

# TURN YOUR DEBTS INTO PASSIVE INCOME

# 5

*The 5 Little Known Secrets*  
of turning Your Everyday  
Debts Into Passive Monthly  
Income



UNLIMITED SUCCESS  
Wealth and lifestyle strategies





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*If you're in a financial slump right now, staying motivated isn't such an easy task. I know, I've been there!*

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## Introduction

Have you ever heard the phrase “the rich get richer and the poor get poorer”?

Why it is success can come so naturally to some, while other struggle and fail?

There is a very good reason for this and I'll share this in a minute. It has nothing to do with rich people being bad and taking money away from poor people as the saying sometimes implies.

So why are so many people not living the life they desire? What's the missing ingredient to the road to riches?

Truthfully, no-one's missing anything. Every single person has the same potential to take charge of their financial future no matter where they currently are.

It has mostly to do with financial education and spending habits that differentiates the 'rich' from the 'poor'. The rich invest in assets and the poor spend on liabilities. It's that simple.

If you're in a financial slump right now, staying motivated isn't such an easy task. I know, I've been there!

If it seems like no matter how hard you try, no matter what you do, you won't be able to achieve your goals; and even if you do, you're not sure that accomplishing them will make you feel any better, then you're not alone.

Fortunately for you, no matter how bad it seems right now, it doesn't have to stay that way. You have a lot of options when it comes to breaking free from your financial shackles and to get out there go out there and build your own wealth like the true financial masters of the world.

So are YOU prepared to fully understand how to finally design your own financial destiny?

Wherever you are, these 'secrets' will give you the entrepreneurial edge to find the motivation you need, and break free of your financial slump! But before we do, let me ask you an important question...



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## Where are you now?

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You absolutely must know where you are starting from. Of course this sounds ridiculously obvious, but there are many people out there who could be described as ‘delusional’ when it comes to knowing where they are.

Honestly evaluate where you are [wherever it is, is just right for you] and get excited about the path you are about to build. Know your exact financial position to the penny: your monthly expenses, budgets and cash flow. Know the assets and liabilities [debt] you have and know your net worth.

Your total net worth will be your marker for your wealth and your progress; it is NOT just about cash-flow.

## Know where you want to go: your goal

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You must have a clear idea of where you want to be. What is it that you want? £1 million? £50 million? Financial independence? An unencumbered asset base? Passive income for life?

Of course your goal will be individual to you; we are all driven by different things. Your goals WILL change, and that is fine. We know life is a journey not a destination, and each major goal will act as a significant milestone in your life.

You must quantify your end goal: be specific with timescales, numbers and figures. The more real and tangible and specific you can make it, the more likely you are to attract it.



# Be the man (or woman) with the plan: have a strategy...



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*Age is NOT an excuse. The best and most fruitful, rich, loving and exciting years of your life could be the ones you still have left*  
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The reason that the majority of people are in financial slavery is not because they do not have the ability to make or attract money; there are many people who make millions per year and are still broke.

The main reason for their shortcomings is the lack of a specific plan and strategy For now know this: What do you want your plan to look like? Do you want to get out of a job in the future and set up your own business? Do you want to invest in property? Invest in stocks? Attain passive income through assets?

Do you want to leverage the skills of others to create you wealth? Do you want to build an empire and a legacy?

Remember the more specific you can be now, the better. It may change, so be it; that is life. In your journey you will make many changes now and you will evolve like you never have before.

For now, just make a plan :-)

In seeing your journey before you remember the following very important points:

It is NEVER too late to start planning and becoming wealthy. Colonel Sanders is a great case in point.

Age is NOT an excuse. The best and most fruitful, rich, loving and exciting years of your life could be the ones you still have left, and you could live until you are 105!

You are never TOO YOUNG to invest and educate yourself to becoming very wealthy either. There are many great Entrepreneurs who are in their teens, and the million dollar homepage that generated \$1 million was created by Alex Tew at 21.

NOW is always the best time There are 1000's of opportunities out there each and every day. Seeing your path before you opens your awareness to the things that you need, the people you need to meet and work with and the challenges you need to overcome to get where you want to be. Know that they will only present themselves to you if you are looking. Stay focused, aware and ready and see your journey before you.



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*Don't borrow  
 money to  
 invest in  
 liabilities  
 until you can  
 afford to do  
 so, or when  
 they can be  
 paid for  
 by assets*  
 ”

# Assets Vs Liabilities

First let's define assets and liabilities. Assets are anything that puts more money into your pocket than it takes out. A liability is anything that takes more money out of your pocket than it puts in.

