

# Tuesday night Solutions Forum Module 5

- An initial exposure and overview to the concept of passive income to provide attendees a track to run on. Information ONLY and NOT ad-vice, to enable one to identify opportunity and solution to insufficient cash flow quickly.
- Why conduct a solutions forum?
- Short answer is to prepare you for what is happening now and for what is to come. Steep rise in cost of living – financial strangulation. Who hasn't noticed the rising cost of living?  
Apparent and visible daily, so provision of information to permit choices and therefore opportunity to change circumstances.  
Dissatisfaction – increasing taxes, infringements, interest on mortgages etc  
Increasing state tyranny perhaps  
Concerns for personal safety, health  
IMPENDING FINANCIAL MELTDOWN – Can give you lots of examples in recent months/weeks/days. Is it doom and gloom? I don't think so..... where will you be?

Most people are aware today about problems that concern them, whether they are local or international. What are the most common concerns/problems we face?

- Lets look at the major issues/problems and how we can address it. That's what this forum is about. PREPARATION – taking as many preparatory steps as possible

Tax	Restructure tax return
Mortgage/rent	Offset debts/sell assets ASAP
Food	Deterioration in food quality, ask yourself WHY? What can one do – SOLUTIONS....
Health	Food/Environment ..... look what we eat. Look at what we bring into our homes daily. Supermarket products designed to kill us slowly. Solution? Grow your own food. Own water supply. Environmentally friendly household products
Transport costs	Price of automobiles. SOLUTION – Free energy or sparing use of of fuels, wise selection of fuel efficient cars.
Other debts	Use setoff or P.N.'s to get out of debt
Safety –	Neighbourhood, office, home
Asset Protection	Trusts, Foundations
Political leadership	Don't vote, withdraw energy
Other	

CANNOT MAKE ALL THE CHANGES OVERNIGHT BUT if one could

1. eliminate tax
2. eliminate debt
3. eliminate obligations to the state
4. eliminate fees, permits and licences
5. eliminate rates
6. eliminate utilities
7. in other words dramatically reduce cost of living, wouldn't that helpful and be useful? That's ½ the equation.

WHAT ABOUT THE OTHER HALF OF LIFE'S EQUATION - INCREASING YOUR INCOME?

Wouldn't that make a difference?

Share strategies.....

1. biggest cost of living – TAX!                      Restructure returns
2. asset protection – Trusts/Foundation            100's of years old. Take liability away from the 'person', protect the man from liability and being sued. If sued – nothing to sue. Assets hidden behind another legal owner. Why? Stop vexatious litigants. Eg Actor's dog bit neighbour. Neighbour wanted to sue him, but he owned nothing, just renting, even the dog was in a trust.  
OWN NOTHING, CONTROL EVERYTHING

Elements of a Trust.

Separate legal entity/person but ONLY as strong as the mouthpiece.

Give court example

Multiple trustees

80 years. Stronger than will. Doesn't die. Rich get richer and poor get poorer.

Why? TRUSTS! No death duty, GST, legals, fire-sales..... etc

Set up Trust/Entity first before asset accumulation

Private                      V                      Public Trusts difference is:

No obligations	Obligations
No tax	Tax
No Gov charges	Gov charges
No audit	Audit
No records	Records
Invoice	tax Invoice
Reduced op costs	Standard costs
No registration fees	registration fees
You control	Gov Controls

Cost:            Commonly \$500 - \$2000

Haven't time to cover tonight health issues though they are very important.

Sufficient to say BE PREPARED – not far from meltdown, get dry food, grains, rice, powder milk, bottled/canned veges, bank of seeds to grow, JUST IN CASE

I have bought a supply of a full and complete food for 4 people for 6 months. If there was no food about it takes 3 – 4 months to grow a crop from seed. One needs a food store to get over that hurdle - period of time. Several good companies that provide products which give the body its daily nutritional requirements in balance and in a form it can easily assimilate and absorb. Solutions Forum can provide supplier information to any interested party as an essential part of a survival strategy.

### 3. Passive Income Streams                      Concepts

Wage Earner (poor)	Business Owner (rich)
Self Employed	Investor (rich)

All about mindset.            Key words 'Leverage, Compound', 'Fast Track', 'Rat Race', 'Financial Education', 'Positive Gearing' etc

Wage earner:            Is it fair to say a wage earner swaps a fixed amount of time for fixed \$. Is it therefore true his income is fixed, has a ceiling?  
**Cannot** leverage his time

