Wealth On Any Income Module 1 Transcript

*Participant comments omitted*

Hello everyone, and welcome to Module 1 of the Wealth On Any Income course. I'm both delighted and a little nervous about this and the next 7 modules. As you all know, I’m using this Internet format for the first time to deliver this material. While the material is very similar to what I’ve been teaching at UCLA for the last 20 years, in the class I had the face to face contact with people; so that issues that were under the surface I could see on the participant’s faces. I don’t have that luxury here.

So it will be up to each of you to express your concerns, to let me know if something I said is confusing, because I won’t be able to see it on your face.

If you would prefer to ask me something in private, then send me an email. In future modules I will have my assistant check my emails and I will either answer it while doing the presentation if it would apply to more than one person, or reply by email if it appears the question or concern would be unique to you.

And just like my classes, I want to keep this light. I just read that the Farrelly brothers, who made the Jim Carey-Jeff Daniels movie “Dumb and Dumber” 20 years ago are making “Dumb and Dumber To.” The article said they are fun and easygoing in person but they take their comedy seriously.

And money is a very serious topic, so I want to keep it fun and easygoing. If I have a chance to make a funny comment, I’ll do it. Hopefully it will be at my expense, and not any of you. But if it is, please know it is all in good fun.

I realize the Wealth On Any Income title might be a little off target. If someone is earning minimum wage and attempting to support a family of five, I really don’t know if they can create financial independence. Just paying rent, utilities, and buying food and clothing could bust their budget.

If you read the WAOI book you know the 12 secrets to financial freedom that we will cover, and you know I’ve been divorced twice, and broke three times, but each time created more wealth than what I had before. So after the last divorce at age 50 and having to start all over again from scratch, I was able to create financial freedom in 10 years by focusing on what I know well. In this course will go deeper than the material in my book, and you will be supported to take the actions that you may have only read about.

Please understand; I was no star student. I didn’t like math because I thought I was no good at it. Although I turned in all my homework I failed every geometry test in high school. The teacher let me pass with a D because he knew I was doing my best. I avoided every math class in college but had to take at least one to graduate.

Then at age 24, after realizing I couldn’t earn a living for my family as a school teacher, I went into insurance sales, and worked with math day in and day out. Then I discovered that what I was bad at in school had no bearing on what is needed in real life. I learned present and future value calculations, life expectancy calculations, the time value of money and discounts, annuity calculations, pension calculations, analyzed securities performance, became a Chartered Life Underwriter and then Certified Financial Planner®.

Now it gets funnier: My son had the same problems and fears in school about math. It was such a struggle for him. He’s now a Certified Financial Planner®, Chartered Financial Analyst and Senior Investment Strategist at Wells Fargo Private Bank. Again, continual complicated math.

What’s the point I’m making here? That the things you thought you were bad at,,, the feelings or fears you might be carrying from high school, are irrelevant in real life.

This course is right for you if

* You are a business owner and the money comes in and the money goes out, and it seems like there is very left over for you
* You feel you earn a good living, but have little to show for it
* Paying your income taxes is a problem each year, or each quarter
* You know you have the intelligence to be more successful with your money, but it’s just not happening
* You mistakenly believe that becoming debt free will create financial independence
* At some point you want to chose to work, or not to work, or you want to do something completely different with your life
* You’re not sure where to put your money to generate the income needed so you don’t have to work for a living
* You didn’t realize that 90% of the population was only taught how to earn a living, but not taught what to do with the money

**Let me un-mute the line and ask what wealth means to you.**

So where do we start?

I’ll tell you where we don’t start: We don’t start with tips and techniques. We don’t start with what mutual funds, bonds or stocks to buy. We don’t start with day-trading concepts. We don’t start with how to buy apartment buildings. We don’t start with buying life settlement shares. We don’t start with where to buy first or second trust deeds or peer-to-peer lending.

We start with how we as human beings operate, set goals, and fail to follow through. The human component has to come first. If I don’t support you with the human element first, all the tips and techniques are a waste of breath.

The first thing we need to talk about is how we listen to what we may have heard before.

The first way we can listen to familiar information is to make statements like, “I’ve heard this before; I know this already, or I’ve done this.” If you were on the tele-seminar, you heard this already, and **you** may be saying right now, “I’ve heard this already.”

The second way to listen is to ask questions when you hear familiar information such as, “How does this fit my situation? What could I do to make that work for me? How can I adjust that for what I need? And if you’ve heard this conversation already, then ask, “Am I making statements, or asking questions?”