Only borrow to invest in income producing assets [property, stocks, royalties]: there are many schools of thought [particularly that of the Industrial age] that you should never spend anything until you have it. This is a sound base on which to build a solid financial platform, and certainly far better than borrowing to buy petrol guzzling cars, go on fancy cruises and build conservatories.

Don't borrow money to invest in liabilities until you can afford to do so, or when they can be paid for by assets. And if you can afford them, then why are you borrowing money for them in the first place?

So be honest about the snapshot of your financial circumstances. Write down now on a piece of paper what your total outgoings are. Include everything and don't kid yourself

Do it now.

Once you have this figure, your goal should be to become financially secure by matching this level with income from assets, without increasing your costs of living.

Once you achieve this, your next goal should be financial independence, which usually means having an income stream that will be equivalent to [roughly] twice your total outgoings.

You will be able to stop work, do something you love and know all your monthly bills will be paid for. You will have enough income to do the things you want to do, and re-invest some to compound the effects. You'll be surprised how quickly it compounds into financial opulence. Summary - The only way to achieve financial independence is to invest in assets, which produce a recurring income to free your time to do the things you love.

No fluff alert: no-one is going to look after your future but you.

## Examples of an Asset

The more avenues that you can earn from and compound, the wealthier you will become. And the beauty about multiple streams of income from different assets classes is that you earn whilst you sleep. When you master the Art of earning when you are asleep, then you know you are well on your journey of great wealth:

- **Property that gives you net cash flow**
- **Stock that gives you dividends**
- **Royalties on anything**
- **Intellectual property**
- **Music**
- **Interest**
- **Anything collectable that people will pay more than it was worth**
- **Rare/limited items**
- **Wine**



## Examples of a Liability

Liabilities are the things that we owe to others. Liabilities are commonly referred to as debt. Some examples of liabilities include:

- **Car**
- **Personal Mortgage**
- **Phone**
- **Clothes**
- **Handbags**
- **Eating out/Drinking**
- **Credit Cards**
- **Travel**
- **Amenities**

Let's say you bought an Audi R8 and it cost you around £80,000. It would never become an asset because it would continually take money out of your pocket even after you purchased it. Once you got around to selling it 5-10 years later you would get less than your purchase price and thus prove that it was a liability.



# What do the poor & middle class do?

The poor usually stay poor because of their mindset and financial education. Once they get more money than they need for expenses, they usually spend it on liabilities. The energy, time and labour from working for their money now effectively goes “out the window and down the toilet”

# What do the rich and wealthy do?

The rich purchase assets that create positive cashflow, portfolio and passive income. Cash-flow is the amount of money that they have coming in on a regular basis from their income producing assets. It is how they retire rich and get richer and richer.

So how do they drive those expensive cars like the Audi R8? They use their money to purchase assets and then use their portfolio or passive income from the assets to purchase the same liabilities that the poor and middle class do. The difference in their spending is that their money doesn't go out the window and down the toilet, never to be seen again. The money that the rich worked for, goes to creating more money. In this way, their money begins working for them and they can retire wealthy. The best part is that even after they retire, their money begins to compound and they get richer and richer!

So imagine what our old friends thought when we bought our first Ferrari [for those that care, and since we get asked all the time by fellow boy racers; an F430 Spider, bought with cash because apparently anyone can rent one, and it spends most of its life in the Garage]?

Correct, they all thought we had set up a local drugs ring. Of course they had no idea we had a £140,000 car paid in cash 100% funded by profits from our assets.



Imagine what our old friends thought when we had a fleet of sports cars, and when we gained our pilot's licence and started flying to places in Helicopters, and when we bought offices and training suites and commercial buildings for cash. All funded by income from our property portfolio and business that started as a 'Net £3K per month' 3 year goal.



And all learned from the systems of investing in assets, which you can too.

Think mid to long term: Think 1, 5 and 10 years ahead and think about your future and your goals. Will your decisions to spend money put you nearer or further away from these? Will that car, that conservatory or that 3 week holiday to Magaluf add to your long term wealth?

In 5 years you can have as many material things and 'liabilities' as you want. If it's a Ferrari you truly desire, and you love the thought of driving in the summer evenings with the roof down and the music on full, then make sure you can afford it 10 times over so that you can actually enjoy it without worrying about the cost of the petrol and servicing.

