Seminar on Financial Independence

Compiled by Rev. Francis J. Peffley

How to Achieve Financial Freedom

The following is a summary of financial tips by Jim Rohn. He suggests reading the books The Richest Man in Babylon by George Clayson and Think and Grow Rich by Napoleon Hill.

Ask yourself how you are doing financially? Are you living beyond your means? Are you living a few hundred or few thousand dollars a month above your earnings?

Live by the 70/30 Rule
After paying your taxes, learn to live on 70% of your income. Use the other 30% as follows:

10% should go to charity, whether it be to the poor, the homeless, your Church, the Pro-life Movement, a home for unwed mothers, etc.

10% should go to active capital, i.e. using your imagination to make money. For example, some people buy old cars or homes and fix them up, or invest in property and then resell it. There are hundreds of possibilities.

10% to savings. Through the magic of compound interest and tax deferred savings, you can accumulate a large amount of money over the course of your lifetime.

Jim Rohn says "Poor people spend their money and save what's left. Rich people save their money and spend what's left."

It does not matter how much you make, but what you do with what you make.

Sit down and write out your financial statement. Write down your assets and your liabilities, what you own and how much you owe.

Keep accurate and strict account of how you spend your money each month. It is easy to go broke even if you make $10,000 a month. Just spend $11,000 a month! "If your outgo exceeds your income, your upkeep will become your downfall."

Always work on yourself and continue to pursue personal self-development. "If you work hard on your job you will make a living, but if you work hard on yourself you will make a fortune."

Jim Rohn also says: Don't become a millionaire for the money. Become a millionaire because of the character and the discipline you will have to develop to achieve this financial security. The goal is not the money, but the personal development, the type of person you will become.

Financial independence was never taught to him in high school. Mr. Schoef (his mentor) explained to him the concepts of saving, and in 6 years by the age of 31 he became a millionaire.

How to Obtain Financial Freedom

The following is a summary of financial principles by Brian Tracy.

The definition of financial independence: "Having enough money so that you don't have to worry about money."

Money is morally neutral. Money is not evil. The Bible says that "the love of money is the root of all evil." Money is generally attracted to good people who are self-disciplined and virtuous, not to those who waste it or use it foolishly.

Here are the 13 laws of money, by Brian Tracy:

1) The Law of Abundance. There is enough money for everyone.
   A. People are rich because they decide to be rich.
   B. People are poor because they have not decided to be rich.
   C. Ask yourself why you aren't rich already? Is it because you have wasted or spent all of your income instead of investing some of it?

2) The Law of Exchange. Money is used to exchange goods and services from one person to another.
   A. Money is a measure of the value people place on the work of another.
   B. Your labor is considered a cost to another person.
   C. It is only what others are willing to pay that determines how much you are paid.
   D. Money is an effect, not a cause.
   E. To increase your salary, you must become more valuable to the marketplace, by growing in knowledge, skill, etc.

3) The Law of Capital. Your earning ability is your #1 asset.
   A. Your most precious resource is your time.
   B. Time and money can be either spent or invested. Invest 3% of your income each month into personal development, e.g. books, tapes, videos, and seminars. Invest 1 hour of your time each day in personal development.
   C. Increase your earning ability.

4) The Law of Time Perspective. The longer your time perspective, the more successful you will be. For example, someone willing to study many years to be a doctor has a long time perspective, while the drunk in the gutter has a very short time perspective.
   A. Delayed gratification is the key to financial success.
   B. Self-discipline is the most important single quality needed for financial success.
   C. Sacrifice in the short term is the key to security in the long term.

5) The Law of Saving. Save 10% or more of your income each month during your working lifetime.

A. Pay yourself first before you pay your operating expenses. Force yourself to live on the other 90%.
B. Take advantage of tax deferred savings plans.
C. Never use this money for anything but financial independence. Set up other accounts for a car, house, etc. Never touch this account.

