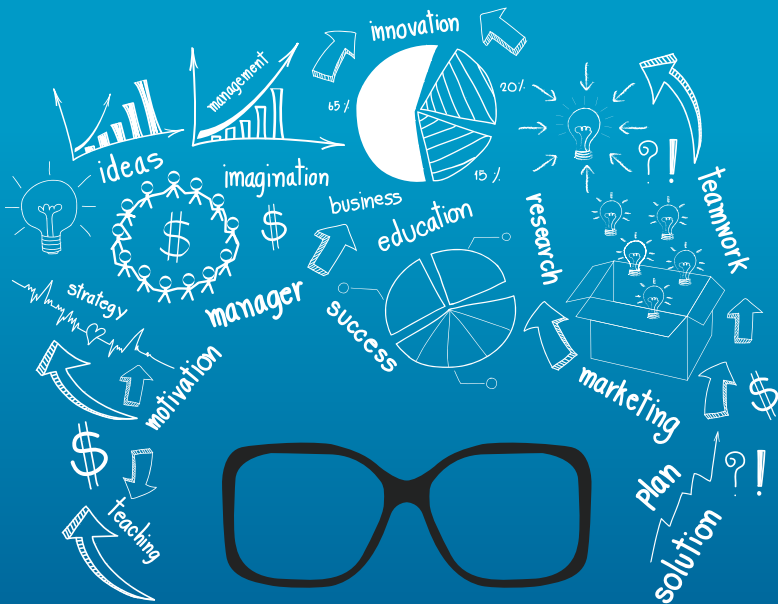


WHAT I DIDN'T LEARN AT SCHOOL BUT WISH I HAD

And Why The Australian Education System Is A Dismal Failure



BY JAMIE MCINTYRE

21ST CENTURY
EDUCATION

WHAT I DIDN'T LEARN AT SCHOOL BUT WISH I HAD

And Why Australian Schools Are Dismal Failures

Jamie McIntyre

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21st Century Education Holdings Pty Ltd
Level 8, 100 Albert Road, South Melbourne, VIC 3205
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Editor's Note: As of August 2007 the author became Australian PS146 compliant in General Advice, Derivatives and Managed Investments.

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Foreword

If you are not just curious but committed to excelling in your life in the 21st Century, then the information in this book may well become a gift to you, to help you achieve some of the things that you desire most. I know I was extremely grateful when I first learnt this information, what I call “an education for life”.

You're welcome to join the thousands of others who are applying these strategies and improving their lives. In this book you will learn:

- How to develop the mindset of a millionaire and think like a winner
- Why most people fail and why the Australian School System (and most western countries) is a dismal failure.
- The history of money, the people and organisations who control it and why you must understand this to make sense of the current global financial crisis and why the worst may yet be to come.
- A real life 21st Century and modern-day education that enabled me to excel financially, more than I had learned at school or university
- How to rewire your subconscious mind for financial success
- How to generate instant cash flow, even if you have little money to start with
- How investors can earn \$35,000 per year or more from investment property - tax free
- What you should have been taught at school, but were not
- The four key skills you must master to succeed in the 21st century and how others have used these to earn over \$100,000 p.a.
- The five key components of a 21st century education that should be taught at school
- How some investors have replaced their income in 90 to 180 days or less by using a share renting strategy
- Eight ways investors raise money to start investing immediately, even if they have no money
- The Ashton Kutcher Strategy and how to profit from it.

In this updated edition I've also added a chapter, why the Australian School System is a dismal failure and new strategies, such as the Ashton Kutcher

Strategy, that I learnt to generate \$15,000 - \$27,000 in a single month that the average person could possibly use to make several thousand dollars extra a month. Plus, I've also added in the Top Ten Investments for 2015 and beyond future predictions.

I have also added a chapter on a typical day in a millionaire's life for a 30-day period, which many have said provides a number of valuable insights. I also share some of things that have been happening in my life since releasing this book way back in 2002.

Since the first release the world has changed dramatically, especially with the global credit crisis and stock market crash that occurred in late 2007 and is likely to continue for some time. A crash I predicted back in 2002.

This means the rules of investing have completely changed. The buy-and-hold strategy that financial planners have espoused for decades has proven to be a disaster for most investors who continued to be charged outrageous commissions by financial advisors who mismanaged and lost their retirement funds.

However many of the strategies I taught in 2002 are still as effective today with the global credit crisis causing such stock market volatility.

To accomplish these objectives, I believe it is important to share parts of my own story and also to spend time examining the big picture of money and how to change our thinking to be more effective at implementing these exciting strategies.

If someone had told me 20 years ago that this is how my life would be today, I would never have believed them, especially from where I was starting. I share the following with you, not to impress you, but to impress upon you, that dreams do still come true at whatever stage in life you are in right now. They did for me and I believe they can for you.

I still pinch myself for being able to sit in my outdoor hot tub on the deck of a \$5 Million dollar mansion, overlooking the pool and canals easily viewed from the extended lounge room of my luxury waterfront home. The reality of my life today sinks in when I glance out over the water, looking at a gleaming multi-million dollar luxury sports cruiser boat.

I love being able to travel regularly to some of the most beautiful places in the world. I am planning the next overseas holiday to include a stay with some of my closest friends and family in our luxury winter home in the mountains overlooking Queenstown in New Zealand. It is comforting to have the feeling that despite still being only in early 40's, I had created this life for myself by my late 20's and that I never have to work another day in my life unless I choose.

I reflect with immense gratitude on my life and can hardly believe that some of my wildest dreams are now a reality. Like having a farm to escape to the solitude of nature, with its own personal airfield for a private plane to land, or to be able to stay in a luxury chalet in one of the world's top ski resorts in Whistler, Canada.

What is even more exciting is the thrill of having enough money to sponsor a whole school of children in a third world country and experience the same happiness this brings to their faces. Being able to help our own Australian and New Zealand teenagers transform their lives by sponsoring scholarships that will get them real-life education that could help them be successful in life, which unfortunately is not taught in our schools yet.

Even more important than just the wonderful material things I am blessed with today, is being surrounded by like-minded friends and having the freedom to do whatever I want, whenever I want, with whomever I want, as much as I want and importantly spending quality time with family and taking them on exotic holidays.

What touches me the most is to know that I get to live my life's purpose, serve my Creator and have an impact on so many people's lives in such a positive manner. There is hardly a week that goes by that I am not touched deeply by someone sending me a card or present or an email thanking me for the difference I have been able to make to their lives or the lives of their teenage children.

I am amazed that as many as 6000 attendees have packed auditoriums to hear myself and my guest lecturers speak on topics I have in the book. Because of my work I've been able to work with leading entrepreneurs, businessman and people leaders such as Richard Branson, Arnold Schwarzenegger, Randi Zuckerberg of Facebook, Tim Ferriss and I was invited to meet Oprah Winfrey amongst others.

I share none of this to impress you as I said, as I am humbled by my life today and you will understand why when I share my story. I share it more to impress upon you that what I am attempting to do by writing this book, is to share freely with you the ideas, strategies and concepts that have transformed my entire life over the last twenty years and the lives of many others as well.

This includes my health, relationships, my emotional fulfillment and especially my finances. I went from sleeping on a mate's couch (mate means 'friend' if you are not an Australian), \$150,000 in personal debt, no job, no income, no assets, not even \$20 left in my wallet, virtually bankrupt, to becoming a self-made millionaire in a little under five years. I was able to build a

group of companies from scratch, which were valued between \$70 to \$100 million in mid 2008.

I commend you in advance for taking action and developing a 21st century education, an education for life.

I would be honoured if you would consider me as a friend and a coach, working together through this book, step-by-step creating and redesigning your life, with an emphasis on producing the results you ultimately desire.

If only I had learnt this education at school, how much easier life would have been for me and no doubt for many others. My vision is that this type of education will soon be available in all Australian and New Zealand high schools and eventually expand worldwide.

As the world is heading into more volatile times and now more than ever, one requires a strong psychology to turn potentially difficult times into an exciting time of opportunity.

My special thanks to all the 21st Century Team that contribute to ensuring that we not only provide a modern day education worldwide, but also the support required for our 21st Century members to effectively implement the strategies into their lives.

Let's begin shall we, as it is an exciting journey you are starting.

Jamie McIntyre, November 2014

1

THE KEY TO BECOMING WEALTHY

“I find that many people that I coach still think to this date that making lots of money is the key to becoming wealthy. (Please note: this is a major wealth myth.)”

Jamie McIntyre

How And When Do You Measure Education's Success?

How and when do you measure education's success: at graduation or retirement?

According to J. Urcivoli Sr., former Vice President at Merrill Lynch, for every 100 people at age 65:

- 25 are dead
- 20 have annual incomes under \$10,000 (below poverty level)
- 51 have annual incomes between \$10,000 and \$35,000 (median is \$18,000)
- 4 have annual incomes over \$35,000
- Yet 1 in every 100 is a millionaire
- Today's average 50 year old has only \$2,300 saved towards their retirement.

Only 5 percent of the population can put their hands on \$10,000 when they are 65.

When Social Security was started there were 16 people working for every one person on the program.

Today the ratio is 3:1

In the next 12 years it is projected to be 1:1

Source: The Millionaire Next Door

This book is designed to give you a 21st century educational system, way beyond that which is provided in 21st century schools, TAFE's and Universities.

My expectations of this book

At the conclusion of reading this book, I expect to have achieved the following outcomes:

To achieve these outcomes, I am willing to commit to the following to ensure I achieve my desired results:

When I was a kid people would ask me, "Jamie, what do you want to be when you grow up?" Now, some people may want to be doctors, nurses or lawyers (well maybe not lawyers). But perhaps astronauts, police officers, actors, actresses and so on - it is different for different people.

I did not know exactly what I wanted to be, so when people would ask me that question at a young age I would answer, "When I grow up I want to be rich". I do not know if it was from watching the American TV show *Dallas* too much, but that looked pretty good to me because J.R. Ewing did not seem to work too much, drove around in expensive cars and lived on nice ranches. Perhaps it was from playing too much Monopoly with my brothers, or maybe it was just in the back of my mind that I linked being rich to being above average.

I grew up in a small country town on a 2,000-acre farm that my family still has to this day, in Glen Innes in northern New South Wales.

Growing up on a farm, the two things that were ingrained in me from an early age were that life was hard work and a struggle. In order to do well in life and make money, you had to work really hard. That is what my father had done and my grandfather did when he was alive. And the second part of the equation for the 'ultimate success formula' was that you needed to go to school, study hard to get really good grades and with those really good grades, hopefully one day you would get a really good secure job.

Then, on the proviso that you worked hard for 40, 50 or 60 years of your life you would get to retire to the 'good life'. Now I often wonder in the 21st century how that formula is going for people. Has anyone ever bothered to check that out?

Going through school, I just coasted along. I was not at the top of the class, or at the bottom. I preferred to play sport rather than apply myself academically because I quite liked the idea of becoming a professional rugby league player.

Unfortunately for me, there was no mention of professional football when my teacher gave me his recommendation on what I should choose as a career. He said: "Jamie, if you want to make a lot of money when you grow up, you should go to university and become an accountant". Now some accountants find that rather humorous, but I did not know the reality back then. So I took my teacher's advice and went off to university, just like many other young people do. I started to pursue a career without knowing if that was what I really wanted to do with the rest of my life. I soon discovered that accountancy was not my passion and eventually got to a point where I was disillusioned with what I had

What I Didn't Learn At School But Wish I Had

learnt at school and university. I remember asking my mother, after I had spent all my hard earned savings to fund my university education, "Why is there not a university that will teach me how to be successful in life?"

I felt that many of the things I had learnt at school and was learning at university were never going to help me to achieve my dreams in life, let alone excel in the 21st century. I felt the education system was failing me and many others. It was then that I started to become restless and looked for an education that would serve me for life.

It is interesting that nearly all the millionaires I have since had the opportunity to study were high school or university dropouts and now employ those who were apparently smarter and gained a higher high school score or university degree.

At the time I felt like a failure because I could not just settle for what I was being taught at university. It was like peer group pressure, this sense of fear that if I did not get a degree, I would be a failure in life. That was the real reason and I believe many others, were there.

I did not know it at the time, but none of the successful role models and mentors I would study in the years ahead would say to me: "Jamie, you need a university degree, otherwise unfortunately you will not make it in life."

Actually, many of them stated that a university degree can be a major hindrance and what is taught in our current education system is mostly useless and the reason why most people fail miserably in life. However, this was the exact opposite to what I had been conditioned to believe all my life.

If you are at university I do not suggest you quit, as it teaches many valuable things. However, it also fails to teach many things, which are so necessary to excel in the 21st century. In my opinion, you need more than just a university education to achieve your dreams in the 21st century.

At about this time I heard an interesting statistic from a wealthy man. He said, "Did you know that over 70 percent of people that become rich in this country do so by owning their own business?"

At this point in time I knew nothing about making money. So I thought, "Okay, I am not rich yet and I want to be rich one day, so this must be the true secret to becoming wealthy. I have been working for someone else, that is why I am not rich. I simply need my own business - that will bring millions to my door".

My first challenge in starting my own business was where to get the money to start it. You need money to make money, right? Well, that was what I had always been taught. I do not agree with that any more, but that was my old way of thinking.

A bank appeared to be the logical answer. I mean that is what banks must be for, right? To give money to people that really desperately need it. However, I later figured out the only way to get money from banks was to prove to them right up front that you do not need it in the first place, then they seemed to just send it to you even without asking in the form of pre-approved credit cards and lines of credit, etc.

Unfortunately I did not meet the bank's criteria at the time and they would not give me any money. But I did not want to give up my dream of being rich through owning my own business, so I got creative and came across a thing called credit cards. Have you discovered credit cards yet? I was able to develop multiple relationships with credit cards. Using credit cards, I was able to acquire around \$16,000 in cash to launch my first business, even though I did not have any idea what business I should be in.

I thought owning a business that made lots of money would be handy. So I did some 'in depth' research. A friend of mine had a mobile phone and I could see that more and more people were using them. I came to the conclusion that by the year 2000 most people would own a mobile phone, therefore the telecommunications industry was definitely the industry of the future.

As you can see a lot of planning went into this new business venture - a whole 30 seconds of research! However, surprisingly within nine months of starting my business with no real business experience, just a dream and lots of courage, I was making more money per month than I used to make in a whole year working for someone else. This led me to believe that business was simple, success was easy and there was nothing to it. My business was turning over large amounts of cash, so I thought, "Ah ah! Another secret to becoming wealthy must be simply to make lots of money."

I find that many people that I coach still think to this date that making lots of money is the key to becoming wealthy. (Please note: this is a major wealth myth.)

I find many people that I coach still think to this date that making lots of money is the key to becoming wealthy. (Please note: this is a major wealth myth.)

What I Didn't Learn At School But Wish I Had

However, as my income increased, the expenses and overheads rapidly followed and then my expenses actually overtook my income. I discovered a new experience, how to get into debt fast. I was spending more than I earned and I quickly became an expert at creating debt.

Soon I became weighed down with debt and lost my enthusiasm for life. No one had ever taught me how to manage this thing called money and it was creating major havoc in my life. I don't know if you were ever taught at school how to manage money. My teachers could only teach me what they knew and nobody had ever taught them. So I, like many others, had to figure out money management the hard way.

My debt was spiraling out of control and I thought that if I could just earn more money, everything would be all right. Subconsciously, I began to link pain with money, due to the stress of not having enough and not knowing how to manage it. I was living up to the good work ethic that my parents had instilled in me: work really hard, put in long hours and then struggle to cover my bills. It eventually got to the point where I was saying, "I am not interested in making money. Money is not important. There has to be more to life than just working for money."

I looked around me and found that most people's day-to-day activities were very similar to my own. They were also focused on going to work to earn money. Was this what life was meant to be like? Was this what I would have to put up with for the next 40 years? There had to be more to life than just working for money.

I decided I could not stand being in business any more and wanted out. I wanted my life back. I had decided to get into the telecommunications business to get a life. In hindsight, I had given my life to the business. Years later I learned that many others could relate to this as they too had found that their business had consumed their lives. Later still, I learned that you need to be careful with what you ask for.

But at this point in time I did not care how I got my life back, I just wanted to be out of the business and a few months later I was. In fact, I could have been declared bankrupt! In hindsight, I should have said that I wanted to get out of the business by selling it for a nice profit, and be financially comfortable until I decided what I really wanted to do. But I forgot to mention that and I lost my entire company.

I now had my time back but I had no money, which was not what I was really after. I was owed several hundred thousand dollars from the service providers I was dealing with. Yet, because I was too trusting I fell victim to their foul play. Many service providers deliberately delayed paying commissions to smaller businesses like mine that connected mobile phone customers to them, virtually forcing small businesses like mine to bankruptcy.

Then, when we go broke, the service providers keep their commissions, as well as all their new customers that the small businesses had worked hard for years to create. They also avoid paying out the airtime commissions: a percentage of customers' mobile phone calls, which is money that would come in while you sleep if you owned a successful tele-communications company, and one of the reasons I originally thought this could be a great business.

In fact, one of the service providers I was dealing with, a supposedly reputable company in Australia, deliberately switched off all my mobile phone customers for several hours. They phoned my customers direct, told them that my company had not paid the phone bills and was going broke, and, told the customers to sign up directly with them.

They failed to mention that I was only going broke because they refused to pay the commissions. As you could imagine, I was not a very happy young person when I found out. Not only were they doing something highly unethical, but they were also attempting to destroy my credibility, which hurt even more.

Many people said I should sue them and take it to the courts. However, that takes enormous money and time which, without the commission payments, I did not have. Today, more than 18 years later, I have heard that there are some mobile phone companies in Australia who are still playing these dirty tricks, driving small dealers to the wall and quickly replacing them with the next victim.

However, at that time I had more pressing problems to face. Not only did I lose my entire income and my business was destroyed, I owed more than \$150,000 in personal debt.

I was facing bankruptcy, my dreams were shattered and I was feeling sick in my stomach from stress. What I really wanted was to get control of my life and also a thing called *lifestyle*. In essence, lifestyle is really time plus money. Now, that sounds very simple, but it can be a difficult equation for most people.

What I Didn't Learn At School But Wish I Had

For most Australians and Americans the way they try to obtain lifestyle is to take their time. We all have 24 hours in a day, then we try to sell that time in exchange for some money. Some people get really good at that, they often have a better education than others and they can sell their time at a higher price. The name of the game is to sell that time for as much as they can per hour or per week. However, because we need both time and money to have a lifestyle, we often sacrifice one, usually time, for the other.

Of course there is always the other side of the spectrum where people will say that money is less important to them than their time. Instead, they sacrifice money. I was holidaying in Byron Bay, a beautiful part of the east coast of Australia once and I witnessed many examples of this - people with lots of time on their hands, but not much money - no offense to Byron Bay.

So the challenge is to find a way to have but I did not have a clue how to do it. I do not think I was the only one. So there I was with no lifestyle, a huge personal debt, plus company debt on top of that, and no income, no job, nothing.

Luckily for me one of my friends, who worked for me at the time, let me sleep on his couch because I could not afford to pay rent - that was how bad it got. At that stage, I only really had two options. Either I could retreat to the family farm with my tail between my legs and become a farmer like my father and his father before, or I could stay in Sydney and try to turn this mess around.

I vowed that one day I would become so wealthy I would buy the telecommunications company that sent me to the wall, walk into their offices in Sydney and fire the employees that ruthlessly destroyed my business for the sake of their increased profits. Some say success is sweet revenge, however I had to let go of the hurt and anger I initially felt in order to actively become a millionaire.

This was a major turning point for me, because for the first time I took a good hard look at myself and asked what it was that I really wanted to do with the rest of my life. It eventually became clear what my purpose was. I will share the process I went through later in the book. It was then that I realised I needed to go out and seek teachers and role models to help me achieve that purpose. Not traditional teachers that teach theory, like many do at school or university, but teachers that had real life experiences. I realised that my education in the past had been based mainly on theory.

I also realised that if I was going to live my dreams I needed to change as a person. You may have read a personal development book or attended a seminar, which says that if we grow as people, we are more likely to live our dreams. So I started to do that. I also realised that I needed to develop different areas of my education and I started to seek out mentors in those particular areas. You may also be looking for mentors. What I found was that I needed mentors that had produced phenomenal results in their lives. I thought that perhaps I could learn from a multi-millionaire – surely someone like this would know more about money and success than I did. A lot of people ask me where I found my role models or mentors and I jokingly say to them, “Well you could be lucky and your local multi-millionaire could knock on your door one day and say, 'I hear you want to do well financially and I am your local multi-millionaire here to give you some coaching!’”

But more likely, you will need to do as I did – go out and search for role models and do whatever it takes to develop a relationship with the people who have produced the results that you want to replicate in your life. Or easier still, read the books they have written.

I found my first millionaire mentor by going to work for one of his companies, initially for free. I was more focused on learning as opposed to earning.

There were no jobs available at my mentor’s companies but I didn’t give up on my dream to serve my millionaire apprenticeship. I spoke to one of his managers and offered to work for a certain number of weeks for free, on the condition that if I proved myself and reached certain KPI’s, that they’d offer me a job.

This is a clever strategy known as risk reversal and a powerful way to sell yourself. And this was how I not only got a job, but also a millionaire mentor. Without him, I would never have learnt how to become a self-made millionaire in my twenties.

My wealthy mentors have shared information with me that proved to be very valuable, which I will in turn share with you in this book. But it was not the information alone that made the difference. The information age allows people to access information via seminars, books, tapes and the internet.

I used to think that knowledge was power, until I learnt that I actually had to act on that knowledge – nothing ever just happened. I had wealthy mentors (my millionaire mentors as I refer to them), who were patient and caring enough to help me, not only to understand but also apply these skills and

strategies. Once I had learnt how to apply this information to my situation, my life started to improve rapidly.

I was able to learn how to make money with no money. I really hoped that this would work because at the time, I had none. I also learned how to eliminate debt rapidly - and I had plenty of debt to practice with. However, if I had just followed what most people do, I would still be off paying that debt. Instead, I followed the strategy my millionaire mentor recommended - simply find out what most people are doing and then to do the exact opposite.

I call it the law of opposites. I consistently look at what most people do in a particular situation and then I generally do the exact opposite - and I usually find I am heading in the right direction, even if I have no idea what I am doing! It is a common excuse that people give for why they didn't succeed - they did not know what to do. However, successful people in the beginning don't know either. They just get started and go on faith that they will learn what is necessary on the way.

These strategies started to work well for me and over a short period of time, I was able to firstly get an income and then increase my income. In fact, my income went through a massive transformation where it increased fifteen fold in less than 12 months, from an above average income in the first place. Jot down what your current income is, multiply it by fifteen and imagine it increasing to that figure over the next year.

So, if you are earning \$50,000 per annum $\times 15 = \$750,000$. Would you be happy if that was the case? Most people would be happy if their income increased by only 10 percent.

My millionaire mentor also asked me how many forms of income most Australians had. I thought, probably one, or maybe two if they had a second part time job or part time business. He told me he had dozens of forms of income and most of them were coming in while he slept. I liked the sound of making money while you sleep, so I thought I would try that as well. I learned

He told me he had dozens of forms of income and most of them were coming in while he slept. I liked the sound of making money while you sleep, so I thought I would try that as well. I learnt how to build multiple forms of income, while keeping the one focus, which was important.

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The strategies my millionaire mentor shared with me were so simple that anyone could apply them - even a young farmer's son who some said was a dreamer, was too trusting and often overly optimistic!

I also learned that being financially successful was not just about making money, but also what you do with that money. I had to learn how to keep money, how to manage my cash flow and how to turn that money into more money. In other words how could I get it to come back to me, ideally while I was sleeping.

Once I could do that I could free up my time and have the thing I wanted most - *lifestyle*. The freedom to do what I want, whenever I want, where I want and with whomever I want sounded great to me, even if it was hard to believe.

Today I get to live the lifestyle I have always dreamed about, but there were many things I had to learn before I could turn my life around from being one of hard work and struggle into a life that is the exact opposite. Today I pinch myself to think that my dreams are now a reality.

The things I value the most are the great friendships I have developed, the amazing people I have met, but most importantly living my life's purpose, serving my creator and adding value to so many people's lives. I decided to measure my success by what difference I make to the world and how many people I help, rather than using material things as a measure.

Today I get the chance to travel extensively and one thing I have noticed about fellow Australians is there are only a very small percentage of people like myself who are actually willing to learn with an open mind. No wonder so few people ever live their dreams.

Eighteen years ago not being open-minded was a major part of what was holding me back. When I changed from someone that was very closed minded to a sponge, open to any idea or concept that could improve my life in some way, my life changed too. So I really respect you if you have read this far. You must be open to learning and I admire you for picking up this book and taking some time out of your busy schedule to read it.

The other thing I recommend is the concept of giving. Now I don't know if you can relate to this, but only I used to make enough money to just get by. And sometimes I could not even manage to do that. My millionaire mentor,

who was an Australian multimillionaire, said to me, "Jamie, don't you think you are being a little bit selfish just making enough money to take care of yourself?"

This gentleman was earning 40 times more than he could ever possibly need and I replied, "Aren't you the selfish one? You are rich! You must be selfish."

He said there was a different way of looking at it and that he deliberately made thirty to forty times more in net worth and income than he needed. He said, "I do not do it because I am greedy, I do it because it puts me in a position to help other people."

He went on to explain that if you just make enough money to take care of yourself, then you do not have the time, the money or the energy to help a lot of other people, as you are too overtaken with your own financial problems. For the first time, by shifting my focus from myself to helping other people, I was able to look at creating wealth in a different way.

I realised that instead of feeling guilty about making money, I was obligated and morally responsible to become wealthy to help others.

It was this alternative way of looking at things that made a big difference to me. Unfortunately, many people feel that they cannot be spiritual and rich at the same time. I realised I could be committed to helping others and become rich.

Now, I am happy to share many wealth-creation strategies with you over the course of this book. All I ask in return, is that if your income or net wealth increases as a result, that you will consider giving a percentage of that to a favourite charity. If you do not have a favourite charity, I am sure you will find someone in your circle of friends who will volunteer for this role. Just joking.

Today I still work to create wealth - not because I need it to survive, but because I am driven to serve other people. To me "money is a tool to serve."

Imagine what you could do in your life, not just for yourself or your family, but for other people, if you could master this mysterious thing we call 'money'. I get massive pleasure from helping people, which motivates me to work, which means I earn even more money because I put passion into my work. Mastering money was a goal of mine and I am glad I have achieved it too.

There are many people in this country that are financially wealthy - or so you would think. They have lots of money but they live in fear of losing it. You probably know some people like that who live in fear of losing money. I have learned how to develop what I call an ideal mindset.

If I lost the wealth I created in the past 20 years, I would be lying if I said it would not bother me. I would probably be upset for a day or two, but I know with certainty I could create it back faster and easier without the need to work hard. To me that is real freedom. Who would not like to have that freedom?

That is more valuable than having wealth alone because it is something that cannot be taken away. We do not have to live in fear of what is going to happen, if we have a sense of certainty about our future. And I think that is what most people want. I will cover practical ways throughout the book to achieve this mindset.

I also personally enjoy facilitating seminars on behalf of the **21st Century Education**, a multi-million dollar Australian education organisation that teaches the skills and strategies of a 21st Century education, including overcoming fears and what holds most people back.

21st Century Education also conducts follow-up support seminars. Whenever I attend these sessions, I am blown away by the phenomenal success stories I hear from graduates. These are people from all walks of life who have successfully applied these strategies. I share this with you to help you understand that what I am going to be sharing with you is not theory. They are real life strategies I have personally used, inspired by some of the most successful people on the planet.

One recent graduate, a middle-aged man, was going nowhere financially. He had a high-paying senior management role in a multi-national company, but he had no idea how to manage his cash flow, to the point where he was heading towards bankruptcy.

The fact was, he could not determine the difference between an asset and a liability. Once he applied our debt reduction and cash flow management strategies he was able to eliminate 50 percent of his debt and save for the first time in his life.

These two simple strategies alone have completely altered his life and he is no longer a victim of financial stress. He now enjoys a better quality of life and can look forward to a great future.

Another story I heard was from two teenage brothers who have created an additional monthly cash flow of \$1,600, without needing to work, by using some of the simple strategies covered in this book. In order to earn the equivalent, they would normally have to work 230 hours, (about 6 weeks, working 8 hours a day) as a casual employee at a hamburger restaurant such as

McDonald's. So you can image how exciting their futures have suddenly become.

Other graduates have made \$5,000 to \$10,000 per month within 90 days of implementing some of these strategies and have been able to leave their jobs.

Since applying these strategies, one individual found a residential investment property which she was able to buy for \$15,000 less than the asking price with 100 percent finance. She also re-negotiated her partner's loan and released \$200,000 in equity to use for the strategy you will learn later in this book.

Yet another person created enough cash flow from her investments to take her family on a long overdue five-week trip to visit her son in Switzerland. They travelled around Europe on the money provided by their investments. It is great to have this new mindset which allows them to share these experiences.

Since applying these strategies one person has managed to increase his active income to the maximum. He has given all his customers guarantees for his computer programming service, doubled his fees and his customers keep coming back.

At *21st Century Education* we teach people to start with the end in mind - just as the founder of IBM did long before he ever opened the doors for business. I mention *21st Century Education* because the strategies in this book have already been utilised successfully by thousands of ordinary Australians who can testify to their results. You are going to get access to many of these strategies that normally you would have to pay thousands of dollars to access in seminars.

All *21st Century Education* graduates are taught how to design their lives down to the smallest detail and are shown how to create action steps to ensure their dreams become a reality.

One of the guest speakers at an advanced seminar last year, Australia's leading direct marketer, knows first hand the impact designing your life can have. When he first emigrated from the Czech Republic, he had no money,

...after struggling financially, he created a vision statement of what a day in his 'ideal' life would be like and wrote it out no less than twice a day. Within six months, he had completely turned his life around and the life he created in his vision statement began to appear before his very eyes, including massive financial success....

could only speak basic English and he and his wife lived in an apartment with no furniture.

Several years later, after struggling financially, he created a vision statement of what a day in his 'ideal' life would be like and wrote it out no less than twice a day. Within six months, he had completely turned his life around and the life he created in his vision statement began to appear before his very eyes, including massive financial success and plenty of time to spend with his growing family in their new dream home.

By writing his vision each day, not only did he reinforce the image, it also kept him focused on what was really important in his life and gave him something to strive for.

Now, I'm not saying that he just wrote his vision out daily and did not take any action. Obviously, achieving such dramatic results in such a short period of time requires dramatic action. By using the strategy of designing your life, combined with RPA (Results Purpose Action), shown in this book, combined with the best financial strategies I know, you too can create your ideal life much sooner than you expect.

You may also notice that the layout of this book is a little different to others you may have read. You should use it like a workbook, a reference guide to look back on after you have finished reading it.

For you to get the most out of this book you will need to become involved, so when you get to the exercises in the book I suggest you commit to doing them, as your level of personal commitment will determine how well you apply these strategies.

Recently I was on the Gold Coast, Australia when one excited 21st Century client told me how, after leaving my seminar years ago, he went out and made as much as \$87,000 in a single month!

Another client, a 78 year old from Perth, told me how he made \$3,500 the very week after attending one of my seminars and routinely makes between \$40,000 to \$50,000 a month using just one of the cashflow strategies I taught him. He said his wife is now happy. I actually interviewed this gentleman about his success and you can watch the interview at www.21stCenturyTV.com.au

There aren't many days in my life now where I don't have someone approach me in public and thank me for the difference my work has made to their lives. Such is the importance of having a modern day 21st century education and I'm so glad I stuck to the promise I made to my first millionaire mentor, that after

applying what he taught me to become successful I would share everything I learnt with others.

So, if you think that learning how to make money while you sleep, or reducing debt, or creating your ideal life sounds like something that you are committed to, then you are definitely ready to get started.

But, before you learn all these exciting cash flow and lifestyle strategies and how to excel in the 21st century, we need to discover why it is that we live in one of the wealthiest nations on earth but so few of us achieve the riches most people desire. In fact, nearly 96 percent of the population never achieves financial independence according to the Australian Bureau of Statistics.

The percentages are similar in most western societies including the USA. To find out how to become part of the 4 percent that excel financially, you will need to know why most people fail?

***“Hard work and making money have
absolutely nothing to do with
each other in the 21st Century”***

Jamie McIntyre

Are fancy University degrees always the path to success?

A recent article by Steven Schwartz in the Australian Financial Review raises a very salient point about the value and significance of obtaining a University degree. Jamie McIntyre agrees with this perspective.

Schwartz points out the fact that a University graduate will not necessarily make more money than a non-graduate.

Figures recently released by the Australian Bureau of Statistics show the proportion of university graduates in professional and managerial positions is decreasing. Moreover the gap between the salaries of graduates and non-graduates is narrowing and statistics reveal that the difference in pay has shrunk by 22 per cent over the decade in UK.

The theory is getting a fancy degree will secure the student a high paying job thus justifying the years spent studying and the small fortune a degree costs these days.

The theory also suggests the more graduates a country generates the more efficient and productive its workforce will be consequently resulting in the country's financial prosperity.

However, these theories are increasingly coming into question especially with the revelation of the above-mentioned statistics and the fact that in many countries the number of unemployed graduates is growing.

In his article Schwartz states that two years after leaving university, 40 per cent of UK university graduates are still unable to find graduate-level jobs.

In the US, 9.4 per cent of university graduates have no job at all.

The US has world-leading number of graduates at 50 per cent, yet the US has barely grown in real terms over the last ten years.

Russia also has a very high percentage of graduates; however, no one would want to model their economy considering that even if they get a job, most of them settle for a low-paying low skilled job.

In contrast countries like Switzerland and Hong Kong boomed for decades despite a low number of graduates.

Now a lot of people resort to doing higher studies such as Masters in order to stay ahead of the pack.

However, self-made millionaire one of Australia's highest paid educator and entrepreneur Jamie McIntyre suggests a different approach.

Mr McIntyre at a young age believed that he had recognised the flawed education system in Australia and western society.

According to the Mr McIntyre the education system is designed to suit the industrialisation era of the 19th century and is hopelessly out of date for the modern day 21st century.

Jamie McIntyre quit University after studying accounting for a year. As mentioned already, he went on to become a self-made millionaire.

"Now I am not suggesting that others should do the same" he says.

"You see it wasn't that I didn't believe that education was the key to success. In fact I quit University so that I could actually go and start learning".

In his early twenties, McIntyre said to his mother:

What I Didn't Learn At School But Wish I Had

"Why isn't there a University that would teach you how to be successful in life as opposed to expensive degrees teaching a bunch of theories that will not be applicable in an individual's job".

Mark Twain once said: Never let schooling get in the way of an education

McIntyre followed his advice and started to invest in a real life education taught by those who had a PhD in results and not irrelevant theories.

McIntyre recalls how he sold his car, borrowed money and travelled overseas to attend personal development and business/financial seminars besides reading books and listening to educational tapes.

"My friends said I was crazy for wasting all this money on high priced seminars- yet I thought-I just paid a fortune to attend Uni and found it boring and uninspiring. I realised that Uni is the highest priced seminars on the planet delivering very little value for money other than the hope of a job which is no longer a guarantee".

In this day and age someone with a trade behind them can earn more than most people with a degree in Australia.

"My mentor said if you think education is expensive, try ignorance".

So, I got a modern day education and after achieving success beyond my wildest dreams by applying my new found knowledge and becoming a self made millionaire in my twenties, I decided to create a 21st century education system with the goal to update and change Australia and the world's antiquated education systems".

McIntyre has now educated over 550,000 people in less than 15 years from over 17 countries.

"My vision is to see schools adopt the education system I created so that they can make their education more effective and highly valued otherwise they risk losing relevance and will continue to fail our brightest talents".

Perhaps it is no coincidence that some of the most remarkable leaders and visionaries dropped out of school.

For instance, Richard Branson failed at school, Mark Zuckerberg dropped out of Harvard to build Facebook and Steve Jobs rebelled against college.

Akin to the perspective of most employers even Mr McIntyre agrees that it would be a relief if schools and universities produced skilled graduates rather than burdening employers with the responsibility of training their employees.

Especially since most people learn their skills and gain experience through work and not theoretical practices imparted at school.

“It is time Australia and the world awake to the common sense fact, that to excel in the 21st century as individuals and entire economies; we need a modern day 21st century education. My students on average earn more, save more, invest more and are consequently fulfilled and better citizens who are increasing efficiencies and productivity in the society”, said Mr McIntyre.

According to Mr McIntyre, it is essential that Australia focuses on increasing the skills, efficiencies and productivity in the country rather than have unions pushing for higher pay rises for no extra productivity gains.

Pay rises he states should be voluntary and not forceful so that quality employees get pay rises because they add more value.

2

WHY DO MOST PEOPLE FAIL?

*“I live in one of the wealthiest countries on earth -
so why am I not rich?”*

After I made the decision to stay in Sydney and turn my financial crisis around I began to ask myself some valuable questions. The first being, "Why is it that most people do not make it?". After all the World Bank once considered Australia to be the wealthiest nation on the planet. Unfortunately, the standard of living for many Australians is dropping rapidly, despite our politicians trying to convince us otherwise. With all the wealth that still exists, why is it that so few Australians get to share in it?

What is going on that limits us to sharing in only a fraction of this country's wealth, and what can we do about it?

The other thing I was very curious about was why there are some people that start with nothing and become millionaires, some people even in their early 20s – there is no age limit for financial success.

But there are other people who seem much more intelligent, often with a higher education, that fail and their lives are filled with hard work and struggle. What is the difference between the two? Is it luck that some people acquire wealth, perhaps they buy more lotto tickets? Do they marry into money or inherit it? Or is there a bit more to it?

Let's look at the 'success formula' that most people have been following: go to school, get a good education then work long and hard until retirement. It is interesting to note the people following this formula, which is nearly **96 percent of the population**, are the ones who generally by the age of 65 end up dead, dead broke, on a pension or need the family to support them. I have been dead broke before and at one stage I thought that 'dead' would have been better, and I am glad I did not take that option, but some people sadly do.

Three percent of the population becomes what we call 'Financially Independent' (FI), which means that at age 65 they are able to stop working and continue to live a comfortable lifestyle. It does not mean they are rich. It just means they have enough money coming in to support them, usually around \$42,000 per annum.

One percent of the population at age 65 will become what we call 'rich'.

The Australian Bureau of Statistics classifies 'rich' as having a net worth in excess of \$1 million dollars. A million dollars used to be a lot of money years ago, but by today's standards it is not that much. In the future, most people will become millionaires just by paying their house off over 20 or 30 years. There are about 200,000 millionaires in Australia and more than 3 million in North

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America, but even then, do these people necessarily have lifestyle? Remember, what we are trying to learn is how to achieve lifestyle. Lifestyle = time + money.

There are many people that become millionaires but still lack time and money. In other words, they need to keep on working. They become what we call asset rich and cash flow poor.

You probably know some people like that. Becoming asset rich and cash flow poor is really not the idea. Having money stuck away that cannot be used is pointless. There are many people who die with it and there is not a lot of lifestyle in that. Sadly, the percentage of people that actually have the quality of life they would really like is very small.

Exercise 1

Fill-in the incomplete words

At age 65 in Australia

96% D _____

3% F _____ I _____

1% R _____

For those of you into detail, imagine you had 100 classmates. Out of 100 of your classmates, despite their best intentions, 71 of them will end up broke at age 65 and sadly 25 of them will be dead. Now you may say you cannot blame money for that - or can you? A lot of doctors talk about a thing called cancer of the wallet.

Do you know what that is? It is financial stress and is usually not caused by having too much money but a lack of money.

Now, let me ask you a question. When you were leaving school, did your teacher ever say to you: "Who would like to volunteer to go out into the world, get a job that you do not really like and work really hard for 45 years? You will work Monday to Friday, (and some of you will need to work Saturday as well) to pay the bills but never get to do the things you really want to do because you will not have enough time or enough money. Then at age 65 you will get to retire and within 2.7 years you will drop dead."

Alternatively, how many do you think would volunteer to learn how to set themselves up financially, so that at age 35 to 40, they would never have to work another day in their lives unless they choose to? Instead they would get to spend quality time with family and friends, travel to all the places they ever wanted, establish a career that they believe in and live the life of their dreams.

My guess is nearly 100 percent.

So, 25 of your classmates have unfortunately passed away. What about the ones that retired broke? How broke are they?

Of those, 20 will have incomes of less than \$15,000 p.a. at age 65. That, by the way, is below the poverty level!

There will be 51 of them with an income between \$10,000 and \$35,000 (with an average of about \$18,000) - that is not very good either!

Only four of them will have annual incomes over \$35,000 and only one of them will be classified as a millionaire.

It is clear now that this formula is not working for most people. We could see this as evidence that we are unlikely to succeed and we could say, "What is the point of really trying? The people making it must be really, really lucky."

Instead it is probably a good idea to take the advice of my millionaire mentor who said: "Jamie, if you want to succeed, you need to figure out what most Australians are doing and do the exact opposite." I believe that anyone can follow this philosophy if we keep it simple.

Have you heard the phrase that success leaves clues? In my experience, failure leaves more clues. Usually when things are not working we tend to look within. When I was turning my life around I had to be completely honest with myself for the very first time. I had to take a good look in the mirror and find out what it was that was holding me back.

Denial

I used to say, "I'm not interested in money - money isn't everything," until my millionaire mentor told me that I was in denial. I could not figure out what he meant by this. He said, "Jamie, do you think if you say you are not interested in money that it is going to help you become financially successful?" I thought, "Well, no, maybe not."

Then he said, "You know most people would agree with you that there are other things more important than money. A lot of people say they are not

interested in money, but can you guess what those people usually do? They go and work for it because they are just like you Jamie. You go off and work your whole life for money and the whole time you say you are not interested in it. Wouldn't you say this a classic case of denial?"

For the first time I was actually honest with myself and I said, "That is true." My millionaire mentor also said, "If you want to become wealthy, you must not make money your god. Instead you have to learn to master money. If you can learn how to master it and have it work for you as opposed to you working for it, then money will no longer be an issue. The things that are most important to you like family, health, career and relationships will always be your top priority." I thought that made sense.

So I went from denying that I was interested in money, to admitting that I was very interested in money because I loved my family dearly and valued my time and wanted to control my life. I decided right then that I was prepared to make the effort to master money, because if I did I could have the freedom I wanted.

I learned that subtle shifts make a big difference to what is going on inside our heads and this became a huge turning point for me.

Blame and Excuses

The other two important qualities you need to have in order to be in the 96 percent of people who fail financially, (I will call them 96 percenters) is the ability to blame everyone else for your problems and to create elaborate excuses. I became really good at blaming other people when things were not working for me.

Not only did I blame other people but also the circumstances. I would blame the companies that would not pay me. I used to blame my business partners who took advantage of me and I used to blame my parents for not being rich. I would have blamed the dog if I had one! What I realised was that I was taking the power away from myself whenever I blamed other people. If you still want to blame something then blame excuses!

I used to have lots of excuses like, "I am not interested in money", or "you need money to make money", or "if I did not have all this debt", or "if I could just find the right job or the right career", or "if someone would help me out, then I would make it". All of these excuses were not doing me a lot of good.

I heard once that you can make excuses in your life and you can make money, but you can not do both at the same time.

One of my favourite excuses was, "If I could just get back all the money that is owing to me then I could turn my business around." When my millionaire mentor heard this he said, "Jamie, you could focus your energy on your past and try to collect all this money that is owed to you, that is called 'old money'. Most people live in the past and they devote their energy to the past. If you want to become wealthy you need to devote your energy to your future. That is called new money."

Then he gave me another pearl of wisdom. He said, "I guarantee, if you take that energy and dedicate it to the future you will be a self-made millionaire well before you ever collect the money that is owing to you."

At the time, I did not realise it, but by letting go of my anger, moving on and forgetting about it, I was creating the space for a lot more new money to come into my life.

I am not the only person that has been taken advantage of financially in one way or another, probably half the population has. For those who have not, what do you think is likely to happen in the next 10, 20 or 30 years? The question is how will you deal with it?

So, should we let those things stop us? Some people say, "I invested in the market once and I lost a lot of money, therefore I am never going to invest again". Instead they should be looking at what they did, and what could be done differently, so they do better next time.

I know someone who bought a property and lost money, and as a consequence they have never invested in property again. And then there are some people who never touch anything or do anything. They think this is a risk proof strategy. Is it really?

I have covered the qualities that a 96 percenter possesses in abundance, but what attributes do you need to develop to put yourself in the 4 percent bracket of the financially independent?

Accountability and Action

Until now I had been making excuses and shifting blame. Once I applied the Law of Opposites, I discovered that if I was going to make it financially and in

any other area of my life, I needed to be accountable. Once I accepted that I was responsible for my mistakes I was able to reclaim my personal power.

Along with accountability comes action. Now, that is pretty profound. How many people do nothing different and wonder why nothing changes in their lives? At first, I thought that meant all I had to do was go out and take any sort of action and I would be successful. Unfortunately my actions were not always intelligent or consistent.

Eventually I realised there was no point in being motivated for only a few weeks at a time. As well as consistent action, I learned to ask myself quality questions about the action I was taking. I call this intelligent action.

For example, at the time I was sleeping on my friend's couch, \$150,000 in debt and unsure how to turn my situation around. I asked myself, what would most people do faced with the same situation. The answer was - become negative and settle for a low paid job for the rest of their lives!

Getting a job and working hard, rather than thinking about things is the easy solution to the problem, and most people opt for the easy way out in life.

But when I thought about it, it wasn't the easiest solution because I would have needed to work at a job for around 25 to 30 years just to pay off my debt.

So using the Law of Opposites, I knew that the financially intelligent thing to do was not to just settle for a job. The intelligent action I took was to invest in my real life education. Obviously this was not an easy thing to do because I did not have any money at the time!

I will later share in detail the major obstacles I had to overcome and the sense of commitment that was required.

Gratitude

The other thing I had to develop was gratitude. At the time when I was waking up on my friend's couch freaking out about how I was going to get out of my financial mess, my millionaire mentor said to me, "Jamie, if you want to be successful, here is what I recommend you do. Every morning when you wake up, find five things that you can be grateful for in your life."

He said, "You may need to train yourself to focus on what you can be grateful for, because without gratitude you will never have true wealth. In order to have more of what you want, you need to accept the wealth you already have."

But what I was focused on at that time were my obstacles. So once again I had to apply the Law of Opposites and slowly began to focus on what I had, rather than what I did not have and immediately my life looked and felt better.

At first I really struggled to find anything to be grateful for. I would wake up each morning and ask myself, "What am I grateful for?"; and the answer was "nothing". I was ungrateful and angry.

Then I thought, "Hang on a minute - I am alive!". If I wake up breathing, I have a chance to become a millionaire.

I said, "I live in Australia!". Australia is definitely a great place for lifestyle. Since the September 11 attacks in America, Australia and New Zealand have been rated two of the safest countries in the world, with both USA and UK citizens flooding our embassies for visas to come and live here, along with thousands of boat people.

In Australia we are all incredibly wealthy. Do you think anyone in Australia would want to trade places with someone in Bangladesh or Ethiopia?

We have a tremendous amount of wealth already and I had to start to recognise that. In fact we already have everything we need to be successful. That is a lot to be grateful for.

So when I added DENIAL + BLAME + EXCUSES, I got the classic mindset of a 96 percenter - I was becoming one of the people that retire either dead or dead broke and are headed for financial disaster!

Whereas, once I decided to take the combination of ACCOUNTABILITY + ACTION + GRATITUDE, I started to develop the mindset of a 4 percenter and inevitably moved towards becoming financially independent.

| | |
|-------------------------------------|-------|
| Exercise 2 | |
| Fill-in the incomplete words | |
| 96 percenter | |
| D | _____ |
| B | _____ |
| E | _____ |

My millionaire mentor pointed out that the thing stopping me from having wealth was my thinking. He told me that in order to live my dreams I would

need to master two things. MINDSET + STRATEGIES. Both are important, but most people only want to know about strategies and they neglect their mindset.

Mindset and Strategies

Imagine for a moment that there was someone who was willing to give you a million dollars in cash, or alternatively teach you to develop and create the mindset of a millionaire.

Now, if we asked most Australians or Americans what they would prefer: a) The million dollars cash; or b) Taking the effort to develop the mindset that is necessary to have the success they want in their life, what do you think they would go for? I believe most people would take the cash. The reason I believe this is because about eighteen years ago that is what I would have chosen. I used to be in business purely to make money. I have nothing against making money and making a profit, but it is the intention and energy behind it that really makes the difference. I did not have a higher purpose behind why I wanted to make the money (another big success clue).

I found that most people have been taught at school to get a job to work for money. So if they haven't already become wealthy enough to live their dreams by working hard, they try other means - they can gamble, try to marry into it or wait until their parents die to inherit wealth. That is a strategy, unfortunately, that some Australians are using.

Did you know you can go to seminars that will teach you how to marry into wealth? Seriously, they have them in New York and 90 percent of participants are female for some reason.

One of the most common ways people try to become wealthy is to buy a lotto ticket. If you invest in lotto every month, you may live in hope (but unfortunately die in desperation). And that is how most people plan to become wealthy. So let's assume someone is lucky enough to win lotto.

How well do you think they are doing three to seven years later? Are they better off financially or are they worse off? Statistics show us that in fact they are worse off!

Would they have been better off with the cash or the mindset? If you can understand that simple concept you can do the opposite to most people. So what I had to do was take my eyes off the cash. I used to say to my millionaire

mentor, "... this makes sense, yeah, yeah, yeah, I know all this stuff, just show me the money! I just want the nitty gritty, you know, the strategies because I just need to pay some rent next week."

That is where my thinking was. I wanted to get to the point, and my mentor would say, "**Jamie, this is the point! If you do not develop the mindset and convince me that you are willing to work on it, then I am not going to waste my time sharing the strategies with you.**"

He said, "Because if I do, you will most likely stuff them up as you will have too much fear and too much doubt, or you will think it sounds too good to be true because it is simple. And success, you will think, cannot possibly be that simple, when really it is unbelievably simple."

I thought success had to come from hard work and struggle. To me hard work and struggling made sense. In other words my mindset was getting in the way of my success and fear paralysed my ability to take action. My millionaire mentor said, "Mindset represents 80 percent of success. Strategies only equal 20 percent. Therefore, if you neglect mindset it is going to hold you back from financial success."

Exercise 3
Fill-in the incomplete words
4 percenter

A _____

A _____

G _____

I believe that the reason why I have excelled financially in the past eighteen years, when many other people around me who have had the same opportunities have not, is because I developed my mindset. My world has changed mainly because I have changed. That is exciting because the faster we change our mindset, the faster we will create the things we want.

So how do we change our mindset around money right now? Have accountability, have gratitude and take lots of action and you will be well on your way.

What I Didn't Learn At School But Wish I Had

With mindset and no strategies you will still make it, you will figure out a way, but with the wrong mindset, it is virtually impossible to apply the strategies.

When it comes to wealth creation, mindset is an internal factor and is very much under your control. In other words, you can do something about it. There are, however, many external factors that we do not necessarily have direct control over, that affect our finances and can prevent us from living our dreams. However, once we know what these external factors are and how they affect us, we can learn to make them work for us, rather than against us. We need to discover where money comes from and who controls it.

One of the most common myths about financial success is that working hard is the key to success.

Let me clarify this for you now to ensure you do not fall into the trap of believing this myth like I used to. My millionaire mentor said, "Working hard and making money have nothing, I repeat nothing, to do with each other in the 21st century."

Let me explain what he meant. I will use my Dad as the first example. He started off with nothing and today is worth over a million dollars. He is like most farmers. He believes hard work is the key to success and that is why he believes he became a millionaire.

But I explained to my Dad that hard work did not guarantee or actually play the major part in him becoming a millionaire. You see my Dad is a millionaire because his farm is worth more than \$1 million. But when he bought it many years ago, he acquired it for less than \$50,000. Despite the fact he has worked hard on this farm for decades, this has not made him wealthy.

Farm incomes have actually dropped and he would never save a million dollars from his farm income in three lifetimes. His wealth was created by buying land at a low price, which increased in value over a period of time.

Actually, his wealth was created while he was sleeping, almost without effort. Now, it is true that a good work ethic and some hard work in the beginning helped, but the key was investing his money and letting his money work for him. He made more money while he slept at night from the capital growth of the farm than he did by working hard during the day on the farm for decades.

I will use my Mum as a second example of working hard versus working smart. She had always wanted a coffee shop in a town called Glen Innes in Northern NSW, where I grew up. I did not realise until many years after she bought the coffee shop that she had been offered the opportunity to buy the

building as well. She didn't buy it because they had already borrowed nearly \$100,000 for the business and did not want to borrow another \$100,000 to buy the building.

She worked hard for many years, often not paying herself a salary - another big mistake my millionaire mentor had warned me about. "You must always pay yourself first to be wealthy," he said. Often she struggled to simply pay the rent on the shop, working hard for little result. Sound familiar?

Here is the Key.

If she had borrowed another \$100,000 for the building, she could have:

1. Charged her business higher rent. Even if the business still struggled but only managed to pay the rent, it would have paid off the \$100,000 loan for the building.
2. The building would have increased in value making her more money without working, plus by charging higher rent she would automatically make the building worth more.
3. She could have then sold the business and kept the building. To make it easier to sell the business, she could have offered vendor finance and the new owner pays her off for the business. All she needed was the business owner to meet rent payments, making my Mum money while she sleeps. No need to work hard at all. Actually working too hard prevented my Mum from thinking about how to become wealthy by working smart. If the new business owner was not successful and did not meet her commitments, my Mum could simply resell the business again to another owner, as she is not responsible for their success - they are. In business, the key is simply to ensure the new owner meets their rental obligations, and ideally their vendor finance obligations. In fact I sold a publishing company a year ago, yet within less than a year was offered the business back for no more than some money due to me from the original sale. A mini Kerry Packer and Alan Bond moment - when Kerry Packer got Channel 9 back a year after selling it to Alan Bond for \$1Billion, for no more than a fraction of the debt owed by Bond to Packer on the sale.
4. If she wanted to still work, she could consult or work part time for the new business owner and pick up another income and enjoy her work

because she does not have to work long hard hours. She could work because she enjoys it and it is a choice, not an obligation.

5. Which debt becomes the greatest risk, the \$100,000 for the building or \$100,000 for the business? Obviously the business as it can become worthless quickly, where the building is likely to increase or maintain its value.

I hope this explains why working too hard can often be detrimental and is not the key to wealth creation where working smart is.

| | |
|----------------------------------|-------|
| Exercise 4 | |
| Fill-in the missing words | |
| Success = | |
| 80% | _____ |
| 20% | _____ |

Immigrants Moving To Australia Are Four Times More Likely to Become Self-Made Millionaire's Than Those Born Here

Recent reports suggest that immigrants are four times more likely to become self-made millionaires in Australia than those born here.

Immigrants in Australia constitute a significant part of the population that invests in residential real estate. This is due partly to Australia's solid economic conditions, which have led to a robust increase in direct foreign investment.

Considering that most wealth in Australia has been made via real estate and not the stock market, it sheds light on why immigrants are becoming self-made millionaires at a much more rapid rate.

According to RP Data's Home Value Index covering Australia's five big capital cities, Australia's housing market reached a trough in May this year. Since then, dwelling values have risen 2.5% across the capital cities.

Australian Bureau of Statistics housing finance approvals data showed that housing finance rose by 5.7% for the year. This means more people are getting set to buy properties.

The ABS also reveals that the Australian population is growing by 1.49 per cent per annum. Additionally the high rate of migration indicates that the future of Australia is likely to be more densely populated.

Motivational speakers such as Zig Ziglar and Nido Qubein also state emphatically that immigrants migrating from a developing to developed country are four times more likely to be millionaires than the locals.

Qubein says it is their values, beliefs and mindset that drives them to success.

The evidence suggests immigrants are more driven and focused on attaining wealth and thus choose to migrate to areas that can offer that opportunity.

Success Traits

There are several traits that define the success of immigrants, the two most important are work ethic and lack of resource.

Work ethic

One of the reasons for my early success was that I grew up on a rural farm in Northern NSW near Glen Innes. The farm life exposed me to a strong work-ethic; a similar ethic adopted by those who travel to new lands to seek their fortunes. This mindset to put in their best effort often defines financial success.

Building Resources

Also moving to a large city like Sydney from a small rural community is in its own way akin to the experience of migration.

Those moving to a big city or a foreign country more often than not lack sources, contacts or strings to pull. In order to establish a successful life they need to build their base independently and start from scratch.

The necessity of starting again allows people to keep an open mind and recognise opportunities when they are presented to them – this includes investment opportunities.

Dealing With Uncertainty

There is a direct correlation between the amount of uncertainty a person can deal with and the level of economic success he/she will achieve; success demands the ability to be comfortable with uncertainty and risk taking.

It appears as if a large number of Australians want complete certainty, something they commonly term as security.

For instance, many people aspire to have a secure job. The problem with this is many secure jobs offer limited potential. It is a similar mindset when talking about investments. Most choose to invest only if the returns are guaranteed. This doesn't make sense when you take into account the large number who gamble, buy lotto tickets and try 'get rich quick' strategies that ultimately result in losses.

The Unit

Immigrants tend to work together as a family and are willing to start at the bottom and work their way up.

Many who migrate to Australia often hail from developing countries where they encounter more poverty than a regular Australian can ever imagine. The contrast often instils a healthier perspective that makes them realise how lucky they are to live in a country like Australia.

On the other hand, many Australians take for granted the advantages of living in Australia and fail to recognise the potential for success.

Australia is the lucky country and few people here have experienced the extreme poverty faced by those living amongst third world populations. It is imperative that Australians recognise what they have and the opportunities in front of them.

A Wealthy Attitude

There is no need for extreme cynicism towards the wealthy; in fact building wealth should be embraced. The problem is that many people relate wealth building to some sort of scam. The other problem is the reliance in this country on welfare to solve problems. Welfare has its place, but it should not be used as an excuse to stop building wealth. There is no need to be cynical or jealous (although these attitudes are being perpetrated by the government and bodies such as ASIC and ATO who seem on a mission to besmirch the reputation of business owners).

An unhealthy relationship with money and a disdainful attitude towards the successful is likely to hold back an individual's progress. Making money is not merely a stroke of luck— it requires immense psychological training and the establishment of a positive mindset that is conducive to attracting wealth.

I have noticed that immigrants have a high degree of success because they pay attention, adapt the strategies and most importantly they follow through by taking action.

3

THE WORLD OF MONEY

My millionaire mentor believed just that a few people, somewhere between 500 and 1,000 families, own the world. These families also own the governments, societies, banking systems, and all the financial institutions.

Some of the things you will learn in this chapter include:

- Why, if you have been conditioned for hard work and struggle, you will attract 'more hard work and struggle', and the ways to change this conditioning
- How to change your wealth conditioning
- Why the way that you feel about yourself can determine your income
- Do you charge enough for your time and services?
- How to be spiritually comfortable being rich
- Why you should avoid the cheap and discounted products and only buy quality if you want to be rich
- Why as children we can grow up thinking it is bad to become wealthy
- Why if you are negative you will repel money

When I first started looking at how to overcome my financial situation I came across the work of an English man, Stuart Wilde.

His work taught me some very valuable lessons in mastering money. He shared some esoteric concepts that improved my ability to attract money into my life. His belief is that it is not necessary to become a millionaire, or become immensely wealthy, but it is important to have enough money to go through the physical plane to buy those experiences that you need for yourself and for your loved ones.

Like my millionaire mentor, he also opposed the concept of working hard, struggling and forcing money into one's life. The way he taught me to understand esoteric money was simply to raise my energy to have more life force, more power.

Stuart Wilde wrote, "... when you do that, people will be pulled to you. People will show up. They are going to crawl over the walls and under the doors, they are going to lower themselves in through the ceiling. They will be there. And when they show up, what you have to do is bill them. You have to have a way of billing these people so you can basically make money and that means being organised, having a product or service, or something that you can give to these people when they show up in your life."

Although it was a different and humorous way to explain wealth creation, after a while I realised it made sense and it was not very different to what my

millionaire mentor had been teaching me. If you raise your energy and have all these people showing up and then have no way to bill them, then obviously you will not have the abundance you want in your life.

He said that when you look at the universe, or physical plane you can see that it was not designed for people to be rich. If we divided all the wealth up in the world, among all the people, everyone would be a millionaire. The system, however has been designed so that only a few people have the wealth. To pull yourself out of the system you need to put in a certain amount of transcendent energy.

My millionaire mentor reminded me of something Wilde wrote, "Imagine if you could go to work and in one week could earn \$2 million. Now you think, on Friday, I will retire. The system is not designed like that. The way it is designed is that if you work really, really hard it will spit out just enough cash to keep you just above what I call the revolution level. You know, where you are not out in the street tearing the system apart, but they have fed you just enough to keep you going so that you do not blow away the system."

My millionaire mentor believed that just a few people, somewhere between 500 and 1,000 families own the world. These families also own the governments, the societies, the banking systems, and all the financial institutions. I could not understand or believe it at first, but I now believe it is possible. You will discover later that there is a lot of compelling evidence to show exactly that. They decide virtually everything for you. They also decide how much money the average man in the street will have. If you own a small business then you are trading in an energy pattern of control and restriction.

My millionaire mentor believed just a few people, somewhere between 500 and 1,000 families own the world. These families also own the governments, the societies, the banking systems, and all the financial institutions.

These controls ensure that the average person will not become too self-empowered and start to take away control from these families. If the people around you are in the same situation, only earning just enough to survive and you can only earn money from the energy of those people, then they are not going to have any disposable income to buy your product. So you can see how everybody is affected by the system.

Wilde also reminded me that, "The world is not designed for the people. It is designed to keep the institutions up, it is designed to keep the philosophies up, and is designed to support the governments. You as ordinary working people are always sent the bill. You get to pay for everything. If there is a mistake you get to pay for it. If there is some kind of disaster you pay for it."

Let's Consider Changing Our Wealth Conditioning

I learned the only way you can get out of the system and its conditioning is to have a will that is stronger than the will that is trying to control you. My millionaire mentor went on to tell me, "Our societies do not teach us power. We are conditioned to believe we are weak and we should have guilt. We are supposed to support everything else, by sending money to everyone else, and that if we do too well, we will be considered evil, greedy and corrupt."

That simply is not true. The universe is absolutely abundant. It will give you anything that you believe in and more.

Another story from Wilde illustrates this. "You only have to look at nature. Look at a cherry tree or an apricot tree. It has more apricots or cherries than you can ever eat. When you look at it, it has that splendid abundance that appears naturally.

"If a man designed an apricot tree, it would have two iddy biddy apricots at the top of the tree and they would be out of reach and a little stale. You would have to have permission to climb it. When you got there a third of the apricots would belong to somebody else and eventually you would wind up with just the pith and a little bit of apricot. That is how the system is designed."

You can see he has an elaborate way of explaining things but it helped me grasp the world of money in a whole new light, causing me to see the bigger picture of the way money works.

I could relate to what he was saying because I experienced being in this circle of activity first hand, when my business was going broke. The fighting, kicking, clawing and the ripping off many did to others was in a bid for them to make money! Now, I believe as he does, that making money should be a more fluid and simple activity by moving into a pattern that allows wealth to flow to you naturally.

When you scratch and bite to get money it is almost like your wealth means someone else's poverty.

On the other hand if you choose the more fluid approach you allow others in the universe to share your energy and from your wealth they become richer.

There is no limit to how much is out there, nor is there a limit to how much money you can have. There are millions of opportunities for cash with no effort at all. Your wealth is not going to financially constrain anybody else because we are not living in a finite world. There is always an ever expanding amount of wealth.

Why Many Children Grow Up Feeling Guilty About Becoming Wealthy.

Stuart Wilde wrote:

The way we teach our children disengages them from money. It discourages them from having wealth because we condition them that it is wrong to be wealthy. Our language is made up of hundreds of proverbs that illustrate this conditioning. For example, 'The meek will inherit the earth'. But of course, that is not true. The universe is neutral; it is not emotionally involved with how much money you have or do not have. If you are doing well financially then your wealth will help others because you will be contributing to the community, spending money and hiring people. You are actually helping the world by becoming powerful.

So if you imagine a small baby, it is lying there constantly recording information. It has been born to parents who think working hard is honourable.

This child begins to record the belief patterns of its parents and it has no volition to stop it. In other words the baby has no control over what information they record. So if the mum and dad are fighting over the rent, that is in their subconscious mind.

If the mother is into saving and clipping coupons with a big stack of them in the kitchen, what is going on inside the baby's mind is, 'If I do not save coupons, there will not be enough to eat'.

Now, I am not saying that you should waste stuff, because I do not agree with that, but the main idea is we take on the concepts of our

environment. This is because often our fathers and mothers came out of a generation when there was a depression, when there was a shortage of money and food, so they are not able to express a more fluid understanding of money.

Today, we are living in one of the largest and fastest moving capitalist societies in the world. There are millions and billions of dollars circulating at any one time and we still take on these ridiculous beliefs that have been handed down through the ages.

"We adopt thought processes like, 'A stitch in time saves nine, and a penny saved is a penny earned'. We take on that mentality and then wonder why as we go out as young adults into the work force, we begin to project these thoughts and feelings into the universe. It then begins to reflect back to us exactly what we believe. If we had been conditioned that we need to work hard and struggle, it gives us back hard work and struggle.

Wilde explained what we need to do is to break free of these negative energy patterns surrounding us. "For you to get out of this energy pattern you have to push against it. You have to literally force yourself to be in control of the money that you make and to master that money.

And the mastery of money for me is, as I said, not necessarily becoming very, very wealthy, but being in control so you spend less than you earn and you earn enough to buy all the experiences that you are ever going to want on the physical plane.

Why you can be spiritual and rich at the same time

He also pointed out that very often we are taught that you cannot have money and also be spiritual. It is interesting though, that when you meet a person that is truly spiritual, they will have a lot of energy and so automatically they will have a lot of money.

Wilde wrote, "In the olden days, say in 500 BC, it was fine for a person to withdraw, go up the mountain and sit under the Ban Yan Tree to contemplate upon the light of God. But you were not born then. You are here; you are in commerce, travel and making things happen.

"It is a totally different society. I feel you could transcend by pulling out and sit on a mountaintop, but once you had the power, you would have to come back down into the physical plane and do something with it. So the

philosophies that came out of poverty, seeing it as beautiful and seeing it as righteous, came out of a time when there was not anything to do.”

Why You Repel Money If You Are Negative

In essence, we need individuals that are preparing to push against the system without confronting it. As Wilde wrote:

The system will never look after you. It is not designed to. The feelings you are resonating can change moment by moment. If you feel negative, you begin to create energy that pulls to it the same type of energy. So if you are negative you will pull to you someone else who is equally negative. If you are negative you will pull energy patterns that are disastrous. It may start as something small, like the car will not start, or the handle comes off the bathroom door.

But over time suddenly the whole energy pattern begins to break up around you and things become much worse until your whole life collapses around you.

Unless you are projecting this everlasting supply from within yourself and projecting it powerfully and strongly, then you get into the habit of holding on to your energy, holding on to that power. It is the same way with money. If you feel confident about it, it begins to be there. It becomes natural. But you can not come from a state of limitation and poverty to instantly receiving absolute abundance.

You need to allow yourself the patience to go beyond your old conditioning and begin to accept the feelings of abundance that desire. However, you need to be careful, because a lot of people begin to think, 'Oh, yeah, all I have to do is act abundant, act powerfully, act transcendent, buy a lot of stuff, buy a lot of fancy clothes and abundance will come to me'.

In fact what you have got to do is begin to see abundance in the things that you already have. It is not a matter of going out and spending a lot of money on imported clothes, then being in debt, because the very fact that you are in debt is going to pull you backwards. Instead, we need to see beauty and abundance in what is around us already.

As you begin to become more and more confident, and you have more and more surplus income, you will begin to create affirmations of abundance in your feelings that actually affirm that you are doing well. Then you can go out and buy a good suit or dress and a fine pair of shoes.

Why You Should Buy Quality, Not Cheap Discounted Products

As a result of what I was learning, I always knew that I should buy the very best that I could possibly afford, but buy less of them. Wilde shared a great story that underlines this strategy.

If you go for the cheap, the cheerful and the discount, it always has that energy. I remember my wife once bought this vacuum cleaner from a used machinery shop; you know one of those places where they sell used appliances.

She was very proud of herself because she got this thing for \$15! So she wheeled in this vacuum cleaner and it looked like a \$15 vacuum cleaner. In fact, to me it looked like she had been ripped off \$15.

She plugged it in and there was this limp little bag hanging on the back of this thing. I mean it was just holding on for grim death and I said, 'Don't you think that bag is supposed to be full of air, abundant and pleased with itself?' she said, 'Yes, I think you are right.'

So she started to vacuum this room and the vacuum cleaner made a decent kind of noise, but you could see that nothing was coming up off the carpet. As it went over dust and pieces of paper it just jumped up and then went back down again. I thought, 'This is not a very effective way of vacuum cleaning the carpet.'

Then as she was wheeling this stupid thing around, the wheel came off and as it came off it created this sort of very, very gentle curve as it went around the carpet and came in to this semi-circle around the other side of the room.

As the wheel went round the room it did pick up a little bit of dust on the wheel, which was natural. I looked at it and thought, 'Oh, this is how this vacuum cleaner works! It fires little wheels that pick up

microscopic bits of dust. The moral of the story is that, if you buy something at a discount, if you buy the cheap and cheerful that is the only energy you will ever have.

What if how much money you make was linked directly to how good you feel about yourself?

Another great concept I learned from Wilde, is that the amount of money you make is directly linked to how you feel about yourself. Since we were born, we have vied for love, attention and acceptance from the people around us. When we translate this need into the marketplace we have a tendency to charge less for our products and services or not charge anything at all just to win peoples' acceptance.

If you do not want peoples' acceptance then you just go about your life and what other people think about you is their problem, you can begin to charge what you like for your services.

If you sell your products and services with energy and love you are selling a higher ideal and there is no limit to what you can charge. I know when I first started in business, I worried about charging my clients until I remembered what Wilde had said:

So often you will do an incredible job for someone and they will come up to you and say, 'How much do I owe you?'

You will say, 'No, no I do not need any money.' But, what you are really saying is, 'If I do this for absolutely nothing will you love me?' Or you have said, 'Yeah, okay it should normally be \$100 but just give me \$20 and that will be enough.'

This is a way of expressing that you are not feeling confident about yourself when you sell something to somebody. When you give them a service or do something for them in a commercial act, you actually love them.

For example, if you are a hairdresser and you do someone's hair for them, then you are saving them from actually doing it themselves, you are helping them feel good about themselves and probably listening to all their problems at the same time! When you transfer goods and services to people it is a way of loving them. So if you love them, is there anything wrong with them loving you back by giving you their money?

Do You Charge Enough?

How much should you charge? Wilde says, "If you have come out of energy and dedication and you have come out of service there is not any limit to how much you can charge within reason.

I do not believe in rip off or overcharging but I certainly do not believe in undercharging."

So many people do not charge enough. They do not charge enough for their labour and they do not charge enough for their products. This comes from the poor self-image that people have: "Oh gosh, I am not really worthy of all of this. They are not going to love me if I charge so much."

But in fact, when you can see the transactions you are involved in as energy, then you are not involved in the emotions of how much something costs.

The fact is, the more quality that you put into something the more you can charge. At the top end of the scale you can charge anything you want. The aim is to put yourself and your energy into your commercial endeavours.

Personally, I have been into shops or hotels where the whole energy of the place is flat. Nobody seems to want to serve you. Nobody really cares. You do not really want to spend your hard-earned money in such an establishment. But when you are served by a person who is enthusiastic and happy and they are willing to put their heart and soul into the product, I do not mind, I feel the energy and that inspires me.

As Wilde wrote:

Isn't it so true? As you go out into the world you find mediocre restaurants, mediocre hotels, mediocre airlines, mediocre everything. You walk in the door and the staff cannot even be bothered with you. They are not organised and they are not interested in what you want. You get this feeling of 'I am not a customer, I am not a person' and as a result you do not buy or limit the amount that you will buy. There is not anything more required than just performing an act of service. When you can subjugate your ego and put yourself in the mind of the customers, then it is not difficult to figure out what they are going to want.

Almost invariably, your customers are going to want to be comfortable. They are going to want you to serve them quickly. They

are going to want your product or service to work. They are going to want value for money and they may want more than one way of paying for your product or service.

My millionaire mentor talks a lot about the systems that control us. So if we are going to master money, then we will need to understand the history of money's origin and how the systems play the game.

If you do not, you will just keep on playing the game the way the systems want you to play. At the time I had no idea what systems he was talking about. He also told me that these systems were never designed to have the average person become incredibly wealthy. In other words, if we follow the masses and do what the systems condition us to do, we will end up in financial disaster, dead or dead broke at age 65.

I am not necessarily saying it is deliberately designed that way, however it does not matter, as the result is the same. So, how do we change that? First of all we have to look at how the systems play the game and why most people are not going to make it, then we can see what to do differently and you will see how simple it can become.

Up until now, you have been taught by certain systems that the only way to get money is to work for it. However, there is another side to money that most of us have never been taught.

The reason you have never been taught this is because it is not in the best interests of the systems and organisations that control money to tell you the truth about it.

That truth is that money is simply an idea. I often say to people that the cows, horses and sheep on our farm could not give a damn about money. It does not mean anything to them.

It only means something to you and I as humans. The value of money is only an idea that you and I have accepted. In other words, whether you believe it or not, money is literally made out of thin air.

To demonstrate what I am talking about, in the next chapter we will take a look at the history of money, where it comes from and the systems that control it.

The information and ideas you will learn in this chapter will show you how everyday thin air is turned into cash.

Do You Believe In Scarcity Or Abundance?

If you have ever studied economics at school or university, you would have learnt about what is called the scarcity or poverty model. When I was taught economics at university I was told it is the study of scarce resources.

Essentially, there are two different ways of looking at the world. Most people look at it through the scarcity model hence why they lack things in their lives.

In the beginning of this chapter you were introduced to a story about the apricot tree and the reality that there is abundance in the world. If we look once again at the 'Law of Opposites' and realise that most people in the world see life through the scarcity model, then we can see immediately that the abundance model is the opposite mindset that we should adopt.

I look at the world and see abundance, and that is probably why I have an abundance of things in my life. Isn't it interesting?

But that was not always the case. I used to think that for someone to be rich they must take from others, in other words, they win and someone else loses.

I thought, "I am not like that, I want to help other people, but still do well at the same time." If I was going to become wealthy I wanted to feel good about it, not become wealthy from being someone who rips people off.

At this time, my millionaire mentor said, "Jamie, the secret to success in the 21st century has nothing to do with working hard and everything to do with helping others become wealthy in some way. That has always been the key to creating wealth."

He also said that if all the wealth on the planet was divided equally, everyone would be worth close to \$3 million right now, including people in third world countries.

I know it is hard to believe. Would you be happy with \$3 million as a start? Who would not be? I often say to people that if you are not worth \$3 million right now, then basically you are being ripped off.

If \$3 million is not enough for you, then you can rest assured ,knowing that every couple of hours there are several billion dollars being created out of thin air. In fact, a trillion dollars is created in the world over one weekend!

So if you have not acquired your \$3 million yet, let's find out how you are being ripped off and how you can get some of your money back.

Most people are not aware of the abundance theory and they think that the real reason people on this planet are starving is a lack of food. In reality, there is enough food to feed everyone on the planet several times over.

So if it is not the amount of food available, what is it? It is the distribution of food that is the problem, just like money? If you do not have enough, it is not because there is not enough for everyone in the world to be comfortable. It is the distribution of money and who controls it.

There are three major systems that play their part in the control and distribution of money. These are:

1. Government system
2. Banking system
3. Education system.

They all play a part in conditioning us about money that is often detrimental. Once you start to look at the systems you notice some inherent problems. If we know that nearly 96 percent of people end up dead or dead broke, then it is obvious that these systems are highly ineffective at helping the average person attain financial success.

Secondly, these systems were designed in a time that no longer exists. The world is changing so rapidly that the systems just cannot keep up and are outdated.

Thirdly, there is a lot of evidence to suggest - and I challenge everyone to make up their own mind about it - that many of these systems were never designed in the first place for you and I to become incredibly wealthy. So if these systems cannot or will not help us to become wealthy, we need to set our own agenda to become wealthy, because nobody will set it for us.

If we continue to allow the systems to control us, we will end up dead or dead broke and heading for financial disaster - that is where most people are headed.

We could look at these systems, and say, "That is not fair, why don't they change them?"

Let's look at these systems and see what we could do to improve them. When it comes to the government system, you could say, "Enough is enough," and vote for a different political party, but has that ever really changed anything? Or, to get your voice heard at the bank, you could perhaps run a

protest rally outside. Unfortunately none of this is probably going to make a big difference, especially if you are broke and sleeping on a friend's couch like I was.

We can conclude that there is not a lot you can do to change the banking systems right now. Maybe one day if enough people become wealthy with the right intention, these things will change automatically. There are some great books that cover the history of money and expose one of the world's greatest financial deceptions by the US Federal Reserve, the IMF and the World Bank, which continues to this day.