You know the powerful way to listen is to ask questions, not make statements. Right?

Let’s move on to another way we as human beings often operate. Let me have you draw 2 circles, both about the same size, with one on the left and the other on the right. Now let’s label the one on the left “Details” and the one on the right “Big Picture.”

Here’s how we’re going to put this into perspective. It took me years and years to understand the metaphor, “You can’t see the forest for the trees.” It took so long, I had to come up with a better way to communicate this concept.

So let’s say you’re going to cross the street, and you look down to see how tall the curb is so you don’t trip. You focus on the ground to make sure you don’t step in any cracks, dog mess or open sewer opening. If you consistently crossed the street in this way, would it be safe? Of course not. If you don’t do what you were told, which is to “look both ways before you cross” you’d likely be run over at some point.

Well, focusing on the street is focusing on the details. Looking both ways to see if a car is coming is the big picture. We will constantly be focusing on the big picture first and the details second. Sometimes the details are not even important, only the big picture is.

Knowing how to make money in real estate, or day-trading is a detail that will NOT create financial independence. Knowing what to do with that money is what will create financial freedom.

I’ve already said I’ve been broke before. But more importantly, I’ve created a portfolio worth millions of dollars while I never earned more than about $100,000 per year, and most of the time, is was less than that. So when I say you can create wealth on any income, this is what I’m referring to.

This is the example I use almost all the time when I am putting on a workshop or working with an individual. I ask, “Do you think an obese person knows how to lose weight?” I mean do you think they have the **knowledge** of how to lose weight? I’m not talking about how many calories are in a chocolate cake or deep fried chicken. Or how many calories you burn walking for 45 minutes. I’m asking, “Do you think they have the *knowledge* that they can lose weight if they eat less and exercise? Do you think there’s anyone who doesn’t know this simple formula? It’s not likely.

So if an overweight person knows how to lose weight and wants to lose weight, then why does nothing usually happen? That leads us to the next area from where we as humans operate from when we want to reach our goals, whether it’s losing weight or creating wealth.

Let me now have you draw three squares on the left side of a piece of paper. The top square should be small. The square under that should be bigger, maybe 2-3 times bigger. The bottom square should be even larger than the middle square. Now we are going to label the squares, either next to them, or inside of them, depending on how large you made the squares.

The first square is titled “thoughts”.

Thoughts sound like this: I think I should lose weight. I think I should start a retirement plan. I think I should start investing for retirement. I think I should quit smoking. I think I should stop compulsive purchases of useless items.

Many people think thoughts are powerful. When it comes to changing behavior, they are about as powerful as a dog pulling a train.

Let’s look at an example: Say I had this thought that I should lose some weight, and jogging would be a good idea. If I have not done this before, I know I need to get ready. I make sure I have shoes, shorts and so on and I set my alarm clock for 5 AM.

Right now at 5 AM it’s dark, it’s cold, and it’s warm under the covers. So when that alarm goes off, what do you think is going to happen? I’m going to hit the snooze button. Maybe say to myself, “I don’t feel like doing it this morning. I’ll do it tomorrow morning. It’s dark, it’s cold, and I just don’t feel like it.”

Put the following label on the second square: feelings.

This is the second area we operate from after we have a thought, FEELINGS. Feelings are far more powerful than thoughts and they run us more than 95% of the time. Look at your own life. Look at other people and see why they do what they do. They either want to avoid pain, or they want to gain pleasure. These are the basic two motivators. Everything else is just a variation on these two FEELINGS.

Getting back to my question about someone wanting to lose weight, if they have the knowledge that all they have to do is eat less and exercise, then why are they still overweight? Because of emotional issues, their FEELINGS! Knowledge is like the booby prize; it doesn’t produce any action. It doesn’t create any results.

So what can we as humans lean on to overcome the feelings that can prevent us from achieving all that we can accomplish, whether it’s losing weight or creating wealth? That’s the third area we can operate from.

Label this third box, Values or Principles. It’s our VALUES, the principles we live our life by that can support us to overcome the feelings that can get in the way and block us from success. The values we hold dear; that when push comes to shove, we still won’t budge. Examples would be Integrity, Family, Faith, Creativity, Freedom, Loyalty, things like that.

I’m going to read a list of values that might be a fit for you. I’m going to read them rather quickly as they are listed in the WOAI book on page 28. If I say a value or principle that you identify with, then write it down. There will probably be many that should fit.

Read the values from the book:

ACCOMPLISHMENT: Aspiring for excellent, making a lasting contribution.

