


 Financial Freedom: 3 Steps to Creating & Enjoying the

WEALTH you deserve

Financial Freedom: Three Steps to Creating and Enjoying the Wealth You Deserve

What does financial freedom mean to you? Does it mean freedom from having to work, yet still being able to enjoy life without concern over money? Does it mean having your life's basic costs covered, where you're not worried about car or house payments anymore? Having more time to do the things you really want to do?

Many people become so overwhelmed by their idea of what it takes to reach their financial dreams that it prevents them from taking the necessary actions to achieve their goals. Others have more than enough money but rarely experience *wealth*—a place where they feel abundant, truly alive, and grateful; where they are no longer concerned about anything except enjoying life to its fullest and sharing their wealth to benefit others. They have money and resources, but they don't actually *feel* wealthy.

The key to experiencing financial freedom is to first understand that no amount of money will ever make you wealthy. The secret to wealth is *gratitude*. When you realize that you already have the resources you need to bring your vision of financial freedom into reality, you look at the world differently, you make different decisions, and you do the kinds of things that actually put you on the path toward the wealth you desire, without fear or doubt that you'll reach your goals.

In order to attain the freedom you want, understand that creating wealth is more than just crunching numbers, saving a certain amount of money, investing, or making sound financial choices. Eighty percent of success in any endeavor, including financial success, is *psychology*, and 20 percent is mechanics. Once you cultivate a mindset that gives you the ability to appreciate life despite obstacles and challenges, then you can implement the formulas and strategies necessary to build your Money Machine, a way for you to create income for the rest of your life without having to work. Then you will have the freedom to do the things that matter to you most.

What you want to get out of these exercises is not just more money, but greater freedom, a greater sense of wealth, and a greater feeling of abundance: the ability to do what you want, when you want, where you want, with whom you want, at the level of richness you truly desire. Financial freedom is not just about finances. It's about creating and sustaining joy, happiness, and that feeling of being truly alive, living that extraordinary life that we all want and deserve.

Review: The Seven Types of Wealth

Before you take the actual steps toward hitting your target of wealth, as defined by you, review the seven types of wealth, including but not limited to financial wealth, that truly makes life feel rich, abundant, and joyful:

1. Physical Wealth—Having the optimal health and energy in your body that makes everything you do possible.
2. Emotional Wealth—Where you live emotionally is the quality of your life. If you don't have a great sense of meaning in your life, having lots of money won't do anything for your level of happiness and joy. If you live in the emotions of stress, frustration, overwhelm, and worry, much more than you live with gratitude, love, or a sense of making a difference, then life just isn't as meaningful.
3. The Wealth of Relationships—Who loves you? Who do you love? How do you and the ones you care about most treat one another? When you truly love someone, particularly in an intimate relationship, you'll do anything for them. You're in abundance because you're not just trying to get—you're in total giving.
4. The Wealth of Time—For most people, even if they have money, time is something that appears scarce. They're doing things that just don't matter to them. When you're really enjoying what you're doing, time seems to disappear, in a good way. When you're not enjoying yourself, time crawls. When it comes down to it, time is an emotion, and it's one of the greatest resources we have.
5. The Wealth of Work/Career/Mission—The distinction between the three is simply a matter of enjoyment. When you work, it feels like a task you *have* to do as opposed to *wanting* to do. A career is something you choose to do because you get some level of satisfaction from it, but when you're truly living your mission, something you feel like you were born to do, it makes life more meaningful. Work is no longer work—it becomes more like play.
6. Financial Wealth—Money can provide us with resources and a certain level of freedom if used effectively. But in order to create an extraordinary quality of life, you can't make it more important than your body, your emotions, your relationships, your time, and what you do with that time.
7. The Wealth of Contribution & Celebration—Progress and happiness comes from growing and giving—getting outside of yourself by adding value to other people's lives. Contribution completes that feeling of being truly alive, but you also have to celebrate life's successes, victories, and all the things to be grateful for.

To reach the goals in life that matter to us most, we have to understand where we are right now on this Mastery Pyramid.

Exercise: How Wealthy Are You?

As discussed in the DVD portion, rate your current level of wealth in each of the areas of the Mastery Pyramid on a scale of one to ten. A ten means you are exactly where you want to be, and a zero means you don't feel wealthy in that area at all. What's your level of energy? Do you have a strong sense of meaning, joy, and excitement? Where would you rate your level of relationship wealth, particularly intimate relationships (Hint: if you're not in an intimate relationship, that would be zero)? Are you happy with the time you spend doing the things that matter to you most? Is your work a job, a career, or a mission? Where are you financially? Are you contributing to others and celebrating your accomplishments?