They show exactly how these systems were established, especially the banks and their immense control over the world. It is highly controversial and already there are attempts to prevent the general public from finding out this evidence. For the purposes of this book, we need to look at areas where we have the control to make a difference right now. It is imperative that we begin by regaining our power.

The third system is the education system, which is pretty difficult to change while you are at school, but you can change it when you leave school. If you have not already read a book called, *Rich Dad, Poor Dad*, by Robert Kiyosaki, then I highly recommend you get yourself a copy.

Kiyosaki talks about is a concept that school is designed to teach us how to work for money. In other words, we are taught how to get a job.

Nowhere in our school life are we taught how to have money work for us.

Isn't it interesting? In other words, we are taught only one part of the equation and not the other. The basic concept of how to have money work for us could be taught to 10 year-olds at primary school in a one-hour session. It would make a big difference in their life. Kiyosaki also says, "The other thing to understand is our education system has planted seeds of failure, frustration and financial disaster in our societies." Unfortunately, we see evidence of it everyday.

Before *Rich Dad, Poor Dad*, Kiyosaki wrote a best selling book titled, *If you want to be rich and happy don't go to school*. Although the title may suggest otherwise, Kiyosaki is not against education. In fact, being the son of a teacher and being a teacher himself, he is all for education. By writing the book, he was really challenging people to question the education system and ask, "If the education system is so phenomenal, why then do most people end up as dismal failures in the financial area of their life?"

Would you not agree that it is a fair enough question?

Kiyosaki also identified that our education system is outdated. It was designed two hundred years ago in the 19th century. So immediately we can see the challenge. If most people have an outdated education, how do they expect to excel in the 21st century?

In this chapter, we have learned how money is just another form of energy. We have also learned about the major systems that control the money supply. Now we need to know how these elite families control the world's money supply and how that affects you.

To assist you further with the strategies being taught in this book I am making available to you a **FREE ONLINE VIDEO**, valued at \$297. The video will explain many strategies in even further detail. Here is a quick outline of what to expect...

- A financial education for life including how to profit financially in the 21st Century as an investor and entrepreneurs.
- Australian property investment strategies including how to acquire wholesale land & property with almost no money down.
- US property investment strategies: how to secure US property with up to 20% gross rental returns, already renovated and tenanted (plus no stamp duty)!
- Why most people fail financially and how to avoid those mistakes.
- Business education for the 21st Century including how to grow a business with zero outlay.

To watch this simply visit
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4 MONEY IS JUST AN IDEA

“The path to success is to take massive,
determined action.”

Anthony Robbins

Fractional Reserve Banking

We have covered the major systems that control money, but where does the money actually come from in the first place? Previously, one of my mentors mentioned that 500 to 1,000 families control most of the world's money supply. When I first heard that I thought, "That can not really be true! Could it? I mean, how could that be possible?" Sounds like a conspiracy theory.

When I did my own research into the history of money and how it is controlled, I realised how it was actually possible for a small minority of people to virtually control the wealth of the entire world. It is so critical if we are going to master this thing called money that we know more about it than what we are taught at school and university or by our local media.

Many people believe that governments print money, which is true. Governments do print some of it. Most of us would think that is what the government is for - to create money. When we look into history and study money, the fact is that governments only print a very small fraction of it. In fact, you would be amazed at what really goes on. The banking system creates about 99 percent of the world's money supply. The government only creates a fraction of the money supply. So how does this affect you?

The few families that control the world's money supply can determine what we pay for virtually everything. How is it possible for a select few families to have this control? Simple! Throughout history, these families have controlled the money supply and my research found that they maintained control over governments and citizens. One example was the Rothschild family. By the early 19th century, they and their allies used fractional reserve banking techniques to dominate the central banks in the UK, USA and France.

However, the concept of fractional reserve banking did not start there; it began in medieval England around 1024 A.D. with the moneychangers. They were not considered bankers as such, but were generally goldsmiths. They started storing other people's gold in their vaults. On receipt of this gold, goldsmiths issued gold deposit receipts to the owners. This was the advent of paper money.

Paper money became popular because it was more convenient and safer to carry than gold. People then no longer needed to visit the goldsmith regularly to collect their gold to purchase something.

To simplify the process receipts were eventually made out to the bearer making them easily transferable, without the need for an endorsing signature. This broke the tie to any identifiable deposit of gold. Over time the goldsmiths became aware that most depositors never returned for their gold. At this time they started to lend out some of the gold that was entrusted to them and kept the interest earned from the loan. They then started to print more gold deposit certificates than gold they had in reserve.

They discovered they could lend out this extra paper money and charge interest on it as well. This was the birth of fractional reserve lending or in other words lending out more money than reserves you have on deposit.

Really, it was the beginning of an elaborate scam that continues to this day. If you and I should commit such acts, we would be jailed for fraud.

Would you agree then, that it is definitely in the bank's best interest for you to deposit your money with them? Remember at school, not only were we conditioned to work hard, but the bank also came around to encourage us to open an account and regularly deposit money into it. Now I have nothing against savings, but isn't it interesting that at a young age I was conditioned that the safest place to put my money was in the bank? Let's look at whether it really is the best place for us to put our money.

Modern day fractional reserve banking works in the same way as when the goldsmiths first started it. For example, if we put \$1,000 in the bank tomorrow, the bank is legally able to loan out a lot more than the \$1,000 you have deposited. The amount of leverage it can get depends on the type of bank you deposit your money into and its liabilities ratio.

Since 1984, trading banks have been able to loan out 18.3 times the money they have on deposit, and savings banks and building societies up to 32.8 times. Therefore, for each \$1,000 deposited, the bank is able to loan out \$32,000 plus. From this example, you can see how money is created and expanded. Not all banks do this, usually just the larger central banks. Some banks just buy money from other banks at one rate and sell it at a higher rate. If the bank loans your \$1,000 out 32.8 times at 10 percent they would earn \$3,280 p.a. This interest rate could vary anywhere between 5 percent and 10 percent for a mortgage and up to 16 percent for a credit card. The interest you would get in return would be around 3 percent-6 percent. For this example, let's be generous and say you earned \$60 on your \$1,000, i.e., 6 percent. You then pay tax to the government and are left with about \$45. In essence, the bank has

risked nothing and earned \$3,220. So you can see that the money is usually made by the bank, rather than the depositor. Wouldn't you like to be a bank?

Who sets the bank's liability ratio? Generally, there are rules and regulations that to some degree are set by the government.

Most people would assume that the government, given that it should be representing the people, should regulate that figure in the best interest of the people. However, there is a tremendous amount of money at stake when it comes to 'fractional reserve banking' and the Centrally Controlled Banks (CCB) can wield a lot of influence over politicians or entire governments to have the regulation set at a level that they prefer.

If the banks have only a small fraction of reserves, what would happen if everybody wanted to withdraw their money? The truth is if everyone demanded their money, the banks would run out before they had even paid out 3 percent of their customers. This is because the account holder's funds no longer physically exist as they have been loaned out so many times. The banks have little or no reserves. Essentially they are giving you fake money but because everyone accepts it, they can keep creating more of it, without actually earning it like we have to. Through the Fractional Reserve System, they effectively create counterfeit money and get away with it, yet you and I would go to jail if we did the same thing. Is it any wonder the banks own the tallest buildings in every city?

So, how does a small minority of the world's population gain control of the money supply and why is this of concern to us?

There are two major players in the money game. The first is what we call a Centrally Controlled Bank. CCBs are owned and controlled by a small number of families and individuals. The second player is the US Federal Reserve. Now with a name like the US Federal Reserve you would think it was a government organisation designed for the people. If you asked the average Australian or American, most people would assume that it is a government organisation. However, if you look it up in the Yellow Pages, guess where it is listed? Not under government; it is listed in the commercial area where all commercial businesses are registered, because it is a private organisation.

The US Federal Reserve is a private organisation designed to make maximum profit and does not answer directly to the citizens of the USA. The US Federal Reserve is a name deliberately designed to fool people into thinking it is a Federal Government organisation. It was actually formed out of deceit when

What I Didn't Learn At School But Wish I Had

the US Federal Reserve Act was railroaded through a carefully prepared Congressional Conference Committee meeting.

The meeting was scheduled when most members were sleeping, on Monday, 22 December 1913, during the unlikely hours of 1:30am and 4:30am. During this time 20 to 40 substantial differences in the House and Senate versions were supposedly described, deliberated, debated, reconciled and voted upon, taking a near-miraculous four to nine minutes per item, at that late hour.

At 4:30am the Committee's prepared report was handed to the printers. Senator Bristow of Kansas, the Republican leader, stated on the Congressional Record that the Conference Committee had met without notifying them and that no Republicans were present or given the opportunity into either read or to sign the Conference Committee report. The Conference report is normally read on the Senate floor. The Republicans did not even see the report. Some senators stated on the floor of the Senate that they had no knowledge of the contents of the Bill.

At 6:02pm on 23 December, when many members had already left the capital for the Christmas holiday, the Bill was hurried through the House and Senate. President Woodrow Wilson signed the Federal Reserve Act of 1913 into law.

The act transferred control of the money supply of the United States of America from Congress to a private banking elite. It is not surprising that a bill granting a few national bankers, a private money monopoly, was passed in such a corrupt manner. This is a perfect example of how governments are only puppets for CCBs.

You may ask, "If governments only print around 1 percent of the money supply, where do they get their money?" The answer is often the International Monetary Fund (IMF), which is largely controlled by the US Federal Reserve, which is the face of many of the CCBs. You often hear about the Federal Reserve making decisions that are going to change the interest rates and you would probably realise that American interest rates have an effect on Australia and the rest of the world.

So, you can see that decisions made by the US Federal Reserve can affect how much we pay for our credit cards, our mortgages and virtually everything because interest rates affect the whole economy.

The IMF loves to loan as much money as possible to governments, especially to third world countries. They do this because governments are a good organisation to loan money to.

Governments have a choice, including the American and Australian Governments. We can print our own money debt free and back it up by our own reserves and not pay interest overseas, or we can borrow money. If the governments want to borrow money, the IMF is only too happy to loan it because firstly, it will be guaranteed security from the taxes imposed on its citizens. The IMF knows that the government can increase taxes to pay back that loan. So the IMF is fairly certain that it will be repaid. Secondly, if the country cannot get enough money from its citizens, they know that a country has assets. If a country cannot afford to meet its interest repayments it can then be forced to sell its assets. Now, of course this would never happen in Australia or America, or would it?

Over a number of years the Australian Government has been selling off the assets of any significance in Australia for some time. One such asset to reduce debt was Telstra. The Government promised, as part of its re-election platform years ago, that in return for being allowed to sell Telstra it would completely wipe out the government debt.

At first it sounds smart, does it not? If they can wipe out the debt, the repayment money can then be used to virtually bribe voters to ensure they win the next election. I am sure you know that during an election, governments find out what different sections of the community want and then offer it to them as an inducement to vote for them.

In fact, governments tend to promise voters whatever it takes to win that next election. So you can see these decisions are often made for short-term gain.

Short-term pleasure however, often leads to long-term pain. The result being that if we cash in all our assets to wipe out our debt, and the debt habit has not changed, then the whole country is in financial trouble.

Unfortunately, governments are in the habit of getting into more and more debt. Let's relate this back to you so it makes more sense. If you had a profitable business that brings in money without you needing to be there and you had a credit card bill, which is getting bigger, should you sell your business and lose your income in order to wipe out your debt?

In the short-term it looks great because you have eliminated the debt. Only now you still have the same habit of getting into debt, so you run up a huge bill on your credit cards again. However, now you have lowered your income and have less left to sell to wipe out the new debt.

The result being that you are now going to have to work harder for someone else to earn money to pay it off. If you are the government you simply send the bill to someone else in the form of increased taxes. Guess who that someone else is? Generally the middle class, everyday Australians are the section of the community that gets the biggest tax bill.

Australia has been described as one of the highest taxed nations in the world.

If taxes go up in a country, then there is less wealth for the individual of that nation and their standard of living decreases.

Running a country is in some ways very similar to running a business. If that is the case, then you can see that politicians need to understand how to run a business successfully because they need to have the same mentality to run a country.

Unfortunately, many of our politicians have no real-life experience of running a successful business.

Let's look at the challenges this situation creates. We will use Australia. What happens if the government borrows a lot of money? Firstly, the country becomes impoverished because of the higher debt. This leads to higher taxes to pay back the debt, with lower wealth for citizens and the sale of national assets. This then results in the need to encourage investment in Australia by foreign companies, leading to high levels of foreign ownership.

Recently, I was skiing in Whistler, Canada. Whenever I go to a new country I like to read the newspapers to study the economics of other countries. In Canada, the government controls the majority of newspapers and foreigners are only allowed to own up to 25 percent. Is that the same as in Australia or America?

The interesting thing is that in Canada foreign ownership levels have increased from about 22 percent to 27 percent and Canadians are getting a little bit nervous.

They are beginning to think that maybe foreign ownership is creeping up too much. The mentality is, "We do not mind the money but we do not want to sell

off our whole country." In Japan, the USA and the UK, foreign ownership levels are all less than 11 percent.

It surprised me that these countries are worried about foreign ownership levels. So, do we dare ask the politicians of Australia how high our foreign ownership levels are? These figures are actually meant to be published regularly, but for some strange reason they have been hidden over the last four or five years. Could it be that the government is a little bit concerned about the average Australian finding out how much of their country has actually been sold?

Many experts are stating that foreign ownership is now between 70 and 90 percent and in the not too distant future, it is predicted that Australia will be virtually all foreign owned. Not that there is anything wrong with controlled foreign investment, but should we be concerned at this extremely high level?

In the short-term, foreign investment means our standard of living increases, because there is an influx of money flowing into the economy. Foreign investment creates jobs, Australians get to work for the foreign owned companies and take home a wage. But where do the profits go?

Do they stay in Australia or do they go back to the companies that invested here? Obviously, if foreign companies are going to invest in Australia they are going to expect to make a profit and there is nothing wrong with that, but these profits mostly go offshore in some cases with minimal tax paid.

As a result the standard of living in Australia in the future may start to fall. We are now only rated the 30th wealthiest nation in the world and we used to be rated number one. There are countries that were once rated as third world countries that now have a higher ranking of wealth per capita than Australia, i.e. Singapore.

I am amazed that a tiny country like Singapore with no natural resources can buy out large Australian companies. It is a classic example of Singapore outperforming Australia as investors and savers.

I am amazed that a tiny country like Singapore with no natural resources can buy out large Australian companies. It is a classic example of Singapore outperforming Australia as investors and savers.

There is another country that used to be as wealthy as Australia that is now ranked 33rd and classified as a third world country – it is Argentina.

I am not suggesting that we have their problems, but we must not become too complacent living in Australia. Luck may be running out for the 'lucky country', unless of course we all decide to do something about it.

Hopefully this book will help achieve that, at least in some way. So, what has this got to do with you? I believe that if people were educated about these challenges they would want to help overcome them and ensure the long-term future of their country.

The best place to start is with our own financial wealth. We need to take a look at what we are doing in our own lives.

Are we running up excessive bad debt, cashing everything in to wipe out the debt and then repeating that pattern?

In Australia we tend to think that everything is fine and we have not yet felt the full effects of the decline in our standard of living. But once we run out of things to sell, there will be no fall back position especially if China's growth has a sudden interruption caused perhaps by a Chinese Property crash.

Australia is very fortunate that it has large amounts of natural resources and the rise of China ensures Australia is likely to boom until 2050. However, Australian governments have the habit of spending our new found wealth as fast as we make it – a habit that needs to change. We need to preserve our bounty, the fortunate result of being loaded with natural resources, by putting it aside into a Sovereign Wealth Fund.

The wealth of a nation is determined by the wealth of the individuals of that nation.

The Australian Government has already sold off most of our last large remaining assets such as Telstra. This could explain why the government had to introduce a new tax system called the GST.

If the Government knows that we cannot sell much more to raise the revenue, the only place left to get revenue is from the people. The GST is a broad-based tax designed to target the Australian people. But, will it tax the rest of the wealth in the country like the foreign owned interests? Well, that is a different question.

To run Australia as a business in 2013/14 cost over \$420 billion dollars a year. Australia is a very profitable business, so when we are told the economy in Australia is going really well that's great. But it is a pity we do not own most of it so that we can share in it. Australians now only own approximately 9 percent of corporate Australia.

As we only own 9 percent, wouldn't be fair that we only pay 9 percent of the tax and the remainder should be paid by the foreign interests that own the other 91 percent? I mean, if they make most of the money, isn't it only fair that they pay most of the tax? The reality of the situation is quite the opposite.

Australians actually pay the majority of the tax. Companies majoritively owned by foreign organisations contributed less than 9 percent of the total \$262 billion in tax revenue in 2006-07.

I hope this helps you understand why Australians pay such a high level of tax. Someone has got to pay the bill and they know where you live so to speak - so you get sent the bill.

But it is not all doom and gloom! The good news is that you can become wealthy despite the current tax system and the country's foreign debt and economic challenges. It does not matter what they are doing in Canberra - you can still get the results you want. The important thing to remember is not to be disempowered by what the systems are creating. By understanding that, we can take control of our own financial situation and eventually change those systems to make them fairer for everyone in the future.

The consequences of not implementing some type of solution to escalating levels of debt is that the CCBs will continue to do what they are doing, which will create such poverty that it could lead to a major economic collapse (I first wrote this in 2002. It's ironic that in 2008 we faced a Global Credit Crisis.

As nations become poorer and poorer, they will have less and less money to spend on products and services. These countries will become so impoverished that they are not going to be able to buy products to sustain their people and everyone will eventually lose. This has happened repeatedly, throughout our history.

The second solution is to completely reform the world's monetary system to remove the power from the private bankers. That means taking power from the US Federal Reserve and IMF, and putting it back into the hands of the nation - that is, governments elected by the citizens of the nation. (If these things had

occurred when I first wrote this book, the world would not be facing the Global Credit Crisis it faced in 2008 which has been found to be caused by the excessive lending practices of US banks with inadequate reserves and the failed monetary system the Federal Reserve Controls.)

This may mean the complete elimination of the IMF, the World Bank, and the World Trade organisation, or at least some major restructuring to force transparency and make them accountable to individual citizens of nations. After all, it is collectively our money and wealth they are taking. I would not be the first or last person to suggest such major changes.

Central banking could still continue as it provides competition to governments having complete control over money.

It also comes back to personal solutions for ourselves, over which we can take control. We have the power to change our own situation. After looking at the bigger world solutions, which we may or may not be able to directly influence, the question I had to ask myself was whether I have ever been guilty of running up a lot of bad debt like the government does.

I realised that I have been guilty of this in the past. We have to look at the things under our control. If we are getting into a lot of bad debt, then we are contributing to the debt of the nation. We are contributing to the declining wealth in our country.

On the other hand if we become wealthy and manage our debt, then our nation becomes wealthier. So I often say to people, "If you do not have enough reasons to become wealthy for yourself, then just know that your entire country depends upon your decision to become wealthy."

In other words, if you fail to become wealthier and your wealth decreases, then everyone is worse off, especially yourself. We are all linked. If there are people in our country or in the world suffering, it means we will all suffer to a degree.

The CCBs also use their power to influence the media. In fact, a few years ago in the USA, three quarters of majority shareholders of ABC, CBS, NBC and CNN were banks. The power to influence the media has been reported since early last century, and the following is an example from the 1917 USA Congressional Record.

In March 1915 the JP Morgan interests were steel, ship-building and powder. Their subsidiary organisations got together 12 men high up

in the newspaper world and employed them to select the most influential newspapers in the USA. They found it was only necessary to purchase the control of 15 of the greatest papers. An agreement was reached; the policy of the papers was bought to be paid for by the month; an editor was furnished for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies and other things of national and international nature considered vital to the interests of the purchasers.

Another interesting example of media control comes from John Swinton, the former Chief of Staff of the New York Times and "the Dean of his profession". He was asked to make a toast before his peers of the New York Press Club. He responded with the following statement:

There is no such thing as an independent press in America, if we except that of little country towns. You know this and I know it. Not a man among you dares to utter his honest opinion. Were you to utter it, you know beforehand that it would never appear in print.

I am paid one hundred and fifty dollars a week so that I may keep my honest opinion out of the newspaper for which I write. You too, are paid similar salaries for similar services. Were I to permit that a single edition of my newspaper contained an honest opinion, my occupation - like Othello's - would be gone in less than twenty-four hours. The man who would be so foolish as to write his honest opinion would soon be on the streets in search of another job.

It is the duty of the New York journalist to lie, to distort, to revile, to toady at the feet of Mammon, and to sell his country and his race for his daily bread - or, what amounts to the same thing, his salary. We are the tools and the vessels of the rich behind the scenes. We are marionettes. These men pull the strings and we dance. Our time, our talents, our lives, our capacities are all the property of these men. We are intellectual prostitutes.

If you would like to do some of your own research into who controls the world's money supply, I highly recommend the website:

www.themoneymasters.com where you can order the DVD called *The Money Masters*.

It will change your perception of the world and help you understand why certain things are currently happening in the world such as the global credit crisis and the so called 'war on terror'.

You can see how difficult it is to convey accurate information in our society. One vehicle assisting with freedom of speech and the accurate dissemination of information is the internet.

The internet is one source that the major systems have not yet figured out how to control. However, as I write this, the Government is trying to come up with ways of doing just that. Nevertheless, the internet has already created massive change in the 21st century and I believe will continue to do so. In fact, in late 2011, I won a landmark case against Google which the media and many professors, academics and lawyers worldwide believed at the time would become a precedent case to make the internet more fair and accurate for the benefit of freedom of speech.

I have shared a brief insight with you on the world's monetary system to assist you in the bigger picture of how you fit into the world structure. I could write a whole book on this topic (I am actually in the process of it), but for the purpose of this book, I just wanted to give you a brief idea of the way money works in a global sense.

Now you know where money comes from and how the systems create it out of thin air. To tap into this thin air for yourself and excel financially in the 21st century, you will need to gain some new 21st century skills and strategies. In order to do this you will need to find out exactly what a 21st century education is and how to go about accessing one.

5 WHAT'S CAUSING THE GLOBAL CRISIS?

Why the world's financial system and the US banks were on the verge of collapse and what to do about it.

How international bankers gained control of America.

This chapter was written in 1998, almost ten years before the global credit crisis and the subprime problems. In hindsight it provides fascinating reading and an insight into why the world's financial system and the US banks are on the verge of collapse and how international bankers gained control of America.

This edited version was extracted from the revised and updated book of the video, *The Money Masters: How International Bankers Gained Control of America*, produced by Patrick S. J. Carmack for Royalty Production Company, Colorado, USA.

The US Federal Reserve

There was a time when to ask someone for whom he worked was considered somewhat insulting, as it implied he was an incompetent, incapable of gainful self-employment. But now, property ownership (net wealth) is not a general feature of our society, as it largely was until the Great Depression. Rather, net debt and complete dependence on a precarious wage or salary at the will of others is the general condition.

Since the exercise of freedom often includes using material objects such as books, food, clothing, shelter, arms, transport, etc., the choice and possession of which requires some wealth, we are forced to admit that the general condition of Americans is one of increasing dependence and limitations on freedom.

Since the turn of the century, it has occurred throughout the world a major increase in debt and a major decline in the freedom of individuals and states to conduct their own affairs. To restore a condition of widespread, modest wealth is therefore essential to regaining and preserving our freedom.

Why are we over our heads in debt? Why can't politicians bring debt under control? Why are so many people (often, both parents) working at low-paying, dead-end jobs and still making do with less? What's the future of the American economy and way of life? Are we headed into an economic crash of unprecedented proportions?

Larry Bates was a bank president for eleven years. As a member of the Tennessee House of Representatives, he chaired the Committee on Banking and Commerce.

He's also a former professor of economics and the author of the best-selling book, *The New Economic Disorder*. He has this to say about our future prospects:

I can tell you right now that there is going to be a crash of unprecedented proportions - a crash like we have never seen before in this country. The greatest shock of this decade is that more people are about to lose more money than at any time before in history, but the second greatest shock will be the incredible amount of money a relatively small group of people will make at the same time. You see, in periods of economic upheaval in periods of economic crisis, wealth is not destroyed - it is merely transferred.

Former US presidential candidate Charles Collins is a lawyer and a banker who owned banks and served as a bank director. He believes we'll never get out of debt because the Federal Reserve ('the Fed') is in control of our money. To quote Collins:

Right now, it's perpetuated by the Federal Reserve making us borrow the money from them, at an interest, to pay the interest that's already accumulated. So we cannot get out of debt the way we're going now.

Economist Henry Pasquet is a tenured instructor in economics. He agrees that the end is near for the US economy:

No, not when you are adding roughly a billion dollars a day. We just can't go on. We had less than one trillion dollars of national debt in 1980; now it's \$5 trillion - five times greater in fifteen years. It doesn't take a genius to realise that this just can't go on forever.

The problem is that the US has one of the worst monetary systems ever devised: a central bank that operates independently of the government, which, with other private banks, creates all of our money at a parallel amount of interest-bearing debt. That's why we can never get out of debt.

And that's why a deep depression is a certainty for most US citizens, whether caused suddenly in a severe economic crash or gradually through continued relentless inflation. The Fed is creating it to enrich its private shareholders - just as it deliberately created the Great Depression of the 1930s.

The Federal Reserve headquarters is in Washington, DC. It sits on a very impressive address on Constitution Avenue, right across from the Lincoln Memorial. But is it 'Federal'? Is it really part of the United States Government?

Well, what we are about to show you is that there is nothing "Federal" about the Federal Reserve- and there are no reserves. The name is a deception created before the Federal Reserve Act was passed in 1913 to make Americans think that America's new central bank operates for public interest.

The truth is that the Fed is a private (or, at best, quasi-public) bank owned by private national banks, which are the shareholders, and run for their private profit. As economist Henry Pasquet noted:

That's exactly correct: the Fed is a privately owned, for-profit corporation which has no reserves - at least no reserves to back up the Federal Reserve notes which are our common currency.

As author Anthony C. Sutton noted:

The Federal Reserve System is a legal private monopoly of the money supply, operated for the benefit of the few under the guise of protecting and promoting the public interest.

If there's any doubt whether the Federal Reserve is a part of the US Government, check your local telephone book. It's not listed in the 'government' blue pages. It is correctly listed in the 'business' white pages, right next to Federal Express, which is another private company. But more directly, US courts have ruled that the Fed is a special form of private corporation.

Let's take a look at the Fed shareholders. According to researcher Eric Samuelson, as of November 1997 the Federal Reserve Bank of New York (which completely dominates the other 11 branches through share ownership, control and influence, having the only permanent voting seat on the Federal Open Market Committee and handling all open market bond transactions), has 19,752,655 outstanding shares and is majority-owned by two banks: Chase Manhattan bank (now merged with Chemical Bank), with 6,389,445 shares or 32.35 percent; and Citibank, NA with 4,051,851 shares or 20.51 percent. Together, those two banks own 10,441,295 shares or 52.86 percent - which is majority control.

While majority ownership conclusively demonstrates effective control, it is not critical to control - which is often exercised in large, publicly traded corporations by blocks of as little as 25 percent, and even two percent when the other owners hold smaller blocks.

One of the most outspoken critics of the Fed in Congress was Louis T. McFadden (R-PA), the Chairman of the House Banking and Currency Committee during the Great Depression years. In 1932 he said:

"We have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board ... This evil institution has impoverished ... the people of the United States ... and has practically bankrupted our government. It has done this through ... the corrupt practices of the moneyed vultures who control it."

Senator Barry Goldwater was a frequent critic of the Fed:

Most Americans have no real understanding of the operation of the international money-lenders ... The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and ... manipulates the credit of the United States.

What one has to understand is that from the day the Constitution was adopted, right up to today, the folks who profit from privately owned central banks like the Fed, or, as President Madison called them, "the Money Changers", have fought a running battle for control over who gets to issue America's money. Why is *who* issues the money so important? Think of money as just another commodity.

If you have a monopoly on a commodity that everyone needs, everyone wants and nobody has enough of, there are lots of ways to make a profit and also exert tremendous political influence. That's what this battle is all about.

Most Americans have no real understanding of the operation of the international money-lenders ... The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and ... manipulates the credit of the United States.

Throughout the history of the United States, the money power has gone back and forth between Congress and some sort of privately owned central bank. The American people fought off four privately owned central banks before succumbing to the first stage of a fifth privately owned central bank during a time of national weakness: the Civil War.

The founding fathers knew the perils of a privately owned central bank. First of all, they had seen how the privately owned British central bank, the Bank of England, had run up the British national debt to such an extent that Parliament had been forced to place unfair taxes on the American colonies. In fact, Ben Franklin claimed that this was the real cause of the American Revolution.

Most of the founding fathers realised the potential dangers of banking and feared bankers' accumulation of wealth and power. Thomas Jefferson put it this way:

I sincerely believe that banking institutions are more dangerous to our liberties than standing armies. Already they have risen up a money aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs.

Jefferson's succinct statement is in fact the solution to most of our economic problems today.

James Madison, the main author of the Constitution, agreed. It is interesting that he called those behind the central bank scheme 'the Money Changers'. Madison strongly criticised their actions:

History records that the Money Changers have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling money and its issuance.

The battle over who gets to issue our money has been the pivotal issue through the history of the United States. Wars have been fought over it. Depressions have been caused to acquire it. And yet, after World War I this battle was rarely mentioned in newspapers or history books.

Media Complicity

By World War I, the Money Changers with their dominant wealth had seized control most of the US Press.

In a 1912 Senate Privileges and Elections Committee hearing, a letter was introduced to the Committee, written by Representative Joseph Sibley (PA), a Rockefeller agent in Congress, to John D. Archbold, a Standard Oil employee of Rockefeller. It read in part: ***An efficient literary bureau is needed, not for a day or a crisis but for permanent healthy control of the Associated Press and kindred avenues. It will cost money but will be cheapest in the end.***

The press is the mass media of America today. Press control and later, electronic media (radio and TV) control were seized in carefully planned steps, yielding the present situation in which all major mass media and the critically important major reporting services, which are the source of most news stories, are controlled by the Money Changers.

A few years ago, three-quarters of the majority shareholders of ABC, CBS, NBC and CNN were banks - such as Chase Manhattan Corp., Citibank, Morgan Guaranty Trust and Bank of America. Ten such corporations controlled 59 magazines (including *Time* and *Newsweek*), 58 newspapers (including the *New York Times*, the *Washington Post* and the *Wall Street Journal*), and various motion-picture companies, giving the major Wall Street banks virtually total ownership of the mass media with few exceptions (such as Disney's purchase of ABC).

Only 50 cities in America now have more than one daily paper, and they are often owned by the same group. Only about 25 percent of the nation's 1,500 daily papers are independently owned. This concentration has been rapidly accelerating in recent years and ownership is nearly monolithic now, reflecting the identical control described above.

Of course, much care is taken to fool the public with the appearance of competition by maintaining different corporate logos, anchorpersons and other trivia, projecting a sense of objectivity that belies the uniform underlying bank ownership and editorial control.

This accounts for the total blackout on news coverage and investigative reporting on banker control of the country.

Nevertheless, throughout US history, the battle over who gets the power to issue our money has raged. In fact, it has changed hands back and forth eight times since 1694, in five transition periods which may aptly be described as 'Bank Wars' (or, more precisely, 'Private Central Bank vs American People Wars'), yet this fact has virtually vanished from public view for over three generations behind a smoke screen emitted by Fed cheerleaders in the media.

Until we stop talking about 'deficits' and 'government spending' and start talking about who creates and controls how much money we have, it's just a shell game, a complete and utter deception. It won't matter if we pass an ironclad amendment to the Constitution mandating a balanced budget. Our situation is only going to get worse until we root out the cause at its source.

Our leaders and politicians, those few who are not part of the problem, need to understand what is happening and how, as well as what solutions exist. The government must take back the power to issue our money without debt.

Issuing our own debt-free money is not a radical solution. It's the same solution proposed at different points in US history by men like Benjamin Franklin, Thomas Jefferson, Andrew Jackson, Martin van Buren, Abraham Lincoln, William Jennings Bryan, Henry Ford, Thomas Edison, and numerous congressmen and economists.

Though the Federal Reserve is now one of the two most powerful central banks in the world, it was not the first. So where did this idea come from? To really understand the magnitude of the problem, we have to travel across the Atlantic.

The Money Changers In Jerusalem

Just who are these Money Changers to whom James Madison referred? The Bible tells us that, 2,000 years ago, Jesus Christ twice drove the Money Changers away from the Temple in Jerusalem. Apart from when the Temple Guards were forced to the ground in the Garden of Gethsemane, these were the only times Jesus used physical violence. What were Money Changers doing in the Temple?

When Jews came to Jerusalem to pay their Temple tax, they could only pay it with a special coin, the half-shekel of the sanctuary. This was a half-ounce of pure silver, about the size of a quarter. It was the only coin around at that time which was pure silver and of assured weight, without the image of a pagan Emperor.

Therefore, to Jews, the half-shekel was the only coin acceptable to God. But these coins were not plentiful. The Money Changers had cornered the market on them; then raised the price - just as with any other monopolised commodity - to whatever the market would bear.

In other words, the Money Changers were making exorbitant profits because they held a virtual monopoly on money. The Jews had to pay whatever they demanded. To Jesus, this injustice violated the sanctity of God's house.

Money-Changing In The Roman Empire

But the money-changing scam did not originate in Jesus' day. Two hundred years before Christ, Rome was having trouble with its Money Changers.

Two early Roman emperors had tried to diminish the power of the Money Changers by reforming usury laws and limiting land ownership to 500 acres. Both were assassinated. In 48 BC Julius Caesar took back from the Money Changers the power to coin money and then minted coins for the benefit of all.

With this new, plentiful supply of money, he built great public works. By making money plentiful, Caesar won the love of the common people. But the Money Changers hated him. Some believe this was an important factor in Caesar's assassination.

One thing is for sure: with the death of Caesar came the demise of plentiful money in Rome. Taxes increased, as did corruption.

Eventually the Roman money supply was reduced by 90 percent. As a result, the common people lost their lands and homes - just as has happened and will happen again in America to the few who still own their own land and homes.

The Goldsmiths Of Mediaeval England

The Chinese were the first to use paper money, known as 'flying money' (a kind of banker's draft), in AD 618-907. In about AD 1000, private Chinese merchants in Sichuan province issued paper money known as *jiao zi*. Due to fraud, the right to issue paper money was taken over in 1024 by the Song dynasty, which then issued the first government paper money.

About that same time, Money Changers - those who exchange, create and manipulate the quantity of money - were active in mediaeval England. In fact, they were so active that, acting together, they could manipulate the English economy.

These were not bankers *per se*. The Money Changers generally were the goldsmiths. They were the first bankers because they started keeping other people's gold for safekeeping in their safe rooms, or vaults. The first 'paper' money in Western Europe was merely a receipt for gold left with the goldsmiths, made from rag paper. As the ditty goes:

Rags make paper; paper makes money; money makes banks; banks make loans; loans make beggars; beggars make rags.

Paper money caught on because it was more convenient and safer to carry than a lot of heavy gold and silver coins. As a convenience, to avoid unnecessary trips to the goldsmiths, depositors began endorsing these gold deposit receipts to others, by their signature.

Over time, to simplify the process, the receipts were made out to the bearer, rather than to the individual depositor, making them readily transferable without the need for a signature. This however, broke the tie to any identifiable deposit of gold.

Eventually, goldsmiths noticed that only a small fraction of the depositors or bearers ever came in and demanded their gold at any one time. Goldsmiths started cheating on the system. They began by secretly lending out some of the gold that had been entrusted to them for safekeeping, and keeping the interest earned on this lending.

Then the goldsmiths discovered that they could print more money (i.e., paper gold-deposit certificates) than they had gold, and usually

no one would be any wiser. Next, they discovered they could lend out this extra paper money and collect interest on it.

This was the birth of 'fractional reserve lending' - that is, lending out more money than you have reserves on deposit. Obviously it was fraud, often specifically outlawed once understood.

The goldsmiths began with relatively modest cheating, lending out in gold deposit certificates only two or three times the amount of gold than they actually had in their safe rooms. But they soon grew more confident and greedy, lending out four, five and even ten times more gold certificates than they had gold on deposit.

So, for example, if \$1,000 in gold were deposited with them, they could lend out about \$10,000 in paper money and charge interest on it, and no one would discover the deception. By this means, goldsmiths gradually accumulated more and more wealth and used this wealth to accumulate more and more gold.

It was this abuse of trust - a fraud - which after being accepted as standard practice, evolved into modern deposit banking. It is still a fraud, coupled with an unjust and unreasonable delegation of a sovereign, government function - money creation - to private banks.

Today, this practice of lending out more money than there are reserves is known as 'fractional reserve banking'. In other words, banks have on hand only a small fraction of the reserves needed to honour their obligations. Should all their accountholders come in and demand cash, the banks would run out even before three percent had been paid. That is why banks always are in dreadful fear of 'bank runs' this is the fundamental cause of inherent instability in banking, stock markets and national economies.

The banks in the United States are allowed to lend out at least ten times more money than they actually have. That's why they do so well on charging, let's say, 8 percent interest. But its not really 8 percent per year, which is their interest income on money, the government issues: it's 80 percent.

That's why bank buildings are always the largest in town. Every bank is, *de facto*, a private mint (over 10,000 in the US), issuing money as loans, for nothing, at no cost to them except whatever interest they pay depositors.

Rather than issue more gold certificates than they have gold, modern bankers simply make more loans than they have currency cash! They do this by making book entries, creating loans to borrowers out of thin air (or, rather, ink).

To give a modern example, a \$10,000 bond purchase by the Fed market results in a \$10,000 deposit to the bond-sellers account. Under a 10 percent (i.e., fractional) reserve, the bank need keep only \$1,000 in reserve and may lend out \$9,000. This \$9,000 is ordinarily deposited by the borrower in either the same bank or in other banks, which then must keep 10 percent (\$900) in reserve but may lend out the other \$8,100.

This \$8,100 is in turn deposited in banks which must keep 10 percent (\$810) in reserve but then may lend out \$7,290, and so on. Carried to the theoretical limits, the initial \$10,000 created by the Fed is deposited in numerous banks in the banking system, giving rise (in roughly 20 repeated stages) to an expansion of \$90,000 in new loans in addition to the \$10,000 in reserves.

In other words, the banking system, collectively, multiplies the \$10,000 created by the Fed by a factor of ten. However, less than one percent of the banks create over 75 percent of this money. In other words, a handful of the largest Wall Street banks create money as loans, literally by the hundred billion, charging interest on these loans and leaving crumbs for the rest of the banks to create.

But because those crumbs represent billions, too, the lesser bankers rarely grumble. Rather, with rare exceptions they too, support this corrupt system.

In actual practice, due to numerous exceptions to the 10 percent reserve requirement the banking system multiplies the Fed's money creation by several magnitudes over ten times (e.g., the Fed requires only three percent reserves on deposits under approximately \$50 million, and no reserves on Eurodollars and non-personal time deposits).

To return to the goldsmiths ... They also discovered that extra profits could be made by 'rowing' the economy between easy money and tight money.

When they made money easier to borrow, then the amount of money in circulation expanded. Money was plentiful, and people took out more loans to expand their businesses. But then the goldsmiths would tighten the money supply and make loans more difficult to obtain.

What would happen? Just what happens today, a certain percentage of people could not repay their previous loans and could not take out new loans to repay the old ones; therefore they went bankrupt and had to sell their assets to the goldsmiths or at auction for 'pennies on the dollar'.

The same thing is still going on today, only now we call this up-and-down rowing of the economy the 'business cycle', or more recently in the stock markets, 'corrections'.

Another 19th century French commentator put it this way: ***There is but one power in Europe, and that is Rothschild.***

There is no evidence that the Rothschild's predominant standing in European or world finance has changed. To the contrary, as their wealth has increased, they have simply increased their 'passion for anonymity'. Their vast holdings rarely bear their name.

Author Frederic Morton wrote that the Rothschilds had: ... ***conquered the world more thoroughly, more cunningly, and much more lastingly than all the Caesars before ...***

The Battle of Waterloo, 1815

This episode aptly demonstrates the cunning of the Rothschild family in gaining control of the British stock market after Waterloo.

In 1815, a year after the end of the War of 1812, Napoleon escaped his exile and resumed to Paris. French troops were sent out to capture him, but such was his charisma that the soldiers rallied around their old leader and hailed him as their Emperor once again. Napoleon returned to Paris a hero. King Louis fled into exile and Napoleon again ascended the French throne - this time without a shot being fired.

In March Napoleon equipped an army which Britain's Duke of Wellington defeated less than 90 days later at Waterloo. He borrowed five million pounds from the Ouvad banking house in Paris in order

to rearm. Nevertheless, from about this point on, it was not unusual for privately controlled central banks to finance both sides in a war.

Why would a central bank finance opposing sides in a war? Because war is the biggest debt-generator of them all. A nation will borrow any amount for victory. The ultimate loser is lent just enough to hold out the vain hope of victory, and the ultimate winner is given enough to win.

Besides, such loans are usually conditional upon the guarantee that the victor will honour the debts of the vanquished. Only the bankers cannot lose.

The site of the Waterloo battlefield is about 320 kilometers northeast of Paris, in what today is Belgium. There Napoleon suffered his final defeat, but not before thousands of Frenchmen and Englishmen gave their lives on a steamy summer day in June 1815. On that day, 18th of June, 74,000 French troops met 67,000 troops from Britain and other European nations. The outcome was certainly in doubt. In fact, had Napoleon attacked a few hours earlier, he would probably have won the battle.

But no matter who won or lost, back in London Nathan Rothschild planned to use the opportunity to try to seize control over the British stock-and bond market. The following account is hotly disputed by the Rothschilds.

Rothschild stationed a trusted agent, a man named Rothworth, on the north side of the battlefield, closer to the English Channel. Once the battle had been decided, Rothworth took off for the Channel. He delivered the news to Nathan Rothschild a full 24 hours before Wellington's own courier.

Rothschild hurried to the stock market and took up his usual position in front of an ancient pillar. All eyes were on him. The Rothschilds had a legendary communication network. If Wellington had been defeated and Napoleon was loose on the Continent again, Britain's financial situation would become grave indeed. Rothschild looked saddened. He stood there motionless, eyes downcast. Then, suddenly, he began selling.

Other nervous investors saw that Rothschild was selling. It could only mean one thing: Napoleon must have won; Wellington must

have been defeated. The market plummeted. Soon, everyone was selling their consols - their British government bonds and other shares - and prices dropped. Then Rothschild and his financial allies started secretly buying through agents.

Myths, legends, you say? One hundred years later, the *New York Times*, ran a story, which said that Nathan Rothschild's grandson had attempted to secure a court order to suppress a book containing this stock market story. The Rothschild family claimed the story was untrue and libelous, but the court denied the Rothschilds' request and ordered the family to pay all court costs.

What's even more interesting about this story is that some authors claim that the day after the Battle of Waterloo, in a matter of hours, Nathan Rothschild and allied financial interests came to dominate not only the bond market but the Bank of England as well. (An interesting feature of some consols was that they were convertible to Bank of England stock.)

Intermarriage with the Montefiores, Cohens and Goldsmiths - banking families established in England in the century before the Rothschilds - enhanced the Rothschilds' financial control. This control was further consolidated through the passage of Peel's Bank Charter Act of 1844.

Whether or not the Rothschild family and their financial allies seized outright control of the Bank of England (the first privately owned central bank in a major European nation, and the wealthiest) in this manner, one thing is certain: by the mid-1800s, the Rothschilds were the richest family in the world, bar none.

They dominated the new government bond markets and branched into other banks and industrial concerns worldwide. They also dominated a constellation of secondary, lesser families, such as the Warburgs and Schiffs, who allied their own vast wealth with that of the Rothschilds. In fact, the rest of the 19th century was known as the "Age of Rothschild". One author, Ignatius Balla, estimated their personal wealth in 1913 at over two billion dollars.

Keep in mind, the purchasing power of the dollar was over 1,000 percent greater then than now. Despite this overwhelming wealth, the family has generally cultivated an aura of invisibility.

Although the family controls scores of banking, industrial, commercial, mining and tourist corporations, only a handful bear the Rothschild name. By the end of the 19th century, one expert estimated that the Rothschild family controlled half the wealth of the world.

Whatever the extent of their vast wealth, it is reasonable to assume that their percentage of the world's wealth has increased dramatically since then, as power begets power and the appetite there for.

But since the turn of the century, the Rothschilds have carefully cultivated the notion that their power has somehow waned, even as their wealth and that of their financial allies increases and hence their control of banks, debt-captive corporations, the media, politicians and nations, all through surrogates, agents, nominees and interlocking directorates, obscuring their role.

Economic History, Capitalism and Communism

The philosopher, social scientist, historian and revolutionary, Karl Marx, is probably the most influential socialist thinker to emerge in the 19th century. Although he was largely ignored by scholars in his own lifetime, his social, economic and political ideas gained rapid acceptance in the socialist movement after his death in 1883.

The original ideas of Marx have often been modified and his meanings adapted to a great variety of political circumstances. The fact that Marx delayed publication of many of his writings means that only recently have scholars had the opportunity to appreciate Marx's intellectual stature.

This particular quote from Marx in his book, *Das Kapital* written in 1867, has incredible foresight and piquancy:

"Owners of capital will stimulate the working class to buy more and more of expensive goods, houses and technology, pushing them to take more and more expensive credits, until their debt becomes unbearable. The unpaid debt will lead to bankruptcy of banks, which will have to be nationalised, and the State will have to take the road which will eventually lead to communism."

6

WHAT IS A 21ST CENTURY EDUCATION?

“Common sense told me that to excel in the 21st century one needed an education designed for today's world; that is what I call a 21st century education.”

Jamie McIntyre

The object of this chapter is to highlight the five crucial components of a 21st century education including how to become financially intelligent.

Now you understand the concept of how money is made out of thin air by the systems and how the families that control the money do this every day. These concepts are important stepping-stones to a 21st century education. When I first began to understand these concepts, I started to say, "Maybe if I want to excel in the 21st century I need more than the formal education I received in the 20th century (which was actually created in the 19th century)."

Common sense told me that to excel in the 21st century one needed an education designed for today's world; that is what I call a 21st century education.

It is obvious those who have a 21st century education are more likely to excel than those who do not.

What I started to look for were solutions and different ways to take back control of my finances and my life. Many people want to change the world, but we can never change things on the outside unless we first change things inside ourselves. Then our world automatically changes.

When I first looked at the idea of getting a 21st century education, I faced a couple of challenges. My first question was, "What exactly is a 21st century education?", my second, "How do I go about getting one?"

Now, you can ring your local educational college and say, "I am reading a book at the moment which says that in order to excel in the 21st century, I need to have a 21st century education. Can I please enrol as a matter of urgency in the next 21st century education course?"

They will probably say, "What are you on? What are you talking about? We are still in the 19th century here, please do not rush us - you will need to take a number!" So, how do we get this 21st century education?

To be honest, the investment over the last eighteen years for me to acquire a 21st century education, has been rather expensive - in excess of \$100,000, though the return on that investment has been phenomenal! I am not suggesting that you have to invest \$100,000 to develop your 21st century education. With the advent of the information age, it is much easier to do that. I admit that I was worried when I was attempting to borrow \$25,000 to start acquiring a 21st century education, when I did not even have the money to cover the rent the next week. But I was focused on developing a millionaire's

mindset and a real life education. If you get that first, then the rest will fall into place.

In this chapter I will give an overview of the components that make up what I call a 21st Century Education. Then the following sections in the book will cover each of these areas in detail.

There are five major components of a 21st Century education:

1. Emotional Intelligence
2. Financial intelligence
3. The four key skills:
 - i) Creative thinking
 - ii) Negotiating
 - iii) Communicating
 - iv) Marketing
4. Results, Purpose, Action (or RPA)
5. Designing your life

What Is Emotional Intelligence?

How do you define emotional intelligence? Rather than reacting to life as most people do, emotional intelligence is the ability to consciously respond to a situation rather than react under the influence of our emotions at that time. Unfortunately, we cannot control everything that happens in the world.

However, I have found that most people do not consciously respond to life, but subconsciously react to it driven by their habitual emotional patterns. In other words, whatever happens in their life they will react to it.

You may have heard before that “**emotion is created by motion**”. One of my mentors, Anthony Robbins, explained to me that every emotion you feel has a very specific physiology connected to it.

What I mean by physiology is your posture, breathing, facial expressions and patterns of movement. The problem is that most people limit themselves to only a few habitual patterns of physiology that result in them experiencing no more than say ten different emotions on a weekly basis.

These physiology patterns after a while, run automatically and begin to dictate the emotional states we live in. Unfortunately, most of the ten emotional states we live in are negative and will not serve us on our path to

success. Examples of this are: doubt, fear, uncertainty, worry, frustration, anger, disappointment, anxiety and stress.

So if we are going to be emotionally intelligent human beings and improve our chances of being successful in the things we want most, rather than reacting unconsciously, we must once again do the opposite. We want to make a conscious decision about how we will respond to a situation.

Unconscious Reaction versus Conscious Response is the essence of emotional intelligence at a basic level. If we take the example of being madly in love, when the relationship ends you may be emotionally distraught and perhaps devastated at the loss?

Most people would have experienced a broken relationship at some time in their lives. It can leave you emotionally devastated. I know because it has happened to me and I lost all my motivation.

My heart was shattered into a million pieces. In that state of mind, I was definitely reacting to what was happening. But looking at that same experience five or ten years later, what I thought was a crisis at the time turned out to be the best thing that could have happened. For instance, if my old girlfriend did not dump me way back then, as devastated as I was, I would never have attracted more ideal relationships.

Now I am glad it ended, even though at the time I thought my life was virtually over and I could not imagine overcoming the loss.

This is true for relationships, jobs, businesses and even a financial crisis. The question is, **“What has happened to change our perspective of that same event?”**

Initially we have reacted: we may have been devastated by the event and some people stay in that state for a month, a year, some for the rest of their lives; they never recover from it. Others, over a given period of time, can look at things differently.

Applying emotional intelligence means you do not need to wait 12 months, or five years or a lifetime to be able to look back at a particular experience, look at it differently and choose a different response. Emotional intelligence shortens the gap. We never really want to have crisis in our lives, but sometimes it does happen. Instead of reacting and being devastated by it, what if in that moment we could choose to look at it differently?

It is not what happens to us in life, it is how we react to it and the meaning we associate with that particular event. Some people say the reason they are not successful is because of a particular event that happened in their lives.

A different person may experience exactly the same event, and see it as the reason why they are successful today - the same experience but two completely different outcomes.

Everyone, no doubt, would remember exactly where they were the moment they heard about the planes crashing into the World Trade Center towers in New York on September 11, 2001.

That was a tragic event that caused massive reaction worldwide. I, like most people, initially went into a state of shock. Often this turns into a state of denial. We think it cannot be true, it must be a movie or a hoax we are watching on television, hoping the next day we wake up and everything will be fine.

If we are not careful we can then go into a state of fear and become paralysed, creating tremendous doubt and uncertainty about the future of the whole world, which is understandable. But these are all reactions, no doubt natural reactions for humans. After that, we may begin to attach meanings to what had happened.

Some people begin to attach the meaning that the world is over, this is the beginning of the end and be paralysed by terror and refuse to go to work, refuse to fly ever again, just sit at home and go completely into their shell. But if we are going to be emotionally intelligent, even though it is not easy, reacting in a state of fear and terror, is giving our power away.

As more intelligent individuals, after the initial shock, denial and natural terror, we should begin to ask ourselves what can we do? What are some things we can do immediately to help the people who have been affected by this situation. Can we research and find out who was really behind such an attack to help ensure it doesn't happen again?

Can we give blood? Can we send donations? Can we pray for the people? To be emotionally intelligent, the important thing is the meaning we now attach to the situation. Do we now attach a meaning that life as we know it is over and the world is doom and gloom and we can never live life as we know it? Or do we attach a different meaning about what has happened, why has it happened and what can we do about it?

I think the greatest danger is that many people feel helpless, that they cannot do anything and that is not a good state to be in. They should be thinking what can we do? Initially we can donate blood and help people in that way, but then we have to look at the bigger picture.

A very important step here is getting the right perspective, because the media has blown this totally out of perspective. It is tragic that some 3,000 people were virtually murdered on that day, but if we put it into perspective, in other parts of the world more than 3,000 people die every single day from other tragic events. Because we are not focused on that, we are not aware of it and we do not feel the immense pain of that situation, despite that fact that there are people starving and cruelties occurring somewhere else in the world. It is where we focus that we notice.

The ability to focus on a particular event can always distort our perspective and the media, unfortunately, is very good at this. We must put things into perspective and the question is what shall I, as an individual, do about this situation? Am I going to be disempowered by this for the rest of my life or am I going to say, 'this has happened and now I am going to be more committed to being a better person and enjoy my life while I can and help make a difference so that this may never happen again'?

I think some of the great things that came out of this unfortunate tragedy were that the world united as one, they all felt the pain, united on what to do to eliminate terrorism and considered what we had possibly done that could have indirectly contributed to the event. Are there people suffering in the world that maybe we have overlooked or have not paid enough attention to or perhaps done enough to try to assist?

It made people look differently and realise that there are people starving and suffering, often due to civil wars. Then, ultimately if they are suffering, we are all going to suffer unless we can help to change things, as difficult as that may be.

Personally, rather than feeling disempowered by this, I became more committed and asked myself what I could do to help improve the world's monetary system.

Realising that citizens being unaware of those that are controlling and influencing global events have a big part to play, I considered what I could do to attempt to influence the system and create positive change.

What can I do to give more to charity? What can I do to reach out and contact people to let them know how much I care about them while I am alive

and have that opportunity? Also, to appreciate the freedom and wonderful things I have in my life. Do we live life in fear and never fly again? Many people said to me, you are crazy for still flying. I happened to be in Africa at that time and then London shortly thereafter, where there was a lot of fear that London might possibly be the next target for attack.

The best thing we can do to help is to go about our normal lives, get on a plane and do not cancel things as it just makes the situation worse. If we allow ourselves to be controlled by fear it will only become worse. We must stand up and expose those benefiting from such tragic events and hold them accountable.

So, the question for you is how did you react to the September 11 attack? Did you choose to put it into perspective and choose what we call emotional intelligence? In other words, did you react to that in a way that is going to empower you to become more and assist in a positive way? If there are enough people on the planet doing that, then we are collectively all better off. While we are on this topic I would like to share a story that was relayed to me by Anthony Robbins, one of the world's leading success coaches and presidential advisors. At the time of the World Trade Center terrorist attack, he was in Hawaii conducting his Life Mastery seminar events. Anthony was at the beginning of the second day of a nine-day event.

The second day covers the topic of emotional intelligence. The day before the towers were struck, he had started the seminar by asking his audience, how would you live your life differently if you knew you only had days or weeks left to live? He asked them to think about what they would do differently, what was most important, who they would call, what they would appreciate, and how they would value their lives differently?

He talked about this the whole night and one lady stood up in the seminar and said, "You know just hearing what we have been talking about here tonight and what you are saying Anthony, has made me realise something. Just before coming along to the seminar my long term boyfriend had asked me to marry him and because I lost my husband under tragic circumstances many years ago, I was not over that yet. I told him no. I felt like he was putting too much pressure on me and I was not ready to commit to marriage at this point in time. I was going away to Life Mastery to really focus on myself. He had made an ultimatum to me that if I was to go away to Life Mastery then that was it, it was over between us."

So they parted, as quite often happens, in a heated dispute. After Anthony's talk, she realised what was most important to her made a decision that she wanted to accept his proposal of marriage. So after the seminar that night, she phoned.

Obviously it was a different time zone in New York where he lived and all she got was his work voice mail. She left a message saying she had been doing some thinking and wanted to let him know how much she loved and cared for him and that she would be delighted to accept his proposal to get married, and that she could not wait until she got back. The very next morning was when the World Trade towers were struck by the two planes.

She obviously found this out the next day. There were about 500 people in the seminar who were from New York and many people had workmates, family and friends working in the building when the disaster struck.

She shared her story the next day, obviously devastated about what had happened. The morning that her boyfriend had gone to the World Trade Center, he checked his voice mail and heard her message. He was so happy he immediately phoned back, but because of the time difference she only received a voice mail. He was saying how unfortunate it was that they would probably never see each other again.

He said, "You may not be aware that the building has just been struck by a plane and is on fire, and it does not look like we will get out of here. I would just like to let you know I received your message and it meant so much to me that you agree to marry me and love me. It is the happiest day of my life and I will die a happy man knowing that you have said yes."

Quite a tragic story, but it really makes you realise how much we take life for granted knowing that we may only have hours, days or weeks or years left to appreciate it.

Another example I will use is my own financial crisis. People who have gone bankrupt and been in a lot of debt have jumped out of windows and killed themselves, because they have linked massive pain to staying alive and facing their reality. I have been in a very similar situation; I had two options to choose from, dead broke or dead, and at one stage dead was sounding attractive, or at least a whole lot easier.

I chose to look at it in a different way and not use my financial crisis as an excuse but a reason to be successful. I had to become a lot more emotionally

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intelligent and with the help of my millionaire mentor I began to look at my situation differently. As difficult as it was at that time, I actually had to ask myself what was great about my situation.

I look at it now and I am so glad it happened, because if it didn't, then I would not be where I am today. So often things that we think are bad turn out to be good. Have you ever noticed that in life?

What we need to look at is how we take control in the moment to respond to something rather than react to it. We cannot control what happens out there in the environment around us, but we can control what happens inside of us. So what we are looking for is how to create certainty in our lives.

The way we want to do that is by taking control of what meaning we attach to events. Whether it is a good thing or a bad thing is all interpreted by our choice.

There is a story of a man called Victor Frankel who survived the WW2 concentration camps. He talks about how being locked up in a concentration camp was one of the worst things that could ever happen to a human being.

However, he realised that although he could not control the conditions surrounding him such as virtually being beaten to death, starved or being taken outside in the freezing snow, stripped naked and left there, one thing he could control was his emotions and what meaning he attached to them.

When many people were hoping to die because they could not handle the pain, he looked at it differently. He believed that no matter how much he was beaten into submission, that inside he chose to remain free and therefore his freedom could never be taken away. That took a lot of courage and a lot of power and he survived better than many others. Victor Frankel took charge of the resources he had, despite how bad it was inside those concentration camps.

Hopefully, most of us will never have to go through that; however, we will endure other crises in our lives. So are we going to live with a sense of certainty or live with the fear of something bad happening one day?

We do not want to live in fear with the mentality of, "I do not want to put the effort into a relationship in case it ends, or become wealthy in case I lose it, or what is the point of trying as the world as we know it may end." We want to have a sense of certainty no matter what happens.

Today I live with a complete sense of certainty that it does not matter what happens or what is taken away from me. I know what I have within me is everything I need to succeed. That inner sense of certainty is something that cannot be taken away unless I allow it.

So this is what I mean by emotional intelligence on a higher level. We are going to respond, as opposed to react, to life by asking different questions. It does not matter what happens, we choose how we interpret it. We need to ask, "What is great about this situation?"

Even if the worst things happen, we will still find the good in it. I cannot stress enough the importance of mastering emotional intelligence.

There is a lot to understand, which is why I have dedicated several chapters in this book to help you develop the millionaire mindset. With your newly acquired emotional intelligence you will be more than capable of putting any financial strategy into practice, along with mastering other areas of your life.

What Is Financial Intelligence?

Financial Intelligence is something that Robert Kiyosaki, author of *Rich Dad Poor Dad*, talks about. Without it, we are forced to follow the path that most people take, which we have seen very often leads to financial disaster. So, if we are to become financially intelligent we need to know exactly what it is and how to go about it. I am going to suggest that if you want to excel in the 21st century you need to have money work for you, not just work for money.

That is an important part of our education. Who would have gone to a lesson on financial intelligence if they taught it at school? If the teacher had said, "Instead of having our usual lesson today on Algebra, we are going to have a lesson on how to have money work for you, so when you leave school, if you do not like working for someone else, you do not have to." Most people would have gone to that lesson and I know that would have been one lesson I would have actually paid attention to.

The following example illustrates the depth of financial intelligence in the Australian population. If we gave every Australian \$10,000 right now, what would happen to that money in twelve months time? Statistics show that 80 percent of Australians would have spent all the money and have nothing left; because this is what most of us have been taught to do, while 16 percent of people would have turned the \$10,000 into \$10,500.

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Where do you think they would have put it, to get such a handsome return? Of course, it has gone straight in the bank! Now, we cannot call either of these categories financially intelligent and those figures make up 96 percent of the population! Less than 3 percent of the population would turn the \$10,000 into as much as \$20,000 inside twelve months. If you can do that you would definitely be considered financially intelligent.

In fact, if you can do that, there is probably no dream on the planet that you could not afford to buy one day that requires up to 100 percent return on your money! The remaining 1 percent of the population can turn that \$10,000 into as much as \$1,000,000 inside twelve months.

Only a small percentage of people reading this book will develop the mindset necessary to one day be able to consistently do that - turn \$10,000 into \$1,000,000 or more. However, the incidence of that happening is becoming much more rapid because of the Internet and dot-com billionaires. That is exciting, but for most people it is not realistic, at least in the short to medium term.

| Exercise 5 | |
|--|-----|
| Fill-in the missing words | |
| Financial Intelligence in 12 months | |
| \$10,000 _____ | 80% |
| _____ | 16% |
| _____ | 3% |
| _____ | 1% |

In order to become financially intelligent, there are a few basic words we need to understand. Imagine we are back at school and we have to understand how to make money work for us, instead of working for it. At school we have a thing called income, which would be our pocket money and then we have expenses. I know back then, my expenses were things like the school tuck shop or canteen. **Expenses are moneys that go out of our pockets.**

There are also things called assets and liabilities. Now, the interesting thing here is, if we apply for a loan at the bank, a credit card, home or car loan, etc., what are some of the things they let you put down as an asset?

You can put down a car, house or furniture. You can also put down your clothes, CD collection, hi-fi and even your television.

Let me ask you another question. Not that we are picking on banks here, but do banks make record profits in Australia? Yes. Does the average Australian make record profits in this country? No. In other words, is it a good idea to follow what the banks let us believe are assets and liabilities if we want to do well financially?

I would say, no. But you need to make up your own mind. There is no right or wrong here. Remember, it is what you choose to believe that is important! I used to say "Well, that is not right!" and my millionaire mentor used to say, **"Do you want to be right, or do you want to be rich? Make up your mind."**

I am glad I forgot about who is right and who is wrong and just decided to become rich.

So what I am going to suggest is that we need to create a new definition of asset that the banks can accept, if we want to do well financially.

The definition that I like to use for an asset is something that makes me money while I sleep, without working. Do you think that would be a good asset if it did that for you? What I wanted in the back of my mind was lifestyle. I wanted the end result. I did not want to get caught up in becoming asset rich and cash flow poor.

I could have created \$10,000,000 in assets but have been cash flow poor and still not had the lifestyle I desired, or I could have just \$500,000 providing me with a cash flow while I slept and be wealthier in quality of life than someone who is worth \$10,000,000 or even \$100,000,000, yet has no cash flow.

I believe we have to think smart in the 21st century. Access to cash and cash flow is important for lifestyle. If you do not like my definition of an asset, you could borrow Robert Kiyosaki's definition which is **"something that will put money into your pocket without the need to work for it"**

What would happen if you stopped working right now? Do you have things that will continue to put money into your pocket? If so, you can put these items in your asset column.

A liability then will be the exact opposite. A liability would take money out of your pocket.

It may be harsh criteria, but if you can understand that, at least it is going to set you up for a great lifestyle.

The great Australian dream is to own your own home. Which one of the systems sells that dream by the way? Of course, it is the banking system. Obviously there is no agenda behind that - or is there? We are going to look at some strategies later which will make the banks love us because we are going to make them lots of money. But you will be on the winning side too, because these strategies will generate plenty of cash flow for you as well.

I believe a win/win relationship is the way the universe works best. There are people that think win/lose is the way to win, but I do not see how that can work long term. To understand how the bank has a different opinion of an asset, consider the following:

If you own your own house, you are living in it and paying it off. Under the bank's definition they would call your home an asset, but under the new definition would we call it an asset or a liability? Unfortunately, I would call it a liability. Obviously, we term it as a liability because it is not making us any money while we sleep; in fact, it is taking money out of our pocket.

Now, if you manage to work very hard and pay that home off and you are still living in it, is it an asset or liability under our new definition? Unfortunately, it is still a liability because it still is not putting money into your pocket. I know it is a tough definition, you do not have to use it, but let's face it, a house will take money out of your pocket if it just sits there.

This typical scenario is exactly why most people, even if they do really well, become asset rich and cash flow poor.

The other area we have to look at is debt. Once I had dug myself out of debt, my goal was to never, ever be in debt again.

When my millionaire mentor heard me say this he said, "Jamie, I can understand why you say that, but if you want to do really well financially, you might want to consider that not all debt is bad."

At first, I didn't want to listen and I said, "There is no way you are going to convince me to go into debt."

He said, "Well, let's see, do you want to make more money while you sleep?"

I said, "Yes" and he said, "You might want to consider a thing called good debt."

There are two kinds of debt. One is bad; most people are familiar with bad debt. This includes purchases that depreciate and have no tax benefits. The classic bad debt that most people have that drops 20 percent in value as soon as they drive it out of the showroom is, of course, a car. Obviously, good debt is the opposite. It is debt that will go up in value, instead of down and ideally has tax benefits. Therefore, we have to become comfortable with debt.

Some people say, they will never go into debt again. But that is a 19th century belief. It is essential, if we are to excel, that we look at debt differently. There is also something I term 'super-duper' good debt. That is debt that you do not have to work hard to pay off. Money can come while you are sleeping to pay it off. Or better still; imagine a debt where you never, ever have to pay it off. Would you agree that is a good debt to have? We will look at this type of debt in later chapters.

Since this talk with my millionaire mentor, I have increased my debt rapidly. I have increased my loading in excess of \$10 million in recent times, whereas I used to be concerned about being a hundred and fifty thousand dollars in debt. In the near future my goal is be able to increase my debt loading by many more millions and continue to grow that every year.

I estimate 50 percent of the people reading this book will be in a position to take advantage of the strategies I am going to share with you in later chapters. I also estimate within 90-180 days, if they applied them successfully, they could be making more money while they sleep than while they work. I base these estimates on the experience tens of thousands of my seminar participants, which represents a typical cross section of people in Australia, America and New Zealand, predominantly the baby boomer those from 45 to age 55 group.

The other 50 percent of readers are quite capable of implementing the strategies too; it may just take them a little longer. I have had **21st Century Education** graduates replace their income the very next day after implementing just one strategy, from our intensive programs.

These stories are real, but due to society's conditioning it is not reality for most people.

However, with a different mindset and a different understanding of money, it becomes possible. If we use the mindset that most of us have been taught - that of working hard, then becoming financially free becomes almost impossible.

Most people who work hard and are wealthy believe they became wealthy from working hard, but in fact the wealth has really come out of thin air. A lot of farmers, like my Dad's example, are worth a lot on paper, and they think it is from hard work, but the increase in the value of their property has come from guess where? Thin air - the capital growth of their properties while they were sleeping, whether they worked hard or not.

For those of you who have not read Robert Kiyosaki's book, I highly recommend his work. He is a very good teacher on the subject of money. What he covers is something I had to learn, which was cash flow management. He breaks the population down into three classes: poor, middle class and rich.

The poor

The poor are told to get a job. If they are lucky they will and that will bring in cash flow. But what they also have are expenses and most of us learned how to spend money rapidly at an early age and at the end of the week or month our pay cheque is gone.

I used to live pay cheque to pay cheque, which would put me in the category of the poor. That is where many Australians are financially.

The middle class

The middle class generally earns a higher income and usually they went to university. The reason most people go to university is so they can get a higher paying job. With that extra income comes a major expense called tax. In other words the more they earn, the more tax they pay to the government.

Did you know the communists created income tax? It is interesting that in our so-called free countries, we are slugged with it. The removal of income tax would solve a lot of society's financial problems.

The government and banking systems know all about making money out of thin air. The middle class also tend to have bigger expenses; the golf memberships, the clubs and they eat at better restaurants, etc.

The middle-class also believe what the banks tell them are assets and liabilities. The banks tell middle class Australians that their house is an asset, but whose asset is it really?

The banks forget to mention to middle-class Australia that it is actually the bank's asset not theirs.

It is the bank that gets money coming into its pocket every month while it sleeps, and they have complete security over the property. From their angle it is a pretty good asset.

The middle-class start acquiring things that are really liabilities; in other words, these purchases start taking away their cash flow.

After a while they buy a bigger house in a better suburb and that usually costs more.

To go with that bigger house, there is another thing that often happens. They can either become wealthy, by just doing the fundamentals of good investing, which is not perceived to be sexy or flash, or they can appear to be wealthy.

For many people, first appearing to be wealthy is actually easier because they can do it straight away.

Many people get caught up in appearing to be wealthy, instead of becoming wealthy.

These people get caught up in appearing to be wealthy and often they will have a nice car that goes with the nice house. Often that nice car is financed, so there is more cash going out. These days anyone can get credit cards, but Mr and Mrs Middle class are VIP clients of the bank.

These are the people they make most of their money from. These VIPs are sent pre-approved credit cards.

After all they have always promised the children they will take them to Hawaii or Disneyland for their holidays, so when the Gold Visa card arrives, they book the family holiday to Hawaii or Disneyland and whack it on the Gold Card, with the intention of paying it off with the next pay rise.

So, you can see how most middle class people do not have a lot of cash flow left over at the end of the month. It does not matter how much is earned, most people think the answer to their financial problems is to earn more. I know people who come to me who earn \$1 million a year plus and they fit into this category.

When I point it out to them, they are not really impressed because sometimes the truth hurts. In other words, they spend more than they earn so they fit into the middle class definition. If we want to become wealthy we obviously need to change that.

What The Rich Do Differently!

In the beginning the rich will get any job, instead of focusing on income, or status, and will do whatever it takes to get started. They will focus on real assets; things that make money while you sleep, or put money into your pocket.

The first way to build up assets is by saving money. The reason I live my dreams today is because I became one of the best savers in the country. You do not have to be very good at saving to be one of the best savers in Australia. Australia is not a nation of good savers. Up until the 2008 Credit Crisis we had one of the lowest savings rates in the entire modern world. Since 2008 Australians have saved record amounts and lowered debt which is a good thing long-term, however effects retail sales in the economy in the short-term.

With these savings, we need to learn how to turn these assets into money-makers while we sleep. In other words, our assets will be able to generate cash flow which will return as our income. That means the money comes in without working, and you no longer have to rely on a job.

Most of us need to focus on our asset column more. There are three areas where the rich get rich these are business, property and shares. I call them the 'Three Pillars of the Rich' and consistently focus on all three to become wealthier.

The other area the rich understand is taxation. The rich earn, then spend their money and lastly pay tax on what is left, that is, they run themselves as companies. Companies pay tax on what is left after expenses at a lower rate than the middle class. The poor and middle class earn money and get tax taken away immediately and then they get to spend what is left and try to create wealth out of that.

I am Australian and I believe in paying tax and as a result volunteer to pay tax in this country. I am not into simply off shoring money, although I know that has become popular. I think every Australian or New Zealander should pay a fair amount of tax. The operative word though, is fair.

What is a fair amount of tax? I do not agree with the amount of tax that most Australians have to pay, especially middle-class Australians and especially if you

know about credible taxation alternatives (other than a sales tax, VAT or GST) that would lower your tax rates massively by taxing every dollar in the economy.

This would mean all multinationals would have to pay their fair share of tax. You may have heard of debit tax, e-tax and other credible taxation alternatives that are never allowed much public debate in our country.

In later chapters we will cover some tax minimisation strategies, but initially we will look at Bill and Mary, our average Australian couple and see if we can help them generate an extra \$10,000 to \$30,000 out of thin air.

We will also help them go from making no money while they sleep, to making \$4,000 per month in passive income.

We will also cover property and other strategies, looking at these areas to see traditionally what people are doing and how we can improve upon these strategies by once again using the 'Law of Opposites'!

Four Key Skills

1. Creative Thinking. Of the four key areas that I have worked on during the past 18 years, the first is the ability to think. This may sound obvious, but you would be surprised at how few people actually do think creatively. In the 21st century the ability to think will be invaluable, but we must learn how to think creatively. What I mean by thinking creatively is having the ability to solve challenges. Unfortunately, most people have been taught not to think and have someone else to do it for them, like their boss or spouse.

2. Negotiating. The second area we need to nurture is the ability to negotiate. To get what we want in life we have to know how to negotiate. As children, we are very good negotiators. But once we get older and start to get rejection, we begin to take 'no' for an answer. If you want to be successful, the secret is to never take 'no' for an answer.

3. Communicating. The third skill is the ability to communicate. To communicate effectively is not something we are taught at school. It is just not good enough knowing something beneficial. If you cannot communicate a benefit to someone else in a way that they can understand, then you are not communicating effectively and will not achieve your desired results.

4. Marketing. The fourth area is the ability to market or marketing. I am talking about results focused marketing. In other words, how do you take an idea or concept and communicate that message in a business format to the marketplace to make it a reality?

All these skills can be learnt rapidly and they are what we call generalist skills. In the 21st century those who are generalists will excel, those who are specialists will suffer. For example, not many years ago, approximately 100,000 people were employed in the vinyl record industry in the US, but when CD was brought to the market, that industry was virtually wiped out overnight.

Now, if these people had developed the four key skills and had a generalist education, they could have gone to another industry with their communication, negotiation, marketing, creativity and problem solving skills, and would have been successful.

However, because they had specialised in their knowledge, that knowledge was no longer required, or had very little value. This caused these specialists a tremendous amount of uncertainty and financial desperation.

Now, you may say this was a one-off occurrence, but when you think about it, what is the likelihood of industries and companies coming and going at a rapid rate in the 21st century? I believe that businesses will change even more rapidly the further we move into the information age.

So you can see the importance of a 21st century education and the four key skills. These skills are so critical to have, and fun to learn.

RPA - Results, Purpose and Action

The fourth area we will cover is RPA. That simply means Results, Purpose and Action. Being results focused, purpose driven and action oriented.

One question everyone seems to ask today is, "How do I turn my dreams, my goals and my desires into reality?" The RPA Planning Process is a proven system for taking anything you can envision and making it real. It not only teaches you how to organise, but how to actually think differently from those who become muddled in an ocean of activities.

There are three simple steps to the process. The first is to ask the question that all people who succeed ask - "What do I want from this situation? What is my Result?"

The word result is the 'R' in RPA. So do not ask yourself, "What should I do" but "What is the result I am committed to achieving?" Until you are absolutely clear

about what you specifically want, any "to do" lists or plans you create will be generalised and ineffective.

Secondly, you must know why you are doing things. You must know the Purpose, the 'P' in RPA. Having a sense of real purpose will ensure your result or outcome happens.

There is a major difference between simply having a dream and achieving a worthwhile goal. There are many ways to achieve a result, but you must know why you are going after it, so that if your first plan or attempt fails, you have the necessary drive to follow through.

Finally, once you know the exact result you are committed to achieving, why you must achieve it and what it will give you emotionally, physically and psychologically, then you are in the state of mind to begin creating an action plan. Begin by asking yourself what you must do in order to achieve this specific result.

That Action plan is the 'A' in RPA. The sequence in which you determine these three elements is the difference between success and failure. For example, you may know all the individual digits in a person's telephone number, but unless they are in the right sequence the numbers are useless. Similarly, knowing all the numbers to a combination will not open the lock if they are not in the correct order.

If You Wish To Succeed, Always Start With The End In Mind

Successful people are totally clear about the final result they are after. They have accessed the Power of Why; they have a burning desire to achieve their result and it is tied to a clear specific goal.

Creating the action plan is simple when these first two elements are put together. When you have developed a results-focused, purpose-driven, action-oriented plan for your week, your day, your month, or for any project or goal that you are committed to achieving, you will have created the certainty of knowing that your dream is about to become a reality.

I use RPA to design my life to a 'T'. In other words, the life I live today is no accident. When I was on my friend's couch I fantasised about the things that I wanted. I wanted to earn in excess of \$1,000,000 a year.

I wanted to travel, see the 'Leaning Tower of Pisa' and different places around the world. I wanted to lay in the Caribbean, go to Hawaii and America. In short, I

What I Didn't Learn At School But Wish I Had

wanted to do whatever I pleased, whenever I pleased. I also wanted to plan what sort of home I would live in and the sort of people I wanted to associate with.

In the future, do you want to be surrounded by people who are uplifting, caring and who respect you, or do you want to be associated with people who take away from who you are and hold you back?

Those things are critical. What do you want to do on a daily basis? Do you want to do something that you love and cannot wait to get to work because you love it? Or do you want to have to say, "Thank God it's Friday!"

It is not interesting that most people who die of a heart attack, have it between 8:30 am and 9:30 am on Monday morning. And 86 percent of people have a job they are dissatisfied with.

So you can see that it is imperative we learn how to design our lives and design them well to ensure we choose a career we love!

In this chapter I have covered the components of a 21st century education. Once we have learned to apply them, our lives will undergo dramatic changes. There will be a lag time between applying the principles and having your dreams show up in your life.