ADVENTURE: Seeking thrills and excitement.

AESTHETICS: Appreciating beauty, art, music and so on.

AFFECTION: Love; being intimate and sensitive to another.

APPEARANCE: Physical attractiveness, sex appeal.

COMMUNITY: Participation in a social, business or geographic group.

COMPETITION: Winning, enjoying games against opponents.

COOPERATION: Participating with others, involved in team.

CREATIVITY: Being innovative, imaginative, solving problems.

DEVOTION: Strong, spiritual beliefs, faith, transcending self.

ECONOMIC SECURITY: Comfortable life, freedom from economic worry.

EDUCATION: Having a high level of training and culture; being well-informed.

EMOTIONAL WELL-BEING: Peace of mind, contentment.

EXCITEMENT: Adventure, new experiences, challenge.

EXPERTNESS: Being considered an authority.

FAMILY: Taking care of loved ones.

FREEDOM: Capacity to exercise free will; control one’s path.

FRIENDSHIP: Closely knowing and being known by others.

HEALTH: Physical well-being.

HELPING OTHERS: Service and concern for the less fortunate, assuming social responsibility.

HONESTY: Being truthful and open with others.

INTEGRITY: Soundness of moral character.

INTELLECT: Using one’s mind, acquiring knowledge.

LEADERSHIP: Being influential, persuasive, in command.

LOVE: Feelings of warm attachment and strong affection toward others; a desire for others’ well-being.

LOYALTY: Sense of duty to others.

MONEY: Acquiring wealth.

PERSONAL GROWTH: Developing and using one’s potential.

PLAY: Having fun; enjoying sports, games and so on.

POWER: Ability to dominate or control others; position of authority.

PRESTIGE: Gaining fame, respect, admiration.

PROMOTIONS: Career advancement.

RELIGION: Devotion to specific organized beliefs, practices or worship of god(s).

SECURITY: Free of danger, excitement or anxiety; firmly fixed.

SELF-ACCEPTANCE: Comfort with one’s own strengths and limits.

SELF-CONFIDENCE: Faith in own talents and abilities.

SELF-CONTROL: Ability to inhibit expression of undesirable feelings and behaviors.

SEX: Seeking, enjoying physical pleasure.

SPIRITUALITY: Influenced by sacred or divine belief in the soul or god within all.

STABILITY: Order, predictability, an individual or world at peace.

STATUS: Position or rank of self in relationship to others.

WEALTH: Acquiring money and physical possessions.

WISDOM: Acquiring or possessing understanding and insight.

Now, determine the top 1, 2 or 3 of your values, and number them accordingly.

Now, getting back to my jogging example; the feelings I had at 5 AM got in the way of my jogging, but one of my values is integrity. So here’s what I did; I went to a neighbor who I knew went jogging in the morning. I said, “Ron, I know you go jogging in the morning. Can I go with you?” He said, “Sure, just meet me at my house at 6 AM and we’ll go jogging together.”

I said, “Great. I will see you tomorrow morning at 6 AM.” Since one of my values is integrity, I just gave Ron my word, my promise that I would be there the next morning. So, when the alarm goes off the next morning at 5 AM and I don’t feel like getting up I will still get up and go meet Ron. Honoring my values is stronger than succumbing to my feelings.

This is why the interaction in this course is so important. This is why coaching is so effective; you make a commitment to another person who will hold you accountable. And it can be almost anyone.

This is so crucial to your financial success, I can’t stress it enough. Creating wealth is not a do-it-yourself process. Creating wealth takes more than one person, whether it’s your spouse, partner, accountant, co-worker, or whomever. You need to let others know what you’re planning and allow them to hold you accountable. If you get nothing else out of this course, get this: Creating wealth is a process that requires one more person besides yourself. And it can be anyone.

I’m sure you know there are some people not to ask. Right? You know who they are. They’re the family members who tell you that you’re an idiot for thinking you deserve what you’re asking for. They’re the co-workers who have their lives in the toilet, and want to tell you why you belong in there with them. Use your head—either stay away from these people or, if you’re inclined, pull them out of the toilet.

This process of peer support is so powerful that the AA model is founded upon it: One alcoholic keeps another alcoholic sober.

A book I recently read was published in 2011 is called *Change Anything* by Patterson, Grenny, and three others. It validated the things I’ve been talking about for over 25 years. They identified 6 areas where we need support to change behavior, from personal to social and structural, like environment.