On the following page, brainstorm two immediate steps you can take to improve your level of wealth in the two areas where you scored the lowest.

1. Physical

0 1 2 3 4 5 6 7 8 9 10

2. Emotional

0 1 2 3 4 5 6 7 8 9 10

3. Relationships

0 1 2 3 4 5 6 7 8 9 10

4. Time

0 1 2 3 4 5 6 7 8 9 10

5. Work/Career/Mission

0 1 2 3 4 5 6 7 8 9 10

6. Finances

0 1 2 3 4 5 6 7 8 9 10

7. Celebration & Contribution

0 1 2 3 4 5 6 7 8 9 10

Physical

1. _____
2. _____

Emotional

1. _____
2. _____

Relationships

1. _____
2. _____

Time

1. _____
2. _____

Work/Career/Mission

1. _____
2. _____

Financial

1. _____
2. _____

Contribution & Celebration

1. _____
2. _____

The Mechanics of Wealth

The stage has been set for you to make that shift in your psychology so you can define this area of your life called wealth. Again, no amount of money will ever make you wealthy. Wealth is primarily a matter of psychology. Once you understand how to be psychologically and emotionally wealthy, then you can work the mechanics of accumulating wealth—how to take this inspirational quality and execute the actions necessary to create financial freedom. What do you physically have to do to get to that place where you're no longer worried about money?

First, it helps to review the distinctions between what it means to be financially secure, financially independent, and financially free:

1. **Financial Security:** that amount of money that covers food, housing, cars, travel, and basic entertainment.
2. **Financial Independence:** where you don't have to work and everything is covered.
3. **Financial Freedom:** you don't have to work and EVERYTHING YOU CAN THINK OF is covered.

Exercise: What Does Financial Independence Mean To You?

Being truly wealthy includes all of life's intangible gifts—loving relationships, living from a place of joy, spending quality time with loved ones, freedom to do the things that matter to you most, feeling like you're really living your life's mission—as well as material wealth.

Now write down what it would take for you to feel financially independent. On top of having your life's basic costs covered (food, home, entertainment, car, etc.), what else would you want covered? Making sure there's enough money for your kids to go to college and not being stressed about it? Weekend vacations where you're enjoying life at the level you want? Taking care of your parents so you don't have to worry about them in their old age?

Review: The Formula for Financial Independence

You'll never get financially independent, or free, by your earnings alone. You're going to have to create a **Money Machine**, a means of earning money while you're sleeping, so you're no longer trading one of the most valuable resources you have in life, which is your time, for money. You want to trade money for money.

The Formula for Financial Independence is:

1. Spend less than you earn and invest the difference.
2. Reinvest your returns for compounded growth.
3. Reach a critical mass of investment capital that creates the annual income that you want.

Whatever you're investing in—whether it be cars, stocks, bonds, real estate—you're investing for *income and not assets*. The goal is to get to a point where the interests on your investments alone, in a secure environment, will be enough to cover at least your financial security, then your goals of independence and, ultimately, freedom. In order to do that, you have to build a critical mass of capital in which the interests alone on that capital will give you the Financial Independence you desire. ***The only reason to invest is so that you have an income for life without working.***

DVD Exercise: Are You on the Path to Financial Freedom?

1. Are you spending less than you earn and then investing the difference? Why or why not?

2. What actions can you take to save more money so you can invest more? Could you:
 - Cut back on going out to eat, cooking dinner at home, or bringing your lunch to work?
 - Renegotiate costly monthly expenses like your cell phone plan or cable package?
 - Meet with a tax advisor? Are you taking advantage of all the opportunities within your tax bracket?

The Three Buckets of Asset Allocation

What if the income from your investments alone covered everything you could imagine for the rest of your life? In order to build an effective Money Machine, you must pick out a minimum financial goal for yourself—a specific percentage of your income that you’re going to invest periodically no matter what.

