FINANCES | PROFESSIONAL DEVELOPMENT

The Financial Equation That Will Set You Free

You can have a life where you have enough at all times, especially in the end. It is possible. You just have to make smart decisions and use good math!

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I have a good friend who works in an area of the US that has more than its share of poverty. He called me the other day with a very broken heart. He was feeling badly for the people around him who simply do not allow themselves to get set free financially. I could feel the pain he was feeling because I too, very often wonder why it is that some people experience financial independence and others do not. It really is a mystery.

But how to get financial independence is not a mystery!

Rather, financial independence is a very simple thing. Truly! It is hard work and takes time, but the process is very simple! In fact, financial independence can come from following a very simple plan. All of the books on financial independence can ultimately be boiled down to this basic equation. It is an equation that is as simple as it gets. In fact, it isn't even a multiplication problem, it is an addition equation! And we all learned addition in the first grade! Just as 1 + 1 = 2, so does this POWERFUL yet SIMPLE equation add up to your financial independence!

What is this equation? Get ready, your life is about to change forever if you will allow yourself to understand and live by the simplicity of this equation. Here it is:

Smart Decisions + Good Math = Financial Independence

Let's break it down and take a closer look. First the Smart Decisions, then the Good Math.

Smart Decisions:

Go to college. Get educated. I know that somebody will say, "Yeah but most of the people on the Forbes 400 never went past high school." Well so did most of the people on the welfare line! Most people aren't Bill Gates or Sam Walton. Most people who earn between $100,000-$150,000 a year are college graduates. "But I'm forty! I can't go to college." Yes you can. You will be 44 when you get out and have 21 years of a much better income.

> ***The fact is that most good jobs and careers go to those who have educated themselves. It is still the surest way to a long-term large income.***

Still don't want to go to college? See the last item under smart decisions.

Get better training. At the very least go get some training in your specific area of expertise. The promotions will go to those who are the best trained, so become the best trained! Take a course, even if your employer won't pay for it, because eventually they WILL pay you for it!

Work hard. I have found that the many hundreds of high achievers who I know personally who have become and are becoming financially independent are hard workers. Every one of them works long hours. They sacrifice for the security they are shooting for and have attained. I know, we all get emails that say, "Financial Independence in 10 hours a week." Let me ask you, do you know anybody like that? I don't. No one. Even the success stories you here in the get rich quick industries show you that they worked HARD!

Develop yourself. Become a better person. Better people get better jobs and get paid better dollars! Make sure that every day you are becoming a person who is on the growth track, raising yourself to a higher and higher level with each and every passing day! Eventually your development will catch up with you and your income will soar!

Stay out of debt. This is the smartest decision you will ever make. NO Debt! You know what? I have ONE bill I have to pay every month. That is my mortgage. But that's a debt! Well, without getting into an argument, I consider it a forced investment with the added benefit of providing me and my family with shelter! I do not consider a mortgage a debt. I mean car debt, stereo debt, and consumer debt of all kinds. It is possible. It can be done. And it will provide you with financial freedom!

Own your own business if you can. So you don't want to go to college. Okay. Or maybe you did go to college and you just want to make sure that you make as much as you can. Well, the smart decision is to own your own business. Most millionaires in America are the people who own their own businesses. It will take a lot of risk, a lot of hard work, and many ups and downs, but owning your business gives you the opportunity to accumulate great wealth, because the profit is all yours. There are plenty of opportunities to own your own business and I would encourage you to strongly consider the alternative for many reasons, of the best of which is the opportunity to achieve financial independence.

Good Math:

Spend less than you earn. One plus one equals two. We learn that very early on. Eventually, we learn negatives and we learn that one minus two equals negative one. Simple right? Yet many people live their lives in such a way that they spend more than their income and destroy their opportunity for long-term financial independence.

> ***There are two things you can do to make this "good math" work for you. You can increase your income so that it outpaces your spending, or you can decrease your spending.***

You increase your income by making the smart decisions listed above. You decrease your spending by making hard choices. One of these must be done if you are going to achieve the kind of long-term financial independence you desire.

Put money away into investment vehicles on a regular basis. If you are going to achieve financial independence, you will have to put away money regularly. This is the math principle of addition. Don't laugh: most people don't get this. Or if they do, they don't practice it! Whether it is every paycheck, or the first of the month, or quarterly, or however you can do it - DO IT! When you hit 65 years of age, you will be glad you did. And if you put away enough and into the right investments, you may just be thankful a lot sooner than that!

Let your interest accrue. This is compounding and it is powerful! If you earn twelve percent on your money every year, do you know how soon it will be until you have twice as much as you started with? At first thought you may assume that it is one hundred divided by twelve, or eight and a third years. Not true. There is an investment rule that is called the rule of 72. That is, divide 72 by what average interest you make and that is how many years it takes to double your money. In this case, at twelve percent, your money doubles every six years! This works because you earn twelve percent on not only the original amount but the interest you earned as well. Start with $100 and the next year you have $112. If you take the $12 out then you will only make twelve percent on $100 again. If you let it accrue, you will make twelve percent on $112. This will cut almost two years off of the time it takes to double!

Where the real power comes in is over longer periods of time. Let's say grandma dies and leaves you $25,000 when you are eighteen. You can do any number of things with that money.

1. Buy a snazzy car. Not a good idea, though most eighteen year-olds would do just this.
2. Invest the money and take out the interest every year. This is nice. It throws you $3000 every year and over forty-two years you make $126,000 for doing nothing and you still have $25,000!
3. Here is the real deal! You leave the money alone for forty-two years at twelve percent (about the long-term average for the stock market). At the end of that time you decide to retire and go to the investment summary to see how much you have. What do you find? You find that your money doubled seven times and that leaves you with 3.2 million dollars! Can you retire on that? You bet you can.

You can achieve financial independence. You can live the

life you have always dreamed of. You can have a life where you have enough at all times, especially in the end. It is possible. You just have to make smart decisions and use good math!

As a refresher, here they are again:

Smart decisions:
Go to college.
Get better training.
Work hard.
Develop yourself.
Stay out of debt.
Own your own business if you can.

Good math:
Spend less than you earn.
Put money away into investment vehicles on a regular basis.
Let your interest accrue.

Chris Widener is an example of how anyone can overcome any odds to achieve a successful life and help others achieve the same. Chris has overcome many obstacles... living through his father dying suddenly when he was four, being sent away from his family to live with relatives at age nine and becoming involved with drugs and alcohol by the age of twelve. Chris overcame those obstacles and has for the last ten years worked with some of the most financially successful families in America, helping them to achieve both personally and professionally. Now he can do the same for you!