

Financial Freedom for Employees

*How to attain financial
independence and freedom using
your job as a launch pad*

By Usiere Uko

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DEDICATION

This book is dedicated to every employee and reader, to your goals and deepest dreams; to that thing you want to do someday, when you finally have the money and time to do it.

To everyone who dares believe that dreams do come true, if you are willing to stop giving excuses and go for it TODAY, taking one step at a time, one day at a time, making someday today.

INTRODUCTION

Financial freedom is not about quitting your job. If you are in the wrong job or type of work you have no business doing in the first place, financial freedom can give you the freedom to do what it is you really want to do, and make your unique contribution to the world. There is a world of difference between job and work although we use it interchangeably. A job is what you do to earn a salary while work have to do with purpose, what you came to this world to do. The best place to be is to locate your work and to do it with your whole heart, mind and soul. Your work is where your aptitude, love and passion lie. This is where you are in your natural element or habitat, like fish in water.

This is not the reality for most employees. Most of us make career decisions based on pay. If the pay sounds good, we are game. A time comes when you get come to the realization that pay alone does not bring fulfillment. The pay may be good but your life feels hollow on the inside.

Financial freedom means different things to different people. One indisputable fact is that financial freedom has something to do with finance and freedom. If you have no

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financial worries and have the freedom to choose what you really want to do, how and when, then you are not far away from financial freedom. That is what financial freedom is ultimately about – the freedom to make life's choices without having money dictate what you can and cannot do.

Most employees feel that financial freedom is either beyond their reach or they have to quit their jobs to attain it. Some have quit their jobs prematurely and have paid for it dearly. Those left behind come to the conclusion that doing what they love is not part of their destiny. Like being trapped in a bad marriage, they have to endure because of the kids for the rest of their lives.

Taking a job should not mark the end of your goals and dreams. You can attain financial freedom as an employee. You are also free to walk away when you feel it is time.

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ONE

WILL YOUR SALARY EVER BE ENOUGH?

The average employee is looking for better pay, more money. In their minds, more money will solve all their financial problems and make ends meet at long last. With enough pay, all their problems will be over and all their prayers will be answered. Some go back to school for a Masters degree, some work harder both on the job and also in making sure their supervisors or bosses see them working hard so as to get promoted in the office. Majority of employees look for 'better' jobs outside the organization. Many employees, especially in the third world leave better jobs for higher paying ones. Some abandon their families for economic reasons to work far away from home, either through extreme commutes or relocating to a new town altogether, only visiting home few weekends a month.

For employees that belong to labor unions, there is the added advantage of negotiating for better pay from a position of strength. One way or the other employee's income typically increases at least once a year. If you have been working in a big organization for at least ten years, your income must have more than doubled. The interesting thing is, the salary increases over the years seem to have brought the quest for higher pay to an end. You still eagerly await the

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proverbial pay day as much as you did when you started work years ago. You still depend on your salary to settle your month bills and financial obligations. If your salary is delayed for two weeks, your economy goes into a financial crisis. Your life is wrapped round your job. If you lose your job, the bottom falls out of your world.

Will your salary ever be enough?

Someone said the moment an income is labeled 'salary' it will never be enough. Your expenditure always seems to grow to meet and sometimes overtake your income. Enough seems to be a target on wheels, a desert mirage that recedes as you draw closer. The more you make, the more you spend. For some, more money means more financial problems as more income generates more debt. They attempt to buy that item they could not afford hitherto, and in the process bite more than they can chew.

Your salary will not make you rich, no matter how much it is increased. An employee mindset is configured to earn and spend. With that mindset, your expenditure always takes care of your income. To attain financial freedom, you need to migrate from the employee mindset to an entrepreneur's mindset and start minding your business. That shift in mindset enables you to apply your salary correctly and create assets that will enable you escape the rat race into financial freedom.

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TWO

DISCOVERING WHAT YOU ARE GOOD AT

A common feedback I receive when advising someone to follow their passion when starting a business or making money is:

"I don't know what I am good at or passionate about".

"Can you tell me what I am good at?"

"What business should I go into?"

One danger in advising people what they should go into is projecting yourself into their situation, telling them to do what you would love to do if you were in their situation. The reality is that we see the world as we are, not as it is. Some answers need to come from the inside, not outside. If you pursue someone's dream, you will burn out along the way. If drive is not from the inside, it is very easy to give up at the first appearance of an obstacle. The best place to be is to be yourself and not someone else.

So how do you know what you are good at?

That seems to be the million dollar question. The best person to answer that question is you. Others can assist in giving you ideas, based on what they have seen of you so far. They

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may have observed that you are a natural when it comes to doing certain things, or you become animated towards certain things. Your parents, siblings, close friends and colleagues can give you feedback as to what they think you are good at. Often times, they are not far off the point. These are valuable inputs. However, no matter what others think you are good at, if it does not resonate at the depth of your soul, if it does not make you feel good, enthusiastic etc, you are not there yet. If you do not take charge of who you are, you may end up with a mistaken identity.

Negative feedback from authority figures like parents, teachers etc can set us on the wrong path, and ultimately make us believe we have no native genius. That is not true. You are a genius in something. The ability may be in a raw form that needs nurturing and honing, but we all a genius in one thing or the other. Our job is to discover the genius in us and nurture it. It is very easy to celebrate the genius in others, swoon over celebrities and queue up for autographs. We all have what it takes to become a star or celebrity in our own right. Low self esteem and inferiority complex makes us depreciate our talents and ignore our gifts. We think it is a sign of humility to avoid responsibility, proclaim we can't and hide at the back. We refuse to volunteer even where there is a need in an area we have native talents. We believe we are not good enough. We proclaim it at every opportunity. We hide our gifts and stifle our genius. If we continue in this self destructive habit, we get to the point we truly believe that there is nothing we are good at.

What do you enjoy doing most?

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If it was impossible to fail, what would you attempt?

What activity gives you the most joy?

If money was not an issue, would you like to do?

If at the end of the day you still cannot place your finger on it, prayerfully follow your instinct. As you go along, it will become clearer.



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THREE

WHEN LOVE DOES NOT PAY THE BILLS

Doing what you love and loving what you do is a match made in heaven. It is a place where passion, talent, skills, aptitude and purpose meet. You get paid while having fun. Work feels like play. Sadly, very few find this place. A lot of people have a good idea where it is, but are not bold enough to make the move. They believe doing what they love will not pay the bills, so they say goodbye to love and passion, and hold onto their beloved meal ticket.

Growing up, we were told time and again by our parents that dreams do not put food on the table. Love does not pay the bills. In the seventies up to mid nineties, musicians, footballers, actors, comedians, tailors (as they were known then), caterers etc were for school drop outs. Your parents disown you and refuse to pay your school fees if you dared stray near any of these vocations no matter your level of passion. You needed to be a doctor, lawyer, banker, accountant and engineer etc to be regarded in society. Sometime last year I watched Folake Folarin-Coker, founder of Tiffany Amber being interviewed on the Patricia Show on MNET, and the amiable talk show host asked her one

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interesting question: You have such a nice name, why did you decide to use the name Tiffany Amber? I could identify with the answer she gave. She is a trained lawyer. She dared not let her Dad know that after spending a fortune on her education abroad, she had decided "to bring shame on the family" by becoming a tailor, as fashion designers were then known. She had to go underground with her dreams, until it was safe to confess her "sins".