- Self Employed: Similar situation but advantage here is can **minimise tax**. Other advantage is in more control of his time and satisfaction of achievement in own business. Most however earn less today then wage earner. Is TRUE! **Cannot** leverage time
- Business Owner Big advantage is can **leverage time** by employing others and their productivity, the owner profits by. Can seriously leverage and have free time. Enables choices. Also minimises tax. Only downside is requires capital investment.  
 Eg café \$30,000 - \$150,000  
 Corner Store - \$10,000 - \$250,000  
 McDonald's - \$1,000,000+  
 Good example of this category is say McDonald's franchise or IBM Computers on a grand scale. Microsoft Corp Bill Gates  
 Most do not have start up **Capital** or even **borrowing capacity** to purchase and enter the game. If one is able to obtain a loan, the risks are far higher of failure because of mortgage payments.
- Investor Professional Investor. Provides capital, not usually borrowings **UNLESS positive cash flow**. Positive cash flow is that where the borrowing costs, namely the monthly mortgage and any other expenses are below the monthly income thereby providing a monthly surplus. The wealthy NEVER use the strategy to negatively gear. Negative gearing DRAINS you pocket and is a con. Do the research to evaluate every situation/deal thereby **eliminating/minimising** the 'risk', called 'educated risk'. Poor say 'that's risky' due to lack of knowledge  
 Wealthy say 'that's a good or poor investment' because do the research to eliminate guesswork. Informed decision verses 'opinion'  
 Key word here are 'leverage, compounding, minimise time, positive gearing V's negative gearing with financially uneducated, cash flow,

### Traditional Business

- Risk/Liabilities – Business mortgage against the home
- Start Up Capital
- Staff/employee problems
- Time constraints
- Pressures/obligations, eg. Big numbers, production/ordering/supply pressures
- Mortgages/loans
- Tax

### Alternatives: Focus on mindsets

- Example 1 Networking Am not promoting any particular plan but simply providing concepts/solutions as an alternative to increase income without adding more financial burdens to the household, particularly large up front investments. Who here has experienced the industry?  
 Are you one of the overwhelming majority that didn't make it?  
 Few make millions in the networking industry but fewer make millions in traditional business where there are far more risks and costs  
 Did you know the industry creates more millionaires then any other?  
 Do you **know** why so few succeed in network marketing?  
 Did you know that the industry in general **DOES NOT** work?

Here's the key reasons.

1. few learn the skills of how to network. Eg people skills/business/time management skills, product/specific co.
2. extremely high customer and **distributor Attrition Rate**

Key advantages in networking:

Low entry cost

Leverage time

Excellent In-house trainings and cost little or nothing

Little or NO risk

Work with sponsor or team and team work – help at hand

Flexible hours

No borrowings

No or little tax – nil for our people

Looked at 12 biggest companies

One company provided key information up front and aligned with health and environmentally friendly range of consumable products. No net consumption costs as every day essential consumer products replace supermarket brands. Usually in the networking industry a customer is required to purchase \$200 or \$300 a month in products. People are already financially challenged and don't need more commitments. Therefore, if one is assessing this industry, one consideration in the equation is the net monthly cost is zero or neutral. In other words, the customer is going to spend no more and perhaps less with the networking company, then where they currently shop. Vitally important as this dramatically effects customer retention rates, that is, whether a customer continues to permanently purchase from that company.

The industry is know for it's low retention rate of customers. Anywhere from 7 – 35% monthly customer re-order rate. To achieve success in business in this industry one must find a company with a 95% customer monthly re-order rate. If one keeps one's customers even in traditional business, would one not have a sound business? Of course

No business can be successful without retaining its customers, right?

Another key in this industry, is having a simple and duplicate-able marketing plan.

For example. If anyone can teach simple maths and duplicate a principle:

Identify and obtain 10 customers.

Teach 5 of those to obtain 10 of their own customers in order to attain an average of \$65,000A per annum. Such valuable information during the due diligence is vital.

Would most people not want such information before proceeding with any business?

Other vital statistics ought be available such as the shortest, longest and average time taken to reach a given level of business income.

Another key criteria in assessing a company is its business franchise entry level. Most vary between \$0 and \$500. So for most its an affordable and reachable opportunity.

A \$50 entry level, is affordable, risk free and hence duplicate-able.

Networking is a person to person business, dealing with 1 person at a time. For this reason it's important to understand psychology that those who learn the skills to talk to people, NOT sell people, may generate wealth in this industry.

Example 2

Obtaining or purchasing an agency or employment as an agent that derives a residual income.

Eg. Insurance and real estate industry are common examples as well as others.

A specific example is purchasing an agency that sells a product used daily by each individual employee of a corporation and essential to every employee of a corporation. Therefore making a sale to a corporation may result in an instant cashflow business because a corporation may have 100's to 1,000's of employees. If the product's use by the employee generates a residual or trailer income, even if only \$2 or more a month, because of the leverage effect of an organisation of employees within a corporation, doing business with a corporation has enormous leverage effect as against dealing with an individual.

The draw back may be that such an opportunity often comes with an initially agency fee, typically from \$15,000 to \$100,000.

### Example 3

Trading in one of many products and services.

Online trading in shares, derivatives, currencies

Trading currencies, stamps, jewellery etc

Trading automobiles, boats, trailers, caravans, trucks etc

Downside: Takes your time and often some investment money

### Example 4

Venture capital opportunities, where often pre-launch shares can be attained at very low prices prior to company commencing trade or development of resources or services.

Upside: May leverage capital up to 1000 or more percent

Downside: Risks that the venture doesn't get off the ground