If you want an 8 bed mansion with stables and a heart shaped bed with a Leopard skin throw, then make sure you work up to it; enjoy the journey without worrying about what the heating bills will be for the next quarter.

Build your portfolio, assets and wealth steadily, and over time, on solid financial and educational foundations.



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*Why not waste money on cars, conservatories, holidays, handbags, sex, drugs, and online gambling addictions*  
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# What's the Big deal about Assets?

Why not waste money on cars, conservatories, holidays, handbags, sex, drugs, feed eBay and online gambling addictions. After all, you only live once and you can't take it with you, right?

Without investing in assets, you'll always be exchanging time for money. Without investing, your income will be directly related to your hourly worth.

You'll always be tied to working, and never get a residual return on those hours you work. You'll only earn more by working more: there are only a limited number of hours in the day, and you'll be 'set' at an income level that will take years to grow out of, if ever

And how sad is it that most people spend their whole life working to 'earn' the time and money to do the things they want to do, yet because they are so busy working they can't ever do the things they love to do. And then they die.

And that's the traits of the poor.

To free your time to do the things you love, you need residual income from assets, and not earned income from a job. Investing is about building an asset base steadily and properly; investing your time and money at the start so that you can reap the rewards in the future through a continual income stream. Build assets that you can set up once and earn on forever, rather than continually exchanging your time for money that only comes if you continue to 'sell' yourself and your time.

Time you can NEVER get back. Earn residually and continually on your time, not just once. Earn recurring income that becomes [virtually] passive once set up.

My life has changed dramatically since investing in property, I owe it a lot, and succeeded in spite of my flaws, because property is so leveraged and forgiving.

I have grown to have a burning passion for property investment, not just because it is a great business, but because it enables you to do all the other things you love to do, were born to do, and will leave a legacy from. Imagine right now, what your life would be like never having to worry about your financial future, or exchanging time for money, because you invested correctly setting up your asset base. How does that sound to you?



# Income from your Assets

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*So write down now what your total outgoings are. Include everything and don't kid yourself.*

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Your first aim should be to have an income stream equivalent to your minimum monthly outgoings. This is because if you lose your job you will know for certain that all your debts/liabilities will be paid for. This is 'financial security'

Enough income to live a comfortable lifestyle and do the things you would like to do without the stress of earning is known as 'financial independence.'

Enough income flowing to do anything and everything you want is known as financial opulence. You can have any of these, and they can take less income than you think, depending on your needs.

So write down now what your total outgoings are. Include everything and don't kid yourself. It is better to kid yourself by overestimating expenses and underestimating profits, than the other way around. Do it now.

Once you have this figure, your goal should be to be financially secure by matching this level with income from assets, without increasing your costs of living.

Once you achieve this, your next goal should be 'financial independence,' which usually means having an income stream that will be equivalent to [roughly] twice your total outgoings.

You will be able to stop work, do something you love and know all your monthly bills will be paid for. You will have enough income to do the things you want to do, and re-invest some to compound the effects. You'll be surprised how quickly it compounds into 'financial opulence.'

Take for example; your monthly outgoings are £1500 per month. Your target would be to first to replace this figure by creating a rental income (from property or dividends from stocks) in excess of this after ALL costs; then keep going until you double it. You earn while you sleep!