As a result of going for other people's dreams, we now have an epidemic of job dissatisfaction (how far do you go in pidgin). An average worker is not working for love but for the money. Career choices are made based on pay. A trained psychologist will grab a store keeper's job in an oil company with both hands if the pay is right. He puts in enough work to avoid getting sacked, while his employer pays him just enough to prevent him looking outside for another job. A handful of people had to return to school for a second first degree and go for their dreams after earning a first degree to please their parents. Others have moved on but had to make a career switch in mid life when they could not take it anymore. John Maxwell in Put Your Dream to the Test observes "anytime you see people pursuing a midlife career change, you can almost be certain they had been living someone else's dream and lost their way. For the majority, they feel life has already dealt them the cards, they have no choice but to run with it, anyway love does not pay the bills. A bird in hand is their reality. They don't believe that another reality exists for them.

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A common mistake people make time and again is to try and figure out how to get there before they determine the destination or commence the journey. They don't believe in taking one small step at a time. They want to see the full picture ahead before they set out. They want all traffic lights on their route to go green before they move. It does not work that way. Until you make the first move, certain things will not happen. Doing what you love cannot pay the bills until you start doing it, and doing it so well that you begin to grow and things begin to fall into place. Becoming successful in whatever you want to do begin by taking action and starting small. All you need is the courage and resources to make the first step, which you already have. Bothering about tomorrow's step paralyzes and immobilizes you. You need to take one step at a time. When you take the first step, and keep moving, you will be in position to take the second step, as the first step created the springboard to take the second.

When what you love cannot pay the bills, you can hold onto your job and start working towards what you love, until such a time what you love can pay the bills. It will not just happen by itself, you have to make it happen. If you are not working for the government, your current job is a product of someone else's love and dreams becoming reality. The owner took the risks and the rewards while you get your pay cheque to settle your bills. It is a fair exchange. He that takes the risks gets the rewards. He who is only concerned about bills gets a salary to pay the bills. Expecting what you love to pay the bills overnight is like expecting an acorn to become

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an oak tree overnight. It takes a lot of effort, focus and tenacity to make what you love pay. You cannot get it on a platter of gold. If wishes were horses, fools will ride. When love does not pay the bills, you know that there is work for you to do to get there.

Time has proved that love can pay the bills. Some folks refused to give up in the face of adversity and societal scorn and made a success of acting, music, fashion design, football, modeling, DJ, MC, security services, fast foods, transportation, mobile toilets, you name it. You can have it all. Do what you love, love what you do, pay the bills and even become rich beyond your imagination. Life is too short to spend majority your working days going after someone else's dream or longing for what you love, existing rather than

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FOUR

TRAPPED BETWEEN YOUR DREAM AND YOUR JOB

A bestseller 'Caught Between A Job And A Dream' by Delatoro McNeal, a writer and motivational speaker quotes findings from a survey done in the US on job satisfaction prior to the release of the book, more than 87% of Americans hate their jobs. I have wondered for a while what the figure for Nigeria would be. I guess it would fall on the wrong side of 90%, with folks more focused on survival issues (rent, food, school fees etc) rather than passion.

Sadly, most people think you cannot have both – do what you love, love what you do and become rich in the process. Most are trapped between their dreams and their job. They hate their jobs but have no choice but to wake up before sun up, commute to work, get back home at sun down, often after the kids have gone to bed. They hate it, but feel powerless because they cannot figure out a way out. They feel trapped and resentful, serving a jail term with earliest release on their 60th birthday, that is, if the market has not wiped out their retirement savings. Everyday looks the same with no end in sight. Friday, public holidays and vacations become a welcome temporary interlude in a long drawn out prison sentence.

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The saddest aspect of this sorry saga is that most have given up on their God given dreams and resigned to a life a servitude followed by an uncertain pension in an ever changing world.

The biggest obstacle to your release from prison is your mindset. If you believe you have run out of options, then you have. If you believe you cannot do what you love, love what you do and make money, you are correct. If you believe you cannot grow your hobby into a business, you are right. If you believe you cannot start from where you are and ride on the principle of gradual growth to something big, you are absolutely spot on.

You are trapped between your job and your dreams because of four belief system. This is the single biggest obstacle to your escape from jail and achieving your goals and dreams. You cannot start a journey you are certain will end in failure; why bother?

Barak Obama started on the journey to the American presidency because he was audacious enough to believe he can. Study any mega corporation and trace its history. You are certain to see two things

- a) Somebody believed they can
- b) They did not wait for perfect conditions
- c) They started small

Beware of small things that start big. A crash is surely coming to a cinema near you. If you start with a bang, you crash with a bang, in full view of the public, and such wrecks are

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everywhere, if you think of startups that made a lot of noise, with flashy offices, cars etc, and have since disappeared from the landscape, taking its place among the stats as one of the 9 in 10 that did not make it. Giant things start small, like giant oaks from minuscule acorns.

Most people are frozen stiff by fear of making a move because they belong to the school of thought of starting with a bang. Their national anthem is "I have no capital". If you can condescend to start small in your spare time (instead of watching endless aimless TV programs), start from your bedroom with your savings, scaling your start up down to your present circumstances, and take it one step at a time, one day at a time. Mighty oaks from little acorn grow. Starting small is not rocket science. All it takes is the courage to take a baby step. Anybody can do it. It is a step I took some years ago, and nothing beats the feeling of seeing a hobby grow into a business with employees, paying tax to the government.

I will end with something I observed while growing up in the country side. Our family, like many others, maintained free range poultry, chicken roaming free. It provided eggs and chicken for Christmas and Easter. Once in a while, my Mum bought new fowl (adolescent sized chicken) from the village market to boost our stock. Since this fowl is a new kid on the block, it can easily walk away never to be seen again. To program to become familiar with its new environment (so as to come home every evening), the fowl is tied with a 2 meter rope to a tree in the front yard for some days. Naturally, the fowl will strain, trying to break free. After some days, it comes

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to the realization that it cannot wonder more than 2 meters from the tree. During this time, it does not need to look for food and water. It is well fed, to the envy of its free cousins.

A week later, when we believe the fowl has studied its surroundings enough to find its way home unaided, it is released from prison to roam free. This is when something interesting happens.

After the setting free ceremony, the fowl refuses to move one inch. We kids will try to assist by making sounds to drive away the fowl to discover its new found freedom. The fowl refuses to move, thinking its leg is still shackled. If it moves a bit, it keeps coming back to the 2 meter circle. It takes quite a while before it dawns on the fowl that it is now released to roam free.

The interesting phenomenon is that after its physical release, the fowl is still in mental prison. It refuses to budge beyond the 2 meter virtual prison perimeter fencing. The same happens to us humans. Although our right to start a business and prosper is guaranteed by the constitution, we remain bound mentally because the reality of making money outside of our salaries is alien to us, and hence impossible. The idea of designing our lives, rather than depend on our employer to determine which town we live, when we can see our families and when we can keep personal appointments seems unreal.

If you are caught between your dream and your job, the jailer is not your employer, it is your mindset. Set yourself free.

