

SAFE STRATEGIES FOR FINANCIAL FREEDOM

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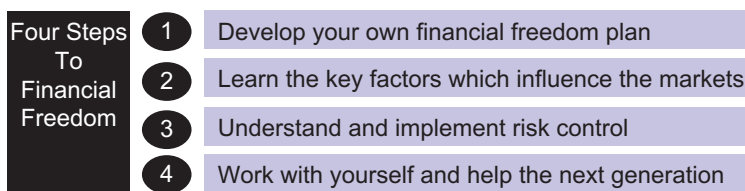
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MAIN IDEA

Financial freedom is possible and may not be as far away as you might first imagine. Furthermore, to become financially free – where your money works for you instead of you working hard to try and make enough money to cover expenses – you don’t have to take unusually high investment risks. Instead, you have to begin the journey and systematically put in place sound investment strategies

Becoming financially free is a four step process:



So what, exactly, does financial freedom mean? Suppose your current expenses are \$5,000 a month. If you could have \$500,000 invested which is producing a passive after-tax income of 12%, that would generate \$60,000 a year, or \$5,000 a month in passive income. You can live off that passive income indefinitely, regardless of whether you chose to work at something else or not. That’s what it means to be financially free.

“Financial freedom doesn’t mean that you have all the money in the world. It doesn’t mean that you are so fabulously wealthy that, no matter how foolish you are with money, you still would never have to work again. Financial freedom simply requires that you change your thinking and have money work for you instead of you working for money. And you can achieve it quickly – within six months to seven years depending on your current financial status and your personal psychology. You do it by having passive income, income that comes in whether you work or not. When your passive income is greater than your expenses, you no longer have to work.”

– Van Tharp, D. Barton and Steve Sjuggerud

“Assets produce positive cash flow that comes to you on a regular basis. So anything in your life that pays you because you own it is an asset. Anything you pay to own, on the other hand, is a liability. Once I began thinking in terms of passive income and infinite wealth, I started to actively reduce my financial freedom number. As a result, I became financially free within six months. My goal is to help you reshape your thinking in the same way and take some simple steps. The key to financial freedom is to know your financial freedom number so well that if anyone were to ask you, you could immediately say something like, ‘I’m \$2,400 per month away from financial freedom’. Financial freedom is about reducing that number. It doesn’t take super intelligence to do it. It just requires some simple changes in your thinking and some action. Anyone can do it.”

– Van Tharp, D. Barton and Steve Sjuggerud

Step 1 – Develop your own financial freedom plan Pages 2 - 3

Before you can start working towards financial freedom, you first need to calculate what that means for your specific needs and requirements. To get a good sense of where you’re starting your financial journey from:

1. Calculate your “financial freedom number”.
2. Commit to paying yourself first and to give to charity.
3. Develop your plan to cut debt and reduce expenses.
4. Make a plan for redeploying your assets.

Step 2 – Learn the key factors which influence the markets Pages 3 - 5

Once you understand the factors which influence the market better, you can then determine what are the best two or three strategies you should use to become financially free in today’s market.

1. Learn the six major factors which influence markets.
2. Analyze the strategies which are available to you.
3. Choose three strategies, two primary and one back-up.

Step 3 – Understand and implement risk control Pages 6 - 7

An integral part of executing a strategy well is to implement effective risk control. To do so, you’ll need to:

1. Understand the six keys to investment success.
2. Understand and implement position sizing.
3. Know your strategy inside and out.

Step 4 – Work with yourself and help the next generation Page 7 - 8

Stop blaming anyone else for where you are financially and start working to correct any errors you may have made in the past. Take full responsibility for your financial future.

1. Work on enhancing your financial education.
2. Teach your children the core principles involved
3. Get started today, not at some point in the future.

