Eat healthy foods and consistently stay fit in order to be free from pain, sickness, and fatigue. Your body and mind will thank you later.

Goals, Happiness and Joyful Self-Discipline

"Happiness is not about making it to the peak of the mountain nor is it about climbing aimlessly around the mountain; happiness is the experience of climbing toward the peak."

—Tal Ben-Shahar

Clarify and continuously reassess your goals. Journal. Think. Become disciplined in the little things in order to maintain and expand your freedom.

Everyone's journey to real wealth is different. What works for one person may not work for you. You need to take responsibility for your own life and actions in order to decide what feels right for you.

Discipline in the short terms brings success in the long term.

Bottom line — humans are happier when we are moving towards our most important goals.

The Life Wheel

Acknowledging the good that you already have in your life is the foundation for all abundance. —Eckhart Tolle

If you only focus on your finances, you're not going to achieve real wealth.

How to fill out the Life Wheel

It's all about how satisfied you are with these different areas, not anyone else.

Assess each area of your life on a scale of zero to ten, ten being awesome and zero meaning very unsatisfied. Don't overthink it.

Balancing life is about noticing when you are leaning too far into one part of your life and then consciously moving toward another in order to keep from falling.

Sometimes those adjustments are small, and other times they're big. You need to stay aware of which way you are

tipping and keep moving into other areas. If you keep leaning toward only one area, you'll fall on your face and ultimately be dissatisfied in life.

Complete a Life Wheel every three to six months to see how you are progressing with living your best life.

Future Self

Live like your future self, and you'll become your future self.

Imagining meeting your future self can open up your mind to seeing what you really want for yourself in the future if everything turns out just right. A big benefit to doing this is that you tap into the reticular activating system of your brain.

The reticular activating system (RAS) is a bundle of nerves at your brainstem that filters out the noise around you so only the important stuff gets through. It helps you to focus by working in the background of your mind like a computer operating system in order to have you notice only the information that is important to you.

This is important to understand because scientists believe that you can influence the RAS by focusing intently on your goals.

Positivity attracts positivity, and negativity attracts negativity.

People decide their future through their everyday thoughts and actions, and that's true about making money, too.

Basically, by making positive, incremental changes every day, you can make large changes in yourself.

How do you know what changes to make in order to reach your objectives?

Assess your personal qualities that you think are strong and those that you think need work. Focus on how you can improve the less strong qualities and still maintain the strong qualities. See yourself in the future with these improved qualities. Also, for anything you are not strong at or do not enjoy doing, consider hiring someone who has a unique strength in those areas to help you. Then you can focus on your unique strengths and what you love to do.

Fewer excuses, more results.

Beware of Liabilities

Liabilities can be everything from financial debt on depreciating assets to bad habits to toxic people. Be aware, and be honest with yourself.

The only good debt is debt that brings a higher return than it costs.

If something costs you health, happiness, money, or time, consider it a liability.

Not all debt is bad debt. If you are using loans to acquire assets that bring you a higher rate of return than the debt is costing you, then it can work. That's how many real estate investors leverage their money. They use other people's money or OPM—usually the bank's.

Bad liabilities are debts you might have on anything that is not appreciating in value or bringing you positive cash flow. It might be credit card debt you've built up from buying stuff that depreciates in value. It could be depreciating assets like cars, boats, electronics, or anything that is not worth more in

the future than when you bought it. Anything that does not create cash flow or growth is not helping your bottom line.

Liabilities can also be things that detract from your life or your happiness. Maybe it's bad habits that detract from your health, wealth, or happiness. Everyone is challenged and has to fight against some negative habits. The key is being aware of those negative habits and understanding that they are liabilities, just like bad debt. They take away from your life energy, which is even more important than your finances. Being honest with yourself is the first step in exchanging those negative habits for positive habits to help you improve and grow.

Another major liability can be toxic people—those people that drain your energy, bring you down, seem to always focus on what's wrong, and constantly complain about other people, life, and the world. They act like victims rather than taking responsibility for their lives and their situations.