Brian Tracy, in his 24-cassette series Action Strategies for Success and Achievement, says that, based on an annual return of 10%, to be a millionaire by age 65, starting at the following ages you would need to invest the following amounts:

Starting Age	Monthly Investment	Value at Age 65
20	$100	$1,056,985
30	$266	$1,018,322
40	$759	$1,015,458
50	$2,422	$1,012,212

***The key point is*: The earlier you start, the easier it will be to accumulate wealth and become financially secure.**

6) The Law of Conservation. It doesn't matter how much you make, but how much you keep that makes you financially independent. Don't spend everything you earn. Pay off debts as soon as possible, starting with those with the highest interest rates.

7) Parkinson's Law says "Expenses always rise to meet income."

A. Financial security comes from violating Parkinson's law.
B. Make sure that your expenses are less than your income. Then invest the left over into a financial freedom account.

8) The Law of Three. 1) Savings, 2) Insurance, 3) Investment.

A. Your savings should be at least enough for you to last 6 months if you lost your job.
B. Have sufficient life and health insurance. Your life and health insurance are very important for your family.
C. Invest 10-20% of your income until your investments earn more than you do. Then just manage your assets for a living.

There are 3 parts to our lives:

1. The learning years, ages 1 - 20
2. The earning years, ages 20-65

3. The yearning years, age 65 until you die

The average retired American only has $31,000 net worth plus their Social Security income.

9) The Law of Investing: Investigate before you invest. Avoid speculations.
  A. The only thing easy about money is losing it. "Making money is like digging with a nail, but losing money is like pouring water on the sand."
  B. Marvin Davis said there is one rule to financial freedom: "Don't lose money."
  C. If you think you can avoid losing a little money, you will lose a lot of it.
  D. Only invest with investors who are qualified, honest and who are doing better than you are financially.

10) The Law of Compound Interest will make you financially independent.
  A. One dollar invested at 3% interest at the time of Christ would be worth one-half of all of the money in the world today.
  B. Put the money away and never touch it.

11) The Law of Accumulation. Every success is made up of thousands of small efforts of discipline and persistence.
  A. As you accumulate savings, you develop momentum which will carry you through.
  B. "By the yard it's hard, but by the inch it's a cinch." Start by saving even just 1% of your savings by collecting your change in a jar and taking it to the bank each month.

12) The Law of Attraction. As you begin accumulating money, you magnetize the money by the emotion of desire and you begin attracting more money to yourself.
  A. A "prosperity consciousness" attracts money. Have a positive and expectant attitude toward money.
  B. It takes money to make money.

13) The Law of Accelerating Acceleration. As you begin moving toward your goal, it begins moving toward you.
  A. Nothing succeeds like success. New opportunities will come to you.
  B. 80% of your success will come in the last 20% of the time you put in. Pick stocks for the long term. Take a penny and double it:
    1st day $.01
    2nd day $.02
    3rd day $.04
    4th day $.08
    By the 30th day you'll have $5,368,709

Even if you are in debt, you can start saving money, invest it carefully, get out of debt and achieve your financial goals. Follow these principles and never give up.

The Laws of Wealth Creation

There are more than 1.4 million millionaires in America today, and more than 80% of them made their money starting from nothing. Of the 205 billionaires in the world, 60 are Americans, and many are first generation self-made billionaires.

Here are the 10 Laws of Wealth Creation by Brian Tracy.

1) The Law of Creative Emulation. Don't try to reinvent the wheel. What others have done you can do as well.

A. Emulate others. Follow the leaders, don't follow the followers. Study what successful people have done and do it.

B. If you ask successful people for advice, they will give it to you. Take a rich person out to lunch! Ask advice from them.

C. You become what you most admire.

2) The Law of Desire. You need to have a burning desire to accomplish your goal.

A. If you want it badly enough, you can obtain it.

B. Desire is only expressed in your actions, not your words.

C. The more often you visualize your goal, the more intense your desire will become.

3) The Law of Purpose. Definiteness of purpose is the start of all riches.

A. A person with a clear purpose will make progress even on a difficult road. Write down clear financial goals for the next 3 to 5 years.
How much do you want to earn each year?
How much do you want to save and invest?
How much do you want to have when you retire?
How much do you want to earn annually on your accumulated savings?
Be specific. Set the goals. Prioritize them, then make an action plan to achieve them.

