

Chapter 1:

The Basics

The first thing to understand about gaining financial independence is that there are two distinct paths to achieve it. One path is sexy, and the other is methodical. The two paths are to increase your income (sexy) or to decrease your expenses and save (methodical).

The sexy way to financial independence has been trumpeted by many exceptional authors and personalities that teach you how to double your income. Interestingly, they frequently forget to mention the perils of this pathway. Stock market crashes, company bankruptcies, or corporate mergers, to name just a few. However, the primary peril we see so much today has nothing to do with the health of your employer, and everything to do with your own attitude toward money. This hazard is the “keeping up with the Jones” dilemma. Even if you have a good salary, if you don’t actually monitor your expenses, you’ll end up raising your cost of living along with your income just to impress your family and friends. You’ll have a rich income, but you’ll be spending so much that you won’t actually be accumulating any real wealth. By all means, find new ways to earn more money. Just remember that you don’t become financially independent by making more money, but by keeping it.

And that is where the methodical way to financial freedom comes into play. This book focuses on the steady, reliable method of saving consistently while decreasing your burn rate (expenses). Why? Because when you save while lowering your spending, you are keeping more of your hard-earned money for yourself – and that’s the most dependable means of winning this game!

This book will teach you to reduce your expenses, pay off your debt load, and establish a consistent pattern of saving. Together, these three actions will help you to accumulate real wealth. Then you will be prepared to learn how to really use your money to best effect when you do double your income.

The Five Basic Laws of Wealth Accumulation

There are five basic principles to the wealth accumulator lifestyle. These are:

Create Your Financial Goals □ this gives you direction
Live Within Your Means □ don't spend money
you don't actually have

Pay Yourself First □ save, save, save!

Pay It Forward – take care of your retirement

Philanthropy □ take care of others

If you enact these five concepts in your life, your financial situation will improve. The average American household now has between \$8,000 to \$11,000 in consumer debt from credit cards alone! When you include student loans, car loans, home loans, medical bills, and loans from family members, you get the idea that the average American is awash in debt. Multiply this problem by the 300 million people in this country and it becomes apparent that this nation as a whole is in trouble. The fiscal distress extends to the federal government; the United States currently “enjoys” a federal budget deficit of more than \$400 billion per year and a cumulative debt load of over \$7 trillion! I don't want my community (that is you) to follow the path to financial slavery that has been chosen by the rest of the country.

Once you have made the decision to break out of financial chaos, commit to a system (any system), and then implement it. This book describes one good system. Good because it works, and even more so because it is simple. During the writing of this book, a population of people volunteered to be mentored by me in this process of wealth accumulation, and I will be reporting on their progress throughout the coming chapters. I will be telling you some of the stories that moved people from financial failure to success – and a few sad tales of the reverse. Yes, there are those who deviated from the conserver lifestyle and chose to remain in debt, or even to dig deeper.

I gave a two-day financial independence seminar in November of 2004. It is from this seminar that the mentoring population was derived. It started with 113 people who requested my services as a financial mentor. As I discuss the philosophy of wealth accumulation and the universal principles required to succeed, I will be sharing with you the stories of families, single adults and students from this population. The group was diverse in its phases of life. There were youths who had just arrived at college, had no job, and were getting help from family members. There were single people who had just graduated from college and were looking for ways to control their expenses and save money. There were newly weds and young families with a new

house payment and one or more car payments to pay down. And there were established families with up to 13 children who were looking for ways to save for retirement and yet not take food away from the table. Their stories have been included with the hope of inspiring you to make the choice to follow this simple path to financial success and a more fulfilled, more prosperous, and much calmer life.

Through the process of mentoring these participants, I discovered to my surprise that many people have emotional barriers to becoming wealthy. I found myself frequently advising them to give themselves permission to become wealthy. Many had the viewpoint that to be truly great Christians they had to live in poverty as the prophets of old did. I was a bit flummoxed by this concept originally, but encouraged them to see themselves as children of the Universe who, in order to carry out their purpose, had to fulfill the need for money in their lives. Once money was seen as a neutral tool to be wielded to achieve both daily objectives and truly grand purposes, the emotional barriers to accumulating wealth seemed to dissolve. Saving money became not a proof of miserly selfishness on their part but rather a means of providing more complete and timely service to others.

You, too, can harness the power of money for your own goals. Just remember the basic five principles for wealth accumulation:

Create Your Financial Goals □ vision

Live Within Your Means – if you haven't got it, don't spend it

Pay Yourself First □ save for those emergencies

Pay It Forward – save for your retirement

Philanthropy □ take care of your community

Do you want financial freedom? It can be yours, starting today. Just choose, and implement the principles of financial freedom outlined in the following pages. You will be amazed by the increase in wealth and contentment in your life.