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FIVE

LEARN TO LIVE BELOW YOUR MEANS

Living below your means is one of the fundamental laws of financial freedom. You cannot break this law and become financially free, no matter the size of your pay check. If you spend all you earn, you become broke, if you spend more than you earn, you end up in debt. This principle is no respecter of persons.

Some celebrities have violated this principle and paid dearly for it. A sad story is told of a man who lost his job at a car wash and sued his employers for racial discrimination. He was fired for scratching customer's cars with his ring while waxing. His boss had warned him repeatedly about the ring to no avail. As customer's complains continued, he was finally let go. You may be wondering what was so special about the ring. That is what this story is about. This guy is an ex NFL star, and had won the ring as most valuable player at the height of his professional career. The ring was all he had left from the millions of dollars he earned in his NFL career. He had to take a job at a car wash when we went broke. The ring was his most precious possession. Asking him to remove the ring was the ultimate humiliation. It was all he had left of his dignity.

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Stories abound of celebrities that became destitute after having hundreds of millions of dollars pass through their hands. Many professional boxers have come out of retirement due to cash flow problems. The millions they made in their hey days had gone with the wind. The same story plays itself out in the corporate world where corporate executives retire to poverty with nothing to show for their former jet set lifestyle.

You simply have to live below your means. Living within your means will not cut it. That is flirting with broke-ville. Live below your means, way below your means. Saving 10% of your gross income is just a starting point. As you progress on the journey, you will become more creative and investment savvy, moving to 20%, 50% and ultimately to 100%. Don't scream just yet. This is not for everyone. This is for those who plan to say goodbye to their day jobs. They create multiple streams of income, hence depending less and less on their salary. For those that remain, you can cross the 50% line and push onwards as you improve your investment skills as you will see in later chapters.

Jim Rohn recommends the 10 – 10 – 10 – 70 formula as a starting point. The first 10% belongs to God or a charity of your choice. The second 10% is for saving and investment by you (business, real estate etc). The third 10% is savings for investing through others (stocks, mutual funds, venture capital etc). The 70% is what you live on. As your income increases, you can gradually increase your savings rate and reduce your expenditure.

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The fundamental principle of building and accumulating wealth is to save and invest. To save, you have to live below your income, so that you can save. If you save every month, your savings grows every month. This becomes the seed money for your investment, further accelerating your wealth building process. If you live within your means, spending all you earn month after month, your savings grows by 0% every month. You remain in one inglorious spot. If you spend more than you earn, you are moving in the opposite direction, becoming poorer each month as you dig yourself deeper in debt and ultimately bankruptcy.

You worked long and hard for your money. You should work equally hard to keep as much of it as possible rather than give it away routinely month after month. If you keep giving all your money away, there will be nothing left for you, leaving you perpetually strapped to your job without options. If you get downsized, you find yourself in dire financial straits.

There are many ways to live below your means. Start from where you are right now, rather than hope for more money to solve your money problems. Take a close look at your attitude to money and spending profile. What is your money reflex? What is your first reaction the moment money enters your hand? For most, the first impulse is SPEND. We tend to treat money as hot coals that burn holes through our palms and pockets. It is as if it is so hot you have to let go as soon as possible to avoid getting hurt. Spending has become such a pleasurable event while saving has become a painful exercise instead of the other way round. Have you seen the look on people's faces as they come out of the shops,

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lugging bags bulging with merchandize that will soon end up in the thrash, thrash often paid for by credit cards?

Seeing your money disappear should be the hard part while seeing your money stay becomes the fun part. Our psychology is the reverse. If you are feeling down, you need retail therapy; go shopping! Little wonder we cannot hold unto money. We repel it!

Your salary is gone without trace a week after pay day. For many, pay day is a sad day because it is a stark reminder that your salary is just not enough. Interestingly, the money was not enough 5, 10 years ago, and I can guarantee you that in 5, 10 years time, the money will still not be enough. Enough seems to be a goal post on wheels, moving away as your income inches closer. Your expenditure will grow to catch up with your income. It is like chasing a mirage.

What you need to do right here right now is to pull over, and go through a total financial makeover starting from your mind. You need to ask yourself some hard questions

What happened to your income in the last 5 - 10 years?

Where did your money go?

What did you spend it on?

Where is the stuff you spent your money on?

What are you spending your money on now?

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Do you need to buy that new TV in the shops simply because it has the latest technology?

Do you need to have a TV for every room in your house as if you are running a hotel?

Do you need to pay for a premium cable TV bouquet even when all you watch is a couple of stations a couple of time?

If you must watch some films on the premium bouquet, can't you get it on DVD?

Do you need all those phones?

If you have a landline, will you die if you let go of the mobile?

Do you need 2 or 3 cars? Can't you car pool and sell the car that is hardly used and gathering dust in the garage?

Can you really afford your home? Apart from your image taking a bash, what do you have to lose going down the property ladder for a season for the sake of getting your finances back in shape?

Are you fully utilizing your club subscriptions? How many times do you go to that gym? Can you save money by teaming up with friends and exercising in the neighborhood rather than pay for a gym you hardly use?

Do you have to buy that new model of automobile now? Why not hold on to your car for a year or two and use that money to acquire assets?

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Rather than buy that latest toy or go for that exotic holiday, why not vacation locally and invest the money in assets that will generate sufficient cash flow in future to pay for subsequent exotic holidays and gizmos?

Before you write that cheque, is that item an asset or liability? What will this item be worth in 5years? Will it be generating cash flow or gone with the thrash?

If you must buy this item, is this the best time to buy this item? Why not wait until it goes on sale? Can you plan your trips in advance and take advantage of lowest fares? Why pay premium fares?

Have you evaluated the impact of this purchase on your financial goals? Will you regret this decision in 5 years?

BANK YOUR INCREASE AND WINDFALL

What do you do when you get a salary increase or bonus at work? (Both the expected and surprise variety). Most folks have an endless list of wants, both written and unwritten. It is like a giant crocodile with mouth wide open for its prey to fall in. What seems to happen when we get an increase is that our wants start screaming for attention. Our wish list roars back to life.

Whenever you get a raise, there is a rumble in the jungle. Needs and wants scream for attention; items hitherto not in the budget pound on the door, asking to be let in. More often than not, they get their way. In the case of a bonus, our wish list comes alive. A new car, holiday, home

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improvement, clothes, toys, you name it. Everything becomes a necessity all of a sudden. There is tumult and discontent until you capitulate. Peace returns to the castle after all the money is all gone. You can see a palpable sense of relief in everyone's face. The enemy has been repelled. Back to status quo as calm returns until another "enemy" ventures near. No savings. If per chance any "enemy" (spell cash) was missed in the offensive, it is fished out kicking and screaming, and spent with glee. Life is good! Money was meant to be spent! Tomorrow will take care of itself.

If you could live on your salary before the increase, why increase your expenditure when you get a raise? Murphy's Law of expenditure states that "*expenses will always grow to meet income*". This law is not binding on all.