Sometimes these types of people just need to be asked what they want, what's good, or what they like. It often changes their perspective. However, if someone is unwilling to change from that approach or is always looking for what's wrong,

then respectfully set your boundaries and keep your distance from them.

Your own Gremlin spends enough time telling you what's wrong and what's not going to work. You don't need another devil's advocate in your life. Instead, look for an angel's advocate. Those are the people who are positive, uplifting, and add to your life. People who look for what's good, what's working, and what's wonderful about others are true assets rather than liabilities.

Lower expenses (what do you really need?)

Most people have no idea what they're spending money on until they do a deep dive into their accounts.

Look at every dollar you spend and analyze it. Do you need to spend that money? Does it truly make you happy? Is there a less expensive way to do it?

Your expenses every month are liabilities. Take a good look at what you spend your money on and if it actually makes you happy. Can you do without? Lowering your monthly expenses by twenty percent can sometimes make hundreds or thousands of dollars available for investments.

List out all your liabilities, assets, income, and expenses. For your expenses, write them down day-to-day, for the last thirty days. Then review your lists to see what you might learn. This creates financial awareness, which is a big step toward financial freedom.

5 Common Bad Money Habits to Watch Out For

1. Failure to track cash flow

Most people don't love budgeting, but in order to change your mindset and start good habits, you have to know where you are spending your money.

Consider tracking your cash flow every month, cutting things you don't need, and reducing where it makes sense in order to free up money for savings and investments.

2. Paying Yourself Last

Be careful not to spend too much money on expensive meals, cars, boats, or other toys instead of putting part of your income into paying off high-interest credit cards, savings, or even investing.

Consider setting up automatic transfers from your bank account into separate savings accounts each month that would build up ample funds for emergencies and investing.

3. Carrying Credit Card Debt

Consider paying off high-interest credit cards as soon as possible.

Once they are paid off, start directing the extra money into buying assets that bring positive cash flow and appreciation.

4. Increasing Your Standard of Living

When you get a raise or bonus, don't immediately think about how you can spend it.

Consider setting up automatic savings with the increase for future investing.

5. Failing to Plan for Future Challenges

Set up an emergency fund to keep you on track with your savings and investments, and avoid being forced to use high-interest credit cards to bail yourself out.

Invest in Assets

If you don't change your habits, it's doubtful your financial situation will actually change.

The assets in your life provide either money, health, happiness, or time.

People don't usually don't become wealthy from their jobs or by working "hard."

People become wealthy by investing in income-producing assets.

The real way to build financial wealth is to invest in assets that put money into your pocket.

Financial assets can include dividend stocks, bonds, real estate that generates income, systematized businesses, and intellectual property that brings royalties like books, music, inventions, trademarks, etc.

Wealthy people invest with the bigger picture in mind. They know that when their passive income streams exceed their lifestyle expenses, they have financial independence and time freedom.

Focus more on cash flow than net worth.

When you ask most people about their portfolio, they often say things like, "It's worth over \$500,000" or "It's up twenty-five percent this year." However, if you ask someone who is focused on passive income and building real wealth, they would probably say something like, "My portfolio is now generating over \$20,000 per month."

When it comes to tracking your financial progress, the four most important areas to review consistently are your income, your expenses, your net worth, and your cash flow.

Financial Freedom

Getting to financial freedom happens in four stages and it usually happens by investing in assets that bring positive cash flow and financial returns:

1. Cash flow negative

2. Cash flow neutral
3. Cash flow positive
4. Financial Freedom

Time

Your most important asset is time. If you spend money, you can always earn more later, but you can never get back time spent.

When you invest your time, it can bring an exponential return. That might be investing your time with the people you care about, investing your time educating yourself, investing your time getting better at certain skills, or investing your time improving your health.

Investing in your health can help add time to your life, but we all have a certain end date and that could come up whether we are healthy or not.

