Abra'Ham, here's wealth plan principle 1 of 5

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Hi Abra'Ham ,

The first principle of wealth building is there are only three paths to choose from in this journey...

(1) Paper assets (stocks, bonds, etc.)

(2) Investment real estate (not your home)

(3) Owning your own business

Your wealth plan should include at least two of the three paths and occasionally will include all three (depending on personal circumstances). This increases safety and certainty in the outcome.

Surprisingly, paper assets are rarely a wealth-building vehicle despite the avalanche of media propaganda leading you to believe otherwise. They are typically a parking place for preserving and growing the purchasing power of wealth earned elsewhere.

The reason this is true is because of strict mathematical limitations to paper asset growth. It is the only asset class out of the three that is governed by these limitations.

(Side note: Did you notice the irony that paper assets are not really a wealth-building vehicle when that is the only thing included in a traditional adviser's financial plan? That may not make sense until you realize that financial advisers are in the business of helping you manage the wealth you already created. They are not in the business of helping you build wealth in the first place. The linked article below explains why in greater detail...)

http://clicks.aweber.com/y/ct/?l=EnFkQ&m=1pely_Lykyc.MS&b=g89ldRNK5dIKmadHpLD8hw

In other words, there are really two steps to the wealth process (but most people only think in terms of one). The first step is to create wealth and the second step is preserve and grow that wealth through investing.

So how do most people create wealth in the first place?

Statistically, the answer is real estate and owning your own business. Why this is true will be explained in wealth plan principles 3 and 4 over the next few weeks. These reasons are an important part of your plan.

A small proportion of the population can save their way to wealth by applying frugality and deferring earned income (wealth earned elsewhere) to wealth vehicles 1 & 2 (real estate and paper assets).

However, saving your way to wealth is less common because it ignores wealth plan principles 3 & 4 and because it requires discipline, persistence and starting early enough in life to allow compound growth to work its magic. Yes, it is a workable strategy, but not many people fit this profile.

Your homework from this lesson is to start thinking about which of the three paths to wealth you would like to include in your wealth plan.

In your next lesson, I will explain how to match the various paths to wealth with your unique life situation to begin formulating your personalized wealth plan. This is critically important to actually reaching your goal.

Many ways to achieve wealth, but only one path will uniquely fit you. I will explain how that works in your next lesson.

Finally, if you are enjoying this series please tell your friends by linking, liking, and tweeting. It is a great way to give back while helping others at the same time.

Abra'Ham, here's wealth plan principle 2 of 5

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Hi Abra'Ham ,

Have you ever noticed how the wealth plans provided by traditional financial advisers just sit on the shelf and collect dust?

Who really uses them?

The problem is they aren't wealth plans. They are investment plans... and that is the crux of the issue.

These "investment plans" are nothing more than a computer simulation that applies historical return assumptions to a static portfolio mix.

No, wonder they sit on the shelf and collect dust - there is nothing for you to do except save the money and send it to your broker to invest. It is passive. It is not a working document that governs how you will build wealth.

That's because traditional financial advisers are in the business of managing the wealth you already built. They are not in the business of helping you build the wealth in the first place.

Shocking... but true.

If you aren't completely clear on this fact just try and get a financial adviser to return your phone call after you tell him you have no money to invest. (It will be a long wait.)

What you need is a plan to build the wealth in the first place. Not a plan to park the wealth you built elsewhere.

An essential principle to this plan is that it must be based on your unique values, skills, interests, goals, and resources in order to produce results. It must harvest your unique competitive advantage and be an expression of your life today as well as where you want to be in the future.

Generic, cookie-cutter, computer simulation, "wealth plans" won't work. It must be unique to you and an expression of your life.

For example, I have one client building wealth through single-family homes because his wife is a realtor with great "deal flow".

The area he lives in offers positive cash flow at retail pricing (not to mention the great deals he gets through his wife).

The key point to notice is how this plan specifically capitalizes on the unique skills and competitive advantages this client enjoys. It harvests the low hanging fruit... and your plan should do the same.

Continuing with examples, another client is building wealth by growing his law practice and parking that wealth in both paper assets and the commercial building that houses his law practice.

The key attribute to this client's situation is the high earning capacity of his law career. He won't improve his earnings by diverting attention elsewhere so the focus of the plan is to better manage his already strong income into maximum asset growth.

Again, notice how each client is harvesting his competitive advantage. You must do the same.

Your homework is to figure out your competitive advantage. Where is the low hanging fruit in your life that can be developed into a wealth plan? Identifying these strengths is the key to designing your unique wealth plan that will actually work.

It is why no two coaching clients of mine have identical wealth plans. Every plan is different because each client is different... yet they all obey similar principles.

If you are gaining valuable insights from these lessons, please make sure you tell others about them by linking, tweeting, and liking. It helps me help more people like you.

In your next lesson, we will continue with the 3rd in a series of 5 essential principles that must be included in your wealth plan.

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