However, if you persevere, the rewards will be unbelievable. So if you want to make a start on your mindset and discover the secrets of emotional intelligence you will find lots information on these topics in the next five chapters.

7 **CHANGING** **PARADIGMS**

Sir Ken Robinson

Australia Doesn't Need Gonski, Instead It Needs A New 21st Century Education System

Governments don't need to waste more billions on education, instead, western countries need to adopt a 21st century education system writes Jamie McIntyre, author of "What I didn't learn in school but wish I had".

The former Australian government mistakenly thinks that the solution to improving the Australian education system is the Gonski report, which basically involves throwing more billions at education, regardless of its non performance. This trend is similar to other western countries as well. However, it is a complete waste of taxpayers' money.

Following the footsteps of UK and US, ever since the current government in Australia has come into power, the education budget has risen by 40 per cent. Yet, the standard of education is simply going backwards despite billions of dollars being spent on it. It's a total dismal failure and if the education system was a private business all key managers would be failed for such dismal results.

Former, Prime Minister Julia Gillard proposed the implementation of the Gonski reforms with a \$14.5 billion education package as recommended by businessman David Gonski.

The aim of the Gonski reforms is to bridge the gap between underperforming and high performing students. Why I ask, why bridge the gap, there will always be better performing students and they should be encouraged to continue to perform.

In a COAG meeting on Friday all states rejected her proposal.

Ms Gillard wants state governments to increase education budgets by three per cent a year in exchange for a 4.7 per cent rise in federal funding.

However, throwing more money at a flawed and inept education system is simply wasting billions of dollars.

The education system doesn't need more money thrown at it; it needs the scrapping of the 19th century industrialisation era's outdated and badly designed education system to help students perform better, learn more effectively and secure a better future.

The need is to implement a modern day 21st century education system - something I have been lobbying for 15 years now, and something I created 15 years ago and have been giving away to schools for free.

A modern day 21st century education system can not only deliver results tenfold to the current one, but with the use of modern day technology it can be delivered for a fraction of the cost.

For instance, many classes can be delivered via DVD or video streaming of leading global educators. Similarly, work sheets for lessons and tests can be downloaded. These are valuable resources to help teachers provide a better quality education and improve student learning.

In fact, with the uptake of Apple, iPads are an engaging learning tool, moreover apps are giving teachers and students greater resources for learning at their fingertips. This can help revolutionise our education system. But if we continue with an old outdated 19th century curriculum full of irrelevant teaching for success in life in today's world it's a waste of time.

It's like giving our kids a map from the 19th Century and telling them to drive from Brisbane to Melbourne. Not only will it take them a long time because the map is outdated, a 21st Century map would enable one to get there faster, or these days they could simply fly Brisbane to Melbourne in 2 hrs.

A few years ago, I spoke to Apple co founder Steve Wozniak, who is also passionate about transforming the world's education system. According to Mr Wozniak, with breakthrough technology, computers can be trained to provide a teaching role to students that are one-on-one with personalised curriculum.

For instance, current technology, such as "Siri" on the iPhone, can answer most questions. Using technology akin to this and turning computers into a one on one personal teacher isn't so farfetched.

Such technology would decrease the cost of delivering education because computers cost less than a sole teacher's annual wage.

It is time for a change- a change that involves proper training for teachers. Teachers are effectively educators and hold one of the most critical roles in society, therefore they need more support. Yet how many could be used as motivational speakers that people would pay to hear speak? Unfortunately very few, as they aren't even trained in the art of public speaking.

Also, top teachers should be rewarded with performance bonuses and there should be consistent reviews to eliminate the low performing ones.

In a 21st Century education system, teachers need to be trained also in public speaking; NLP, psychology and they should know how to teach accelerated learning and how to engage an audience effectively by imparting an education system for today's world, be global leaders in education

Moreover, a part of a teacher's job should be to inspire and influence students positively in order to have them truly motivated so that those students can go on to add massive value to the society.

The curriculum for a modern day 21st Century Education needs to include areas such as:

- Life skills
- Financial literacy
- Emotional Intelligence
- Health
- Social and relationship skills
- Technology skills for the digital age including options to learn 'coding'

Generalist skills that can be used in almost all vocations not just specialised skills:

- Creative problem solving skills
- Negotiation skills
- Communication skills
- Marketing skills
- Entrepreneurial skills

A 'results' based education system working closely with parents and employers will deliver students that are ready, willing and able to advance our society to higher levels with their passion, dedication, intelligence and emotional fulfillment.

I have designed below a framework to change the world's current education system into a truly modern 21st Century Education System:

Outcome

Create, design, and implement a modern day, global 21st Century Education System and replacing the out-dated 19th Century industrialised education system.

Why

To be the catalyst for worldwide, systematic change and to empower, inspire, and educate billions of youth globally thus reshaping the entire planet positively.

Action

1. Form a Global Think Tank of leading business and thought leaders to both support the initiative and contribute ideas and resources.

The following business and thought leaders are currently being invited to join the Global Education Initiative to help change the world's education:

Sir Richard Branson

Founder of the Virgin Group

Anthony Robbins

Self-help author and motivational speaker

Robert Kiyosaki

Financial literacy activist and author of Rich Dad, Poor Dad

Tim Ferriss

Entrepreneur and author of The 4-Hour Workweek

Sir Ken Robinson

Author and international advisor on education in the arts

Oprah Winfrey

Media proprietor, talk show host, and philanthropist

Steve Wozniak

Co-Founder of Apple

Bill Gates

Co-Founder of Microsoft

Arnold Schwarzenegger

Actor, Bodybuilder, politician and businessman

Many I have met with personally and I know most are passionate about improving the education system.

Plus, Apple, Google, Samsung, Facebook and Microsoft are being invited to be involved due to them showing interest in reshaping the world's education system via technology.

- 2. Develop a non-profit foundation** to help create, design, and implement a new 21st Century Education System.
- 3. Develop websites and apps** providing access to resources for Governments, teachers, and educators worldwide to immediately improve the current education system and to have involvement of leading technology experts to expand the resources available.
- 4. Convene an annual gathering** of the 21st Century Global Education Think Tank leaders plus a national one for each major country to work with the government to role out the education platforms.

Challenges to overcome

Funding the creation, design and implementation of a new, modern day 21st Century Education System.

However, funding is not likely to be an issue for schools and Governments, because a new, modern day education utilising existing technology can increase the quality and efficiency of the current education model.

This will reduce costs that can then be redistributed to more resources, ensuring a modernised education system is implemented effectively at a lesser cost than existing education budgets. Governments could save money yet deliver a better education system.

Class size debate

Perhaps the debate should not be about the optimum class size; instead it should focus on the quality of the education being taught, and the ability of the educator to reach out to the student through skill and the power of influence.

For example: why can Anthony Robbins (one of the world's leading global educators) intimately influence and impact 5,000 people in a room, while a teacher with no public speaking training struggles to teach 25 students in a classroom?

How To Implement A New 21st Century Education System

It's suggested that both- a grass roots and a top level down approach be used.

Therefore, that would involve providing educational resources and tools for teachers worldwide along with lobbying and assisting National Education and State Education Ministers to work with the Think Tank to replace the current, out-dated and largely ineffective education model and curriculum.

It's unrealistic to expect teachers who were former high school students and then spent only three years training at university (in Australia only three years is required), to be able to teach with any level of real life experience.

In Australia, a majority of teachers are female, contributing to a loss of male role models, which requires rebalancing as well.

One idea is to have Super Classes once a month where regional schools attend a large auditorium for one or two days to learn from leading edge educators, business leaders, and other thought leaders via live streaming.

Some speakers would appear live and some via video. Sharing educational experiences the real life lessons in success and failure.

This enables students to access a higher level educator and higher standard of education, consequently increasing the real life and experience based education, which is sadly missing even now.

It also creates synergy, with students mixing with various schools. It also enables a variety of topics to be taught, making learning more fun and varied.

Such an education can be delivered at low cost with Super Classes occurring in 3,000 to 5,000 capacity auditoriums or greater. Education conventions effectively that are fun and engaging.

Moreover, many successful educators and leaders would happily donate their time to help worthwhile causes. These are cost effective measures that also boost the quality of education. Many companies would also send leaders and executives to contribute as they all benefit from better-educated students joining the work force.

‘One Size Fits All’

The ‘One Size Fits All’ model does not always work; perhaps, the “one curriculum fits all” model needs to be changed to “choice of self-selected curriculum”.

The “One Size Fits All” is a critical complaint in the current education system by students and teachers. It is a major reason many students lose interest, and fail to learn because it does not accommodate students who have different learning abilities, like Sir Richard Branson had for example.

Branson, the Virgin founder and billionaire, was dyslexic and at school he was perceived as a slow learner, or poor student. However, in reality he was a fast learner with incredibly resourceful traits that led to his business success with Virgin.

When Steve Jobs went to college he complained that he had to attend pre-set classes, which was not what he wanted to do as a result, he simply refused to attend.

How many leading entrepreneurs have dropped out of school and university/college because of the lack of a supporting learning environment that encouraged passionate, rewarding learning...and then gone on to be hugely successful?

As Mark Twain famously said, “Never let schooling get in the way of a good education.”

A new, modern 21st Century Education System designed for today's world, based on empowerment and teaching students how to get a PhD in results versus rarely used theory, could revolutionise the world more than any other single action.

The world demands results when students leave school so let's prepare them well with a results based education designed for today's rapidly changing world

that can evolve our planet to higher levels of consciousness and productivity and sustainability.

A global 21st Century Think Tank and non profit foundation is the next step to make this happen.

How to implement a modern 21st Century Education system without spending billions?

A modern day 21st Century Education system can be delivered to all Australians without spending more money than what is currently allocated within the current education budget.

In fact, a modern education can be provided for billions less and prove that better services can be delivered by a results driven government that is proactive and knows how to make things happen.

There is no excuse or reason for continuing with our flawed 19th Century Education System when a modern 21st Century one can be implemented immediately, thus saving billions in the process and also providing a better education system.

An essential strategy to implement this educational revolution is by raising billions from Corporate Funding to improve our Education System.

To further reduce the cost of delivering education, the education system should invite more corporate investment and assistance. Ultimately, it is the companies and the government that benefit most from a successful and better education system.

Companies need well-trained students to become quality and productive employees. The government also needs citizens that are employed and add value to the society by being productive tax-paying citizens.

Large companies like Google, Apple, Samsung, Facebook and Microsoft amongst others are passionate about being involved in the education system. They may have corporate agendas to push their products; however, if their products are in alignment with the improvement of educational resources, then their involvement should be encouraged.

The suggestion to invite corporate investment and assistance does not lean towards an American model where cash strapped schools turn to Coca Cola, Pepsi or McDonalds for sponsorship and in return sell their products at school. Products such as junk food are not in alignment with the benefit of education or the students.

However, for instance, inviting investment from Apple and facilitating the use of iPad's can be advantageous. It would save billions in the cost of text books and also prevent students from lugging around heavy backpacks.

The wholesale rates for Mini iPads and other tablets range within \$150-\$250; therefore the government could either subsidise the entire amount or pass on a percentage to schools and parents. iPads or Tablets are far better than the expensive laptop roll out that was done.

There are multinational companies and even local employers who would happily donate staff, resources and funding to ensure students are learning real life career skills and are better prepared for employment when they graduate.

Recently Mark Zuckerberg revealed in an interview that every Tuesday he teaches a class at a local school in Palo Alto, California. Similarly, along with Bill Gates, Zuckerberg made a video promoting the importance of coding classes as a school curriculum because it is a skill required in the modern and digitalised world.

In March, Google went on to release a statement saying that schools should start having a digitalised and modern education system as it will help the economy of the country.

Ultimately, it is a win-win relationship because well trained students equal better potential employees.

It also ensures that students are being trained in skills that employers are looking for thus improving job prospects for students and increasing opportunities for better recruitment at a younger age.

NRL and AFL rising stars are often offered scholarships and even payments whilst at school to potentially become a player some day. Therefore such a system should also be encouraged by corporates to offer more scholarships and sponsor rising students for future corporate careers.

Just like there is player development at a young age to produce the best sports stars, we can have career development producing rising stars in the corporate world.

After all isn't one of the outcomes of education to ensure students get gainful employment or start a business?

This leads me to the salient topic of business education.

We need business education taught at a school level to develop and breed future entrepreneurs. Schools should be the hub of innovation where many businesses and apps are created.

Just like the former 17 year old Australian who just sold his business that he started at age 14 for \$28million to Yahoo!, how many more budding talents are present in our society that our schools are not developing or even profiting from?

Why can't schools help develop and fund some selected start-ups and profit from success of such projects like the large American colleges do?

Business Education is critical to be taught at school. Moreover special business schools need to be created as well.

Students need to know the important of entrepreneurs in society and they should be aware of the fact that there is no successful abundant society without entrepreneurs.

Our society depends upon success of entrepreneurs because every job and every single tax dollar starts from the entrepreneur's success.

This is one of the top 25 policy priorities of the 21st Century Australia Party, that I recently founded (2013) to transform Australia's education and political systems.

Why we have an outdated and failing 19th Century Education System in Australia

After entering the political fray in the 2013 Federal Elections and starting a political party to help bring the Australian education and political system into the 21st Century, I was fortunate enough to observe the failing education system we have.

After attending just a few 'meet the candidates teacher-union events' (which were run in the seat of New England to gang up against Barnaby Joyce), I discovered who exactly is the cause behind this pathetic excuse we have as an education system Australia.

Mark Twain once famously said,

"Never let schooling get in the way of education".

In this day and age school kids need to be more aware of this than ever before. For most of us our real education actually begins after school.

But it doesn't necessarily have to be that way. Education should not be largely a waste of 12 years of life in school. The education system needs to stop failing our youth of today and our economy of tomorrow.

So who is largely to be blamed?

1. The Teachers' Union

The teachers' union is filled to the brim with socialists and closet communists. No wonder most of us leave school with no idea about money and zero financial IQ. Financial intelligence is almost non-existent and many students post-graduation are set on a path of miserable financial failure despite living in such a rich nation.

I was appalled at the thinking of many teachers' unions. They support increased taxes and want to pay billions more in the form of Gonski.

They never consider the fact that raising taxes can destroy or de-motivate those of us who actually have to make the money to pay the taxes, which run the country.

2. State Education Bureaucracy

The State education bureaucracy is to be blamed as much as the teachers' union. They too are socialists to the core and a disgrace. After witnessing their performance I decided that when I have kids they would never go to a public school.

Even though I went to a public school, Glen Innes Primary and High School back in the 80s and 90s it actually provided a decent education. Unfortunately it has been down hill ever since.

The good teachers get frustrated and often give up. The poor teachers remain poor and indulge in their flawed socialist thinking knowing that they are a protected species that can't be fired for non-performance.

We have an entire education system that has not been performing for decades but how many managers and teachers have been sacked for non-performance?

Pretty much zero.

Their solution always wants more money so that they can squander billions and achieve even less. It's them in the way of change, just like the managers in a poor performing company are in the way of the companies success.

3. Education Academics

Most educators have a PhD in theory and not a PhD in results. The solutions to fixing the education system and making it the best in the world are quite simple, inexpensive and common sense strategies.

Unfortunately, those who are the problem will never see the solution unless they look in the mirror and a failed state based education hierarchy is not about to sack itself- not that the teachers' union will allow it anyway.

The reality is that 50% of the teachers are great and have the best intentions. However, they are held back by the other 50% who don't really give a damn or have flawed ideologies that dangerously influence our children.

"What I Didn't Learn At School But Wish I Had" became a best selling book over a decade ago simply by highlighting what most of us know to be true.

I wonder how many state education bureaucrats and academics have actually read the book or taken note of Sir Ken Robinson's views, which echo many of my views stated in the book.

I also agree with Apple Co Founder Steve Wozniak who shared his vision when I met with him in Melbourne last year. Wozniak said that we need a modern 21st century education system and that he believes computers can replace many teachers or assist others as far more effective educators by using the advanced "Siri" technology and pre-setting them with curriculums to teach students.

I've had discussions with Sir Richard Branson over the years and he also agrees that we need a lot more business education at schools.

Oprah Winfrey, who I was invited to meet in 2013, Tony Robbins and Robert Kiyosaki are other advocates who are passionate about improving the quality of education.

My goal has been to bring key global thought leaders together to address the poor quality of most western education systems and reverse the rapid decline in education we are currently witnessing.

Its time for change, but there needs to be a wholesale change, which will include the total scrapping of the curriculum and most of the education bureaucracy.

Failure is failure no matter which way you look at it.

In the private sector you get fired whereas in the public education sector you continually get rewarded for failure and get billions more to waste. That's where the problem lies.

In the 21st Century, will success follow those with a fancy degree or an education like Richard Branson's?

Do the wealthiest entrepreneurs value education?

Throughout history, the value and significance of obtaining a University degree has been seen to be irrelevant by some of the world's wealthiest entrepreneurs writes Jamie McIntyre.

There is a fine line between success and failure, but that line is not necessarily influenced by the level of education one has. Time and time again, entrepreneurs have proven that real- world smarts trump classroom theory.

This is not to say that entrepreneurs devalue education; to the contrary, they believe that education is important. Yet for the likes of Richard Branson, Steve Jobs, Bill Gates and even Thomas Edison, tertiary education ran secondary to their ambition.

Branson started out in business at age 16, Edison left school at 12, Jobs spent one year in a tertiary institution before founding Apple in his garage and Gates felt that Microsoft presented a better opportunity than a micro lecture about business management.

The irony here is that these men and the hundreds of other university and school drop outs who make up today's rich lists are the ones being studied in university courses. They have become the blueprint for a 21st Century education.

The feats of these entrepreneurs and their businesses are well recorded and should serve as inspiration for budding business minds because statistics referencing university graduates are far from flattering.

In Australia, figures recently released by the Australian Bureau of Statistics show the proportion of university graduates in professional and managerial positions is decreasing. Moreover the gap between the salaries of graduates and non-graduates is narrowing.

In the UK, statistics reveal that the difference in pay between the above demographic has shrunk by 22 per cent over the decade.

The theory that a degree will secure a student a high paying job is today more a myth.

Students need to ask themselves if the hundreds of thousands they spend on a Harvard business degree or comparable university degree is worth it?

The most revealing statistic and the one that needs to be addressed as quickly as possible is the growing number of unemployed graduates: 40 per

cent of UK university graduates are still unable to find graduate-level jobs. In the US, 9.4 per cent of university graduates have no job at all.

A 21st Century Education

The current education system is hopelessly out of date and there needs to occur a paradigm shift in the way education is presented. As Mark Twain said, 'Never let schooling get in the way of a good education.'

A 21st Century education is one that is based on life pursuits and results. It is about mirroring and learning. In Australia we have The Fortune Institute and 21st Century Education pushing the education boundaries. In the UK the Global three partners launched Enterprise Project in 2011:

the European Roundtable of Industrialists (whose 50 members represent around 6.6 million jobs)

Junior Achievement Young Enterprise (Europe's largest provider of entrepreneurship education programs, reaching over 3.1 million students in 38 countries)

European Schoolnet (a network of 30 Ministries of Education).

This initiative includes some of Europe's biggest companies such as Shell, Phillips and Siemens, who voluntarily send over 2,000 of their employees into schools. Their aim is to improve entrepreneurial skills in young people and get other businesses to engage in partnership activity with schools.

The rise of institutions such as the ones mentioned above give credence to the fact that there is a need to lessen the burden on employers to train incoming employees and prepare graduates for real life work experiences. In essence, experience is gained through work and not theoretical practice.

There needs to be a global focus on skills training, efficiencies and productivity. There needs to be a focus on modeling. There needs to be a focus on success.

Combating global uncertainty

Speculation is mounting that job markets across the globe will soften and unemployment will rise. Towards the end of 2012, ANZ economist, Ivan Colhoun said; "the trend in newspaper and internet job advertisements is a signal of a softening labour market."

His evidence, among other things was the reduction in the total number of job ads appearing in both formats in a six month period.

“When this last occurred, in the second half of 2011, Australian employment growth slowed,” Ivan said.

The Reserve Bank of Australia’s December interest rate cut bore these factors in mind.

And this is a global problem.

There are several factors that will affect the labour market in 2013 and no doubt the employment sector will undergo various changes, including further redundancies, a softening mining sector, employee expectations shifting, the retirement of Boomers, Gen X moving into senior management roles and Gen Y influencing the workplace.

This means several things: management strategies will have to change; those made redundant will have to reconsider their skill sets; and financial education and management will need to be more closely aligned with employment circumstances.

Invest in yourself and your education. It doesn’t *guarantee* your success but it massively increases your chances of success.

Creativity expert Sir Ken Robinson PhD asks how do we make change happen in education and how do we make it last?

Sir Ken Robinson, is an internationally recognised leader in the development of education, creativity and innovation. He is also one of the world’s leading speakers with a profound impact on audiences everywhere. The videos of his famous 2006 and 2010 talks to the prestigious TED Conference have been seen by an estimated 200 million people in over 150 countries.

He works with governments in Europe, Asia and USA, with international agencies, Fortune 500 companies and some of the world’s leading cultural organisations. In 1998, he led a national commission on creativity, education and the economy for the UK Government. *All Our Futures: Creativity, Culture and Education* (The Robinson Report) was published to wide acclaim in 1999.

He was the central figure in developing a strategy for creative and economic development as part of the Peace Process in Northern Ireland, working with the ministers for training, education enterprise and culture. The resulting blueprint for change, *Unlocking Creativity*, was adopted by politicians of all parties and by business, education and cultural leaders across the province. He was one of the four international advisors of the Singapore Government for its strategy to become the creative hub of South East Asia.

For 12 years, he was Professor of Education at the University of Warwick in the UK and is now Professor Emeritus. He has also received honorary degrees from Rhode Island School of Design, Ringling College of Arts and Design, the Open University and the Central School of Speech and Drama, Birmingham City University and the Liverpool Institute for Performing Arts.

He has been honored with the Athena Award of the Rhode Island School of Design for services to the arts and education; the Peabody Medal for contributions to the arts and culture in the United States, the LEGO Prize for international achievement in education, and the Benjamin Franklin Medal of the Royal Society of Arts for outstanding contributions to cultural relations between the United Kingdom and the United States.

In 2005, he was named as one of *Time/Fortune/CNN's* 'Principal Voices'. In 2003, he received a knighthood from Queen Elizabeth II for his services to the arts. He speaks to audiences throughout the world on the creative challenges facing business and education in the new global economies.

His book *The Element: How Finding Your Passion Changes Everything* (Penguin/Viking 2009) is a *New York Times* best seller and has been translated into twenty-one languages. His latest book is a 10th anniversary edition of his classic work on creativity and innovation, *Out of Our Minds: Learning to be Creative* (Capstone/Wiley).

Why don't we get the best out of people?

Sir Ken Robinson argues that it's because we've been educated to become good workers, rather than creative thinkers. Students with restless minds and bodies - far from being cultivated for their energy and curiosity - are ignored or even stigmatized, with terrible consequences.

"We are educating people out of their creativity," Robinson says. It's a message with deep resonance."

Changing Paradigms

"Every country on earth at the moment is reforming public education. There are two reasons for it. The first is economic. People are trying to work out, how we educate our children to take their place in the economies of the twenty first century? How do we do that, given that we can't anticipate what the economy will look like at the end of the next week?"

"The second is cultural. Every country on earth is trying to figure out how we educate our children so they have a sense of cultural identity, so that we can pass on the cultural genes of our communities while being part of the process of globalisation. How do we square that circle?"

"The problem is they are trying to meet the future by doing what they did in the past. On the way they are alienating millions of children who don't see any purpose in going to school.

"When we went to school we were kept there with a story, which was if you worked hard and did well and got a university degree, you would have a job. Our children don't believe that, and they are right too by the way.

"You are better having a degree than not, but it is not a guarantee any more, particularly not if the route to it marginalises the things you think are important about yourself.

"People are saying we have to raise standards as if this is a breakthrough. And yes we should - why would you lower them? The problem is the current system of education was designed, conceived and structured for a different age. It was conceived in the intellectual culture of the enlightenment and in the economic circumstances of the industrial revolution.

"Before the middle of the nineteenth century there were no systems of public education, though you could have been educated by Jesuits if you had the money. Public education paid for from taxation and compulsory for everybody and free at the point of delivery was a revolutionary idea.

"Many people objected to it. 'It is not possible for many street kids and children from working class backgrounds to benefit from public education,' they said. 'They are incapable of learning to read and write, so why are we spending time on them?'

"There were a whole range of assumptions about social structure and capacity built into this thinking. It was driven by an economic imperative of the time, and running right through it was an intellectual model of the mind, which was essentially the enlightenment of youth intelligence. Real intelligence consists of a certain type of deductive reasoning and knowledge of the classics, what we have come to think of as academic ability.

"Deep in the gene pool of public education is that there are two types of people - academic and non-academic, smart people and non-smart people. The consequence of that is many brilliant people think they are not, because they have been judged against this particular view of the mind."

Twin Pillars, Economic and Intellectual

"We have twin pillars, economic and intellectual. My view is that this model has caused chaos in many people's lives. It has been great for some: many people have benefited wonderfully from it, but most people have not.

"Instead they suffered from what I term the 'Modern Epidemic', which is as misplaced as it is fictitious. This is the plague of AD/HD. It is interesting to note that in United States, AD/HD is most prevalent in the states on the eastern seaboard. AD/HD appears to increase in the United States the further east one travels. People start losing interest in Oklahoma, they can hardly think straight in Arkansas and by the time they reach Washington, they have lost it completely - and there are separate reasons for that.

"I am not qualified to pass judgements on AD/HD, but I do know a great number of pediatricians and psychologists who believe there is such a thing, but I believe it is still a matter for debate.

"What I do know for a fact is AD/HD is not an epidemic. These children are being medicated as routinely as we have our tonsils taken out. On the same whimsical basis and for the same reason - medical fashion.

"Our children are living in the most intensive and most stimulating period in the history of the earth. They are being besieged with information and calls for attention from computers, iPhones, advertising hoardings and from hundreds of television channels and then being penalised for being distracted. These are distractions from the most boring stuff - at school for the most part. It seems no coincidence to me that incidences of AD/HD have risen in parallel with standardised testing.

"These children are being given Ritalin and other quite dangerous drugs in order to get them focused and to calm them.

"The arts in particular are victims of this mentality, though it is also true of science and maths. The arts especially address the idea of aesthetic experiences. An aesthetic experience is one in which your senses are operating at their peak, when you are present in the current moment, when you are resonating with the excitement of this thing you are experiencing - when you are fully alive.

"An anesthetic is when you shut your senses off and deaden yourself to what is happening. A lot of these drugs are an anesthetic. We are getting our children through their education by anesthetizing them.

"We should be doing the exact opposite. Instead of putting them to sleep we should be waking them up so they can see what is inside themselves.

"I believe we have a situation where education is modeled on the interests of industrialism and in the image of it. For instance schools are still pretty much organised on factory lines, ringing bells, with separate facilities and specialised subjects. We still educate children by batches and by age groups. Why do we do that? Why is it that there is this assumption that the most important thing children have in common is how old they are? It is as though their date of manufacture is the most important thing!

"I know children who are much better than other children at the same age and different disciplines, or at different times of the day, or better in smaller groups or large groups. Sometimes they just want to be on their own.

"If you are interested in the model of learning, you don't start from this production line mentality. It is essentially about conformance and it is increasingly about conformance when you look at testing and standardised curriculums. Instead of it all being about standardisation, I believe we have to go in the opposite direction - that is what I mean about changing the paradigm."

Divergent thinking

"There was recent study into divergent thinking. Divergent thinking is not the same thing as creativity. I define creativity as the process of having original ideas that have value. Divergent thinking is not a synonym. It is an essential capacity for creativity. It is the ability to see lots of possible answers to a question and lots of ways of interpreting the question.

"As Edward De Bono says it is the ability to think laterally - not just in linear or convergent ways, to see multiple answers, not just one.

"For instance, how many uses can you think of for a paper clip? Most people will come up with ten to fifteen uses, while people who are good at these types of exercise might come up with two-hundred. They do that by asking, "Could the paper clip be 60 meters tall and made out of foam rubber? Does it have to be a paper clip as we know it?"

"In a book titled, *Break Point and Beyond*, 1,500 kindergarten children were tested for divergent thinking and if they scored above a certain level they would be considered geniuses. Sir Ken asks, "What percentage of the people tested for divergent thinking do you think would return a genius score?"

"Amazingly 98 percent returned a genius level score. This was a longitudinal study, so the same children were tested later at five-year intervals when they were aged 8 to 10, and again when they were aged 13 to 15. Many readers will not be surprised to learn that the results deteriorated as the children grew older. As they grew older their education levels increased and they were taught at school that there was just one answer to every question, usually at the back of the text book - 'but don't look and don't copy because that is cheating.'

"Outside of schools and in the business world we would call that collaboration. It isn't because teachers want it that way, it's just because it happens that way - it's in the education gene pool.

"We have to think differently about human capacity. We have to get over from this old conception of academic, non-academic, abstract, theoretical, vocational and see it for what it is - a myth.

"Secondly, we need to recognise that most great learning happens in groups - collaboration is the stuff of growth. If you atomise people and separate them and judge them separately we form a kind of disjunction between them and their natural learning environment.

"Third, it is crucially about the culture of our institutions, the habits of our institutions and the habitats they occupy."

Paradigm shifts

A Paradigm Shift is a change from one way of thinking to another. It's a revolution, a transformation, a sort of metamorphosis. It doesn't just happen, but rather it is driven by agents of change, such as: when hunter-gatherers learned agriculture, the development of the wheel and of architecture, the use of currency, and the printing press, which enabled scientific revolution.

These paradigms and the ones ushered in by Copernicus, Galileo, Newton, Darwin, and Einstein, each progressively diminished our identity and at the same time increased it. We no longer perceive ourselves as being the center of the physical universe, and in fact there apparently is no center.

A paradigm gives way to another. Something is taken away and something new comes into being, both are vital parts of the human landscape, determining how we are identified-deeply affecting how we perceive who we are, and our sense of entitlement.

Paradigm paralysis

Perhaps the greatest barrier to a paradigm shift, in some cases, is the reality of paradigm paralysis: the inability or refusal to see beyond the current models of thinking. This is similar to what psychologists' term as Confirmation bias.

Examples include rejection of Galileo's theory of a heliocentric universe, the discovery of electrostatic photography, xerography and the quartz clock.

“Simplicity is the greatest sophistication”

Leonardo Da Vinci

8

HOW TO RAISE YOUR ENERGY LEVELS FAST

Most people want energy without even being aware of it.

People think they want money, but what is money?

What is love?

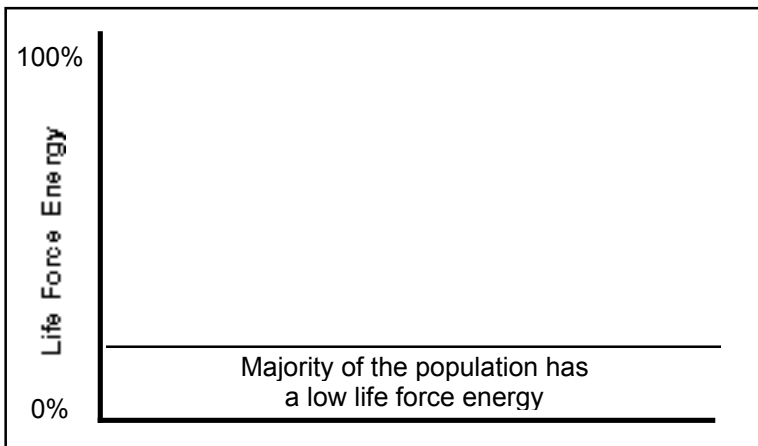
What is having an exciting life?

All these things are just another form of energy

Attracting Money And Success Into Your Life

In Chapter 3, I briefly mentioned that in order to be successful, you would need to raise your energy, to have more life force and more power.

But how do you go about raising your energy? I will explore this concept with you, as it is a key step in achieving millionaire status fast. Let's imagine a graph where 0 percent represents no energy and 100 percent is maximum energy. If someone is at 0 percent energy, then we can probably assume they are dead. I dare say many people are living just above 0 percent energy. Not to be critical, but many people are living in a state of death warmed-up.



At the other end of the scale is 100 percent and that is an extremely positive energy. If a person moved up the scale, they would have a more fulfilling life because they would be vibrating and evolving at a higher level.

They would be more spiritually connected where they can think a thought, attach emotion to that thought and manifest it rapidly, as their life force is flowing more powerfully and is not stagnant or blocked, as it is for many people.

One of my goals was always to have a loving, fulfilling relationship. My millionaire mentor said, "Can you see that if you want a loving and fulfilling relationship, then having a very dense or a low level of energy could make that goal very difficult to achieve because you are only going to manifest the same energy you are projecting?"

In other words, you will manifest into your life someone who also has a low, dense level of energy. In essence, your relationship will result in a competition for energy.”

He referred me to a book called *The Celestine Prophecy* by James Redfield. It talked about a concept called 'Control Dramas'.

It is a great way to illustrate a competition for energy. If you grew up with brothers and sisters like I did, you will probably relate to the following example. He said that when we are babies, we think we are the centre of attention. If we cry we get attention, we get love and we get energy.

Then as we grow older, we have to start competing with our brothers and sisters for that energy because they also want our parents' love. Now there is competition, so we get into what are called control dramas. These are used as a tool to control and manipulate people around us, often subconsciously. Therefore, we often do not realise we are doing it.

My millionaire mentor said, “Most people want energy, without even being aware of it. People think they want money, but what is money? What is love? What is having an exciting life? All these things are just another form of energy.”

Everyone wants energy. When you can figure this out, you can see the whole world differently. So we start to run control dramas to get that energy, even if we have to steal other people's energy. Let me explain.

There are many different control dramas. There are some people who use the 'poor me' drama. Their way of getting energy is to get your sympathy by telling you all about their tragic circumstances and their catch line is, 'You just do not understand how tough it is for me' or 'you do not realise how much has happened to me!'

They want you to know how bad things are so that you will feel sorry for them. You probably know some people like that. I certainly did.

He went on to explain to me that others are into confrontation; they might be what we call 'intimidators' or 'interrogators'. They like to confront people, and they are often rude and abrupt. To get their energy they deflate others and literally take their energy. They possibly learned at a young age to compete with their brothers and sisters or other people around them to get attention.

Some people are 'aloof'. They seem quiet and shy, often not fully participating in an attempt to be different. By being different, they attract some much-desired energy. After my millionaire mentor shared this with me, I thought to myself: if we have these patterns as children, is it possible that we

may continue these patterns into our adult life? Unfortunately, often that is exactly what happens.

People sometimes come to tell me how bad things are (poor me). It's not that I do not care for them, but the last thing I want to do is give them sympathy, because that is their pattern of how they get energy.

That's what they think they need, but actually it isn't. That is why it makes a big difference to have a coach or a mentor. I could tell my friends my hard luck stories and they would sympathise with me because misery loves company, so they say. They would embrace my negative situation and tell me that they knew my business venture would not work because it backed up their reference of 'why even bother because nearly everyone fails'.

I later realised that subconsciously, they were possibly comforted by my setbacks, as it made them feel more comfortable now that I was no longer more successful than they were. Often people who are insecure become uncomfortable if someone is successful, as it highlights to them what they could be doing if they were more committed to their lives. This explains the Tall Poppy Syndrome that occurs a lot, especially in Australia, where society wants to pull down the successful people back to the level of everyone else.

On the other hand I learned that a mentor or coach is emotionally unattached to my situation. They would look at my situation objectively and see where improvements were possible in my life. So when someone comes to me with financial problems the last thing I do is feel sorry for them.

At the time they think I am too tough and that I should not be like that. It is because I care deeply about people that I will not allow myself to be caught up in their control dramas, as **I would only be supporting them where they are, instead of supporting them to change and become what they are capable of.**

Have you ever had an argument? Silly question. I know everyone has had at least one argument in his or her lifetime. But what is an argument really? What I refer to as an argument is really only a competition for energy. It is two people using control dramas to compete for energy with one another.

In most cases, the intimidator or interrogator wins, they will get the energy and the other person will lose the energy if they allow the intimidator or interrogator to upset them. They give away their power to the intimidator or interrogator personality. I realised, if we can raise our life force energy, we could start to pull ourselves out of the negative energy surrounding us.

What I Didn't Learn At School But Wish I Had

The energy in our environment often pulls us down and we have to look at how we can build up our energy. I found that often, after attending an inspiring seminar, my energy level naturally increased because I was surrounded by the group's combined energy.

But when I left that uplifting environment and went back to my normal daily routine, that higher energy level dissipated. This was a major challenge for me.

I had to learn to condition my energy to maintain and vibrate at a consistently high level.

Once I could maintain my energy level I could use that energy to uplift other people. My mentor talked about the concept of becoming wealthy by raising your life force energy and then you take some of that energy and help other people raise their own. Once I understood that concept, it became part of my purpose to raise the life force energy of every person I met.

Today, when I meet a total stranger, I make the effort to uplift their energy, even if it is as simple as giving them a smile or being warm and friendly. Just as an experiment why not try walking along the street to practice how your energy affects others. Walk along and in your mind project love to a complete stranger.

Try sending love to someone that is having a bad day and is not looking happy. You can project an intention or an emotion and can see the impact it has on people.

They will not even know where it is coming from; all of a sudden they will feel better. We are truly amazing human beings. You might be thinking, "But isn't that manipulating people?"

Maybe. However, I believe it is better to project love than to project anger.

We are manipulating people everyday, often unconsciously. So if you are going to manipulate someone, wouldn't you agree it is better to manipulate them in a positive way by sending love or acceptance rather than anger or judgment?

If we are always projecting energy, then who we are as a person is going to affect other people. Have you ever noticed how scattered the energy tends to be on public transport like trains or buses? There tends to be, more times than not, a dense level of energy. I do not like travelling on public transport for this

reason, because you have to continually try and maintain your energy and not be affected by the energy of fellow commuters.

Right about now, if you were like me, you may be saying, "This is hokey stuff? Just show me the money!" That is what I said to my millionaire mentor.

However, if you can understand this, then we can raise our energy and help other people raise theirs, which will improve our relationships, finances, career, health and all areas of our lives. After all, do you want to be rich and miserable or rich and happy?

I can promise you that making a million dollars is easier than being consistently happy and fulfilled in life. If you have a low level of energy, what do you think happens to your health? Sadly, you can develop diseases.

Disease Is Another Word For Disharmony

If people have diseases in their bodies, their energy is in disharmony or not vibrating in harmony. In other words, there is a wound, blockage or breakdown in their energy flow. You will notice the energy of a newborn baby is very pure. The baby has a pure energy field flowing around it.

What can start to happen though, is that energy does not stay pure. As the baby grows, things happen that cause disappointments, which causes anger and upset. In short, these occurrences begin to take the child's energy. When that happens an energy leak is created. So you can imagine if there is a hole in one's energy field and energy starts to pour out, it starts to disappear. As the child goes through life, there is the possibility of being wounded or traumatised again. For instance, a teenage relationship may end in heartbreak. The energy starts to lower and more and more negative things start to happen.

I was fortunate enough to learn that one of the keys to avoiding these leaks and wounds is to learn to heal ourselves. If we can resolve our past emotional issues we can heal our wounds. This is a major part of emotional intelligence.

I found that the thing that gets in the way of many people's future is their past. If we can deal with our past effectively and accept that we are human and all have different experiences, we can start to heal these wounds. Then our energy will start to vibrate at a higher level and we will evolve as human beings.

Part of healing is forgiving ourselves for our mistakes and learning to love and accept ourselves for the greatness we are. If we do not heal these wounds, you can probably guess what they turn into? Unfortunately, it leads to diseases such

as cancer. There is so much credible evidence now that many doctors will agree that cancer is often simply the result of unresolved emotional issues.

A lot of people who do not deal with their issues will pay a price down the track, which is very sad. There are very few people in our country or in this world who simply die of old age. In other words, most people die through disease or poor health before they need to, and that is a shocking cost. We have a lot at stake in becoming emotionally intelligent.

I work with some amazing people who have the ability to help people resolve their issues – they have had people whose cancer has disappeared in a very short period of time after their issue had been dealt with. Amazing you may say, and yes, it seems like a miracle, but if we understand energy fields, it is not such a miracle, it is just part of the laws of nature.

People who had chronic illnesses have attended my seminars. One lady had severe back problems and could not sit or stand for a long period of time. During the seminar she went through some processes where she had the opportunity to deal with some issues from the past and let them go. A short while later she was walking fine and by the next week she could not even believe the transformation.

She said to me, "I do not know what you did Jamie, but I have not felt like this for 20 years."

I replied, "I did not do anything. You did!" The truth is, we all have the amazing ability to make sure our heart beats every second, without us thinking about it, and our body also has the ability to heal itself. It is all within us. If we start to tap into this infinite intelligence you can see how we can do these sorts of things.

All of a sudden making a million dollars seems like a piece of cake, if we focus on the necessary steps. I have also looked into Reiki and other energy healing techniques, which are continually raising my energy. It also assists me a lot in business dealings as my perception and awareness of others is much greater.

So let's look at how I raised my energy and was able to manifest and draw to me the things I desired most. Firstly, we need to take a look at some practical ideas we can implement right now to raise our energy. Let's start with a list of things that drain our energy.

Environment can play a very big part in boosting our energy, but unfortunately it often tends to do the opposite and drain our energy. I used to work in an office in Sydney 18 years ago and the inside of the office was grey. The walls were grey, the desks were grey, and there were fluorescent lights and air-conditioning. In short, the environment was not really uplifting.

At the time I was passionate about building my career, learning lots of things and studying my mentors. So, I would go on a holiday at least once every couple of months, to get away from my working environment. Every time I went on a holiday, I would come back really uplifted and energised. I would go to a nice coastal town and come back vibrant, on top of the world and motivated.

But within three or four hours of being in that office I felt like I needed another holiday. I was completely drained! This happened for nearly a year before I finally figured out that if I wanted to be empowered and do empowering work, then I needed to be empowered not just once in a while but on a day-to-day basis.

I realised that when I slouched at my desk, surrounded by grey walls, air conditioning, fluorescent lighting and computers, and tried to work and be creative, it just wasn't working.

Obviously, if my environment was draining my energy I needed to do something about it. One of the things I did was, walk on a beach for an hour or two instead of coming directly into the office in the morning. To me, there is nothing better than walking along the beach and listening to the sounds of the waves crashing.

Bare feet in the sand, breathing in the rich ocean air: it is like you breathe in and you can feel the energy expanding inside. I would sit on the rocks by the ocean and I found this was where I could tap into my creativity.

I did not have to do anything and the ideas would just flow to me. It was like the universe would open up and bring me the wisdom and insight of what I needed to do on a day-to-day basis to achieve my desires. I could think so clearly and everything just started to make sense.

I thought, wow, this is so powerful and it started to change my life. I wondered why I had not done this more often in the past. I decided to create the kind of life that would allow me to be empowered all the time.

I realised it was as simple as pinpointing the things that drained my energy, like sitting in an office, and eliminating them while at the same time

incorporating into my life the things that gave me energy, like walking along the beach.

I used to live in the western suburbs of Sydney near Campbelltown. I have nothing against the western suburbs of Sydney, but if you know the area you may agree that it is an environment where the energy and the mindset are not always conducive to wealth.

Unfortunately, in some areas it was more conducive to poverty, and still is. So I decided to move suburbs. I moved to the Sydney suburb of Balmoral near Mosman, overlooking one of the world's most beautiful harbours and a beautiful beach. Living near Mosman, I was immediately surrounded by more abundance.

That simple action helped to transform my mindset to accept more abundance into my life. Transforming your mindset will definitely have a huge impact on your life. In fact, my income multiplied 15 fold in a little over 12 months. I do not know if I would have had such a dramatic result if I had not moved suburbs.

So am I suggesting that you have to move suburbs next week? Maybe not, but you need to identify the things that affect your energy. There were practical things that I did that made a huge difference and if I had not done them, then I would probably still be sitting behind a desk frustrated with my life and not getting the results I wanted.

The first step is to decide what gives you energy and what takes your energy away.

Below are some common examples to get you started on your own list:

Drain Energy

| | |
|-----------------------------|----------------------------|
| Arguments | Poor relationships |
| Bad diet | Stress |
| Drugs/Alcohol | Negative environment |
| Negative emotions | Cluttered environment |
| Poor physiology | Poor health |
| Lack of/too much sleep | Unbalanced lifestyle |
| Watching television | Lack of money |
| Dysfunctional relationships | Negative people |
| Boring job | Interpreting events as bad |
| Lack of exercise | Low standards |

Raise Energy

| | |
|-----------------------|--------------------------|
| Having money | Mentors/Uplifting people |
| Smiling | Loving relationships |
| Success | Nature |
| Knowledge/Learning | Meditation/Yoga |
| Overcoming challenges | Sex |
| Positive outlook | Pets |
| Lighter colours | Having fun/ Laughing |
| Contribution | Oxygen |
| Music | Exercise/Fitness |
| Holidays | Recognition/Significance |

What drains my energy?

What raises my energy?

Once you have identified what gives you energy and what takes your energy, you can start to put together some action steps to change your life. This is what I call designing your life at a very basic level, and most of us know that it is the simple things we do that make a big difference. The question my millionaire mentor always asked me was, "How committed are you?"

I will ask you the same question. Are you committed enough to do this exercise right now and redesign your life?

In doing this exercise, you may have noticed that it is not just things that can steal your energy, but also some people in your life who may drain your energy as well. Once you start changing, you will find that the relationships in your life will also change.

No doubt the friends you had ten years ago have evolved and changed to become what they are today. There are possibly people in your circle of friends now who are in the 96 percent bracket, but as you evolve you will attract more

What I Didn't Learn At School But Wish I Had

people from the 4 percent bracket into your life. I will go into more detail about the impact that your associates have on your life later.

By committing to raising your life force energy, the people who are drawn into your life in the next ten years will be different to the people currently in your life. By increasing your energy, you are going to stand out and begin to attract leaders into your life.

Leaders stand up for what they believe in passionately. They are people who usually create successful businesses, make positive contributions to society and make a difference. By associating with leaders, you too will become a leader and in turn will help other people become leaders and so the process continues. You will create a life of contribution and fulfillment.

Now you know some ways as to how I increased my energy in order to attract the wealth I deserve.

With all this new found wealth that started flowing into my life as a result, I came across a problem that many people encounter - its is called self sabotage and is due to their past financial conditioning. You will want to avoid this at all cost, so next you will need to rewire your subconscious for wealth creation, just like I had to.

9

THE LAW OF ATTRACTION

To attract money, focus on wealth. It is impossible to bring more money into your life when you focus on the lack of it.

‘Whatever the mind of man can conceive, it can achieve.’

W. Clement Stone

The Law of Attraction is commonly associated with New Age and New Thought theories. It states people experience the corresponding manifestations of their predominant thoughts, feelings, words, and actions and that people therefore have direct control over reality and their lives through thought alone. A person's thoughts (conscious and unconscious), emotions, beliefs and actions are said to attract corresponding positive and negative experiences "through the resonance of their energetic vibration."

The "Law of Attraction" states "you get what you think about; your thoughts determine your destiny." Many proponents of the idea claim that with practice a person can use the Law of Attraction to change their lives.

History

The idea that thoughts introduced into reality can attract like energy dates back thousands of years. Buddha states, "What you have become is the result of what you have thought." It can be found in beliefs as ancient as Hinduism. In the West, the idea of "positive thinking" became popular during the 19th century. One of the earliest known formulations of the ideas now known as the Law of Attraction is contained in the 1906 book *Thought Vibration or the Law of Attraction in the Thought World* by William Walker Atkinson, editor of *New Thought* magazine. Dozens of books in the first half of the 20th century addressed the topic under various names of "positive thinking" and the "Law of Attraction."

In March 2006 a film named *The Secret* was developed around the "Law of Attraction", and was later developed into a book by the same name. The movie and book have been selling at a tremendous pace and have gained widespread attention across the media from *Saturday Night Live* to *Oprah* in the United States.

Give money in order to bring more into your life.

When you are generous with money and feel good about sharing it, you are saying, 'I have plenty.'

Principles

Proponents of the modern Law of Attraction claim that it has roots in quantum physics claiming that thoughts have energy, vibration, and resonance which attract other thoughts of the same energy. In order to control this energy, proponents claim people must do three things:

1. Know what you want and ask the universe for it.
2. Feel and behave as if the object of your desire is on its way.
3. Be open to receiving it.

Proponents say that by abiding by these, and avoiding "negative" thoughts to creep in, the Universe will manifest a person's desires.

The Universal Law of Attraction (LOA)

Universal Laws govern the Universe according to Ann Hunt, a Sydney based academic who has researched the topic. 'They are basic principles of life and have been around since Creation. They are laws of the Divine Universe. Universal Laws apply to everyone, everywhere. They cannot be changed. They cannot be broken.' According to Hunt, the Universal Law of Attraction is the most powerful force in the universe. 'It is simple in concept but practice is necessary. But once you "get it", there is no looking back!' she says. 'It will be part of you forever. The simplest definition of this law is "like attracts like."' Other definitions include:

- You get what you think about, whether wanted or unwanted
- All forms of matter and energy are attracted to that which is of a like vibration.
- You are a living magnet
- You get what you put your energy and focus on, whether wanted or unwanted
- Energy attracts like energy
- Everything draws to itself that which is like itself

Hunt says the Law of Attraction is fun to learn and use because you are always watching and waiting expectantly for your desires to manifest. 'You can deliberately use this law to create your future!'

Some ways of expressing the Law of Attraction

- Birds of a feather flock together
- Like attracts like
- Whatever you want wants you
- What you sow, you reap
- What you put out you get back
- What comes around goes around

This Universal Law is working in your life right now according to Hunt, whether you are aware of it or not. You are attracting the people, situations, jobs and much more into your life. Once you are aware of this Law and how it works, you can start to use it to deliberately attract what you want into your life. 'How do you create your desires using the powerful Law?' There are just a few basic steps says Hunt.

- Get very clear on what you want
- Visualise and raise your vibration about it
- Take inspired action
- Allow it

'You must be very clear on exactly what your desire is. Focus on it. Give it all your positive energy. Feel good! 'A major factor behind this Universal Law is the energy and vibrations of our emotions and feelings. Any thought you may have, when combined with emotion, vibrates out from you to the universe and will attract back what you want. You can leave all the details to the Universe. Let the Universe figure out the method of delivery, when you will receive it, etc. Now all you have to do is allow it. Sounds easy, right? This can be the most difficult part to do. Be doubt-free. All you need to do is expect it. Act like you already have it. Be grateful. And always take inspired action. If something feels right, then go ahead and do it. Taking action is an important step.' According to Hunt, you can always be expectant of good things that you desire. Feel good

knowing your desire is on its way to you. Always expect your desires. Expect miracles. 'If you have a habit of thought, LOA is going to bring more of that thought to you which means you are probably going to think that thought more. And as you think that thought more you are going to have more of those feelings and LOA is going to bring you more of that stuff.'

Make it your intention to look at everything you like and say to yourself, 'I can afford that. I can buy that.' You will shift your thinking and begin to feel better about money.

To attract money you must focus on wealth

It is impossible to bring more money into your life when you are noticing you do not have enough, because that means you are thinking thoughts that you do not have enough. Focus on not enough money and you will create more circumstances of not having enough money. You must focus on the abundance of money to bring that to you.

Think wealth!

Tip the balance of your thoughts to wealth. Feeling happy now is the fastest way to bring money into your life.

The Secret

People around the world have been talking about a book reputed to be so powerful that it can change the course of your life. This book, *The Secret*, was created by Australian Rhonda Byrne, and she says that if you follow its philosophy, you can create the life you want - whether that means getting out of debt, finding a more fulfilling job or even falling in love.

Byrne says she stumbled on what she calls *The Secret* at the end of 2004. At the time, everything in her life had fallen apart - physically, emotionally and financially - and she was in "total despair."

Then her father died suddenly and she was worried about her grief-stricken mother. "I wept and wept and wept, and I didn't want my daughter to see me sobbing," Byrne says. That was when Byrne's daughter gave her a copy of *The Science of Getting Rich*, a book written in 1910 by Wallace D. Wattles.

"Something inside of me had me turn the pages one by one, and I can still remember my tears hitting the pages as I was reading it," Byrne says. "It gave me a glimpse of The Secret. It was like a flame inside of my heart. And with every day since, it has just become a raging fire of wanting to share all of this with the world."

After that first discovery, Byrne says she read hundreds of books, listened to hundreds of hours of audio tapes and scoured the Internet for more information. She says she traced the idea of The Secret through history - all the way from 3500 B.C. to the present day. "Since I discovered The Secret, every single moment of my entire life has changed, and I am living my life for the first time," she says.

Byrne defines The Secret as the law of attraction, which is the principle that "like attracts like." She calls it "the most powerful law in the universe," and says it is working all the time. "What we do is we attract into our lives the things we want, and that is based on what we are thinking and feeling," Byrne says. The principle explains that we create our own circumstances by the choices we make in life. And the choices we make are fuelled by our thoughts - which means our thoughts are the most powerful things we have here on earth.

**It is helpful to use your imagination and make believe you
already have the money you want. Play games of having
wealth and you will feel better about money.
As you feel better about it, more will flow into your life.**

On February 8, 2007, millions tuned in to The Oprah Winfrey Show to learn the mystery of The Secret. After the show aired, The Oprah Winfrey Show message boards were soon buzzing with people who wanted to know more. The Secret is defined as the law of attraction, which states that like attracts like. The concept says that the energy you put into the world - both good and bad - is exactly what comes back to you. This means you create the circumstances of your life with the choices you make every day.

A teacher of The Secret, Dr. Michael Beckwith says he thinks The Secret is alluring because it helps people stop feeling like victims. "I think us talking about the law of attraction, talking about these universal spiritual principles, allows them to see that they can begin to govern their thoughts and their way of life," he says.

According to James Arthur Ray, another teacher of The Secret, there is scientific evidence to back up the spiritual practices and laws defined in The Secret. "Science tells us that everything is energy, and so your thoughts are energy. Your body, your cash, your car - everything you think is solid, if you put it under a highpowered microscope, it is just a field of energy and a rate of vibration," he says. "And so are we. So if you think you are this meat suit running around, you have to think again." One way to describe this energy is by comparing it to radio waves, "The frequency you give out through your thoughts and your emotions is what you have a tendency to manifest in your life," Beckwith says. "Whether those thoughts and emotions are conscious or unconscious, it does not matter." This means that if you are sending out the same negative energy over and over - whether thoughts or feelings - you will attract like energy back to you. Ray says that when bad things happen people might ask, "Oh, God, why me?" "Because it is you," he says.

The only reason any person does not have enough money is because they are blocking money from coming to them with their thoughts.

Every negative thought, feeling or emotion is blocking your good from coming to you and that includes money. It is not that the money is being kept from you by the Universe, because all the money you require exists right now in the invisible.

If you do not have enough, it is because you are stopping the flow of money coming to you and you are doing that with your thoughts. You must tip the balance of your thoughts from lack-of money to more-than-enough-money. Think more thoughts of abundance than of lack and you have tipped the balance.

The Secret has been made into a 'groundbreaking' feature length movie presentation reveals that The Great Secret of the universe. According to the films producers, this is The Secret to everything - the secret to unlimited joy, health, money, relationships, love, youth: everything you have ever wanted.

The Secret, described as a self-help film, uses a documentary format to present the "Law of Attraction." This law is the "secret" that, according to the tagline, "has travelled through centuries to reach you." The film features short dramatised experiences and interviews of a "dizzying dream team of personal

transformation specialists, spiritual messengers, feng shui masters, and moneymaking experts".

As portrayed in the film, the Law of Attraction principle assumes that people's feelings and thoughts attract real events in the world into their lives; from the workings of the cosmos to interactions among individuals in their physical, emotional, and professional affairs. The film also suggests that there has been a strong tendency by those in positions of power to keep this central principle hidden from the public. The previews or clues to the film show men who uncovered The Secret.

Visualise cheques in the mail.

Teachers of the Law of Attraction

The film interviews professionals and authors in the fields of quantum physics, psychology, metaphysics, coaching, theology, philosophy, finance, feng shui, medicine, and personal development, which they refer to as 'secret teachers'. The film also includes quotes by historical figures with Rhonda Byrne, the producer, stating in a voice-over in the film, "I can't believe all the people who knew this; they were the greatest people in history," referring to them as "past secret teachers."

The people identified include, Hermes Trismegistus, Buddha, Aristotle, W. Clement Stone, Plato, Isaac Newton, Martin Luther King, Carl Jung, Victor Hugo, Henry Ford, Ralph Waldo Emerson, Thomas Edison, Albert Einstein, Robert Collier, Winston Churchill, Andrew Carnegie, Joseph Campbell, Alexander Graham Bell and Ludvig Van Beethoven.

The Secret website cites the Emerald Tablet, purportedly by Hermes Trismegistus, "as one of the most important historical documents known to mankind". Byrne postulates that the earliest trace of "The Secret" occurred in the Emerald Tablet, with the Rosicrucian order later espousing "many of the ideas of The Secret." Mention is made of Victor Hugo and Ludwig Van Beethoven's supposed membership in the order as well as Isaac Newton's work in translating the tablet. In a media interview Paul Harrington, the co-producer of The Secret gave this description of Byrne's production methods: "We used the Law of Attraction during the making of the program. We went very unconventional, in terms of scheduling and budgeting. We allowed things to

come to us. We just had faith that things would come to us." Channel Nine, after viewing the completed film, chose to not broadcast it and a new contract was negotiated with all DVD sales going to Byrne's companies. With the benefit of hindsight, a Channel Nine spokesperson commented, "We looked at it and we did not deem it as having broad, mass appeal". The film was eventually broadcast by Channel Nine in February 2007.

The Secret has been reported as a "self-help phenomenon", a "publishing phenomenon" and a "cultural phenomenon". Media reports state, "News of The Secret has spread like the Norwalk virus through Pilates classes, get-rich-quick websites and personal motivation blogs." And "The Secret is becoming a brand with 'secret teachers' providing secret related seminars and retreats." In countless Internet blogs, supporters of 'The Secret' tell how shifting from negative to positive thoughts radically improved their lives. The film became a publishing phenomenon in 2007 – helped by being featured on two episodes of Oprah - and reached number one on the Amazon DVD chart in March 2007. A book version, also called The Secret reached number one on The New York Times best-seller list. The Secret is reportedly being discussed in "emails, in chat rooms, around office cubicles, and on blind dates". It is recognised as having a broad and varied impact on culture and is likened to a "Hollywood phenomenon".

I can personally testify to using the Law of Attraction. 15 years ago I created a vision poster of all my dreams including having luxury multiple homes on the water and in the snow; having numerous farms to escape to with private airstrips to take my friends to and nice cars, travelling the world, successful businesses and associating with amazing people and helping my family and friends and the wider community. That was all just a vision 15 years ago which I have been able to manifest by focusing on it and backing it up with a practical action plan and taking massive and immediate action over a consistent period of time. It all started with a vision of what I wanted and a consistent focus, even when I thought I was just dreaming and thought I needed to be realistic.

Dreams do come true!

Some secrets to help you manifest your dreams

- Make it your intention to look at everything you like and say to yourself, 'I can afford that. I can buy that.' You will shift your thinking and begin to feel better about money.
- Think wealth! Tip the balance of your thoughts to wealth.
- Feeling happy now is the fastest way to bring money into your life.
- Visualise cheques in the mail.
- To attract money, focus on wealth. It is impossible to bring more money into your life when you focus on the lack of it.
- It is helpful to use your imagination and make believe you already have the money you want. Play games of having wealth and you will feel better about money. As you feel better about it, more will flow into your life.
- Give money in order to bring more into your life. When you are generous with money and feel good about sharing it, you are saying, 'I have plenty.'

My millionaire mentor and the Law of Attraction

My millionaire mentor told me that people have said to him, "I would like to double my income in the next year." But he says, then I look at their actions and they are not doing the things that are going to make that happen. These same people will turn right around and they will say, "I cannot afford that." Guess what? "Your wish is my command!"

10 DEVELOPING THE MINDSET OF A MILLIONAIRE BY REWIRING YOUR SUBCONSCIOUS FOR WEALTH

University studies conducted in Australia have determined that many people actually link more pain than pleasure to money.

The first thing you need to do in order to rewire your subconscious for wealth creation is to answer a few simple questions about financial pressure. When I refer to financial pressure I am not necessarily talking about being broke and struggling. You can be wealthy and still have financial pressure. There is no right or wrong answer, only answers applicable to you.

1. **When was the last time you felt financial pressure?**
2. **Do you currently feel financial pressure in your life?**
3. **Does having more money really create less financial pressure?**
4. **When have you felt completely free from financial pressure?**

For some people being completely free from financial pressure might have been as far back as when they were at school. It could have been when they got pocket money and had to determine whether to buy a packet of sweets or put it in their piggy bank, and for others it may have been never!

Apart from happiness, what do you think people really want in their lives? I dare say the reason you are reading this book is because you want a financial future that you can be certain about.

You want the certainty to be able to manage money, have plenty of it and never have to worry about not having enough of it. Anyone would want that. Another term for that is security.

I believe that people really want to be certain that in the future they will not have to experience pain; instead they will have the financial freedom to do whatever they want, whenever they want, wherever they want, with whomever they want, and as much as they want.

I know the quest for financial certainty drove me because I had so much uncertainty and so much pain in my life and I never wanted to experience that again. So I was driven to become financially successful to avoid that pain. Pain drove me in the beginning more than pleasure. Pain is what drives people the most.

If you have made a decision to start changing your life, or changing your financial future, eventually it will lead to more pleasure, but more than likely it is pain that drove you to your initial decision to change. Subconsciously you were

probably thinking, "If I do not learn how to master money now, what will it really cost me in the future?"

Another way to begin to rewire your subconscious mind for success is to do, 'The Meaning of Money Exercise'. This exercise determines which of our beliefs might be holding us back from our financial goals.

University studies conducted in Australia, have found that many people actually link more pain than pleasure to money.

I know this was definitely a challenge for me. Consciously we may be thinking more money means more pleasure and therefore more happiness, but subconsciously most people are linking negative emotions to money.

Anthony Robbins, one of my mentors, says humans make decisions based on two primary factors. The first is to avoid pain. Think about how many decisions you have made in the past to try and avoid pain. We do not put our hand on a hot stove because at a very young age we learned that it equals pain.

The second factor is to gain pleasure. You may say, "Jamie, that is so simplistic!" but when we look at most of our decisions in life, you can see it is true.

For example, why do women wear makeup? Some say they wear makeup because it gives them pleasure and they really enjoy it.

Others may say, "I do not put it on for pleasure, it is a damn pain! I hate having to do it every morning, but I do it to avoid the pain of what people will say if they see me without it on." (No offense ladies.)

Most of us will do more to avoid pain than we will to gain pleasure.

This is important because if we consciously link pleasure to money and get excited and start doing things to be financially successful, we will start to move forward. At the same time, if we still link pain to money, as soon as we start to see some success, we will end up self-sabotaging it.

This is exactly what happened to me. I would move two steps forward and then for some unknown reason, I would start being slack, not doing things properly and end up taking three steps back. I could not figure it out.

Many people who become millionaires make it and lose it several times before they figure it out. In other words they will be successful, they lose it,

and they will be successful. Usually by the time they make it back again a few times, they will have figured it out and so they remain successful. Once I understood human psychology and knew that subconsciously, I was linking painful emotions to money and that my subconscious mind was not wired for success, I could do something about it.

Logically, we know we should save 10 percent of our income. However, we do not tend to make decisions based on logic, rather we make decisions based on our emotions. Unless we understand what is going on and have this working in our favour, then success can be very elusive. Often, we know what we should do, but we are not doing it.

The exercise that follows can help you rewire your subconscious mind for financial success. It takes about 20 to 30 minutes and you will need to do it with a friend or your partner. I had to rewire my subconscious to link pleasure to making more money. If I could do that, then I would be driven on autopilot to financial success. However, if I did not change, then it would not matter what investment opportunities I came across, I would keep self-sabotaging my success.

How do you know if you are wired like that? If you are like most people you probably will be because that is how society conditions us.

This exercise is designed to go beyond the conscious mind to access the subconscious files we link to money. When you first begin, you will most likely answer from your conscious mind, which will give you automatic conscious answers. Eventually, you will exhaust all your conscious answers and begin to call on the files of the subconscious mind. This will be evident from small changes in your physiology. Your eyes will lower and this is a sign you are more in touch with your emotions. Then your brain will begin searching past subconscious files and old memories will come to consciousness.

For example, as a child your parents may have fought over money and you felt stressed about that. Or perhaps, if your father always had to go away for work, this caused you to associate negative emotions with money because he could not be home with your family. As an adult, consciously you can justify it, but subconsciously you may still be upset about it and link the pain to money - when it was actually the lack of money that caused your father to go away.

You will be amazed at what may start to come up. Even once, the exercise is over, maybe even a week from now, your brain will keep coming up with files and you will start to recall memories that you have attached to money. Then

What I Didn't Learn At School But Wish I Had

you can start to understand what is really going on in your subconscious. It will give you a chance to look at it differently and move on. The benefits of this are enormous because you will then be on autopilot to financial success.

Get your partner to ask you these three questions. As you answer the questions, get your partner to write down your replies. Your partner will need to keep asking each question until your answers have been completely exhausted in each area. Push beyond the automatic answers so that you discover the deeper associations and emotional impact of money in your life. Ask the question at least 20 times until the answers are completely exhausted, then ask the second question 20 times, and then the third question.

1. What is money?

2. What is not having money?

3. What is money, really?

I included some examples of other people's answers. Remember though, it is not really the answer we are looking for, but it is the memory associated with your answers.

The meaning of money exercise

| What is money? | What is not having money? | What is money, really? |
|----------------------------------|-----------------------------|--------------------------------------|
| Quality | Feelings of scarcity | Amplifier |
| Gratitude | Being controlled by rules | Energy |
| Nothing but pieces of paper | Less choice, quality | Turbo charged |
| Lifestyle | Inability to give | Only what we have decided |
| Commitment | Arguments of pain/ pleasure | Most powerful influencer |
| Ability to give | Hurt | |
| Access to resources | Loss of relationship | Choice to live life at highest level |
| Ability to leverage time | Stupid | Powerful tool for magnifying impact |
| Entertainment | Not making a difference | A tool that can open doors |
| Freedom from drudgery | Frustration | Leverage |
| Gift from God for being a giver | Pain | Opportunity for people |
| Reflection of value added | Separation | Choice |
| Reflection of intelligence | | |
| Reflection of intensity of focus | | |
| Commitment | | |

To condition your nervous system for wealth, use the insights you have gained from completing this exercise to answer the following questions.

1. What are my most limiting beliefs about having absolute financial abundance?

2. What specific amount of money represents financial abundance to me?

What I Didn't Learn At School But Wish I Had

3. What will I do today towards developing a financial plan?

4. What did I learn today that I can use to make progress?

5. What financial terms and aspects of personal finance do I not currently understand?

6. Why am I committed to follow through?

7. Give one or two situations from the past of when you pulled through despite difficulty.

Once you have completed this exercise you will have commenced the process of rewiring your subconscious association to money.

If you would like to learn more about conditioning your subconscious, not only in relation to money but also other areas of your life, I recommend Anthony Robbins' work on Neuro Linguistic Programming (NLP) and Neuro Associative Conditioning (NAC).

He is a world leader in this field and produces phenomenal results rapidly and consistently. His books titled *Unlimited Power* and *Awaken the Giant Within* are both best-sellers available in most bookstores, or to find out about his seminars go to **www.21stcenturyeducation.com.au** and go to the link for Anthony Robbins.

Now that we have removed the obstacles standing in the way of our financial freedom, we need to find out exactly what will drive us to do the things necessary to create the life we desire. At the moment you might think that it is the shiny, new red Ferrari that is driving you, pardon the pun!

But, if it really was the red Ferrari, I guarantee you would already have one sitting in your driveway. Most people find it is something bigger and more powerful than the fancy cars and the ritzy houses. I will give you a hint; it probably has something to do with helping your fellow man. In the next chapter let's find out exactly what your primary purpose is.

11 HOW TO FIND OUT WHAT YOUR PRIMARY PURPOSE IS

I have found in the past that for most people it is easier to begin with a list of what they *do not* want in their life, rather than what they *do want*.

Before we move on to financial intelligence and specific wealth creation strategies, it is important to be clear about what it is that you really want? Some people may already be clear about this, yet many others have no idea what their primary purpose is. This is probably the most important step, because unless you have clarity about what you want, then no amount of strategies will help you get it.

In this chapter, we will undertake a process that will help you to become clear about what you want. What I mean by your primary purpose is what your true purpose or focus for life is. In other words the essence of who you are and what your life is about.

A broad list of questions follows that can help stimulate your thoughts, place you in the right frame of mind for you to work on your primary purpose.

Take time to think about your answers. Question yourself and then question your answers. There is, of course, no right or wrong answers, just answers that are right for you.

Some questions have easy, instant answers, while some questions are difficult and can take a great deal of thought. Some questions can cause you to rethink your most basic values and attitudes in life. Most importantly, be honest with yourself. In designing one's ideal life, the questions I asked myself were as follows:

- What do you want your life to look and feel like?
- What do you value most? What is important to you?
- What matters most at this point in life?
- What would you like to be able to say about your life after it is too late to do anything about it?
- Many years from now, at your funeral, what do you hope will be said about you in your eulogy?
- What do you want your life to look and feel like on a day-to- day basis?
- What emotions would you like to feel consistently?
- What would you like people's perceptions of you to be?
- What are your daydreams about?
- When you were young, what did you want to be when you grew up?

What I Didn't Learn At School But Wish I Had

This is where I suggest that you start if you are not clear about your purpose. Think back to when you were younger, usually before the age of 14. You probably had different hopes and aspirations for your future and often creativity was at the heart of your dreams. Unfortunately, too many people lose sight of their childhood dreams.

- Do you ever find yourself wishing you were different?
- What did you wish?
- Why are you not that way?
- What gets in your way?
- Of all the things you have done in your life, what has given you the most satisfaction or pleasure?
- If you no longer had to work how would you spend your time?
- And with whom?

It is so important to be clear about these questions before you worry about becoming financially free. If you don't know what you are going to do when you are free of the rat race, then your mind has nothing to link pleasure to or move forward towards.

There are so many people that I have been able to give solutions to obvious solutions, to enable them to be free of the rat race.

For some people instant financial solutions while for others financial freedom in less than twelve months - just simple, logical changes. However, I found that some people would not implement those changes, even though they wanted to be financially free!

They may have been trapped in a job or business they were not really happy with, however, despite being unhappy, they were not uncomfortable enough to do anything to change the situation.

We found that their six human wants, which I will cover in this book, were being met in their business or job. They were not met at a high level, but just met. To move out of that and become free, they needed something else to move towards that would still meet those six human wants. Unless you figure out what that activity or purpose is for you, you may never move forward and you will continue to sabotage yourself.

- What is missing from your life?
- When you find yourself wishing for something, what is it?
- What motivates you to perform above and beyond the call of duty?
- What are your greatest strengths?
- What are your greatest weaknesses?
- What do you want to achieve but find impossible to do?
- What barriers make it impossible?
- Are those barriers really insurmountable?

Now that we have set the stage, so to speak, and you are in the right frame of mind, we can continue the process of discovering your primary purpose. There are five steps to the process.

Step 1 - What You Do NOT Want In Your Life

I have found in the past that for most people it is easier to begin with a list of what they do not want in their life, rather than what they do because this is the way we have been conditioned. Using the blank spaces below list everything you can think of that causes you anger, stress, frustration, fear, hatred, embarrassment, dissatisfaction or anything that you do not want in your life. Don't think too much about it, just write as many as you can think of.

Now go back over your list, thinking carefully about each item. Notice your feelings, your sense of importance about each one. Circle the few items, no more than five or six, that you consider the most important.

Step 2 - What Do You Want In Your Life?

Now that you know what you do not want in your life, it is much easier to find out exactly what you do want. As before, using the blank spaces below, list everything you can think of that you do want in your life. Look back to what you circled that you did not want.

These will tell you about what you really do desire. Your subconscious knows exactly what you really want. Focus on what makes you happy, fulfilled and satisfied, as well as what gets you energised, motivated and purposeful.

Avoid the superficial and the material; go for the deeply satisfying, profoundly rewarding life experiences. Again, do not think too much about it, just write as many as you can.

Once again, go back over your list thinking carefully about each item. Again, notice your feelings, your sense of importance about each one.

Circle the few items, no more than five or six, that are the most important. Look over those items and rank them from the most important to the least important.

Step 3 - What Are Your Priorities And What Is In Your Way?

Now, what is it that is stopping you having the things you truly want in your life? This step will help determine what you need to overcome. Write down the most important items, the ones you circled previously from the list of what you want in your life. Write them in order of importance.

Think carefully about each of them and write down what, if anything, is keeping you from having them. What barriers stand in the way of having what is most important to you. Think especially hard about self-imposed limitations and how these barriers and limitations can be overcome.

Important things I want in life

Barriers and limitations

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Step 4 - Write Your Own Eulogy

This step will take you on a journey that will really clarify where you want to be at the end of your life. Most people have only a vague idea, if any, of where they want to go. There is no real direction in their lives.

We need to begin with the end in mind, like IBM did when it wanted to become a huge computer corporation. The owners clarified what they wanted IBM to look like when it was finished. We can do the same thing with our lives. We will take a journey into the future and find out exactly what your life will hold. I learned the concept of beginning with the end in mind from my millionaire mentor and decided to use the concept for my life, not just business.

I want you to imagine it is a cool, windy day and you are heading off to a church. Unfortunately, you are heading off to a friend's funeral. The funeral is for a distant friend that you have not seen for some time. You pull up outside the church and as you get out of the car you notice the blustery wind blowing against your clothes.

Slowly, you walk up the steps of the church and notice its big sandstone walls. As you reach the top of the steps you see some other people walking into the church and you follow them inside.

You proceed down the aisle and realise some people sitting in the church are familiar to you. Some of these people you have not seen for quite some time. But you do not stop to greet them; instead something seems to draw you further down the aisle.

As you walk down the aisle you recognise some more faces.

Some of them are old school friends, some are relations, and there are even some people you would not expect to see there. You are sort of curious, there

are so many people here that you know. You think to yourself, "I have not seen some of these people for a long time." You seem to be able to walk effortlessly as you walk further down the aisle to the front of the church.

When you reach the front, you turn and look around. You notice the colour of the internal church walls and the stained-glass windows. Looking towards the front of the church you see how big the church is and how many people are sitting in it.

The soft organ music begins to play. You proceed down the aisle again, getting closer to the front where some of your immediate family members are sitting. They are obviously upset. They do not seem to recognise you, but maybe they have not noticed you walking down the aisle.

You finally get to the front of the church and see the large, timber coffin. There is a sombre feeling throughout the church. You are drawn towards the coffin and notice the casket is open.

As you approach you decide to pay your last respects to your dear friend. You lean over the coffin and notice who is laying there. Suddenly, you cannot believe what you are seeing, as the person laying in the coffin looks exactly like you! It just does not make sense. For a moment you are startled.

You gasp and think you must be seeing things. You look again and realise, not only does the person look like you, but the feeling starts to sink in that it is you! It is you laying in the coffin, not an old friend!

It suddenly dawns on you that it is actually your funeral. All those people in the church are there to pay their last respects to you. Just as you are trying to come to grips with what is happening, someone stands up at the front of the church and starts delivering your eulogy. You notice there are three eulogies to be delivered.

The first is from someone you work with. They start to talk about you to all your family, friends and people that you knew. They talk about what sort of person you were and some of the things you did. Imagine what they would say about you? How does it make you feel?

A second person stands up. This person is one of your close family members, someone who has known you for virtually your entire life.

They are someone that loves you dearly. They begin to talk about some funny things from your past. What you were really like as a person, about some of your dreams and ambitions and the things you accomplished. Imagine what they are saying about you.

As they say these things, there is a part of you that wants to say, "You forgot some things! There is more to me. You do not know everything there was to know about me, you only knew some things!"

But you realise you cannot say anything and the people in the church can't even see you standing there. It is hopeless to try to speak because no one can hear you.

The last person comes up to deliver your eulogy – your best friend. Your best friend starts to talk about you, what they thought of you and what sort of person you were. What you did, what you were like and what your hopes and dreams were. What are they saying about you? What else do they say? Do they cover everything, or maybe even your best friend does not know about some of your dreams.

When they finish talking, you want to jump up and say, "That is not all! There was more to my life than just that!"

People start to exit the church, obviously upset. They cannot see you and there is nothing you can do.

The reality starts to sink in that your life is over. There is so much you might want to say and do about the rest of your life but all of a sudden it is too late. You realise you had your chance, but that chance is now gone.

With a sense of helplessness you walk down the aisle and out of the church. As soon as you walk outside you notice different things. You hear the sounds of the birds chirping in the trees and the rustle of the leaves blowing. You breathe in the freshness of the air and begin to see things around you that previously you took for granted. You are totally aware of the immense beauty of the outside world.