This law applies to you if you sign up for it. Simply make up your mind on what you want to live on. What you live on should not depend on your income. This is where most people miss the plot. Your monthly living expense should be FIXED, to be reviewed once in a blue moon if inflationary pressure warrants it (not pay raise pressure). Everything else should go to savings (after tithes and giving). Save the rest. Bank your increase, bonuses and windfall. Stick to your financial goals, so that the increase will not become stranded and get spent without trace. If the raise is unexpected, revise your financial goals for the year accordingly. Leave no room for loose cash. Fix your expenses and increase your savings. That is what should happen when you get a raise. The increase should accelerate your attainment of your financial goals, rather than accelerate

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your consumption. Live well below your means. Your net worth is determined by your assets, not how affluent you look. Most of the stuff you tie down your capital on is worth much less than you think if you attempt to sell them. What determines their value is how much someone is ready to pay for it, not how much you think it is worth. It is a buyer's market out there. You may think that your car is worth N2 Million (\$12,500). You will be shocked to find out that the highest offer you get for it is N500,000 (\$3,125). If you have to sell the car, then that is what it is actually worth, not your figure on paper.

Thinking you can sell it for so much is a trap many falls into repeatedly. Hold onto your cash, invest for good returns and buy luxuries with your profit, not your capital. Do not liquidate your capital for any reason whatsoever. A farmer protects his seed and does not consume it. To be able to do this, you need to start by living way below your means, so that you can save enough to invest.

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SIX

PAY YOURSELF FIRST – SAVE BEFORE SPENDING

The concept of paying yourself first can be hard to grasp. It took me a while to figure out how changing the sequence of disbursing my income will make me richer, when I do not have enough to start with. I was programmed to keep spending until I run out of money, which was every month. Paying yourself first is not just about the sequence of disbursing your income, but a paradigm shift, a fundamental restructuring to enable you save, invest and develop multiple streams of income to fund the lifestyle you desire. It is about delayed gratification.

It is a shift from spend first and save what is left, to save first and spend what is left. Same amount of money, different mindsets and different outcomes.

Typically, we spend and save what is left. The focus is on spending, making available funds go round. We pay our bills, housekeeping and living expenses before we save what is left, if any. More often than not, there is nothing left to save. This is living from hand to month, or pay check to pay check, or eating with ten fingers. The amount available for spending

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is your net income (after taxes, deductions, and depending on your principles – tithes/giving).

By paying yourself first, you save first and spend what is left. That means that savings is number one priority and mandatory. Your lifestyle is tailored around what is left after saving. The amount available for settling bills and spending is your net income minus savings. In this scenario, you are forced to cut your coat according to your clothe not your size. If the amount available for spending is not enough to fund your current lifestyle, you are forced to scale down your expenses accordingly. You can now save according to plan rather than what is left over after spending.

Paying yourself first is fundamental to financial freedom. You cannot live below your means if you do not pay yourself first. You can only break the vicious cycle of consumption, earn and spend by paying yourself first. It bears repeating that paying yourself first does not end with saving before spending. It also has to do with what you do with your savings. If you do not do something meaningful with your savings, it drips back gradually into the spending pool and evaporates with the wind. If you pay yourself first, you can easily point where your money went, and what it achieved. If you do not pay yourself first, you will forever wonder where you money went, and you will have precious little to show for it except a mountain of stuff and a pile of debts.

To better understand paying yourself first, let us first take a closer look at what we do typically.

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If you are like most people, you do not pay yourself first. You pay yourself last. You pay your bills, set money aside for housekeeping and living expenses, entertainment etc. before you save what is left, if any. Along the line, you buy some impulse items not originally in your budget. At the subconscious level, you regard any money in your salary account as money available to spend. If a friend or family member needs a loan, you feel guilty for thinking you should rather invest this money than sink it in a loan that may go bad. Saying you don't have the money would be a lie since it is sitting there in your bank account. You know quite well you may not see this money again, but you don't want to be the bad guy. Against your better judgment, you play the good guy and empty your bank account.

Typically your salary is paid through the bank. You only get to see your net income (gross income less taxes and deductions). Your taxes and other deductions are taken out at the payroll level. You don't get to see it. You cannot spend your income taxes. It is out of your reach. You do not base your budget on your gross income because it is not available for spending. In your mind, you know it is not yours, although your employment letter clearly states your gross income.

You work based on your net income. If you are like most people, you equate your net income to your disposable income. This is where most people lose the plot. This means that the amount that hits your account is available for spending, after settling your bills. You have an idea of your recurrent monthly expenditure. In addition, you have a

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wants (or wish) list that feeds your monthly budget anytime there is sign of available cash. That brilliant appliance you saw on TV, that cool gizmo you saw with a colleague at work, the latest phone, TV, game box etc. These items are ready to jump in to consume what is left after settling the monthly expenses. In reality, this list comes first before savings. Savings becomes once in a while affair. You save what is left, if any. You pay yourself last.

To pay yourself first, you reverse the process. You have to save to invest first, and spend what is left. Your new net income becomes your gross income less taxes, deductions and savings. You can have your savings deducted at payroll level through retirement savings, employee savings schemes, direct debit etc. circumstances vary. The important thing is to implement what works best for you, so that your savings is put beyond the reach of your long spending arms.

Your disposable income becomes what is available for spending, not what hits your salary account after taxes and deductions. Like your taxes, if you do not see your savings, you cannot spend it. If you have a holding account for your savings, do not allow it to tarry there. Make your money work hard for you in your business, stock portfolio, real estate, commodities trading or whatever you are at home with.

Paying yourself first works hand in hand with living below your means. By deducting your planned savings (10% minimum) from your gross income, you will be left with less money to spend than usual. This means that you have to make do with

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less. For this to happen, you have to reduce your monthly expenditure.

If you are very determined to break the vicious cycle, you can cut back on some unnecessary expenses (including cutting up your credit cards), reschedule some debts, do without some "necessities" for a season. There are a thousand and one ways to lower your monthly expenses. There are thousands of personal finance websites and blogs that teach you how. Where there is a will, there is a way. It may hurt at the beginning, but when you attain your financial goal, it will be more than worth the effort.

We now get to the most important point, the main reason you are paying yourself first. You are making your money work for you. You are not paying yourself first so that you can admire your \$1,000 a month building up over time, like Silas Marner. The \$12,000 is to be invested in an income generating asset. You can choose to spend your profits or reinvest for bigger returns. That is the secret – work hard to build assets to increase your cash flow. The least you can do is to park the \$1,000 a month in a money market instrument that yields at least 8% per annum (you can get much more than that). As you increase your balance by \$1,000 every blessed month, you increase the returns from a trickle into a flow. Based on your investment skills, you can invest the money for a 25% increase (like in the stock market), real estate investment trusts (REIT), commodity and options trading, etc.

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If you forget everything else, don't ever forget that the whole idea of paying yourself first is to build up your asset portfolio so as to generate additional cash flow streams, period. You can now use this additional cash flow to boost your standard of living, while still sending your monthly savings to work for you every month. You can also decide to reinvest your interest income for accelerated returns.

When you pay yourself first, you turn the pressure of not enough money to your advantage by putting on your thinking cap rather than give in to stress and anxiety. The fact that your earned income is not enough forces you to think out solutions and explore investment options which increase your financial acumen and ability to make your money work harder for you. You turn the pressure on you to make ends meet into motivation to generate money making ideas, rather than lamenting and looking for a better paying job. It also motivates you to eliminate wasteful spending and make do with less. Necessity is the mother of invention. When you have to make do with less, you discover that you can get a better deal by shopping somewhere else and that there is not much difference between the brands you normally patronize and cheaper brands. You become a stronger and wealthier person in the process.