B. The primary reasons why people don't become rich is: 1) It never occurs to them, and 2) they never decide to accomplish it.

4) The Law of Enrichment. All riches come from enriching the lives of others, from serving others in some way. Add value to the lives of other people. Your current income is a measure of how much you are enriching the lives of others. You are paid exactly what you are worth to the marketplace. You can only increase the amount you are getting by increasing the amount you are giving. Therefore, become more valuable to others and your income will increase.

5) The Law of Entrepreneurship. 74% of self-made millionaires are entrepreneurs.

A. Find a need and fill it.

B. Whenever there are needs unmet or problems unsolved, there are opportunities to create wealth.

C. Most fortunes come from selling established products or services to established customers in established environments. All a product has to be is 10% newer or better to build a business or start a fortune. Just do things a little bit better than the competition. You don't need a brand new product to make a fortune. For example, a large number of self-made millionaires in America have come from the Dry Cleaning industry!

6) The Law of Bootstrapping. Entrepreneurs who start with too little capital are usually more successful than those who start with too much capital. When you have a little money, you have to use your ingenuity and intelligence to make a fortune and you are careful not to waste a dime. Most businesses are started up by "love money" - i.e. money given to you by family, parents, friends, or relatives because they love you.

A. The most important resources in a new business are energy and imagination.

B. Skill, knowledge, and experience will develop faster when you have little money to work with

7) The Law of Courage. Your willingness to risk failure and disappointment is a measure of your desire to be financially independent.

A. No guts, no glory.

B. There is nothing to fear but fear itself. As yourself: What is the worst possible thing that could happen in this situation. Then do everything you can to make sure this doesn't occur.

C. Do the thing you fear and the death of fear is certain.

8) The Law of Risk. There is a direct relationship between the level of risk and the likelihood of loss. Analyze risk before you invest.

A. "If it sounds too good to be true, it probably is." Avoid "get rich quick" schemes. The only way to get rich safely is to get rich slowly.

B. Success in wealth creation is the result of avoiding risks.

C. Take calculated risks, but don't gamble. Those who work hard for their money will not risk it foolishly.

9) The Law of Undue Optimism. An unwarranted expectancy of success can lead to both the success and failure of a new business venture. Be hopeful and expectant, but don't fall into delusions. Seek out the advice of experts and those who may not think your venture will succeed. Learn from them.

A. The time period for you to break even will be 3 times longer than your best estimate. Practice frugality at all times.

B. Whatever your budget is for your venture, it will cost you twice as much as you expect.

C. Murphy's Law: "Whatever can go wrong, will go wrong."

10) The Law of Persistence. If you persist long enough you will be successful. Persistence is self-discipline in action.

A. The process of wealth creation is just learning one important lesson after another.

B. You stay in business as long as you continue to earn enough money to pay for your mistakes. Learn from your failures and mistakes. Take time each day to review your goals. Ask "What did you do right?" and "What would you do differently?" Action without thinking is the cause of every failure.

Ask yourself: Do you really want to be financially independent? If so, you must be willing to make the decision to work hard and be self-disciplined for at least 20 years. The earlier in your life you start, the sooner you will achieve your goal.

If you study financially successful people and do what they do, then you will become financially successful, too.

If you earned $25,000 per year and just saved $2,500 (10% of your income) and invested it carefully each year to get a 10% interest rate from age 21 to age 65 (44 years), you would have $1,794,762 by the time you retired.

The five reasons why people do not become wealthy:
1) It never occurs to them
2) They never decide to become wealthy
3) Procrastination. They keep putting it off.
4) The inability to delay gratification
5) Short time perspective. They do not think or plan for the future.

Here are the primary ways that fortunes are made in America:
1) Self-owned businesses. 74% of self-made millionaires come from this category, such as Ford, Carnegie, Perot, Sam Walton, etc.
2) Senior executive positions in large companies (10%)
3) Doctors, lawyers, and other professionals (10%)
4) Sales people and sales consultants (5%)
5) Inventors, writers, entertainers, stock brokers, athletes (1%)

Wealth is accumulating money and then having it work for you to make more money.