You begin to walk towards your car thinking, "What if I had just one more chance? I really just want some more time, please." You beg, but no one can hear you. You beg to whoever will listen.

You say, "I did not realise! If I knew my time was about to be up I would have done things differently. I would have experienced some of the things I wanted to experience, expressed myself, and maybe told some people I loved them, while I had the chance."

You try begging once again to whoever will listen. "Please just give me one more chance. Just give me some more time. There are some things I would do if I had some more time in my life."

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Think about those things you would do differently if you were granted more time. You realise how precious every second of life really is, now that it is gone. What would you be willing to do, just for another hour of life, another day or even an entire week? Imagine a whole week of extra time. What could you do in a whole week if you were granted that time?

What if you had an extra month or maybe even a year or two or five? How precious would that be to you? What would you promise in exchange for this extra time? Would you promise not to waste another second of your life? Would you promise to never let a day go by without expressing your love to the people you care about?

Would you promise to put your passion and belief into everything you do? If only somehow you could be granted that extra time. Just one more chance at life.

If you were granted that chance, would you live your life differently? What are some things in your life you would change? What would be most important to you that you would focus on?

Which people might you express love to and let them know how you really feel. What would you do differently?

Would you fulfill your purpose while you had that chance? How would your life be different?

As you think about the things you would do differently, knowing that your wish may not be granted, you walk to your car despondently.

Now I want you to imagine that your wish, what you are begging for, is given to you on the conditions that you agreed to. You agreed to do anything for another second, another hour, another week, another year, maybe another decade or two.

You promised you would do all those things for another chance at life. If that were granted to you, would you live up to the conditions that you promised? Would you be absolutely committed to doing whatever it takes to never waste another second of your life? Would you make it the best life you could ever possibly make it, so when your time does come again, the day you are laying there in that coffin, you can lay there and the eulogy will be what you want it to be.

Instead of someone else talking about your life, imagine it is a recording of yourself played at your funeral, talking about how you lived life to the fullest. Imagine how that eulogy would be different.

11- How To Find Out What Your Primary Purpose Is

What satisfaction would you have knowing that your life may eventually come to an end, but you gave it everything you could? How would that make you feel? You lived your purpose. You lived with passion, you had courage and you did not dwell on fear, but through creativity you did what it took.

Think about these things you would do differently if you knew you had been granted one more chance at life. Life is the most precious gift we have.

List some of the things you would change in your life and what you would promise, to be granted extra time. Now that we have taken this journey and you have vowed to live your life to the fullest, it is time to write your own eulogy.

Assume you have the life you want from this point forward, what will your eulogy say about your life?

Looking back on the life of...

Now for the final step in discovering your primary purpose:

Step 5 - Put Your Primary Purpose Down On Paper

Write a very short statement - a phrase, a sentence, no more than a couple of sentences - expressing the essence of what you want your life to be all about. The acid test for your primary purpose statement is your internal barometer. When you write it, you should feel energy, enthusiasm, commitment, and a sense of "Yes this is for me!" If you do not feel this, keep on writing.

As an example, when I did the exercise around 18 years ago, my initial statement was, "My Primary Purpose is to raise the life force energy of every single person I have the privilege to connect with".

It was simple but effective in the beginning. It was enough to get me to think foremost about others and to no longer focus just on my problems and myself. That was a selfish way to live. I have expanded this now to where I have several primary purposes, some which include "creating an ideal 21st Century

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Education system for Australia, America and the world that will positively transform millions of peoples lives, creating a more empowered and prosperous world.”

“Building an institute that will help influence, create and implement a more equitable, empowering and compassionate world monetary system that will help eliminate world hunger and poverty, largely created by the current debt-based monetary system which has the majority of the wealth manipulated into the hands of a few.”

The essence of my primary purpose is:

Now that we have discovered what your primary purpose is, it is time to create an action plan to propel you forward to the kind of life you have written about in your eulogy.

Your primary purpose is the starting point and guides to get you on track. In the next chapter, we will find out how to design your perfect life.

Now that I am clear about my two primary purposes, it drives my entire life and focus virtually every day.

Already it has resulted in creating a multi million dollar educational organisation in Australia and New Zealand, which has impacted upon more than 450,000 people and eventually will affect millions of people globally.

It also guided me to start a book on solutions to the world's monetary problems, to help eliminate world poverty and expose one of the world's greatest financial transfers of wealth carried out by the Federal Reserve, centrally controlled banks and the IMF, under the guise of globalisation.

It has also led me to educating Australians and New Zealanders about financial success and the ploys of large institutions (banks) that own 90 percent of the financial planning industry.

Many people think they are getting unbiased financial advice from their financial planner, when this is often not the case. The financial planners are often not trained as money experts and successful investors, but are simply commissioned sales people pushing a product under the guise of 'licensed financial planners'.

It also caused me to raise tens of thousands of dollars for charities including (former tennis player) Pat Rafter's *Cherish the Children Foundation* and to sponsor a whole third world school in Africa, to assist in their education, giving them a better future.

If I had not done the Primary Purpose exercise 18 years ago, I would never have been drawn to create a focus on all the above and made such progress in half a decade, let alone a lifetime.

You can see that by having a strong sense of purpose, I am naturally driven more than someone whose purpose or goal is simply to pay off the mortgage.

I am not suggesting you have to make a massive difference in the world, however you must develop a strong sense of purpose or vision in your life. I once read an excellent statement that said: "without a vision they will perish."

I recently read an article from a nurse that I want to share with you, which reveals the top five regrets people have on their deathbed.

Most people don't realize what they are most likely to regret when their time comes. The following is a good insight into what we could focus on or even should focus on.

According to a nurse who worked for many years in palliative care:

My patients were those who had gone home to die. Some incredibly special times were shared. I was with them for the last three to twelve weeks of their lives. People grow a lot when they are faced with their own mortality.

I learnt never to underestimate someone's capacity for growth. Some changes were phenomenal and each person experienced a variety of emotions. As expected the emotions of denial, fear, anger, remorse, more denial and eventually acceptance surfaced. Every single patient found their peace before they departed though, every one of them.

When questioned about any regrets they had or anything they would do differently, common themes surfaced repeatedly. Here are the most common five:

1. I wish I'd had the courage to live a life true to myself, not the life others expected of me.

This was the most common regret of all. When people realize that their life is almost over and look back clearly on it, it is easy to see how many dreams have gone unfulfilled. Most people had not honored even a half of their dreams and had to die knowing that it was due to choices they had made, or not made.

It's very important to try to honor at least some of your dreams along the way. From the moment that you lose your health, it is too late. Health brings a freedom very few realize, until they no longer have it.

2. I wish I hadn't work so hard.

This came from every male patient that I nursed. They missed their children's youth and their partner's companionship. Women also spoke of this regret. But as most were from an older generation, many of the female patients had not been breadwinners.

All the men I nursed deeply regretted spending so much of their lives on the treadmill of a work existence.

By simplifying your lifestyle and making conscious choices along the way, it is possible to not need the income that you think you do. By creating more space in your life, you become happier and more open to new opportunities more suited to your new lifestyle.

3. I wish I'd had the courage to express my feelings.

Many people suppressed their feelings in order to keep peace with others. As a result, they settled for a mediocre existence and never became who they were truly capable of becoming. Many developed illnesses relating to the bitterness and resentment they carried as a result.

We cannot control the reactions of others. However, although people may initially react when you change the way you are by speaking honestly, in the end it raises the relationship to a whole new and healthier level. Either that or it releases the unhealthy relationship from your life. Either way, you win.

4. I wish I had stayed in touch with my friends.

Often they would not truly realize the full benefits of old friends until their dying weeks and it was not always possible to track them down.

Many people had become so caught up in their own lives that they had let golden friendships slip by over the years. There were many deep regrets about not giving friendships the time and effort that they deserved. Everyone misses their friends when they are dying.

It is common for anyone in a busy lifestyle to let friendships slip. But when you are faced with your approaching death the physical details of life fall away. People do want to get their financial affairs in order if possible. However, it is not money or status that holds the true importance for them. They want to get things in order more for the benefit of those they love.

Usually though, they are too ill and weary to ever manage this task. It all comes down to love and relationships in the end.

That is all that remains in the final weeks, love and relationships.

5. I wish that I had let myself be happier.

This is a surprisingly common one. Many people did not realize until the end that happiness is a choice. They had stayed stuck in old patterns and old habits. The so-called 'comfort' of familiarity overflowed into their emotions, as well as their physical lives.

Fear of change had them pretending to others, and to themselves, that they were content. While deep within they longed to laugh properly and have silliness in their life again.

When you are on your deathbed, what others think of you is a long way from your mind.

How wonderful to be able to let go and smile again, long before you are dying.

Life is a choice. It is your life. Choose consciously, choose wisely, and choose honestly. **Choose happiness.**

12 DESIGNING YOUR LIFE

If you are not living life in balance you will find some areas of your life will suffer in the long term.

I have covered how to discover our primary purpose so now we need to create an action plan of goals to ensure we are always moving towards the fulfillment of that primary purpose. It is important to remember though, that no individual goal should ever be in conflict with your primary purpose. It is also important to design goals in all areas of your life, which result in a much more balanced life.

Sometimes it is difficult to achieve balance in the short term, but if you are not living in balance you will find areas of your life will suffer in the long term. The areas I set goals in are, health, family, career/business, financial, intellect, spiritual and social. You can have all the money in the world, but if you have not looked after your health, you will probably be less able to enjoy your wealth like.

Most people set goals that are way too large and become disheartened before they ever come close to reaching them. A goal that works is one that is broken down until it represents a single event. It is the progressive, sequential accumulation of single events that ensure the desired end result. For example, if your goal is to save \$10,000 this year and you are paid fortnightly, you should have 26 single event goals, each written progressively to allow for changed circumstances.

SMARTIES

Your goals should be what I call SMARTIES! SMARTIES is an acronym for the following:

Specific. Be absolutely specific when setting your goals and use only the present tense positive statements. If your goal is to “have specific habits to improve your physical appearance”, your goal could be expressed as, “I am so happy I am starting my fitness program at the local gym at 6:30 pm to 7:45 pm next Monday. I will continue this program Monday to Saturday for the next three months.”

Measurable. Your goals need to be measurable. In other words, you need to be able to monitor your progress so you can measure your success. If your goal is to lose weight, then obviously monitoring is an easy thing to do by hopping on the scales once a week, or once a month.

If however, it is something like making significant improvements in your career, you may need to ask your boss for regular feedback on your performance to see how much progress you are making with your goal.

Attainable. You also need to be able to conceive your goal in order to attain it. Unless you can see yourself achieving your goal, it is very unlikely to happen. Napoleon Hill said, "Whatever the mind of man can conceive, he can achieve." This is the secret to success. By using visualisation techniques you can speed up this process.

Realistic. Obviously goals need to be within the bounds of logic and circumstance. There is no use setting a goal for example, 'to be the number one jockey in the world', if you are six foot four and weigh 250 pounds. Perhaps setting a goal to become the number one basketball player would be more appropriate.

Tangible. Your goal needs to be something that is real or physical, that you can see and touch.

Inspirational. If your goals do not inspire you, it is unrealistic to expect that you will be driven to take action to achieve them. Make sure you choose goals that will give you a 'buzz', whether it is a sporty red Ferrari or a three-story mansion, or something altruistic like saving the whales.

Emotional. The more emotionally involved you become with your goal the quicker it will manifest into your life. If you want the red Ferrari, go down to the car dealership and sit in one. Smell the leather seats and feel the steering wheel in your hands. Drive one. Get your photo taken with you in the driver's seat. Then every time you look at your goal you will experience the Ferrari rather than just looking at a two-dimensional picture.

Short-Term And Medium-Term Goal Sheets

I have included a short-term and medium-term goal sheet plus a master dream list in this chapter to get you started on writing down some goals. The goal planning sheets are only tools to guide the thinking process. Use additional

sheets of paper to map out your plans in detail. Excellence is the result of attention to detail.

During your planning process, as well as writing down your goals, write down every possible benefit you will realise as a result of achieving your goal and its impact on all areas of your life. Once you have planned and written your goals, I recommend you write them on some small cards and carry them with you so you can read them on a daily basis.

Pick half an hour at an exact time each day to focus on your goal card and meditation to create the necessary operating principles and practices for your life.

There was a survey undertaken as to the differences between a millionaire and a billionaire. Interestingly there was only one definable difference between the two and that was that billionaires reviewed their goals twice a day, while millionaires only reviewed theirs once.

Create A Goal Board And A Vision Poster

Another great idea for keeping you tuned into your goals is to create a goal board for yourself. This is one of the things we do during our three-day seminar at *21st Century Education*. I ask each participant to bring in a selection of magazines to cover all areas of their life.

We then give everyone a sheet of cardboard, glue and scissors and spend of time flicking through magazines, choosing the things that each participant wants to create their perfect lifestyle. If you can get pictures of yourself visiting your dreams, for example, a photo in a Ferrari, that is even better. I encourage them to think big, in fact, the bigger the better. I am not talking about just focusing on material aspects of their lives but to think outside the square.

It is a very worthwhile exercise. Many graduates have told me how they put their goal boards up on a wall once they arrived back home, and soon after much of what they put on their vision posters was attracted into their lives.

I recommend you put your goal board and vision poster in your bedroom so that you will see it just before you drift off to sleep at night and when you wake first thing in the morning. This will help to embed your dreams and goals into your subconscious.

Visualisation

Visualisation is a very powerful tool that can be used to help manifest all that you desire into your life. Visualisations are like a projection or a movie screen in your mind. Fortunately, for us our subconscious cannot tell the difference between reality and dreams. Therefore, if you continuously project your goals onto your movie screen in your mind, your subconscious will automatically create the circumstances necessary for your goal to be achieved.

The more detailed and the more often you visualise your goals, the more powerful they will be and the quicker you will manifest them into your life. Remember, we attract into our lives what we continually focus on.

Incantations

We have discussed the concept of, "motion = emotion" in a previous chapter. Again we can use this to manifest what we want into our lives quickly and easily. Incantations are affirmations with actions. By doing actions to your affirmations, they are set like concrete into our nervous system.

By creating actions and movements that relate directly to the words in your incantation, your physiology will instantly be put into a peak state. You may feel a little awkward when you first try this, but after a while when you see how effective it is, it will become like a secret ritual you perform.

I use an incantation prior to speaking at my seminars to get me into the best possible state to impact my audience. It goes like this: *"I now command my subconscious mind to direct me in helping as many people as possible today, by giving me the strength, the emotion, the humour, the persuasion, the brevity, whatever it takes to get these people and to show these people to better their lives now".*

I say this as many times as possible with hand gestures until I am completely focused and to have the ability to serve others at the highest level.

The second one I use is: *"God's wealth flows into my life in avalanches of abundance. I give thanks for all my dreams, desires and goals, which are met instantaneously by infinite intelligence and I give thanks for who I am now and all of God's riches as I am truly one with God and God is everything".*

Because I have consistently conditioned these into my nervous system over many years, I believe it plays a big part in ensuring that wealth continuously flows into my life, not just in a financial sense.

Have you ever actually achieved a goal and said, "Is that all there is?" In the next chapter, you will learn that each of us has our own way of getting our needs met. In every situation we make decisions according to our personal criteria of what vehicles meet our needs. To prevent yourself from setting goals that fall short of your expectations you will need to know all about the six human needs.

Napoleon Hill

Napoleon Hill said, "Whatever the mind of man can conceive, he can achieve."

21st Century Publishing have reprinted Hill's classic best seller *Think and Grow Rich*, first published in 1937. *Think and Grow Rich* is one of those rare books that almost every millionaire or billionaire has read at least once in their life. How could a book written in 1937 during a major depression transform so many people's lives and propel them to such riches?

Since its first printing in 1937 *Think and Grow Rich* has sold more than 15 million copies worldwide and Hill is considered to have influenced more people to achieve success than any other person in history. Hill spent 25 years researching this book in which he details the Scottish born, U.S. Steel-magnate Andrew Carnegie's formula for money-making, based upon 13 proven steps to riches.

He was probably the forerunner of personal success technique development and was perhaps the most influential man in this area through this classic book that has helped millions of people. Hill's work stands as a monument to individual achievement and is the cornerstone of modern motivation. His words "Whatever your mind can conceive and believe it can achieve" serve as a timeless reminder for any person who wishes to achieve success in their chosen field.

In 1937 Hill wrote, "All achievement, all earned riches, have their beginning in an idea! If you are ready for the secret, you already possess one half of it, therefore, you will readily recognise the other half the moment it reaches your mind."

Hill's writing style is often subtle and cryptic and you will need to read closely to gain maximum value from what he has to say. For instance:

The peculiar thing about this secret is that those who once acquire it and use it, find themselves literally swept on to success, with but little effort, and they

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never again submit to failure! If you doubt this, study the names of those who have used it, wherever they have been mentioned, check their records for yourself, and be convinced.

There is no such thing as something for nothing!

The secret to which I refer cannot be had without a price, although the price is far less than its value. It cannot be had at any price by those who are not intentionally searching for it. It cannot be given away, it cannot be purchased for money, for the reason that it comes in two parts. One part is already in possession of those who are ready for it.

Short-term goals

Name _____ Date _____

Write three goals in each of the following areas. Short-term goals are things you would like to achieve within one to ninety days.

Health 1. _____
2. _____
3. _____

Family 1. _____
2. _____
3. _____

**Career/
Business** 1. _____
2. _____
3. _____

Financial 1. _____
2. _____
3. _____

Intellect 1. _____
2. _____
3. _____

Spiritual 1. _____
2. _____
3. _____

Social 1. _____
2. _____
3. _____

Other 1. _____
2. _____
3. _____

Medium-term goals

Name _____ Date _____

Write three goals in each of the following areas. Medium-term goals are things you would like to achieve within three months to three years.

Health 1. _____
2. _____
3. _____

Family 1. _____
2. _____
3. _____

**Career/
Business** 1. _____
2. _____
3. _____

Financial 1. _____
2. _____
3. _____

Intellect 1. _____

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- 2. _____
- 3. _____

Spiritual

- 1. _____
- 2. _____
- 3. _____

Social

- 1. _____
- 2. _____
- 3. _____

Other

- 1. _____
- 2. _____
- 3. _____

Master Dream List

Write down three things in each category below that you have ever wanted to be, to do, to see or to have. Let your imagination run free. Ignore any imagined limitations of money, education or ability.

Be completely unrestrained and freewheeling. Add to your master dream list daily, weekly and monthly for the rest of your life.

Health

- 1. _____
- 2. _____
- 3. _____

Family

- 1. _____
- 2. _____
- 3. _____

**Career/
Business**

- 1. _____
- 2. _____
- 3. _____

Financial

- 1. _____

2. _____

3. _____

Intellect

1. _____

2. _____

3. _____

Spiritual

1. _____

2. _____

3. _____

Social

1. _____

2. _____

3. _____

Other

1. _____

2. _____

3. _____

13

THE SIX

HUMAN NEEDS

If you want to create tremendous wealth for your future and impact a lot of people it will come from mastering your need for contribution at the highest level.

The following six human needs are a technology I learned from Anthony Robbins and I think is a brilliant way to understand how to be fulfilled in life. Anthony Robbins says, "Everything human beings do, they do for a reason. They are trying to meet one of six basic human needs. While human values may vary, we all have different beliefs, strategies and desires. We all share the same needs."

I have found that sometimes life is like a balancing act. It is a 'see-saw' of ensuring your needs are met, without doing it so often and so much that you become habituated or take things for granted. Have you ever achieved a goal only to say, "Is that all there is?" Have you ever held yourself to a high standard and not been satisfied? Have you ever been in a relationship, really loved someone, but became bored and did something to jeopardise the relationship?

Each of us has our own way of getting our needs met. We could call these vehicles; some are destructive, some neutral, and others are constructive. For example, some people use alcohol, cigarettes or drugs to feel 'relaxed' for the moment. Others go shopping, have sex, or read a book.

The number of vehicles is almost as unlimited as the number of people who use them. But you must remember that you choose the vehicle, it does not choose you. The secret to meeting your needs is meeting your perceptions or procedures. In other words, you need to adopt a new strategy to get new results.

I learned from Anthony that there are two general categories of needs: the first one is, 'The Four Fundamental Needs', and the second one is, 'The Two Primary or Essential Needs'. All must be met for us to experience ultimate fulfillment.

Everyone meets his or her needs some way. The question is what level of fulfillment and using what vehicles? Do you meet these needs at a high level, a low level, or somewhere in between? To have the ultimate life, obviously you need to meet these needs at a high level. That is the key.

Anthony Robbins has identified the Six Human Needs as follows:

The Four Fundamental Needs:

1. Connection/Love. The first of the four basic needs is the need for connection or love. Other ways to meet this need are by bonding, sharing, feeling a part of, being at one with, or being intimate with others. Everyone needs to be able to connect with other humans and feel a sense of love. It is important not only to receive love but also to be able to give love.

2. Certainty/Comfort. The second need is certainty or comfort. This is the ability to produce, eliminate, or avoid stress, or create, increase or intensify pleasure. People want to feel secure in their jobs and relationships.

Most people cannot wait to get a job because on a cultural level it represents security, which is another word for certainty. However this could be an illusion. Most people believe that a job will give them certainty. In the past that was possible and it did give some sense of certainty because most people worked for one company all their lives. Today that is not true, for this can create a lot of fear and uncertainty for people.

3. Uncertainty/Variety. Now at the same time, if you get too much certainty in your life you become bored and your life becomes monotonous.

Many people have this challenge so they crave the third need, which is variety or uncertainty in their life. It can also be described as surprise, difference, diversity, challenge or excitement. We have all heard that 'variety is the spice of life' have we not? So, when certainty and comfort becomes boring, we often feel we need to change some things in our lives.

4. Significance. The fourth need is the need for significance, a sense of being needed or having a purpose, uniqueness or the need to feel important. We all have the need for it and we all meet that need in some way.

There are also two primary and essential needs

5. Growth. The first one is growth, which is one of the most powerful needs. If you are not growing you are dying. If you help others to be fulfilled, you will be fulfilled.

6. Contribution. The second primary need is the need for contribution. Often, we will do more for other people than what we will do for ourselves. To meet this need on a higher level we need to be willing to consistently give to others that which you wish to receive. So to have a rewarding life, we need to go from being 'culturally successful', to being fulfilled.

To do that we need to find out how we are currently meeting these needs, whether we are meeting them in destructive ways, and how we can meet them at a higher level. By meeting these needs at a higher level you will find consistent fulfillment in all areas of your life.

Let's look at what could be destructive ways to meet these needs. For example, a member of a street gang is meeting their needs for connection by using peer group pressure and their need for significance by having people fear them and their gang.

A person that goes from one job to the next or one relationship to another is meeting their need for variety and uncertainty.

Often, things are going along fine, yet due to their need for uncertainty they sabotage that relationship or job and are forced to move on to something else, which gives them a new 'buzz' or a new high. People that gamble are fulfilling their need for variety, as are people that take drugs.

The 'tall poppy syndrome' is another way some people meet their need for significance by pulling others down to build themselves up. Robert Kiyosaki talks about the prevalence of this syndrome in Australia, and how if you can make it in Australia, you can make it anywhere. In America people are more enthusiastic and excited about other people's success and think, "If they can do it, I can do it!"

Constructive Ways Of Meeting Our Need For Growth

Going to seminars, reading books and listening to tapes are great ways of meeting this need. New relationships can also help you grow. If you are not

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growing in a relationship, then that relationship will probably not continue for much longer as that need is not being met.

If you want to create tremendous wealth for your future and have an impact on a lot of people, it will come from mastering your need for contribution at the highest level.

This is the most powerful driver in human beings. Unfortunately it is the driver very few people tap into.

Anthony Robbins is a prime example of someone who is driven by the need to contribute to others; he links so much pleasure to serving others. He gets so excited and passionate and it has totally transformed his life.

As soon as he linked pleasure to that, he could not help but find ways to help more and more people and as a result, he has transformed millions of people's lives all around the world.

My dream is for you to find ways you can serve other people. If you do that, everything else you desire will be manifested into your life at a remarkably rapid rate and importantly, you will be an outstanding example for others to follow.

Look at the tables that follow for some examples of how you can meet your six basic human needs at different levels. The table contains destructive, neutral and constructive vehicles.

| Connection/ Love | Certainty/ Comfort | Uncertainty/ Variety | Significance |
|---|-------------------------------|--|--|
| Sympathy through sickness or injury | Control | Alcohol | Tearing others down |
| Crime | Consistency | Drugs | Violence |
| Smoking | Food | Gambling | Negative identity |
| Drugs | Learning | Self sabotage helplessness | Disease and disorder |
| Gangs | Negative identity | New relationships | Material possessions |
| Attempting to get others to comply with your requests | Completion | New job | Academic degrees |
| Relationships | Identity | New location | Accomplishments |
| Spirituality | Faith | Stimulating conversation | Style |
| Being in natural surroundings | Belief in guidance | Taking on new challenges and knowledge | Development of new skills |
| Pets | Saving money | Learning | Growing levels of caring or extraordinary compassion |

| | | | |
|----------------------------------|------------------------------|----------------------------|----------------------------|
| Sex | Debt reduction your goals | Refocusing | Scarcity |
| Beauty or art | Insurance | Saving Hedging | Picking an argument |
| Self-sacrifice Joining a team | Traditions Hugs | Investing Extreme sport | Being a leader Teaching |

We have within ourselves the resources to feel completely fulfilled in all six categories in any situation, regardless of how others respond.

To do this, simply ask the question, "What would I need to believe / appreciate / perceive or do (procedures / vehicles / approach) in order to feel more fulfilled in this category now?"

Now we have identified some negative and positive ways of fulfilling the six basic human needs, take a look at the four classes of human experience in the following table. Obviously it is better to adopt the Class 1 vehicle for meeting your six human needs. Explore the vehicles you may be using now by completing the exercise. I have included a few examples below to get you started.

| CLASS 1 | CLASS 2 | CLASS 3 | CLASS 4 |
|---|---|--|---|
| It feels good | It does not feel good | It feels good | It does not feel good |
| It is good for you | It is good for you | It is not good for you | It is not good for you |
| It is good for others | It is good for others | It is not good for others | It is not good for others |
| It serves the greater good | It serves the greater good | It does not serve the greater good | It does not serve the greater good |
| What are the Class 1 ways you are currently meeting your needs? | What are the Class 2 ways you are currently meeting your needs? | What are the Class 3 ways you are currently meeting your needs ? | What are the Class 4 ways you are currently meeting your needs? |
| e.g. Saving (certainty/ comfort) | e.g. Starting an exercise program (acceptance/ significance) | e.g. Alcohol (variety) | e.g. Bad debts (comfort) |
| Teaching/Sharing (contribution) | Working, (certainty contribution, significance) | Owning a sports car (significance) | Fighting and arguing (variety, significance) |

In this chapter, we have learned what the six human needs are and identified the different vehicles for meeting them. After completing the exercise above, you would have a fair idea of the vehicles you currently use to meet your needs on a consistent basis. These vehicles up until now have been chosen by you on a subconscious level and therefore may not always be Class 1 vehicles.

What if you could learn how to control what triggers you and instead of turning to negative vehicles for meeting your needs, you began to consciously choose positive vehicles for your fulfillment? You can do this by learning how to control your emotions through state management and how to put yourself in a peak state.

Lleyton Hewitt with his famous catch phrase, 'Come on', is an excellent example of someone who can consistently put himself in a peak state. There is no doubt why he became the youngest ranked number one tennis player in the world and an inspiration to millions.

The remainder of this book will focus on what it takes to become financially successful in the 21st century, beginning with setting your financial targets.

“Society rewards passion”

Jamie McIntyre

14 ESTABLISH YOUR FINANCIAL GOALS

Academic qualifications are important and so is financial education. They are both important and schools are forgetting one of them.

Robert Kiyosaki

When are you financially secure, independent or free?

What is the true measure of financial wealth?

The answer is the number of days from now you can continue to live without the need to work.

How much will it take for you to be financially free?

If you are like most people, you will have very little idea. The following exercise is designed to help you figure out how much it will take.

A. How much will it take?

Simply guess what it will take to be financially secure, independent or free - the first figure that comes to mind, for example, if I won \$X million in lotto, I would...

\$ _____

B. How long will it take?

Once again just guess for now as we will figure it out shortly.

Making your personal financial dreams a reality

Everyone has the right to pursue his or her financial dreams. To turn those dreams into a reality, we must identify precisely what they are. The following are five levels of financial well being that are possible to attain. Use this list to clarify what dreams are most important for you to achieve in your lifetime.

Remember: Clarity Equals Power!

1. Financial Protection

2. Financial Security

3. Financial Independence

4. Financial Freedom

5. Absolute Financial Freedom

Now, let's define each of the goals with precision.

Let's Start With Defining What You Want Financially

Give yourself 3 to 5 minutes to brainstorm what you want in each of these areas.

| Goals | Short-term 6-36 months | Intermediate 3-10 years | Long-term 10+ years |
|--|---------------------------|----------------------------|------------------------|
| Toys and rewards - things you want to own | | | |
| • House | | | |
| • Car | | | |
| • Art | | | |
| • Yacht | | | |
| • Jewels | | | |
| • Others | | | |
| Things you want to give or experience (for yourself, your family or others) | | | |
| • Travel | | | |
| • Philanthropy | | | |
| • Buy a house for your parents or children | | | |
| • Others | | | |
| • Economic goals | | | |
| • Reduction of debt | | | |
| • Cash in hand | | | |
| • Net worth | | | |
| • Annual income from investments | | | |
| • New business profitability | | | |
| • Others | | | |

How To Put Your Kids Through University Starting With A \$10,000* Investment

Assumptions: Interest Rate 10%, Tax Rate 28%, Inflation Rate 5%

| End of Year | Principal \$ | Contribution Dollars \$ | Interest Earned \$ | Capital at End of Year \$ |
|-------------|--------------|-------------------------|--------------------|---------------------------|
| 1 | 10,000 | 600 | 720 | 11,320 |
| 2 | 11,230 | 630 | 815 | 12,765 |
| 3 | 12,765 | 662 | 919 | 14,346 |
| 4 | 14,346 | 695 | 1,033 | 16,073 |
| 5 | 16,073 | 729 | 1,157 | 19,760 |
| 6 | 17,960 | 766 | 1,293 | 20,019 |
| 7 | 20,019 | 804 | 1,441 | 22,264 |
| 8 | 22,264 | 844 | 1,603 | 24,711 |
| 9 | 24,711 | 886 | 1,779 | 27,377 |
| 10 | 27,377 | 931 | 1,971 | 30,279 |
| 11 | 30,279 | 977 | 2,180 | 33,436 |
| 12 | 33,436 | 1,026 | 2,407 | 36,870 |
| 13 | 36,870 | 1,078 | 2,655 | 40,602 |
| 14 | 40,602 | 1,131 | 2,923 | 44,657 |
| 15 | 44,657 | 1,188 | 3,215 | 49,060 |
| 16 | 49,060 | 1,247 | 3,532 | 53,840 |
| 17 | 53,840 | 1,310 | 3,876 | 59,026 |
| 18 | 59,026 | 1,375 | 4,250 | 64,651 |

Total dollars available: \$ 64,651

* Start saving with \$10,000 and add an additional \$600 per year, or just \$50 per month. If you do not currently have children but plan to in the future, then you could start this plan 2-3 years before the birth of a child by putting aside \$300 a month so that when your child is born, you already have the initial \$10,000 to start the program. If you already have children, then you have to start this plan with a larger initial investment of principal. For example, if you have a 6 year-old, you will need \$17,960 to start the savings plan.

Education Timer

To accumulate these goals by your child's 15th birthday, you must set aside these monthly amounts*

| Child's Age | Now | \$20,000 | \$40,000 | \$50,000 | \$75,000 | \$100,000 | \$150,000 |
|-------------|-----|----------|----------|----------|----------|-----------|-----------|
| 1 | | 43.01 | 86.02 | 107.53 | 161.29 | 215.05 | 322.58 |
| 2 | | 8.18 | 96.36 | 120.45 | 180.68 | 240.90 | 361.35 |
| 3 | | 54.16 | 108.32 | 135.40 | 203.10 | 270.80 | 406.20 |
| 4 | | 61.11 | 122.22 | 152.78 | 229.16 | 305.55 | 458.33 |
| 5 | | 69.28 | 138.56 | 173.20 | 259.80 | 346.40 | 519.60 |
| 6 | | 78.95 | 157.90 | 197.38 | 296.06 | 394.75 | 592.13 |
| 7 | | 90.56 | 181.12 | 226.40 | 339.60 | 452.80 | 679.20 |
| 8 | | 104.67 | 209.34 | 261.68 | 382.51 | 523.35 | 785.03 |
| 9 | | 122.12 | 244.24 | 305.30 | 457.95 | 610.60 | 915.90 |
| 10 | | 144.19 | 288.38 | 360.48 | 540.71 | 720.95 | 1,081.43 |
| 11 | | 172.84 | 345.68 | 432.10 | 648.15 | 864.20 | 1,296.30 |
| 12 | | 211.36 | 422.72 | 528.40 | 792.60 | 1,056.80 | 1,585.20 |
| 13 | | 265.70 | 531.40 | 664.25 | 996.38 | 1,328.50 | 1,992.75 |
| 14 | | 347.73 | 695.46 | 869.33 | 1,303.98 | 1,738.65 | 2,607.98 |
| 15 | | 485.10 | 970.22 | 1,212.75 | 1,819.13 | 2,425.50 | 3,638.25 |

* Figures in the table are based on a fixed 9% interest rate, compounded monthly.

The table assumes no fluctuation in value of principal.

Figures are not intended to be a projection of any investment results.

No adjustment has been made for income taxes.

Cut Your Mortgage In Half!

Homeowners, you can literally cut your mortgage term in half simply by making extra principal payments!

The next time you write your monthly mortgage cheque, write a second cheque for the 'principal only' portion on next month's payment. This, by the way, is usually the smallest portion of the payment.

For most mortgages, the monthly payment is a constant number. In our example below, it is \$1,000. Only a small portion of that \$1,000 monthly payment normally goes towards paying off the actual principal of the mortgage itself. Remember, when the principal is paid off, the loan is paid off.

| Example of a Typical Mortgage* | | | | |
|---------------------------------------|-------------------|---------------------|--------------------|-------------------|
| Month | Payment \$ | Principal \$ | Interest \$ | Balance \$ |
| Jan | 1,000 | 40.00 | 960.00 | 98,172.85 |
| Feb | 1,000 | 40.39 | 959.61 | 98,132.45 |
| Mar | 1,000 | 40.79 | 959.21 | 98,091.66 |
| Apr | 1,000 | 41.10 | 958.81 | 98,050.47 |

In the example above, when you make the January payment you can also write a second cheque for the 'principal only' part of the following month's payment, in this case, \$40.39 for the February payment.

Then, you will not have to pay the interest on \$40.39 when making the February payment.

The following month, make the March payment for \$1,000 and pay the 'principal only' portion of the April payment for \$41.10.

Continue to do this every month, and you will never have to pay interest on the principal that has been pre-paid. Consistently following this strategy will enable you to pay off a 30-year mortgage in 15 years. This is a powerful strategy for saving a tremendous amount of money on your interest payments and cutting the term of your mortgage in half.

Note - if you do not have an amortisation schedule from your lender, get one!

Remember, you need to create the space in your life for the money to show up!

1. Financial Protection

The precise amount of money you will require in liquid assets to be financially protected can be established simply by reviewing your current monthly overheads (i.e. the minimums). What does it take for you to keep things together? Listed below are the critical obligations that must be met to ensure that you and your family are financially protected.

| Item | Current Cost Per Month |
|--|---------------------------|
| 1. Mortgage payment per month | \$ |
| 2. Electricity, gas, etc. (average) per month | + \$ |
| 3. Transportation (average, including car insurance) per month | + \$ |
| 4. Food (average) per month | + \$ |
| 5. Insurance (disability, health, etc.) per month | + \$ |
| 6. Private superannuation plan per month | + \$ |
| 7. Total monthly income necessary for protection | + \$ |

My Goals

This does not include any credit card or debt repayments. These are the basics required to survive financially. For example, Bill and Mary calculate that they require \$2,000 per month and decide to have six months set aside for their financial protection goal. You can choose six months more or less, but six months is the minimum suggested.

My financial protection goal is to save enough money to cover 6 months of basic overhead (line 7x6 months).

TOTAL \$ _____

What I Didn't Learn At School But Wish I Had

(Bill and Mary chose six months of protection at \$2,000 per month, that is, \$12,000 is required to complete the first level in their five-step plan.)

2. Financial Security

The amount of money you will need to achieve financial security is very simple to establish. Remember, this means determining how much you need to be independent of the basic necessities such as food, clothes, and transport, (Financial Protection Figure).

Financial security is achieved when your investments produce an income equal to your Financial Protection Figure, (basic necessities).

| | |
|--|------------|
| Monthly income necessary to achieve Financial Protection | = \$2,000 |
| x 12 Months | = \$24,000 |

My Goal

Bill and Mary's is \$2,000 per month x 12 months = \$24,000 total annual income required.

Your goal would be the monthly figure from the previous page multiplied by 12 to achieve the second level called financial security for you.

| | |
|--|------------|
| Annual income needed from investment to create financial security for life | = \$ _____ |
|--|------------|

3. Financial Independence

The amount of money you will need to achieve financial independence is similarly simple to establish. Remember, this means determining how much money you need to be independent of work. How much money do you now earn annually? To duplicate your current lifestyle it is likely you will need to duplicate your present monthly annual income*.

Example. If you earn \$200,000 a year and invest \$50,000, then the number you would actually need to be financially independent is \$150,000. Financial independence is achieved when your investments produce an income equal to your 'work' income.

Monthly income necessary to support your current lifestyle

= \$4,000

x 12 Months = \$48,000

My Goal

Bill and Mary earn \$48,000 gross and currently do not save, so the financial independence figure is \$48,000.

Annual income needed from investment to create financial independence for life for you is:

= \$ _____

* If you are saving or investing a substantial amount of your current income, then the amount of money you need to duplicate your actual current lifestyle not counting investments is less than your current or monthly/annual income. That is, if Bill and Mary are saving say \$10,000 out of \$48,000 salary, they would only need \$38,000 per annum to be financially independent, as this is what they require to meet their current standard of living.

4. Financial Freedom

This goal is attained when your investments provide enough income for you to live the lifestyle you desire for the rest of your life without ever having to work again. Simply ask yourself, "What annual income would I need to have the lifestyle I want?" The following steps are suggested:

In order to have financial freedom you would have your current monthly income, plus enough income to also purchase 'other things' you would like to have but can not currently afford. Remember that this is not your ultimate dream.

Establish how much these new desires would cost per month and record on line 1.

1. Calculate the additional monthly income needed to meet these desires. (Remember that this is not absolute financial freedom.)

What I Didn't Learn At School But Wish I Had

Example

| Item | Cost | Monthly Payment |
|---|-------------|------------------------|
| Second Home in the country | \$350,000 | \$3,500 |
| 35-foot boat | \$150,000 | \$1,500 |
| BMW | \$80,000 | \$1,000 |
| Total additional monthly income needed = \$6,000 | | |

2. Record on line 2 the total amount of monthly income you need for your current lifestyle, i.e. Financial Independence. (Write in line 1)

3. Add lines 1 and 2 to arrive at your total monthly cost to achieve financial freedom.

| Item | Monthly Payment \$ Bill and Mary | Cost \$ You |
|--|---|-------------------------|
| 1. Total additional monthly income needed: | \$6,000 | \$ _____ |
| 2. Monthly amount already needed for financial independence: | + \$4,000 | \$ _____ |
| 3. Total monthly income necessary for financial freedom: | = \$10,000 | \$ _____ |
| | x 12 Months | x12 Months |
| | = \$120,000 | = \$ _____ |
| Bill and Mary Line 1 | \$6,000 | 1. \$ _____ |
| Line 2 | \$4,000 | 2. \$ _____ |
| (\$48,000 p.a. for financial independence x 12 months) | | |
| Line 3 | \$10,000 | 3. \$ _____ |
| Bill and Mary = \$10,000 per month | | |
| x 12 = \$120,000 | \$120,000 | |
| | | My Goal \$ _____ |

5. Absolute Financial Freedom

You have achieved absolute financial freedom when your investment income provides you with the certainty that you can do whatever you want, as much as you want, whenever you want, wherever you want, with whomever you want - without ever working again. Take a moment to establish what you would really need to be absolutely financially free by filling out this worksheet.

1. List all the things you would have if you were absolutely financially free. Specifically, review your financial freedom list.
 - a. Rewrite the things you would still keep if you were absolutely financially free. For example, you have a 35- foot boat but now you want a yacht. If you want to keep the boat, then write it down. If not, then write down the cost of the yacht.
 - b. Now, add to your list all the new things you want that are not on your financial freedom list.
 - c. Establish how much each of these new desires would cost per month and record on line 1.

| Example | | |
|---|-------------|------------------------|
| Item | Cost | Monthly Payment |
| Keep 2nd home in the country | \$350,000 | \$3,500 |
| Replace boat with yacht | \$ 500,000 | \$5,000 |
| Replace Mercedes with Lamborghini | \$200,000 | \$2,000 |
| Great Barrier Reef Island | \$7,000,000 | \$13,000 |
| New Helicopter | \$171,595 | \$1,800 |
| Total additional monthly income needed to be absolutely financially free | | = \$25,350 |

2. Record on line 2 the total amount of monthly income you need for your current lifestyle, i.e. Financial Independence.

3. Add lines 1 and 2 to arrive at your total monthly cost to achieve absolute financial freedom. Multiply by 12 to find the yearly income you will need.

| | Bill and Mary | You |
|---|-------------------------|-----------------|
| 1. Total additional monthly income needed: | \$25,350 | \$ _____ |
| 2. Monthly amount already needed for financial independence: | \$ 4,000 | \$ _____ |
| 3. Total monthly income necessary for absolute financial freedom: | = \$29,350 | \$ _____ |
| | x 12 Months = \$352,200 | \$ _____ |
| MY GOAL | | |
| Annual income needed to create financial freedom: | | |
| | \$352,200 | \$ _____ |

Sample Payment Schedules

| \$ | 30 Year Fixed Mortgage | | | | | | |
|-----------|-------------------------------|-----------|-----------|-----------|------------|------------|------------|
| | 6% | 7% | 8% | 9% | 10% | 11% | 12% |
| 100,000 | 600 | 665 | 734 | 805 | 878 | 952 | 1,029 |
| 250,000 | 1,499 | 1,663 | 1,834 | 2,012 | 2,194 | 2,381 | 2,572 |
| 500,000 | 2,998 | 3,327 | 3,669 | 4,023 | 4,3888 | 4,762 | 5,143 |
| 1,000,000 | 5,996 | 6,653 | 7,338 | 8,046 | 8,776 | 9,523 | 10,286 |
| 3,000,000 | 17,987 | 19,959 | 22,013 | 24,139 | 26,327 | 28,570 | 30,858 |

| \$ | Monthly Car Payments | | | | | | | |
|---------|-----------------------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|
| | 3 Year | | | | 4 Year | | | |
| | 5% | 6% | 7% | 8% | 5% | 6% | 7% | 8% |
| 25,000 | 749 | 760 | 772 | 783 | 576 | 587 | 599 | 610 |
| 50,000 | 1496 | 1521 | 1544 | 1567 | 1151 | 1174 | 1197 | 1221 |
| 75,000 | 2248 | 2282 | 2316 | 2356 | 1727 | 1761 | 1796 | 1831 |
| 100,000 | 2997 | 3042 | 3088 | 3134 | 2303 | 2349 | 2395 | 2441 |

| \$ | Monthly Car Payments | | | | | | | |
|---------|-----------------------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|
| | 5 Year | | | | 6 Year | | | |
| | 5% | 6% | 7% | 8% | 5% | 6% | 7% | 8% |
| 25,000 | 472 | 483 | 495 | 507 | 403 | 414 | 426 | 438 |
| 50,000 | 944 | 967 | 990 | 1014 | 805 | 829 | 852 | 877 |
| 75,000 | 1415 | 1450 | 1485 | 1521 | 1208 | 1243 | 1279 | 1315 |
| 100,000 | 1887 | 1933 | 1980 | 2028 | 1610 | 1657 | 1705 | 1753 |

| \$ | Boat Loan Monthly Payments | | | | | | | |
|---------|-----------------------------------|-----------|------------|------------|----------------|-----------|------------|------------|
| | 7 Year | | | | 10 Year | | | |
| | 8% | 9% | 10% | 11% | 8% | 9% | 10% | 11% |
| 15,0000 | 2,338 | 2,413 | 2,490 | 2,568 | 1,820 | 1,900 | 1,982 | 2,066 |

A Wealth Questionnaire

1. Which of your dreams do you most want to see become reality?

2. By what age must you accomplish it?

(This time line may change when you discover what it will take to achieve it.)

3. Write down the amount you guessed you would need to be financially secure.

\$ _____

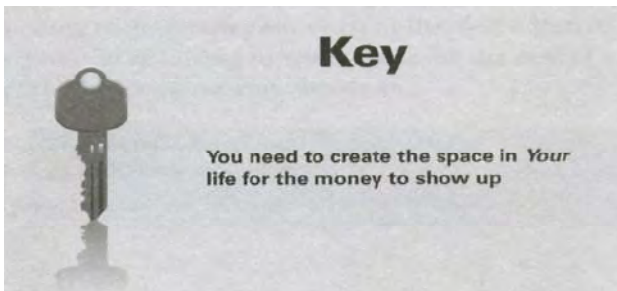
(Check the beginning of this exercise.)

4. Write down the amount that is actually needed to be financially secure. Is this figure higher or lower than the one you wrote?

\$ _____

(The majority of people realise it is lower.)

5. Where are you today?



The Wealthy Are Scarce

Adjusted Gross income

Percentage of households

\$0-\$24,999 58.9%

(about 2 in 3)

- 59% of the US population makes less than \$25,000 per year
- Nearly 80% of the Australian population makes less than \$52,000 per year

\$25,000-\$ 49,999 27.1%

(1 in 4)

- 86% of the US population makes less than \$50,000 per year

\$50,000-\$99,999

11.7% (1 in 10)

- The top 12% of the nation makes \$50,000-\$100,000 a year.
- This represents the top 1% for women

\$100,000-\$ 199,999 1.6%

(1 in 50)

- Only 1% of the nation makes \$100,000+

\$200,000-\$499,999 0.5%

(1 in 200)

- This represents one half of 1% of the population

\$500,000-\$999,999 0.1%

(1 in 1,000)

- This represents one tenth of 1% of the population

\$1,000,000 + 0.05%

(1 in 2,000)

- This represents one twentieth of 1% of the population

Your Personal Financial Dreams Realised - Your Master Goals!

1. Financial Protection

You have accumulated enough liquid assets to cover your basic overhead for a minimum of six months. You have begun a super fund and now have disability insurance.

My goal is to accumulate enough money to cover six months of my economic needs of: \$_____

Bill and Mary's was \$12,000

2. Financial Security

You have accumulated a critical mass of capital, invested in a secure environment at a 10% rate of return that will cover the cost of your monthly mortgage payment, food, utilities, insurance and transportation.

The annual income I need to accumulate in order to be
Financially Secure is: \$ _____
Bill and Mary's was \$24,000

3. Financial Independence

You have accumulated a critical mass of capital, invested in a secure environment at a 10% return to provide enough income to maintain your current lifestyle adjusted for inflation without ever having to work again for the rest of your life. You work only because you choose to.

The annual income I need to accumulate to be Financially
Independent is: \$ _____
Bill and Mary's was \$48,000

4. Financial Freedom

Your investments now provide sufficient income that you can live the lifestyle you desire for the rest of your life without ever having to work again. You work only because you choose to!

The annual income I need to accumulate in order to be
Financially Free is: \$ _____
Bill and Mary's was \$120,000

5. Absolute Financial Freedom

Your investments provide a sufficient annual income that you are now certain you can do whatever you want, whenever you want, with whomever you want, as much as you want in a way that empowers you and others forever! You work only because you choose to!

The annual income I need to accumulate to be Absolutely
Financially Free is: \$ _____
Bill and Mary's was \$352,200

The major reason for setting a goal is for what it makes of you to accomplish it.

What it makes of you will always be the far greater value than what you get.

The Wealth Bucket - Bill and Mary's example

| | Investment required Income per annum |
|-------------------------------|---|
| 5. Absolute Financial Freedom | \$352,200 |
| 4. Financial Freedom | \$120,000 |
| 3. Financial Independence | \$48,000 |
| 2. Financial Security | \$24,000 |

If you want a more conservative plan, say 5% return, then you would use $\$24,000 \times 20 = \$480,000$, i.e. $(5 \div 100 = 20)$.

We are going to assume you are able to achieve a 10% rate of return on your investments $\$24,000 \times 10 = \$240,000$.

This means Bill and Mary would require \$240,000 to generate \$24,000 per year without working to achieve financial security.

Wealth Bucket

Assuming a 10% rate of return

| | Investment required Income per annum | Your Figures |
|----------------------------------|---|-----------------|
| 5. Absolute Financial Freedom | \$3.52 million | \$ _____ |
| 4. Financial Freedom | \$1.2 million | \$ _____ |
| 3. Financial Independence | \$480,000 | \$ _____ |
| 2. Financial Security | \$240,000 | \$ _____ |
| 1. Financial Security Protection | \$12,000 | \$ _____ |
| | Lump Sum Figure | \$ _____ |

Assuming a 5% Rate of Return

| | Investment required Income per annum | Your Figures |
|----------------------------------|---|-------------------------|
| 5. Absolute Financial Freedom | \$7.04 million | \$ _____ |
| 4. Financial Freedom | \$2.4 million | \$ _____ |
| 3. Financial Independence | \$960,000 | \$ _____ |
| 2. Financial Security | \$480,000 | \$ _____ |
| 1. Financial Security Protection | \$12,000 | \$ _____ |
| | Lump Sum Figure | \$ _____ |

How you can pay for your child's education and more**\$50 per month**

\$50 per month is just \$11.70
per week
and only \$1.70 per day

\$100 per month

\$100 per month is just
\$23.30 per week
and only \$3.33 per day

\$50 per month (beginning at
your child's birth) earning
15% annually will be worth:
\$55,212 by the time your
child turns 19

\$100 per month (beginning
at your child's birth) earning
15% annually will be worth:
\$110,424 by the time your
child turns 19

If **no more contributions** are
made and the **money**
continues growing at 15%
(taxes excluded), it will be
worth:

\$4.8 million by age 50
\$19.6 million by age 60
\$79.1 million by age 70

If **no more contributions** are
made and the **money**
continues growing at 15%
(taxes excluded), it will be
worth:

\$9.6 million by age 50
\$39.2 million by age 60
\$158.2 million by age 70

\$50 per month is just \$11.70 per week or only \$1.70 per day!

\$100 per month is just \$23.30 per week or only \$3.33 per day!

Critical Mass

To create an effective financial plan, you must determine how much 'critical mass' you need in order to achieve your desired annual lifetime income.

| Critical Mass | Annual Income at 10% | Monthly Income at 10% |
|----------------------|-----------------------------|------------------------------|
| 125,000 | 12,500 | 1,042 |
| 250,000 | 25,000 | 2,083 |
| 375,000 | 37,500 | 3,125 |
| 500,000 | 50,000 | 4,167 |
| 625,000 | 62,500 | 5,208 |
| 750,000 | 75,000 | 6,250 |
| 875,000 | 87,500 | 7,292 |
| 1,000,000 | 100,000 | 8,333 |
| 1,125,000 | 112,500 | 9,375 |
| 1,250,000 | 125,000 | 10,417 |
| 1,500,000 | 150,000 | 12,500 |
| 1,750,000 | 175,000 | 14,583 |
| 2,000,000 | 200,000 | 16,667 |
| 2,500,000 | 250,000 | 20,833 |
| 3,000,000 | 300,000 | 25,000 |
| 3,500,000 | 350,000 | 29,167 |
| 4,000,000 | 400,000 | 33,333 |
| 5,000,000 | 500,000 | 41,667 |
| 6,000,000 | 600,000 | 50,000 |
| 7,000,000 | 700,000 | 58,333 |
| 8,000,000 | 800,000 | 66,667 |
| 10,000,000 | 1,000,000 | 83,333 |
| 12,500,000 | 1,250,000 | 104,167 |
| 20,000,000 | 2,000,000 | 166,667 |
| 25,000,000 | 2,500,000 | 208,333 |
| 50,000,000 | 5,000,000 | 416,667 |
| 100,000,000 | 10,000,000 | 833,333 |

How Your Money Grows Annually

15% ANNUAL RETURN

| month | \$per | | | | | | |
|-------|--------|--------|---------|-----------|-----------|------------|-------------|
| | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 40 Yrs | 50 Yrs |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 50 | 651 | 4,484 | 13,933 | 75,798 | 350,491 | 1,571,188 | 6,985,901 |
| 75 | 977 | 6,726 | 20,899 | 113,697 | 525,737 | 2,356,782 | 10,478,852 |
| 100 | 1,302 | 8,968 | 27,866 | 151,596 | 700,982 | 3,142,376 | 13,971,803 |
| 150 | 1,953 | 13,452 | 41,799 | 227,393 | 1,051,473 | 4,713,563 | 20,957,704 |
| 200 | 2,604 | 17,936 | 55,731 | 303,191 | 1,401,964 | 6,284,751 | 27,943,606 |
| 250 | 3,255 | 22,420 | 69,664 | 378,989 | 1,752,455 | 7,855,939 | 34,929,507 |
| 300 | 3,906 | 26,904 | 83,597 | 454,787 | 2,102,946 | 9,427,127 | 41,915,408 |
| 350 | 4,557 | 31,389 | 97,530 | 530,584 | 2,453,437 | 10,998,314 | 48,901,310 |
| 400 | 5,208 | 35,873 | 111,463 | 606,382 | 2,803,928 | 12,569,502 | 55,887,211 |
| 450 | 5,860 | 40,357 | 125,396 | 682,180 | 3,154,419 | 14,140,690 | 62,873,112 |
| 500 | 6,511 | 44,841 | 139,329 | 757,978 | 3,504,910 | 15,711,878 | 69,859,014 |
| 750 | 9,766 | 67,261 | 208,993 | 1,136,966 | 5,257,365 | 23,567,817 | 104,788,521 |
| 1,000 | 13,021 | 89,682 | 278,657 | 1,515,955 | 7,009,821 | 31,423,755 | 139,718,028 |

20% ANNUAL RETURN

| month | \$per | | | | | | |
|-------|--------|---------|---------|-----------|------------|-------------|---------------|
| | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 40 Yrs | 50 Yrs |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 50 | 669 | 5,173 | 19,118 | 158,074 | 1,168,040 | 8,508,731 | 61,862,747 |
| 75 | 1,004 | 7,759 | 28,677 | 237,112 | 1,752,060 | 12,763,097 | 92,794,121 |
| 100 | 1,228 | 10,345 | 38,236 | 316,148 | 2,336,080 | 17,017,463 | 123,725,495 |
| 150 | 2,007 | 15,518 | 57,355 | 474,222 | 3,504,120 | 25,526,194 | 185,588,242 |
| 200 | 2,677 | 20,691 | 76,473 | 632,296 | 4,672,160 | 34,034,926 | 247,450,990 |
| 250 | 3,346 | 25,864 | 95,591 | 790,370 | 5,840,200 | 42,543,657 | 309,313,737 |
| 300 | 4,015 | 31,036 | 114,709 | 948,444 | 7,008,241 | 51,052,388 | 371,176,485 |
| 350 | 4,684 | 36,209 | 133,827 | 1,106,518 | 8,176,281 | 59,561,120 | 433,039,232 |
| 400 | 5,353 | 41,382 | 152,945 | 1,264,592 | 9,344,321 | 68,069,851 | 494,901,980 |
| 450 | 6,022 | 46,554 | 172,064 | 1,422,666 | 10,512,361 | 76,578,582 | 556,764,727 |
| 500 | 6,691 | 51,727 | 191,182 | 1,580,740 | 11,680,401 | 85,087,314 | 618,627,475 |
| 750 | 10,037 | 77,591 | 286,773 | 2,371,110 | 17,520,601 | 127,630,971 | 927,941,212 |
| 1,000 | 13,383 | 103,454 | 382,364 | 3,161,479 | 23,360,802 | 170,174,628 | 1,237,254,950 |

25% ANNUAL RETURN

| month | \$per | | | | | | |
|-------|--------|---------|---------|-----------|------------|-------------|----------------|
| | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 40 Yrs | 50 Yrs |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 50 | 698 | 5,992 | 26,640 | 342,955 | 4,098,736 | 48,693,244 | 578,189,014 |
| 75 | 1,032 | 8,988 | 39,960 | 514,432 | 6,248,104 | 73,039,866 | 867,283,522 |
| 100 | 1,376 | 11,984 | 53,280 | 685,909 | 8,197,472 | 97,386,488 | 1,156,378,029 |
| 150 | 2,063 | 17,977 | 79,921 | 1,028,864 | 12,296,207 | 146,079,731 | 1,734,567,043 |
| 200 | 2,751 | 23,969 | 106,561 | 1,371,819 | 16,394,943 | 194,772,975 | 2,312,756,058 |
| 250 | 3,439 | 29,961 | 133,201 | 1,714,774 | 20,493,679 | 243,466,219 | 2,890,945,072 |
| 300 | 4,127 | 35,953 | 159,841 | 2,057,728 | 24,592,415 | 292,159,463 | 3,469,134,087 |
| 350 | 4,815 | 41,946 | 186,482 | 2,400,683 | 28,691,150 | 340,852,707 | 4,047,323,101 |
| 400 | 5,502 | 47,938 | 213,122 | 2,743,638 | 32,789,886 | 389,545,995 | 4,625,512,116 |
| 450 | 6,190 | 53,930 | 239,762 | 3,086,592 | 36,888,622 | 438,239,194 | 5,203,701,130 |
| 500 | 6,878 | 59,922 | 266,402 | 3,429,547 | 40,987,358 | 486,932,438 | 5,781,890,145 |
| 750 | 10,317 | 89,883 | 399,603 | 5,144,321 | 61,481,036 | 730,398,657 | 8,672,835,217 |
| 1,000 | 13,756 | 119,844 | 532,805 | 6,859,094 | 81,974,715 | 973,864,876 | 11,563,780,289 |

How Your Money Grows Annually

15% ANNUAL RETURN

| \$ per month | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 50 Yrs |
|--------------|---------|-----------|-----------|------------|-------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 1,500 | 19,532 | 134,522 | 417,986 | 2,273,932 | 10,514,731 | 209,577,042 |
| 2,000 | 26,042 | 179,363 | 557,315 | 3,031,909 | 14,019,641 | 279,436,055 |
| 2,500 | 32,553 | 224,204 | 696,643 | 3,789,886 | 17,524,552 | 349,295,069 |
| 5,000 | 65,106 | 448,408 | 1,393,286 | 7,579,772 | 35,049,103 | 698,590,139 |
| 10,000 | 130,211 | 896,816 | 2,786,573 | 15,159,544 | 70,098,206 | 1,397,180,277 |
| 20,000 | 260,422 | 1,793,632 | 5,573,146 | 30,319,099 | 628,075,105 | 2,794,360,554 |


20% ANNUAL RETURN

| \$ per month | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 50 Yrs |
|--------------|---------|-----------|-----------|------------|-------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 1,500 | 20,074 | 155,181 | 573,545 | 4,742,219 | 35,041,203 | 1,855,882,425 |
| 2,000 | 26,766 | 206,908 | 764,727 | 6,322,959 | 46,721,604 | 2,474,509,900 |
| 2,500 | 33,457 | 258,635 | 955,909 | 7,903,698 | 58,402,004 | 3,093,137,374 |
| 5,000 | 66,914 | 517,271 | 1,911,818 | 15,807,397 | 116,804,009 | 6,186,274,749 |
| 10,000 | 133,829 | 1,043,542 | 3,823,636 | 31,614,794 | 233,608,018 | 12,372,549,498 |
| 20,000 | 267,657 | 2,069,084 | 7,647,271 | 63,229,587 | 467,216,035 | 24,745,098,995 |

25% ANNUAL RETURN

| \$ per month | 1 Yr | 5 Yrs | 10 Yrs | 20 Yrs | 30 Yrs | 50 Yrs |
|--------------|---------|-----------|------------|-------------|--------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 1,500 | 20,634 | 179,767 | 799,207 | 10,288,643 | 122,962,072 | 17,345,670,434 |
| 2,000 | 27,512 | 239,689 | 1,065,609 | 13,718,190 | 163,949,430 | 23,127,560,579 |
| 2,500 | 34,390 | 299,611 | 1,332,012 | 17,147,738 | 204,936,787 | 28,909,450,723 |
| 5,000 | 68,779 | 599,222 | 2,664,023 | 34,295,478 | 409,873,575 | 57,818,901,446 |
| 10,000 | 137,558 | 1,198,444 | 5,328,047 | 68,590,952 | 819,747,149 | 115,637,802,893 |
| 20,000 | 275,117 | 2,396,888 | 10,656,093 | 137,181,905 | 1,639,494,29 | 231,275,605,785 |

Remember, no investment is without risk!
 We do not guarantee any specific results or returns.



How much money goes through your hands unnoticed each week?

The Effects Of Compound Interest

The table on the next page shows the incredible power of compound interest over time. It also shows the dramatic effect of letting interest compound **without taxes being taken out**. All the example investors enjoy the advantage of tax-deferred compounding, but the table also shows how much difference it makes to start your tax-deferred investing early in life.

| Age | INVESTOR A | | INVESTOR B | | INVESTOR C | | INVESTOR D | |
|-------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Contribution | Year-end value | Contribution | Year-end value | Contribution | Year-end value | Contribution | Year-end value |
| 8 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 550 |
| 9 | 0 | 0 | 0 | 0 | 0 | 0 | 750 | 1,430 |
| 10 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 2,673 |
| 11 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 4,315 |
| 12 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500 | 6,397 |
| 13 | 0 | 0 | 0 | 0 | 0 | 0 | 1,750 | 8,962 |
| 14 | 0 | 0 | 0 | 0 | 2,000 | 2,200 | 0 | 9,858 |
| 15 | 0 | 0 | 0 | 0 | 2,000 | 4,620 | 0 | 10,843 |
| 16 | 0 | 0 | 0 | 0 | 2,000 | 7,282 | 0 | 11,928 |
| 17 | 0 | 0 | 0 | 0 | 2,000 | 10,210 | 0 | 13,121 |
| 18 | 0 | 0 | 0 | 0 | 2,000 | 13,431 | 0 | 14,433 |
| 19 | 0 | 0 | 2,000 | 2,200 | 0 | 14,774 | 0 | 15,876 |
| 20 | 0 | 0 | 2,000 | 4,620 | 0 | 16,252 | 0 | 17,463 |
| 21 | 0 | 0 | 2,000 | 7,282 | 0 | 17,877 | 0 | 19,210 |
| 22 | 0 | 0 | 2,000 | 10,210 | 0 | 19,665 | 0 | 21,131 |
| 23 | 0 | 0 | 2,000 | 13,431 | 0 | 21,631 | 0 | 23,244 |
| 24 | 0 | 0 | 2,000 | 16,974 | 0 | 23,794 | 0 | 25,568 |
| 25 | 0 | 0 | 2,000 | 20,872 | 0 | 26,174 | 0 | 28,125 |
| 26 | 2,000 | 2,200 | 0 | 22,959 | 0 | 28,791 | 0 | 30,938 |
| 27 | 2,000 | 4,620 | 0 | 25,255 | 0 | 31,670 | 0 | 34,031 |
| 28 | 2,000 | 7,282 | 0 | 27,780 | 0 | 34,837 | 0 | 37,434 |
| 29 | 2,000 | 10,210 | 0 | 30,558 | 0 | 38,321 | 0 | 41,178 |
| 30 | 2,000 | 13,431 | 0 | 33,614 | 0 | 42,153 | 0 | 45,296 |
| 31 | 2,000 | 16,794 | 0 | 36,976 | 0 | 46,368 | 0 | 49,825 |
| 32 | 2,000 | 20,872 | 0 | 40,673 | 0 | 51,005 | 0 | 54,808 |
| 33 | 2,000 | 25,159 | 0 | 44,741 | 0 | 56,106 | 0 | 60,289 |
| 34 | 2,000 | 29,875 | 0 | 49,215 | 0 | 61,716 | 0 | 66,317 |
| 35 | 2,000 | 35,062 | 0 | 54,136 | 0 | 67,888 | 0 | 72,949 |
| 40 | 2,000 | 69,899 | 0 | 87,187 | 0 | 109,334 | 0 | 117,485 |
| 45 | 2,000 | 126,005 | 0 | 140,415 | 0 | 176,083 | 0 | 189,211 |
| 50 | 2,000 | 216,364 | 0 | 226,140 | 0 | 283,584 | 0 | 304,727 |
| 55 | 2,000 | 361,887 | 0 | 364,200 | 0 | 456,715 | 0 | 490,766 |
| 60 | 2,000 | 596,254 | 0 | 586,548 | 0 | 735,543 | 0 | 790,383 |
| 65 | 2,000 | 973,704 | 0 | 944,641 | 0 | 1,184,600 | 0 | 1,272,920 |
| Less total invested: (80,000) | | | (14,000) | | (10,000) | | (6,750) | |
| Equals net earnings:893,704 | | | 930,641 | | 1,174,600 | | 1,266,170 | |
| Money Grew: 11-Fold | | | 66-Fold | | 117-Fold | | 118-Fold | |

The benefit of cutting expenses

This can save you years of critical mass accumulation (at 8% return)

| Amount of Expenses Cut from Monthly Budget | A Savings of Critical Mass |
|---|---------------------------------------|
| \$ | \$ |
| 100 | 15,000 |
| 200 | 30,000 |
| 300 | 45,000 |
| 400 | 60,000 |
| 500 | 75,000 |
| 600 | 90,000 |
| 700 | 105,000 |
| 800 | 120,000 |
| 900 | 135,000 |
| 1,000 | 150,000 |
| 1,100 | 165,000 |
| 1,200 | 180,000 |
| 1,300 | 195,000 |
| 1,400 | 210,000 |
| 1,500 | 225,000 |
| 1,600 | 240,000 |
| 1,700 | 255,000 |
| 1,800 | 270,000 |
| 1,900 | 285,000 |
| 2,000 | 300,000 |
| 2,500 | 375,000 |
| 3,000 | 450,000 |
| 3,500 | 525,000 |
| 4,000 | 600,000 |
| 4,500 | 675,000 |
| 5,000 | 750,000 |
| 5,500 | 825,000 |
| 6,000 | 900,000 |
| 6,500 | 975,000 |
| 7,000 | 1,050,000 |

The Hot Dog Parable

There once was a man who lived by the side of the road and sold hot dogs. In fact, he sold very good hot dogs. He put up highway signs telling people how good his hot dogs tasted. He stood by the side of the road and called out, "Buy a hot dog, mister?"

And people bought his hot dogs. They bought so many hot dogs the man increased his meat and bun orders.

He bought a bigger stove so he could meet his customers' demands. And finally, he brought his son home from university to help out in the family business.

But something happened. His son said, "Father, do you not watch television, or read the newspapers? Do you not know we are heading for a recession? The European situation is unstable, and the domestic economy is getting worse."

And the father thought, "My son is a smart boy. He has been to university. He ought to know what he is talking about."

So the man cut down his meat and bun orders, took down his highway signs, and no longer stood by the side of the road to sell his hot dogs. His sales fell almost overnight. "You are right son," said the father. "We certainly are in a serious recession."

A Grain Of Rice

The daughter of the Chinese Emperor was ill and he promised riches beyond compare to whoever could cure her. A young peasant named Pong Lo entered the palace.

With his wit and bravery he restored the Princess's health and won her heart. As his reward, Pong Lo asked for her hand in marriage. The Emperor refused and asked the peasant to think of anything else he would like.

After several moments of thought, Pong Lo said, "I would like a grain of rice".

"A grain of rice! That is nonsense! Ask me for fine silks, the grandest room in the palace, a stable full of wild stallions - they shall be yours!"

"A grain of rice will do," said Pong Lo. "But if His Majesty insists, he may double the amount every day for a hundred days."

So on the first day a grain of rice was delivered to Pong Lo. On the second day two grains of rice were delivered. On the third day Pong Lo received four grains and on the fourth day eight grains.

What I Didn't Learn At School But Wish I Had

On the fifth day, 16 grains; on the sixth day, 32 grains; on the seventh day, 64 grains; on the eighth day, 128 grains.

By the twelfth day the grains of rice numbered 2,048. By the twentieth day 524,288 grains were delivered. And by the thirtieth day 536,870,912 grains - requiring 40 servants to carry them - were brought to Pong Lo.

In desperation the Emperor did the only honourable thing he could do and consented to the marriage. Out of consideration for the Emperor's feelings, no rice was served at the wedding banquet.

15 DEBT REDUCTION AND CASH FLOW MANAGEMENT

Create A Monthly Surplus.

Begin to save by having effective cash flow management.

Outstanding investors are outstanding savers.

Debt Reduction Strategy

Bad debt is often like a ball and chain around your ankle which can drag you down. This chapter is designed to solve the debt problem. Remember, there is a difference between good debt and bad debt.

Bad debt is something that you borrow to purchase goods, that go down in value and generally are not tax deductible - things such as a car, holiday and clothes.

A good debt is something you borrow for that goes up in value and ideally is a tax deductible debt these; are assets such as quality property or a shares portfolio.

This chapter is designed to eliminate bad debt, especially if it is out of control.

If you are in an uncontrollable amount of debt, you can also use debt agreement companies to arrange your affairs.

The following is a sample letter you could use as a guide in drafting your own letter.

Dear _____

As you know, I am in debt to you for \$___, and I intend to pay you in full, plus interest. In order to achieve this goal, I have been devising a plan during the past few days to put myself in a stable financial position. To this end, I have opened a 'Debt Clearance Account' and 20 percent of my income is going directly into that account.

That will enable me to have sufficient resources to live on, without worry or stress and it will prevent me from falling further into debt.

Each week (or month) you will receive a cheque for \$xxxxx from my 'DCA', until my account with you is clear. I am aware that this is not the figure I had previously agreed to pay you, but I am sure you will be understanding and appreciate what I am doing.

If you have any questions, please feel free to contact me. I am quite excited about my new plans, and if you would like to have me review them with you so that you might help others who are in your debt, I would be pleased to do so.

Thank you in advance for your kind co-operation.

Have a wonderful day!

Sincerely
John Doe

What I Didn't Learn At School But Wish I Had

Understand that your letter to your creditor is a statement of fact and not a request - it is you who are in charge of your finances, not your creditors!

Be sure to have your letters neatly typed and enclose your first new payment with your cover letter. Realise there is an 'outside chance' that some unreasonable person will not want to cooperate with you. They might even go so far as to phone you and attempt to intimidate you with threats of court action, etc. But please hold your ground because there isn't a court in the country that would not congratulate you when you explained your entire plan for Financial Independence. Moreover, you will find that 95 percent of the people whom you write to will be most cooperative.

Now give yourself a good 'pat on the back' because as of this moment you are well on your way to starting a completely new way of life!

The following table can be useful as a guide to eliminating debts.

Debt-Elimination Time Calculator

| Total Monthly Payment Amount Over Time | | | | | | | |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Debt | | | | | | | |
| Amount (\$) | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 6 Yrs | 7 Yrs |
| 1,000.00 | 88 | 46 | 32 | 25 | 21 | 19 | 17 |
| 3,000.00 | 264 | 138 | 97 | 76 | 64 | 56 | 50 |
| 5,000.00 | 440 | 231 | 161 | 127 | 106 | 93 | 83 |
| 7,000.00 | 615 | 323 | 226 | 178 | 149 | 130 | 116 |
| 10,000.00 | 879 | 461 | 323 | 254 | 212 | 185 | 166 |
| 15,000.00 | 1,319 | 692 | 484 | 380 | 319 | 278 | 249 |
| 20,000.00 | 1,758 | 923 | 645 | 507 | 425 | 371 | 332 |
| 30,000.00 | 2,637 | 1,384 | 968 | 761 | 637 | 556 | 498 |
| 40,000.00 | 3,517 | 1,846 | 1,291 | 1,015 | 850 | 741 | 664 |
| 50,000.00 | 4,395 | 2,307 | 1,603 | 1,268 | 1,062 | 926 | 830 |
| 75,000.00 | 6,591 | 3,461 | 2,470 | 1,902 | 1,594 | 1,389 | 1,245 |
| 100,000.00 | 8,792 | 4,614 | 3,267 | 2,536 | 2,125 | 1,853 | 1,660 |
| 125,000.00 | 10,989 | 5,768 | 4,023 | 3,170 | 2,656 | 2,316 | 2,075 |
| 150,000.00 | 13,187 | 6,922 | 4,830 | 3,804 | 3,187 | 2,779 | 2,490 |
| 200,000.00 | 17,583 | 9,229 | 6,453 | 5,073 | 4,249 | 3,705 | 3,320 |
| 250,000.00 | 21,979 | 11,536 | 8,067 | 6,341 | 5,312 | 4,631 | 4,150 |
| 300,000.00 | 26,375 | 13,843 | 9,680 | 7,609 | 6,374 | 5,558 | 4,980 |

Wealth-Building/Retirement Calculator

| Monthly Investment | | | | | | |
|---------------------------|--------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| Amount \$ | After 5 Yrs | Monthly Income | After 10 Yrs | Monthly Income | After 15 Yrs | Monthly Income |
| 500.00 | 39,041 | 312 | 103,276 | 826 | 208,962 | 1,672 |
| 1,000.00 | 78,082 | 625 | 206,552 | 1,652 | 417,924 | 3,343 |
| 2,000.00 | 156,165 | 1,249 | 413,104 | 3,305 | 835,849 | 6,687 |
| 3,000.00 | 234,247 | 1,874 | 619,656 | 4,957 | 1,253,772 | 10,303 |
| 5,000.00 | 390,412 | 3,123 | 1,032,760 | 8,262 | 2,089,621 | 16,717 |
| 7,500.00 | 585,618 | 4,685 | 1,549,140 | 12,393 | 3,134,431 | 25,075 |

Example: If you invest \$7,500 each month for 15 years, you will have \$3,134,431 in total principal and you will be able to retire at an income of \$25,075 per month for the rest of your life without putting in another cent (based on an average 10% return on investment).

Reduce your expenses by eliminating
'bad debt' and wastage.
Why?
Because you will require less money
and time to achieve financial freedom.

How to eliminate debt in 3 to 7 years without the need to increase your income

| | | Payment | Factor |
|------------------|------------------|----------------------|---------------|
| Home Loan | \$100,000 | \$1,000 | 100 |
| Car 1 | \$17,000 | \$600 | 29 |
| Car 2 | \$9,000 | \$350 | 26 |
| Visa | \$6,000 | \$300 | 20 |
| MasterCard | \$4,500 | \$250 | 18 |
| Department Store | \$1,500 | \$100 | 15 |
| Personal Loan | \$8,000 | \$300 | 27 |
| Total: | \$146,000 | \$2,900/month | |

Homework

The couple in the example above is able to find \$290 in their budget to eliminate their debt. How would you coach them to be able to eliminate all their debt within 3 to 7 years?

Firstly, you need to consider the 'factor' column. This column represents how many payments are remaining, that is a personal loan of \$8,000 at \$300 per month will take about 27 payments. We are going to look at the lowest factor, which is the department store card of \$1,500 at \$100 payment with a factor of 15 as it is the lowest. We want to pay this off first, as it is the quickest to pay off.

Therefore, we take the \$290 spare we have and add it to the \$100 per month payment already being paid towards the department store card, which equals a total of \$390. Divide this into the \$1,500 balance on the department store card balance which equals approximately four more monthly payments and the \$1,500 is completely paid off.

Then we go to the next lowest factor, that is MasterCard \$4,500 with a \$250 payment. We now add the \$390 we were paying off the department store card, as it is now spare. We can now pay $\$250 + \$390 = \$640$ per month of the \$4,500 on MasterCard debt = 7 months. 4 months + 7 months = 11 months since we started the debt elimination strategy and already Bill and Mary can see significant progress.

Now we look at the next lowest factor, which is Visa at \$6,000 at \$300 per month, and we repeat the cycle. \$300 plus \$640, now spare = \$940 total into \$6,000 balance on Visa = 6 months approximately to pay off. 6 + 11 = 17 months for Visa, MasterCard and the department store card to be all paid off.

The next lowest factor is Car 2 with a balance of \$9,000 at \$350 per month. \$350 and \$940 spare = \$1,290 total into \$9,000 = approximately 7 months. 7 months plus 17 months = 24 months or 2 years into the debt elimination plan.

In reality, it would be sooner as the \$9,000 would already have reduced to less due to payments made in the first 17 months, therefore our plan is conservative.

The next lowest factor is the personal loan of \$8,000 at \$300 per month. \$300 + \$1,290 is now spare = \$1,590 total into \$8,000 = 5 months approximately. 5 months + 24 months = 29 months in total so far.

The next lowest factor is Car 1 of \$17,000 at \$600 per month. \$600 + \$1,590 is now spare = \$2,190 per month into \$17,000 = 8 months approximately. 8 months + 29 months = 37 months so far.