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SEVEN

INVEST IN YOUR FINANCIAL EDUCATION BEFORE YOU INVEST

Employees are notorious for investing based on tips and recommendations from colleagues. Most put their money into an investment or market they have no clue about. They sign up with their colleague's stockbrokers without conducting an independent due diligence exercise. In summary, they invest before first becoming investors.

After paying yourself first and saving, you need to invest. The challenge facing most employees when it comes to investing is what to invest in. Most employees have little or no competence outside the field of work. It is a common joke that doctors are clueless when it comes to investing.

When it comes to investing, most employees turn over their money to "experts" (strangers) hoping they know what they are doing and will deliver a superior return on investment as promised in the brochures. There is nothing wrong with consulting an expert. As a matter of fact, you need to go

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through a broker to trade in the stock market and other markets. What is wrong is:

Not knowing what you are doing,

Not having a clue whether the advice you are given is the right one or not.

Not knowing how to ask the right questions in order to get the right answers

Not knowing how to tell a good broker from a mediocre one

Swallowing everything you are told, hook line and sinker

When it comes to investing, you have to be in the driver's seat, rather than hand over the wheel and control, hoping someone else will take you to your desired destination safely. The main disadvantage of relying on a broker or financial adviser to make your investment decision is that most brokers are broke (no disrespect intended). They are employees who depend on salaries which come from commissions. The more you buy and sell, the more money they make. They hardly put their money where their mouth is. Most do not take their advice. They offer you a shirt while they are topless. They advise you to invest in a stock they have not invested their money in, and when all goes wrong, you take the hit. Do not misunderstand me, brokers and financial advisers are good people, and are under constant pressure to make the right decisions, as they take the flak when things go wrong, and may lose their jobs if they leave behind a trail of dissatisfied clients.

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The key issue is in your being in control. You know your desired destination more than anyone else, and have the most to lose if you do not make it there. Others can only offer their sincere sympathy or condolences.

The first step in investing is to invest in your financial education. Investing is not rocket science if you know what you are doing. The big problem is that most people have no clue what they are doing. They ride the wave of market sentiments, buy high and sell low. If you want to perform surgery, you first of all go to medical school. If you want to drive, you go to a driving school. If you want to invest, you first of all learn how to invest before you commit your hard earned money into a game you do not know the rules.

People have varied reasons for jumping in cold right into an investment without a clue what is really going on. Some are penny wise, pound foolish. They think that investment seminars are too expensive. They prefer to learn on the job; save hundreds and lose tens of thousands. Others feel they have no time to commit to learning how to invest in the market they are interested in. They feel the short cut is to consult an expert. They have time for TV, social outings and working overtime rather than learn how to make their money work hard for them. For others, the world of finance looks like Latin language, only a few can understand it. Nothing can be further from the truth.

Investing has its own language. A slab of numbers in company results or finance pages of newspapers tell a story. Only those who understand the language can understand

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what it is saying. For the financially illiterate, they go straight to the bottom line - profit or loss, P/E ratios or revenue projections. You have to commit to learn. Nothing enduring comes easy. There are tons of books and seminars on investing. There are thousands of websites on investing, investing for dummies, investing for fools - www.foools.co.uk. If fools and dummies can learn to invest, then I am afraid you have just run out of the last excuse right there. The issue of time has to do with priority and where you want to end up in life. It is your choice to make. If you want to spend your working life working hard for money rather than have your money work hard for you, it's your call.

Financial literacy is critical in your journey to financial freedom. If you decide to settle in a foreign country with a foreign language, you better learn the language. You can get by, by hoping you will always run across someone with a smattering knowledge of English to bail you out, but that is just getting by. If you want to flourish and succeed, you have to learn the language.

Financial literacy helps you analyze investments and make sound investment decisions, decisions that will bring superior returns on your money. Experienced investors can earn 25% to 10,000% return on their investment. They know how to evaluate risks, and understand the interplay between risk and reward. All it takes is knowledge and experience. The key thing is to know what you are doing. When you do not know what you are doing, you are gambling with your money. Investing is not risky. It is the investor that is risky, an investor who does not know what he is doing.

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You need bring on your Team brokers and investment advisers as you venture into the world of investing. You have to know how to recruit the best hands for your Team. You cannot simply take on a broker simply because your colleague in the office is using the same broker. You need a broker that will give you advice tailored to your financial goals rather than treat you like a statistic. You need a broker that has been there, done that, and is willing to show you the way. The quality of advice you get depends on your depth of your knowledge about investing. Investment education will help you in the following ways when dealing with a broker or financial adviser:

- You are in a better position to interview and select the right broker or adviser for your Team. You know the right questions to ask. You can tell if the adviser knows what he is talking about. Most people do not ask questions. Your broker works for you, and should not be brought onto your Team unless you have done proper due diligence, including recommendations from folks you respect who are ahead of you in the journey.
- You can tell if the advice is good for you. You are not bound to swallow whatever you are told. The quality of answers you get is based on the quality of questions you ask. If you ask the right questions, you get the right answers. There are things you will not be told unless you ask. Also a good question to ask is how his portfolio is doing, and what he invests in.

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- You access better investments. Investments come wholesale and retail. Experienced and knowledgeable investors are given access to wholesale investments (e.g. private placements) while the masses can only access retail (publicly traded stocks). Your broker will offer you investment options based on your knowledge and sophistication.

Investment education increases your risk tolerance and gives you access to high return investments which average investors have no access to. In regulated markets, high yield investments are reserved for people that understand the game and comply with SEC rules to access those types of investment. Margin loans are extended to accredited investors, not every Tom, Dick and Harry. In the Nigerian stock market crash of 2008, thousands of rookie investors ended up with a pile of margin loan debts, loans that should not have had access to in the first instance. The leverage of other people's money is a two edged sword. It can increase your returns exponentially or leave you with a mountain of debt. When the price of stock with which you secured margin loans to purchase crashes and the lender calls in the loan, your loss is magnified. You are forced to sell the stock on a price low and end up with a capital shortfall coupled with escalating interest charges. If you had used your own funds for the transaction, you would have had the option to either hold your position for the prices to recover or cut your losses and sell. With a margin loan, you do not have that control. An experienced investor knows that control is the name of the game.

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High yield investments appear high risk to the average investor but to the experienced investor who knows what he is doing, it is an excellent opportunity. Your depth of investment knowledge determines your return on investment. The masses play on the fringes, and get slaughtered when markets slump. At each market crash, a transfer of wealth occurs. As others cry, some are clinking glasses in celebration. A sophisticated investor makes money in bulling and bearish markets. Head or tail, they win. Common people who have no clue what is going on except what their broker tells them are left to pick the pieces. The experienced investor has an entry and exit strategy. They are the first to exit before a crash. It is the rookie investor that is left stranded on the beach at low tide.

To graduate from the investments of the poor and middle class (2% to 25% annual return) to the investments of the rich (ultra high returns - 25% to infinity), you need to invest in your financial education. Your financial education is more important than scholastic education, as good as it is. A college degree gives you a job while your financial education gives you a life. Financial literacy is a major key to financial freedom. You need both. You can have a PhD and be broke as broke, working a job you hate and hoping for a better day. Your financial future is in the tight grip of your employer who may be half as educated as you. With financial literacy, you have the tools to regain control of your finances, invest for exponential returns, say goodbye to your jail cell and go live your dreams.