Taking a good look at your life and the assets you already have is an important early step, and then once you are clear on the assets you have and the assets you want to acquire, it's wise to invest in growing those assets. Learning how to invest your

time is even more important than learning how to invest your money.

5 Ways to Profit from Rental Properties

The best time to invest in real estate was twenty years ago.

The second best time to invest in real estate is today.

1. Monthly cash flow

Monthly cash flow is simply the money you put in your bank account each month after all the expenses for each of your rental properties are paid.

The truth is that there are lots of properties that won't actually produce positive monthly cash flow. It's possible there aren't even any properties in the area that you live in.

So, it's important that you know how to find the right properties.

How do you do this?

It's all about analyzing the numbers and the market before you buy.

First, look at the amount of expenses on the property, including all the costs related to buying the property, and the amount of rental income you will receive.

Obviously, the income needs to exceed the expenses, and if this is true, then the property is generating positive monthly cash flow.

This income is passive and ongoing, and when you build up enough of it, you'll be moving toward financial freedom.

2. Appreciation

"Don't wait to buy real estate. Buy real estate and wait."

When it comes to real estate, most people are familiar with appreciation. It's the understanding that housing prices generally increase over time.

When the value of the property you own appreciates over time, it's like receiving a free gift—it feels kind of like getting free money.

However, in order to receive the actual cash profit from appreciation, you either need to refinance your property, take out an equity line, or sell the property.

Obviously, some real estate markets appreciate more than others, while some markets stay fairly flat, with only moderate ups or downs in values.

In general, however, real estate typically does move upward in value.

For example, if you look at the total increase of property values in the U.S., you'll see that it's averaged about seven percent appreciation over the last five years. Actually, over the past twenty years, it's increased an average of about five percent.

A lot of people buy investment properties only for the potential appreciation, but I don't recommend that because betting on appreciation is really only speculation. And as so many learned from the market crashing in 2008, you can get burned by speculating.

The nice thing is that when appreciation does happen, it can definitely boost your wealth up a few sizes.

3. Tax Benefits

This is a less obvious way to earn money on rental real estate.

The U.S. government seems to like real estate investors. Why? Because they provide housing for the ever-growing population who rent versus own their homes. They are also helping to strengthen and stabilize the economy. Uncle Sam wants to reward and encourage those who invest in real estate through favorable tax treatment. It's one of the government's incentives for helping to provide housing—especially affordable housing—and strengthen the economy.

4. Amortization

Your tenants are paying your mortgage loan.

Your tenants are actually covering the cost of your mortgage—both the principal and the interest—for you each month.

As your mortgage gets paid down, that means the property gains equity.

A thirty year fixed mortgage on a rental property has a set monthly payment that covers the interest rate and the principal over the life of the loan.

In the highly unlikely event that the property does not appreciate over those thirty years, if the tenants pay enough rent each month to cover the monthly mortgage payment during those thirty years, then all the equity in that house belongs to the owner free and clear.

5. Hedge against inflation

This is not a way to earn cash, but it actually makes assets more valuable.

After the property is purchased, at some point during the life of the mortgage, inflation will most likely increase.

As inflation increases, the value of the dollar decreases.

When that happens, the amount of the mortgage payment hasn't changed, but since it was borrowed in today's dollars, it will actually be paid back with dollars that are worth less than they are today. Plus, the amount of your monthly

payment will not change, and those payments will be made by your tenants.

Rental properties are one of the few investments that can actually benefit from inflation.

One of the big benefits of having five different ways to profit from rental properties is that if everything does not go as well as you hoped for with one of the ways to profit, you can still benefit from the other ways.

Be smart and buy properties that you expect to produce positive monthly cash flow and that have a good chance of appreciating in value. That way, you will improve your chances of gaining profits from all those five key areas.

The Power of Leverage

Leverage creates a greater outcome by amplifying force.

Leverage affects investing, business, and life—whether it be leveraging your strengths, working with a team and getting help, or growing your income.