The last one is the home loan of \$100,000 at \$1,000 per month.

\$1,000 per month + \$2,190 now spare = \$3,190 into \$100,000 is 31 months approximately. 31 Months + 37 months = 68 months or 5 to 6 years.

This strategy is often far more effective than consolidation of loans as many people consolidate, but they run up their credit cards again, which defeats the purpose as they get into more debt.

Remember, getting into debt is a habit. It is the habit that has to change and consolidation loans do not guarantee a habit change.

There are numerous ways to eliminate this debt in 3 to 7 years. I have covered just one way, which is effective.

Your Wealth Creation System

Wealth creation is probably the most important aspect of financial planning. It is through this strategy that we can become financially independent, yet it is an area in which very few people are skilled or familiar with.

The foundation of our system is strategic spending. Most of us know how much we earn each year, but have no idea what we spend the money on. Like every successful business, we need to constantly monitor income and expenditure while also ensuring that we are making a profit, in other words, saving some money.

We have created a strategic spending system, which has worked successfully for our clients for many years now. The idea of strategic spending is to divide your hard earned income up into small, easily controlled bundles. The first bundle taken out should be savings - a 10% minimum of your gross pay, which is transferred monthly into your Cash Management Trust Account. If you leave savings from what is left, you will always find that there is nothing left.

The second bundle is your Cash Account/s. This is your daily living expenses for which you normally pay cash, a bit like your pocket money. These are all non-deductible items. This account/s is simply accessed by a 24-hour access keycard.

The third bundle is your Operations Account. This is for those larger amounts, which are usually paid, monthly, quarterly or yearly by cheque. This account should not be linked to the Cash Account/s (that is, you can not access it with your Cash Account keycard). We keep the bundles separate. It is wise to use this account in conjunction with a credit card for those occasions when your monthly expenses are higher than the budgeted amount. The card acts as a

What I Didn't Learn At School But Wish I Had

'smoother' as next month will be a surplus that can be paid back into the credit card.

In addition to your savings, which go into your Cash Management Trust Account, you should also put in enough funds to cover all your tax-deductible expenses. This will save time and effort for your accountant when preparing tax returns.

The system is linked by a Transfer Account, into which your pay is banked. From there, periodic payments are set up to transfer funds to all the accounts on the 15th of each month. You should maintain a small float in the Cash Account and Operations Account. The main aim is to accumulate as much as possible in the Cash Management Trust Account and to use these funds wisely to create wealth.

Are You A Poor Or Good Money Manager?

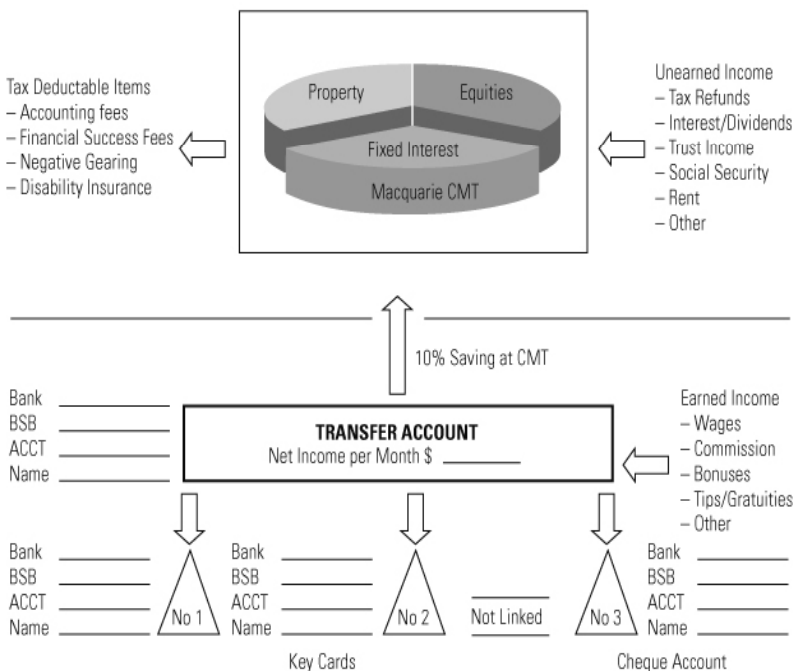
To give you an idea of how you currently manage money, tick which box applies to you from each column.

| The Poor Money Manager | The Good Money Manager |
|--|--|
| Spends all their pay immediately | Saves a minimum of 10% out of every pay |
| Must have it now, no matter how much it hurts or how much credit they must use | Minimises borrowings for items which depreciate in value |
| Has no goals or plans other than to be rich and famous 'one day' | Has definite goals; e.g. 6-12 months |
| Follows the crowd and their friends | Has a plan they actually implement |
| Mixes with people who have similar money problems | Mixes with people who are successful money managers |
| Believes they don't need advice | Knows that strategic spending is a must |
| Has no interest in gaining financial knowledge | Seeks professional advice and has a wealth coach |
| Spends on items which lose value, e.g. cars, stereos, etc. | Is keen to learn new things and ideas about managing money |
| Total _____ | Total _____ |

Client _____ Date _____

Business Name _____

INVESTMENT PORTFOLIO



| Cash Accounts No 1 and No 2 | | | Operations Account No 3 | | |
|-----------------------------|----------|----------|-------------------------|---------------------------------|---------------------|
| Monthly Living Expenses | Client 1 | Client 2 | Housing | Transport | Miscellaneous |
| Food | _____ | _____ | Rent/Mortgage _____ | Car Payments _____ | Installments _____ |
| Beverages | _____ | _____ | Maintenance _____ | Insurance _____ | Credit Cards _____ |
| Dining Out | _____ | _____ | Rates _____ | Petrol _____ | Education _____ |
| Clothes | _____ | _____ | Insurance _____ | Maintenance _____ | Medical _____ |
| Hair/Personal Care | _____ | _____ | Electricity _____ | Registration _____ | Dental _____ |
| Gifts | _____ | _____ | Telephone _____ | Other _____ | Contributions _____ |
| Fares | _____ | _____ | Gas _____ | Insurance _____ | Holidays _____ |
| Other | _____ | _____ | | Life _____ | Other _____ |
| | | | | Health _____ | |
| Total A | \$ _____ | \$ _____ | | Total B \$ _____ | |
| | | | | Total A & B \$ _____ | |

16 THE ASHTON KUTCHER STRATEGY

What does Ashton Kutcher and you making extra money have in common and how you can get your next holiday paid for?

Leading Australian educator and author of bestselling book 'What I Didn't Learn at School but Wish I Had', Jamie McIntyre says, Australians wanting to boost their income should consider renting out spare rooms in their home or apartment to international travelers on sites like AirBnB.

Ashton Kutcher, one of AirBnB's early stage investors is a big believer in the company after recognising its potential years ago.

"That's why I call it the Ashton Kutcher strategy", says McIntyre.

McIntyre explains the strategy by stating: New trends like this will shake up the hotel and corporate rental industry from disruptive technology. AirBnB is now a \$10 billion company earning between 6-12% from over 650,000 rooms that are being rented worldwide. The company has achieved this in just six years.

I started testing the AirBnB trend by renting out my Gold Coast holiday home when I am not using it and it generated between \$15,000-\$27,000 in additional revenue for renting the empty space for single months.

Typical real estate agents rent holiday homes and take 20 per cent commission plus 25 per cent marketing fees and an excessive management fees leaving only 40-45 per cent for the owner. On the other hand, AirBnB handles almost everything for a very small fee in comparison, plus they add extra for cleaning, in order to cover the cleaners' cost.

Many Australians could pay their mortgage faster by considering the AirBnB strategy, not to mention, that in some cases there are Australians who are making a full-time income by renting out several spare bedrooms.

It also enables an individual to buy a nicer apartment or house, which they will be able to afford by implementing the AirBnB strategy. It can effectively double the rental returns on investment property.

I just bought an investment property in Melbourne for the sole purpose of testing it on AirBnB.

In fact you could test an apartment or house for demand even before buying it by adding its profile on AirBnB and checking the number of enquiries you get.

As an educator one of my goals is to assist my hundreds of thousands of followers to boost their incomes and net worth including their quality of life. As of now, our clients that I've recently shared this unique strategy with have been truly excited as it costs nothing to be implemented and can be tested as well.

AirBnB is a great option for travelers who want to see the world. They can now do so on a lower cost budget with a great variety of options available through AirBnB.

Why pay \$400 a night to stay in tiny hotel rooms (for example the Hilton) when you can rent a much larger and luxurious one on AirBnB for \$150 or an entire house for \$400 a night or less?

The Internet is disrupting industry after industry and now the hotel industry is about to see real competition.

Randi Zuckerberg (former Marketing Executive at Facebook) shared with me a few years back that the future trend is “luxury living without luxury prices” and this is what AirBnB is tapping into.

There are many success stories in Australia already with only a few negative ones.

Things can go wrong however the upside is significant. It's a realistic wealth building strategy that doesn't require a cent to turn an empty room or two into cash.

Also, it is a great way to rent out your place and use the money to pay for exotic holiday overseas at the same time.

For instance, let's say in 6 months you would like to go overseas for a month.

List your house now on AirBnB for that month and if you get bookings that money can then pay for your holiday.

I would suggest the state governments do not over regulate this emerging industry like some are suggesting. It should be an individual's right to rent a room or two for short stays and not be dictated to by body corps, which try and ban it.

Plus it's a great opportunity for healthy social interaction by meeting interesting international travellers.

Maybe Ashton Kutcher isn't just a pretty face after all and is truly onto something.

17 EIGHT STEPS TO START YOU ON THE PATH TO BECOMING A MILLIONAIRE

Life is too important to simply work for money.
You want to enjoy life by having money work for you.

To begin this exercise let's use Bill and Mary as our example. We will assume that Bill and Mary are an average couple, one working full time and one part time, collectively earning \$48,000 gross per year. Bill and Mary are typical Australians in the sense that they have a very poor savings record; they tend to spend more money than they earn and they are heading nowhere fast financially.

However, what we want to see with the right coaching, commitment and action is how Bill and Mary could, in a very short period of time, replace the income they earn by working, with money coming in while they sleep.

In other words, with more coming in from their investments, they could be setting themselves up financially and eliminating any bad debts without a lot of hard work, just by commitment, focus, working smart and knowing the right strategies to use. First we are going to look at where the couple could invest.

The Bank. First of all they could put money in the bank, in other words cash. All that the majority of people know about investing is putting their money in the bank, because you know which bank came around to your school when you were young to teach you to put money in the bank. Obviously, saving is a good habit but just putting money in the bank usually only makes the bank richer.

If you put your money in the bank at the moment the cash interest rates may be between 4 percent and (if you are lucky) 6 percent, so it is going to take a lot of money to become wealthy. That is why many people think they need to win lotto, because if they have a million dollars from lotto and they receive a 5 or 6 per cent return on that money, then they will have \$50,000 - \$60,000 per year to replace their income.

Other than that where can people put their money?

The Stock Market. We can look at putting money in the stock market, however for many people this would be considered highly risky. Therefore, instead of putting money directly in the stock market, many people seek the advice of a financial planner, and because financial planners tend to earn large commissions selling managed funds and super funds, they tend to get people to put their money into a managed fund.

Hence, people let someone else invest their money, which sounds smart in many ways. They do not have to worry about their money, but the obvious question if you want to be financially independent is, who is going to look after your money better - you or someone else?

Many of these financial planners are not wealthy individuals themselves. They are right down the pay ladder even in the banking structure and they are often just selling products with little or no training in financial success. Many are not successful investors so it is almost the blind leading the blind.

I did not become wealthy by going and sitting in front of a financial planner. Actually, I would not have become a millionaire had I followed their advice. Why would I when they were not successful investors themselves? My millionaire mentor told me the obvious question to ask of financial planners: if they could help me to become financially independent and live my ideal lifestyle, then why are they not doing it themselves? 'Something to think about' my millionaire mentor said - and a very valuable lesson.

When seeking financial success, you want to learn from people who have produced results, not people who just have a license to give advice on money. Anyone can get a license to advise on money without the need to even be an investor themselves. Many so-called money experts in the media promote seeing a financial planner, because they have their own agenda to grow their own financial planning businesses.

The question always remains, are they really money experts or simply glorified financial planners selling commission-based products? I think the only way to determine that is to see their results. As my millionaire mentor always said, "The truth is in the results and unfortunately majority of financial planners are not millionaires, let alone financially independent or even affluent."

The few that are, have generally become millionaires by growing their financial planning business and selling it for a small fortune, as these businesses are highly profitable due to the commissions they earn.

This is regardless of whether their clients make money or not. For instance one Australian financial planner made over \$20 million from the sale of his share of his financial planning business.

If you find a financial planner that is financially very successful listen to them; otherwise do not blindly take advice from them or anyone. This is why financial educators, who are actually wealthy from investing, are in such high demand as they can teach from real life experience.

Their courses are swamped by people wanting to learn how to do it themselves, as opposed to relying on financial planners for risky commission driven advice.

I decided to educate myself on how to become wealthy, so that I was not at the mercy of other people's advice, as they often have their own agenda. I have never consulted a financial planner on my road to becoming a millionaire, and never will to remain a millionaire.

I am yet to meet a single person that has become wealthy as a result of a licensed financial planner. I, and all of my friends, achieved a millionaire status (many of us in our twenties and thirties) by investing in seminars to learn about successful investors and entrepreneurs and/or working with wealthy mentors.

We did not hesitate to invest thousands of dollars into courses to become wealthy as compared to a university degree or the alternative of not knowing how to do it; this was by far the cheapest option. I suggest you also be wary of journalists that write money-type books or magazines, as they are often not investors and consequently all they can teach is theory.

If, like me, you are prepared to invest into your financial education, then select seminars and home study courses presented by people you feel you can learn from, and simply ensure their courses offer a 100 percent money back guarantee. That way if it is not as good as promised, or just not suitable for you, you get your money back. In other words, risk free education.

Property. Another area where people can invest their money is in property. Property is very popular; mainly because everyone lives in a property either as a tenant or at some stage as a homebuyer. In Australia, as a result of the \$14,000 government housing grant that was made available in 2001, many people purchased their first property instead of renting.

Many people who start investing in property fail to buy more than one or two investment properties. These people usually use the negative gearing scenario when they buy properties, but because they do not like any debt whatsoever, they work even harder now to pay off the properties, hoping to retire off the rent. They don't realise that while they are paying off the property and becoming wealthier, they have to work harder to do it and it is a 15-20 year plan before they retire and then live off the rent.

Then they have to share that rent with their 'silent partner', the taxation office as the rent is classified as income. So they are going to have to work hard over a

long period of time in order to gain enough properties to be able to live off the rent.

That is not working smart, but it is certainly working hard. There is a faster way. We will be looking at strategies that are much faster and much more effective, which allow you to retire in a much shorter period of time. Rather than a 15-20 year plan we are going to look at a 3-10 year plan, and even less for some people.

Sounds exciting and it is. Remember what my millionaire mentor told me: *Life is too important to simply work for money. You want to enjoy life by having money work for you.*

The only other area people can really invest in other than collectables, arts and antiques is in business.

Business. I want to make a point about this and highlight why I think many people go into business and what some of the downsides are. Michael Gerber is an entrepreneurial guru and the author of the book titled *The E-Myth*. He often talks about how 80 percent of businesses fail in the first five years.

Gerber said, 'If you have been in business for more than five years, do not get too excited as the next five years after that, 80 percent of those businesses will also fail. So if the first five years in business does not wipe you out, the next five years almost certainly will. Most people become sick of working for their idiot bosses (as they call them), instead they decide to start their own businesses and they end up becoming the idiot boss. Instead of working five days a week for a guaranteed paycheck they now get to work six or seven days a week and often for no paycheck.' Those who have been in business may be able to relate to those sad statistics.

As a coach and 21st century educator, I have been working with tens of thousands of Australians, helping many people become millionaires. This has allowed thousands of people to retire in a reasonably short period of time, creating the lifestyle they desired. Originally they thought it was going to take them 20-30 years, yet many have been able to achieve it in a matter of a few years.

However I have noticed a big mistake many Australians have made. They borrow money out of their house in a line of credit and use that money to commence a traditional business. Often that traditional business fails and as a result these people lose the business and possibly the house as well - it all ends

in a total financial disaster. I have seen this happen so many times and I consider that a big no-no.

One of the things I am going to suggest, if we are going to make money out of property, is we do not want to put our money into a business unless we can afford to lose it. I consider a business to be what we call a high-risk investment. Now, I am not saying do not go into business. Low investment businesses like network marketing businesses, which many people become involved in these days and which are set up at low cost, are certainly not in the high-risk category.

But to purchase a coffee shop for say \$100,000 like my mother did, is a high-risk investment. It is taking money out of a more secure investment like property and borrowing against for a business that is considered a high-risk and often it means you have to work hard for it as well.

The True Definition Of A Business

A true business is a profitable enterprise that will work ideally without you. Think about that, a profitable enterprise that will work ideally without you. Most people really do not have a business; they just have another job that creates a lot more stress. The idea of a real business which Robert Kiyosaki talks about in the 'Cashflow Quadrant' and which I highly recommend, is becoming a business owner where you have an organisation or business that will work without you having to be there.

In other words, if you wanted to go away for six months you could and your business would still create a passive income. Most people do not know how to set up a business like that. To know how to do that you have to understand a thing called systems.

If you want to study how to develop systems in your business I highly recommend Michael Gerber's books, *The E-Myth* or *The E-Myth Revisited*. My last point is that to borrow against a business is very difficult. The bank will always want security on your house or property and that shows you that banks are not silly in that regard; they know where the security is and that is placing all your financial future at risk.

We are going to look at two strategies that I believe generally have less risk than traditional businesses - shares and properties. They can create capital growth and also provide cash flow to live on, and both of these can create

substantial cash flow in a short term as well. You just need to know what most people don't know.

Before we do that we need to look at how to get started. I am going to assume that Bill and Mary, like many other people, have not even started on becoming wealthy because they think they need a lot of money. I am here to eliminate that myth. Here is what I am going to suggest. If I was to coach Bill and Mary the way my millionaire mentor coached me, I would ask them if they could initially come up with \$10,000 to \$15,000 to start an investment plan that could set them up financially for the next 3 to 10 years.

Bill and Mary might say yes, or like a lot of people they might say no, we do not have \$10,000 or \$15,000. I would then say, as a friend and coach, 'Allow me to help you come up with some ways to get \$10,000 to \$15,000!' All I need them to decide is whether they are absolutely committed. If they are absolutely committed then I can assist them become wealthy; if they are not committed no one can help them, not even Warren Buffett or Robert Kiyosaki.

So let's assume that Bill and Mary are committed, want to become financially free and they want to set themselves up for a quality lifestyle. Let's look at eight ways to get started with \$10,000 to \$15,000 to start investing, so one day they will be making money while they sleep to replace their current income. If I can do it, and if I can help Bill and Mary do it, then just maybe you can do it also.

Step 1 - Savings

The number one way I would suggest is saving money. In other words, all great investors are great savers. If you are not saving money now then you are never going to become wealthy until you start saving. When I first started off, I was trying to convince my millionaire mentor to give me some coaching on how to become wealthy. One of the first questions he asked me was how much money I was saving. I said, 'Well, actually nothing to be honest.'

He quickly responded, "Then do not waste my time. I thought you told me you were committed to becoming wealthy and now you are telling me you are not saving any money. You are either committed or you are not."

I replied, "Yes, I am committed. I really do want to become wealthy." Then he said, "Go away and prove it. Start saving and show me proof that you are committed." He went on to say, "A lot of people can talk the talk, but very few people can walk the walk." I was in a state of shock for a moment. I thought, "You rich people are rude and arrogant."

Later I realised that he was just being very firm. He was also proving a point and being truthful. If you cannot save money, you cannot be wealthy.

A lot of people say, 'Well it is okay for you Jamie, you are wealthy and you can save money.' But it does not matter how much you earn - you can save money. You must create a way to make yourself start saving. You must pay yourself first, it is the golden rule to wealth and you must look at ways to start saving money immediately. Even if it is only a small amount, it is a subconscious shift that is required. Australia is one of the worst saving nations on the planet, which is a real shame: New Zealand is even worse.

Step 2 - Sell Something

The second question is, could you sell something? I do not mean run out and join Tupperware and have a Tupperware party (nothing against Tupperware - great product). What I am suggesting is that you could have a garage sale.

Are there some things you no longer need or are willing to sacrifice in the short-term to set yourself up financially? Do you have a spare refrigerator, piece of furniture, spare bike, spare car or even a spare boat that you could convert to cash? Anything that you could convert to cash to come up with a few thousand dollars is great.

My sister and brother-in-law did this and it was quite effective. They trade the Option market and live a simple life in Glenn Innes where we all grew up. My brother-in-law started to replace his income and was trading full time, which they were very excited about. They decided to use the strategy of having a garage sale to sell off some of the things they did not need, so they would have more money to put into the market.

That way they could make more returns on their investments. Their garage sale generated several thousand dollars and that became extra money to invest in the market.

It was interesting, though, how some people can see things differently. Rumours began circulating in that small country town and people were saying, "They must be going broke because they need to have a garage sale in order to live. We knew he would have been better off keeping his safe and secure job."

We all thought it was very funny because the reality was quite different. They were committed to financial success and they were sacrificing some things in the process of becoming wealthier. While some people thought they had done something wrong on the market and lost a lot of money, they had actually

learnt how to replace their income by trading the market and working from home.

My millionaire mentor taught me, 'If you are going to become wealthy, what other people think is none of your business. If you are concerned about what other people think, then forget about becoming wealthy. You will not achieve it because you will be held back by other people's limitation and fears. You just have to ignore that and focus on what you are doing as you know what you are doing is required.'

Step 3 - Tax

The third step is tax minimisation. Certainly many people are paying a large amount of income tax, especially people who fit into the middle class category in Australia and America. You should use some of that tax money for investing, either negative gearing into shares or property where your tax money will pay for many of your investments. There are other ways; you could set yourself up as a consultant or contractor for your company rather than work as an employee.

Rather than earn a salary, you can contract or consult to your employer where you will be paid the gross amount and you have to pay your taxes later, often at a lower rate. There is however an 80/20 rule where at least 20 percent of your income must be generated from another source.

The rule is constantly changing, but there are often ways to achieve that. You may want to discuss working as a consultant or contractor with your employer as many industries actually encourage this now. It is also known as outsourcing; a new buzz word in the 21st century.

If you have an investment property in Australia, you may not be aware that you can have your tax benefits contributed weekly, rather than wait for a refund cheque at the end of the year, thus improving your cash-flow and take home pay.

Step 4 - Income

The fourth step is to increase your income. If you can increase your income by an extra 10 percent, that is an extra 10 percent you could put aside for savings and investment. To increase your income is not that difficult. I will not go into too much detail now but I will give you a hint. If you want to increase your income, look at how you can add more value. To create wealth, my mentor

always said, 'Jamie you must add more value. One way you can do that is to improve and develop your skills.'

The Four Skills Of A 21st Century Education Are:

1. The ability to think creatively and solve problems
2. The ability to communicate more effectively
3. The ability to market an idea or concept to bring it to reality
4. The ability to negotiate

If you work on these four skills, I guarantee your income will improve substantially because they are all skills that will enable you to add more value. The reason most people do not generate a lot of income is because they just show up at work.

They often send personal e-mails while they work, steal paper clips and pens every day and they are not proactive in creating profits for the company they work for. They are often interested only in getting their pay cheque.

My millionaire mentor said, 'Jamie, to become wealthy you must focus on how to help the company you work for to make more money. If you can help them make more money, you can negotiate a share in those extra profits.' One obvious way you can help a company make more money is to help eliminate expenses.

Look around at the company you work for, as I guarantee there are thousands of dollars being wasted. If you can figure out a way to cut that wastage, you can negotiate with your boss and say, 'If I can help this company save \$20,000 per year will you sign an agreement to give me a bonus?'

You could say, 'You do not have to use these ideas but if I present you with the ideas and you adopt and use them to save the company money, say \$20,000 for example, will you allow me a share percentage of that?' Maybe 5, 10 or 20 percent; or whatever you can negotiate and get them to sign off for it upfront. If you know how to negotiate they will often agree to it.

It is a win-win situation, they do not have to adopt the strategy but if they do and it saves them money, say \$20,000, you might get 10 percent - a \$2,000 bonus for one simple idea. I did a lot of these things in the beginning and it is amazing how effectively they can work, as companies do waste a lot of money.

My millionaire mentor said the other way you can assist the company to increase its profits is to just be more committed. How many employers would love their employees to come to them on a Monday morning and say: 'I was thinking over the weekend about how I can help the company make more profit. I just want to let you know that I am absolutely committed to doing that; I have some ideas I would like to share. If there is anything you can suggest I do to make this company more profitable, I am very open to that because I want this company to be more valuable and the only way I can do that is to help the company do better.'

This is a win-win scenario and you can present proposals to accomplish that. It may take some time but it is worth the effort. In some companies though, you may find that managers may not accept your proposals. In some companies, if the manager found out that you put in a proposal that would cause you to make more money than them, your potential success causes their ego to get in the way and they will try to sabotage your success. You need to be aware of that if this occurs. You may need to go to another person in the company or another company altogether, which leads me to the next strategy.

What Are You Worth?

My millionaire mentor taught me, 'Another way you can quickly increase your income is to find out what you are worth.' Let's say you work for one company. Can you go out and look at more job options with other companies?

To be in a stronger position to negotiate what you want is to have at least three more alternatives where you could work. This means you would have to go out and investigate to find out what you are worth on the job market.

Then you can negotiate with your current employer along these lines. 'I am considering leaving, I believe I am worth this amount of money and this is what I am prepared to do to add the value that makes me worth that amount of money.'

This is the money that I would like to earn for doing that and I would like you to consider that. It is all right if you are not prepared to agree to my proposal because I am quite happy to leave. Other companies are willing to reward me to the level I believe I am worth.'

As long as you are committed to adding value and you communicate that effectively, you will find (as many of the graduates from my seminars have

found) that the company suddenly realise the value you add and how hard it will be to replace you.

Remember your boss won't usually walk up to you and offer you a pay rise; normally you have to ask for that increase. To get something you first must give, so you must put a plan to your employer that is going to provide evidence as to why they should pay you more.

It is not until you are willing to leave that they realise how valuable you are and are willing to pay you more. If you apply this strategy, you could be pleasantly surprised.

I had a friend who used to work in a large bank, when she decided that she was willing to leave and had arranged to go on contract to one of our companies.

Her company immediately offered to increase her salary by around \$10,000 if she stayed on. She did not even ask for it. If she had wanted to she could have stayed with the bank and picked up around \$10,000 extra just by one simple negotiating method because she was adding value. She was valuable and she was willing to walk away.

To be a strong negotiator you must put yourself in a position where you are willing to walk away. Sometimes your employer might not give you the extra income but if you know you can go to another company and generate extra income; obviously you are in a much better position to negotiate.

Determination is the wake-up call to the human will. What kind of person will I have to become in order to achieve all that I want?

Anthony Robbins

Five Forms Of Income Game

What forms of income do you currently have?

| | |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

What I Didn't Learn At School But Wish I Had

What forms of income can you think of?

| | |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

What forms of income could you most easily obtain?

| | |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

List your possible forms of income

Step 5 - Other People's Money (O.P.M.)

The fifth step we are going to look at is called O.P.M., an acronym for Other People's Money. To become wealthy you may need to consider using other people's money and that is something we will look at later on.

Let me give you an example. If you wanted to invest \$15,000 and you do not have it right now, could you go out and obtain a personal loan? If you have a job I dare say you would be able to obtain a personal loan or be able to borrow that money from someone. Let us say you were able to borrow \$15,000 if this was appropriate for you and compare that to Bill and Mary who did not do that.

By saving \$100 per week it will take Bill and Mary three years of consistent effort to save that amount. If they are like most Australians, guess what they will do after they start saving? They will probably spend it on a holiday, another car or something insignificant.

It takes a lot of hard work and discipline to save \$15,000. But what if Bill and Mary were committed to investing and were willing to borrow \$15,000? If they borrow on a personal loan it would probably only cost them around \$75 per

week to pay off. If they are already committed to saving \$100 per week, the \$100 per week they are saving could now cover the cost of that loan without putting any extra stress on them financially, but what it gives them is \$15,000 to use immediately for investing.

There are some financial strategies we will look at in a moment where \$15,000 invested (for instance in the stock market with a low to medium-risk strategy could generate anywhere from \$300 up to as much as \$1,000 in many months of the year in additional cash flow. And that is with less risk than most people are taking right now.

In some fast track strategies \$15,000 can generate \$300 to \$1,000 per month with less risk than buying a car.

You might ask, 'Jamie, can we move right onto that topic and show me how to do that?' We will actually cover that in the next few chapters. The point is to illustrate that using other people's money and borrowing money, if it is done wisely, can increase potential returns; however it can also produce a negative return if done incorrectly. Most people will say, 'I am not going to do that. It is too risky to invest in the stock market.' But how many people will go out and borrow \$15,000 or more for a car? What do we know about a car? A car is actually a classic case of a poor investment. As soon as we drive the car out of the showroom door we lose around 20 percent.

Within five or ten years what is our \$15,000 car worth? It could be worth as little as a few thousand dollars; therefore we have lost a considerable amount of money. Every time you drive into a petrol station your car takes more money out of your pocket. Cars cost money every month and they lose value. They are a guaranteed loss, but how many Australians have at least one or two cars? Many people! And they consider that smart.

I realise that a car is considered a necessity in Australia but really it is a luxury people obtain before they can really afford it. It is a complete waste of money for most people, yet the same Australians could go and borrow \$15,000 to invest. Even if it was invested in the worst companies listed on the stock market, they would still not perform as badly as a car over the next five to ten years.

We have to look at our mindset. What is risky here? The biggest risks you will take with money is not investing and not saving. When you are investing, I agree that you can lose. At times you will lose, but that amount can be

manageable. You can learn to deal with that and you will be way ahead of someone who decided not to invest.

Remember that I am giving you strategies; they are suggestions to consider and you will need to adjust them to your personal situation and also consider whether you are willing to develop your mindset to ensure these ideas work for you. If you are not, then the money magazine type of advice is about to be the best you will get where you can hope to retire in 100 years from now. There is nothing wrong with that advice. It is just slow and boring and is offered by financial planners who have made their wealth though selling advice and earning commissions, or journalists who are yet to produce real-life results.

Always seek financial mentors who have real life results, or attend seminars or use home study courses taught by self-made millionaires to continually educate yourself.

Step 6 - Using Equity

The fifth step is what we call using equity. Many people have equity in their homes, equity being the portion of their house that they actually own. Much of that equity could be put to good use, rather than just sitting there idly. The challenge for many people is that they become asset rich and cash flow poor because predominantly we have been taught to get a good education, work hard all our lives, pay off the house and retire to the good life.

By the time many couples have paid off their house, they may be fortunate to find that it is worth \$500,000 to \$1,000,000 or more, if it is in a good suburb. But the challenge is, the house is really big and the children have left home. They no longer need a big house but they still have to work because all their money is tied up in their house. The house is not producing any cash flow.

So I suggest putting some of that equity into investments that are going to generate some cash flow. Some people might say, "I do not want to do that. It is too risky."

I tell them what my millionaire mentor taught me, which is that life is a risky business. There isn't a single one of us who is going to get out of it alive. That is how risky it is. We must all take risks. The greatest risk in life is to do nothing at all.

My millionaire mentor told me the story of an 86-year old lady who was on her deathbed. In her dying moments she said to some of her closest family and

friends, "You know, the only thing I regret as I look back on my life, and it is now virtually over, is not taking more risks. What was I so scared of?"

You see the challenge for many people, is that day is going to come and they will regret it. The question with investing is: are the risks you may take less risky than not investing? I just want to help you understand this important point. Most people are currently taking far greater risks than what is necessary.

They could take less risk investing wisely to become incredibly wealthy in a very short period of time. I am going to suggest you consider using some of your equity, but do not use it to invest in high-risk businesses.

We will take that equity and put it into either another property with a good strategy, or the stock market with a good strategy, where you can insure your position. (I will explain insuring later). Other people might say, 'Jamie, that is fine if you have equity, but what if I do not have any equity?'

Remember there is always a solution if you are absolutely committed. Also remember these are only suggestions. As my millionaire mentor told me, 'You do not have to do anything, it is just a matter of choices. You could try to avoid all risks in life and do nothing, however, you will just risk wasting your entire life.' Now that is a risk I was not prepared to take.

I decided to start investing as it carried the least risk!

Step 7 - Parents' Equity

This seventh step in the eight steps to kick starting your investments is about using your parents' equity. If you do not have any equity perhaps your parents or grandparents do. Most people wait until their parents die to inherit their house. It is sad and I don't like to mention it to many people, but how many fights are there over their money and assets after someone dies? It is a sad and selfish part of human nature.

What I am going to suggest is why wait until your parents die to inherit their wealth. Do the exact opposite; the law of opposites. Why wait? Why not ask to draw down your inheritance early. A reporter who attended one of my seminars later wrote that I was suggesting a ruthless strategy because I said this.

The reporter was also broke, had a poor mindset around money and did not like people getting too excited about financial freedom, which hundreds of people attending were getting excited about. The sad part is that this reporter was not open to learning. To him nothing worked. He said, 'This sounds really ruthless, I cannot believe that you are even suggesting it.'

Let me ask you a question that I posed to the reporter and the audience. Do most parents want to see their sons and daughters do well in life? Yes or no? I would say yes, but some people say to me, 'Jamie, you do not know my parents.' But let us assume most parents do want to see their children do well in life.

One way they think they are helping their children is to assist them with their first investment, which is usually a car. We know a car is a classic investment, so they use the family assets to buy it and become guarantor for them, which is not really helping them to become wealthy.

What if you approached your parents and said, 'Look I want to buy my first investment property and get into some real investing. I have done my homework; I have looked at the potential downsides, its upsides and how to manage the risk. I want to borrow some of your equity to get started. If you do that, these are my guarantees. I am willing to guarantee that I will pay the money back on time. If I am even one day late paying back the money I owe, I agree to pay an additional \$500 in late fees (sounds like the banks). You can also have the right to take over my investment property if I am late three times.'

If you look at an investment property, it is virtually guaranteed to go up in value. The average Australian or New Zealand residential investment property doubles every 7 to 10 years. Now that does not mean that every investment property is going to double every 7 to 10 years; some will double in less time. I have had properties that doubled in a little over two years. That is unusual I know. One of the properties was worth a million dollars when I purchased it and it doubled in value within two years.

Some properties do not double in value even in 20 years and in some places property values will never double. But a good property is virtually guaranteed to eventually increase in value, just as likely as the sun is to rise tomorrow. Whereas investing in a car, the value is virtually guaranteed to go down, just as likely as the sun is to go down tomorrow. Do you follow what I mean? There is always a risk; we just have to compare one risk to the other to be able to make a financially intelligent decision.

So maybe you can consider using your parents' equity. Remember, you do not have to; it is just an option. If you do not have parents or grandparents, perhaps you can use a friend's equity. There is so much equity sitting around in this country that is not being utilised.

The amazing thing about using the equity of a property, is that the property can still increase in value, even if you take some of the equity out of it and invest it somewhere else. Assuming it increases in value, you have money working for you twice. Now that is magic!

Getting started - \$10,000 - \$15,000

- | | |
|----------------------------------|--------------------|
| 1. Save it | 2. Sell something |
| 3. Decrease tax | 4. Increase income |
| 5. O.P.M. - other people's money | 6. Equity |
| 7. Parent's equity | 8. Superannuation |

Step 8 - Superannuation

The eighth step is superannuation. One of my companies helps many people I educate to access their super by setting up self-managed super funds, which they can actively invest and manage. In Australia, superannuation is compulsory. In the United States, it is referred to as a 401K account.

I think if the Australian Government was more creative and wanted to help increase savings in this country they would really look at changing superannuation. A smart government would completely revolutionise superannuation and make it more beneficial.

For example, we could follow Singapore's model where instead of the employer having to pay the super, the employees, have to match the employer's contribution. Currently in Australia the employer has to contribute super of around 9 percent.

Rather than charging the employer another 9 percent to increase it, why not create an incentive for the employees to match that 9 percent? Say if employees put in at least the equivalent of what the employer put into the super fund, they would receive a tax incentive so that the funds go into their super tax-free. If they change the rules of super then people can actively use it. I think a lot of people are not excited about super and don't count it as real money because they generally cannot touch it until age 65.

So what if we encourage more people to invest in super by providing further tax benefits, but allow a portion of that super to be accessible if they made additional profits? So, if you could generate profits above 5 or 6 percent, you could be allowed to actually pull some of it out before retirement age.

Politicians, for instance, do not have to wait until retirement age to access their super. You may note that many of the laws in this country are set up to benefit those in power and the masses suffer as a result.

If you could access some of your super well before retirement age, would you be more motivated to put more money into super? The obvious answer is yes! The government could create a massive increase in savings across the entire nation and that extra wealth in the country could be used to invest in Australian businesses.

Rather than have to beg for multi-nationals to invest here, with the result that most of our profits go overseas, tax-free, Australians could create more jobs and create a wealthier Australia. We could actually be buying out companies overseas, in the same manner that foreign companies often buy out Australian companies.

Countries like Singapore, which used to be a third world country, and other countries that are tiny dots on the map compared to Australia and the US, are able to come and buy out our companies, because they are much better savers and investors and therefore in a much stronger position.

Instead of being bought out and at the mercy of the world market, Australia could become even wealthier as a nation. So with superannuation, despite the government's restrictions, there are still ways that you can actually use your super to be actively investing and that is something you may want to consider further.

With recent changes to the Australian tax laws around superannuation it has become a much more attractive investment.

How To Make Money Out Of Thin Air

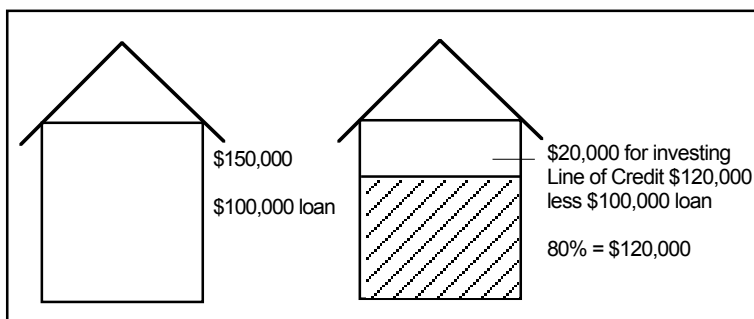
Now we have looked at eight ways to come up with money to get started. There are many other ways out there, but let's now look at how we make some money out of thin air.

The first step we need to look at is adding value, which I mentioned previously. If we can add value to anything, it follows that its valuation should increase; in other words if we add value to the businesses that we work in, we can generate more wealth. If we add value to property we are going to create more wealth.

So let us first look at how we can make some money out of thin air to increase the amount of money we have to invest. Let's imagine that you have a

house or your parents have a house. One of the first things you could look at is utilising equity. You could go and arrange a line of credit on this property. A line of credit is a facility where you can draw out some money on the property.

Let's use Bill and Mary as an example. Bill and Mary have a property that is worth \$150,000. The bank happens to own \$100,000 of that, so that means Bill and Mary's equity is \$50,000 - the portion of the house they actually own. Bill and Mary could get a line of credit to use some of their equity for investing. Say they needed \$10,000-\$15,000, Bill and Mary might be thinking, "I do not have \$10,000-\$15,000." But I would say, "You have equity in this property. That \$50,000 just sitting there is yours to use. You could potentially be using that for investing. To work out how much that could be, the maximum the banks will let you draw out of a property is usually 80 per cent of its value."

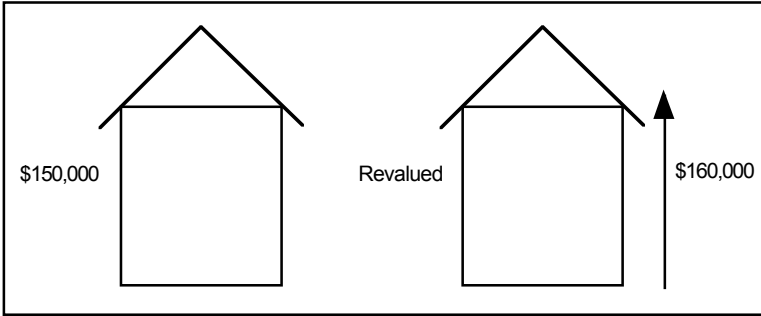


So let's look at \$150,000 as the value of the property, 80 per cent of that is \$120,000 but then you have to subtract \$100,000 because that is what Bill and Mary owe to the bank. They have already borrowed that amount so they cannot re-borrow what they have already borrowed. So \$120,000 less \$100,000 would equal \$20,000. Bill and Mary, depending on their ability to obtain the finance, would be able to potentially draw on as much as \$20,000. When using a line of credit I always suggest leaving a buffer in case of emergency. But Bill and Mary could draw some of that out and use it for investing immediately.

Let's say they took out \$15,000. I will show you an example of how they can turn that into extra monthly cash flow that would be coming in without them needing to work - that is when it becomes really exciting. It is not something that takes years to set up; it is something that could be occurring for them within a month. That is why once people understand the possibilities they get excited about these strategies, especially if you have the right mindset.

What I Didn't Learn At School But Wish I Had

The next step for Bill and Mary to help them create more money for investing is to utilise the \$150,000 house. They could potentially get that re-valued. Properties in most capital cities around Australia tend to rise in value. So we ask Bill and Mary when they last had their house valued; if they are like most Australians it will probably be several years.



I would get them to call their bank immediately and ask them to get a valuation done on their property, which will cost them approximately \$300-\$400. Sometimes the bank will even pay for it. They could get their house valued and the bank valuation might say the house is actually worth \$160,000 because properties have risen in the area. Therefore, Bill and Mary would now have more money they could draw out in a line of credit than they had previously.

Renovations

What if Bill and Mary were to do some quick renovations to the house that are inexpensive but would add significant value to it before they have the valuation done? What Bill and Mary want, is add value to this property to make it worth more.

Bill and Mary could 'backyard blitz' it; if you watch those popular renovation-type TV shows, it is amazing how they can transform the landscape of a backyard in a just a weekend. Admittedly, they have a lot of helpers, but they completely transform those properties. Some of these TV renovations have added \$20,000 to \$50,000 value to the properties they work on.

The obvious first step is to ascertain what sort of inexpensive landscaping we can do to fix up the garden. We do not want to spend too much money - the

less we spend the better. Could Bill and Mary perhaps also repaint the inside and outside of the house and make it tidier?

Could they renovate the kitchen and bathroom, the two most important areas of the house? They can be done quite inexpensively if one is creative. Could they perhaps replace the carpets or have polished floorboards? These are simple things they could do to add value, to make that house look better. Let's say they invested \$20,000 into improving their property before getting a new valuation on the house.

Their house is now better than other houses in the street and it could be revalued at say \$200,000. In some cases the value may not increase this much and much and in some cases the value may increase more, but let us assume a valuation of \$200,000.

Bill and Mary spent \$20,000 on their renovations and their house is now valued at \$200,000. The increase in value is \$50,000 less the \$20,000 they spent. Thus, Bill and Mary have created an extra \$30,000 in value out of thin air. That is money out of thin air.

Let me ask you a question, how long has it taken you to save your last \$30,000?

You can start to see that by thinking smart and outside the box, how in a very short period of time you can create significant amount of extra money out of thin air just by taking some action.

You might say, what if Bill and Mary do not have \$20,000 for their renovations? The reality is, for as little as \$3,000 to \$5,000 you could add tremendous value to a property.

This strategy also works in smaller cities, where some people do not believe. It still works if you do whatever you can to add value to something!

I know of a young girl from a smaller city, who took this strategy after I spoke about it at a free local seminar.

All she spent was \$1,000 on her property and she was able to increase its value by \$20,000. This lady was very happy with just that one idea and she was then able to start investing that money into other things. So you see how she could get massive momentum in an investment strategy very quickly. It almost sounds too good to be true!

Here are a few rules about what not to do, to ensure it becomes true for you. Using this strategy it is very difficult not to be successful, yet many Australians figure out ways to not make it work.

One of the big mistakes people make with renovations to improve the cosmetic appearance of the house, is they want to do major renovations. They want to put in a big pool, build a three-car garage and spend an absolute fortune. They might spend \$50,000 and the value of the house might increase by only \$20,000. That is how not to make it work. You want to spend as little as possible, the least outlay for the greatest potential gain. In certain areas you will achieve a major increase in value and other areas only a small increase.

We are now going to look at some other strategies. Let us take a look at the stock market. I understand the stock market today but that was not always the case. I used to think that it was too risky and too time consuming until my millionaire mentor helped me understand certain strategies.

When I adopted those strategies I had such success with them that I became a raving fan of the market. I still am to this day and I have helped many people generate substantial amounts of money from the stock market. It is exciting because it can generate cash flow quickly and if it is done properly you can minimise your risk as well.

A lot of people do not understand this. Even though I did not start investing in the market to create my wealth, it is still a good place for many to commence, even if they have never invested before.

Creating Cash Flow Through Renting

One of the most exciting strategies is how you go about share renting. A lot of people ask, 'Jamie, is this a misprint, share renting? I know you can rent out property but how can you rent shares?'

It is actually true that you rent out shares. 'Renting' is a word I created as a communicator and educator to educate Australians about how to carry out this strategy in a very simple format. There are more technical words that people generally use to describe this strategy as will be explained later, however a major obstacle for a lot of people learning the technical language used in the stock market. The words are often coded and it all sounds complicated but it really is not.

Another thing this book covers is how you can insure your position in the stock market. Most people have no idea that they can insure their position in the stock market through this strategy; we will come back to that a little further on.

I want to look at how I helped Bill and Mary, as a friend and coach, to come up with some good ideas to generate an extra thousand dollars a week. That is, money coming in while they sleep in the shortest time possible without them needing to work to earn that income and by managing risk and utilising their money more effectively. The reason they need \$1,000 a week is because that is approximately what they jointly earn right now.

That amount would replace their income and give them some choices in their lives. In other words, they could cut back to part time work if they wanted to. Bill and Mary could go on more holidays or only work six months of the year. Maybe even consider not working at all. Maybe move to another career which they enjoy because they want to, not just because they have to, for the money.

It would completely transform their lives just by implementing a few strategies. You may be interested in doing the same.

In the next chapter I will explain half a dozen fast track share strategies. I will go into the last couple in detail, particularly share renting. If you require more assistance to understand the strategies, you can request my free DVD explaining them in detail at: **www.21stcenturyeducation.com.au**

I have no doubt that if like hundreds of thousands of people who have watched my DVDs, you will become very excited about these strategies, because they are not only realistic, they can be done quickly. This book will give you a fundamental understanding about how you can do these things, if it is applicable to your current situation or your future situation.

Do You Share These Millionaire Traits?

In Thomas Stanley and William Danko's book *The Millionaire Next Door* they revealed that most millionaires really could be the people next door. They don't drive a new car every year or jet around the world. In fact, sometimes they're the least likely person you would suspect. There are seven commonalities that most millionaires share. How do you measure up with these characteristics?

1. They live below their means. Half of the millionaires interviewed did not live in high-status neighbourhoods. Instead, they lived in average neighbourhoods in average houses. That's how they were able to save

- money. The other half that did live in high-status neighbourhoods only moved there after they had become wealthy.
2. They lead frugal lifestyles. Most do not buy \$5,000 suits, expensive boats or even new cars. You might say they're tightwads. They shop for bargains and always negotiate for a better deal.
 3. They are self-employed or own their own businesses. They also love their work - they connect with their jobs and feel very passionate about them.
 4. They plan and study investments. Majority of millionaires invest heavily and spend a large amount of their time studying their investments or seeking advice from financial advisors.
 5. They weren't always at the top of their class. Another surprising commonality among the millionaires interviewed was that they didn't all have advanced degrees or graduate at the top of their classes. Some didn't even go to university and a few didn't even finish high school.
 6. They are self-made. The majority of millionaires received no family money and do not plan to give their own children a lot of money. They want their children to succeed the same way they did - on their own.
 7. They've failed more than most. This above all others sets millionaires apart - they are not afraid to have a go and keep trying against all odds.

I want to add something insightful to this point. Don't think you have to fail before you succeed. It's not a prerequisite. I understand the importance of turning failures into valuable lessons, sure. But with the right advice and guidance - you can stack the odds heavily in your favour and be successful without leaving a trail of disaster behind you.

Case Study: How To Become A Billionaire By 35

Unknown to me at the time there was a budding and ultimately very successful entrepreneur who lived part of his childhood in a small country town just 45 minutes from where I grew up in northern NSW.

At 18 years of age this budding entrepreneur's father said to him, "Son, if you don't leave now you will be here forever."

So he left Inverell to chase his dreams and became an electrician in the Hunter Valley mining industry.

By the time he was 28 years of age he had built his own electrical business. He had also learnt that the best way to make serious money was to own the coal mine rather than doing subcontract work for the mines. His work for the mines also helped him to understanding the dynamics and the business model of coal mining.

So at this stage the budding entrepreneur decided he wanted to own a coal mine and set about achieving his vision. He found a coal mine that was for sale for \$30 million. However, one of the challenges he faced was that he did not have the millions of dollars required to own a coal mine.

Undaunted and displaying great entrepreneurial skills he decided to hire a firm of lawyers to represent him in the negotiations to purchase the mine. He had no money to pay the lawyers, so he offered to pay the lawyers double their fee if the negotiations proved successful.

Not surprisingly, though undeterred, he received a number of knock backs before one law firm took him on. The law firm was impressed by his sense of certainty, self belief and conviction and they sensed that perhaps this electrician with a lack of funds just might be successful.

After two-years of tough negotiations, by which time 12 tenders had been received, the budding entrepreneur learnt that the vendor would not sell the mine to him.

However, the coal mine market was in a state of flux and eventually all the other tenders fell over, leaving his tender as the sole remaining offer. The vendor could not help but be impressed by his persistence and after some further negotiations made an offer to him.

"If you can up with a \$1 million, non-refundable deposit, then we will give you another six-months to come up with a further \$6.5 million and within two-years you will need to pay the balance of \$22.5 million."

A fantastic opportunity was at hand but the entrepreneur was short the \$1 million deposit. Then his entrepreneurial skills kicked in. He owned a house and had some friends, and by utilising and leveraging those resources, he managed to raise the deposit.

At this stage the entrepreneur was totally committed with everything he owned on the line and he realised that to make serious money, nothing short of total commitment would suffice.

Stressful, pressure situations full of uncertainty such as this are good tests of character for would be entrepreneurs. As what Donald Trump reminded me

recently when he was in Melbourne, "Most people won't make it because they can't handle the pressure."

The entrepreneur's next challenge was to come up with another \$6.5 million for the next payment in six-months time. He also needed to raise a further \$2.5 million in a hurry for a drill-test to establish if there were commercial levels of coal in the mine he had committed to.

To raise the \$2.5 million he went knocking on the door of numerous stockbrokers in Sydney. Of course most brokers were taken aback by a brash young entrepreneurial man from the Hunter Valley, ("Who are you anyway?") with absolutely no track record, asking them for \$2.5 million. Instead of seeing himself as a victim of 'the system' with the countless rejections he received, the entrepreneur continued to concentrate on achieving a result.

He eventually convinced a small stockbroking firm to raise the \$2.5 million dollars from 60 or 70 of their clients. To accomplish this, he had to give away some equity in his company, but by being creative he had obtained the finance.

Fortune favors the brave and drill test results confirmed the mine was loaded with coal. As a result of the positive tests the coal mine was now a very salable proposition. The entrepreneur was not keen to sell but his equity partners were intent on reaping in their investment.

He didn't wish to sell the mine but his partners who put in the \$2.5 million wanted a cash payout so he was forced to accept a sale to a larger coal company.

His partners were paid out in cash, but \$177 million in shares was the prize the entrepreneur walked away with! Full of confidence and self-belief, he then decided to borrow against these shares and buy more shares in the larger coal company that had purchased his coal company.

The shares over time raised from \$8 a share to \$20. In due course he got a phone call from his broker informing him they had a buyer for his parcel of shares and he agreed to sell.

Two days later he received \$452 million cash payment into his bank account.

Some people say he got lucky, but it didn't stop there. He then outlaid \$25 million to buy another coal lease and borrowed almost \$500 million.

Then in 2010 he listed this company known as Aston Resources, of which he owns 30 percent, on the Stock Exchange for \$1.5 billion, which then rose in value to \$2.5 billion, making him another fortune.

Who is this ultimately incredibly successful entrepreneur who obviously possesses high-level negotiation skills coupled with incredible persistence? Who is this former electrician who is now a major player in the coal industry, horse racing industry, a rugby league club owner, soccer club owner and Australia's youngest billionaire?

The person I am writing about, and some readers may have recognised, is Australian billionaire Nathan Tinkler who epitomises the working class boy who made it to millionaire status and then billionaire status before the age of thirty-five.

In 2011, Nathan Tinkler was Australia's youngest billionaire, according to BRW's Young Rich List, with an estimated wealth of \$1.13 billion, as well as being one of Australia's 35 billionaires.

Nathan Tinker has attracted the nickname, 'Mr. Newcastle'. He used to own the Newcastle Knights rugby league team, after earlier paying \$200,000 for a jersey sponsorship so that the Knights would advertise his horse racing headquarters on the back of their strip.

Nathan has made some shrewd business decisions, but persuading the Queensland government to sponsor NSW rugby league team, the Newcastle Knights, must rank among his best.

In November 2011, QR National signed a \$2 million sponsorship deal with Tinkler's Hunter Sports Group while the rail company was still 33.5 percent owned by the Queensland Government. It was known as Queensland Rail and was owned and operated by the state government until it was floated.

The Newcastle Knights team can proudly display their QR National sponsorship playing against Brisbane, North Queensland and Gold Coast.

Nathan has also established a major presence in horse racing, and he freely boasts that he saved the horse racing industry during the Global Financial Crisis with his large purchases of thoroughbreds and his ownership of the horse racing and breeding operation, the Patinack Farm.

In his own words, "I was a pit electrician with 50 staff running around in vans. I found a coal deposit that I managed to sell for shares and cash to Macarthur Coal. Then I sold the shares a little while ago. Now I'm the biggest racehorse owner in Australia."

Established in 2007 by Nathan, Patinack Farm is one of Australia's largest thoroughbred horse breeding and racing organisations with more than 1,200

horses and nine stallions. Patinack Farm has operations throughout New South Wales, Victoria and Queensland.

He also owns the Newcastle Jets, A-League soccer club. Nathan has had a positive influence at the Jets. A new price for tickets includes a season pass for children younger than 15, a family pass for 11 home games with reserved grandstand for \$100 and general admission for \$10.

The Tinkler Group also sponsors or organises headline sporting events in the region including netball and rugby league test matches, premier women's surfing competitions and international team visits such as David Beckham's L.A. Galaxy.

The Tinkler Foundation has been established to manage the philanthropic activities of the Tinkler family, the Tinkler Group and associated corporate entities. The Foundation will have a geographic focus on Newcastle, the mid north coast and the Hunter Valley regions of New South Wales and will support a variety of worthy projects and initiatives that address community needs.

With a head-office in Brisbane and a significant presence in Newcastle and Sydney, some 550 people are employed across the Tinkler Group.

These days the Tinkler Group has interests in a range of resources projects through its subsidiaries Boardwalk Resources and Aston Metals and through its 31.7 per cent major shareholding of ASX listed Aston Resources Ltd.

The public listing of his Aston Resources Company in August 2010 - and increases in the value of the stock since - has boosted Nathan's bank balance by at least \$634 million.

The Group's infrastructure developments are led by International Ports & Logistics (IPL), of which Hunter Ports and Hunter Rail are a part. The first project for Hunter Ports is the proposed development of a new, state-of-the-art \$2.5 billion coal terminal in Newcastle and rail infrastructure in the Hunter Valley, New South Wales. IPL is also exploring port opportunities in Queensland.

The Tinkler Group's boutique corporate advisory company, Queen Street Capital, provides financial and corporate services, due diligence, research and financing to both public and private clients in the resources, infrastructure, mining services and renewable energy sectors.

Newcastle-based property developer Buildev is a diverse property company within the Tinkler Group. It is undertaking a range of activities including

residential, industrial, commercial and retail property development, technical research and property investment.

Hunter Sports Group (HSG) is a not-for-profit sports organisation created by Nathan Tinkler and responsible for the administration and development of sporting teams and events in Newcastle and the Hunter Valley.

Nathan Tinkler appears to be blessed with a good sense of timing. When Aston Resources floated, it had a market capitalisation of \$1.2 billion; in December 2011 it was worth \$1.98 billion and his personal stake was worth \$625million following a sharp rise in the stock that month, to \$9.68.

In early December 2011, the market was abuzz with rumors of a huge merger involving an all-scrip deal between Whitehaven Coal and Nathan's Aston Resources. The business media speculated, "If he can squeeze a good price out of Whitehaven, he looks likely to move on again. An all-scrip deal would continue a pattern whereby Nathan builds his fortune by trading assets rather than building actual companies.

"It had appeared that Aston would be something different for Nathan – a chance to actually develop, build and then run a fully fledged coal project. But now he may revert to his traditional strategy of selling at the right price and moving onto the next opportunity."

Then on 12 December, Whitehaven announced a huge deal to buy Nathan's Australian mining assets for at least \$2.72 billion in stock, pushing the value of coal deals that year to a record.

Whitehaven offered 1.89 of its shares for every one of Aston's, an 11 percent premium to the previous day's close. Nathan is Aston's largest shareholder with a 32 per cent stake.

Nathan is now set to become the biggest shareholder in a new company created by Whitehaven Coal's purchase of his Aston Resources.

"I like risk, I like leverage and that's something that's served me well in the past and will serve me well in the future," Nathan said. "I have an aggressive mindset in the way that I do things and the way I deliver opportunities."

On the day of the announcement one broker offered this description of Nathan: "He seems to be the kind of person who gets things done. He appears to be quite good at doing deals."

Whitehaven also agreed to buy Nathan's closely held exploration company Boardwalk Resources for at least \$500 million and give him a 19 percent stake in the new company.

Buying Aston gives Whitehaven control of the Maules Creek steelmaking coal project, more than doubling the company's output by 2016. Rising demand for coal in China and India has pushed coal deals globally to a record \$40.3 billion in 2011, compared with \$36.7 billion the previous year.

Just as when he received his stake in Macarthur, **Nathan**, won't take up a board position on the combined Whitehaven-Aston company because of the demands of such a position in a publicly traded company.

"I put good people on the board to represent my interests. My interest in coal is expanding a lot further, a lot more outside of Australia. I'm seeing a lot more opportunities overseas these days than in Australia and I want to be free to pursue those."

The key factors that made Nathan a billionaire are persistence, creativity, a total sense of certainty from within, the ability to negotiate and empowering belief systems around money - such as you don't need money to make money

He was also willing to risk failure and commit totally, while most people ask for money from potential investors and won't commit their own money.

He also didn't give up after two-years of initial negotiations.

Remember, it's never a lack of resources, only over a lack of resourcefulness.

Nathan was simply resourceful. Not bad for a country boy!

Modeling some of Nathan's traits may not make you a billionaire, but it certainly can make you perform better than most, and possibly help you become a millionaire if you so wish.

However, Nathan's appetite for risk and debt could also be his downfall as when young people make a lot of money quickly, if they don't learn to protect their wealth they can lose it just as quickly.

**"Lifestyle is more about planning
than it is about money"**

Jamie McIntyre

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TOP 10
INVESTMENT
STRATEGIES

Land Banking Jumps To No.1 Spot On The Top Ten Investment Strategies For 2014

Every year Financial Educator, author and CEO of 21st Century Education Jamie McIntyre releases his top ten investment strategies for the year ahead, which his 21st Century subscribers eagerly await. Due to market conditions changing often, the ranking of strategies move up and down and brand new strategies get added to the list.

Land banking, a strategy that has been used by the very wealthy in Australia for decades made it to Jamie's Top Ten Investment strategies three years ago after he started using it effectively to accelerate financial results.

It now has been regulated to the first spot in his strategies for 2014.

We asked Jamie why this was and this is what he had to say:

I have shared for the last 15 years a financial formula that has helped many of my clients become millionaires. In fact almost every one that has followed it has become a millionaire.

The formula basically includes acquiring two investment properties in good areas and then waiting ten years. In that time period the properties are likely to have doubled. Subsequently, one's net worth would increase to approximately \$1million and a further million, a decade later.

Consequently, this strategy can be accelerated by ideally acquiring ten properties in ten years to make ten million dollars in net equity within 20 years. I wrote a book on this topic available at **www.10propertiesin10years.net**

Even though this is a great strategy, it requires significant borrowings.

What if one could achieve the same results without having to borrow a cent?

If the formula could be amended to achieve this then not only would it mean it's no longer just the domain of the rich but my everyday clients could also prosper from the strategy.

Land banking done the 21st Century way will generate exactly this result.

We do it in a special way and negotiate key favourable terms from developers that enable myself and others, to secure land at today's prices that we don't have to make a payment for 7-10 years nor do we have to go to the banks and borrow money.

What I Didn't Learn At School But Wish I Had

We also can walk away without obligation if we don't wish to proceed with the purchase. Alternately, we can also flip the land to another buyer before paying for it.

Considering the fact that land generally appreciates faster than houses (houses tend to depreciate), based on historical growth, the likelihood of the value of land being worth double in 7-10 years is high, especially since the land is already residentially zoned.

**So that you can learn more, we are giving away a \$997
Land Banking Homestudy to teach the strategy visit,
www.LandBanking.com.au**

For those who want our help, we expect that our clients will make \$150,000 per deal and we charge a 10% success for this profit achieved .

Take advantage of it now by visiting www.landbanking.com.au whilst the remaining courses are available.

If you want someone to negotiate such land deals for you then request a free consultation with one of our property

specialists. If you are suitable and qualify, then you can become a 21st Century Property Member and have access to land banking services.

Top 10 Investment Strategies For 2014

It's Important To Be Financially Educated In The 21st Century.

Every year my 21st Century Subscribers eagerly await my top 10 investment strategies for the year ahead.

For this year ahead I've made quite a few changes to the past top 10 strategies. I have adapted my financial strategies to suit market conditions.

Land banking has jumped to the number 1 spot due to my prediction of a new Australian property boom for the next 12-28 months. When buying land in this unique way you don't have to pay for 7-10 years nor do you have to borrow, making it by far the best investment currently available.

The last year has already proved my prediction to be on target with price rises especially in Sydney, showing record high auction clearance rates which approached 90% but now stabilising.

US property is in the number 3 spot, mainly because of strong price gains in certain cities, meaning for those of us who have been in this market for 2-3 years can now cash in and buy in new cities we are targeting for future price growth.

I am currently investing nearly all my money into the top 3 strategies and exiting the stock market.

If you get the right properties, the US property strategy is great.

A brand new strategy that's jumped into the number 4 spot is sub-division. Particularly by buying larger house blocks and dividing it to build a townhouse at the back to rent or sell off.

A very solid realistic strategy many have used and with some education on how to do it first, it could potentially be a winner to generate \$100,000 or more with not much time required.

US land banking has been added as a brand new strategy at number 5, and blogging for profit has moved into the number 6 spot.

Although blogging isn't an investment strategy as such, it's a return on time invested and for the average person, something to consider mastering.

Internet Domain has joined my list, and why not? Many are making a fortune from this new form of real estate, it's one to be considered.

Once again, the key is getting educated or mentored by those who are making money from these strategies already.

Bitcoin trading has also made this list with the new online currency already producing over 250 millionaires with the potential to make many more and I've founded several bitcoin start-ups, such as www.bitcoinenetwork.com.au

Rounding out the top 10 is forex trading. Even though its a speculative investment, it can be profitable for some.

So there you have it, my Top 10 Investment Strategies for 2014 :

1. Land Banking
2. Buying Australian Property Buy and Hold
3. U.S Property
4. Subdivision

What I Didn't Learn At School But Wish I Had

5. U.S. Land Banking
6. Blogging for Profit
7. Internet Domain
8. Getting Educated or Mentored?
9. Bitcoin Trading
10. Forex Trading

Speak to one of our success coaches or to learn more about these Top 10 Investment Strategies visit, www.TopInvestorSecrets.com

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INSTANT CASH FLOW STRATEGIES

Rule out guessing and taking tips as they
are a big no-no in the stock market.

But guess what most people do?

They guess or they take a tip.

At the start of this chapter I will point out that my intention is not to provide financial advice even though I am licensed to provide general advice for shares and derivatives by ASIC in Australia. My intention is to educate by providing readers with a range of financial strategies for their consideration.

Readers should not invest moneys or take other actions by relying on the material contained in this book or any support material, but instead should satisfy themselves independently (whether by expert advice or otherwise), of the appropriateness of any of such action.

Buying Shares

The first thing we are going to look at with the share market is at what price to buy a share and whether the share is good value. There are two forms of analysis for the share market. One is called technical analysis and another is fundamental analysis. I tend to use a little bit of both but I think one of the reasons I have been successful at share investing where many others have not, is because I keep it very simple.

I have helped other people become successful because I taught them a very simple format. I think a lot of people think life is difficult and complicated. If something seems too simple, there must be something wrong with it. I believe the greatest mistake many people make is thinking that becoming wealthy and successful is complicated.

I won't say it is easy - for it requires focus and commitment, but it is simple if you just allow it to be simple and not complicated. Humans have an amazing capacity to complicate things.

The first thing we are going to look at is buying shares. We are going to treat shares and share trading as a business, so if we are going to invest in a business, we may want to look at how to determine what price to buy the shares at. When you purchase shares, you are really buying into a business.

Let's say we have a share called XYZ (note: XYZ doesn't really exist, so don't try to look it up on any share indexes). Let's say it trades on the Australian Stock Exchange (ASX). The first thing we want to do is find some information about the share (business). A lot of the necessary information can be obtained through the newspaper or via the internet for free. There are also numerous share trading software programs available. When trading shares I want a profitable enterprise that ideally works without me. The great thing about the

What I didn't learn at school but wish I had

strategies I use in share trading, is they take 15 or 30 minutes a month to manage, yet produce phenomenal cash flow.

That's a good business, so let's look at what we can do. If we look in the newspaper, it will tell us that XYZ traded up to as high as say \$26 in the past 12 months, and has been down as low as say \$12. If you didn't know that information and someone said XYZ shares were currently at \$19, would you buy it? In order to make a decision about buying the share without knowing its previous highs and lows, most people would have to guess whether to buy them or not, or take a hot tip.

Rule out guessing and taking tips, as they are a big no-no in the share market. But guess what, most people do just that. We never want to be guessing about our financial future or taking someone's hot tip. We always want to make sound common sense decisions.

Warren Buffet, the world's greatest investor and billionaire, also teaches this. His decisions are very sound, based on common sense. Unfortunately, a lot of people lose sight of common sense.

So the question is, if you knew that the share price has been up to \$26 and down to \$12 in the past 12 months, and is currently at \$19, would you consider buying the shares? We don't know everything about the share, but we do have an indication of its price range, and this information can be accessed quite cheaply from the newspaper or internet.

If you use technical analysis, you can go to a range of websites which will give you a lot of share information for free, such as:

- **www.quicken.com.au**

Become a member of market monitor - it's free.

- **www.stockwatch.com.au**
- **www.comsec.com.au**

Technical analysis will show the day-to-day or week-to-week charting of the share prices and will help identify the share market patterns.

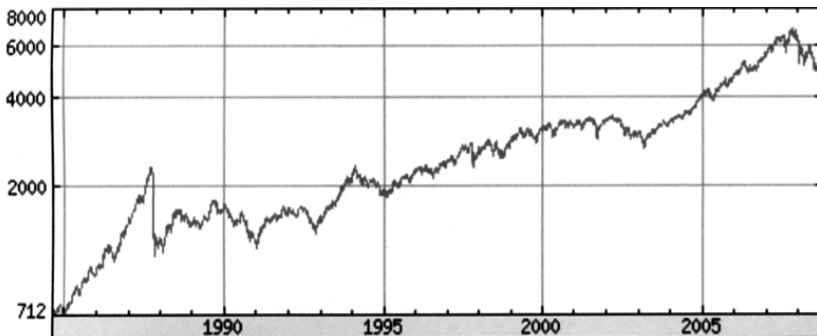
The two things you must understand that drives the share market are human emotions - basically fear and greed. Which emotion do you think generally drives up the share market? You've guessed it, greed.

And which emotion tends to drive the share market down rapidly? You've guessed it again, fear. We saw that recently with the panic and fear after the

September 11 attacks and the US sub-prime fallout when the share market crashed. But when common sense prevailed, it started to pick back up and many investors saw great trading opportunities.

It is interesting to note that since World War II there has been something like 27 crises that have caused the share market to drop suddenly. On each of those occasions, the share market rebounded to a higher price index than its previous high.

So the share market is often driven by fear and greed and a major reason why many people lose money when investing is they become too greedy.



A chart showing the Australian all ordinaries index share movements over a period from 1985- September 2008

The first strategy we will look at is technical analysis. We talked about finding out the high and low price of the share, also a little bit of fundamental analysis about what the share does, what the company does and whether it makes a profit. It is handy to know if it is making a profit and whether it is one of the larger and stronger companies on the share market.

I always stick to the larger and stronger companies that usually makes profit. This can reduce your risk significantly. You can then look at the low and high prices for the previous 12 months to get an indication of whether you are paying too much for the share or whether it is good value.

That eliminates a lot of risk to start with, not all the risk but a lot of it. You can also paper trade the shares in the beginning to build up your confidence. Pretend to buy - and see how much you would make on paper. A good full service broker can also help with fundamental analysis, giving you information on current profit positions, etc. on particular shares.

Warren Buffett's Share Selection Methodology

I use Warren Buffett's Share Selection Methodology - he has three basic criteria.

1. He never buys a company that's not making a profit. Sounds simplistic but how many people buy a share on a hot tip and never check if it's a profitable company?
2. He never buys a company unless he understands how it makes its money.

Remember fear and greed will be your greatest enemies in the share market and that's why a lot of this book has been devoted to developing the right mindset.

Why? Well if he doesn't understand how they make their money then how can he predict its likely future? For instance Buffet didn't buy

Enron shares because he couldn't understand how they were making money; nor could anyone else for that matter, not even Enron executives.

Buffet was criticised for missing out on the dot com boom before the boom turned to the dot com crash.

Critics said Buffet was old school, losing his marbles, and that he simply didn't understand the future, all because he refused to invest in dot com companies, despite their share prices going from a few cents to up to \$100 or more in less than a year.

Buffet couldn't understand how they were making money and the reality was they generally weren't and many never did.

By sticking to his three point criteria, Buffet avoided the dot com crash. I believe if it works for Buffet, it can work for me.

3. He never buys a company that he considers over valued.

This can be a more difficult assessment and becomes a judgment call. But ideally he is looking for companies where the share market is under valuing so he can get a bargain.

Buffett says to look at buying a share as if you are going to buy the entire company. Some may say that's all right for Buffet, because he usually is buying the entire company. However, it is still good advice.

If you were buying a newsagent, corner store or restaurant you would surely check whether it was profitable, whether the accounting was reliable and you would want to understand how it makes its money.

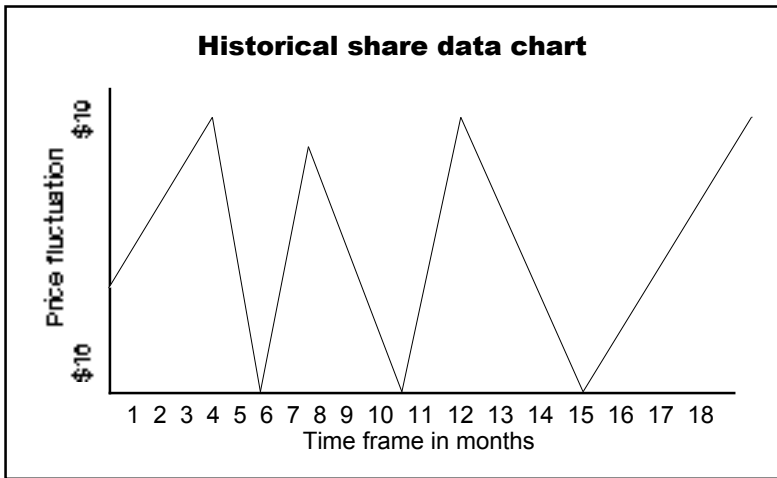
Even if it was profitable and you understood how it made its money, if it was only worth \$250,000 you wouldn't buy it for \$300,000, but you would want it at say \$200,000, below value. Make sense? Buffet keeps to these simple criteria and has become a billionaire as a result.

Channeling

The second strategy we want to look at is a concept called channeling. I didn't invent this strategy, but it is a strategy many top investors use. If you follow the charts of many shares, what you will find is that they trade in patterns. For instance, let's say a particular share has been as low as \$16 and has been up to as high as \$19 and then it ran back down to \$16, back up to \$19, then back down to \$16, back up to \$19, back down to \$16, then back up around \$19.

We start to notice that it is following a pattern. In this case, we would say this share is channeling sideways, because it is going in a sideways movement. Sometimes it may channel upwards or it may channel downwards. If you become aware of the share forming a pattern, the next time that share is around \$16, the question is would you consider buying it, and the answer is possibly yes. By knowing that information you are more likely to want to buy it at \$16 than pay too much for it at \$19.

Obviously if it gets up to \$19 you can make another decision. Are you likely to sell it? If you are using common sense, the answer would generally be yes and you can make a potential profit - in this case you are making close to 20 percent. You bought it around \$16; you sold it at \$19. Could you simply then instruct your broker the next time that share price falls to around \$16 to buy it again? You could do that and when it approaches its peak of \$19, sell, and repeat that over and over again.



Let's assume this share XYZ channeled up and down four times in a year and let's say you're making 20 percent profit every time you bought and sold that share. After the fourth time, it would equal a potential total of 80 percent per annum in profit. You can see how by adopting some unique strategies, you can potentially increase your returns dramatically. That's a strategy many top investors use and it is one to consider while keeping it rather simple.

Some shares may channel up and down four times within a month, let alone a year, though four times a year is much more realistic. This strategy sounds fairly simple but it is one many people would fail to take on board. Often they don't even check to find out whether this share has been up, down or sideways. What people often do is buy the share at around \$19.

The reason they would do that is because everyone is talking about this share, it's great, all their financial advisers or brokers say it's good and it has been going up. So they buy it and they tend to buy it at a peak when everyone else is buying it. It is going up because most people are buying it, but we want to learn to do the exact opposite. That would be a good time to be selling.

Doing the opposite to what most people are doing requires you to be unconcerned with what other people think, and develop a decision making process that makes you confident about your decision. Then you can go against the majority of opinions. Greed would stop some people from selling at \$19 and fear would stop some people from buying at around \$16 because as it drops back down, everyone is selling the share.

The more people are selling, the more the sentiment or market opinion would be that the share is going down and most people would be advised by their broker or advisor not to buy. In fact that would often be an opportune time to buy, doing the opposite to most people. Then, obviously when it goes back up towards \$19, if greed kicks in, greed will cause you to stop selling because you think what if it goes up to \$21, which it could easily do? But if you don't sell, it could go the other way and you could miss out on your profit.

If you sold it at \$19 and you bought it at \$16, you made \$3 profit even if it took off to \$21. You potentially missed out on \$2 extra profit but you have made \$3 profit. As Henry Ford used to remind his doubters, "You can't go broke making a profit."

Remember fear and greed will be your greatest enemies in the share market and that's why a lot of this book has been devoted to developing the right mindset. People tell me they just want the strategies, but I guarantee if you don't adopt, develop and work on your mindset, then you will have a much more difficult time applying the strategies, because your emotions will interfere with common sense decisions.

If you have already invested in the share market, you would probably agree that this is the most difficult part. In a later chapter, we are going to look at some strategies to make sure you can be more effective with dealing with your emotions when investing.

Leverage

The third strategy we are going to look at is a strategy called leverage. Let's say Bill and Mary only had \$15,000 invested in the share market that could buy them 1,000 shares that are worth \$15 each. If they were able to get leverage, in other words use other people's money or borrow some money for shares, they might be able to double that and buy 2,000 shares worth \$30,000. This could potentially increase their returns.

They would now have 2,000 shares working for them instead of just 1,000 and in a moment we can show how they could potentially double their income. How would they do that? Some people may have a bad credit history or have been bankrupt before and so can't borrow money.

Let me make a statement here - virtually anyone, as long as you are 18 years of age, can borrow money in this country to invest in the share market. Even if

What I didn't learn at school but wish I had

you have been bankrupt or you have a bad credit history, you can still borrow for shares in most cases.

I would not suggest going through the banks because they would make it very difficult, but rather going through share broking firms, many of which will allow you to borrow money. All you need to have is a deposit, in this case a deposit of \$15,000, to enable you to borrow another \$15,000.

That deposit has to be in cash or in existing shares, your parents' shares, or someone else's shares to be able to access that additional money as a loan to you. The interest rates are usually quite reasonable, just 1 percent to 2 percent above the variable home mortgage rates.