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Most people think that more money will solve their financial problems. Pursuing more money is like chasing a mirage. Ask anyone who works for a company that increases salary every year. Do they have enough now? You need financial literacy to solve your financial problems. The reason you are perpetually broke is due to financial illiteracy. With financial literacy, you do not need someone else to tell you what to do. They can only advise. You have what it takes to navigate your way through the financial maze and jargons to your desired destination. The best investment you will ever make is to invest in your financial education.

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EIGHT

MIND YOUR BUSINESS

Mind your business means taking full responsibility for and becoming the CEO of your life. For most employees, their employer determines where they live, how much they earn, what free time they have, and ultimately how far they can go in life. They go in young and vibrant and come out old and spent. They spent all their youthful years minding other people's businesses.

This is not advocating disloyalty to your employer or quitting your job. It is a call to taking full responsibility for your personal development in your free time. Jim Rohn says you should put in more energy in developing yourself that you put on your job. I agree absolutely. You become a better employee when you grow as a person, as you transit from being a follower to becoming a leader. Businesses need leaders to grow.

A typical employee spends most of his time minding other people's businesses. They spend time supporting their favorite team, watching their favorite TV programs, hanging out with their friends to gossip about celebrities and others, attend every event they are invited to (and gate crash some), anything but minding their business.

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There are three types of people on the planet:

- 1) Those that make things happen
- 2) Those that watch things happening
- 3) Those that don't know what is happening

Minding your business means belonging to the first group, those that make things happen. It means taking responsibility for your life and destiny. It means minding your business, literally.

I have come to realize that everybody is into business in one form or the other, and all involve selling. The people that come up tops are the best salesmen. It is not enough to have a damn good product. To become a bestseller, you also have to be a damn good salesman. That is one key reason best-writing authors do not necessarily become bestselling authors or the brightest employees becoming the CEO. How you package and sell your product is crucial.

An employee is selling his time and skills to earn income. He sells by preparing a resume or curriculum vitae and making a good first impression in interviews while looking for the highest bidder in most instances. Some go to far flung deserts and new continents if the highest bid comes from there. Upon getting the job, the selling continues as you package yourself as a strong contender for the vacancy upstairs as you climb the corporate ladder. Entrepreneurs develop goods and services and take it to the marketplace to sell. Each involves personal development to build the required skills to generate the required income.

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You have to develop the skills required to take you to where you desire. The skills required depend on where you are heading. You have to own the process by minding your own business.

Many employees are trapped in the wrong career or wrong jobs. Most employees do not experience job satisfaction. A 2004 US Job Satisfaction survey by BusinessWeek shows that 87% of Americans hate their jobs. A similar 2007 survey by Conference Board shows that 72% of American executives believe they are not in their dream jobs. In Nigeria, the figure should be in the 90s. With the global economic meltdown, the figures may be higher as more employees cling to jobs they hate out of fear of the unknown. A job is simply a meal ticket and an income source. They acquired degrees based on parental advice dictated by trends in the market place and society. If the good jobs are in the oil and gas or telecoms sectors, the way to go is to obtain degrees that will allow your foot through the door. Dreams and passion become luxuries you indulge in after retirement at age 60 or 65.

Minding your business means finding your way back home to where you belong. Doing what you love and loving what you do is a match made in heaven. It is a place where passion, talent, skills, aptitude and purpose meet. You get paid while having fun. Work feels like play. Sadly, very few find this place. A lot of people have a good idea where it is, but do not believe it is possible to get there. They believe doing what you love will not pay the bills, so they say goodbye to freedom and hold unto the security that comes

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with a guaranteed salary. By minding your business during your spare time, you can develop the skills and acumen required in making your dream come true. You can make what you love doing become profitable if you are willing to pay the price in minding your business.

You can find your way back to where you abandoned your dreams. You have to start minding your business. Look at how you spend your time, and redeem your time, for you can never get it back. Spend your time on things that will enrich you and others.

Time is a finite resource. You are a year closer to the grave every time you yell "Happy New Year!". Your clock is ticking. You can redeem time by making every day, every hour count. Each day you spend should bring returns. You should have something to show for it. It should yield dividends for the future. If it does not, then those are wasted years.

You have to start minding your own business. You should put more effort in developing yourself than you put on your job. You have to assume the position of CEO of your life. You have to sack circumstances and take over the driver's seat. You have to decide where you want to go, and steer your life in that direction. It is your life after all. Nobody else can live it for you. Mind your own business.

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NINE

WHAT SHOULD I INVEST IN?

Most employees with savings are faced with the decision on what to invest their money in. While the urge to start investing immediately is understandable, your first point of call when it comes to investing should be investing in your financial education. Invest in becoming an investor, before you start investing. Gaining the required financial education may take some time, while your savings is piling up monthly.

What do you invest in while you wait?

The place to start is in investing in your financial security - fixed income investments with guaranteed returns. This includes fixed deposits (or certificate of deposits CDs), money market instruments like treasury bills, bonds, commercial papers etc. These yield interest income above traditional savings accounts and hopefully a rate higher than the current inflation rate. It also helps keep your funds out of reach, to avoid the temptation of spending it when a need arises. And most importantly, it puts the power of compound interest to work in your favor, not against you.

Why should you invest in your financial education before you invest?

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It is common sense really. You need to learn how to drive before you start driving, go to medical school before you start practicing medicine etc. Doing otherwise is not wise, risking your hard earned money in a venture you know hardly anything about, depending on the opinion of others. Yet you see educated people fall into this trap time and again. They turn their hard earned money over to strangers to invest on their behalf based on trust that has not been proven. They feel buying books, audio and video products and attending seminars on investing is too expensive, or they do not have the time. However they have time to watch football matches, movies and socialize after hours, activities that will not improve their professional or financial future.

When you are financially illiterate or lack financial education, you are at the mercy of others. It is like being in a foreign country and depending on others to interpret for you. Other people will tell you what to do with your money since you have no clue what to do with it. You will remain a perpetual dependant, at the mercy of the "expert".

A stock broker will tell you to put that money in stocks.

A forex trader will advise you to trade in forex,

A bank marketer will advise you to put the money in fixed deposit,

A gold merchant will advise you to buy gold,

An insurance broker will advise you to put that money in investment linked insurance policy.

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A real estate developer will advise you to put down the money as deposit on a plot of land in an estate they are developing

Everybody has an idea what you should do with your money except you. The answer they give you will be based on what will benefit them the most. When someone with money meets someone with experience; the person with the experience ends up with the money while the person with the money ends up with the experience. This reminds me of a funny story told by Bishop Desmond Tutu about the first white settlers in South Africa. Said he:

"When they white man first came, we had the land while they had the Bible. Then they said close your eyes lets pray. When we opened our eyes, they had the land while we had the Bible"

What should you invest in?

You are the only one that has the right answer, if you know where you are going and what you are doing. You know what your financial goals are, and what mix of investments will take you there based on where you are not and when you want to achieve the goal. Based on your financial education, experience and exposure, you know which investments you feel comfortable with and which markets you love to play. You don't need anybody telling you what to do.