I described peer support which is one area that we use that is very powerful in achieving your goals. They describe 6 areas that in total will allow anyone to change anything when they apply all 6 areas. Study after study has shown the power of putting these six sources of influence into practice that can even allow a drug addict to get clean and stay clean. It works in the areas of health, finance, career, or where ever you choose to focus your efforts. I’m actually going to read from one of my blog posts now:

The bottom line is that to change any behavior, from losing weight, improving job performance, quitting smoking to improving a marriage or creating wealth, it is NOT a do-it-yourself project and it does NOT involve will power. It requires a structure that involves both the support of other people as well as changes in your environment. In the same way it’s easier to carry a casket with six people, there are six components needed to bury any bad habit and replace it with the behavior that you want.

Let’s say you want to get out of debt, save money, invest money and create financial independence, where you can choose to work if you want, or choose not to work. Here’s an example of what you face when you want to change your behavior:

First you get offers in the mail for another credit card. Then you see on the TV and ad for some gadget that will make your life better. You turn off the TV and on the radio you hear an ad for the same, or a different gadget, book or program that will make your life better. So you turn off the radio and check your emails and see the banner ads for the gadgets that will make your life better. Or you get emails because of some website that you looked at yesterday and they want you to buy the gadget from them. Then PayPal tells you about their new program where you don’t have to pay right away. You’ve had enough and get in the car to get some milk, and on the way to the store you stop at a traffic signal. Jus ahead you see a billboard advertising that gadget that will make your life better. You turn your head away from the billboard and see the same ad for the same gadget on the bus bench next to you.

Do you realize how you are bombarded with advertisements that scream at you from every direction to buy this and buy that, and if you don’t your life won’t amount to anything? If you buy this beer you’ll get beautiful models to fawn over you. If you don’t whiten your teeth no man or woman will speak to you. It’s absurd. But I guess it works, or companies won’t spend the money on all that advertising.

So you think that you can solve this with your will power? Give me a break! I realized many years ago that I was not going to be able to get myself out of debt and create financial independence unless I got the support of some people who had achieved what I wanted to achieve. That worked for me, and then it worked for my coaching clients.

The *Change Anything* book identified six areas to use from people to your environment to create the changes you want in your life. Some people can get caught up in the semantics, like change versus transformation. I don’t care if you want to change your life or transform your life, using all six of these areas is where the power comes from. Sure you can use one or two of the areas, but that’s like lifting a casket or coffin with one or two people instead of six people.

We’re going to do some more drawing now, and just like before, I will keep it simple. If you’ve checked your emails since Sunday, you will see that I sent out a graph as a PDF attachment.

You can use the graph I provided, but you will have a stronger connection to this material if you draw your own graph. Start by drawing a large rectangle on a sheet of paper, or just use a full sheet of paper as your rectangle. Now draw a vertical line down the middle of the rectangle from the top to the bottom. Next draw two horizontal lines from side to side so that you end up with six relatively equal sized areas.

We’re going to label them first, and then we will discuss each one.

At the top of the left column, put the word Motivation.

At the top of the right column put the word Ability

Now turn the paper sideways so you can write across the edge what was the left side

The far left will be called Structural

The middle area will be called Social

And the last area, on the right will be called Personal

Turn the paper back to where you have Motivation and Ability at the top

What you should now have are 6 areas where next to the top left area it says on the left side Personal and on the top it should say Motivation

Box #1 is the upper left. Leave room to right notes in the boxes.

Box 2 is the upper right.

Box #3 is below # 1 and so on. Finish numbering the boxes

1. The obvious first area is you need to have the *Personal Motivation* to change. You want to tap into what you want, what’s important to you, and your desires. Here it’s important to discover you own value system and have it be conscious. You may value family, or learning or integrity, but you have to write it down and make it real.
2. You need to have the *Personal Ability* to accomplish your goal. To get out of debt you need to know how much debt you have, how to create a personal or business budget or spending plan. You need to have the knowledge of how to reach your goal, and you may have to get educated on how to do this. Obviously, we will cover the knowledge part in the WOAI program.
3. Next you will need to determine if you have the *Social Motivation*. Do the people around you support good or bad habits? Are the people you socialize with spenders? Are they in debt? Would they feel more comfortable if you achieved financial freedom and no longer had debts? Do your friends all feel comfortable that you’re all in the same boat together? Or are the people around you successful and prosperous business owners?
4. You have to have the willingness to establish the *Social Ability* that will support and enable you to follow a new path. You have to either convert the people around you who may be accomplices to your old behavior into friends that will support your new behavior, or you have to find new friends. This is a tough one. You may have to find a mentor, new friends or hire a coach. Over time I’ve done all three.
5. *Structural Motivation* involves things. Do you have the same connection to your money when you use a credit card or real hard cash? Can you see yourself paying for a $300 meal with a credit card or a stack of $20 bills, or three $100 bills? What would give you more of the feeling that you are really paying $300 for the meal? If you want to have the feeling you are really spending money use cash, not a credit card, debit card or check.
6. *Structural Ability* deals with changing your environment. Either adding visual cues or removing visual cues can help you focus on what you want to accomplish. An example might be to remove the poster of a cat clinging to a branch in eminent danger of falling. Instead, put up a poster showing a pristine white sandy beach in Bali; with palm trees in the background; you and a mate sitting on lounge chairs, and have this represent where you could live if you didn’t have to work for a living.