Increasing your leverage can increase your potential returns, however it can also increase your potential losses if you fail to do things correctly. You need to be aware of that and to consider whether that is an appropriate strategy for you. Further on in this book, we look at different asset allocations and risk profiles to help you determine what is appropriate.

When you are gearing, you should always seek professional financial advice on any investment, to determine whether it is appropriate for your situation. You may be able to borrow up to three times your deposit, e.g. on a \$15,000 deposit you may be able to borrow another \$30,000, for a total of \$45,000 (3,000 x \$15 shares).

Remember if you borrow for shares, always keep at least 50 percent deposit to avoid or reduce the chances of a dreaded margin call. A margin call is a request from your broker, giving you 24 hours to put more money into your share account to top up your deposit in the event of shares dropping in value to cover your eroded deposit, otherwise your shares can be sold.

An example of another leveraged strategy I use is where I recently borrowed \$2 million (100 percent) to invest in the share market. I have this capital protected by insurance so my \$2 million exposure is fully protected.

Insuring Your Shares

Our fourth strategy is the concept of insuring your shares. I often ask people whether they would consider investing in the share market if they could insure their shares, so that even if there was a major crash or the market fell down, they couldn't lose money.

A lot of people say, "Yes I would invest in the share market. I didn't realise I could use insurance like that."

Remember that people's greatest fear about investing in shares is the possibility of losing their money. Potential investors are able to learn strategies where they can protect the downside risk, which takes away a lot of the stress out from investing in shares and makes it more enjoyable. Then we can start to enjoy the game of life and the game of investing. After all that's all it is, a game. The key is how you are going to play and whether you are going to play the game to win. To insure shares, you can't ring up your local insurance company tomorrow and say, "I am reading this book and Jamie told me I can insure my shares. Can I get an insurance quote on my shares?"

They will probably say, "What are you on? You must be on drugs; obviously you can't insure your shares with us."

The word insurance is not the technical word for it. Insurance is just to help you understand the concept of what you can do and the way shares would be insured through stockbrokers, as only stockbrokers can do this.

What you would be doing is buying 'put options': in other words you would be paying money, like an insurance premium, via the stockbroker through the share and options market. Someone would take your money and they would make a guarantee to buy your shares from you at the current price if they were to fall in value.

Let me give you an example. Let's say you bought 1,000 shares at \$16. You could pay, say 30¢ per share as an insurance premium, for which the technical term would be buying a put option. Your broker would do that for you.

In other words, you would be paying 30¢ to insure them at \$16 because that is the price you paid for them. They might be trading a bit above that, but you want them insured at \$16 because you realise that the share price might also fall.

At 30¢ per share by 1,000 shares, it is going to cost you \$300 in insurance premium to insure those shares for a period of time. It might be for one month, two months, three months, etc. Just like insurance, it depends on what period of cover you want. Obviously the longer the cover, the more expensive it will be. What happens is that someone else is making a promise to the market that they will buy your shares if they fall below that price in that period of time for which you have taken out the insurance cover.

That means you can sleep well at night knowing that if the share market falls and the shares drop to \$13, it doesn't matter because you can exercise your insurance rights any time once it is below \$16 until your insurance expires. You will receive \$16 for your shares, even though the shares are only worth \$13. The other great thing about this strategy is it can potentially make you money and we will look at that next.

The Way Down Strategy

The way down strategy, is a strategy my brother-in-law became very good at. He didn't have a lot of money to get into the share market so he started with a strategy where he could make money on the way up as well as make money on the way down in the share market, without even owning any shares in the first place. It sounds too good to be true but it is possible.

You can actually make money in the share market without even owning shares and by learning how to trade the options market. When the word 'options' is mentioned, many people go into cardiac arrest and think, "I have heard about options, they are highly risky."

Things that people don't understand are often perceived as highly risky. And yes, options can have a risk element to them if they are misunderstood and not utilised properly. Obviously this is a strategy that is not recommended for everyone.

To be a successful options trader it requires a very high-level mindset and usually requires you to focus for half an hour to an hour a day on your options activities, sometimes more. Some would say that's better than a job, where they work 8-10 hours a day; and often people make much more money trading options than they would in a normal job.

My brother-in-law, who used to be in the army, was able to use this strategy to replace and double his income by working 30 minutes to an hour a day after investing in initial training, learning how to use the strategy and practising on paper for a period of time to become proficient enough at it to generate profits.

The way down strategy is very simple. You can actually buy insurance just like the previous example without even owning shares. If you think the share market might be likely to fall, you could buy some insurance, which is the same thing. You might pay 30¢ for that insurance premium to cover the share price at

\$16, even though you don't own the shares. You just want to buy some insurance because if the share price falls down to say \$13, that insurance you paid 30¢ for could now be worth approximately \$3.30.

The contract goes up in value if the share price falls, as it is now more valuable for people to have. In other words, you have outlaid 30¢ and you could now sell that insurance for \$3.30. If you had purchased 1,000 of those insurance premiums, your outlay would be \$300, but you receive a \$3,300 return, less any fees.

You can see that you have made not just 10 percent on your money, not 100 percent but in excess of 1,000 percent on your money and that could occur in a matter of a few days or a few weeks. You can also see how, for a small outlay you have made potentially large amounts of money. A further benefit is, if the share price doesn't go down, all you can potentially lose is your \$300 outlay, or the 30 cents per share insured.

The Way Up And The Way Down Strategy

The sixth strategy is also a strategy my brother-in-law does very well, and I call it 'The Way Up And The Way Down Strategy', because you can make money on the way up and on the way down in the share market without owning any shares in the first place.

To make money on the upward, it is simply a reverse scenario to the previous strategy where you are able to buy what is known as 'call options' (explained in more detail later in the book), which would give you the right to buy a share at a certain price. So you might outlay 30 cents to buy the right to buy the share at say \$16 at the end of the month. You would do this if it is currently trading around that price and you believed the share is going to take off to maybe \$17 or \$18.

If it did go up by the end of the month to \$18, then that particular call option that you paid 30 cents for could now be worth say \$2.30. In other words you have outlaid 30 cents or \$300 for a 1,000 of these shares and they are now worth \$2,300. That could occur in a week or several weeks. You can see how you could potentially make massive amounts of money as a return on your investment and the only risk is the initial outlay.

What I didn't learn at school but wish I had

This is an ideal strategy for those who are willing to spend some time, but it also requires much more intensive training. It would require you the ability to understand technical analysis and appropriate software.

We have helped many Australians with 'The way up and the way down strategy' through our training programs and many of these people are now effectively working half an hour to an hour per day, five days per week. It is quite exciting, as many people have even generated a full time income as a result of learning this strategy.

However, this strategy is not something I generally do because I personally don't like sitting in front of a computer too much and it requires too much of my time. I would prefer to dedicate that to the next strategy that I am going to show you which only takes 5 minutes per month as opposed to 30 minutes to an hour per day, and has less risk involved. Furthermore the strategy is not suitable for everyone. I would imagine less than 30 percent of people would be ideal for it if trained properly.

Females tend to be much better at this particular strategy than males. I am not sure why, but I think women tend to follow instructions/recipe, whereas males tend to want to change things and won't do what they are meant to do and obviously that leads them to losing money.

The next strategy though, is I believe for nearly everyone and is what I am most excited about, so I will go through it in some detail.

'Renting' Shares

I call this strategy 'Renting' shares. Renting is a word that I created as an educator to teach Australians how to use this strategy and as a result, I have been able to communicate the concept in very simple terms to tens of thousands of people. Many seminar presenters and brokers also now use the term 'Renting' shares. As a result thousands of people have been able to generate a part time or full time income from this one strategy. It is certainly worth being aware of, even if you have never invested in shares before.

You will be absolutely amazed at how much money you are missing out by not knowing this 'Renting' shares strategy. First of all, before I go into details, it is important to have the right mindset to make this strategy work because if you look at this from the wrong angle, you are not going to achieve the results you

want. One of the keys to this and why I think I have been so successful with it - and more successful than many people - is that I have kept it extremely simple.

But be aware. The reason it has worked so well for me and my students is because I teach it in combination with other strategies and this creates a synergistic effect that significantly increases the profit potential as opposed to those doing it as a sole strategy.

I don't even use software to do this and it takes me literally 15-30 minutes per month or less, often only 5 minutes.

I have been using this strategy long enough now that it has proven itself to be a safe and effective strategy, even through major crises such as the stock market crash following September 11, 2001. I have done this through the good times and potentially bad times and the strategy has remained sound.

In fact since the Global Credit Crisis and Stock Market Crash of November 2007, this strategy has become more profitable than ever. This is due to the volatility and also the ability to buy shares at very low prices compared to in the boom years.

If we combine it with some of the other things we have been talking about, I don't know a more ideal strategy for beginners or even advanced share market operators to generate a cash flow from the share market for a reasonably low outlay. It is a much safer investment strategy than the majority of strategies available on the share market.

I believe this to be one of the safest share market strategies available if carried out correctly. To achieve the correct mindset for this strategy, I treat renting shares as a business. I also treat property as a business and I think this is one of the keys to why I have been successful.

Let's consider a traditional business. What would be required? What would be the risk? What would be the capital and resource requirements, etc.? Then we will compare that to a renting shares business and I am sure you will start to see, that it makes this strategy look even better when you understand your alternatives. First of all let's look at a traditional business. If you were going to buy a restaurant for instance, your capital outlay could quite easily be as much as \$100,000, sometimes millions.

The risk factor when borrowing for a traditional business, I would say, is definitely high. The bank would want security over the business itself and

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ideally they would want security over your property. You have to put up security and that's one of the reasons it is high risk.

Income Potential. Let's look at income potential. In the first few years of a traditional business, your chances of earning a salary from the business are very low? So expect a low income initially, although if businesses do well they have the potential to provide you with a good income in the longer term.

Hands-on. Is it hands-on? In a traditional business, it is definitely hands-on, as you have to be there to run it unless you know how to implement systems to have it run without you.

Lifestyle. What about the lifestyle element? Does the business provide a high lifestyle? Not unless the business itself is your lifestyle, because usually you have to spend maybe 5-7 days a week in a business.

Stress Levels. Are the stress levels in a traditional business high or low? I am going to suggest that generally they are fairly high.

Staff. Do you need staff? Generally you require staff so your stress levels are definitely going to be higher. My millionaire mentor said, "You know, having staff in a business is like running an adult day care centre".

I thought that was quite humorous until I actually had companies with a lot of staff and realised what it means. Having staff is actually worse than an adult day care centre because in a day care centre you would be paid money to look after them. In a business with staff, you actually have to pay them, you still have to look after them, and often they make very expensive mistakes. Having staff is a major difficulty, a major cost factor and it can be a real challenge in business.

Location. As far as location goes, we are going to have to say it is a fixed location. In other words, you can't work from anywhere in the world if you buy a restaurant. You have to be in that particular area where the restaurant is running. So it is a fixed location that affects your lifestyle as well.

Return On Investment (ROI). You have to get your money back first so we are going to say low return on investment (ROI).

Ability To Liquidate. Another thing to look at is the ability to liquidate. Can you liquidate quickly and get the majority of your money back? Well, I would say no. In most traditional businesses you could pay \$100,000 for the business and try to sell it a year later. If it hasn't been managed properly, you could struggle to get a buyer. It is not very liquid and could become worthless. So it is very hard to liquidate and the resale value is generally difficult to increase, unless you are an experienced marketer.

Let's compare this to a share renting business. What we are going to do is come up with some money to run a business, so let's compare it with a traditional business.

Renting Shares Capital. To start a renting shares business, the capital required can be quite low. You can do this on as little as 1,000 shares so you are going to need at least \$15,000 (you could do it for as little as a few thousand dollars) but I am going to suggest \$15,000-\$20,000 as an ideal amount to get started with this strategy.

You can come up to any amount of money but let's say you are able to come up with \$100,000 so we can keep it comparable to a traditional business. \$100,000 could be \$50,000 from a line of credit from property and \$50,000 in a share loan (margin loan) - whatever combination is best for you.

Risk Factor. On the other side of the column, what we are going to look at is the risk factor. The risk factor to be able to borrow money for a renting shares business is very simple. So we should add another category, the ability to borrow. With a traditional business the ability to borrow is very difficult, as the banks will require security. The ability to borrow for a renting shares business is the easiest form of finance in the world.

What I mean by that is that anyone, even if you are bankrupt or have a bad credit record, has the ability to borrow money in this country to use in the share market. You can use things such as margin loans. It's not even necessary now to go through a bank - as they make it more difficult - but better through broking houses. Virtually anyone can get a margin loan. Obviously you will require a deposit in shares or cash for the balance, but they will give the additional amount to you.

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Borrowing for a renting shares business is also quite cheap. The risk factor of borrowing is much lower. Do they require security over your house, for this business? The answer is no. The shares themselves are security. This means all you can lose is what you put in, whereas in a business, you can not only lose the \$100,000 you put in, but also your house and other assets. So as we said, the security required is zero, other than the shares themselves, which is good news.

Income Potential. I am going to suggest the level of income is quite high. We are going to look at an outlay of as little as \$15,000-\$20,000. In this sort of business, that can generate anything from \$500 up to as much as \$1,200 per month. I have seen over \$1,500 on 1,000 shares in a single month and this can be counted on in many months of the year, anywhere from six to nine months, so the income potential is enormous.

With a \$100,000 outlay, the cash flow that could be generated from day one could be \$2,500 to \$6,000 per month. With leverage, \$5,000 to \$12,000 per month and with extreme leverage (experts only) \$7,500 to \$18,000 per month and you could still ensure your capital against losses, ensuring less risk than buying a car.

So much for those who say it has to be highly risky to get high returns. If you are properly educated, the risk level drops dramatically and is very manageable, even if the market crashes. The key is obviously being properly educated and that is why credible investment seminars taught by successful investors are creating thousands of happy clients.

Recent Update

Due to the global credit crisis and the stock market crash in 2008, which has continued into 2009, many people have become afraid to invest in the stock market. This is ironic as shares can now be bought at a fraction of the prices people were rushing to pay at the peak of the boom in late 2007.

For instance, due to the global credit crisis, cash flow strategies and 'share renting' are now more profitable than ever. By using leverage and insuring their positions, an average Australian with \$150,000 in equity could have made \$30,000 in January 2009 and again the following month.

That's a massive return and much higher than the typical \$7,500 to \$18,000 per month suggested above. This is possible due to the present volatility. This means as little as \$15,000 capital, leveraged and insured, can still generate up to \$3000 in rental income for the month on certain shares. These are covered in detail by our licensed trainers at our 21st Century Live Education Seminars.

See www.21stcenturyeducation.com.au for more details.

Hands On. Do you need to be hands on? Basically you need 15 minutes per month and your overhead (a category we forgot to mention before), which for a traditional business is massive. The overheads involved in renting shares are virtually nil.

Other than your shares themselves, the only overheads are going to be your time for 15 minutes per month and buying the newspaper, ideally *The Australian*. It shows how much you can get for renting your shares out in the share section. (Most brokers you would call about renting shares, though, won't have a clue what you are talking about, as 92.5 percent of brokers are not accredited for renting shares.) The more brokers that we teach at our seminars, the easier it will be for you to access a knowledgeable broker.

Lifestyle. We are also going to look at the lifestyle element. Obviously as you only have to work 15 minutes per month, your lifestyle is great for two reasons:

1. It doesn't take up a lot of time, and
2. You can still generate other forms of income through your job or other businesses, and the great thing about it is that you can do this from anywhere in the world.

When I had been on overseas holidays, it was just a matter of an SMS or phone call back to my broker once a month to be able to run this business from anywhere in the world. I was on an African safari for six weeks and was able to SMS my broker with instructions to make more money in a few minutes than the entire safari cost. You can also do it on the majority of share markets around the world, if you want to.

But I am going to suggest the Australian share market for our example. If you are in New Zealand, I suggest also using the Australian share market. Obviously

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if you are reading this book in other countries, you will have to look at your local share market to see if it is suitable for this kind of strategy.

So the lifestyle element is great. What better career can one have where you generate income without having to work for it - except for maybe 15 minutes a month when you have to look in the newspaper? After looking at the newspaper, you then make a phone call to your broker who can provide additional assistance - not difficult is it?

Location. Location is not fixed. As I mentioned you could be anywhere in the world: on an African Safari, skiing the slopes of Whistler, or lazing on a Caribbean beach - it doesn't matter.

Return On Investment (ROI). In any business, return on investment is a major key performance indicator (KPI). With this strategy 15 percent to 30 percent per annum is quite a realistic return on investment. If you were going to use leverage (i.e. margin loans) the returns on your initial outlay could become as high as 50 percent - 60 percent, or more, some months up to 100 percent.

You are potentially looking at 2 to 5 percent per month if you do this effectively, and if you insure your shares you can protect your downside. I only ever use these strategies with insurance in place. This is because I believe that the market will suffer a major crash within the next five to 10 years and with insurance in place, I am guaranteed to profit from it, rather than be a victim of it.

Risk Factor. I consider this a low risk investment if you understand how to minimise the risk. However, there will still be a risk and it is important that you become educated first. In order to learn how to utilise these strategies in detail, I highly recommend attending the seminars 21st Century Education conducts for its members in Australia and New Zealand. 21st Century Education members also have access to numerous share experts who trade all the time using these strategies and accredited stockbrokers who are fully licensed by ASIC to execute these strategies.

You can also learn how to utilise these strategies on the Homestudy DVD that forms part of the 21st Century Homestudy Membership, which shows you in detail - log on to www.21stcenturyeducation.com.au

Ability To Liquidate

The ability to liquidate is important. Let's say you want to sell your business and close up shop 'quickly', so to speak. Can you liquidate your business? The good news is you can liquidate your share business.

Generally, we would do it in 30 days or less and there are always likely to be buyers because you are going to do this with quality, larger, stronger companies that are making profits and trading on the Australian Stock Exchange.

You can liquidate and often you get your money back, sometimes even at a profit from your capital. So if you invested \$100,000 in quality larger, stronger companies, it is likely that in six months' time there will be buyers, not like a business where you may not even get \$1 for it.

If a quality larger, stronger company slips, they often tend to come back to where they were, or continue rising with some exceptions. Resale value, which we talked about, is usually very good and you can control that to a degree.

If we compare a traditional business to a renting shares business, the clear winner is a renting shares business. It sounds too good to be true, however life can be too good to be true if we become educated and understand what we are doing.

We can minimise our risk and maximise our return. Other people miss out on these opportunities because they are not open minded enough to educate themselves and rely on their so called financial advisors, who often are too embarrassed to admit they don't know how to utilise these strategies so they cover up by saying it is too risky. I promise you this will happen if you are not careful.

That's why you need to become your own investment expert. Read books, go to seminars, practice on paper then trade in small amounts initially until you build your confidence and adjust your mindset. The effort to learn is worth it. Remember it is more risky to not to invest. Never think, it sounds risky, and why isn't everyone doing it?

"Risky compared to what?" my millionaire mentor always asked when people claimed it sounded risky. There is a risk either way. The question is, what risk are you prepared to take, as everything carries some level of risk and investing intelligently often has the lowest risk?

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Let's use an example. The first step to having a renting shares business is to buy some shares. If you have some existing shares, you may be able to do this on those shares. Not all shares can be rented out and we will go through some examples and how you can determine that.

Let's look at XYZ shares. We know we only undertake this strategy with quality, strong companies that the ASX allows share renting on. Generally we need to know a little about the company, that it is making a profit and some basic fundamentals. We will choose what price we will pay for the share, we have looked at the high and low for the last 12 months (which you can read in the newspaper) and we know in recent times that XYZ shares have been up to \$19 and down to \$16.

Obviously the ideal time to buy that share is at \$16, so let's imagine we go out and buy the share when it is at \$16. To utilise this strategy, you must have a minimum of 1,000 shares, so 1,000 shares will involve an outlay of \$16,000. If you don't have \$16,000, you may be able margin loan some of that amount.

However, you could go back to the eight steps on how to come up with the money. So you buy 1,000 shares also known as one contract. One Contract = 1,000 shares and this is the minimum you will need to utilise this strategy. You can buy shares to do this strategy for as little as a couple of dollars each, but ideally you want to make good premiums. I am going to use \$16, because that is a fair value for shares on which you can make very good returns.

Let's assume there are two people, one on either side of the equation. I'm going to explain what I do and then on the other side of the equation is what my brother-in-law Simon does.

The renting shares strategy is exactly the opposite of what Simon does. He is able to rent other people's shares and potentially make money when they go up or down without even owning any shares.

What Simon does could be called a high-risk strategy, even though it can be minimised. I would suggest that the strategy we are going to utilise is low to medium risk level. There is still risk involved but we can manage a lot of that risk and we will look at how to do this.

Say the share price is \$16. Simon, the person who would pay rent for shares, may believe that this particular share is going to go up to \$17 per share by the end of the month of December. So by the end of December, he is willing to pay 44 cents as a rental premium to be able to control this share for a particular month, as that is the current market rental value at \$17.

When you utilise this strategy of renting out shares, you generally do it either in the first few days of the month or the first week of the month because rental premiums are higher then. How do you find out your rental premiums?

You find them in the newspaper, or you can phone a stockbroker, if you can find a good one. Unfortunately 92 percent of stockbrokers in Australia are not accredited to do this strategy; so it can be a challenge to find one who not only understands the strategy, but is also capable of executing it. If you can find a stockbroker who knows how to do this, they can tell you over the phone exactly what the rental premiums are.

They vary up and down every single moment, depending on supply and demand, which determines how much rental you will obtain for your shares. (A reminder that 21st Century members have access to our brokers).

We are going to rent out our shares and Simon believes these shares are going to go up to \$17 by the end of December, therefore he is willing to pay the rental price on these shares, which is 44 cents to us, so we put our shares on the rental market and we receive 44 cents for the month.

What does that mean? We have 1,000 shares x 44 cents = \$440, which you will receive in your share account virtually immediately and that money will be yours to keep - that monthly premium is yours - it is your rent. Is that a good thing? The answer is obviously yes.

As a share trader you could do that and many people who own shares could have been doing this - if they haven't, they have missed out on the monthly premium.

How many hours do you have to work for \$440? What happens with Simon? Why would Simon pay 44 cents to us to rent our shares? He is not going to do it because he is a pleasant brother-in-law; he is going to do it because he can potentially make a profit.

Let me explain how he could potentially make a profit, however you don't really need to understand what Simon does because it has no bearing on us. We are just renting out our shares and collecting the rental money, thank you

So even if the share market did suffer a downturn you have basically hedged yourself against that downturn because you received premiums and reduced the cost of your shares, which makes this strategy a far safer strategy than not using it.

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very much. We take on the low risk and they take the high risk. But Simon would pay 44 cents, as he believes the share price is going to go up.

Let's say it did go up. He may be able to resell the rental premium for which he paid 44 cents back on the rental market to someone else for perhaps 88 cents, if the share price was to go up. He has now traded a rental contract that he bought from us, via the stockbroker and the options market to someone else who was happy to pay 88 cents because the share price has gone up. If the share price goes up the rental value also goes up. So potentially a week later, Simon could double his money.

However he also takes the risk that if the share price goes down, he has paid 44 cents for a rental contract that he may only be able to sell a week later for 30 cents, or possibly less depending on the share price, so he could suffer a small loss.

I have heard some people say if you are making money from the market, it means someone else is losing, though I personally don't accept that at face value. That is such a poor money mindset and inaccurate.

The above example shows how we have made some rental money and Simon could also make some money as well. He is prepared to take a risk and lose some of the time. All you need to understand is that if the share price goes up the value of the rental contract will go up, not that this affects you - you have been paid your 44 cents upfront which you keep regardless of what happens to the share market after that.

There are really only three things that can happen in this scenario. The first thing is the share price stays the same, so you get to keep the 44 cents rental and repeat the process the next month and continue repeating the process.

The second thing that can happen is that the share price can go up. Let's assume the share price goes up to above \$17. Now \$17 is important because that's where you rented the shares out. Simon paid 44 cents for the rights to be able to buy your shares if they were above \$17 at the end of the month (the end of the month is usually determined by the last trading Thursday of the particular month).

So let's assume the price does go above \$17 because you must be aware of what can happen. If your shares go above the price you have agreed to rent them out for, then they can be sold. Another word for your shares being sold in the market is being exercised.

If you ever hear people talking about having had their shares exercised, it doesn't mean their stockbroker took their shares out for a walk around the park; it simply means they have been sold. I don't know why they don't just say they have been sold; I think it is just a language to confuse the masses about the share market. But there is nothing confusing about it; your shares have simply been sold. Is that a good thing or bad thing?

Let's look at it. Your shares would be sold at \$17, because you took the rental premium at an agreed price of \$17. That means Simon could, if he wanted to, purchase your shares at \$17. Let's see what happens there.

You bought the shares at \$16 and now they have gone up to \$17. If you sell them for \$17, you make an additional profit of \$1 per share. So you multiply \$1 by the number of shares you have; $\$1 \text{ per share} \times 1,000 = \$1,000$ additional profit you have made.

But wait there's more! Not only do you make the \$1,000, obviously you will pay some broking fees out of that, but you still get to keep the \$440 rental you received. So you actually now make \$1,440 less fees.

The fees involved are quite minor at this point in time. Out of this transaction you may be looking at as little as \$75 in fees, depending on who you use for arranging the rental contract, possibly less and a small percentage of the value of shares that have been sold.

But, you are grossing \$1,440. Is that a good thing? Absolutely! Often if you approach uneducated brokers about this strategy they will try to discourage you by saying that your shares could be exercised, which means sold. You would probably say, "Well so what? That would be good, I would be happy to take that profit."

You can't go broke making a profit. If you love your shares, can you buy them straight back again? The answer is yes. You can also reverse the transaction if you really want to.

Thirdly, you want to look at what happens if the share price goes down. You might be thinking "There is always a catch, I get excited about something then it never turns out to be like that in the real world..." So let's consider that. What if the share price falls during the month of December to say \$15.50 from \$16? The share could quite easily do that, as share prices constantly fluctuate.

First of all, on paper your shares are worth 50 cents less, so you have to deduct 50 cents.

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You now have a paper loss of 50 cents per share; however you received 44 cents in rental premium at the beginning of the month, so your real paper loss is not 50 cents, but 50 cents less 44 cents, which is only a paper loss of 6 cents.

Is that a good thing? The answer is obviously yes. By utilising this strategy you are better off because your premiums have offset the majority of your paper losses in this case.

In other words if you didn't rent out your shares for the month, you would have lost 50 cents on paper per share but because you did you only lost 6 cents per share which means you are better off. So it acts as a type of buffer, which reduces your risk on the share price.

Next month if share price was to go back up, you have regained your paper losses and all that money then becomes profit. So the third thing that happens is still a good thing. It acts as a buffer and reduces your paper losses - had you not done it, you would miss out on the 44 cents.

Let's go through those three things again.

1. The first thing that happens is you rent out your shares, you receive your 44 cents on 1,000 shares, and you make \$440 in additional income. At the end of the month you can do the very same thing the next month. You simply rent out your shares again.
2. The second thing that can happen, if your share price did take off above that agreed price of \$17, only then can your shares be bought from you and they would most likely be exercised. You would receive \$17 for your share which means you would make an additional \$1 profit per share x 1,000 which is an extra \$1,000, plus you still get to keep your rental money to a total \$1,440 less fees.
3. Thirdly, if the share price did go down, is say you were happy to buy the share at this price, you've accepted that it can go up or down, so you are not going to panic and jump out of a window as a result.

You are still going to rent out your shares and the rental premium is going to help offset any potential paper loss.

The other thing you are going to consider is that every month you take a rental premium, you are actually buying your shares at a discount. In other words, you paid \$16 for these shares and you received 44 cents in rental

straight back, which means your real buy price for that share was \$16 less 44 cents which comes to \$15.56. You actually purchased your shares at a discount.

Let's say you were able to rent out your shares for the next month and able to get 56 cents (remember rental prices fluctuate by the second due to supply and demand). Your cost price of that share is no longer \$15.56 or \$16; it has now dropped to \$15. You can see that after you do this for many months the price/cost of your shares is getting less and less.

So even if the share market did suffer a downturn you have basically hedged yourself against that downturn because you received premiums and reduced the cost of your shares, which makes this a far safer strategy than not using it.

You can also insure your shares so it doesn't matter if the share price drops. You received 44 cents in rental and you could take some of that money, maybe 10 or 20 cents, as an expense and buy insurance.

I often buy cheap insurance, at perhaps 5 to 10 cents, to protect my shares at say \$2 below where they are trading: i.e. if they are trading at \$16, I can buy insurance (a put option) at 8 cents per share to protect them at say \$14. If the market crashes, then my shares are protected at \$14 so my maximum loss is \$2, i.e. $\$16 - 14 = \2 .

I am happy with a \$2 exposure because four months of rent at an average of 50 cents per month equals \$2, so I could potentially recover my losses.

You could insure shares at \$15 or \$16 as well; however it would simply cost you more in premiums. It depends on the level of risk you are comfortable with. That way if the shares fall it doesn't matter, you can't lose a lot of money because they are protected. The good news is you can receive more than 44 cents on some shares.

The highest I have ever received is \$1.51 on some shares on the Australian market, which I was able to do consistently.

In the US market, you can obtain premiums up to \$5 and higher. Depending upon the shares that you use, you can get higher and lower premiums. If some shares are cheaper, obviously only a small rental premium of 10 cents may be available, but if a share price is very cheap, you can trade a large number of them and still earn a significant rental income.

Selling Insurance

This strategy is like becoming an insurance company. You get paid money simply by making a promise you may never have to deliver. I often use this strategy combined with renting shares as it is a great way to buy a share at a discount and often generates monthly cash flow while hardly outlaying a cent, saving interest on margin loans and brokerage fees on share purchases.

For instance, say XYZ is trading at \$16 and I wish to buy it. Instead of buying it, I could make a promise to the market that I agree to buy XYZ at \$16.50 if it is below that, at the end of the next month. Just by doing that, you will receive insurance money from others via your broker, i.e. people wanting to insure their shares may have to pay 70 cents per share to insure their shares at \$16.50.

That means you can receive 70 cents per share or \$700 per 1,000 shares you promise to buy. This means your real buy price is \$15.80, not \$16 if you have to buy them, i.e. \$16.50 less 70 cents. If XYZ share rises above \$16.50, then you don't have to buy the shares. If they drop below \$16.50 before the end of a particular month, you could be exercised, meaning you have to buy the shares at \$16.50, but you get to keep the 70 cents or \$700 in premiums.

However, you can then immediately rent your shares and maybe pick up 50 cents in rental premium, meaning your real buy price has dropped to \$15.20, a significant discount. I make it a must to insure my positions with this strategy, usually at \$2, below current share price (usually less than 10 cents) minimising my risk with this strategy.

Otherwise, you could have unlimited downside if the share crashed in value and that is a risk you are best to avoid. To utilise this strategy, you must have the ability to purchase the shares if required. The key question is whether you are willing to buy these shares if you have to. If you are, then it is fine. If not, then don't use this strategy.

Another strategy used by 21st Century members is where traders promise to buy shares but never have to buy them. Some clients have made over \$60,000 a month in a rising market with this strategy. However it is an advanced strategy that I will not detail here. There is also another strategy for buying shares at a significant discount that is difficult to explain but is taught at 21st Century live seminars.

Developing your financial education skills

My millionaire mentor would often advise me to add more value in order to create wealth. One way to do that is by developing your financial education skills he told me. Those skills are:

1. The ability to think creatively and solve problems.
2. The ability to communicate more effectively.
3. The ability to market an idea or concept and bring that idea to reality and commercial viability.
4. The ability to negotiate.

20 A MONTH IN MY LIFE

My office is wherever I am in the world. With technology such as BlackBerry phones, I can run a dozen companies from anywhere in the world freeing my life up to do whatever I want, as much as I want, with whomever I want. That's ultimate freedom.

Many people have asked me what a typical day in my life is like, so I thought I would include a four-week period from my blog www.jamiemcintyre.com to provide an insight into the time rich lifestyle.

Thursday, February 26 2009

Off to V Australia's Sydney launch party with Sir Richard Branson.

We depart the Gold Coast where I've recently moved from Sydney to live. I was fortunate enough to meet Sir Richard Branson a few times last year which was an absolute privilege as he has been a business role model for many years.

As a personal supporter of Virgin's charities we have been invited to be part of 'V Australia's' launch to the world. 'V Australia' is a new airline, part of the Virgin family which will fly direct to LA. My partner and I will be on the very first launch flight with Sir Richard himself which departs tomorrow from Sydney International Airport at 3pm. It wouldn't be a Virgin Launch without the 'parties' and we are invited tonight to the pre-launch party in Sydney to celebrate. Sir Richard is renowned for throwing good parties and he himself knows how to have fun, so I am looking forward to a lot of fun tonight.

Friday, February 27

Departing on V Australia maiden flight with Sir Richard Branson.

We departed 3pm today on V Australia's maiden flight with Sir Richard, Brett Godfrey, Catriona Rowntree, Marcia Hines and numerous other celebrities, media and Virgin staff. My partner is excited, as this is her first trip to North America.

The pre-launch party in Sydney last night was a blast. It was held on Cockatoo Island - a surreal setting on an abandoned island in the middle of Sydney Harbour where Hugh Jackman's famous *Wolverine* movie was being filmed.

The logistics behind the event was certainly appreciated by me considering the amount of logistics and pre-work required to run the seminar division of my company. The pre-launch party consisted of 1000 people 'ferried' to Cockatoo Island from Circular Quay. I was able to chat to Derryn Hinch on the ferry who travelled from Melbourne to be at the event and he seemed like a nice guy. We were fortunate enough to have access to the VIP area at the party and met

What I didn't learn at school but wish I had

many interesting people, including numerous actors and actresses who apparently are TV stars on *Home and Away* and *Neighbours*.

Friendly bunch and I promise them I'll watch *Home and Away* and *Neighbours* at least once to check their acting talent. We also met up with some friends at the party, so it was great to reconnect and all in all it was a great night that finished in the early morning.

Friday, February 27 in LA

Touch Down! Sir Richard Branson and inaugural V Australia guests land in LA.

It's a day behind here so actually it is still February 27th in the US. The flight over was by far the best flight I have been on and I have done my fair share of travelling. It was a party nearly all the way. Virgin staff are super friendly as always and the business class beds are great for sleeping on, as they lay completely flat, although not that much sleep was had.

I had some great conversations with Sir Richard and it was good to get some one-on-one time with him to discuss business, life and what's happening in the world. I mentioned my goal of ensuring that a financial education should be taught at schools and my efforts to date to make this a reality.

He gladly offered his name to be put behind any efforts including my lobbying to governments in Australia to introduce and expand financial education into schools for which his endorsement could be a great help.

Got to chat with Marcia Hines (singer and one of the judges on *Australian Idol*) - she is a truly beautiful soul with great energy and ever so friendly and down to earth. She mentioned she wanted to get into public speaking and motivation talks so I said I'd consider inviting her to speak at our upcoming Women's Academy Seminars.

I caught up with a Foxtel presenter who was part of the media crew on the flight who I had met last year when shooting a segment of *Your Money Your Call* at Sydney's Foxtel studios. He has a tough job getting flown to LA for the Virgin parties and to report on V Australia's launch on *Sky Business News*.

I do a quick interview with Channel Ten on the plane and back to the bar for more socialising. Having a bar on a plane is such a great idea to break a long flight up and meet interesting people. There are some great photos of antics that occur on the plane that no doubt will end up on YouTube but I won't go into detail. Richard inspires me to have a lot more parties in my organisation as

we discuss the value they add to a company and as a way of having your team bond better and enjoy their work.

At 21st Century we do have a lot of parties and team events which are a blast but Richard has inspired me to take it to another level as a way to boost team performance and of course for the sake of enjoying life and work even more.

I'm sold on the concept and shoot an email off to my Operations Manager to organise more parties, especially launching parties for when we start new companies or release new products, even new books, which I released four last year alone.

LA is surprisingly warm so I didn't need to have packed winter clothes as much as I did. There is a press conference at the LA airport upon arrival and the Americans are excited to see a new airline from Australia especially in light of the fact their economy needs all the new business it can get. I meet an enterprising entrepreneur who is patiently waiting to pitch Sir Richard Branson about an idea for a product he'd like to have him promote. He figures his best chance is to try and get Richard's attention for a minute after the press conference finishes.

My partner politely introduces him to Sam, Richard's son who is 23 and a great guy, who offers to take the product sample and show his dad later if he doesn't get a chance to pitch his idea to Richard at the airport. Fortunately for the budding entrepreneur he gets Richard's attention for 30 seconds to pitch his idea and he is happy for this chance to meet the rock star of the business world.

I give credit to Richard, that despite the thousands of people who have business ideas they wish to pitch or people that just want to meet him in general, he makes the effort to be courteous and friendly at all times. It runs in the family, as Sam being the son of a billionaire could have turned out to be a spoilt brat but he is so grounded, likeable, easy going and credit to his dad.

Due to a lack of sleep we head to our hotel to catch a few hours sleep before another big launch party hosted in Hollywood. Celebrities such as Drew Barrymore, Charlize Theron and Ashlee Simpson are expected amongst others at the party. Considering I think Charlize is one of the most beautiful women on the planet (apart from my partner of course) it should be another great party.

Friday, February 27 in LA

Launch Party - Chateau Marmont, Hollywood.

What I didn't learn at school but wish I had

The launch party was held at Chateau Marmont overlooking West Hollywood. Upon entering the venue we were greeted by our Virgin hosts and then by the media camera shots to capture the moment of the V Australia launch to the world. The Venue was great for the launch party and was split over numerous levels with bars in every corner.

My partner was thrilled to meet her 'Sex and the City' idol 'Charlotte' (Kristen Davies), who was at the party amongst other celebrities. We mingled with Catriona Rowntree, Australia's most famous and liked host, Natalie Gruzlewski - the new host for 'Getaway' and 'The Farmer wants a Wife' and many other Australians who were all there to be a part of this memorable moment for the Virgin Group.

Ashlee Simpson was also present, looking great even though I have been informed she has just had her first child - personally I would have been more excited to meet her sister Jessica but life isn't always fair. Julian McMahon was there along with other Australian actors such as Melissa George to support the V Australia launch. I must say Richard Branson knows how to throw a party and the Virgin team certainly love to party. They made us feel part of the Virgin family and I must say it was one of the best parties I've been to.

Scott Swift the CEO of V Australia took particularly good care of us and highlights why Virgin, as a group of companies, is so successful as they go beyond the call of duty to ensure people have a great experience.

I also had the chance to chat with Peter Beattie the former Queensland Premier and made a mental note to send a follow up email to him on how he may be of help with getting quality financial education into Australian schools, especially now I have Sir Richard who's happy to put his name behind it.

I met some interesting entrepreneurs to network with including the financier who financed Richard Pratt's Visy expansion into the US and who now finances Virgin as well. I also met Anthony LaPaglia the hit Australian actor from 'Without a Trace' who was very interesting to talk to.

He is certainly passionate about soccer and invited us to a celebrity soccer match the next day that has many Australian actors playing against other actors with the goal of raising money for the Victorian Bushfire Appeal, which is well supported by the Australian community living in LA.

We manage to go with the flow and end up at the 'after party at Sir Richard's penthouse overlooking the sensational Hollywood - where dreams are made and unfortunately for some broken as well! I occasionally like to smoke mini-

cigars from Cuba so I share some cigars with some friends at the party and we enjoy a cigar overlooking the night sky of Hollywood.

Finally in bed a little after 3am. Jet lag and late nights are catching up and maybe sleep at this point isn't overrated.

Saturday, February 28

After a great sleep in we go to the House of Blues in West Hollywood for a brunch with Sir Richard Branson and fellow partygoers. Sir Richard maintains a hectic schedule. He seems able to party hard, sleep three hours then be up and do business amongst numerous PR interviews before he heads off to London as part of an eight-day tour around the world.

A few of us are off to the Celebrity Soccer challenge and being in such a warm winter day in LA, it's great to be outdoors. I get to see Anthony LaPaglia in action playing soccer, one the players for the Hollywood football club.

Then it's a quick trip to shops as we've been invited by a friend in LA to attend the Playboy Mansion Party being held that night. I quickly talk my partner into coming and convince her it will be a great time - you don't get many opportunities like this and as we have the night free – let's check it out.

She had her heart set on going to J.Lo's club as apparently the word was Prince was making a guest appearance and singing tonight. It would have been great but Prince can't compete with the Playboy party invite so I won and we were off to the playboy mansion! I know my mates back home are going to be somewhat jealous that I'm attending a Playboy Mansion party without them but I'm sure I will get them an invite next time.

Partying at the Playboy Mansion

Enjoyed a sleep in after a huge night at the Playboy Mansion. It was certainly a party to remember with over 1200 guests, with a large majority of them women. Americans are very friendly towards Australians, especially as they just want to hear our accent. The girls aren't shy either.

They willingly hand over their phone numbers for me to call them while I'm in LA. At this point I have to highlight I'm in a relationship and introduce my beautiful partner, however I venture that I have plenty of Australian mates who I'm happy to pass their details on to.

I take a lot of photos knowing my mates are going to want to see what the Playboy Mansion is like. It's a huge, glamorous, castle-like mansion on a large

What I didn't learn at school but wish I had

estate with its own animal zoo on the grounds. Hugh Hefner was at the party and it was no surprise that he was surrounded by a lot of blonde girls very eager to have their photo taken with him. The guy is in his 80's yet still seems to have plenty of stamina for parties among other things (I think).

Despite being amongst 1200 people I bump into several people who recognise me from doing seminars in Australia and New Zealand who are having a great time at the party and weren't expecting to see me there. I explain that I wasn't expecting to be at a Playboy Mansion party either but it's been a great night and I'm glad I made it.

We meet an Australian girl who is client manager at Wynn's Casino in Las Vegas where we are staying in a few days time so she offers to take good care of us when we arrive in Las Vegas. We arrive back to the hotel in the early hours of the morning after a fun night ready for a relaxing day ahead - four big nights of partying in a row and I'm feeling ready for a holiday.

Sunday, March 1

Cruising Beverly Hills.

Relaxing on a Sunday afternoon on Rodeo Drive whilst my partner does her bit towards boosting the American economy. We had a great lunch at the Beverly Wiltshire Regent Hotel made famous in the movie 'Pretty Woman'.

The last four days have been busy with non-stop parties. The V Australia launch in LA two nights ago with Richard Branson was certainly one of the best parties I've been to. After shopping on Rodeo Drive, Beverly Hills, I book a massage to relax before heading out to dinner at the famous 'Mr. Chow' restaurant with a good friend of mine who lives in LA. My friend made big money in real estate back in the '90s in LA.

He purchased more than 1000 residential properties in 1993 and 1994 and due to the property boom over the next decade did very well.

I recall him a few years back saying he was selling his residential properties and moving into commercial. Turns out he did that with good timing just before the US residential market crashed.

Tomorrow I'm planning to take my partner to Disneyland. I've been there once before but my partner hasn't. Disneyworld in Orlando Florida is actually better than Disneyland in LA but it's still a lot of fun especially for a big kid like me.

Monday, March 2

Off to Disneyland

After a great sleep in we headed off to Disneyland, a 45-minute drive from West Hollywood. My partner was so excited as it will be her first trip to Disneyland. We arrive around 12:45pm and only have three hours to explore as much as we can as I have committed to catching up with an old friend who lives in LA later that day.

Even though I've been to Disneyland over a decade ago I can't remember much of it, which is good as everything seems new again. Three hours is certainly not nearly enough time, but it's a quick overview of the Wonderful World of Disney. Several days are probably needed to fully take advantage of the whole park and I certainly look forward to a return trip.

With the Qantas monopoly to LA now is broken, thanks to Virgin, people can fly for as little as AUD\$900 economy return or \$5,000 business class from Sydney to LA. The days of paying \$14,000 for business class on Qantas and having to pay extra if you'd like a smile with your service is now gone.

With lower fares, not only is it good for tourists but also makes it far more viable to do business in the US and I've been considering options to expand over here for some time. I could easily live in LA for several months of the year. The winter weather is amazing.

After Disneyland I get to catch up with a friend I haven't seen for two years. She is a very successful TV presenter in LA and presents an Entertainment show every night broadcast across America on the 911 of entertainment news. She is seven months pregnant with her second child and looking as healthy as ever and still working.

We head off to dinner at Argos in Melrose Place at 6:45pm, one of Hollywood's top restaurants, to catch up with four friends, two from NZ who have moved to live in LA and two American friends we caught up with the night before. We discuss spending July and August in the south of France with my American friends. I've been planning for some time to take July, August and September off this year to live in Europe and southern France, near St Tropez and Cannes, as this is one of my favourite parts of the world. We all agree it's better to rent a nice house than stay in hotels which can spoil a holiday by constantly moving from one hotel to the next. We also plan to charter a yacht for a week while in Southern France and invite 20 select friends and interesting

What I didn't learn at school but wish I had

people to join us for a week. It's something I've wanted to do for a long-time and never actually made it happen. This year, one of my New Year resolutions is to work less, socialise more and exercise more. So far I've already halved my work schedule, planned a lot more holidays, taken up playing tennis and shed 4kg in no time.

Ironically, my companies tend to perform better when I go on regular holidays than when I am working in them. And of course my managers prefer if I'm out of the country so they can get on with running the companies and divisions without me coming up with a new idea every second of the day.

This is a concept I've been teaching for a decade now. For people to outperform they should take regular holidays; however, I forget my own lessons and over the last 18 months I was so busy working that I had actually become less productive and had taken fewer holidays. When the going gets tough, the tough go on holidays! I've jokingly been telling friends that this is my motto for 2009.

Actually, with the recession and worldwide downturn, I think this will encourage many to simplify their lives and develop a better work-life balance. This will ensure they don't keep deferring their life to "one day they'll get around to it" and decide to start doing the things they've always wanted. How many people say "I'll take the kids to Disneyland one day", instead of setting a goal, committing to it and making it happen. Most people just talk about it.

The biggest challenge many have - apart from the lack of money, which is usually from lack of definite purpose - is the lack of time. We can always find the money for the things we are most committed to.

[This is why I wrote this book, which is about how to develop a millionaire's lifestyle inside 12-months without even needing to become a millionaire. As I highlight, a quality of life has more to do with planning and how to free one's self from being chained to an office desk than money. For instance my office is wherever I am in the world. With technology such as BlackBerry phones, I can run a dozen companies from anywhere in the world. This can be duplicated by many people now, to run their jobs remotely if they know some simple but effective strategies covered in this book. I have also created a Homestudy program on these concepts, which was filmed late last year in Melbourne and I now teach it at 21st Century Seminars.]

We finish dinner and my American friend takes us to a mansion his friend owns in Beverly Hills that sits on the hill overlooking the whole of LA. A great spot to live with many US\$15 to \$20 million homes in the street. My partner is very much into art and was thrilled to discover he had a real Picasso drawing which she had a photo taken with. I talk my mate into coming to Las Vegas to join us there and he decides to rearrange his schedule.

Off to bed after another huge day and ready to head to Las Vegas in the next few days.

Wednesday, March 4

Hanging out in Hollywood.

We are scheduled for a two-hour private tour of Hollywood, which ends up being a lot of fun checking out the movie stars homes, visiting the famous Hollywood sign overlooking Hollywood, visiting the Hollywood Walk of Fame and the stars on the sidewalk. These 'stars' honour not only movie actors, but radio, TV and stage performers, directors, singers, songwriters, and other well-known show-biz personalities.

The Hollywood sign was actually a 'Hollywood Land' sign erected to sell Hollywood land many years ago and was only meant to be a temporary sign. The 'Land' part of the sign fell apart and the residents wanted to keep a permanent Hollywood sign, so a young celebrity at the time, the now famous Hugh Hefner, held parties at his Playboy Mansion to raise money via charity by selling off each letter of Hollywood for \$30,000 each and as a result the famous sign still stands to this day.

Today we check out of our hotel and depart Hollywood for Las Vegas. We fly American Airlines, which provides very poor service, especially after flying Virgin airlines so much, where you become accustomed to friendly service. A good trick though is to book only an economy seat online and then upgrade at the airport to Business class. It costs US\$550 extra each to purchase beforehand, yet only US\$45 at the airport when checking in, so it's a good tip for traveller's wanting to save money, especially on a short flight that takes less than an hour.

We check into the Encore, one of Vegas' newest hotels which is part of Wynn's Casino. An exceptional hotel and we score a penthouse suite for 40 percent of the normal price thanks to meeting the Encore Client Manager at the Playboy Mansion party a few days before. The view from the suite is exceptional. We head out for a show and see '**Zumanity**' at New York, New York

What I didn't learn at school but wish I had

Hotel. It has mixed reviews and I can see why. Some people would love it and some wouldn't.

Afterwards we head off to 'Blush' a new nightclub in Encore for a few drinks. Vegas is very quiet to what it's usually like and the recession is taking its toll but there are still plenty of people in town. We are in bed by 2:30am, but six consecutive late nights means I'm taking tomorrow morning off.

Thursday, March 5

Living the life in Vegas.

After a relaxing morning I head down to Encore's pool. A mild and windy day; too cold for a swim so I head indoors to check out their jacuzzis at the spa. I could spend hours here as the spa is to die for. I am big jacuzzi/pool fan and the Encore spa has three plunge pools depending on your mood of temperature - I only have 30 minutes but remind myself I need to come back.

The Encore has only been open since late December and is in immaculate condition so if you're heading to Vegas it's certainly worth staying here. Just ask for Leanne (Client Manager) and she'll take good care of you. Leanne is a young Australian girl from Melbourne who left Crown Casino to move to Las Vegas and is the client manager for Wynn and Encore. She cannot only get you great room rates but into many clubs and restaurants throughout the hotel.

We have a lunch booked with Leanne in a great Japanese restaurant before rushing to catch a helicopter trip over the Grand Canyon. Wherever I go in the world I hire helicopters as it's always the best way to explore places in a short time. Even though I've been over the Grand Canyon many times before, it's always a buzz seeing one of the natural wonders of the world.

My partner is loving Las Vegas and doesn't want to leave so soon so I email my business partner in Houston who I'm due to meet in couple of days time and suggest to either fly to Vegas to meet me or delay the meeting one extra day. He agrees to delay the meeting for a day which allows an extra night in Vegas. I have a good American friend flying in to see me in Vegas tonight so I am looking forward to catching up at one of the many great restaurants in town.

We are also booked into a fashion show and an exclusive bar. I'm not into fashion as much as my partner is but there are worse things than being dragged along to a fashion show and being forced to watch gorgeous models strut their stuff on the catwalk. My friend is keen to pick my brain on some

business ideas so I'm meeting him at the jacuzzi to chill out before another big night out. I knew I would be back!

Friday, March 6

Las Vegas - A great place to holiday thanks to the recession

We depart Las Vegas today for Miami via Dallas, Texas. I've never been to Dallas before and I recall watching the hit TV show from the 80's called *Dallas* about the oil rich families of Texas.

I squeeze in a conference call before I depart the hotel at 12pm with a US company I market in Australia. I was meant to meet them in Texas for a meeting, however, due to my tight schedule this was not going to be possible so we settle for a conference call which ends up being productive. I started this company two years ago promoting a US product and it had a turnover of almost \$10 million in its first year and has been a very successful company. I had been considering selling it and had been meeting with several public companies who were interested in acquiring the company.

Before the Global Financial Crisis it was valued at \$12 million, however, due to the downturn, \$5 million was the best I could expect to get for it so I've been in two minds whether to sell. It has a lot of potential and if supplier relations can be improved then it's worth more to me to keep for now, until the market rebounds.

Many people ask whether I gamble, especially when I'm in Las Vegas. I've got to admit I'm a far better investor than a gambler. However my partner tends to do well whenever she goes into a casino and made US\$2,000 last night on the roulette table. Don't know how she does it, but she tends to do much better than me on the tables and of course the casino likes having women scream from excitement to attract other bidders.

To me gambling is a bit of fun and I'm quite conservative when it comes to gambling. I'd bet no more than a few hundred dollars and be happy to make \$300. I find gambling a hard way to make money, especially when I can do trades in the share market with a far greater degree of certainty of making money. So gambling makes little sense to me other than occasional fun.

At least in Vegas you get free drinks while at the tables, unlike in Australian casinos. A good friend of mine from LA who is a big roulette fan joined us in Vegas so he and my partner hit the tables at every chance to boost their winnings. My partner has a general rule that any money she wins firstly covers

What I didn't learn at school but wish I had

my betting losses and secondly she donates back to the casino by buying a dress or shoes from one of the stores in the casino. I believe one Manolo Blahnik store was paid a visit before we departed, so at least she helped out the American economy in these tough times. My dad was always very anti gambling. Thus growing up I was always reluctant to ever spend much at the gambling tables, however, if I do play it will generally be Blackjack.

We were fortunate to meet Steve Wynn for a short chat and photo on our way to dinner. For those who don't know who Steve Wynn is, he virtually built Las Vegas including casinos, such as Bellagio and Mirage, which he then sold and he now has Wynn's Casino in Vegas which just opened Encore next door. He is certainly renowned for building some of the best casinos in the world. In my visit to Macau last year, I also stayed in his replica Wynn casino there. He recognises our Australian accent and asks if we know Solomon Lew from Australia who must be well known at his casinos.

Kerry Packer is still remembered in Las Vegas with most taxi drivers still able to share legendary stories about Kerry's huge gambling days. Apparently the night Kerry passed away he had his Lear jet on standby for one last trip to Vegas to go out with a bang. I'm not sure how Kerry would feel about his son James Packers huge gambles with buying US casinos, which has cost the Packer Empire a large fortune with the stock market crash reportedly reducing Packer's wealth from over \$7 billion to \$2 billion. Many in Vegas don't understand why he has purchased low profile smaller operation casinos at such high prices. I'm sure his dad would have had more fun betting \$5 billion at the casinos and probably would have come out better.

Steve Wynn mentions he is very good friends with Anthony Robbins and Sage his wife and they were staying as guests of Steve only last week at Encore. I recall when I was in Las Vegas several years ago Anthony mentioned he and Steve were good friends.

After dinner we headed off to Tryst nightclub at the Wynn that is one of the best clubs in Vegas overlooking a huge waterfall. In the 15 years I've been going to Vegas it's the quietest I've ever seen it and it's clear the recession is taking its toll. The Trump Tower, which is now complete across the street from Wynn's casino, is apparently offering rooms from only US\$69 a night (cheap!).

They believe soon the casinos from Mondays to Wednesdays will start giving rooms away for free to simply get people to them as they make their money on food, drinks and gambling. The huge Venetian casino next door is apparently

about to file for bankruptcy. So if you're looking for an inexpensive holiday then Vegas should soon be that.

Saturday, March 7

Hangin' with mates in Miami

We arrive in Miami the night before at around midnight. Miami is like the Gold Coast, however much more upmarket, cultured and sophisticated and is the playground of America.

We are staying at the Setai in a condominium (apartment) right on the beach next to the famous Shore Club. Miami is a fun place and there is always something happening every night. As the taxi divers explain, "There is always some commotion."

As we only have three days in Miami we decided to go out and see the nightlife straight away. We drop off our bags to the apartment, get changed and head out to meet good friends who I have not seen for 18-months, at the Fountain Blue Resort at the LIV nightclub. My mate is an amazing guy who just became a certified astronaut and is due to go into space as the first Australian civilian astronaut and only the fifth ever in the world.

He shares some of the grueling training he has had to endure to be trained as an astronaut to be fully prepared for his mission. Most astronauts are government funded but in Russia they allow civilians to be trained. It costs US \$3 million just to go through the training alone which takes several years and you must pass intense, ongoing medical tests otherwise you forfeit your entire \$3 million training fee. Then to go into space it is a further US\$27 million so it's an expensive dream and hobby, but my mate is a thrill seeker and adventurer who makes things happen. I love him for that!

His friend just returned from a month in space. Apparently when he landed he was very pale and disorientated and took several days to even learn how to walk again as in space there is no gravity so your muscles break down quickly from lack of resistance. And this is only after 30 days in space where some astronauts stay up to the maximum of six months.

My mate's friend who spent US\$30 million to be the fourth civilian ever into space made \$100 million in his twenties as a dot.com entrepreneur. However as the \$100 million was in shares and held in escrow, by the time he could access his shares the dot.com crash had occurred making his \$100 million worthless. As the company had no money to pay salaries he was able to convince his 300

What I didn't learn at school but wish I had

staff if they worked for free for three months, at the end of the three months he would promise them a job.

He managed to convince them and he rebuilt the company - however, this time being smarter he sold the company for \$60 million but in cash, not shares. He took \$30 million to pay for his trip into space and invested the rest into the US share market before the crash. Since the crash apparently his remaining \$30 million is worth about \$1 million so the guy certainly has a story of rags to riches to rags again.

My mate, as part of his training to go into space, has had to parachute solo from 30,000 feet (that's almost the height jumbos fly at) into the middle of Siberia at minus 35, solo with two of his space crew. When they land, they then have to find each other and survive five days in the Siberian wilderness at minus 35. They unfortunately landed over one kilometre away from one another and had to walk in soft snow with heavy gear on, in freezing conditions.

They are provided with limited food and had to learn to source their own food including catching and eating squirrels, which he doesn't recommend. All this training is critical as on re-entry to earth they may have to parachute from their capsule at 30,000 feet and need to be able to survive for at least five days in case it takes that long to find them.

He also had to do a similar exercise escaping from the capsule in the middle of the ocean in case they land in water and have to survive up to seven days.

We have a great night out in Miami and my partner can see herself living here part of the year, as she loves the culture. Miami is only seven hours from Europe and four hours from LA with the best winter weather you could imagine so you can see why South Beach Miami is a popular spot to hang out for part of the year. We hit the sheets around 4am, which is actually 8pm Australian time so it's easy on this time zone to stay up late and sleep in late.

Tuesday, March 10

My last days in the US.

We arrive back from LA on V Australia flight early into Sydney. I was able to get a decent sleep on board as the beds are flat so it made the 14-hour flight go quickly. Unlike the trip over with Sir Richard onboard when the bar was full on, this was a much quieter trip.

We had flown from Miami on a five-hour flight to connect in LA for the Australian return trip. We were on an American Airlines flight to LA which managed to lose our bags, thus they promised to put them on a Qantas flight later that night to Australia.

My partner is clearly not impressed (understandably), however, I've learnt not to let these things bother me as traveling a lot it does eventually happen. The bags did turn up three days later and were delivered to our home on the Gold Coast.

The last few days in Miami were great! We were out partying every night. On the Sunday we were lying around the pool and heard a hell of a party occurring at the hotel next door, so we thought, "best to check it out."

The hotel next door is the famous 'Shore Club' which is renowned for its Sunday pool parties and I can see why. A beautiful sunny day by the pool with 500 young people and many bikini clad women partying from sunrise to sunset. I immediately SMS'd my mate to come join us, as I know he wouldn't want to miss such a party.

Afterwards we head to the Delano, another famous hotel for a great dinner and off to Nikki Beach Dance club and finally to bed. The day before, we headed down Lincoln Drive in South Beach for some shopping and late lunch. A friend joins us and a lunch turns into six hours at a very cool outdoor Egyptian restaurant where we try the Shisha Pipes.

My partner being of Egyptian decent loves it and we had a great afternoon. She meets a Prince from Dubai and speaks Arabic for some time, which means I have no idea what they're saying as I know about two Arabic words from my latest Egypt trip.

Afterwards we head out to a great club for the night. Miami is a great place to party and I will consider adding it to the itinerary for an upcoming boy's trip I have just planned for June. A lot of my mates have already confirmed they are in and my partner also organises a girl's trip at the same time with her friends. So while they head off to New York and Miami, us boys will head off to Cuba and Las Vegas and catch up in LA at the end of the trip.

I think it's great for 'the boys' to hang out together at times, whether single or in a relationship and the same for girls. Very few friends decline the offer to join the trip so it's obviously popular. I've been to Cuba once before, and inform my friends to go now before it changes forever.

What I didn't learn at school but wish I had

Once Obama removes some of the restrictions for Americans to travel there it will change, no doubt forever and become commercialised like most tourist places left in the world, rather than a unique place where you can almost travel back in time to the 1950s and explore a whole different way of life. Cuban people are some of the best people in the world.

America is certainly feeling the recession; however there is still a tremendous amount of wealth there and the prices of restaurants and some hotels in many places are still ridiculously expensive. *[It was only July 2008 I recall exchanging Australian dollars for 99 cents to the US dollar, so when it was only 66 cents at the time of writing this book it certainly makes the US still relatively expensive for Australian's.]*

For instance a one bedroom condo in Miami is US\$6500 a month to rent (AUD\$10,000), whereas to rent a two-bedroom ocean front apartment twice the size and much more luxurious, in say the Q1 on the Gold Coast, is only about AUD\$3000 a month (US\$2,000), so we are very lucky in Australia to still have a much better quality of living despite high property prices.

Wednesday, March 11

Home sweet home on the Gold Coast.

After arriving in Sydney yesterday morning we change our flight that was booked straight to Melbourne to fly to the Gold Coast instead, where I live most of the time and the remainder of the time in Melbourne.

After 11 days of parties and holidays, I feel I need at least one day to rest and relax at home on the Gold Coast and the water is the most ideal place for that. I only moved there from Sydney at Christmas time for a change to see if I'd like the slower pace. I can say it's been ten times better than expected and I think it will be hard to get me to leave the Gold Coast.

I'm fortunate enough to have a tennis court at the house and being a tennis fan I have my friends over every Wednesday night for a big night of tennis which is always a blast and quite competitive. After playing with us for a few weeks we discovered one of my mates used to be a professional tennis player. He had been pretending not to be able to play that well, but always managed to beat us when it counted. So now he has become a free tennis coach to many of us who are trying to improve our game, secretly to beat the other in time for the next game.

I've managed to lose 5 kilos from playing tennis in the last two months alone so it's been a great way to exercise. I also have a saltwater pool, which I like to swim in regularly as swimming in the canal is out of the question due to the aggressive bull sharks. I have an outdoor jacuzzi which is my place to relax and it is a form of meditation for me and apparently described by some as 'my second office'. I also have a great gym room; however it doesn't get used nearly enough, though I am able to work out for as little as 10-minutes a month and stay in reasonable shape.

What's a typical day in my life?

My typical day generally starts with going outside to the tennis court to collect the papers that are thrown over the fence earlier in the morning. I'm an avid reader so I'll generally start the day reading the *Financial Review* on my outside lounge overlooking the water while having breakfast.

I also read *The Australian* newspaper, plus I have the *Sydney Telegraph* delivered also, as I'm a mad Rugby League fan and it's the best paper for reading all the football action and following my beloved Bulldogs team.

It used to be a dream to one day be able to buy the Bulldogs football team, however after seeing how much Russell Crowe loses financially every year since buying South Sydney and after Sir Richard Branson shared how expensive it was when he owned a Rugby League team in London known as the London Broncos, I decided to remain a supporter rather than an owner.

After breakfast I often go for a swim in the pool and then head to my home office to do some work. I don't use a computer whatsoever as I have all my emails come to my BlackBerry so often I'll work on my deck lounge outside overlooking the water while responding to my emails.

I don't take any phone calls whatsoever unless a special phone meeting is planned or my mum calls, as I feel phone calls waste my day. I've trained all my managers and business partners to email me, as they will get a response much quicker than if they phone. I find emails make people think first about what they need. It also allows others to get back to them when they can, rather than playing phone tag all day and I can also forward the email on for others to action.

This year I've cut my workload back dramatically and many days now I'll deliberately do very little work. I'm learning to get over the guilt of not working all the time, which isn't easy for high achievers who often feel like they must be

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doing something. What I love about the Gold Coast is it's great to jump in my Ferrari and drive down to the beach and go for a swim and just be present and content doing bugger all.

I can see why surfers are so into their lifestyle as its very fulfilling, not that I can surf well. I am taking lessons though, so my days aren't always typical.

For one week a month I'll generally be in Melbourne at our 21st Century Head Office and two days every five to six weeks I spend with my managers in a management meeting. I think we should film these meetings, as it would make a great reality show. The dramas and day to day challenges of running a group of companies is never boring and I have found managers' meetings to be very productive. Every manager gets their turn to present to all the other managers and to tell them what their division has accomplished since the last meeting, their targets for the month ahead and any challenges.

Then anyone can ask them questions and this is where the fun starts, as it's hard for a manager to BS a whole room. So if they are telling a story that others don't buy, which most people do at times due to their limiting beliefs, then this becomes very apparent and gives some managers a quick reality check when they see that maybe their reasons for why things can't be done are not valid and it is possible to improve results.

It is also invaluable for managers to understand what's happening in each department and company and how this all affects everyone and to get the team working as a team and not against each other. Generally, one day is barely enough and meetings tend to go until 7pm and sometimes as late as 9pm, so we have extended them to two days now.

Every six weeks I am generally doing a seminar, so that it takes a week out of my schedule, by the time I arrive on the Wednesday or Thursday before and finish on the Monday. We always have a team party on the Monday night of a four-day seminar, which are a total blast where the team can celebrate their four or so days of hard work and little sleep. We generally have a DJ and caterers and the partying is still usually going at 3am.

The parties in Fiji and Queenstown are generally the wildest and the 21st Century team love to dance and party hard. It's also a good time to recognise top achievers and speakers and we have the Academy Awards with prizes given out. Some of the awards are very funny and it's always hilarious.

21st Century certainly isn't a typical boring corporate culture, but more of a family friendly culture, which I think the team love as opposed to many jobs in the corporate world which are bland and boring.

Maintaining this culture as the group has grown to over 100 staff has been more of a challenge though. The day after our four-day seminars end, we always do a team day where we take the team out on a boat to a tropical island where we stay in Fiji and play beach volleyball and other activities. In Queenstown we always do the Luge riding down the mountain, which is always popular, highly competitive and sometimes quite dangerous.

Several years ago one of my NZ business partners had to be air lifted off the mountain after breaking his hip and many other bones in his body. If you go to the Queenstown Luge ride you'll see a whole section of the track which is shut off because that's where he crashed. He was trying to overtake me, which he has since learnt isn't such a good idea.

We used to have team days the day before the seminar until this accident but now we find it's best the day after. We also often do Go Kart racing as many of the team and speakers love to do this. Tuesday nights are sometimes card nights where, what's left of the team before flying home, plays card games such as cheat or better known as "Bullshit."

For events like Fiji or Queenstown I generally stay a week or longer and take a holiday. Many of the team and speakers do as well which is always a lot of fun. We also invite our volunteer team who are past participants at our four-day programs, who help out at the four-day events and join us for the team party and team day.

It's also a great way for them to network with speakers and many of them have become good friends and part of the 21st Century family over the years.

We invited Sam Newman, the former AFL star to the Melbourne team party, considering he has the only other penthouse on the floor and it's best to have the neighbours onsite.

Thursday, March 12

Home for the four-day 'Education For Life' Seminar in Melbourne

I'm flying off to Melbourne as I have a four-day seminar to conduct starting tomorrow. It's the first major four-day of the year, an event I conduct about eight to 10 times a year in Australia, plus one in Queenstown, NZ and also one

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in Fiji. Seminars are very physically demanding as I am on stage from 9:30am and get off generally by 8pm.

In the early days, I used to do an entire seminar by myself and go 'till 1:30am. However these days I've learnt to pace myself and invite over 18 key speakers to deliver more content and mix the seminar up more. Now I ensure I am finished by 8pm and let the other speakers go until midnight or later sometimes. It's an intense seminar and participants have made massive life and financial changes as a result, and it is one of the key reasons I still do the seminars despite the physical effort involved.

However, in saying that, I'll be overseas living in Europe part of this year and I have a dozen other companies to run. I've now trained someone else to do my segments at events and they've worked just as well, so this allows me to share some of the events with another great speaker who the attendees absolutely love.

My biggest goal is to get people into action at the events as I've only accomplished so much in life at a young age because I don't just talk about things, but implement ideas immediately. So many intelligent people think about what they should be doing and delay or hesitate, when all it comes down to is taking massive, immediate and intelligent action. After that, it is about noticing what's working and not working and to continually refine one's approach until the desired result is achieved.

If you've never been to a four-day Education for Life event, then I highly encourage you to check one out. Apart from being life changing and empowering, they are a lot of fun and a great opportunity to network with like-minded people.

Visit www.21stcenturyeducation.com.au to check out dates and more detail as I would love to see you there and I know you will love it!

Saturday March 14

Many people ask me what do I think is going to happen with the global credit crisis?

My response has been it is far worse than the media and government's realise. I've been saying for over six months, the world is heading towards a severe recession and it is an even bet it will head into a depression.

Many people, even many successful intelligent people, were surprised by my comments and didn't quite see why I'd think that. No one knows for sure what

will happen, but each month since I made my predictions everything I suggested would happen, is happening. It's almost like many people, including governments around the world and in Australia, has been hopelessly optimistic and almost in denial thinking somehow it would be a small downturn and then a recovery later in 2009.

I've watched in dismay as I see how foolish these people have been and now how surprised they are, as things start to get worse and they slowly start to realise, "Houston we have a problem."

Just last week whilst in America, leading economists admitted the US is now a 30 percent chance of going into a depression. These comments would have been scoffed at six months ago just like many people scoffed at my view. Some people ask what the difference between a recession and a depression is? The best answer I heard is a recession is when your neighbour loses his job and a depression is when you lose your job. Seriously though, the exact definitions vary.

What people must understand is governments don't wish to cause panic and thus don't tell people how bad it is, and how bad it will be. Often, they also aren't smart enough to know or question otherwise. What should you do? I'd suggest financial intelligence is the answer. You should slash unnecessary spending, build up your savings and eliminate any bad debt or excessive debt. Go to work on improving your job-related skills and financial education to be prepared to take advantage of opportunity. Innovate if you're a business owner and cut overheads early - hard and fast.

Actually a severe recession or depression has been the catalyst for many people to create a lot of wealth. As an entrepreneur, I know it's not a fun thing to do to cut staff but, if companies don't, they won't be around and thus all the staff will lose their jobs. It's best to shed some staff to save the rest.

And remember we don't want to ignore the reality of the world economy. We want to acknowledge it and then focus on how to create abundance amongst the world recession, as there is still a massive amount of wealth around. Wealth is never lost in a financial crisis but merely transferred.

The financially educated and the ones who can see into the future, even six months into the future, can be better prepared than those who are like on the Titanic while it was sinking. They didn't realise there was a serious problem because the authorities didn't wish to create panic, when they should have already gotten into a lifeboat before it was too late.

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This advice conflicts with what governments want us to do. They want us to spend, not save, to boost the economy. In fact they will borrow billions and throw the money at us to get us to spend. And it's this paradox that explains why we are in this mess in the first place. Growth at all costs, especially by easy credit and over leveraging and spending more than you earn to boost the economy, is why the growth in the past hasn't been sustainable.

My advice is to see what could happen and act now. I'll be covering this subject more at the 21st Century four-day seminars, so get yourself along to one. If you're already a 21st Century member, you can attend as many times as you wish for free with your spouse and teenagers. If you are not a member then become one now and get prepared for the great financial challenges ahead and learn how to not only survive but thrive in the Global Credit Crisis, visit www.21stcenturyeducation.com.au

Monday, March 16

Four-day Melbourne seminar and after party.

I've just been delivering my 'four-day Education For Life' Seminar on Friday and Saturday. Sunday I don't speak so I have a day off or sometimes catch up with some of the 18 different speakers who have flown in to speak at the event. I used to speak late on the Sunday night of the seminar but decided to change it the Monday night, being the official last day, to finish the seminar off.

We then have drinks for all attendees and a chance for participants to network and ask questions to the speakers and have their photos taken. I am usually tied up for several hours signing books and having photos taken but I don't mind as I get to hear the success stories from the participants and to chat briefly with them one-on-one, and the participants are always extremely grateful.

Then later that night we always throw a party for speakers and the 21st Century team who have put a huge effort in over the four days, often surviving on little sleep. This is a chance to reward the team and allow them to let their hair down. We generally hold the parties at one of my homes or apartments if in Melbourne or Sydney. Or, if in other places like Queenstown in New Zealand, the home I'm generally leasing for the week is the designated party house.

We hire a DJ and caterers and good looking waiters and waitresses to serve drinks. Our parties usually go until 3am or sometimes 6am. I usually sneak off by

2am and let the team party on, considering the effort they've put in to support the four-day event, they deserve it.

This time the Melbourne party didn't start until after 10.30pm and was held in a luxury penthouse in Docklands overlooking Melbourne and opposite 21st Century Head Offices on Lorimer Street. Generally team parties start by 9pm, however the seminar had run later than expected and the team had to pack up the entire event before heading to the party.

The party was a blast as usual and I snuck off to bed by 2am while others partied until the sun came up. For this event we decided to invite several VIP clients and they had a great time hanging out with the team and chatting to some of the 21st Century speakers. So the team suggests we should allow 21st Century VIP members to attend future team parties, which will be considered.

Tuesday, March 17

Team day after Melbourne four-day seminar.

It's Tuesday after the Melbourne four-day which usually means a sleep in before team day. Tuesday is always team day after four-day events where we find some new adventurous activity to do. We are going to indoor paintball in Melbourne not far from Docklands. Our team day generally start from midday as most of the team only go to sleep at 6am after partying all night, so early starts don't quite work.

I get picked up by an associate who speaks about QLink at our 21st Century events. QLink is a magnet you can wear around your neck or on your wrist to protect you from the energy mobile phones and computers emit. He picks me up in the new baby Hummer, which I love as I've been planning on buying one to use to travel to my farms and back from the Gold Coast.

There are 16 of us attending paint ball. We all register and I secretly select two teams of eight. Knowing I will be the target of the team for sure, and knowing from a previous paintball experience that the paintballs can hurt, I cleverly select those most likely to target me for my team. Always best to keep your enemies close to you.

After the team is briefed on all the rules and dressed in full combat gear I read out the teams. I tell them the computer has randomly selected eight for each team. When they hear the names of those in my blue team, some people on the red team (who lack the same level of talent) are skeptical that it was a random computer selection. I reassure them it was a totally random computer

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selection but I don't think they are buying it. We are each loaded up with 500 paintballs in three canisters and we have two and a half hours scheduled to play. After the first game, that lasted for only 5 minutes (which of course my blue team won), I'm gasping for breath, not realising how fit you need to be to play this game.

It's also quite slippery from the paint everywhere. I've already had the top of my head blasted and paint over my mask, plus I slip and roll my ankle but it doesn't hurt much and seems fine. Plus it's not a good idea to let the enemy know you're injured. So I gather the blue team and suggest we need a strategy and that we need to play aggressively to win.

I suggest the guys on the blue team go along the outside walls of the arena, so we have the wall behind to protect us and we can force the enemy inside making them easy targets to shoot. The strategy works and we win the next two games despite protests from the red team who reckon some of our team aren't dying when shot. We dismiss the allegations as nothing but sour grapes at being comprehensively beaten.

We now move to another room with different combat obstacles and the goal is to retrieve the flag and return it to safety. This requires higher stakes but with Rob from AV on my team and our legendary seminar co-coordinator Joel, who are both aggressive and effective soldiers, we dominate the red team again and again for the next five games.

The red team plays too defensively and lacks strategy, as opposed to our team who play aggressively to win and take risks, providing a far better strategy. We also conserve our paintballs, so during the last game the red team runs out before most of us, and we make them pay dearly.

However, we do suffer plenty of hits from our aggressive approach. I suffer three solid bruises across my lower stomach where it hurts the most and Rob looks like he has chicken pox from the number of bruises over his body. Joel is also bleeding from some shots to the hands. But compared to the red team who suffered a lot of casualties, we can rejoice in our eight-nil victory.

We relax over drinks and pizza for lunch. It's been an awesome day and everyone has enjoyed themselves. I'm lucky I have a massage booked later in the day, as I certainly need it. We all arrive back at the 21st Century offices and annoy the corporate staff trying to do their work, as they see us covered in paint from head to toe and showing off our war wounds.

I have to quickly sign 50 copies of one of my new series of books, *What I Didn't Learn From My Finance Broker But Wish I Had that made me a property millionaire*, that's just hit bookstores. It's my fifth book in bookstores and forms part of the *What I Didn't Learn* series.

Channel 7's Head of Staff has asked for a copy as well so I sign one for them and a Channel 7 person drops by to collect it as their offices are nearby.

I head across the road to my apartment and look forward to a well-deserved massage. The twisting of my ankle in paintball didn't hurt much when it happened, but two hours later it swells up to a point I can no longer walk. Lucky I'm staying in for the night.

My partner is away for the night and thinks it's funny when I tell her I can't walk. It's her birthday tomorrow so I'm hoping I will be better by then. I tell her if not, she'll have to bring me crutches in the morning as hopping around on one leg isn't my idea of fun. Lucky I'm exhausted so I fall asleep despite the pain of my twisted ankle. It was all well worth it though and I look forward to the next paintball challenge.

Wednesday, March 18

Time with friends.

It's my partner's birthday today. She visited her mum and stayed with her the night before so she's coming to catch up for lunch. I've bought her a great present thanks to the help from one of her friends and I hope she likes it, as it wasn't easy to organise. It's a Ralph Lauren dress that was modeled at the recent New York Fashion Show. The dress actually fits her perfectly, which is a big relief as it's always a big risk buying a dress for any woman, and she looks stunning in it.