The top 5 businesses of self-made millionaires are:
1) Commercial machine and equipment wholesaling (vending machines)
2) Copy shops, printers
3) Designing computer programs
4) Data processing services
5) Dry cleaning establishments

10 ways to get on the fast track in your field:

1) Develop specialized knowledge in your field.
    A. Become an expert
    B. Specialize in the most valuable aspect of your business
    C. Know your product inside out
2) Skill. The better you are, the more you will be paid.
    A. Make a decision to be the best in your field.
    B. Engage in continuous self-improvement.
    C. Always exceed people's expectations. "Go the extra mile."
3) Money.
    A. Begin a systematic savings program by saving 10% of your income each month.
    B. Pay off your debts.

C. Build up a cash reserve.

4) Contacts - Know the right people.

A. Make a list of the 25 people who would be the most beneficial to get to know and meet them in the next year.

B. Network at every opportunity.

C. Get involved in community service organizations.

5) Creativity. Think of new and better ways of doing things.

6) Good work habits. Be able to set priorities and then work fast to get the job done.

7) A positive personality. Be likeable. Get along with others. Become an excellent communicator and negotiator.

8) Luck.

A. The harder you work, the luckier you get.

B. Luck is what happens when preparation meets opportunity.

C. You will be luckier if you have clear goals and dreams.

8) Energy. Proper diet, proper exercise, proper rest. Watch very little TV. "Early to bed and early to rise makes a man healthy, wealthy, and wise."

10) Correct choice of occupation. Do what you love to do.

Have a prosperity consciousness, as Napoleon Hill talks about in Think and Grow Rich.

The 18 Principles of Financial Success:

1) All causation is mental. We become what we think about. If you improve the quality of your thinking, you will improve the quality of your life.

2) The Law of Expectation. Whatever you expect with confidence, positive or negative, tends to occur.

3) The Law of Attraction. You are a living magnet. You attract people and circumstances into your life, depending on your thoughts.

4) The Law of Correspondence. Your outer world is a reflection of your inner world.

5) The Parable of the Talents. The rich get richer and the poor get poorer. Rich people think about abundance, affluence, etc. Poor people think about lack, negativity, poverty, etc.

6) The Law of Accumulation. Any successful person has spent thousands of hidden hours in self-discipline, reading, studying, taking courses, saving money, etc. Everything counts! If you are not moving toward your goals, you are moving away from your goals.

7) The Law of Belief. Whatever you intensely believe begins to take shape in your life. Build a prosperity consciousness.

8) Willpower. Have confidence, conviction, and believe that you can succeed. Read about successful people.

9) Success is rare. Only 1 in 100 become financially independent. Therefore, get serious and be determined.

10) Self-discipline is essential. Think only about what you desire, not what you fear. Control your thoughts, then your actions will follow.

11) Have an intense burning desire. You must really want it.

12) Set a specific goal, give yourself a deadline, and make a detailed plan of action. Write it down. Take action toward the goal.

13) Practice visualization. Create clear mental pictures of your goal, lifestyle, etc. Have a clear, vivid, intense picture in your mind. Cut out pictures or photos of places you want to go, people you want to meet, etc., and put them on a poster and look at them often.
14) Positive self-talk. 94% of what we say to ourselves is negative, so we have to work hard at being positive. Say "I can do it!" many times each day.
15) Feed your mind with words and pictures that will move you toward your goal. Have good role models and ask "How would that person act in this situation?" Read everything you can find about your field and listen to audio tapes in your car. Attend seminars given by experts.
16) Associate with winners. Get away from negative people. Hang around positive people.
17) Visualize your goal as reality when you wake up and before you fall asleep at night.
18) Take 30 minutes each morning reflecting on your goals. This is the golden hour, the "rudder of the day". Review your plans, think of better ways to accomplish your goals, reflect on the lessons you've learned, visualize your goals as realities. Write and rewrite your goals each morning. Concentrate singlemindedly on your goals. When you change your thinking, you change your life!