

Manage Your Money = Manage Your Life

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Are You Ready to Be Rich: Create Your Success Map

The following thought-provoking questions will help you understand your ingrained beliefs about wealth and financial abundance:

- What does "**have it all**" means to you?
Write an article titled "**The life I deserve**" and let your imagination run wild. Successful people always visualize the results they're after and take massive action accordingly.
- Do you **want** to be rich?
- Do you have **unshakable belief** that you have the potential to become a millionaire and more? If yes, why? If no, why not?!!!
- What are some of the obstacles preventing you from reaching your full financial Potential?
- What action could you take **NOW** to get on the right track?

Basics of Financial Literacy: Income versus Expenses

- **Income Types:**

- **Earned Income:** Money you make in return for offering a product or service.
Pros: It provides security because it's ongoing.
Cons: Limited income potential.
- **Portfolio Income:** Income derived from a collection of **paper assets** including stocks, bonds, mutual funds etc.
Pros: Smart way to make money because you make your money work for you instead of you having to work for your money.
Cons: Some investments involve high risk.
- **Passive Income:** Money you make while you sleep (discussed in page 6)
Pros: Unlimited income Potential
Cons: None!

- **Typical Income Examples:**

- Wages/Salary
- Dividends
- Rent From Real Estate
- Business Profit
- Interest on Investment
- Debts owed to you

- **Typical Expenses Examples:**

- Taxes
- Credit Card Payments
- Car Loan Payments
- Bills
- Travel and entertainment
- All other personal expenses

It's not how much you make: It's how much you KEEP!

- **Where are you financially speaking?**

Simple! Just subtract your income from your expenses:

Net Worth = Income – Expenses

- Rich people focus on increasing their net worth **NOT** their income.
- Examples:
 - If you make \$5,000 a month but spend ALL your money, you're NOT rich!
 - If you make \$1,000 a month but save even 200 every month, you have the potential of becoming rich.

- How to improve your financial situation?

There **3 keys to Financial Freedom: Save, Invest, and GIVE GIVE GIVE!**

The following money management technique is presented by: T. Harv Eker: the author #1 NY times bestseller: "Secrets of the Millionaire Mind".

Every month, divide your income as follows:

- **Necessities: 55%** of your income should cover your basic expenses.
- **Long Term Savings: 10%** money you save for a specific long term goal like buying a house or going on vacation.
- **Give: 5%** to give back to the community
- **Play: 10%** to pamper yourself.
- **Education: 10%** to invest on improving your skills and investing in yourself.
- **Financial Freedom Account (FFA): 10%** to build streams of passive income. (it's a good practice to put money in your FFA everyday even if it's a small amount)

What's Passive Income and Why It's the Key to Financial Freedom

Passive income is an ongoing stream of money that you acquire WITHOUT working for it.

Typical examples of passive income:

- **Investing in a rental property.** The rent you receive every month is a passive income that you don't work for.
- **Having an online store.** If you sell your products online or build a membership based web site, you will make money while you sleep!
- **Network marketing.** If you're involved in a network marketing business, you will make residual income from every person you refer to the business and anyone they refer as well. The longer your **downline**, the bigger your income.

Why is passive income the key to financial freedom?

- No matter how proficient you're in your line of business, the bottom line is: the day is 24 hours. So, if you have to show up everyday to make money, it will be very hard to be very rich.
- If you read the biographies of business icons, you will notice one common factor: passive income is always in the picture. They also diversify the sources of their income. They invest in Real Estate. In addition, they focus on building one passive income business at a time. They hire qualified candidates to run the business. So, they don't have to do the work themselves. After that, they start building another passive income business and so on.

Explore The Amazing World of Real Estate Investing!

A Real Estate investment is a building or property that generates income through rent or resale.

Types of Real Estate Investments

1. **Property Investment:** You could chose from four different types of property:
 - 1.1 ***Residential Properties:*** Include single and Multi-family homes, condominiums, townhouses, and apartment buildings.
 - 1.2 ***Commercial Properties:*** Include hotels, offices, retail or wholesale-sales space.
 - 1.3 ***Industrial Properties:*** Include manufacturing plants, storage units, warehouses, industrial parks, and research and development parks.
 - 1.4 ***Undeveloped land:*** a raw land that requires certain improvements to be usable.

2. **Real Estate Investment Trusts (REITs):** Shares in REITs are traded in major stock exchanges. They are very easy to buy and sell. For a fee, the trust managers provide a broad range of services including locating and buying properties and finding tenants. REITS are excellent for investors who want to generate passive income without being involved in any details.

3. **Real Estate Mutual Funds:** These are funds that invest in different REITs, thus providing the investor with Real Estate diversification.

So Far So Good: Now Show Me the Money!

Real Estate investment is a guaranteed source of massive income to smart investors. If you wanna be one of them, simply **do your homework**:

1. Get some knowledge about different Real Estate investing options by reading, attending seminars, or joining investors clubs.
2. Start small and build on as you gain more experience.
3. Before you start shopping for properties, it's strongly recommended to get a **FREE Pre-Qualification Report** from a qualified mortgage consultant. Pre-qualification report is an estimate of the maximum mortgage you could get based on your financial situation.
4. To strengthen your selling negotiation power, your mortgage consultant could help you obtain a **FREE Pre-Approval document**: a guarantee from a lender that you will get your mortgage through them within 3 to 6 months of issuing the document.
5. Your credit score is the number one factor that determine your mortgage interest rate. Make sure to maintain good credit by:
 - a. Paying your credit before the due date.
 - b. Keeping at least 80% of your original credit balance.
6. Smart investors know how to spot opportunities. The best time to buy is when the seller is eager to get rid of the property. Typical Example: when a bank is unloading property in **foreclosure**.
7. Determining a property's market value is best done by obtaining a professional appraisal and comparing the asking price with recent selling prices, called **comparables**. If comparables are much higher or lower, either it's an excellent deal or a problematic one. Beginner investors should choose properties that are in the same price range as their comparables.

Action Speaks Louder Than Words: A Real-Life Example!

Real Estate Investing Versus Stock Investing:

If you have \$10,000, you can choose to buy \$10,000 stock, or you can choose to use the \$10,000 as down payment for a \$100,000 rental property. In the first case you have a \$10,000 asset, and in the second case you have an asset of \$100,000, offset by \$90,000 liability (mortgage). Which of the two investment options will appreciate (increase in price) faster, \$10,000 or \$100,000?

You can make passive income from Real Estate WITHOUT spending a dime from your own pocket: a Real-Life example:

I have a friend who invested in a four floors rental property in Oshwa. The asking price was \$160,000. He qualified for a zero down payment mortgage and rented all the apartments in the building right away. As a result, he's paying his mortgage off the rent and getting passive income on top of that every month without spending a dime from his own pocket! He owns an asset that increases in value by time without incurring any start-up costs. Should he decide to sell it at any point, any money he would make would be pure profit because his initial investment was 0!!!

What if after a year he sold this property and used the sale price as down payment for several properties? He would be on his way to making millions within few years. That's the beauty of Real Estate investment. The sky is your limit!

"Wether you believe you can or can't, you're right!"

Henry Ford