I was hoping to take her hot air ballooning at 6am but it wasn't possible and with my ankle it wasn't going to be ideal. Lucky for me my ankle has improved and I can now begin to slowly walk on it again. By lunchtime I'm almost walking normally. I have dinner booked with friends for my partner's birthday plus a big party on the weekend at the Gold Coast.

We went to one of my partner's favourite Melbourne restaurants, Nobu at Crown Casino. If you haven't been there, you must check it out when in Melbourne. It's partly owned by Robert De Niro and although expensive, it's well worth it. About 12 friends attended the dinner and I even organise a birthday cake that she likes and it's a great night out. We briefly hit the roulette

tables afterwards, but it's just not Las Vegas. We are home by 2:30am and I'm scheduled to fly home to the Gold Coast the very next day. I'm looking forward to two straight weeks at home.

Saturday, March 21

Party night - Red night theme.

I'm on the Gold Coast relaxing and preparing for tonight's big party for my partner's birthday. I have a three and half hour speaking engagement at a 21st Century Internet and Business Seminar being held at the Gold Coast Convention Centre commencing at 9:15am.

I always enjoy speaking at this event as being an entrepreneur at heart, I love to teach all the valuable lessons I've learnt in my business career and from role models such as Sir Richard Branson. The seminar goes well. I get a chance to chat to some 21st Century members and everyone is excited about what they're learning. We have 10 different speakers who have flown in from all around the world to teach how they make millions online, including a brand new eBay speaker. Actually this event is nearly all new speakers and a new two-day format, so attendees who have been before comment on how much better the format is.

My partner has the party preparations under control and thankfully didn't need my help, so after I finish speaking I take my Ferrari to the car wash where the crew jostles to drive it, and then I head home to have a siesta before the big party that night.

The party's theme is red and nearly all the guests come dressed in theme costumes, including a mate who shows up in red Speedos only. Some of the waiters, chosen by my partner, are topless so she and her girlfriends are happy with the eye candy. I complain to my partner that it's not fair she gets topless male waiters yet we boys don't get topless female waiters. Such a sexist world I joke, though she doesn't always appreciate my sense of humour.

The house is ideal for parties. Overlooking the canals of the Gold Coast the house has huge glass doors two stories high that open up the whole house and invite the outside in. We have a DJ and also a cartoonist who draws guest's faces as caricatures within six minutes. One of my best mates is an international magician, so of course he is roaming around the room working his magic on the guests.

I've organised a video montage of my partner for her birthday, which we screen on an internal wall of the house around 11pm. Thanks to Kaliyann who works in my graphics team and is a legend, she takes some photos and turns it into a mini-movie based on the theme with the title 'Confessions of a shopaholic' starring my partner. It turns out great and my partner thinks it's funny - lucky.

She also arranged Chinese sky lanterns and everyone lights one and sets them off into the starlit night from the jetty in front of our house. If there were any UFO sightings reported tonight it was probably our lanterns floating into the midnight sky. The party goes until a little after 3am and everyone had a great time.

Sunday, March 22

Managers arrive for a two-day company meeting

A relaxing Sunday at home with a small pool party and a hit of tennis with one of my Melbourne mates who I beat 8 - 6 in a tie break. By the way I have very competitive mates, so who wins is important.

I drive to the Convention Centre for 45 minutes of drinks and photos with participants. I never get tired of people being so grateful for the impact my education programs have had on their futures. I then rush home as a good friend is arriving for a catch-up.

Monday, March 23

I jump in my Ferrari to drive to the Marriot Hotel for a management meeting. I have my Managers flying in for two days from Melbourne, Sydney and also the Noosa offices.

There are ten of us at the meeting and my Property Direct manager and I are the only male managers. The women managers clearly outnumber us, so it's lucky I get along well with women, otherwise management meetings wouldn't be much fun.

It's our first two-day management meeting as generally they are only one-day long. The last few have been running too late so we decide to trial two days and hold them at a nice resort. The meeting starts around 9:0am and I kick it off for two hours to update the team on what's new, including a new company we are launching and new promotions we intend doing. I also give an overview of every company and division in the group, since the last management meeting

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five weeks ago and the challenges facing the group during the Global Credit Crisis and proposed solutions.

Then we have a presentation by a Customer Relationship Management (CRM) company to update the team on a brand new CRM I have signed off on. We are investing a lot of money into it and it's only five weeks away from launch. All the team is excited about this and hoping it will deliver the efficiencies expected, as it will transform the group and the manager's ability to achieve so much more in less time.

I'm a skeptic when it comes to software as I've paid a small fortune in my career for so many software systems, which have all failed to deliver a fraction of what they were meant to. However, this one is customised to the company's requirements and we spent considerable time in the scoping processes to really nut out what we need the system to do, which we've never done before. After the presentation about our progress I'm feeling more confident that the investment will be worth it.

After lunch every manager has to deliver a presentation for their division or department, covering what they have achieved since the last meeting and challenges and targets for the month ahead.

We have a brand new manager for one of the divisions of the 21st Century Group so it's her first meeting. She is a good addition to the team with lots of energy.

Half the managers get to speak today and the rest are scheduled for tomorrow. The meeting finishes by 6pm and we have a team dinner scheduled for 8pm at Broadbeach. I find management meetings a very effective way to keep the team focused, action orientated and results driven. It also enables the team to be updated on what's happening in other divisions and to be updated about changes and new staff in each department.

It also puts pressure on divisions to perform, as healthy competition is good and it also eliminates excuses. Any manager that makes an excuse for non-performance has to explain why to 10 other managers, who can all ask questions and challenge certain decisions. We also nominate the employee of the month and division of the month. It is then my casting vote that decides the winners if the team can't decide. It also identifies whether they need help to achieve their division's goals and the most common question I ask is, "Do you need anything else to achieve your targets?" If they do, I can ensure they get it, if it is worthwhile. If they don't, then they know they have no excuses.

The team dinner is a lot of fun and the team generally enjoy each other's company. It is also good for team bonding. We find a small bar after dinner and continue socialising. However, being a Monday night there isn't much happening on the Gold Coast. I also don't want to encourage the managers to have too late a night considering we have a big day ahead tomorrow, so by 1:30am everyone heads back to his or her hotel.

Wednesday, March 25

I have a meeting scheduled at my home with an old friend. I've asked him to come over to discuss a potential capital raising for some of my companies. Even though my companies don't require additional capital, my intention is to consider all options in view of the worsening economic environment and the world recession threatening to turn into a depression, and the fact that most companies have been raising capital to be better positioned for such a downturn.

I'm interested in being prepared for the opportunity to buy out distressed companies in the different industries my companies operate in. So if I did some capital raising it would be predominantly for this purpose.

After deciding not to list on the ASX last year, I would only consider capital raising if it involved little effort and was not overly costly. The meeting is productive and it gives me food for thought. I am actually quite excited about the opportunities.

It's funny how the world works. Just after the meeting with my good friend I get an email from one of my advisors telling me that a private equity fund wants to meet with me to discuss investing into my companies and help with acquisitions. It's certainly a topic worth discussing so I agree to the meeting.

When I'm at home I work from the front of my house overlooking the canal and it's such an empowering environment to work from. My house opens up completely with large two-story glass walls and it is like living in a private resort that is so peaceful, hence the reason why I don't leave the house for many days.

I decide to cancel a bike riding boy's trip to Fraser Island due to happen on the weekend, as my book distributor sends through orders for two new books they have promoted to bookstores. The challenge is, I'm yet to finish either of them so I set aside the next 10 days to focus on finishing my books as it will take a further three to five weeks after I complete my work before they can be printed and sent to bookstores.

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The books are 70 percent done but require a lot of time to add my personal stories, which help the reader absorb the concepts and strategies.

I love educating people and seeing the potential in their lives. Life is what you make it - if you want something, you need to ask for it and make it happen. Create your dream life for yourself and start living it each day.

21 FAST TRACK PROPERTY STRATEGIES

McDonald's makes more from its real estate than its hamburgers because they use their real estate as equity to reinvest.

Why invest in real estate?

One reason is because many people have made money out of real estate and I expect many more people to make even more money in the years to come. It is an easily accessible market that has many advantages. If you are using real estate, make sure that you do your homework properly.

Like any investment area, there are both sensible and risky ways of investing in real estate. Depending on your experience, determination and skill, you can just as easily lose money as make money in real estate.

Millionaires From Real Estate

The intelligent use of real estate can enable ordinary Australians to become millionaires in about 10 years or less. Despite the concept of property belonging to the 'rich', most Australian property investors earn below the average wage (which, is currently around \$50,000). So property is clearly not just for the super wealthy; it is for anyone who wishes to increase their net worth in a steady, appreciating environment.

Bear in mind that if you wish to be one of the 'wealthy' people in the future, you should probably be using property to your advantage. As property prices and interest rates keep rising, less and less people are able to afford their 'dream home'. It was said that by 2010, only 40 percent of Australians would own their dream home. This is down from 73 percent in 1980. Thus there is a definite trend of many people side-stepping real estate. This means that these people are going to be 'renters' for their entire lives.

Personally, I like to buy property with no money down because I do not like to tie up cash in property if I can avoid it. I have learnt how to buy property with virtually no money down. Many years ago I purchased several properties in Brisbane (Queensland, Australia); \$600,000 worth of property that I purchased at around \$40,000 below bank valuation and my only cash outlay was around \$2,400. That means an instant profit of \$40,000 and I do not have to pay for these properties for over a year. In a year those properties were worth close to \$800,000 with an outlay of virtually nothing.

In the meantime the cash saved by not outlaying a 10 percent deposit on these properties is generating returns from share-renting strategies. You can see how investing is not a bad hobby, especially when you get to a point where you do not need the money. It is fun and you can do a lot of things with it.

What I Didn't Learn At school But Wish I Had

A lot of statisticians say that property has doubled on average every seven to 10 years in the past 150 years in Australia and America. Not all property though. Some people have properties that double in value in five years, while some properties may take 20 years to double in value; it obviously depends on the location, quality of the property and the price you pay for it. For instance, John and Sally are earning \$50,000 a year and they want to replace their income and retire. I am going to suggest that just by buying two investment properties they could achieve this. Let us look at how: \$50,000 a year is approximately \$35,000 a year after tax. So would you be committed to buying two properties in the next decade if you could retire from them?

In year one of the plan we are going to buy one property. The properties I tend to buy are often around \$300,000, so we will use that figure for this strategy. The second year we do not buy any property and in the third year we buy our second property. You do not have to buy 100 properties and become a property guru to make this work. In 10 years, these properties could be worth \$600,000 each. That is 10 years after you buy them, especially if you are buying them with good criteria and they are good quality properties. A tip - always make your plans conservative as it could take longer than 10 years.

I generally buy properties in capital cities because these properties will continue to grow. I have some properties outside capital cities that have made phenomenal returns, but I prefer capital cities; you have to decide your own criteria.

The strategy is not going to work in a small country town because the property will not double in 10 years or even 100 years and could even go the other way. Imagine Broken Hill, a run down mining town in outback Australia; property does not double every 10 years in Broken Hill. You can buy a property for as little as \$1,300 in Broken Hill. People are leaving because of the downturn in work and your property will just sit there.

If the property doubles in 10 years (ideally seven years, but 10 to be conservative), this is \$300,000 in extra money we have made over 10 years on each property, a total gain of \$600,000. You probably purchased these properties with a 10 percent deposit (unless you have learnt to buy with virtually no money down) and borrowed the difference. Now your properties are worth \$600,000 each and you have earned \$600,000 from capital growth.

John and Sally need \$35,000 a year net to replace their current incomes. They are probably thinking that if they buy the property they will have to work

harder. If they buy and sell to make a profit, they generally have to pay capital gains tax. In this strategy we are going to buy a good property and ideally keep it forever. It is worth \$600,000. They need \$35,000 net cash to replace their income. Where can John and Sally obtain that money from?

What about a line of credit?

A line of credit allows us to draw equity/cash out of property by setting up a bank account from which to draw this down. John and Sally can draw out \$35,000 in the first year. Is there any law saying they cannot spend that money?

The banks don't care where John and Sally spent the money as long as they meet their commitments. In year 2, John and Sally can do the same thing and draw out another \$35,000 and draw another \$35,000 in year 3.

Are they spending money they worked hard for or are they spending money they made out of thin air while they slept? John and Sally do not want to take any more money out of that property even though they could.

Remember, John and Sally have waited 10 years before they commenced drawing this money down.

In years 4, 5 and 6 they could take say \$35,000 out of the second property. The money is just sitting there so why not use it? If they do not use it, when they die someone else will get it, so they might as well use the money they have made.

Six years later the first property is worth more than \$600,000, being in a capital city and a good growth area, it may be worth \$900,000 to \$1 million. That is, if it has doubled in 10 years to \$600,000, six years later it could be in excess of \$900,000.

We will use that as an example. That gives John and Sally another \$300,000 which is sitting there available to be used. John and Sally have not finished using the first \$300,000 and they now have another \$300,000 and the property keeps increasing in value. Now if John and Sally are careful, enough they could get into a cycle of making more money than they spend, which can mean they have more money than they need for retirement.

Do John and Sally have to pay income tax on the \$35,000 per year that they are drawing out? The answer (in Australia) is no, because it is not income. John and Sally are spending thin air and there is no tax on thin air as yet! That money is legally tax-free. The Australian Taxation Office (ATO) will let them do that

because it is borrowings; also if you do not invest and buy properties to house Australians the government will have to.

Do you have to pay back this debt or do you simply have to meet the interest payments? The answer is you never actually have to pay this debt back unless you choose. This is what insurance companies are for; they take your money to insure your debt. When you die, your debt and your life insurance will pay out the properties. If you want to pay this debt you can, as critics may say this is a debt-ridden strategy.

However let us consider what a real debt strategy is. Most people work hard to try to pay off their property. Is that really smart? No, but they have been taught to work hard for money, and they have to get out of this way of thinking, out of this mindset. The banks do not work hard for money.

Have you noticed that the banks own the biggest buildings in the cities? Do you think the banks are working hard to pay off these buildings? The banks know that they are increasing in value. Do you think that the banks are not pulling that money out and using it?

McDonald's makes more from its real estate than its hamburgers because they use that real estate as equity to reinvest. A lot of wealthy people understand this and that is why they are wealthy. Gerry Harvey of major Australian appliance and retailer **Harvey Norman** fame, creates a lot of his wealth from the properties he develops for his franchised **Harvey Norman** stores.

If John and Sally wanted to pay off the debt with this strategy and live off the rent, they could now sell the second property and use this money to pay off the first property, thus wiping out their debt without having to work hard for it.

This is another example of working smart versus working hard - a different way of looking at money.

A 10-year plan

| <u>Year</u> | <u>Property value</u> |
|-------------|---------------------------------|
| 1 | Buy \$300,000 property |
| 2 | You do not buy any property |
| 3 | Buy a second \$300,000 property |

Property value in 10 years time, assuming the properties double in value

Extra equity in 10 years

| Property 1 \$600,000 | \$300,000 |
|-----------------------------|---|
| Year 1 | Draw out \$35,000 in line of credit TAX FREE to replace John and Sally's income of \$50,000 less tax gross (\$35,000 net) |
| Year 2 | Draw out \$35,000 |
| Year 3 | Draw out \$35,000 |
| Property 2 \$600,000 | \$300,000 |
| Year 4 | Draw out \$35,000 in line of credit from property 2 |
| Year 5 | Draw out \$35,000 |
| Year 6 | Draw out \$35,000 |
| Year 7 | Property 1 is now worth approximately \$900,000 plus: this equals another \$300,000 in additional equity Draw out \$35,000 |
| Year 8 | Draw out \$35,000 |
| Year 9 | Draw out \$35,000 |
| Year 10 | Property 2 is now worth approximately \$900,000 plus: this equals another \$300,000 in additional equity Cycle continues |

Note: Year 1 commences from 10-years after purchase of first property in this example. However John and Sally could start drawing down equity sooner if needed.

I have illustrated this as a concept only. Obviously in reality there are obstacles that one may have to overcome, such as qualifying for finance, getting good valuations and being comfortable spending equity (thin air) rather than just leaving it to go to waste and dying with it unspent.

Or what if the property market goes flat? Then you may have to adjust your plan to a 15-year plan rather than 10 years, or five years as it has been in recent times.

Is this still preferable to no plan or the pension plan? I would say, most definitely!

If you understand the concept you are 80 percent there.

One question I asked my millionaire mentor when I first learned how he did this was, "How do I pay the interest bill in the line of credits, as it will be increasing the more I draw on the \$35,000 year after year?"

He told me that I needed to be creative and overcome any challenges that I might encounter.

For instance, he said rents tend to double every seven to nine years and this is additional income that could be used.

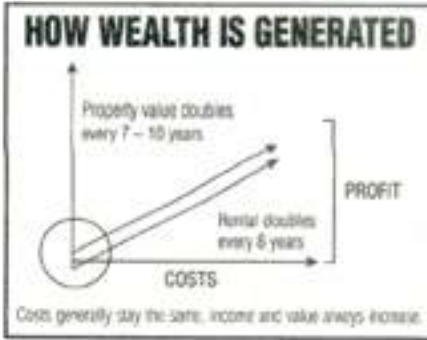
Could you draw some extra equity to cover some of the interest shortfall if need be? Could you still qualify for tax deductions to help fund the shortfall?

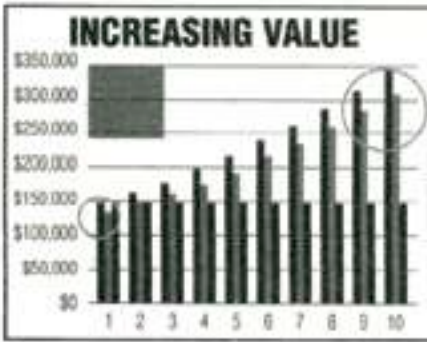
Perhaps you could generate some income from the share renting strategy to cover some of the interest bill without the need to work to ensure you enjoy your retirement?

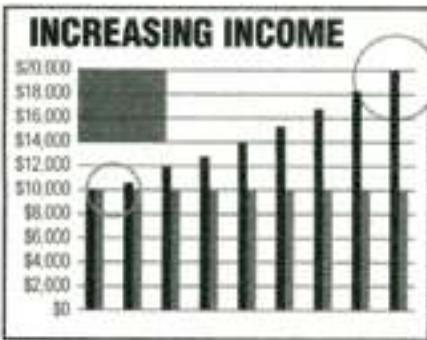
The answer was obviously yes, as long as I was willing to think outside the box and compare it to the alternative of working hard and not really enjoying the fruits of one's wealth.

You've got to be in a determined state in order to succeed. All that you really want in life is to change how you feel.

Anthony Robbins







If property income is \$10,000 and expenses are \$10,000 this is geared neutrally.

Commitment

The only limit to your impact is your imagination and commitment.

Anthony Robbins

Fast Track Property Strategies To Make You Money While You Sleep

What if you could?

- Buy property with virtually no money down
- Ensure your property increases in value
- Have tenants who:
 - Will pay rent on time, all the time
 - Treat the property as if it was their own
 - Be willing to pay more rent
- Sign 3-5 year leases
- Obtain returns in property equivalent to 100 percent return in companies
- Legally minimise tax
- Find motivated vendors
- Massively reduce stamp duty
- Learn more about the secrets of property investors

Property versus buying shares on the Stock Market

Example

| Property | Stock Market |
|--|---|
| Purchase \$1 million property portfolio Generally a 10% deposit i.e. \$100,000 would be required | \$100,000 deposit share portfolio |
| 90% loan is possible to gain greater leverage with property than shares | To equal the return of our property portfolio would require a 100% gain on our shares |
| Assuming 10% capital growth in 1 year then \$1.1 million would be the new value of property portfolio | Assuming same 10% capital growth as property |
| = \$100,000 equity gain on \$100,000 outlay (10% deposit) | = \$10,000 |
| = 100% net ROI (return on investment) | = 10% ROI only |

Property in this example is 10 times more profitable when measured as return on outlay. This is because it is common to borrow 80-90 percent or even 100 percent on property, whereas it is uncommon to do so with shares due to the higher risk. Few financial planners are honest enough to highlight this, mainly because they earn commissions on selling managed funds, which predominately are invested in the stock market.

I personally invest in both properties and shares. However, I realise that it is easier and takes less time, involvement and skill to obtain up to 10 percent gain per annum on a quality investment property portfolio, in contrast to requiring a 100 percent gain in shares to achieve the same return on investment (R.O.I.).

It is true you can margin loan up to 70 percent on shares, however this carries substantial risk in comparison to borrowing for property.

Property Organising Principles

I have included my key organising principles that I have generally used to build a large property portfolio. I was able to build a property portfolio of over \$10 million in less than five years using many of these principles, some of them using no money down.

Treat it as a business, therefore a business must add value and make a profit

A successful business must treat its clients like VIP's. The clients in residential properties are your tenants and should be treated like VIP's.

A successful business must have a Unique Selling Proposition (USP). If you own one out of fifty similar properties in a CBD apartment block, is your business unique? I would suggest not.

Commercial property is treated as a business

What if we adopt commercial property principles for residential property? Increase rent and automatically increase value of property, which is easier to buy with no money down and with potential tax benefits.

Adding Value To Property Including Your Own House

List five things you can do to add value to a property.

| Original value \$300k | New value \$350k | Extra equity \$50k |
|--------------------------|---------------------|---|
| 1. _____ | | e.g. Renovate bathroom and kitchen |
| 2. _____ | | Paint it |
| 3. _____ | | New carpet, floorboards |
| 4. _____ | | Landscape gardens (backyard blitz style) |
| 5. _____ | | Clean up and tidy |

After you have done this you should have the house re-valued. It is better to use a new bank to re-value and refinance the house because they will have a new objectivity and value based on similar properties in the area, while your existing bank will value upwards based on your purchase price.

Add Value To The Tenant

Think about what the tenant wants and would like to have. List five ways to attract a better quality, higher paying and longer staying tenant for your property. I have included some examples that can work effectively in different circumstances on the next page.

By adding value you can:

- Charge more rent, as the property is more desirable.
- Increase capital value, the higher the rent, the higher the property value.
- Increase access to cash as you can draw out more money in a line of credit.
- Speed up your retirement plan as you can do it sooner.
- Also if the tenant will sign a 3-5 year lease it will increase the capital valuation instantly as the property is worth more.
- You could use the increased line of credit that you can access to purchase new furniture for the property to entice a better quality, longer staying tenant.

Adding value to the tenant

1. _____ e.g. include pool or garden v maintenance, furniture package
2. _____ A furniture package, they get to own it if they agree to a longer lease, pay higher rent and always pay on time
3. _____ If rent is paid on time, give the tenant a share in percentage of capital growth, if they sign a 5-year lease and agree to the above.
4. _____ Maybe if your tenants were university students you could include a free car subject to costs.
Charge higher rent, use higher rent to cover cost of car payments.

An example of no money down, 100 per cent finance

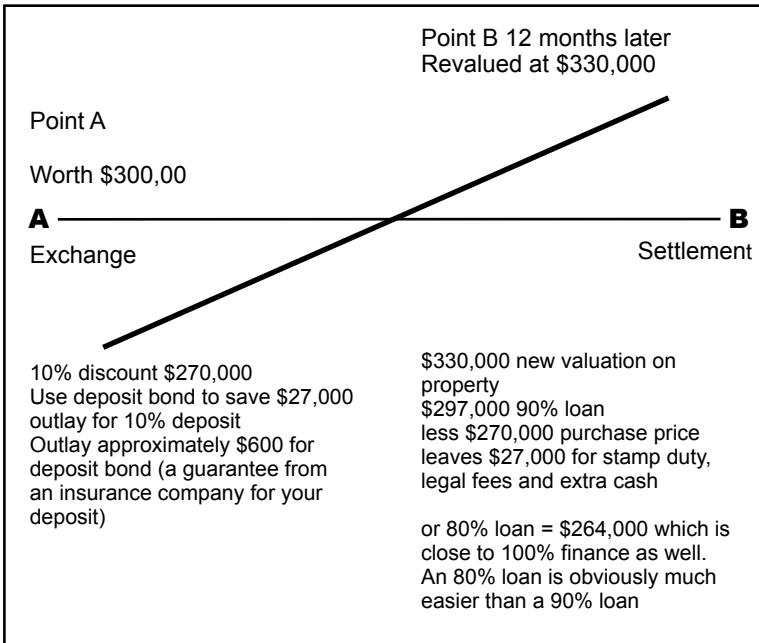
The steps:

1. You purchase a property worth say \$300,000
2. You negotiate a 10 percent discount to reduce the property cost to \$270,000. Target developers or vendors who are prepared to consider offering discounts. You do not need to be ruthless to gain discounts; often that is just a story some critics use to discredit many successful investors, claiming that to obtain a discount is equivalent to taking advantage of someone. Often, to obtain a discount you do not have to take advantage of desperate vendors. Always look for a win-win opportunity as many people are happy to sell at a discount for various reasons.

What I Didn't Learn At school But Wish I Had

3. **Save paying a \$27,000 deposit by using a deposit bond** for a cost of approximately \$600.
4. **Exchange contracts at point A.** Chart on previous page.
5. **You will have time to increase savings**, gain extra equity from other properties and obtain more favourable finance before settlement.
6. **Prior to settlement have the property re-valued** to say \$330,000 - i.e. a 10 percent increase.
7. **Obtain a 90 per cent LVR loan** (loan to value ratio) of \$297,000 that is over 100 percent of the finance required. An 80 percent LVR loan of \$264,000 would be almost 100 percent. Delay settlement until 12 months later. Arrange bank finance based on the contract price or the re-valuation, whichever is higher.

An example of no money down, 100 per cent finance



I recently purchased several properties valued at \$330,000 after negotiating a \$22,000 discount per property, as a group of us purchased the complete development.

Thus, our purchase price was \$308,000 with a six month delayed settlement. We had the properties re-valued at \$335,000 and I put one unit on the market at \$375,000 allowing an option to sell it prior to settlement if desired, at a profit of \$67,000 (which was on zero outlay as I used a deposit bond to save the 10 percent deposit.)

However, generally my preferred strategy is to hold properties and never sell unless I need some quick cash. A six month delayed settlement allows time to arrange tenants and to improve my financial position to obtain better finance; i.e. higher LVR of 90 percent instead of 80 percent.

My associates often pay one of my companies a sourcing fee for helping put the deal together. For instance, would you pay \$2,000 in fees if a friend or associate arranged a property at a \$22,000 to \$35,000 discount and that property was likely to increase in value by a further \$25,000 within six months, and was likely to double in value within seven to 10 years?

You could find properties yourself, plus earn a fee by bringing offers to other property investors or just benefit from discounts by buying properties in bulk as a group of investors.

If you gain just 1 percent discount on a \$330,000 property, equal to \$3,300. It is worth asking for a discount.

Critics Will Offer This Advice

One, if you can buy the property at a discount, it was not really worth that in the first place. My comment would, be how many critics become self-made millionaires? Not many! Discounts are available if you target the right people and negotiate well. You need to create win-win relationships and not take advantage of people.

Two, what if the property drops in value? The solution is to use a criterion to select carefully. Either way, if you negotiated a discount you automatically reduce risk as you are buying below value and quality property rarely drops in value.

Instead of obtaining a \$300,000 property at a discount, property sharks (marketeers) often add 20 percent and more to the value of a property and sell these properties to gullible interstate investors (punters) at say \$360,000, collecting the extra \$60,000 as profit. Investor then finds out several years later that their property is worth less than what they paid for it.

A warning: If you attend wealth seminars, make sure all they are selling are education courses and that they offer a 100 percent money back guarantee.

Also be wary of some property seminars selling negative geared property and always obtain an independent valuation if you wish to proceed. Hopefully increased regulations will stop some property marketers from selling overpriced properties to consumers. However, regulation will not protect everyone. Only self-education will, which is one good reason to educate yourself by reading books and attending educational seminars or studying courses to develop your financial education to avoid becoming a victim.

A 21-Point Property Checklist

- 1. Select properties within the \$250,000 to \$500,000 price range.**

Properties priced below \$250,000 are either too small, or do not have the desired quality finishes or is not in the best possible area.

 - If the property is priced over \$500,000 in most cases it will cease to become affordable to the vast majority of tenants. Most tenants will not be able to afford rental payments in excess of \$550 per week.
 - It will also be difficult to obtain a 90 percent LVR (loan to value ratio) finance option from most institutions.
- 2. Select properties within sought after 'lifestyle locations' that will attract consistent rental demand by quality tenants.**
- 3. Select properties in areas within 10 miles of the CBD but not the CBD or some fringe areas.**
- 4. Select properties within suburbs and streets where limited land is available.**
 - If there is limited land available for further development, you will have less competition for tenants.
 - Property values will also increase at a greater rate.
 - Limited land also means that the area is in demand; people want to live there.
- 5. Select properties in suburbs with proven capital growth over the past five years.**

6. **Select properties close to 'water'. e.g. beaches, oceans and rivers.**
7. **Select properties in suburbs that have high rental demand.**
 - First phone, then visit the 'top' realtors in the area and check their rental lists to assess the rental demand. e.g. check how many properties are listed on their 'For Lease' list.
 - Talk to realtor's rental manager in regard to 'rental growth' in the area.
8. **Select properties in areas that have 'affluent' tenants with high disposable income.**
 - More and more people are now leasing residential property and investing excess income into investments.
 - The higher the tenants' income, the more chance you have of raising the rental every year and the less chance your property will be affected in the event of a recession or market downturn.
 - High capital growth areas where affluent individuals choose to live.
9. **Select properties that are located close to public transport.**
10. **Select properties that are in demand from corporate clients.**
 - Corporate tenants pay more money and are very secure tenants.
 - You can call relocation agencies listed in the Yellow Pages to find out what suburbs corporate clients prefer most.
11. **Select properties close to educational facilities; universities, major public and private schools.**
12. **Select properties close to major sporting, dining and entertainment precincts.**
13. **Select properties that have land content.**
 - The general rule is that land appreciates in value and buildings depreciate.

- In certain circumstances, specific high-rise apartments might be worth more than houses in the same area, because they provide their occupants with fabulous water, city or mountain views.
14. **Select townhouse style properties.**
- Townhouses should be a preference to apartments, flats and houses built on large land lots.
 - Most Australians still prefer to live in a 'house style' environment rather than a condo or high-rise apartment building, but because of the shift in our lifestyles, people do not want to spend their free time watering the garden or pulling out weeds.
 - There are far greater body corporate rates to be paid in relation to an apartment building compared with a townhouse.
 - Townhouses have the greatest appeal to corporate tenants because of their easy maintenance, increased security, extra privacy features and outdoor lifestyle areas.
15. **Select properties that offer high depreciation and taxation benefits.**
- Ask the property developer if they have a depreciation schedule for the property you wish to purchase, otherwise engage a quantity surveyor to perform a Depreciation Schedule Analysis on the property.
 - The higher the depreciation allowance for the property, the greater the tax benefit and the less money you will have to pay from your pocket towards the cost of maintaining the property.
16. **Select properties within projects whose income potential is not based on 'short term' or 'holiday letting'.**
- You are actually buying the tenant, not the property.
 - As you can now see, with the 'holiday-based' investment property such as serviced apartments, you are not purchasing the building structure, but you are actually purchasing the tenant.
 - If the tenant disappears, you can kiss your anticipated investment returns good-bye.

Competitors On Your Doorstep

If your apartment is one of the 50 or more, you will have 50 to 100 competitors who will want to sell or lease their apartment at the same time as you.

The old rule of property is that the balance between supply and demand dictates the price. If the property market takes a downturn and 50 or more competitors try to sell or liquidate their properties at the same time as you, it is most likely that your hard earned investment will be worth no more than 40 percent of its original value.

17. **Select properties that are located within smaller low-rise 'boutique' style properties.**

- Select boutique properties with less than 35 units in the project, rather than high-rise multi-storey developments.
- Exactly the same problems associated with serviced apartments as discussed above, also applies to any high-rise apartment blocks of more than 35 units, especially the new warehouse-shell based projects.
- If the property market takes a downturn, and you have so many potential competitors on your doorstep, what do you think will happen to the rental earning potential or capital gain potential?
- If your neighbours panic and sell their property (which is similar to yours) at a lower value than their original purchase price, your property will automatically be devalued.
- Remember that a property is only worth similar to a property last sold for. You will obviously have less competition for rental in a development of 15 units than a development of 150 units. Fewer units in the development means less chance that multiple neighbour competitors will discount their rental price, thus reducing your property's rental potential.
- In the event where the same financial institution financed most of the units in the same building and purchasers start falling over, the bank may choose to re-value your property and ask you to inject extra equity needed to top-up your loan.

18. **Select a property where the price of the property offers at least a 4 percent gross rental return based on the 'long-term' rental guarantee the realtor is prepared to provide.**

- Ask the realtor to provide you with a rental price of which they are absolutely sure is achievable in the worst-case scenario.
 - If the promised and agreed rental is not achieved by the rental agent after two weeks of trying to lease the property, the realtor will receive no marketing money and will have to make up the difference between the rental guarantee and the actual rental price of the property.
19. **Select properties within projects that are guaranteed to be built and completed.**
- Avoid the following types of off-the-plan projects:
 - Projects that may present a risk of not satisfying bank pre-sale requirements. If the developer cannot obtain the funding, the project will never be built.
 - Projects that are built by amateur developers who cannot obtain the right funding or building price to complete the project. Ask the realtor to name other projects completed by the same developer, go and inspect them personally.
 - Projects that do not have a builder selected at the time of your purchase. Professional developers will have finalised the builder and construction price within the first three months of entering the marketing phase of the project. If the developer has not engaged a builder, you run the risk that a rise in the construction price will make the project too risky or unprofitable for the developer and the project will never be built. Even large developers can run into problems and decide not to proceed with their project.
 - If the project is not finalised you will lose money due to the transaction costs (e.g. solicitor, accountancy fees and bank fees) spent on purchasing the property.
20. **Do not purchase 'off the plan' property that is being sold 'subject to permit'.**
21. **Select properties which have three bedrooms to increase rental income.**

- You must only purchase properties that contain three bedrooms or a minimum of two bedrooms.
- One of your goals should always be to increase the rental price of your property every year as much as possible.
- Achieving the highest possible rental returns is far easier with a three bedroom property; four bedrooms is an overkill, as you are unlikely to get tenants requiring four bedrooms consistently renting the same property at the same time.
- One of the only reasons to overlook the criteria above is if the property is sold at an *extremely* low price. The only legitimate reason this could happen is a result of dealing with a desperate vendor.

How To Obtain 100% Finance

In order to obtain the ideal finance you will have to make numerous calls and phone most of the various financiers who currently lend money towards residential property. I use good finance brokers who work on a performance only basis.

Do not pay any upfront fees as the broker may not be able to obtain a loan for you and will then keep your fee.

You can obtain a list of other brokers and lenders through newspapers, the Internet or mortgage-based magazines that are available at news stands.

Some questions that you will need to address while obtaining your ideal finance:

- What valuer does the lender use and will they accept the valuer who recently valued your property for another financial institution?
- Will the lender accept the fact that, because of your negotiation skills, you purchased the property at a wholesale price?
- Will they take market growth into account when evaluating the LVR?
- Will the financier lend you money based on the contract price or valuation, whichever is higher?
- Will the lender provide you with 100 percent LVR or only 80 percent?
- Will the lender provide you with an interest-only investment loan rather than principal and interest?

What I Didn't Learn At school But Wish I Had

- Will the lender provide you a 5 or 10 year fixed interest facility versus variable rate?
- Will your current financial status (income and assets) fit the financier's lending criteria?
- Will the financier be willing to lend you money for multiple properties?

You will need to call as many financiers as required until you are able to secure at least two lenders.

Make sure that you have prepared all the financial information the lender requires and that it is neatly arranged, ready for inspection.

Relationships are crucial with regards to property finance; work at building a relationship with your lending manager.

Tell the lender your intentions to take adequate insurance coverage, including income loss insurance, trauma insurance, term life insurance and landlords insurance.

Prepare a professional financial proposal that includes:

- A valuation of the property and its rental potential.
- Photographs of the property and all relevant information relating to the property and supporting media articles.
- Show the lender the bank valuation.
- All the market research that you have performed, neatly bound in a presentation folder.
- A professional financial analysis (prepared by an accountant or an accredited consultant) with regards to the property and your current financial situation.

This analysis should include the following:

- All the taxation benefits associated with the property and their effect on your overall holding costs.
- A depreciation schedule for the property.
- The estimated rental income the property should achieve. You can obtain this estimate from local realtors. They should be more than happy to provide this estimate as long as they have the opportunity to lease the property.

- The bank will take 75 percent of the rental estimate (sometimes 80 percent) into account and add this to the amount of your overall yearly income. This will help increase your borrowing capacity.
- A longer-term financial projection for the property (a minimum of 20 years).
- Evidence that you have prepared for a worst case scenario; prove to the bank that you are not a risk.

Obtain from your lender a firm time when you will have *irrevocable* loan approval; note that I emphasise the word irrevocable.

As I mentioned previously you will probably need to approach more than three lenders to obtain your ideal deal.

Approach as many lenders as required to obtain what you want, but be careful not to sign the Privacy Act until they can give you a fair idea that your finance will be approved, to avoid marking your credit file. Otherwise, every time you apply for a loan it may be recorded on your credit file, irrespective of whether you receive the loan or not.

Just because one bank will not provide you with the loan does not mean that another lender will not. You must have the attitude that you will obtain finance if you are absolutely committed and that you will not take no for an answer.

Generally all you need to do as a finance professional is spend the required time and approach enough lenders and you will obtain the deal you want.

Interest only or P&I (Principle and Interest) loan?

Interest only loans are the best types of loan for investment properties. Your property value does not sit still regardless of whether you inject extra equity into the property.

Can I borrow money to finance property if I have very little income (less than \$20,000 p.a.) or no income at all?

If you have equity in your house or an investment property, you can use this equity as buffer income by establishing a line of credit facility.

What I Didn't Learn At school But Wish I Had

You can use this line of credit to pay for the difference in cost between your overall property expense and the rental income you will receive.

Approach the lender as a professional investor and clearly explain your intentions to use your equity as a line of credit income.

If all of your other information is in order, most lenders will lend you the money required to purchase your investment property.

Remember, the lender will take 80 percent of your potential rental income into account when assessing your loan servicing ability. If you have no equity and a low income, you can still obtain a loan but you will have to convince another party (a potential investor with the correct income requirement) to co-guarantee your loan.

The investor could be a family member, friend or even a business colleague. You might have to share some of your profit with them as an incentive for them to co-guarantee your loan.

Never assume it comes to rules. Communicate.

Anthony Robbins

What happens if I cannot obtain 100 percent finance and I need to come up with equity money?

If you cannot obtain 100 percent finance because you could not achieve a large enough discount, or you could not obtain enough leverage from the lender, you can still purchase the property with no money of your own.

You can borrow the equity required (which has been financed by the lender) through the following means:

1. **You can use the equity in your own home or other assets, commercial and investment, property, business, etc.**
2. **You can take out a personal loan from lending institutions.** If you have a steady job most financial institutions will lend you \$35,000 to \$50,000 without the need for any security except your personal guarantee.

3. **You can obtain a business partner in the property.** You can approach family, friends or any other potential investor and ask them to 'put up' their assets as security to borrow the required equity money. If there is no need for people to provide hard cash and if the investment is sound, it should be very easy to find investors.
4. **You can borrow money from second mortgage lenders.** Many solicitors lend second mortgage money for residential properties but charge a higher interest rate, this is, as an indicator 1 to 4 percent above current variable market rates.
5. **You can borrow cash money from private investors** and offer them a higher interest rate or equity in the property. You can ask the vendor from whom you are purchasing the property to provide you with vendor finance for a small component of the purchase price.

This means that if you are short of \$50,000 on a \$250,000 settlement, you will still provide the vendor with \$200,000 (obtained from the bank) and you will still owe them \$50,000, secured by a caveat or second mortgage over the property and personal guarantees.

If you pay the vendor a high enough interest rate, they should agree in most cases; again, it is just a matter of money.

Should I get a finance broker to arrange my loan?

The process of obtaining a loan will teach you how you can do it yourself in the future and you will be able to establish your own relationships with key lenders for your future finance needs.

Always remember that (in my opinion) most finance brokers are incompetent, and always work on a no result, no payment basis with finance brokers.

Be careful, because most finance brokers will ask for an upfront fee. The problem is, if the broker does not obtain the right deal for you, they still keep **your money**; so avoid using brokers who want fees upfront.

If you do engage the services of a broker, make sure that you do not 'screw' them on fees. You want the best and brokers do not work for peanuts. If the

broker provides you with the result you want and guarantees their performance, they should be paid a reasonable fee.

You and I have that same power at our disposal every moment of the day. At the moment, the questions that we ask ourselves can shape our perception of who we are, what we're capable of, and what we're willing to do to achieve our dreams.

Determination is the wake-up call to the human will.

Anthony Robbins

Rates Default Property

This is another strategy that is very effective if done correctly and is a way to obtain properties up to 90% discount, revalue them and use them as equity to purchase other property.

What is a Rates Default Property?

When an entity has defaulted on their annual rates payments to the local council over a period of time, i.e., three to five years, the council has the right to sell the property through a public auction. The purpose of the auction is to sell the property to another entity, which will not only be able to pay the rates in the future, but also pay out the outstanding rates to date.

When do Rates Default Auctions occur?

Generally rates default auctions occur when councils are balancing their books, usually every six months. This is common around March-May and October-December.

How do I find out about these auctions?

Lists of the registered councils within Australia are available, showing fax and telephone numbers. Call the council and ask to speak to the Rates Clerk. You can utilise the script I have included below or design your own.

By law when a property is coming up for public auction, it must be advertised to the public - e.g. in newspapers or the *Government Gazette*.

How much will it cost to purchase a Rates Default Property?

The cost of a Rates Default Property is dependent on how much is owing on that property's rates and also whether the council sets a reserve price for the auction. This varies, between states and also councils.

The formula used to estimate the reserve price or the possible cost of the property is:

$$\text{Cost} = \text{Rates owing (3-5 years)} + 10\% \text{ Council Charges} \\ + \text{Advertising Fees} + \text{Stamp Duty}$$

A Script — for enquiring about Rate Default Properties

Secretary: Hi my name is I am calling from Could you please put me through to your rates clerk?

Speak to Rates Clerk: Hi my name is I am calling from I was just enquiring whether you had any rate default auctions coming up within six months?

You do! That's great could you please fax or mail the details of the property to me?

Thank you very much, for your time and help.
Bye

If no: You do not, that's okay. I appreciate your help and time. Would it be okay if I were to contact you in another six months. Yes / no.

Thank you for your time.
Bye

What you should know before attending a Rates Default Auction

Depending on the councils and state, you may be required to lodge a 10 percent deposit on the day of the auction and then have 30 days to pay the balance. Some councils require the property to be paid in full on the day of the auction.

The successful bidder will also need to pay legal fees and stamp duty so it is important that you have your moneys organised before attending the auction. Councils usually accept cash, a bank cheque or electronic funds transfer. Make sure that you clarify all these details with the council before you attend the auction and most definitely before you commence bidding.

Your Final Check

Phone the respective council before you actually leave to go to the auction. The two reasons for this are:

- The entity may pay the outstanding rates at the last minute and the property is withdrawn from auction.
- The date of the auction may change.

| Land / Lot number | Rates owing / Year | Reserve Price | What will you pay? | General notes |
|-------------------|--------------------|---------------|--------------------|---------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

One 21st Century Member has put together a website that lists all council defaults which will save you a lot of time. In their words, "I think it provides a great service for those who are looking for these type of auctions, as trying to contact each and every council throughout Australia by phone or email is quite tedious.... trust me I went through this process many times."

The circumstances of the one setting up this websites make interesting reading. I received this email from the person who set it up:

"Resigned from high paying IT Manager role 60-70 hour weeks after attending the 4-day event in Melbourne. Now have 4 positively geared properties – buying rate defaults and other retail investments. Now trade the stock market for cashflow and SMSF fund – successfully!

"Made whopping amount of money in the market crash last year. Have created passive income website business and have created a property development business with my partner.

“Best yet – get to stay home and look after my 3 year old girl Gemma (who had been in daycare since she was 6 weeks old).

Could not and did not learn any of this stuff from my parents, friends or even at University!”

Australian property market far from a bubble

Housing price bubbles can be economically devastating, but is Australia’s housing market in a bubble right now, questions Jamie McIntyre.

Everyone has an opinion. The blogosphere is rife with claims that the Reserve Bank of Australia has created a housing price bubble, or that it wants to create one. Some even state that the RBA is in the process of creating a housing bubble accidentally. Hence, the story varies.

Housing prices in Australia have definitely risen a lot over the years. The capital cities established a housing price index produced by the Australian Bureau of Statistics, which shows that it doubled in the last 20 years, despite inflation in consumer prices.

In recent years, housing prices have wobbled around, however, it would still be tough to sustain an argument that states that prices aren’t high.

Therefore, housing is undoubtedly expensive, but is the Australian property market heading towards a bubble?

As an educator and a property investor, I believe that the Australian property market is far from a bubble. In fact, I am very bullish about the property market in this country.

It is amusing how the press recently predicted a property crash and soon jumped on to stating that it is heading towards a bubble.

The property market is just starting to grow and it is a long way from being a property bubble.

Yes, housing prices are expensive and yes they are overvalued. However Sydney housing prices have been expensive and overvalued since the 1980s. However, that has not stopped the growth within the property industry.

During a speech at the New South Wales Parliament last year, I mentioned that by 2050 housing prices in Australia, particularly Sydney are expected to be \$8 million plus for an average house.

For those who think they should wait to buy property at a cheaper price some day could be sadly mistaken. I predict a strong price growth for the next three years and a slower growth after that.

I never live in fear of an Australian Property crash, as I know it isn't our problem. If there was one, it would be the Australian banks' problem and I am confident that they know what they are doing and control the market to avoid such bubbles.

I am increasing my Australian and US Property holdings, as I am bullish on both. I am also suggesting to my investor clients that now is the time to be acquiring quality property as soon as possible.

The Assistant Governor for the Reserve Bank of Australia, Malcolm Edey was also keen to play down such talk when he said that the trend in prices relative to household incomes has been "roughly flat" over the past decade.

Every time there is a more than average increase in housing prices, we shouldn't be rushing for the bubble terminology because by definition that happens almost 50 per cent of the time and you are just going to be unrealistically alarmist in making that call every time it happens.

The market would be in a bubble if prices were abnormally high and riding for a fall.

However, at this stage it is clear that property prices are rising, but they are nowhere close to a bubble.

How to own 10 properties in 10 years and make \$10 million

I have been bullish on property as an investment strategy for as long as I can remember. Most average Australians believe they need to win the Lotto and pocket approximately \$2 million for retirement.

This is based on the premise that with \$2 million sitting in the bank and hopefully earning a 5 per cent per annum (\$100,000) interest will provide a decent retirement income.

However, by becoming financially educated and taking action with effective strategies, like investing correctly and safely into the property market, a far more superior income and returns can be generated.

One of the secrets of many successful investors is their ability to think outside the box. Successful investors also have the ability to run their investments as a real business, not just a *"she'll be right hobby."*

I first started acquiring properties in the 1990's after my millionaire mentor taught me a simple plan.

That plan initially involved buying just two investment properties to hold forever. He said that if the investments were done strategically, then within ten years I could effectively afford to retire as a self-made millionaire.

Furthermore, he reasoned that if I was ambitious and strategic with my investments I could realistically acquire as many as ten properties within a decade. These assets could easily help me grow my net worth to \$10 million within 20 years.

At the time I was skeptical about the latter. However, I let my faith drive me and started by acquiring one property at a time. Two decades and 20 properties later, I have not only achieved but surpassed the set target by a huge margin.

My motive is not to impress you, rather impress upon you the viability of this plan. Although my plan was initially limited to buying two investment properties in order to secure my retirement, I was able to adapt it in accordance with my mentor's advice. This allowed me to achieve tremendous financial success. It not only served me well back then, but continues to do it to this day.

If acquiring ten properties in a decade seems far-fetched at this point in time, you could start small. Even if you were to acquire two investment properties over the next few years, you will be well on your way to become a millionaire. Consequently, it could mean a comfortable retirement for you.

Has this strategy been implemented before?

Yes, many times!

However, bear in mind that if such an investment seems implausible at this point, simply focus on acquiring one property as soon as possible following a second purchase within 2-3 years.

If accumulating enough finance to buy a property at this time is difficult for you, it is highly recommended that you consult with a property expert for a coaching session and ask for a Finance Review, which will help guide you towards your goals.

In many cases you can acquire property with only a 5 per cent deposit and in some cases, even with zero deposit, as mentioned earlier.

Any future property investments following the first can be used as your equity towards the deposits. Therefore it is only the first investment property you need a deposit for.

What I Didn't Learn At school But Wish I Had

However, if you already own a house then you may have equity in it that you can use as a deposit.

Akin to any business, at the commencement of the property purchasing cycle one is likely to find it tough. However, once some serious equity has been established, it gets a lot easier.

A strong advantage of being a property investor is that once you have established yourself as a serious property investor; real estate agents will seek you out with attractive offers as will brokers and other suppliers involved in the cycle.

22 SEVEN KEY LESSONS I LEARNT FROM RICHARD BRANSON

*“I wanted to be an editor or a journalist,
I wasn't really interested in being an entrepreneur,
but I soon found I had to become an entrepreneur
in order to keep my magazine going.”*

Richard Branson

The billionaire Richard Branson of the Virgin Group has been one of my business mentors for over a decade.

Initially I learnt valuable lessons from reading his books and by modeling some of his business strategies, but in recent years I have been fortunate enough to speak with Richard in person on numerous occasions to learn even more valuable business lessons.

Here are seven valuable lessons I've learnt, particularly in business, from Richard:

Lesson 1: Do what you love and are passionate about and you'll increase your chances of success in any endeavor.

This is a common lesson shared by the majority of successful millionaires and billionaires I've studied.

Yet it is commonly overlooked by so many people.

Richard gets his passion from making a difference, and ideally making a profit at the same time, so he can continue to make a difference.

Many people have issues with making money, yet without money it reduces one's capacity to make a positive difference.

Most people's ideal career is to do something they love and make a lot of money doing it.

One reason Richard Branson inspires so many is it is obvious he loves being an entrepreneur and he does business with passion.

Lesson 2: Build a committed team around you and allow them to grow by delegating.

Richard's success has come from attracting a quality team of passionate managers and then allowing them to run his business, rather than micro-manage.

After spending time with Richard's Virgin team at some of the Virgin parties, I could tell they all loved the Virgin culture, were passionate about their roles, and felt a part of the Virgin family and thus, would go the extra distance to deliver results.

Richard realised that you either are an entrepreneur or a manager - not both.

Too many entrepreneurs micro-manage their companies to death and never allow it to grow to where it will run without them.

On the other hand, people that are better managers often start their own business and fail, where they would be better off partnering up with a good entrepreneur and running the entrepreneur's company.

Lesson 3: *Make business fun.*

Richard advised me to throw a lot more parties and celebrate more achievements with my team.

He said you don't even need to spend a lot of money. "However, look for ways to celebrate success and reward your team as much as possible."

Not only it is a lot more fun, because everyone loves a party, but it also helps your team to bond and enjoy their work because it is not all hard work and no play.

Lesson 4: *Branding.*

Probably the most valuable business lesson I've learnt.

Virgin broke all the rules of marketing by using the same brand across completely unrelated industries, yet the value of the brand not only carried over, but increased the value of Virgin as a brand to such an extent, that it is now one of the most valuable brands in the world.

Lesson 5: *Never delegate financial control completely.*

This was a crucial lesson and a difficult one to do, as one needs to delegate work to allow businesses or companies to grow.

As an owner of 12 companies, I couldn't possibly retain financial control over all of my companies and have a life.

In the past, I completely delegated financial control, and as a result lost millions, due to issues ranging from fraud to simple mismanagement by financial controllers.

Richard advice was no matter how big a company becomes, the owners should go into the business and sign cheques every six months so they are abreast of the expenses, and can question costs to lower the company's overheads.

I now keep a much closer eye on every expense throughout my companies and have saved millions as a result.

Lesson 6: *Life is an adventure so take some risks.*

Richard has become famous for his daredevil stunts in hot air balloons and ocean racing, amongst other things.

You don't have to be a daredevil to succeed in business; however you must be willing to embrace risk.

Lesson 7: *Make a difference.*

Ultimately, Richard is still motivated and passionate to work because he is focused on making a positive difference to the world. For this reason he has boundless energy, and money is a secondary driver.

"Screw it, let's do it!"

Sir Richard Branson

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TAX SECRETS OF THE RICH

This chapter was prepared by taxation lawyer Warren Black B Com, LLB (Hons). He is a qualified lawyer (with First Class Honours) and an accountant with over 20 years experience in taxation and business law. He has exceptional skill in the areas of tax planning, asset protection, commercial law and international tax.

Warren says he discovered that many of his clients have no idea of the incredible secrets and possibilities available to minimise their tax.

Did you know Australia is one of the highest taxed nations on earth? Indeed, an average Australian works six months of the year just to pay the taxman!

There is a globalisation agenda prepared for Australia by powers who seek to impose a one world taxing authority upon the whole world to eliminate tax competition, that is, keep tax rates high.

Your rights as a sovereign individual are gradually being eroded as we become more and more scrutinised in our financial affairs and everything else that we do.

Lawsuits are rapidly increasing in Australia; indeed it is reported that New South Wales has the third highest number of lawsuits per capita in the world! But it is not just lawsuits.

Excessive tax rates and government compliance is also a dangerous and crippling factor for business people and investors engaged in pursuing wealth. Did you know that the average small business spends one day per week on government compliance issues?

Or did you know, for example, that if you invest \$10,000 at 30% per annum for 10 years, after 10 years, your compounded balance would be \$200,855.37 if you pay no tax?

While this would only be \$46,879.72 if you pay tax of 48.5% on your profits.

For employees or uneducated business people and investors, that is a significant handicap in the pursuit of creating wealth! So the real question is - how much of your wealth will you end up keeping?

We can see from the above example that our wealth is more at risk. But the rich have adopted 'Financial Intelligence' - secrets that have eluded most Australians. An experience that will open you up to a world that you probably never knew existed!

Introduction to Trusts

What do we mean by a 'Trust'?

A trust is a legal device used to manage real or personal property, established by one person (the grantor or settlor) for the benefit of another (the beneficiary). A third person (the trustee) or the grantor manages the trust.

Trusts go back to the days of the Holy Crusades in the 11th and 12th centuries. Knights were forced to go and fight in the Middle East, if however they were killed on the journey or in battle, their assets would go to the king.

The Monks came up with the idea that the knight's assets should be held in trust for the benefit of the knight and his family, whilst not actually being owned by the knight himself. This in effect allowed the knight's assets to pass to his family if anything was to happen while he was away.

Why do I have a company involved?

What is a Corporate Trustee?

The trustee is the person or company responsible for making the day-to-day decisions on behalf of the trust. The trustee can either be one individual, joint individuals, or a company. If it is a company, then you control the company by being the shareholder and director.

The reason why many trusts have a corporate trustee is for asset protection purposes. Where the trustee of the trust is subject to litigation - such as personal liability action in relation to one of the trust's properties if a trust has individuals as trustees of the trust, they will be jointly and severally liable for any such action.

In contrast, where there is a corporate trustee any action undertaken will be limited to the assets of the company, not those of the underlying directors. The corporate trustee is a Pty Ltd company which is usually set up at the same time in conjunction with the trust. Depending on the type of assets that the trust will be holding it may be beneficial to have one director or many directors and you can get advice about this at the time of creation.

How does a Trust protect my assets?

The main, and the original reason, trusts are used is for their ability to protect assets. The reason why trusts are able to protect your assets is that in cases of the trust being sued, the entity that the action is taken against is the trustee. As explained above the trustee is a Pty Ltd company and as many people will know companies have limited liability, which protects their shareholders.

If the trust was to be sued the appointor/guardian (controller of the trust) sacks the trustee who is being sued and appoints a new one. If the lawsuit then continues against this company it owns nothing more than \$2 in shares and no assets. In this case the person suing you would walk away with little or nothing or would most likely give up suing you altogether.

Appointors must be reminded that there are laws that prevent the movement of assets to defraud creditors. However at a very minimum the trust will protect assets held outside the trust if it was to be involved in litigation.

For more information see our section later on “Are Your Assets Protected?”

How does a Trust help me save tax?

Trusts save you tax in two ways:

1. The trust has no tax rate so taxable income can be spread between the trust's beneficiaries who then pay tax at their marginal rate; and
2. The trust can pay expenses out of pre-tax income.

Distributions to Beneficiaries

As stated above the trust (unlike companies) has no tax rate. Instead the beneficiaries of the trust are taxed at their marginal tax rate dependant on the amount of taxable income they have received from the trust. As many people would know your PAYG income cannot be distributed between family members and/or even spouses. This is where a trust differs and where careful tax planning can help you to gain the maximum tax benefit.

Did you know that if you had a trust set up before you attended a tax or accounting seminar you would be able to claim all your expenses while you attended? However this is unlikely to be claimable in your own name.

As can be seen from the above example the ability to spread the income between different parties can save thousands of dollars of tax every year. In addition to this, unlike PAYG income where tax is removed every pay cycle, in a trust tax it is only payable on distributions made at the end of the financial year. This could effectively mean you can invest your money for 12-18 months longer without having to withdraw the tax. This could have great compounding effects on your investments.

Expenses Out Of Pre-Tax Income

Under the Australian tax system most things we purchase (apart from some small items that we can salary sacrifice) come out of our post-tax income. For example, if you are on the top marginal tax rate of 46.5% in Australia something that costs you \$30, really cost you \$56. Over time this can really add up.

However as the trust is treated like a business, the trust can pay for items related to that business out of pre-tax income. In the case of the \$30 you have effectively saved yourself \$26, which can be reinvested. Like the above distributions this can have amazing compounding effects over time.

How do I get money out and put money into my Trust?

Money Out

As stated above getting money out of your trust is done simply by making a distribution. This distribution can be made as easily as a bank transfer from the trust account to your own personal account. It is important to remember at this stage however, that any payments made from your trust to yourself are included in your taxable income and therefore stringent records should be kept so these amounts can be included in your tax return (there is a specific section in your tax return for distributions from trusts).

It is also not just money that can be distributed out of your trust. Capital gains and franking credits can also be passed out of your trust to the most beneficial beneficiary to reduce the total tax payable.

Money In

Putting money into your trust to invest can be done in two forms:

1. Gifting the money from your own personal income to the trust.
2. A loan from you to the trust.

Many people will tell you that the only way to put money into your trust is via a loan and the failure to draw up a loan agreement will lead to the money gifted being taxed twice or penalties being enforced.

However this is not the case when money is being gifted from a beneficiary to the trust. Clear documentation should be kept in the case of a gift to ensure that the moneys which are gifted are not included in the trust's taxable income for that year.

Even though, as explained above, a loan agreement is not necessary, many people still decide to draw up one. By putting in place a loan agreement with a rate of interest (at market rates) the interest paid will become a deduction in the trust and income to the person loaning the money. Such agreements can be used effectively to improve the tax effects for either the trust or the individual loaning the money.

When a trust is set up we will be more than happy to advise which method will work most effectively for you and what possible benefits may be available in your own personal situation if a loan agreement is drawn up.

Why can't I just leave the money in my trust and not distribute it?

A question we often get asked by many of our clients is "why don't I just not distribute the money to anyone and therefore no one will have to pay tax on it?"

Unfortunately this is not the case. If the trust does not distribute all of its income (profit) every year to one of a number of the beneficiaries that income will be taxed at 46.5% (the top marginal tax rate). Normally the trust will distribute its income to a number of beneficiaries who will pay at their respective tax rates.

If you are looking at holding money in your trust for long periods of time you should look at a bucket company, which is explained on the next page, to reduce the amount of tax payable each financial year.

Do I have to give the money to the people I distribute to?

Anyone can be named as a beneficiary on your trust however it is usually limited to family members and associated trusts and companies. There is no requirement for these people to be informed that they have been made a beneficiary of the trust when it is first drawn up.

If you plan on making a distribution to a particular person they must be informed, because this income must be included in their tax return for that financial year. This money will then be taxed at their marginal tax rate, which, if lower than your own, can be an effective way of minimising the trust's taxable income.

Once this money has been paid, tax on it is effectively the income of that person. However what happens in practice is that many agreements are put in place so that although one person may pay the tax on that income and receive

a nominal amount for doing so, the original controller of the trust will end up with the income.

The most important aspect of distributing to people other than yourself is informing them of the distribution before it happens so that they may seek advice as to how this will affect their taxable income for that year. It must also be noted that such payments may also affect government payments if these payments exceed thresholds.

What Is A 'Bucket Company'?

How does that help me in my trust?

The term 'bucket company' is used to describe a company which is set up as a beneficiary of your trust to accumulate money. The reason the term 'bucket' (sometimes also called 'slosh' or 'holding') is used is because it sits below your trust and is used to pour money into to reduce tax.

The reason why 'bucket companies' can be effective is that they have a flat taxation rate of 30%.

As this money will be taxed at the company tax rate it can then be loaned back to the trust, which can then reinvest the money. If this money was to be distributed at a later date it can then be paid in the form of a fully franked dividend where the person who receives this distribution will be able to fully utilise the franking credits to reduce their income. This can be an effective way of reinvesting money at a lower tax rate and wait for a time when your marginal tax rate is lower before paying it out to yourself or to another beneficiary.

As an example the Jones Family Trust has \$100,000 of profit to distribute and all current beneficiaries are on the highest marginal tax rate of 46.5%. The members of the trust would like to reinvest this \$100,000 into a new investment which starts in the new financial year. They want as much money as possible to put into the investment.

If this \$100,000 was distributed to the current beneficiaries the tax payable would be \$46,500. If however the money is distributed to Jones Pty Ltd (a bucket company) only \$30,000 tax would be payable. This would enable \$16,500 extra to be invested. With compounding effects over 10 years at 7% interest this would lead to an extra \$280,000 for the trust.

Can I just give all the money to my children?

When we hear the term 'family trust' the first thought that comes to many people is 'can I give all the money to my children to save tax?' Although this would be a wonderful thing if it were true unfortunately this is not the case. When it comes to children there are a number of different rules depending on their age and what role they play in the trust. In relation to distributions being made to children there are three important age groups:

1. 0-14
2. 14 - 18
3. 18 and over.

Each of the above ages has different distribution rules and different tax rates. For children 0-14 they can be distributed up to \$1,325 tax-free each year. Any amount over this will be taxed at 46.5% and therefore would not be beneficial.

When distributing to children, care should be taken to make sure they have not received any other income such as bank interest, which would push their total income above \$1,325 for the year.

Once a child reaches the legal working age in Australia (which varies between the states - see table below) they can then be employed in the trust as long as they are completing work related to the trust's dealings.

At this stage the child will be paid from the trust at their marginal tax rate. (For example they will receive the first \$6000 tax-free). It is important to discuss your situation with us before making such a decision, as considerations such as superannuation must be considered and rates can differ from year to year.

What about negative gearing and/or losses in a trust?

Many people will tell you that a main disadvantage of a trust is that losses cannot be utilised. That is, you cannot claim your negative losses against your income in your personal name.

Although there is some truth in this, for the most part it is untrue. As long as the trust is controlled by members of the same family, the year's losses from one year can be used to offset profits in the next year, or even in future years if there are years of running losses.

For this reason it is important that all expenses are claimed each financial year, even if you are running at a loss, because you will be able to use these expenses in later years.

In addition to using trust losses in later years, family trusts can make what is called a 'family trust election' so that losses from one family trust can be used to offset gains in another family trust. This is often used where one trust holds negatively geared property while the other is trading shares. The family trust election allows the losses from the property to offset the gains from the shares, in turn reducing the taxable income of the share trading trust.

What if I just want to buy property and have no means of cash flow in the trust?

Many clients come to us only wanting to buy negatively geared property for buy and hold and do not have any other positively geared investments in another trust.

These clients still want to buy their property in a trust so that they can take advantages of the asset protection and tax benefits.

In this situation it is still possible to claim the negative gearing in your own name to offset your PAYG income, while taking advantage of the benefits of a trust.

Two possible options are a Hybrid Trust and Loan Agreements.

If you are looking to invest in negatively geared properties you should speak to someone who is able to give you an insight into the options.

As to the savings that can be made only by investing in a trust with property, see below for further insight. For example, if John lost \$10,000 one year and then made \$12,000 profit the next, John would only have a taxable income of \$2,000 in that later year, as you can offset the losses from the earlier year.

Therefore the only real problem is the timing of the losses. Ultimately you will get them in most situations. It is just a question of when to get them.

Trusts Summary

Trusts are a wonderful vehicle to protect your assets. They also are a wonderful vehicle to save a fortune in tax.

There are many myths about trusts. That is why it is important to see your professional adviser. At the same time, however, there are many myths and assumptions as to what you can do with trusts. Without careful planning and strategy, you can end up with significant problems.

For example, let's say Jack buys a negatively geared property in the Jack and Jill Property Trust. He earns \$110,000 while Jill stays at home with the kids and earns \$6,000 from selling her knitting on eBay.

Jack and Jill sell their property and have a \$100,000 capital gain. As they have owned the property for longer than a year they receive a 50 percent discount. If Jack had to pay this himself he would have to pay \$21,250 in capital gains.

By distributing all of the capital gain to Jill and his two children they would only pay \$12,575 in capital gains, a saving of nearly \$9,000 and this savings would increase depending on the size of the capital gain.

What are the benefits of setting up a Trust?

What is a trust?

A trust in its simple form is where one party holds assets on behalf of another. The main trust parties are the settlor, trustee and beneficiaries.

Settlor: The settlor sets up the trust, with a nominal sum (often \$5 or \$10). This is usually an unrelated person, such as an accountant or a lawyer. This is done to avoid stamp duty and nasty income tax consequences. You never want a family member to be the trust settlor.

Trustee: The trustee manages the trust property (investments, assets, etc.) and pays out the trust profit for the benefit of the beneficiaries. The trustee can be an individual or a company (in most cases, the trustee is a company).

Let's give a simple example of a trust. John gives Anne \$1,000 to give to John's sister in two day's time. They sign an agreement in writing to this effect. That is a trust. John is the settlor (as John created the trust), Anne is the trustee (as Anne is holding the \$1,000 in trust for John's sister) and John's sister is the beneficiary (as she is beneficially entitled to that \$1,000, and would have a claim against Anne as the trustee if Anne was naughty and decided not to pay up). Even if it was not in writing, but it was done verbally, it would still be a trust.

To give another example, John gives Anne \$10,000 to invest, and pay any income earned on that \$10,000 to Derek. John is the settlor (as John gave you the \$10,000), Anne is the trustee (as Anne is holding the \$10,000 in trust, and is investing it to produce income), and Derek is the beneficiary (as Derek is entitled to the income from the \$10,000 and the \$10,000 itself unless stated otherwise).

What are the different types of trusts?

There are many types of trusts. There are 42 types of trust to be precise! However, the two main types are unit trusts (fixed trusts) and discretionary trusts.

Unit trusts are similar to companies. They have a fixed entitlement to the trust assets and profits. The parties are a settlor, a trustee and beneficiaries (with the beneficiaries being known as 'unit holders', as opposed to companies, where the holders of interests are called 'shareholders').

For example, if John sets up a trust and wants to give Anne and Derek a 50 percent entitlement each to the trust capital and profits, and make Mary the trustee of that trust, John may use a unit trust and give Anne 50 percent of the units in the trust, and Derek 50 percent of the units in the trust. John is the settlor, Mary is the trustee and Anne and Derek are the unit holders.

Discretionary trusts are a completely different entity. They are highly popular structures for tax planning and asset protection. The discretionary trust has a settlor, a trustee and beneficiaries.

But, it also has an appointor. The trustee manages the trust property and investments, and pays out the net income for the benefit of the beneficiaries. The appointor ultimately controls the trust. The appointor has the right to hire and fire the trustee (and is the true controller of the trust).

Some discretionary trusts also have a guardian who is the ultimate controller behind the appointor.

The beauty of a family discretionary trust is the beneficiaries are a wide class of people. Any one of them can receive the income, as the trustee has discretion to pay the income out in whatever proportion he or she pleases to the beneficiaries. There is no restriction.

For tax planning purposes and asset protection this is one of the great benefits of a trust.

How a family discretionary trust can help you

Let's assume that John sets up a family discretionary trust (as the settlor) with Jones Pty Ltd as the trustee (Fred Jones and Mary Jones control the company). Mary Jones is the appointor. The trust is set up to hold assets and invest moneys to generate profits and distribute the profits at their discretion to the

beneficiaries (who are their children, James, Jack and Jenny, relatives and favourite charities).

Let's further assume that Fred and Mary make \$100,000 profits from their investing and other business activities in the 2006/07 income year.

Fred and Mary can distribute the money each year to whoever they want and in the proportion they wish. And the beauty is - whoever gets the money pays the tax.

They can give it all to their three children. They can give 70% to James, 10% to Jack, and 20% to Jenny.

They can give 30% each to themselves, 20% to each of their children and the remaining 10% to their favourite charity or local church.

To be more specific, in distributing the \$100,000, let us assume that Fred is earning \$80,000 per annum.

Fred will pay tax at the highest marginal rate of 45% (plus 1.5% Medicare levy). Fred and Mary may decide to distribute no money to Fred, \$60,000 to Mary (as Mary pays no tax but stays at home so the tax on \$60,000 will only be \$13,350), \$30,000 to their family company (which pays tax at 30%, so tax will be \$9,000) and the remaining \$10,000 to their local church (which pays no tax at all). So the total tax will be \$22,350 (\$13,350 + \$9,000).

Yet if Fred had done everything through his company, he would have paid tax of \$30,000 on the \$100,000 and if it had been in his own name, he would have paid 46.5% tax.

Worse still, any money he had given to his local church would have come out of his after-tax income. Yet by using a trust, it comes out of the pre-tax income.

As you can see this gives incredible tax planning flexibility and savings.

This describes a classic family trust. In our view, a family trust is still one of the best structures available in Australia to protect assets and reduce income tax.

What are the benefits of a family discretionary trust?

Trusts are wonderful for a number of reasons:

1. **Compliance costs.** They have low compliance costs unlike companies (i.e. they cost almost nothing to set up and involve less accounting work).
2. **Taxation of trust income.** Trust income is taxed in the hands of the beneficiaries, not the trustee. This is very important and is the key feature of trusts which makes them so attractive. Therefore, as the

trustee has discretion in making their distributions of profit, they can distribute the profit to the beneficiaries with the lowest tax rates; they can even distribute to exempt charities (meaning they are effectively distributing to them from pre-tax income).

3. **Asset protection.** For asset protection purposes, family trusts are very difficult to penetrate (although in some circumstances the Bankruptcy Act and the Family Court Act allow the Trustee in Bankruptcy and the Family Court to look through the trust; Centrelink also have such powers in relation to family tax benefits).

Are there any drawbacks with trusts?

Yes. There are two problems with trusts in Australia.

1. **Accumulation of income.** Trusts cannot accumulate the income. The trustee must distribute the income to the beneficiaries each year. You can accumulate income with companies but not with trusts. If a trust accumulates income, the trust pays 48.5%. (This does not mean the trust must pay out the income every year; it can distribute the money on paper but can avoid paying it out indefinitely, if it so desires.) So if you want to accumulate income, you are best to set up a family company and distribute the money you wish to accumulate from the trust into the family company.
2. **Buying negatively geared property.** If you are buying negatively geared property in a trust, the losses cannot be taken out of the trust. That means you cannot easily offset the negative gearing losses against your personal income. They get stuck in the trust. To avoid this result, you may need to consider a hybrid trust, or alternatively, a loan agreement with the trust. Please contact us to discuss this further.

Can you give me another example?

Let me give you a further example to show how wonderful trusts are for business people. We will use the Jones Family Trust from the above example. Fred goes to an options trading seminar and learns how to trade options. Fred opens up a brokerage account with an options broker in the name of the Jones Family Trust.

To date, Fred has been working, making an income of \$80,000 per year, while Mary has earned no income, preferring to stay home and look after their children James, Jack and Jenny. She has no interest in options trading. Fred goes to church and pays 10 percent to his church each week from his after tax income.

Fred makes \$60,000 in net profits before tax from his options trading. On his accountant's advice, for the 30 June 2007 tax year, Fred resolves to distribute \$5,000 to Fred, \$35,000 to Mary, \$5,000 to Fred's church, \$500 to James and Jack (aged 10 and 14 who earn no income) and \$4,000 to Jenny (his 18-year-old daughter who earns \$10,000 per annum and is not options trading at this stage). The remaining \$10,000 he distributes to his family company 'Jones Investments Pty Ltd'.

What happens for tax purposes?

As profits are taxed in the hands of the beneficiaries, Fred will be taxed on his normal day job income plus his \$5,000 distribution at 46.5% (\$2,425). Mary pays tax of \$7,054 on her \$35,000 distribution (about 20%).

John and Jack will pay no tax on their money, as they are earning no income. Jenny pays tax of \$650 on her \$4,000 (17% tax as she is in the lowest marginal bracket, earning only \$10,000 per annum).

And with the \$5,000 paid to his church, not only will there be no tax to the church, but Fred can distribute it out of his pre-tax trust income. If he was giving it from his day job income, it would come from his after-tax income.

The company, Jones Investments Pty Ltd, will pay tax at 30% on its \$10,000 distribution (\$3,000). As you can see there are considerable tax savings available to Fred. If he had earned all of his profits in his own name, he would have paid tax of \$29,100. By doing it this way, he pays tax of \$13,479, more than 50 percent less. This is a saving of nearly \$16,000.

It gets better. Let's say Fred's 18-year-old daughter got a job paying \$60,000 per annum next year, while Fred quits work to be a full time options trader. Fred can simply distribute more income to himself and less to his daughter.

You might ask: why doesn't Fred distribute more to his 10 and 14 year old sons? However, remember the penalty tax rules I mentioned earlier. Under Division 6AA of the Tax Act any profits from a trust to children under 18 must be less than \$1,375, or falls within certain exemptions, or it will be taxed at the top marginal rate of 46.5%.

Family Trust Summary

As seen from the information above, family trusts are a tremendous way to protect your business and personal assets, as well as ensuring that you pay the least amount of tax that you are legally required to.

The only real drawback of a family trust is when owning negatively geared property in the trust. Even that obstacle can usually be overcome by careful planning.

The rich know how to use companies and trusts to reduce their tax and protect their assets from gold digging scumbags.

Are Your Assets Protected?

Are your assets properly protected? Is your wealth foundation watertight from any creditors or lawsuit-hungry predators who would eagerly seek to plunder your wealth to 'reap where they have not sown'? You may think so. But you may be in for a shock.

Did you know that New South Wales is the third highest in the world for lawsuits per person, behind California and Texas in the USA? And Victoria is not far behind.

Did you know that an average Californian gets sued four times in their lifetime? New South Wales and Victoria are not far behind and the other states are catching up fast.

Did you know that you can be liable for someone else's debts not only in a partnership but also in a company or trust?

Did you know that your professional indemnity insurance policy may not cover you if you get sued?

Did you know that employees can be sued personally for careless behaviour that leads to losses for business clients? These are some of the sobering facts that we face in the world today.

Most people have no idea that in many circumstances, their hard earned assets have no protection whatsoever. As lawyers we spend more time 'curing' financial cancer than 'preventing' financial cancer.

In this chapter we will examine the basic principles of asset protection while giving you a series of examples and answers to a range of frequently asked questions that can help you determine if you are at risk in a lawsuit and how you can rectify that situation. We will consider questions such as:

- Why do I need asset protection?
- I have an insurance policy. Surely that will cover me?
- I already have a company and trust, so am I protected?
- I am an employee. Surely I don't need asset protection?

The Facts Of Lawsuits

Do you think that you are safe from a lawsuit? Let me give some real life examples of lawsuits that can and have happened in Australia. Quite outrageous you might be thinking, but unfortunately this is what is happening right now in the real world. It is becoming an epidemic problem. In the USA in 2005 for example, according to a survey by consulting firm Towers Perrin, the cost of all liability torts (including damages, lawyers' fees and administrative fees) accounted for nearly 2.09% of gross domestic product, or US\$261 billion.

This is in contrast to 0.62% in 1950. (A tort case involves a civil wrong and seeks damages for harm done to people or property.)

The National Small Business Association lobby group estimated in 2004, the median jury award in product-liability cases was \$1.8 million.

Examples Of Lawsuits

In Western Australia, a hotel barman refused to give a drunk man his car keys. When the drunk man became abusive and threatening, the barman reluctantly returned the keys. The drunk man jumped into his car, drove off, and went straight into a pole. He was injured and sued the hotel for giving him back his keys when he was drunk - and you guessed it, he won the case.

In Queensland, a church discovered that one of its ministers was a homosexual. As it was against the teachings of the church, the church immediately dismissed him. The homosexual minister sued for unfair dismissal and won. (This example by the way is not about moral issues in so much as most churches would not expect to encounter litigation problems in this situation.)