Let me **un-mute** the lines at this point and hear from anyone on the call what would the changes to your environment look like?

Between now and our call next Tuesday you can create some momentum toward wealth and financial freedom by filling in the six areas of influence on what you see would support you toward your goals. A Google group has been set up to have as a part of our social support structure and invitations will go out later today. So watch for this email invitation.

Although the *Wealth On Any Income* book is great, and you know that if you read it already, no book, not even mine, can interrupt faulty thinking or impulse control. A book can’t overcome the excuses that you give yourself. It requires another committed person who listens to you to wake you up to reality.

I’m doing all that I know how to do to support each of you to achieve financial freedom where work becomes a choice, and not a requirement.

And if you continue through all the modules and take actions on the exercises and tools provided, you can achieve financial independence.

As you can see I still work because I love what I do, not because I have to earn money. I created this after struggling for years thinking that making more money would lead to financial independence. I was wrong, and you can use my experience, and the experience of the thousands of others with whom I have worked, to avoid wasting your time and get on the fast track to wealth. I don’t mean get rich quick. I mean setting a solid foundation for wealth.

This course is broken up into three big picture areas. Remember we spoke about details versus big picture?

The first third of the course is about your feelings, attitudes, and values about money. If we don’t address that first, then all of the great tips, advice, exercises, and tools in the other two-thirds of the course are just a waste of words, because you probably would not take action on any of it. Your beliefs can block you from taking the actions your intellect tells you are the right things to do.

It doesn't matter where you are now. You may be earning an excellent income but feel it's not enough. You may be struggling to get by and don't even know where to start. In 1998 I was practically broke. As I mentioned I’ve been divorced twice. And after the second divorce I had nothing more than a little equity in a rental property and about $2000 of cash to my name. My house was mortgaged to the max, and with the credit card debt I had, if I sold the house I would walk away with about $500. I say I was broke, not poor, but broke. There’s a difference.

A person is broke when there is a lack of money. Poor is an attitude, a state of mind where someone does not have enough money, knows they don’t have enough money, and has no idea about what to do to change the situation, other than perhaps the belief the government will help them, and believes the government owes them what they feel entitled to.

After my second divorce I had no money. I was broke. I was not poor. I had the knowledge and ability and willingness to make money and re-build what I had lost.

While I have several goals for this course, one of them is to support each of you to create a financial structure that will survive another downturn in the economy.

When I started the revision of my best-selling book it was the spring of 2008. It was at the time of a sub-prime mortgage crisis; the failure of Countrywide Mortgage, one of the country’s largest home lenders; the failure of one of Wall Street’s biggest brokerage houses, Bear Stearns; and the willingness of the Federal Reserve to allow securities firms, not just banks, to make loans. Foreclosures in California hit a record with 47,171 in the first three months of 2008. This is more than four times the number of foreclosures that occurred one year earlier. Default notices in the same period, which is the first step on the road to foreclosure, were at 110,000. This is an increase of 143% from the same period one year earlier and represents 1.4% of all the homes in California. About 68% of the default notices will end up as foreclosures. Even before the sub-prime mortgage meltdown is factored in, bankruptcies for 2007 increased by 38% to 850,912 for the year 2007 for individuals and businesses, with 96.6% representing individuals. In 2006 there were 617,660 bankruptcy filings.

By September 2008, Washington Mutual, the nation’s largest savings and loan, and 6th largest bank, failed. Lehman Brothers brokerage failed. Merrill Lynch, the largest brokerage was taken over by Bank of America. The government said it would pump $700 BILLION to maintain confidence in the financial markets. In October, Wells Fargo and Citibank were fighting over who would get Wachovia Bank.