When you are financially literate, you know how to hire a good broker. You know what questions to ask. Nobody can

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bamboozle you. You can tell a good broker from a mediocre one, the one who knows what he is doing from one that is gambling with other people's money. According to Warren Buffet, Wall Street is the only place where folks ride in a Rolls Royce to take advice from people who ride the subway. In Nigerian parlance, Broad Street is the only place where people ride in Hummer SUV to take advice from folks that take danfo and okada. It sounds ridiculous but it happens every day.

If you are still asking what you need to invest in, it means you are not ready to start investing yet. Move your money in a high interest yielding account to start working hard for you, aided by compound interest while you invest in your financial education to become an investor. Invest in becoming your financial expert. Decide which area you want to study, and go to work studying. Reading is a good place to start. There is no area in investment you may be interested in, that nobody has gone before you nor written a book on it. Search on the internet, you will find a book on it. Read the book, attend seminars, network with those already in it, get a mentor if possible. Dig a proper foundation before you rush to build. Do not invest until you become an investor. Invest in yourself first.

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TEN

BUY YOUR LUXURIES FROM YOUR PROFITS, NOT YOUR SALARY

Living below your means does mean living in misery. It simply means delaying gratification, so that you do not wipe out your capital to pay for the good things of life. You can still pay for that dream car, move into that dream neighborhood, go for that dream vacation or family getaway. The only difference is that unlike your colleagues, you are not paying for it you're your salary, bonus or arrears, but with returns from your investment or cash flow from your assets. You allow your income to work hard for you while you wait patiently to spend the returns on investment or interest income. If you can wait a bit longer, you can allow the interest to go work for you so as to yield a bigger return.

One thing you have to get crystal clear is that your salary is not your profit, but your capital. If you mix this up, you are in for a lifetime of financial struggle. If you think your capital is profit, you will spend it. The reason many employees lack capital to start their business is because they spend it rather than invest it. You invest capital and take profits. That is a rule of thumb of the rich. You don't mix it up. The smart investor goes a step further by reinvesting his profits to get higher returns. This is delayed gratification in action. It is

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understandable that you worked hard for your salary. It is a reward for your labor. That does not make it your profit.

Your income is your capital. Your primary role is to convert your income to assets. This is your key to sustainable financial breakthrough. Praying and fasting helps, but without assets, you will have to labor before you earn. It is your assets that should pay for your luxuries (spell liabilities) rather than your income. The rate at which you convert income to assets determines your progress towards financial freedom and independence. Rich Dad defined wealth ratio as the percentage of your income that comes back to you in one month. This is the money you spend on luxuries. For most, the wealth ratio is zero. Everything leaves and nothing returns. It is no wonder you have precious little left from all your years of hard labor.

If you use your earned income to buy luxuries, when the item is reaches the end of its useful life, your money and the item is gone for good. Typically, you use your earned income to pay for your dream car, the latest game consoles, wide screen 3D HD TV, vacations you name it. There is absolutely nothing wrong in enjoying the fine things of life. What is very wrong is the fact that years down the road, your money and what you spent it on are both gone. You are left with nothing except check stubs and memories. This is the key reason you find it hard to explain where your money went.

Let's take your car for example. You paid for it with your savings from salary or bonuses etc (earned income). Six years down the road, your car is history, so is the money you spent

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on acquiring and maintaining it. Rather than do that, imagine you invested that money in a business, investment property, stock market or whatever you are comfortable with, and generate the cash flow required to buy your dream car.

You may have to wait a year, two years or more. Your colleague at work that went ahead to buy that same car will look good while you look like the poor neighbor for a season. By the time your asset generates enough cash flow to buy that car, you end up with:

- 1) The latest model of your dream car
- 2) The business or asset you created
- 3) The cash flow the asset is generating.

You now have an asset that can generate cash flow to replace that car when you eventually get tired of it. As for your colleague, all he has is his ageing car. In 4-6 years his car is due for replacement. He is beginning to figure out financing options for replacement (savings, loans etc). Two friends, same income but different mindsets; one is struggling financially (looking for loans and salary increase to finance his lifestyle) while the other is getting richer by the day. Two colleagues, same pay, different financial circumstances...

You can have it all by acquiring assets to pay for your lifestyle. All it takes is a bit of financial intelligence and delayed gratification. A minor adjustment in your mindset can make a world of difference in your life.

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Focus your energies in acquiring assets rather than liabilities and you will see your cash flow and net worth start to head in the right direction. Your salary income is not your profit but your capital. Your job is to convert it to assets that will generate the cash flow you desire.

As your cash flow increases, you will get to the point that you no longer need your salary to fund your monthly and annual expenses. When you get to this point, 100% of your salary goes to investments. You have attained financial independence. You now have the choice to continue working for love or kiss your bosses goodbye.

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ELEVEN

YOU DON'T HAVE TO QUIT YOUR JOB TO BE A MILLIONAIRE

You can attain financial freedom without having to quit your job. For most people, attaining financial freedom and quitting their jobs go hand in hand. This is because financial freedom gives you the freedom to choose, and for most employees, if they really have the freedom to choose, they will choose to walk away from their jobs because they don't like their jobs in the first instance. They are in it for money, not for love. They tolerate a lot of things because they have no options. Many put on a smile on the outside whereas on the inside, they feel like giving their boss a dirty slap. They put up with so many things, including crazy working hours because they do not have the freedom to choose.

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if you love what you are doing, you do not have to quit in order to become a millionaire. A lot of folks in love with teaching have abandoned academia, pulled away from their first love by the lure of high pay in the oil and gas industry, telecoms and other sectors. You do not have to be poor to be a teacher or lecturer, or whatever it is you love doing. Rather than go into captivity in pursuit of bigger pay, you can invest in your personal development, financial education and end up making more money part time in a month than you make in a whole year from your salary. I know lecturers who teach for the love of teaching, and even use their money to buy some equipment after waiting forever for the academic bureaucracy to come through. A group of Professors in a University of South Africa are each richer than their faculty. They own a consulting firm with a patent on gas to liquid technology. They consult for multinational oil companies and governments while still remaining on their faculty. They are teaching for love, and the desire to impart the next generation with their knowledge.

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You do not have to quit your job to become a millionaire. You can invest in your personal development and financial education right where you are and begin to do something meaningful with your spare time. What you think is possible right now is based on your current mindset. Your current mindset is what brought you to where you are right now. To break the ceiling, you need a whole new mindset. Most of the people I come across believe they can't. The sad thing is that they are right. If you believe you can, you can. If you believe you can't, you can't. Either way you are right. Our mindsets create our reality. Poverty is not the state of your finances, but your mindset. It is your mindset that directs your thoughts, which become action and eventually your reality. To break the vicious cycle, you have to change your mindset. That is why the crucial first step is investing in your personal development. When you upgrade on the inside, outside manifestation is only a matter of time.

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If you are in the wrong job, then you have to find your way to where you truly belong. If you have no business working for someone in the first instance, or you decided to work for a few years which has turned into few decades, then you have to begin to plot your escape from jail. Whatever your situation right now, you have the responsibility to develop into who you want to become based on where you want to go. By the time you climb the mountain top on the inside and see your promised land, getting there in reality is only a matter of time. Stop giving excuses and go to work on your mindset. When you get your mindset fixed, you will begin to see opportunities right under your nose that has been passing you by all this while. When you acquire the capability to see, then seek and you shall find, knock and the door shall be opened unto you. At the end of the day, you have no excuses and no one to blame but you.