In the world of finance, leverage is the use of borrowed money to make an investment and increase the return on that investment.

Real estate allows you to increase your returns by five-fold because you typically only have to put twenty to twenty-five percent down on an investment property.

Leverage works when you can earn a rate of return on your investments that is higher than your borrowing cost. If you can borrow at five percent and earn over five percent on your investment, then the debt will improve your results, and you'll come out ahead.

Using leverage in real estate, the bank becomes your partner and puts up the money for eighty percent of your investment. All they ask for is a small percentage rate while you get to own the asset, and you get all the appreciation and other benefits.

With real estate, you can walk into a bank and say, "Hey, I want to invest in something, and I want you to pay for eighty percent of it." That's what we can do with real estate. That

says something about the trust financial institutions have in real estate.

Leverage can also apply to business because we all have the same amount of time as everyone else. The truth is that most successful people don't necessarily work more hours than you do, but they leverage other people's time and talents by hiring others.

There are two areas where this really matters. The first is hiring others at a lower hourly rate than you earn. For example, if you earn \$50 per hour, why would you mow your own lawn when you could hire someone to do that for \$20 an hour?

The second area is to hire others with knowledge that you do not have, so you don't have to invest time into gaining that knowledge or doing something that is not your unique strength. That's leveraging people. You gain, they gain, everyone wins, and it allows you to invest your time and efforts on those areas that are your unique strengths and what you most enjoy doing. Create leverage by using a team to help you achieve your most important goals.

When you expand your vision of where you want to go, you will need to put together a team of people who can help you get there and look at two main areas for making it happen.

First, what will you do that is your unique strength and that you enjoy doing? Second, you take a step back and think who can help me with the other areas with their unique strengths? It's all about accelerating teamwork.

Rental Real Estate vs. the Stock Market

Stocks can rise and fall in value quickly, which necessitates quick decisions and elevates stress levels.

Real estate usually takes more time for large changes in the market and therefore allows you to consider options and causes less stress overall.

While stocks can pay dividends, the majority of your gains from stocks are only realized when you sell the actual stock. Real estate shows cash flow within the first couple of months at a much higher amount than stock dividends, and you are still receiving gains from appreciation and amortization too.

How to Find Investment Properties

Some real estate brokers specialize in helping investors acquire cash-flowing investment properties. They often provide education and support for investors.

Your first meeting will usually consist of the broker getting to know you better and understanding your goals, and then creating a plan to reach those goals by creating a portfolio of income-producing real estate.

The broker will usually help you identify areas that meet your goals in markets with a diverse labor force, new companies starting up and hiring, and older companies with solid reputations. They will look at this, population trends, and other factors to increase the odds of a good investment. It's also helpful to look for "landlord-friendly" states to invest in.

Selecting the right market is even more important than selecting the right property.

A broker will usually suggest several different markets with the best chance of appreciation and that will provide cash flow from day one. They will recommend vetted brokers with experienced property managers from around the country that meet the client goals.

Most property managers charge a small percentage of your monthly rents, usually around 8-10%. They find quality tenants for your properties, oversee the maintenance, handle all the leases and collections and send monthly financial statements so you can track your property's performance.

Review the pro forma on each property because there is a line for the property management fees so you get to see what your profits and cash flow are projected to be after you pay that property management fee.

Always do your due diligence, get an inspection from a third-party professional and get an appraisal before purchasing anything. Brokers should never advise purchasing a property without an inspection or an appraisal. It's the best way to invest safely.

Consider getting pre-qualified for a mortgage loan before searching for income property.

Most mortgage companies will require a downpayment of 20-25%.

Make sure monthly rental payments cover the costs of the loan, the property taxes, the management fees, and future repairs.