Let’s face it; we went through tough economic times. It was not the first time, and it will not be the last time. When you have your finances in order, based on the principals from this course, you will be able to survive any economic meltdown. The basics I’ll be providing have worked for 5,000 years.

Mark Victor Hansen, the co-creator of the # 1 *New York Times* Best-selling *Chicken Soup for the Soul* ® series has sold millions of copies of his books. His endorsement of my book would extend to the material we will cover in this course. He said, “It makes the journey to financial freedom almost effortless.”

Putting into practice these concepts and this material will allow you to prosper through any rollercoaster economic environment. You will be able to prosper in good and bad economic times. The point is this: When you know how to handle money effectively, it does not matter what is going on in the economy. You will be able to save money, you will be able to invest money, and you will not have credit card debt.

Besides using this material to rebuild my own wealth a few times, over the last 20 years I’ve taught this material to thousands of people through my UCLA classes and workshops to corporations and other organizations, like the Los Angeles Department of Water and Power, the FBI, Toyota Motors, Ford, the US Postal Service, Fox Television, HBO, Cal-Tech, Union Bank, Transamerica Insurance, and so many others.

Whether you have a Ph.D. in economics, or didn't finish high school, you can create value from this course.

But I need to tell you I will not be the one to create value for you. The value you create will come from the work you do, the structures you create and the actions you take. The value will not come from me. I’m only here to offer the information, guidance and suggestions.

Much of this course is about the basics. The greatest athletes in any sport have the best grasp of the basics. Basics are the strong foundation upon which they built their success.

The material we will cover together is designed to have you create wealth. Again, this is where you can choose to work instead of having to work.

I think we all like to impress others to some extent, but don’t try to use this material if your objective is to live beyond your means so that others will think you are successful. My intention is to support those who want the security and peace of mind that comes from having money in the bank, investments, stocks, bonds, mutual funds or income-pro­ducing real estate.

You may be living paycheck-to-paycheck now and perhaps you want to have a business which gen­erates an income whether you're present at the business or not, knowing if you chose not to work, you don't have to. You may want to buy a new car and pay cash for it. You might want to have the money to travel anywhere in the world and choose if you will go or not. Maybe you want to buy a home for yourself or your children. Maybe you want to spend your time doing volunteer or charity work. All of this is possible and possible for YOU by putting into practice the secrets we will uncover on what it takes to create and maintain wealth.

Maybe I should have discussed this sooner, but what do I mean by wealth on any income? It doesn't mean your debts will be gone instantly, like the mortgage on a house, your car loan, or other debts. It means you will see how you can live within your income, payoff consumer debts and begin the path to creating financial independence or financial freedom in any economic environment. I will say this again and again; I define financial freedom as the ability to choose to work or not work. This happens when your financial needs are met by your money working for you, instead of you working for money. This is where **work** **becomes a choice and not a requirement**.

In this program we will focus on three things: Awareness, Tools and Actions to create financial prosperity. It incorporates using The Financial Coach Spending Plan Checkbook Register to track expenses and measure the level of pleasure you get when you spend your money. You will be required to treat yourself like you deserve to keep some of the money you earn, and I'll ask you to take actions consistent with your values in order to achieve financial independence.

When you do the exercises and use the financial tools provided you will have the data to make powerful new decisions.

The exercises will be things like establishing your values, setting your financial goals. The financial tools will be things like the Balance Sheet and Cash Flow form. These tools will support you to develop the skills to build a financial house; one that will shelter you from fear, anxiety or concerns about your economic circumstances regardless of what is happening in the general economy.

You might have thought that you're the only one with financial concerns. Or, even if you know others are having difficulty, it's not likely you talk about it in any detail. I’ve supported thousands of people to overcome difficult financial issues from a wide range of occupations. You may not have realized this, but just because someone like a doctor, financial planner or CPA knows how to do things for other people, like heal them or take care of their investments or taxes, doesn't mean they've done what they need to do for themselves.

I’ve told my story before, it’s in my book and I’ve gotten over the embarrassment. Besides my financial mess in 1998 after my second divorce, I was also flat broke 16 years earlier. I was struggling in my own business and I had to recycle soda pop bottles at the grocery store for food. I was three months behind on my mortgage payments and the bank was preparing to take away my house. My wife and children were at their wit's end. I was selling poster art at the time, more like a salesman than a business owner, and obviously not a good one. I was at least smart enough to figure out this wasn't working.