If there’s one thing we can do to avoid making potentially devastating financial choices, it’s the value of *Asset Allocation*. Even the sophisticated investor can have an urge to put their compounded earnings into an investment that might bring high returns, but could also have the highest risk of loss. Taking a big investment risk can quickly lead to financial disaster. ***Asset allocation is the single most important decision you are going to make in determining your financial future.***

Asset Allocation means that out of the money you have to invest, you’re going to create three buckets to allot that money to. How much you choose to put into each bucket can vary depending on which stage of life you’re in, but the three buckets of Asset Allocation are:

1. **Security Bucket**—The place where you put money into investments that are secure by their nature. They won’t give you huge compounded return, but if you do it long enough, even if the initial return is small, in the long run that compounded return grows and grows. Your first investments *MUST* be put into your security bucket.

The types of things you want to put into your Security Bucket can include:

- Cash for 2 – 6 months (or whatever’s going to make you feel secure)
- Home
- IRA (Individual Retirement Account)
- Insurance (e.g. Life insurance)
- Fixed income investments—investments that have a guaranteed rate of return. This includes company or government bonds, etc.

2. **Growth Bucket**—Where you would put growth investments. You have a much greater return if the investment is successful, but there is also a much greater chance of loss if the investment doesn’t turn out successful. *There is no guarantee of return in a growth investment.*

3. **Dream Bucket**—The material things you want in life, like world travel, ownership of real estate other than a first home, owning a sports team; anything that you don’t actually *need* but would make you feel more fulfilled toward the life of your dreams.

If you’re playing conservative and/or just starting out investing, you might want to put about 40% of your investment capital in the Security Bucket, and then split the rest between the Growth Bucket and the Dream Bucket, or the remainder into Growth (if you put the rest into the Dream Bucket, keep in mind that the return will most likely be significantly less than Security or Growth). If you’re very aggressive, you might consider putting 30% of your investment capital into the Security Bucket and more into Growth and Dream.

If you’re older, you probably want to put more into your Security Bucket because you have less time to make up for potential mistakes. If you’re younger, you can probably risk putting less.

But if you put nothing, you gain nothing. As the old saying goes: *no risk, no reward*. You may invest and lose, but if you don't invest at all, you've already lost because you haven't even given yourself a chance to experience the potential reward of investing. You'll never have a chance to build that Money Machine, and you'll be less likely to experience financial freedom.

Exercise 3: The Three Buckets of Asset Allocation

What is the ideal Asset Allocation plan for you? How would you allocate the extra money you've saved within your three buckets? Why is this the right choice for you?

1. Security Bucket

2. Growth Bucket

3. Dream Bucket

Wealth Mastery: Freedom and Fulfillment

Most people in our culture have come to associate wealth only with money, but being truly wealthy means living in total abundance, free from anxiety concerning every area of our lives: the health of our bodies; feeling joyful and loved; having the time to experience life the way we want to; doing things that truly matter to us; never feeling like we don't have enough money; and feeling totally fulfilled.

But because our society tends to focus on scarcity—the things we don't have—most people become skeptical, pessimistic, sarcastic, and cynical about achieving their goals, including the goal that most of us want—total financial freedom. However, what's really keeping them from fulfilling their dreams is fear. If they believe it's not possible to be totally financially free, then they'll never be disappointed by trying and not succeeding. It's a way to protect themselves so they'll never feel like a failure, but the wall that protects us from disappointment also separates us from our dreams.

The difference in how people's lives turn out, in virtually every area of life, comes down to emotional fitness; the capacity to take difficulties and challenges, and convert them into lasting success. This is as true for money as it is for anything else.

The mechanics of creating a Money Machine, a way for you to get financially free, are actually not that difficult. But first you have to make the psychological changes that can not only get you there, but help you enjoy that place of freedom as well. No matter how much money you have, it's never going to be enough if you don't really master the parts within yourself that keep you from realizing you are already wealthy, with many reasons to be grateful. It is this resource of gratitude that will inevitably help you attain the level of financial freedom you dream of, and keep it.

This kind of emotional and psychological strength will carry you through those times when the mechanics of creating financial freedom are dull, frustrating, or tedious. If you can develop a psychology of resiliency within yourself, you give yourself many more opportunities to be successful. You are larger than anything that can happen to you, including any financial challenge you may face.

The richer you think and feel, the more abundance you attract. And when you're operating from that place of gratitude, it creates a different experience. The more successful, wealthy, and happy you become, the more momentum you gain. Other people become attracted to you and add to that wealth with more deals, more opportunities, and more experiences that lead down the path to financial freedom. Wealth truly does start in the mind and heart. Once you've locked that truth into your psychology, the financial freedom that's only a dream now can become your reality!