## Examples of an Asset

- Take time to plan. Invest time in working out a long term and short term financial plan. The worst thing one can do is start trying to accumulate wealth without any real idea of what type of asset you want and how many you need.
- Invest wisely. Research your chosen assets. Stocks/property and know the amount of money you are willing to lose. High return equals high risk. Stay diversified and you should not be disappointed.
- Get on your feet first. Do not depend on a credit card. Credit cards are not bad in and of themselves, but if you are relying on a credit card to pay your rent or bills, then you have a serious problem
- Pay off [bad] debt. Your personal net worth will never increase until debt is g-o-n-e. Get the monkey off your back.
- Take control of your finances. Budgeting allows you to tell your money where to go and what to do and allows you to cut out the unnecessary liabilities.. It is the single most helpful practice to get into on one's way to becoming wealthy.
- Find out what you are spending your money on. Track all your spending for a month, cash, checks and automatic debits included. Find out what is important to you by where you send your money.
- Set financial goals. Whether it is saving £200 a month or having £30,000 in savings. Set the goal, write it down, and keep track of your progress. Everyone penny counts.
- Post goals in a place that can be seen. Make a vision board or computer printout of your goals and put it somewhere you can see it everyday. This will keep you focused on your financial goal.
- Be thrifty. Every penny counts. Never pay full price for anything. Negotiate hard.
- Swallow your pride and lose your ego. Pride comes before a fall. Learn that you are not perfect and that you may have to change your standard of living to a lower status to attain a higher status later on. There's no shame in it.
- Make a deal. Just about every store will allow for some haggling. Find the right manger and decide what you are willing to pay. The floor model may have a scratch on the back that will save you a couple hundred pounds. It never hurts to ask. Get good at negotiating.
- Be prepared to walk away. If you cannot come to a win-win bargain with a seller, be prepared to walk away, and then do it. If you are not willing to walk away, your bargaining power is cut by half.
- Know your limits. Know how much you can afford to spend on an item before you go into to purchase it. If the price is out of reach, then move on. You are actually saving money then.
- Be patient. Building wealth & your asset base takes time. It may be slow going at first, but once building wealth becomes a snowball, you will really start seeing some differences. But be patient in the beginning.
- Be an expert. Learn all you can about money, wealth, ISA's, products and assets that you want to invest in. The biggest risk reducer is knowledge.

## Examples of an Asset

- Long haul investing. The property market has NEVER lost money over a thirty year span. Long term investing is safe and has solid returns. Invest for the medium to long term and grow your assets.
- Be content. Contentment leads to great gain. Always being hungry for more will only leave you famished in the end. Learn to accept what you have, then more will come.
- Set 3, 5, 10, 20 year goals. It is important to keep short term goals that are reachable to keep you motivated, but you also need a longer term goal to make sure you end up where you want to.
- Find out what is important to you. Discover what you really think wealthy is for you, not what the world tells you is wealthy.
- Budget to live on 70% of your income. The rest of your money should go to savings and investing. If you can get by on 70% of your income, even an economic hardship should not through you for a loop.
- Find some way to make money doing what you love. Everyone has to work and make money, sometimes it is doing what we love, but most often we just tolerate it. Find ways to turn your passions into money. Here's a cool video about it: <http://goo.gl/AD9HCX>
- Keep the big picture in mind. Even if you blow your budget for a week or a month to enjoy yourself, keep on track. Do not through away your long term plan. Even two steps forward and one back means progress.
- Simplify and remove clutter from your life. This means not only material things but also things that needlessly consume your time. Keep life simple.
- Make choices daily. Do not live in the past or live for tomorrow. Take control of today and make the choices for today. Do not borrow trouble.
- Stay educated. Get a subscription, buy reports, DVD's & get educated. Spend time online reading reviews of products and services. Ask around at work for advice before a purchase. Knowledge is power
- Stay true to yourself. Do not get caught up in other peoples dreams and schemes. You have your plan and what you want for your life. Do not let someone else take control of that.
- Do not look the part, be the part. Act the part, save, be thrifty, be educated and the rest will come.
- Get excited and build momentum. The more headway you make, the more momentum builds behind you. The more you save, the more debt you pay off, the more you can save and the more you can pay off debts. It's a snowball effect.



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*Now you've made the decision to invest in yourself, you have given yourself the greatest chance to succeed and fulfil your life beyond your wildest dreams.*

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## Conclusion

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So there we have it.

Tips and strategies that, if followed, will guarantee your long term wealth and success for you and generations to come.

Use them as action steps to build up your long term asset base. Surround yourself with people who can teach you the strategies that have helped them to create financial independence and wealth. The great advantage is that you can shortcut, and leverage their mistakes and compress decades of learning into days.

Whether its stocks, property, or other assets classes, now you've made the decision to invest in yourself, you have given yourself the greatest chance to succeed and fulfil your life beyond your wildest dreams. And most importantly happiness.

Enjoy everything you do. We have freedom and choice and it does not matter what we are doing, we can choose to love the process and add value to other people's lives.

Accept where we are; make the choice to always grow, to listen to what everyone has to say with an open mind, to make mistakes, to enjoy making mistakes, and to be all that you can be right now.

We all have the same ability and same number of hours in the day to break through any barriers that sabotage our success. As long as you keep going and leverage other peoples time, skills, money and assets, each day is another opportunity to get one step closer to living the life you want.

What is your choice about who you want to be?

I really hope that we get a chance to meet personally; when we are both extremely wealthy and helping others achieve their own goals. All we have to do is ask...

Be wealthy, be successful and be happy.