I returned to selling pen­sion and profit-sharing plans, and with the help of two other people formed a pension administration company. After four years, we negotiated the sale of our company to a division of a public corporation. I became financially independent at age 39, and it didn't take millions of dollars to do it. In addition to the equity in my home and one rental property, I was able to choose work, or no work, with $300,000 of additional cash. I invested this money and pro­duced $60,000 per year of income and, based on my lifestyle at the time, over 25 years ago, I could cover my expenses whether I worked or not. Creating the money you want can be done either all at once, or little by little, which is how most people do it. If your lifestyle would require $3 million or $30 million, you’ll see how to do that, too.

I am not special; I am average, my high school grades prove that. You can choose to apply the principals from the course and prosper, or you can choose to continue doing what you have been doing, and continue to get what you have gotten.

This module is mostly about how humans operate and it’s an overview of the full series of calls. In this module I will describe the 12 steps to financial independence. Sometimes I call these secrets, but they shouldn’t be. Wealthy people have been using them for 5000 years.

As we work together, I will also mention other books that I feel are helpful in supporting the path to wealth.

The WAOI course is laid out in three sections. The first two sections, or about a third of modules, are about your goals, feelings, attitudes, beliefs, and values about money. Again, if we don’t first deal with how you feel about money, then all of the great tools, tips and techniques would just be a waste of words because you probably wouldn’t take any actions or put any of those tools into use.

Like I’ve already discussed, in the first few modules, you’ll have the opportunity to examine what makes you tick. You will see the attitudes and beliefs that may have held you back. You establish goals based on your values. You will be able to achieve them because they are based on who you are. This is the most important part of the book. This is what the UCLA students and the participants in my workshops say make it all worthwhile. This is the part where you get the motivation and inspiration to use the tools you will learn.

In **Module 2** we will do a word association exercise dealing with your attitude regarding money and you will get to see if you have a prosperity or poverty conversation going on. You will write your financial and/or career goals; the things you want to have and how you want your life to be. You will create ***your*** reasons for using the tools you'll be provided.

As a part of writing your goals you’ll create the action *structure* to achieve them. I want to emphasize ***structure***. Most of you on this call have been around the block a few times and know that results are not produced just by taking random actions, but by taking actions *within a framework designed to produce a specific result*. You will have an ***Action Structure to Produce Results***. You'll write your goal *from* the future, not *for* the future.

I expect that some of the things I cover will be new, and many won’t be new. You will find out about the two powerful items that are responsible for 90% of the success that people achieve.

In **Module 3** we will look at what you may have learned or observed about money from your parents. From the book *Couples and Money* we will do an exercise to see how you and a mate might be cooperating, or competing when it comes to money and financial goals or spending. One objective of the course is for everyone to eliminate unsecured debt (credit cards), if you have any. You will learn a technique that you can use to teach others as well. I’ve even had to show this technique to CPAs that should have already understood this concept.

**Let me un-mute the line again** and find out how much time I should spend in this area. Please say yes if you want me to spend time in one of the future modules on how to get rid of credit card debt easily. If you pay your credit card bills in full each month, then that section would not apply.

We’ll look at how we find the inspiration to take the actions to produce results and achieve our goals, and we also need to know the roadblocks to financial success and understanding the difference between good debt and bad debt. I'm going to be talking about the challenges we face financially. As an example, bad debt will have you suffer and good debt will set you free. These challenges are based on an inability to handle money effectively, whether due to our emotional reactions or lack of education. We're going to use the word *challenges* for what most people see as *problems*. I want to emphasize the importance of the words we use, and get off to the right start.

The words we use have a direct impact on how we feel about things, situations, people and so on. If I talk about having hope rather than confidence I create two different images. When I say you face a financial problem rather than a financial challenge, you will probably have less desire to face the problem, but more willingness to overcome the challenge. But unless you know the problems or challenges, how could you possibly pre­pare for them, and solve them?

I’ll be doing a lot of talking in this first module, but future modules will be more interactive and unfortunately one of the topics won’t be fun to listen to. And, based on what you need and want, we can alter the agenda and content of the modules.

We'll discuss the results created from a lack of education or a lack of discipline, or the lack of a supportive action structure, and it's not pleasant. So, just bear with me, it gets much, much, better.

To make you feel better, let me ask you a couple of questions:

First, can you recall when you were in high school if you had a class that taught you how to handle money effectively?

Second, can you recall if you got any instructions about money from your parents?