Real Estate Broker Questions:

1. How much capital do you currently plan to invest?

2. What is your main goal with investing? (choose one)

- Increase my cash flow*
- Increase my net worth*
- Financial freedom*
- Generational wealth*
- Diversifying out of the stock market*
- Other (please explain)*

3. What is your goal with the rental properties you acquire?

- Cash flow*
- Mostly appreciation*
- Cash flow and appreciation are equally important*
- Other (please explain)*

Buying your first rental property is usually the most challenging step for most new investors but once you do it, you'll notice a big shift in the way you see investing and how quickly you will learn and feel even more comfortable with real estate investing.

Multiple Streams of Income

Multiple streams of income above and beyond your nine to five job can help you acquire wealth quicker. Anything that can give you more disposable income to increase your investments in passive income will help you reach financial freedom and live your best life.

House Hacking

Consider renting a room or a guesthouse on your property. There is a lot of advice online on the best ways to make this happen and the additional income can range from a few hundred to several thousand dollars a month.

Planting, Cultivating, and Harvesting (starting a business)

1. Planting Phase

A lot of work goes into starting a business, just like when you're planting a seed. The seed has to grow down and take root before it can come up out of the soil. The same thing can be said about your business. You're solving problems, figuring out processes. It's a lot of work for little reward. You need to push through without seeing the fruit of your success, but with the excitement of your business's potential.

It's hard, there might not even be enough hours in the day, but you are nurturing your business and that takes time and effort.

In the planting phase, you have to do it yourself, you have to live and immerse yourself in the business to understand all the details.

2. Cultivating Phase

Your goal isn't to work all day, every day. You need to build systems and hire the right people.

If you think about a plant, after the seed sprouts from the ground, it's extremely vulnerable and needs water, sun, fertilizer, and protection from bugs and blights. Sometimes

you mess up, but you learn from your mistakes. You're encouraged because you see growth.

This is similar to your new business. After the first year or so, you're still doing a lot of the work and investing time, you've solved most of your big problems. And now, you understand where you can start to make systems and even hire help to make your business more efficient. That way, you can focus on the parts of the business that only you can do.

3. Harvesting Phase

Always look at your businesses and investments as a means to an end. If you want to live your life on your terms, then the only way to do that is to systemize everything you can. After your hard work has paid off, everything is dialed in and you have the right people and processes in place. Now, your business doesn't take as much effort and you have more free time to innovate, start a new business or hobby, or just relax and spend time with your loved ones.

Get clear on what you are best at and what you love doing, then hire or partner with others who excel at the other stuff.

Key Partners in Real Estate

Key partners in real estate investing might include a virtual assistant, a bookkeeper, a CPA, an attorney, and a real estate brokerage investment counselor.

Whether you are investing or running your own business, finding the right people is key to your success.

The Power of Habits

People often don't want to accept the fact that their lives are a direct reflection of their daily habits. The bottom line is it's vital to take 100% responsibility for your life because excuses won't solve anything. Blaming others—the government, your education, family, friends, spouse, anyone really—will throw you into a victim mindset, and you'll feel like giving up. You'll lose your motivation and your self-discipline will fade away.

If you choose to do those things that make you a little better each day, over time you end up getting happier, healthier, more fulfilled, and have better relationships.

If you choose to do those things that do not help you grow and improve then each day you will get a little worse off and

over time it will have a negative effect on your happiness, your health, your fulfillment, and your relationships will decay.

Bottom line...

- Your wealth is a reflection of your daily habits.
- Your body weight is a reflection of your daily habits.
- Your mood is a reflection of your daily habits.
- What you pay attention to becomes your life.

Other Forms of Real Estate Investing

In the beginning, learn the process. Single-family rental properties are the easiest to understand and manage. After you have built up a fairly large portfolio, around ten to twenty properties, consider meeting with other real estate investors and learning about other types of rental investments such as commercial, multi-family apartments, self-storage, and mobile home parks.

Learn as much as you can, but you don't have to fully understand how to run those types of investments in order to team up with other people who do and invest in their projects through buying units or shares in those investments. In that way, you can benefit from all the other investors in the

project. One of the easiest ways to do that is through a real estate syndication or a fund.