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TWELVE

BEFORE YOU QUIT YOUR JOB

Everything that has a beginning has an end. For most employees, their lives are wrapped around their jobs hence life outside of their jobs or monthly salary is incomprehensible and unthinkable. I was told a true story about a gentleman who retired from an oil company. He collected all his entitlements and send forth parties were held in his honour in recognition of his 35 years of meritorious service. His last day in the office was a Friday. Then come Monday morning, he was up before sunrise as usual, got dressed as usual and showed up at his bus stop to be picked up by the staff bus to work. His colleagues asked him where he was heading and he told them he was going to work. He had to be gently reminded that he was now retired and no longer needed to catch the staff bus to work. It sounds funny but it is also sad. Many retirees die a few years after retirement. Their whole lives and sense of meaning was wrapped around their jobs. When they had to call it a day, their life seems to have lost all sense of meaning. They felt useless. Some never discover what their work is, what they came to this world to do. Tired of doing nothing day in day out except laze around and watch sunsets, some give up on life and take a final bow.

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Most employees have not come to terms with the fact that they will have to leave their jobs some day. The reality of having to get on with their lives without a salary seems to be a very scary proposition. The fact is that your job will come to an end one day.

There are four main ways of parting ways with your job:

- 1) By moving to another job, hopefully a better one
- 2) By quitting or resigning to go do something else with your life
- 3) By being fired, retrenched, sacked, downsized or edged out
- 4) By retirement, both voluntary and involuntary.

Most employees by default aim for retirement. There is nothing wrong with any of the exit modes, depending on how you look at it. Some people have testified that being fired was one of the best things that ever happened to them, but for others it was their worst nightmare come true. There is no one right answer. It is different strokes for different folks. The most important thing is to take charge of your life and financial future, and not leave it in the hands of other people.

Majority of employees pin their hopes on their pension. Employers that offer full pension have become endangered species. Even among those that do, there is no guarantee that those companies will last forever. In this era of corporate mergers and acquisitions, including hostile takeovers, you may find out that you have new employers with terms you

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were not consulted before ink was put to paper. You may wake up one morning to find out that your pension is gone with a puff of smoke. If you had no back up plans, you may find yourself financially distressed in the twilight of your life. With contributory pension plans managed by pension fund managers, the funds are invested in an array of investment vehicles ranging from high interest deposit accounts, money market instruments, real estate and the stock market etc. The funds can be wiped out through market downturn, bank crises, mismanagement, embezzlement, misappropriation and poor asset allocation etc. Your retirement funds can be depleted or wiped out by any of these risks, hence depending solely on your pensions in your later days is a vulnerable financial position to take.

Whichever route you take to get to the point where you decide to quit your job, you need to put your financial house in order before you say I quit. You need a solid financial foundation before you take the leap, be it resignation or retirement.

A solid financial foundation is made up of three plans, namely

- 1) Financial Independence or Security Plan
- 2) Financial Growth Plan
- 3) Financial Freedom Plan

The financial independence or security plan is made up fixed income investments or assets that yield guaranteed returns. You can bank on it. These are typically made up of interest

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yielding money market accounts, treasury bills, bonds etc. The agreed interest rate determines your returns and cash flow. The only change comes when the interest rates are changed usually triggered by cutting of rates by the Central Bank. The rate of return is relatively low compared to other asset classes but is guaranteed and relatively risk free. Your work is done here when the interest income or cash flow from this plan is enough to cover your monthly living expenses, including monthly rent, savings towards school fees, entertainment etc. When you get here, you have achieved financial independence, as you can choose from this point onward whether to continue with your job or quit.

Your financial growth is made up of assets that appreciate in value (or grow) and also generate a higher rate of returns than interest income. Assets in this plan are typically made up of stocks, real estate, commodities and forex trading etc. The risk and the returns here is higher, but not guaranteed. Both your investment (capital or principal) and your return on investment are at risk. Both can be depleted or wiped out in adverse market conditions. You have to know what you are doing before you venture in.

The financial freedom plan is where you make it rich (or also lose your money if you don't know what you are doing). The risks are very high, so are the returns. It can range from 25% to infinity. Assets in this plan include investing in a promising new business (new technology, medical breakthrough, internet startups like facebook etc), starting your own business, high leverage real estate investments (investing in ambitious real estate development with the banks money).

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The stakes are very high. If you win, you win big. If you lose, you go down with a bang.

Before you quit your job, you must at the barest minimum attain financial independence, which means you no longer depend on your salary. Then based on your financial goals (if you want to become richer), have investments in real estate, stock market or any market you are good at and then have your own business. In summary, it means you have multiple sources of income, and don't depend on one only. For example, if you depend solely on interest income from your fixed deposit or money market account to meet your monthly expenses, if interest rates crash, you are in trouble. When you have a solid financial foundation, you have income flowing in from the three plans in addition to your salary. That means you can do comfortably without your salary.

When you get to this point, if you decide the job you are doing is not what you came to this world to do nor where you love and passion lies, then you can decide to call it a day. The issue at the end of the day is not about money, but about freedom, freedom to choose what you want to do with the rest of your life.

If you decide your time on your job has come to an end, you can choose the date and time, take a deep breath, turn in your resignation letter and take a walk into the sunshine as you go for your dreams.

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CONCLUSION

FOCUS ON YOUR GOALS AND FOLLOW YOUR DREAMS

You can achieve financial freedom and independence if you make up your mind to pay the price in making the changes to make it possible. If you want to achieve what you have not achieved before, you have to become who you have not been before. You cannot afford to let your dream die simply because you cannot seem to figure out how to make it happen because you have abandoned it for so long. If you can believe and focus on your dreams long enough, you can study and figure out the first steps. You do not have to wait until you reach retirement age before you start to face the real world and go for your dreams. You can quit procrastinating and do it now.

Your journey to financial freedom is one of the most exciting voyages you will ever embark on. It is a magical voyage of discovery akin to Alice in the Wonderland, taking you to a place few may ever get to. You discover exciting new things about yourself you never thought yourself capable of. I have found from experience that what you become in the process is much more exciting than your financial

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achievements. In your quest for financial freedom and independence, you not only find financial freedom, but you discover yourself, the pieces of puzzles in your life begin to fall into place. It is an exciting journey with a very fulfilling destination. You set out to find financial freedom, and your end up finding you. Few things can be as rewarding.

As you step away from your current reality and experience new realities, a new world opens before you. You find yourself within range of achievement hitherto beyond your wildest imagination.

By the time you cross the finish line, looking back, you can see that the journey was not about money, but finding yourself, who you really are, what you were born to be and doing what you were born to do.

Quit procrastinating, take a deep breath, spread your wings and fly.

Bon voyage and God speed my friend!

Usiere Uko

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About the Author

Usiere Uko is an entrepreneur, investor, writer, speaker, rookie marathoner and wannabe skydiver. He prides himself as a dreamer who lives next door to reality. He is happily married with two children and lives in Lagos, Nigeria.

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