**Again, let me un-mute the line and hear from you**.

I've asked these questions to thousands of people and only 3 or 4 people out of every 100 people say they learned how to handle money from some high school class and I get a similar small percentage, about 4-6 percent, who say their parents taught them anything about handling money.

Unfortunately, when people tell me what they got from their parents, most often I hear things like: "My mom told me to spend less than I earn," or "My dad said, 'If you don't have the money, don't buy it, and don't use credit,' or "My parents said, 'Save some­thing from everything you earn.'"

You need to understand, these aren't instructions. These are what I call admonitions. They might as well have thrown you in the water and then said, "Swim!" With statements like, “You need to do a budget”, there is instruction on ***how*** to live on less than we earn. Please, don't think I'm blaming parents. What were they supposed to do? They did the best they could and they couldn’t give you information they didn't have.

In **Module 4** you will be provided the information you should have been given in high school, or by your parents, but didn't get. These will be ***the tools*** that allow the wealthy to create and maintain their wealth. This is the information you’re entitled to. It's not your fault if you're having problems handling money effectively. You haven't received the systematic instruction and the tools to do any better. As documented in the book *The Millionaire Next Door* by Stanley and Danko, these are the tools millionaires use to become wealthy and the tools they use to stay that wealthy. When William Danko interviewed me for his next book, I saw how I was beginning to take for granted how easy it became to create wealth when using those tools. But those tools, the same ones we’ll discuss, allowed me to stay on track.

You'll learn how to payoff consumer debt and set up a spending plan. This is a plan to ***spend*** money to reach your financial goals. It’s not a budget. This is not just semantics; words can help you or hurt you in your progress. You'll learn how to project expenses and income, find out where your money goes, and have the tools which will make it possible to live within your income in 90 days, ***guaranteed!*** And, you do not have to be a math wiz to understand how this works.

Whether you are a business owner or individual, you do not need any financial background to accomplish everything in this course. If you do have a financial background, you'll instantly recognize the value of the simple approach I've taken. You'll learn how to choose powerfully from the products, companies, and advertising that scream for your attention. You'll learn how to measure the level of pleasure you're getting for the money you're spending. In this way, you'll be able to adjust and align how you spend your money with your values and reach your goals.

In **Module 5** you will discover how to 'Pay Yourself First.' This concept has worked for over 5,000 years and it still works today. Dr. Jerry Buss said this is what he did. He worked six days and lived on five days of income. He saved that extra day of income and used his savings to invest in real estate. He then bought the Los Angeles Forum, the Lakers basket­ball team, and the Kings hockey team.

We will talk about the big picture of where to put this money when you pay yourself first. How a simple 80/20 formula works in business, in money, and almost everywhere. This concept was described by the Italian philosopher and economist Vilfredo Paretoabout 200 years ago. It’s the magic to creating financial freedom.

We will discuss why you need to focus on your investments first, and NOT paying off debts first. You’ll see how paying off $6000 of credit card debt could cost you $200,000 of investment earnings.

In **Module 6** we will illustrate the magic of compound earnings. How $10 per day can create a million dollar investment portfolio. We’ll cover how stocks, bonds, mutual funds, peer-to-peer lending and trust deeds work. We’ll discuss life settlement investments and you’ll find out how to invest in equities without paying commissions and if you do pay commissions, sometimes it won’t hurt your performance. You will see the advantage of using tax deferred investment products to create more leverage with your investments.

In **Module 7** we will go into detail about real estate investments, house flipping, apartment buildings, general and limited partnerships, limited liability companies, corporations and asset protection and how to organize your finances to reduce your income taxes.

Warren Buffet is a great example. Although he’s a billionaire many times over, his personal annual taxable income is about $120,000 per year.

In **Module 8** we will discuss qualified retirement plans, IRAs, annuities and insurance products. The most important aspect will be a review of the plans you’ve created and the support structure you put into place. You will have had 8 weeks to put into place all 6 areas of influence to guarantee your success in creating and maintaining wealth.

Finally, we will discuss how to avoid being derailed from our goals; how we can be manipulated by the rules of reciprocity, compromise, consistency, social proof, authority or scarcity and how to defend against these compliance techniques.

Please, please, send me an email and let me know what worked, and what didn’t work for you in this first module. What questions do you need answered or what concerns to you need addressed. You will see that your questions or concerns are likely shared by others, so don’t keep them to yourself. This course is not for my ego, it’s for you.

Our next call will be next Tuesday, the same time and same call in phone number.

Have a great week until we speak again.

End 1 hour 23 minutes 12 seconds