The success rate of plaintiffs (people suing) in the US is around 60 percent. That is, there is more than 50 percent likelihood if you are sued that you may lose (on a purely statistical level). Some of the successful claims in the US are almost unbelievable such as these:

Mrs. Merv Grazinski, of Oklahoma, purchased a new 32-foot Winnebago motor home. On her first trip home from a football game, she drove onto the

freeway, set the cruise control at 70 mph and calmly left the driver's seat to go to the back of the Winnebago to make herself a sandwich.

Not surprisingly, the motor home left the freeway, crashed and overturned. Mrs. Grazinski sued Winnebago for not putting in the owner's manual that she couldn't actually leave the driver's seat while the cruise control was set. The Oklahoma jury awarded her US \$1,750,000 plus a new motor home. Winnebago actually changed their manuals as a result of this suit, just in case Mrs. Grazinski has any relatives who might also buy a motor home.

Kara Walton, of Delaware sued the owner of a night club in a nearby city because she fell from the bathroom window to the floor, knocking out her two front teeth. Even though Ms. Walton was trying to sneak through the ladies room window to avoid paying the US\$3.50 cover charge, the jury said the nightclub had to pay her US\$12,000 plus dental expenses.

A jury ordered a Philadelphia restaurant to pay Amber Carson of Pennsylvania, US\$113,500 after she slipped on a spilled soft drink and broke her tailbone. The reason the soft drink was on the floor - Ms. Carson had thrown it at her boyfriend 30 seconds earlier during an argument. Whatever happened to people being responsible for their own actions?

Jerry Williams, of Little Rock, Arkansas was awarded US\$14,500 plus medical expenses after being bitten on the butt by his next door neighbour's beagle - even though the beagle was on a chain in its owner's fenced yard. Williams did not get as much as he asked for because the jury believed the beagle might have been provoked at that time, because Williams had climbed over the fence into the yard and repeatedly shot the dog with a pellet gun.

In New Mexico, 79-year-old Stella Liebeck spilled hot coffee on herself and successfully sued the McDonald's restaurant where she had purchased the coffee. She took the lid off the coffee and put it between her knees while she was driving.

... she set the cruise control at 70 mph and calmly left the driver's seat to go to the back of the Winnebago to make herself a sandwich.

Not surprisingly, the motor home left the freeway, crashed and overturned. Mrs Grazinski sued Winnebago for not putting in the owner's manual that she couldn't actually leave the driver's seat while the cruise control was set.

In California, a woman slipped on a beverage in McDonald's and successfully sued them. This was despite the fact that she had thrown the drink at her boyfriend 30 seconds earlier!

A woman tripped over a rampant toddler in a furniture store, sued the store and won compensation for her injuries. Can you blame the owners for being surprised, considering the toddler was her son?

A burglar broke into a house and when attempting to leave with the spoils, got trapped in the remote garage. Unfortunately for the burglar, the automatic garage door opener malfunctioned and he couldn't get the garage door to open. Worse, he couldn't re-enter the house because the door connecting the garage to the house locked when Dickson pulled it shut. Forced to sit for eight days on a case of Pepsi and a large bag of dry dog food, he sued the homeowner's insurance company claiming undue mental anguish. Amazingly, the jury said the insurance company must pay Dickson US\$500,000 for his anguish.

Carl Truman, 19, of Los Angeles, California won US\$74,000 plus medical expenses when his neighbour ran over his hand with a Honda Accord. Truman apparently didn't notice there was someone at the wheel of the car when he was trying to steal his neighbour's hubcaps.

The seriousness of the threat of litigation has led to some companies taking extreme measures. One is labels and warnings on products that border on insanity and appear to be a practical joke, but sadly they are true. Here are just some of the warning labels that US companies have introduced to ward off lawsuits.

Some Examples Of Warning Labels

1. "Keep pet birds out of the kitchen when using this product" (Bialetti Casa Italiana's non-stick pans). Polly may not have a thing for fancy cookware, but she might not like the fumes potentially given off by hot Teflon. Manufacturers are concerned about being sued for pet birds dying.
2. "This costume does not enable flight or super strength" (Frankel's Costume Superman costumes).
3. "Do not iron clothes on body" (Rowenta's Irons).

4. "Do not use for personal hygiene" (Scrubbing Bubbles Fresh Brush). This label won an award at the annual Wacky Warning Label Contest hosted by Michigan Lawsuit Abuse Watch, an advocacy group. Apparently the people at S.C. Johnson are afraid that customers will go to any length to get those hard to reach spots on their backs, even by using a toilet brush!
5. "This product moves when used" (Razor scooter).
6. "Ask a doctor before use if you have difficulty urinating due to an enlarged prostate" (Midol Menstrual Complete).
7. "Do not eat" (Apple's iPod shuffle). When Apple introduced its digital music player in 2005, the company added this warning on its website. Parody or paranoia? The company wouldn't comment.

This raises the question, what can you do about it?

There are a number of things you can do about it. One is warning labels. But another possibility is to understand the basic principles of asset protection and how you can regain control of your assets and protect your wealth. To ensure that you control your assets but don't own them, we consider the principles of asset protection below.

Principles Of Asset Protection

In building wealth, we need to consider two issues:

1. **How we generate our wealth.** This examines issues of wealth creation such as building businesses, developing cash flow strategies and investing in shares, properties and other growth assets
2. **How we keep and manage our wealth.** This examines issues of money management, reducing expenses through cost savings, tax minimisation and most importantly, preserving our wealth from plunder by unscrupulous people with their success hungry lawyers, purported creditors and government agencies.

Let's look at the 'strawman' and 'person of substance' method to protect your assets.

The Strawman And Person Of Substance

A great strategy for married couples or business partners in certain situations.

Man of straw is at risk of attack and signs their name to everything. They are the company director, trust appointor, signatory to risky deals.

Person of substance is not at risk and signs their name to nothing, yet controls all the assets.

So the man of straw is at risk, but controls nothing. The person of substance is not at risk, but controls everything.

How does this work practically?

To illustrate, let's use an example. Egbert is a doctor and his wife Edwina stays at home with his six children. Egbert is the one at risk of being sued. Edwina is not at risk of being sued.

Egbert should be the 'man of straw' and Edwina should be the 'person of substance'.

With the family home, for example, although Doctor Egbert and Edwina could use a family trust, or company, they lose the capital gains tax exemption for family homes if they do. (This may not necessarily be the case, depending upon how the transaction is structured, but you need to be very careful in this regard. See a professional expert to discuss in more detail.)

The other option is for Doctor Egbert to ensure that the house remains in Edwina's name, as she is not at risk.

If the family home is in joint names, or in Doctor Egbert's name, he could transfer it to Edwina. But he should be very careful before doing so as there are cases where such transactions have been reversed if they were clearly done to avoid creditors, or avert a pending lawsuit.

As a general rule, however, the most effective way to protect assets is through companies and trusts.

Using a company to protect assets

First, we will provide a brief outline of a company, and how it works.

A company is a separate legal entity from its shareholders. It can sue and be sued. It can enter into contracts. In the artificial commercial world, the realm of fiction, it is a real person. It has a legal name and its own ABN. It has limited liability, i.e. shareholders are only responsible to pay up any amounts they still

owe on their shares; they cannot be forced to pay company debts from their own personal assets.

Companies Have Two Main Players:

1. **Directors.** The directors manage the company's daily business for the shareholders.
2. **Shareholders.** The shareholders are the owners of the company. They have a fixed interest in the company assets in direct proportion to their shareholding. Companies offer asset protection to their shareholders and to the directors.

As a general rule, for a company that trades in its own right (without being trustee for a trust), the directors are at risk. The director should be the strawman, or an entity controlled by the strawman.

The shareholders are not at risk. They should be the person of substance, or an entity controlled by the person of substance.

Example

We will refer to our example with Doctor Egbert and his wife Edwina. Egbert is the 'man of straw' and Edwina is the 'person of substance'.

If Doctor Egbert operates his medical practice through a company, as a doctor, he is at high risk of being sued.

Director. Doctor Egbert should be the sole director of the company. Edwina should not sign cheques or attend company meetings to avoid being deemed a director under Corporations Law.

Shareholders. Edwina should be the sole shareholder, as she is not conducting any business activities where she may be sued.

Using A Trust To Protect Assets

Trusts are wonderful vehicles to save tax, protect assets and create estates for your family for many generations. Trusts are wonderful structures because as well as protecting assets, they can significantly reduce your tax.

The main trusts used in business are discretionary trusts and unit trusts.

There are also hybrid trusts (which are a mixture of discretionary trusts and unit trusts). Family discretionary trusts are an ancient way of building and preserving wealth.

Family discretionary trusts **protect assets** because no one actually owns the trust assets, i.e. the trustee holds the assets in trust for a number of beneficiaries and can give the assets and income to whomever the trustee desires **at their discretion**. They are a tremendous vehicle to use in business or investment.

The parties to a standard family discretionary trust are:

- **Settlor.** The settlor creates the trust.
- **Trustee.** The trustee holds the assets for the benefit of the Beneficiaries and manages the trust.
- **Beneficiaries.** They benefit under the trust.
- **Appointor.** The appointor is the puppet master; the trustee is the puppet. The appointor ultimately controls the trust with most trusts and can sack the trustee at any time.
- **Guardian.** The guardian controls the appointor (although virtually in all trusts the guardian and appointor is the same person in the trust).

For asset protection, the appointor and guardian should be the person of substance, or an entity controlled by the person of substance, while the trustee should be the man of straw, or an entity controlled by the man of straw. It is common with family trusts (and highly recommended in most cases) that the trustee be a company. This creates an extra 'firewall' of protection between your creditors and your assets. The director of the trustee company, of course, should be the 'man of straw'.

Example. Reverting back to Dr Egbert and his wife Edwina, Dr Egbert will be the trustee or the director of the trustee company, and Edwina will be the appointor and guardian of the trust.

This way Edwina can sack the company as trustee if there is any risk of a lawsuit.

As a final comment, some attention has to be given to the recent Richpoint Federal Court decision (dealing with Westpoint and Norm Carey). This decision could have some ramifications for asset protection. Essentially Norm Carey had used family trusts to shelter his assets from creditors. ASIC tried to find a way to break his trusts to get the money back for the disgruntled investors. The Full Federal Court held that in exceptional circumstances a trust could be penetrated.

Whether this will change the law remains to be seen. The Full Federal Court did stress that it would only be in exceptional circumstances that this would occur.

Nevertheless, once the walls have been breached, it can happen again. It puts lawyers, accountants, investors and business people on red alert to think ahead in protecting their assets. In light of this judgment, obtaining proper legal advice to protect your assets becomes even more important.

Businesses and Asset Protection

If you are in business or likely to be in business, ensuring that your assets are well secured is critical. Once you enter the business arena, you are entering a litigation minefield. Immediately you become a target. You are responsible for what goes wrong in your business. If your employees make errors you can be sued.

You need to ensure that your personal assets are protected from business lawsuits and ensure that the wealth you have built up from your hard work in business remains intact.

However, it is not just your personal assets that need protection. It is also your business assets.

If you spend years building up a valuable client list, or goodwill in a business name, one lawsuit can wipe out years of hard work. Some simple planning can forestall all of this.

As an example, we had a client come to see us who, along with his wife, had \$2 million of assets. He had worked hard all his life as an investment advisor.

One day, he made an error of judgment in advising a client. Just for one mistake. However the consequences may be disastrous.

He may not be covered by his professional indemnity insurance because he didn't follow the strict conditions of his policy. If he is sued, most of his assets are exposed because they are in his own name. Even his wife's assets are at risk because she was a director in his company until recently. Suddenly his hard earned wealth doesn't seem secure anymore.

The beauty of asset protection is that it is not about avoiding moral responsibility if you make errors and cause losses to your client. It is giving you the power to make the moral choice about whether you are responsible or not. Not the client, a court or somebody else.

Another example is Dick Disaster starting a business in finance consulting. His business is called 'Show me the Money Honey'.

Dick is confident that his business will develop substantial goodwill. He will have a number of finance consultants working for him on a commission basis. He will use the internet to market his business, having an online lending facility for instant loan approvals.

Dick's personal wealth plan is to establish a business to generate cash flow and put the money into investments. Dick intends to buy positive cash flow property, to trade shares, options, CFDs and Forex, to buy international growth shares, currencies and gold bullion, among other things.

Dick could set up a trust ('I Hold Assets Trust') to hold the business name 'Show me the Money Honey', the business premises and any other valuable assets.

'I Hold Assets Trust' licenses the business name and premises to 'My Trading Trust' which carries on the business.

If anyone sues the business they will sue 'My Trading Trust'. This does not own the business name. It is only licensing it. It only holds cash. There are no cookies in the jar. The assets are safe!

So Dick loses the money in that trust. However he simply terminates the license agreement with 'My Trading Trust' and sets up a new trust, has a new license agreement and continues on.

To protect his personal assets at the same time, Dick could set up a separate trust to hold his properties (Property Trust), and a trust to hold his investments and do his trading (Investment Trust).

Dick can protect his family home by putting it in a family trust or borrowing heavily over his family home and putting it through trusts. If Dick decides to go into business with his partner Manadu, there are other great strategies available for Dick.

The beauty of asset protection is that it is not about avoiding moral responsibility if you make errors and cause losses to your client. It is giving you the empowerment to make the moral choice about whether you are responsible or not. Not the client, a court or somebody else.

Dick is silly if he goes into partnership with Manadu as he is effectively guaranteeing Manadu's debts. He is better off to set up a structure which protects him and Manadu and keeps their affairs separate.

Investors and Asset Protection

If you are an investor, although your risk is less than a person in business, you still are at risk.

For example, even though you are not at risk for owning shares, you can be sued by your tenants with respect to your investment properties. And your professional indemnity insurance policy may not cover you.

Companies and trusts can give you your asset protection with respect to your properties.

Employees and Asset Protection

Do employees need asset protection? Traditionally most employees do not consider themselves to be at risk. However, this is not necessarily the case. Although in practice most employers cover the liabilities of their employees if there is a lawsuit, and most creditors sue the employer rather than the employee (as usually employees don't have the 'deep pocket' of the employer) there is no certainty of this. Employees are certainly at risk.

This is clear from the recent High Court decision in *Houghton v Arns*. As an employee it is essential that you structure yourself to protect your assets. It is better to be forewarned and forearmed than find out the hard way later on.

Examples

John owns three investment properties in his own name. A visitor to one of his properties sues him as the owner because he slips on a banana peel left by the tenant carelessly on the stairs. The rental property insurer has refused to cover him because of some fine print. Suddenly all three of his investment properties are at risk.

In *Houghton v Arns*, an employed internet website expert gave wrong information to a company client about internet capabilities. This error cost the client a significant amount of money.

The client couldn't sue the company as it was broke. So they sued the web designer and another employee.

It was held that the web designer and the other employee were liable for the \$58,000 losses. The court said that the employee had been negligent and careless and was responsible for the losses.

Asset Protection Summary

Asset protection should be considered by everyone, especially those in business. Companies and trusts are a tremendous way to protect assets. Understanding the strawman and person of substance principle in all asset purchases is critical.

However employees who invest in property and shares, or other assets, should also consider asset protection. Employees don't always stay employees. They often go into business.

You should be aware of bankruptcy clawback rules when shifting family assets and family court protection in the event of marriage breakdown with respect to your loved ones. To ensure that your financial affairs are properly handled while you are still living, you should also consider an enduring power of attorney. If you have a partner, you should also consider a backup power of attorney.

Why do I need asset protection?

Lawsuits are increasing daily. Your insurance may not cover you. You can be liable for the debts of others in your business in some circumstances, no matter how well protected you are.

You may be liable for back taxes and penalties because the government arbitrarily changes an administrative policy.

You may be unjustly sued and lose the case because the other side has a better lawyer.

To Speak to Warren or his team
at 21st Century Accounting
phone **1800 999 270** or visit
www.21stcenturyaccounting.com.au

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HOW TO BUY
PROPERTY IN
THE USA

Introduction

This information regarding the USA property market is intended to provide an introduction to the benefits of buying properties in the U.S.

I have also provided background information to the causes and effects of the US subprime crisis that profoundly affected the worldwide economy, and especially its effect on the US property market.

Did you know the US housing market has suffered its biggest crash ever, causing a major fall in demand and prices?

More than seven million homes have been foreclosed - equivalent to the combined Sydney and Melbourne metropolitan areas. The U.S. economy and housing market are at their absolute lowest point in 30 years. Some properties have plummeted from \$300,000 to just \$40,000. In many instances Americans are literally walking away from their mortgages. American banks are now extremely cautious about lending money for houses, while international buyers are snapping up incredible bargains.

But surprisingly the rental returns on these properties has stayed the same.

This presents a unique, possibly once in a lifetime opportunity for investors - an opportunity that hasn't been seen since the great depression of the 1930's according to some commentators.

This has brought on a dramatic swing towards rentals and, in many cases, increased rental returns. The Aussie dollar is at an all time high - at the time of writing it is around par with the US dollar. Many readers will painfully recall overseas trips in years gone by when the Aussie dollar was worth around 50 cents!

Recent research shows that US property prices have risen for the third month running!

Where else can you invest approximately \$50,000 and immediately start collecting positive cash flow of 10-20 percent net returns?

Due to the potential of capital growth, low entry point and high rental returns we have established that there is a large demand for United States property among Australian and New Zealand investors, yet there are limited services and resources that can assist you in this goal.

For the price the Channel 9 show, *The Block*, paid for just one Melbourne property, you could buy almost fifty cash flow positive properties in the US with only 5 percent deposit!

As a consequence of the US credit crisis combined with these conditions, international investors are swooping in now before the US market bounces back up.

I have have put together a simple process using a team of our most reliable and experienced companies.

No one has a crystal ball when it comes to investing but one savvy investor, American hedge fund manager John Paulson, was prepared to bet on the US property market crashing and as a consequence he made billions of dollars. Paulson became a billionaire by short-selling sub-prime mortgages in 2007, and made \$3.5 billion that year. In 2010, he beat a hedge-fund record by making nearly \$5 billion. He was ranked 39 on the 2011 *Forbes* list of the world's wealthiest people with a net worth of almost \$16 billion.

At the time of writing, Warren Buffet, arguably the most famous and respected investor of all time, was taking a contrarian investor stance by investing in US housing.

Australians are well known and respected for their love of owning and investing in real estate and many people have done very well from real estate in the past twenty to thirty years, though at the time of writing, growth prospects have slowed down a little but should still provide stable growth.

One of the key points I like to constantly remind people attending my seminars about, is that the less financial education you have, the more money you will need in order to retire. People with a financial education are often able to do deals with a minimum deposit. As an example, in one deal I was involved with for \$15 million, instead of putting up the whole amount I negotiated around the 10 percent deposit mark, or \$1.5 million, thus decreasing my risk.

Because of the slow down in Australian real estate, as an investor I started looking at other areas of potential growth that might provide a higher return than Australian real estate.

Personally, I am now comfortable investing in the US real estate market. I have travelled to the US a number of times to study and educate myself and to carry out due diligence on potential opportunities in the real estate market

there, and as a consequence my initial fears, skepticism and misconceptions were overcome. Personally I am now excited and driven by the opportunities I found there, and I have purchased more US property.

It may sound like a tired cliché, but I firmly believe the US real estate market currently presents a once in a lifetime opportunity for investors. I am excited because while it would take millions of dollars in Australian real estate to achieve a comfortable retirement position, it can now be achieved in the US for a fraction of that amount.

As an example of the current opportunities at the top end of the US property market, former politician Sarah Palin recently purchased a large house in Phoenix for \$1.7 million. Just a few months previously an investor had purchased it for \$800,000. I personally inspected a huge mansion being offered for \$960,000 that would sell for at least \$5 million in Australia.

What caused this situation in the US?

While Bill Clinton was the Democratic Party President of the US, a bill was passed making it possible for people who had problems buying a house to obtain easy finance of up to 100 percent in order to buy a house. The Democratic Party is akin the Labor Party in Australia in that it supports the rights of the poor, the working class and the middle class. They thought it was unfair that these classes had difficulty owning their own house, and they determined to do something about it by making it much easier to buy a house.

Banks were expected to lend a certain percentage of their funds to 'poorer' people who previously had difficulty in buying a house of their own. Thus potential borrowers found it much easier to borrow money and obtain credit. The inevitable effect was a surge in business for banks and mortgage and finance brokers, and increased housing prices as demand for housing increased exponentially.

Many banks and mortgage brokers saw this as easy business and the chance to make a quick dollar. There are reports that people living on the streets in some big cities were being signed up for a mortgages they had no possibility of being able to service.

The subsequent Bush administration chose to ignore any possible ill effects of this lending in the US. They also chose to ignore the effect that this increased demand for real estate might have on the economy, particularly after the 9/11

attacks and concerns about the effect that this have on the economy. You might recall the US stock market crashed immediately after 9/11, though it recovered within a few months.

The housing and construction industry are also major drivers of the economy and while demand for housing is strong with easy finance, the economy benefits from the flow on effects, and any possible recession is pushed into the future, despite the concern of some observers about the high debt levels being created.

However, the collapse of the 128-year-old bank, Lehman Brothers, almost sent the entire world-wide banking system into a melt-down.

This was just one of the contributing factors to the US property crash.

How did the housing crisis in the US happen and why was it allowed to happen?

Americans have always strived to achieve the 'American dream' of homeownership. When zero-down, interest-optional balloon payment loans had been supplied, people were drawn to them like flies do to honey. Numerous unsuspecting people were drawn into sub-prime loans and invested in houses way beyond their ability to repay.

As adjustable prices increased, mortgage loan repayments doubled and even tripled. People struggling to pay their \$1,000 rent were now facing \$2,000 to \$3,000 month-to-month repayments. The depressing fact is they simply did not have the monetary means to pay their note. When the bubble burst, their dream speedily become a nightmare.

Foreclosures do not just have a devastating impact on the homeowner, but also on the lending institutions and local neighborhood as well. Individuals who reside in communities with high foreclosure premiums are compelled to pay greater home taxes, nearby taxes and increased fees for utilities.

In addition, the potential for crime increases. Vacant homes really are a magnet for unscrupulous characters. Vandals destroy houses, often breaking windows and doorways or leaving graffiti on both inside and exterior walls.

Real estate professionals claim every individual foreclosure costs lending institutions roughly \$80,000, although preventing foreclosure costs less than \$3500. If this really is accurate, why are foreclosures skyrocketing?

The primary factor stems from the truth that a lot of people facing foreclosure become paralysed with concern. They don't contact their loan company and instead wait for the sheriff to arrive with their eviction notice.

Analysts' states that America's housing crisis will ultimately produce a turn for the better. Nevertheless, they predict it will take some years to recover from the onslaught of foreclosures.

On the bright side, there has never ever been a greater time for real estate traders. With the abundance of distressed properties being offered for cents in the dollar, now may be the time to purchase. Nonetheless, not every foreclosure home is a great offer and diligence should be performed ahead of riding the foreclosure wave.

Why was the US housing bubble burst so harmful?

Partly because of the sheer size of the US market — but more importantly because the US saw a much greater deterioration in underwriting standards than most other countries, and therefore faced a much larger wave of defaults.

A stock-market bubble is bad, a housing bubble where the buyers can afford their homes is worse (because it's still leveraged), and a housing bubble where the buyers *can't* afford their homes is the worst of all. The US, of course, had the latter type.

As demand for housing increased from people who previously could not afford to own a house, builders began building more houses which, when the bubble burst, inevitably flooded the market with houses that could not be sold, resulting in around seven million default home loans. To illustrate the scale of the problem, in Australia we have a total of around eight million homes.

Most of the loans were non-recourse loans, which means the owner of the property could just walk away without being pursued by the lender for the outstanding loan.

As a result of this, the housing market was flooded with millions of default properties that lenders needed to sell to recover their loan.

The price of some properties in the US fell as much as 70 percent and the average fall was around 30 percent. Consequently houses with a replacement value of \$250,000 can be purchased for \$75,000.

Where in the US should we be investing?

Before investing in US property, the first step is to educate yourself and become familiar with the US market so that you do not make the mistakes most novices do.

The US real estate market is a different system to the Australian one with a different tax and finance structure. Some uneducated and naive Australian buyers have purchased US houses from agents who claim they have a tenant in place. The buyer returns to Australia and receives rent for a few months and then the rental income ceases. In time the buyer realizes there never was a tenant and the agent has paid the rent for a few months, and disappeared.

Even with zero capital growth in the short-term on properties in the US, the high rental return of around 15 to 17 percent makes buying property attractive.

Nobody wants to become involved in a potential disaster or stumble across a range of pitfalls so here are some important property rules.

1. Avoid areas such as Detroit and Buffalo where the population is declining along with property values.
2. Focus on cities or areas that have experienced the most pain and price falls of up to 60-70 percent, such as Las Vegas, Phoenix and Miami/Florida. These cities or areas have the most potential to bounce back. Phoenix is the best of these three cities.
3. Have some high cash-flow properties in cities such as Kansas, combined with capital growth type properties in cities such as Phoenix.
4. Do not buy un-renovated property.
5. Do not buy property that does not have a tenant.
6. Make sure you know the exact rental income.
7. Beware of internet offers for US property.

In my opinion Phoenix, Arizona, has the best potential for capital gain and to bounce back. In Miami high-rise condominiums can be purchased for as little as \$60,000, but beware this is a Gold Coast type market, with little short-term chance of a bounce back in prices. (At the time of writing the Gold Coast has a glut of hard to sell, brand new units in buildings that are in financial receivership, being offered for huge discounts.)

Most people are surprised to learn that Phoenix is a very proactive business city with an economy larger than Argentina or Malaysia.

Our detailed research by people on the spot indicates that Phoenix has suffered the most pain and is ready to bounce back with large amounts of money being invested there. US hedge funds sitting on large amounts of cash are now investing in Phoenix.

Phoenix is an attractive place to live for many people because of the very few wet days it has each year and it is also attractive for many people with health problems.

We have found that most of our members prefer to buy homes rather than condominiums in Phoenix. The homes usually have a slightly lower return on investment compared to condominiums, but our members are swayed by the extra quality offered by a house.

Another U.S. hedge fund with \$100 million to invest identified Phoenix as a prime investment opportunity with a 12-month window of opportunity, "that we won't see again" to buy around 10,000 houses. "If we don't do that, we will be kicking ourselves."

One of our 21st Century members purchased a three-bedroom, 1.5 bathroom house in W Rancho Drive, Phoenix with an estimated peak market price of \$190,000, for just \$66,000 providing a gross yield of 14.5 percent and a net yield of 12.7 percent.

Another property in W Tonto St, Buckeye (a Phoenix suburb), a three-bedroom, two-bathroom house with an estimated peak market price of \$240,000 was purchased for \$87,000, providing a gross yield of 12.5 percent and a net yield of 10.5 percent.

Another 120 square meter property in W Hearn Rd, El Mireage (a Phoenix suburb), a three-bedroom, two-bathroom house with an estimated peak market price of \$218,000 was purchased for \$89,000, providing a gross yield of 11 percent and a net yield of 9 percent.

To compare this house with a similar one in Melbourne we would be looking at a price of \$400,000 to \$450,000 and probably be receiving a net yield of no more than 3 percent.

For those interested in condominiums, an 83 square meter property in E Bellevue St, a two-bedroom, one-bathroom with an estimated peak market price of \$90,000 was purchased for \$34,000, providing a gross yield of 19.4 percent and a net yield of 10.2 percent.

Let's switch to Kansas City and compare prices and returns on a house there. A newly renovated three-bedroom, 1.5-bathroom house there was purchased for \$51,000, providing a gross yield of 20.04 percent and a net yield of 16.07 percent.

Another house in Kansas City was purchased for \$53,000, providing a gross yield of 19.01 percent and a net yield of 14.7 percent.

In Lindsey Dr, Decatur (an Atlanta suburb) a solid brick house there was purchased for \$51,000, providing a gross yield of 18.8 percent and a net yield of 12.9 percent.

Our Bus Tour

When we take Australian potential investors on a bus tour on these types of properties and they alight from the bus to look closely at the houses, their initial reaction is, "WOW." They simply cannot believe that they can buy quality, well-presented properties with attractive high returns for under \$100,000.

An interesting side we discovered while researching the US property market is that, unlike most Australians, Americans do not mind a 30-minute drive to work. Hence, outer suburban properties are attractive to most Americans.

Another very important fact we discovered in our research was that you need a different investing mindset to that in Australia to succeed in the US property market. To succeed you will need to gain an understanding of the mindset of your clients - the people renting and living in your property - in the US property market.

Other investment alternatives that offer diversification and strong cash flow in the U.S. property market where houses can be purchased for as little as \$30,000 can be found in stable cities, though with little growth, such as Memphis, Kansas, Houston or St Louis.

In Kansas a single-family home can be purchased for \$30,000 to \$35,000, up to around \$60,000 for a 150 square meter, four-bedroom, two-bathroom house. This \$60,000 house can be rented for \$800 to \$950 per month, providing a gross return of 16-19 percent.

Atlanta, the former Olympics Games host city and the fastest growing US city in the past decade, offers property investors unique opportunities for long-term growth, cash flow and economic recovery. Houses can be purchased for 60-70 percent below the cost of building a new house.

One of the things to bear in mind is that if you make a mistake on a \$50,000 U.S. property with no stamp duty, it is no where near as problematic as investing in a \$500,000 negative geared property in Australia with little prospect of short-term capital gain. The stamp duty alone on the Australian property will be \$25,000 and you cannot borrow the stamp duty money. Then you will need to find a 20 percent deposit plus fees, so you need to come with around \$135,000 cash to fund this Australian property.

Conversely with \$135,000 cash in the US market you can buy two quality homes. Even better, in some markets you might buy three or four homes with a net rental return better than 15 percent. Something to think about!

With the property market in the US at its historical low, this a rare opportunity for property investors, made even more attractive by the current high price (around parity) of the Aussie dollar. Think back to property prices in Australia in the 1980's and with hindsight, the missed opportunities.

Did you know that for an outlay of \$333,000 on US property, at a net return of 15 percent, you will receive an income of \$50,000 per annum?

For the same outlay of \$333,000 (plus stamp duty) on an Australian property at current net returns of around 3 percent you will have an income of \$9,900 per annum. You need to invest five times as much in Australia to receive the same returns as are currently available in the US.

After the subprime crisis the building industry in the US was forced to cut back on housing construction to around 25 percent of its previous output of around 1 million homes a year, and it has slowly crept up to around just 33 percent of its previous output while the population continues to grow.

In this period, many builders were forced to cease business. It will take years for the US building industry to gear up to its previous output. In time the current surplus stock of housing will slowly be taken up and new housing starts will not be able to keep up with demand, even if the economy still lags.

Any future bounce back in the US economy will be a huge plus for buyers of property in the current market, while still making money from the rental.

Australian interest in the US property market is growing as some very serious cashed-up investors buy up US properties. You may have noticed advertisements in the press for funds being launched to buy U.S. properties.

At current prices and rental returns, even a modest bounce back in prices for US properties will be a bonus for investors. If a new house costs \$250,000, it

stands to reason that the price for an existing older comparable home, that may have sold for \$300,000 before the crash should eventually creep up to within 80 percent of the value of a new replacement home - that is \$200,000. This presents the opportunity for significant capital gains while enjoying a net return of 15 percent or more on your US property investment.

Despite the opportunities in this current US market, many potential investors choose to penny-pinch and haggle over just one or two thousand dollars and miss out on investment opportunities.

I am frequently asked, "How long do we have to make this happen?" In my opinion investors should not hesitate for six or twelve months while they study the US property market. If potential investors hesitate they may be paying \$50,000, \$60,000, or even \$100,000 for properties currently available in the \$30,000 to \$40,000 range.

Another frequently asked question is, "How much money do I need to start investing in the US property market?"

To purchase something worthwhile, the minimum you will need is probably around \$28,000 to \$30,000. The average is probably around \$60,000, even up to \$80,000 or \$100,000 for a higher quality home.

Lou Harty

Lou Harty is a former Australian Army officer who trained other soldiers for around 20-years. Around eight years ago she decided that she needed to become financially independent and enrolled as a 21st Century member in order to give herself a financial education.

Lou is now a successful professional trader and investor and made around \$1 million net on a property transaction early in her investment career, using some of the strategies outlined in my homestudy.

Lou poses these questions for potential investors:

Imagine you could buy a house in Australia for the depressed prices houses are selling for in the US?

Would you buy a house in a prime suburb if the prices were what they were twenty or thirty years ago?

Would you like to buy a property without having to pay stamp duty?

Would you like to buy a property for as little as \$20,000 to \$30,000?

Currently there are thousands of properties for sale in the US that can be purchased for as little as \$20,000 to \$30,000 with no stamp duty.

Lou also asked Ben Walls, who heads our property acquisition team in the US, a series of questions regarding the US property market. Ben has more than 15-years real estate experience.

Ben advised that his team had a number of selected cities they focus on for specific reasons. "We package the property from raw property to turnkey finish. We go in, buy the property, do the renovations, place the tenant, place the management company and then sell the property to an investor."

When asked about selection criteria for Australian clients Ben replied, "The one thing we always want to do is be in an area where there is a high demand for tenants, and an area that is very livable with a high demand from people who want to live there. Each city has different price points and different reasons that make it attractive for people to live there. Areas with high levels of owner occupiers are always preferred. We look for areas where the levels of owner occupiers are increasing.

"Every city has areas where there is virtually nothing but people renting. We don't like to be in those areas. Even though properties in these areas are inevitably cheaper, the high number of renters will limit our exit strategies when we want to sell."

21% Net Returns Near Kansas

Lou is very proud of a property, "a beautiful little house," she purchased near Kansas, without a physical inspection after seeing it advertised on the internet with a high net yield. Once worth \$113,000, Lou purchased it the same day for \$49,000. This property provides Lou a gross rental yield of 25.71 percent and net rental yield of 21.12 percent.

Lou is happy to tell anyone willing to listen that she is getting \$1,050 a month for rent. "I have two tenants living in it. It is duplex so if one tenant leaves I still have one tenant providing income."

Four Categories of US Properties

1. **Don't Touch.** Ben says there are certain cities in the US such as Detroit that should be avoided. Just because the prices are cheap, that does not make the property a good investment. The US is a very large country and supply and demand will vary greatly across different regions, local economies and demographics. Investors need to be acutely aware of maximising their investment by buying in the right area.
2. **Capital Growth.** Phoenix fits this category with the opportunity for healthy living being a major attraction for people. In February 2011, Phoenix was voted one of the best places to live in the US Prices sky rocketed in Phoenix before the crash and subsequently fell to around 33 percent of what they were. The demographics and fundamental economy of Phoenix have the potential to provide significant capital growth and returns of 8 to 10 percent. Properties that were selling for \$75,000 are selling for \$90,000 at the time of writing.
3. **Cash Flow.** Kansas City is a relatively small city of two million, low unemployment and was recently rated one of the top locations in the US for cash flow, consistent high rental yields and returns of up to 20 percent. Conversely it has slow capital growth of 2-3 percent with low price points from \$30,000.
4. **Capital Growth and Cash Flow.** Atlanta, Georgia fits this category and has one of the largest economies in the US In April 2011, Fortune magazine released their statistics on, "The Ten Best Cities For Buyers" which rated Atlanta number 1. At the time of writing, prices in Atlanta started from around \$55,000 with returns of 11-16 percent, providing a safe mid-entry point to enter the U.S. market. Ben says Atlanta is a hybrid market.

According to Lou Harty and Ben Walls these are the four categories investors should be aware of when investing in US properties.

Can I Make Tax Free Capital Gains On US Property?

Did you know that if you have your own Self Managed Superannuation Fund (SMSF) it is possible for your fund to buy US property?

If people currently aged in their thirties buy US property now the chances of a substantial increase in US property by the time they reach 60 years of age are very realistic.

If you were to invest \$300,000 now in U.S. property and your properties have a three-fold increase by the time you reach 60, any capital gains will be tax free - that is a tax free gain of \$600,000.

Even any funds you choose to withdraw before you reach 60, will only be taxed at 15 percent in Australia.

Another interesting tax implication is that any taxes you might pay in the US on your property can be claimed back on your Australian tax return.

We have specialist advisers in our team who can provide you with superannuation and tax advice to meet your individual circumstances.

Lehman Brothers

The Lehman Brothers saga makes interesting reading and provides a backdrop to the collapse of the real estate prices in the US. Before declaring bankruptcy in 2008, Lehman was a global financial services firm and the fourth largest investment bank in the USA, doing business in investment banking, equity and fixed-income sales and trading (especially US Treasury securities), research, investment management, private equity, and private banking.

On September 15, 2008, the firm filed for Chapter 11 bankruptcy protection following the massive exodus of most of its clients, drastic losses in its stock, and devaluation of its assets by credit rating agencies. The filing marked the largest bankruptcy in U.S. history, and is thought to have played a major role in the unfolding of the late-2000s global financial crisis.

The following day, Barclays announced an agreement to purchase, subject to regulatory approval, Lehman's North American investment-banking and trading divisions, along with its New York headquarters building. A revised version of that agreement was approved by the US Bankruptcy Court two weeks later.

The next week, Nomura Holdings announced that it would acquire Lehman Brothers' franchise in the Asia-Pacific region, including Japan, Hong Kong and Australia, as well as Lehman Brothers' investment banking and equities businesses in Europe and the Middle East. The deal became effective on October 13, 2008.

Lehman's bankruptcy was the largest failure of an investment bank since Drexel Burnham Lambert collapsed amid fraud allegations 18 years prior. Immediately following the bankruptcy filing, an already distressed financial market began a period of extreme volatility, during which the Dow experienced its largest one day point loss, largest intra-day range (more than 1,000 points) and largest daily point gain.

What followed was what many have called the "perfect storm" of economic distress factors and eventually a \$700 billion bailout package (Troubled Asset Relief Program) prepared by Henry Paulson, Secretary of the Treasury, and approved by Congress. The Dow Jones Index eventually closed at a new six-year low of 7,552.29 on November 20, followed by a further drop to 6626 by March the next year.

The fall of Lehman also had a strong effect on small private investors such as bond holders and holders of so-called Minibonds. In Germany structured products, often based on an index, were sold mostly to private investors, elderly, retired persons, students and families. Most of those now worthless derivatives were sold by the German arm of Citigroup, the German Citibank now owned by Cr dit Mutuel.

The Subprime Meltdown

A financial crisis that arose in the mortgage market after a sharp increase in mortgage foreclosures, mainly subprime, collapsed numerous mortgage lenders and hedge funds.

The meltdown spilled over into the global credit market as risk premiums increased rapidly and capital liquidity was reduced. The sharp increase in foreclosures and the problems in the subprime mortgage market were largely blamed on loose lending practices, low interest rates, a housing bubble and excessive risk taken by lenders and investors. It is also known as the "subprime collapse" or "subprime crisis".

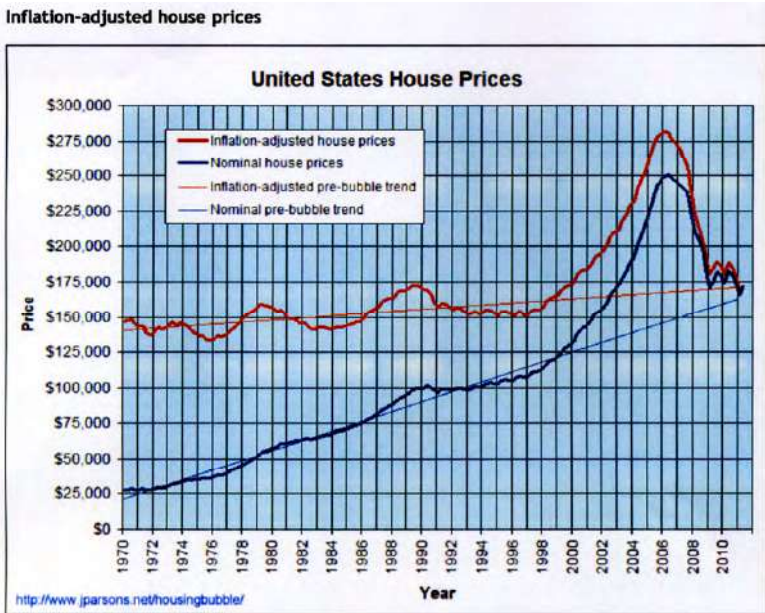
Following the tech bubble and the events of September 11, the US Federal Reserve stimulated a struggling economy by cutting interest rates to historically low levels. As a result, a housing bull market was created. People with poor credit got in on the action when mortgage lenders created non-traditional mortgages: interest-only loans, payment-option ARMs and mortgages with extended amortisation periods.

Eventually, interest rates climbed back up and many subprime borrowers defaulted when their mortgages were reset to a much higher monthly payments. This left mortgage lenders with property that was worth less than the loan value, due to a weakening housing market.

Defaults increased; the problem snowballed, and several lenders went bankrupt.

Investors and hedge funds also suffered because lenders sold mortgages. They originated into the secondary market. Here the mortgages were bundled together and sold to investors as collateralised debt obligations (CDOs) and other mortgage-backed securities (MBSs).

When the higher risk underlying mortgages started to default, investors were left with properties that were quickly losing value. In the wake of the meltdown, central banks released liquidity into the market place, which allowed struggling lenders and hedge funds to continue operations and make the necessary payments on their obligations.



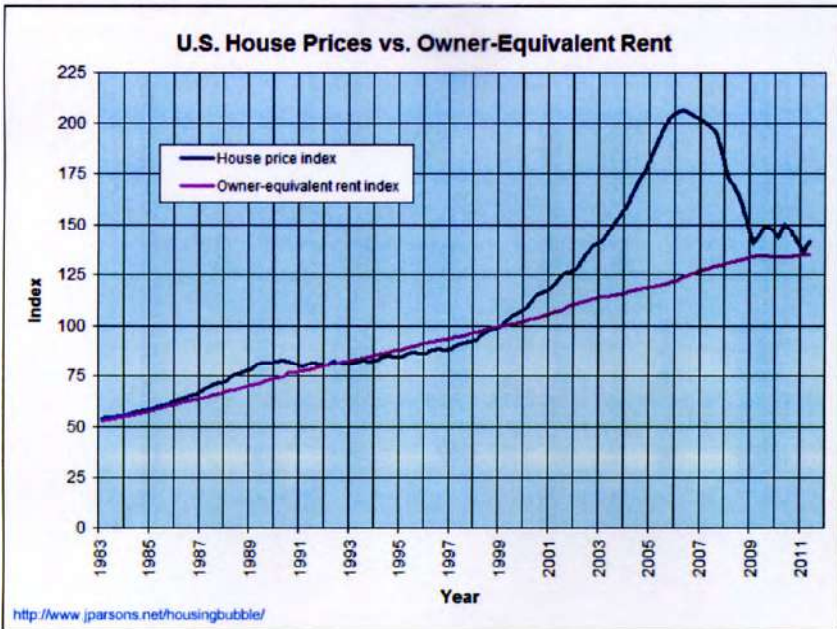
The above chart estimates the market value of today's median-priced US house over a 40-year period, thus taking into account the fact that housing sizes have changed over time. The thick red line represents real house prices. For those unfamiliar with economic terminology, "real" prices are prices that have been adjusted for inflation. The thick blue line represents nominal house prices. The thin lines represent the pre-bubble (1970-1999) trend lines.

One commentator on www.jparsons.net/housingbubble wrote:

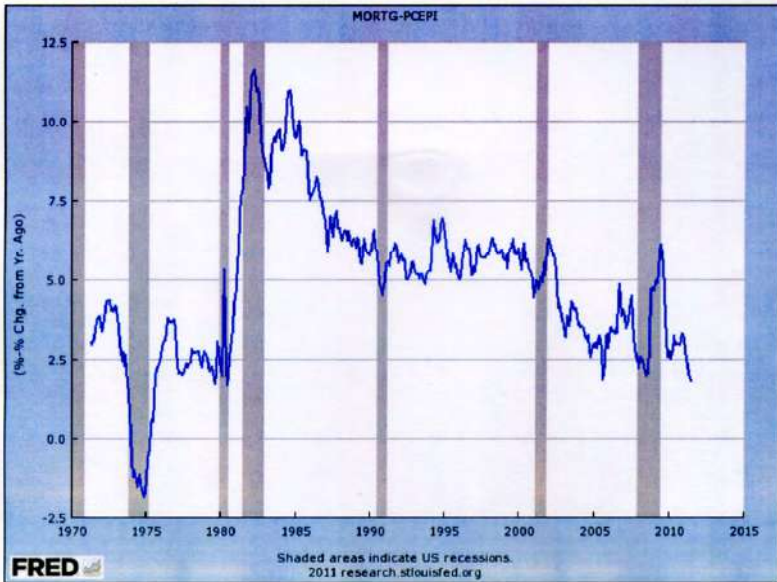
When I first noticed the US housing bubble in spring of 2001, I never imagined it would last as long or get as big as it did. Real estate activity peaked in the summer of 2005, but home prices kept rising for another year. In the spring of 2006, I couldn't believe that real estate prices were *still* rising even though housing inventories were also rising. Therefore, at a time when many people denied the existence of a housing bubble, I created these real estate charts in an effort to warn people that they were overpaying for real estate.

Now, a decade after I first noticed the housing bubble and five years after I first created these real estate charts, the U.S. national housing bubble is completely deflated. However, there are still many local housing bubbles, especially in many northeast and west coast metropolitan areas. This site aims to inform people about the current state of the real estate market with inflation-adjusted charts and spreadsheets showing today's real estate prices compared to their historical norm.

Nominal house prices compared to owner-equivalent rents



This chart shows the change in U.S. nominal home prices vs the change in nominal rents since 1983. Over the long run, home prices and rents should increase at roughly the same rate.



The previous chart shows the real (inflation-adjusted) cost of a 30-year conventional mortgage since 1971.

The Mess

Eric Petroff of Wurts & Associates, an institutional consulting firm offers this insight into the sub-prime crisis.

The economy was at risk of a deep recession after the dot com bubble burst in early 2000; this situation was compounded by the September 11 terrorist attacks that followed in 2001. In response, central banks around the world tried to stimulate the economy. They created capital liquidity through a reduction in interest rates. In turn, investors sought higher returns through riskier investments. Lenders took on greater risks too, and approved subprime mortgage loans to borrowers with poor credit. Consumer demand drove the housing bubble to all-time highs in the summer of 2005, which ultimately collapsed in August of 2006.

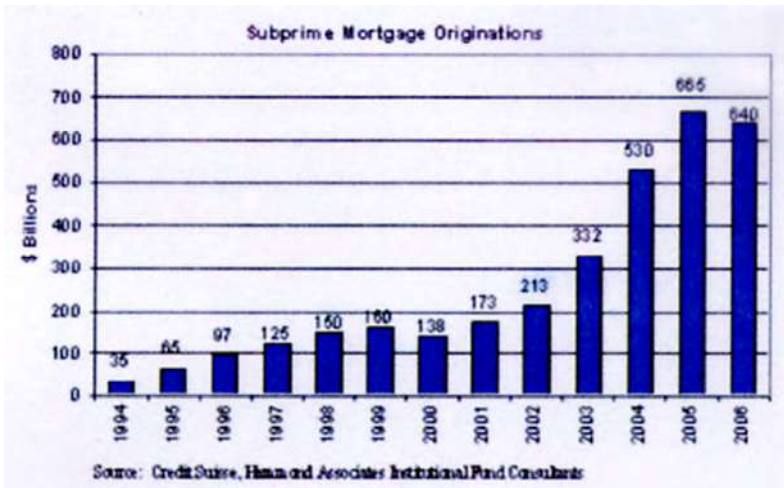
The end result of these key events was increased foreclosure activity, large lenders and hedge funds declaring bankruptcy, and fears regarding further decreases in economic growth and consumer spending. So who's to blame? Let's take a look at the key players.

Biggest Culprit: The Lenders

Most of the blame should be pointed at the mortgage originators (lenders) for creating these problems. It was the lenders who ultimately lent funds to people with poor credit and a high risk of default.

When the central banks flooded the markets with capital liquidity, it not only lowered interest rates, it also broadly depressed risk premiums as investors sought riskier opportunities to bolster their investment returns. At the same time, lenders found themselves with ample capital to lend and, like investors, an increased willingness to undertake additional risk to increase their investment returns.

In defense of the lenders, there was an increased demand for mortgages, and housing prices were increasing because interest rates had dropped substantially. At the time, lenders probably saw subprime mortgages as less of a risk than they really were: rates were low, the economy was healthy and people were making their payments.



Subprime mortgage originations grew from \$173 billion in 2001 to a record level of \$665 billion in 2005, which represented an increase of nearly 300 percent. There is a clear relationship between the liquidity following September 11, 2001, and subprime loan originations; lenders were clearly willing and able to provide borrowers with the necessary funds to purchase a home.

Partner In Crime: Homebuyers

While we're on the topic of lenders, we should also mention the home buyers. Many were playing an extremely risky game by buying houses they could barely afford. They were able to make these purchases with non-traditional mortgages (such as 2/28 and interest-only mortgages) that offered low introductory rates and minimal initial costs such as "no down payment". Their hope lay in price appreciation, which would have allowed them to refinance at lower rates and take the equity out of the home for use in other spending. However, instead of continued appreciation, the housing bubble burst, and prices dropped rapidly.

As a result, when their mortgages reset, many homeowners were unable to refinance their mortgages to lower rates, as no equity was being created as housing prices fell. They were, therefore, forced to reset their mortgage at higher rates, which many could not afford. Many homeowners were simply forced to default on their mortgages. Foreclosures continued to increase through 2006 and 2007.

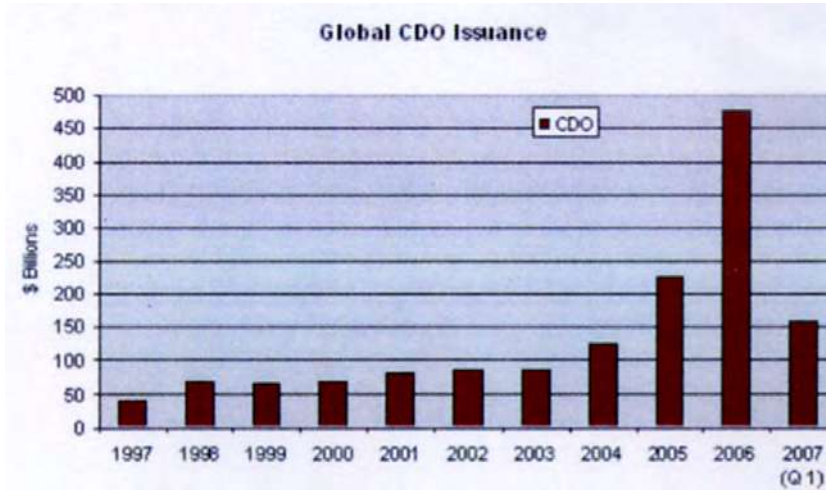
In their exuberance to hook more subprime borrowers, some lenders or mortgage brokers may have given the impression that there was no risk to these mortgages and that the costs weren't that high; however, at the end of the day, many borrowers simply assumed mortgages they couldn't reasonably afford. Had they not made such an aggressive purchase and assumed a less risky mortgage, the overall effects might have been manageable.

Exacerbating the situation, lenders and investors of securities backed by these defaulting mortgages suffered. Lenders lost money on defaulted mortgages as they were increasingly left with property that was worth less than the amount originally loaned. In many cases, the losses were large enough to result in bankruptcy.

Investment Banks Worsen the Situation

The increased use of the secondary mortgage market by lenders added to the number of subprime loans lenders could originate. Instead of holding the originated mortgages on their books, lenders were able to simply sell off the mortgages in the secondary market and collect the originating fees. This freed up more capital for even more lending, which increased liquidity even more. The snowball began to build momentum.

A lot of the demand for these mortgages came from the creation of assets that pooled mortgages together into a security, such as a collateralised debt obligation (CDO). In this process, investment banks would buy the mortgages from lenders and securitise these mortgages into bonds, which were sold to investors through CDOs.



The chart above demonstrates the incredible increase in global CDOs issues in 2006.

Rating Agencies: Possible Conflict Of Interest

A lot of criticism has been directed at the rating agencies and underwriters of the CDOs and other mortgage-backed securities that included subprime loans in their mortgage pools.

Some argue that the rating agencies should have foreseen the high default rates for subprime borrowers, and they should have given these CDOs much lower ratings than the 'AAA' rating given to the higher quality tranches. If the ratings had been more accurate, fewer investors would have bought into these securities, and the losses may not have been as bad.

Moreover, some have pointed out a conflict of interest between rating agencies, which receive fees from a security's creator, and their ability to give an unbiased assessment of risk. The argument is that rating agencies were enticed to give better ratings in order to continue receiving service fees, or they run the risk of the underwriter going to a different rating agency (or the security not getting rated at all). However, on the flip side, it's hard to sell a security if it is not rated.

Regardless of the criticism surrounding the relationship between underwriters and rating agencies, the fact of the matter is that they were simply bringing bonds to market based on market demand.

Fuel To The Fire: Investor Behavior

Just as the homeowners are to blame for their purchases gone wrong, much of the blame also must be placed on those who invested in CDOs. Investors were the ones willing to purchase these CDOs at ridiculously low premiums over Treasury bonds. These enticingly low rates are what ultimately led to such huge demand for subprime loans.

Much of the blame here lies with investors because it is up to individuals to perform due diligence on their investments and make appropriate expectations. Investors failed in this by taking the 'AAA' CDO ratings at face value.

Final Culprit: Hedge Funds

Another party that added to the mess was the hedge fund industry. It aggravated the problem not only by pushing rates lower, but also by fueling the market volatility that caused investor losses. The failures of a few investment managers also contributed to the problem.

To illustrate, there is a type of hedge fund strategy that can be best described as "credit arbitrage". It involves purchasing subprime bonds on credit and hedging these positions with credit default swaps. This amplified demand for CDOs; by using leverage, a fund could purchase a lot more CDOs and bonds than it could with existing capital alone, pushing subprime interest rates lower and further fueling the problem. Moreover, because leverage was involved, this set the stage for a spike in volatility, which is exactly what happened as soon as investors realised the true, lesser quality of subprime CDOs.

Because hedge funds use a significant amount of leverage, losses were amplified and many hedge funds shut down operations as they ran out of money in the face of margin calls.

Plenty Of Blame To Go Around

Overall, it was a mix of factors and participants that precipitated the current subprime mess. Ultimately, though, human behavior and greed drove the demand, supply and the investor appetite for these types of loans. Hindsight is

What I Didn't Learn At School But Wish I Had

always 20/20, and it is now obvious that there was a lack of wisdom on the part of many. However, there are countless examples of markets lacking wisdom, most recently the dot com bubble and ensuing "irrational exuberance" on the part of investors.

It seems to be a fact of life that investors will always extrapolate current conditions too far into the future - good, bad or ugly.

How To Learn More About Investing In The US Property Market

Opportunities available within the current economy allow you to diversify your property investments to achieve a high yield cash flow with safety - from the Australian 2-4 percent rental yields to the US 10-20 percent rental yields.

In addition to this, you are able to purchase 5 to 10 properties in the USA for the same cost of one in Australia and with NO STAMP DUTY!

You will need help though through the entire process to:

- Set up your US bank account for you
- Set up your LLC and EIN
- Provide building inspectors for your due diligence
- Provide you quotes for your property Insurance or we can completely organize it for you!

To access a free video
on US property visit:
www.21stcenturyusproperty.com

My Team At 21st Century US Property Who Help Our Members Access The US Property Market Safely Have Provided These Frequently Asked Questions (FAQ).

Can Foreign Individuals Purchase US Property?

Yes, a foreign individual can.

Why Should I Invest In Phoenix Arizona, Kansas City and Atlanta?

We believe that these three areas would bring in high capital growth and positive cash flow.

Do I Need To Travel To The USA?

Not necessarily. We can assist you throughout the entire process right from the comfort of your own home. All inspection, accounts and paper work are done through our US partners.

There are several ways to purchase property and determining the "best" structure depending on your personal circumstances and goals.

However, if you wish to travel to visit your property we can organise a private tour. Please visit our seminars page on our website for further information.

Can I Claim It As A Tax Deduction?

Yes, if you own a US property, your trips to inspect are tax deductible. There are many other advantages and tax deductible options when owning an investment overseas.

We do not provide financial, tax or legal advice, as we are not licensed to do so, but we can provide you with contact details for professionals who can provide any advice you may need.

What If I Can't Find A Tenant?

Solved. In most cases before you acquire your property our US property managers have already secured you a tenant. The property managers assigned to your investment will look after all of these aspects. And we will be at your service to help with any of your concerns once you have purchased your property. It is in their best interest to look after your property and make sure it is tenanted.

How Do I Collect Rent?

We set you up with a US bank account. This ensures your money is deposited weekly/monthly into your US bank account while you build up your US credit history. You will be provided with a Visa Debit Card and access to internet banking, ensuring you have full access and control of your finances.

Should I Buy The Properties In My Personal Name?

It is not usually recommended, as the US is a very litigious country. Our independent legal partners can inexpensively provide, correct US structures and assist with US bank accounts, etc. You may wish to invest using a Limited Liability Company (LLC), which is commonly used to own real estate because of several legal and tax advantages. All this can be arranged for you by 21st Century US Property hassle free.

How Do I Know My Property Doesn't Have An Undisclosed Tax Lien On It?

This is very important. Some investors have discovered this too late and lost their property. That's why you need on-the-ground professional like our US partners, who do all the required checks prior to purchase to ensure this doesn't happen. We ensure all properties on our lists are cleared prior to advertising.

I Heard We Can't Borrow Money From US Banks.

Generally true. It takes often takes two to three years to build up a credit score with US banks, before they will lend you money. However you have a few options for payments. After speaking to your accountant, you may choose to use your superannuation to invest or pay cash.

If you don't have the finances to purchase a property, in some cases we can arrange a 50 percent loan using our private money contacts to assist in property acquisition, meaning you can afford to buy twice as many properties. Then after two years, you simply refinance your loan to a US bank where rates are currently as low as 4% p.a.

How Do I Know If My Property Will Go Up In Value?

You don't, and no one does. However, the properties we select for our investors are only in the most ideal suburbs of the best growth cities in America. We have

purchased similar properties in the same suburbs and cities as the properties offered to investors, so therefore they meet strict criteria for a long-term hold. We are buying in the fastest growth cities in America that have massive upside potential.

What If The Australian Or New Zealand Dollar Crashes?

Great. As the AUD is at better than parity at the time of writing with the USD, if it falls back to its weighted average of around 75 cents then you have just made a massive 25 percent gain even if your US property has not increased in price. Imagine also if your US property increased by 25 percent, you have now made 50 percent on your investment.

Do I Get The Title To The Property?

Once the property has settled you will receive a clear title.

Worst-Case Scenario: What If The US Economy Doesn't Recover?

Even if the US economy doesn't recover for 10 years, because the properties offer 10 percent to up to 20 percent rental yields, they will pay themselves off and produce an income for life.

Actually as more foreclosures occur, rents will continue to rise as people have to live somewhere, so we expect rental yields to grow.

What we expect is prices will recover at least 50 percent of their previous highs within three to five years, making our investors a small to large fortune depending on whether you have acquired one or two or 5 or 10 properties or more, although no one can guarantee this.

Are Other Companies Offering Properties In USA?

There are other companies who source unknown properties and sell them to you. But you have to ask yourself if these properties are:

1. Tenanted?
2. Renovated?
3. Do they bring in high rental yields?
4. Have they been checked entirely?
5. Do they have undisclosed tax lien on them?

Why Do People Use Our Service If They Could Do It Themselves?

The main reason is we save you time and money!

Imagine the costs of most investor's time alone, then the time to fly to America and spend months researching city after city and suburb after suburb to find deals like this, let alone the physical costs. If you're a full-time employee this is even more difficult. Imagine researching the demographics of investment hot spots.

We save you from the cost of making errors from buying the wrong property in the wrong area and by not having a team of successfully tested and trusted, experienced and professional property managers to look after your property, maintenance and tenants, which saves you time and money. Furthermore, paying accounting and legal fees to obtain the correct advice regarding structures could cost thousands, where we provide a short cut by providing information and access to our independent accounting and legal partners who ensure our clients have a hassle free experience.

In The Event Of Natural Disasters, Will I Be Covered By Insurance?

Yes, most insurance companies do cover natural disasters 100 percent.

Are 15-20% Rental Returns On US Real Estate Achievable Without Leaving Your Lounge Room?

A recent article published in CNN Money once again revealed the high demand and positive forecast on the recovering US Property market. The article states that Borrowers who lost homes to foreclosure during the housing bust are starting to buy again.

It is a positive time to venture into investment in US real estate, not just for Americans, but Australians as well.

In fact Bloomberg news quoted David Baskin, president of Baskin Financial Services Inc. Who said: "You have a classic situation of demand building up from new entrants into the housing market, the banks starting to lend again, interest rates are very low, making houses available, and there's no supply" thus indicating a rapidly rising demand for US Property.

This brings me to the question, as an Australian, would you invest in a US Property Fund paying 16-20 per cent returns secured by real estate with a minimum of \$25,000 investment including super?

Most people would rush to such an investment as it is secured by rising real estate with very attractive returns. Such an investment does not even require you to leave your lounge room and you can take advantage of the rising US Real Estate Market.

Therefore, it is worth considering- what is stopping investors from snapping up such an attractive and once in a lifetime opportunity before the US Market fully recovers?

I. Access to funds

Many investors don't realise they can use their Super money for such investments or access a line of credit in Australia or perhaps even use a personal loan.

Others don't realise that with the right contacts finance is available to invest into the US Property Market and that the amount needed for such an investment is as little as \$25,000.

2. Many investors simply don't know where they can find such a high paying and lucrative US Property Fund.

That's largely because they don't exist. Yes, there are US Property Funds and some Australian based ones that were fully subscribed but most of them offer only 8 per cent p.a.

So how do you get the 16-20 per cent returns without having to leave your lounge room or fly to the US?

It's simple:

Approach companies that have been providing investor clients 16-20 per cent rental returns secured by rapidly rising US Property. As mentioned, the investors don't have to leave their lounge room because everything is taken care of for them.

Therefore, it is just as simple as investing into an US Property Fund as far as being 'hands off' is concerned. However, in this case you earn 16-20 per cent rental returns rather than the typical 8 per cent that most US Property Funds in Australia have to offer.

3. Many investors simply don't realise that right now you can compound your returns using three ways.

- a. By investing whilst our Australian dollar is still above parity with the US dollar. This makes US Property even cheaper plus it means that when the dollar adjusts to say 75 cents weighted average then it is an extra 25-30 per cent in return.
- b. If US Property rises 20-30 per cent over the next few years that is an additional capital gain i.e. a house just this week costs \$41,000. The previous high price was \$71,500. Paying 18 per cent gross rentals and over 16 per cent net. If it rises 30 per cent that's still only back to \$52,000 approximately well below the previous high price it could eventually recover to.
- c. As mentioned before, investors profit from the 16-20 per cent rental yields- therefore at 16 per cent your property would be paid off within five years. Thus, regardless of any capital growth you have made a handsome profit. Plus, if you pay cash for the property you receive the 16 per cent cash return the next month i.e. assuming you acquired a property immediately.

How long does it take to acquire an US Property and how difficult is it?

If you use a service that does it all for you then your responsibilities involve just doing some basic paperwork and selecting from a choice of properties. The rest is done for you.

- Your bank accounts are open
- Insurance arranged
- Property managers send your rental reports and bank your rentals
- Your finance is arranged if needed
- And you are put in touch with both Us and local accountants to handle the accounting side

In fact it's actually easier than buying an Australian Property if you are using a quality service. Often doing it yourself can be a nightmare.

Which cities should I invest in?

The right services will do all the research for you, moreover the best cities to invest in change as the market keeps evolving. For instance, we no longer

invest in Phoenix as the lucrative time period is over. Last year itself, property prices in Phoenix rose by 34 per cent.

Therefore, if you are looking for an alternate investment strategy or simply wishing to diversify it, this could be a good opportunity for you.

However time is running out. The US property crash that we witnessed after the credit crisis was something that happens once in 200 years.

You're not likely to ever see another property crash that you can profit from. Moreover with the market in full recovery mode such returns won't last forever as housing prices will continue to recover.

I have been bullish on US Property for over two years now and the market is performing well above my bullish predictions.

I don't want to have to say I told you so.

25
A FOUR STEP
PROCESS TO
CREATE A
MILLIONAIRE
LIFESTYLE INSIDE
12 MONTHS

If it wasn't for the things you had to do, what would you
be doing with your life right now?

Tim Ferriss

These are four key steps I teach my 21st Century members that show them how to achieve and set up their millionaire lifestyle within 12-months without needing to become one.

1. Eliminate

In an earlier chapter I explained the 80/20 Rule or Pareto Principle where 80% of the time we spend doing things produces just 20% of the results and 20% of the people produce 80% of the results.

Another Pareto effect is 20% of bugs contributing 80% of crashes; why not focus on fixing those bugs first? 20% of customers contribute 80% of revenue, so focus on satisfying those customers. Many businesses identify these 20% of customers as key accounts and take great trouble to plan and care for their special requirements to produce even better results. Make a point of identifying your 20% of customers and focus on their needs and improving their contribution to your business. Or if you are an employee, focusing on the 20% that generates 80% of your productivity.

The majority of results come from a minority of inputs. In economical terms there is a diminishing marginal benefit. This is related to the law of diminishing returns - each additional hour of effort, each extra worker is adding less oomph to the final result.

For instance, if 20% of your efforts have achieved 80% of your results, then to spend another 80% of your time to increase the 80% already achieved to 100% is a diminishing use of time. You would be much better off using that 80% of your time on four new projects of 20% of productive activities and you theoretically accomplish 400% more.

What stops many people doing this is a need for perfection. Many people are perfectionists and consequently spend 80% of their time trying to make things perfect to get up to 100% when they have already achieved 80% of the result with only 20% of productive effort.

Perfectionists falsely believe they have high standards which they consider a strength, when in fact it's a lower standard and often a weakness when it comes to producing results.

Perfectionists won't start something until conditions are perfect and as a result they really are wasting a lot of opportunities.

What I Didn't Learn At School But Wish I Had

Perfectionism is often used as a justification for procrastination or failure to take massive action. Nearly all humans have an element of perfectionism in them that holds them back.

Some examples are the way you allocate your time. Instead of spending one hour on a first draft of an article you want to write, you could spend ten minutes on six outlines and pick the best topic. Similarly, instead of investing three hours on a website, you could spend thirty minutes creating six different template layouts. Rather than spending three hours reading three articles in detail which may not even be relevant to you, spend five minutes glancing through twelve articles, a total of one hour, and then spend an hour on each of the two best ones.

Effective people can often achieve the same result in 20% of the time that a less productive, though efficient person would take four times as long to do (80%). Most people are not rich because they are working too hard - they are not focusing on their 20%. As part of eliminating the 80% from your life you should learn to say "no". No should be your default answer, not yes like most people.

The important point is to focus on the important 20% that produce results and eliminate the wasteful 80%. However, don't think the 80/20 rule or Pareto Principle means you need to do only 20% of the work required. It may be true that 80% of the bridge was built in the first 20% of the time, but you still need the rest of the bridge in order for it to work. The 80/20 rule or Pareto Principle is an observation, not a law of nature.

When you are trying to optimise your bang for your dollar, focusing on the critical 20% is a time saver. Look at what activities generate the most results and give them your appropriate attention.

If you had a health issue and could only work for two hours per day, what tasks would be important to you? If you had a health issue and could only work for two hours per week, what tasks would be important to you?

If you had a gun to your head and had to stop doing 80% of your time consuming activities, what would you eliminate?

What are the top three activities you use to fill your time at work to look and feel as though you are being productive and look busy? If there is just one thing I accomplish today, will I be satisfied? Am I creating things to do to feel important? Am I wasting my time multitasking?

You should be using Parkinson's Law on macro and micro levels to do more in less time and allowing a shorter time to achieve deadlines to force action.

Most people have a challenge being focused which is why they don't outperform. Focus is a great skill.

Empowerment Rules

Empower your staff or those you manage to make minor decisions on your behalf - this can be a major time saver. As an example many real estate agents are empowered to make repairs to rental properties without consulting the owner.

For instance, I give my property managers discretion to authorise up to \$500 worth of repairs without my approval. This empowers them to provide better service to the tenant and not to have to bother me or my financial team.

This empowerment rule also has the added benefit of challenging the employee and making the employee more responsible and motivating them to perform.

Another way of eliminating time consuming activities is to take as few telephone calls as possible. The telephone is a major time waster for both inbound and outbound calls. Instead of using voice mail why not have a live voice answer the phone whether it be your P.A. or a contract answering service?

The person answering the telephone has the ability to screen the call and to decide on its importance and can then email you a text message which in turn can be onforwarded to an appropriate person if necessary.

Alternatively, some people delegate certain times of the day to taking and returning phone calls, say from 4.00pm-5.00pm.

In the chapter, **Manage Your Time** I discussed meetings and how they can be a great time waster and ways of shortening meetings. Many meetings are totally unnecessary and can be avoided. Many readers will have attended meetings where at the completion of the meeting they were unsure of what the outcomes of the meeting were.

In my companies I make a point of limiting management meetings to around once every six weeks. At these meetings every divisional manager has to report their latest results to others in my team and outline the challenges facing them, the solutions to those challenges and their projections and forecasts for the next period, with opportunity for the whole team to ask questions. This concept also provides an incentive for my managers to outperform their peers. I also find that this six weekly meeting is sufficient time for me with my

managers for the two days to allow me to free up my time and focus on growing my business the rest of the time. I can effectively manage my companies by nothing more than facilitating these six weekly management meetings to keep my team focused and making progress.

To eliminate wasted time many businesses have automated and systematised their customer enquiry process by providing a website with a list of FAQs (Frequently Asked Questions) and the answers.

Remember, to dramatically change your lifestyle you need to free up, eliminate and change a lot of things in your life.

Let's assume by using the process of elimination you can now achieve five days work in just three days, effectively freeing up two days a week, assuming you can change your five days a week working arrangement in order to not have to work in your office every day.

As the American philosopher Henry Thoreau wrote more than 100 years ago, "A man is rich in proportion to the number of things he can afford to leave alone."

2. Delegate

Delegation is the assignment of authority and responsibility to another person (normally from a manager to a subordinate) to carry out specific activities. However the person who delegated the work remains accountable for the outcome of the delegated work. It allows a subordinate to make decisions, i.e. it is a shift of decision-making authority from one organisational level to a lower one.

Some managers when delegating skip the eliminate stage and finish up delegating using inefficient systems and processes. In one example the accounts department grew from three people to more than twenty. When questioned why the staff numbers had grown so rapidly and what a solution might be the manager advised all of these people were needed and that he needed even more staff to solve the accounts payable problems.

The real solution was to eliminate staff by around 60%. When this was done productivity actually increased. By asking which of these people was critical to the accounts departments success.

For many companies increasing staff numbers can reduce productivity and efficiency. Extra people mean more supervisors, increased costs and overheads and the slowing down of decision making leading to frustration from clients.

Many companies manage to delegate by outsourcing. In the 21st Century outsourcing is a major industry and for many companies it provides significant cost savings.

Is there any law stopping you from outsourcing your life and work, whether as a business owner or an employee, just as large companies outsource some of their tasks?

These days with technology you can hire a virtual assistant or a virtual P.A. as discussed earlier. You can even outsource part of your workload on a retainer basis, an hourly basis or a per task or project basis. With Globalisation labour markets have become distorted and some countries such as India and the Philippines have the ability to provide skilled and educated virtual assistants for \$4 to \$10 an hour.

For someone earning \$50,000 a year (\$25 an hour) if they were to hire a virtual assistant for \$5 an hour to do most of their work, that still leaves an income of \$40,000 a year (\$20 an hour).

Some people may consider this to be slave labour but in the countries providing virtual assistants a wage of \$4 to \$10 an hour can be considered a very good middle-class income and the very opposite of exploitation. Many people are already using virtual assistants to write a report, for data entry, to book appointments, restaurants, theatre tickets, to pay accounts, even to develop high quality websites. You can find virtual assistants by doing a websearch using 'virtual assistants' as the search term.

When delegating tasks to somebody it is important to explain what the required end result is. To be effective the person handling the delegated task must understand exactly what is required otherwise they may spend far too much time on the task. Some people have been known to spend three days working on a task their supervisor thought could be done in thirty minutes.

The cost benefit or reward for spending three days working on such a task clearly was not worth the effort. You need to be specific and precise about what you really want and why you want it. With these directions the person carrying out the task should be able to focus on a clear result.

3. Automate

The New Rich are using automation to free themselves from being tied to a desk. Automation is the use of control systems such as computers to control industrial machinery and processes, reducing the need for human intervention. Automation plays an increasingly important role in the global economy and in daily experience. Engineers strive to combine automated devices with mathematical and organisational tools to create complex systems for a rapidly expanding range of applications and human activities.

Can you use automation to make better use of your time? Perhaps you can respond to emails just twice a day, for instance first thing in the morning and late in the afternoon. Make a point of turning off your new email prompt to avoid interruptions all day long. As part of automating your life have your voicemail messages forwarded to an email file. Reduce your phone calls, both inward and outward.

Some examples of automating your workplace include setting up a FAQ (Frequently Asked Questions) link to automate your customer service, creating online video tutorials to provide 24-hour customer service to your clients and using auto responder emails.

Free yourself from being chained to a desk

Would you like to free yourself from having to commute to your workplace every day and spending all week in the office? By working from home (WFH) which has many designations including teleworking, telecommuting, e-commuting, e-work, telework or working at home (WAH), workers can be far more productive. By working from home people can save vast amounts of time by not engaging in idle chatter and office politics, not being distracted by events in the office and huge savings in commuting time as discussed previously.

By working from home people can have a better focus and work the hours that suits them instead of complying with office hours. In some instances working from home may even be more enjoyable than working in an office riddled with internal politics and backstabbing.

In order to negotiate a specific remote working arrangement there is a very good sequence called 'the hourglass approach' that can be used which you may recall we discussed previously.

This approach begins with a long period out of the office, returns to a short period and then expands back to a long period. Use a pre-planned project or emergency such as a family issue, personal issue, relocation, home repairs or something that requires you to take one or two weeks out of the office.

Say that you recognise you can't just stop working and that you would prefer to work instead of taking holidays. Propose how you will be able to work remotely and if necessary offer to take a pay cut for that period - and only for that period - if performance is not up to standard. Allow your boss to collaborate on how to so he or she is invested in the process. Make those two weeks away from work the most productive period you have ever had. Show your boss the quantifiable results when you return to work and tell him or her that without all the distractions you can get twice as much done. As a trial suggest working from home for two or three days a week and make those days ultra-productive. While working in the office for the balance of the week make those days the least productive days of the week.

Then suggest a complete five-day week of working from home - the boss is sure to go for it. You have then restructured your life to suit today's rapidly changing world.

With today's technology you could even go overseas for a week and work from that destination using a laptop and/or BlackBerry. All over the world many thousands of people are working from home - why not you?

You can now turn your active income into a semi-passive income - the key to a millionaire lifestyle.

By working from home and having a passive or semi-passive income you are on the way to having a millionaire lifestyle! That is one with both time and money.

The concept of a millionaire lifestyle is more about time than money. Someone with a passive or semi-passive income of say \$5,000 a month is as rich or richer than someone earning \$500,000 a year in a corporate job as highlighted previously.

We can create a passive income by various means including investing, such as share renting, share trading and property investing as some examples.

Further you can arrange your lifestyle by working remotely from home so that it is not necessary to commute to work every day and work in an office full of constant distractions. In the next five to ten years with further advances in thinking and technology I believe these concepts will become commonplace and that work outcomes will become far more focused rather than people working just for the sake of doing work. There are countless people in Australia who could be living the New Rich lifestyle but they are chained to their desk. The old conditioning of working 9 to 5, five days a week with annual holidays will disappear.

Many people are enjoying the New Rich lifestyle by taking mini-retirements and even taking 12-month holidays and with careful planning travelling inexpensively. Some have been known to hire a boat and sail from France to Tahiti. Driving around Australia you will see many people towing caravans, driving camper vans or staying in resorts and motels who are obviously enjoying a mini-retirement.

These people are avoiding the trap of just working for the sake of work to fill their time. Their quality of life is more about structuring their life and planning, rather than the money.

In summary, by initially eliminating some of your work let's assume you can now achieve in 3 days what took you 5 days previously. Then you rearrange your working agreement to work from home over a period of time. If this is all you accomplish you now get your work done in 3 days a week not 5 and as you don't have to be in the office you now have freedom for the other 4 days of the week. You are now enjoying a great lifestyle.

Then you may hire a virtual assistant and delegate more of your work. So let's say of the 3 days a week, you now delegate 2 days of that and you are left with the equivalent of 1 day a week of work. This may be one day a week or 2 hours a day as an example you are left with. As you are working from home this can now also mean working from a beach in Tahiti or Thailand or whilst doing an African safari. I recall sitting on elephant while going through the Thailand jungle enjoying the day and being able to shoot off some emails to my managers for new ideas I got from being out of the office and relaxed - great ideas would come to me whilst relaxing on the back of an elephant enjoying the jungles of Thailand.

That's what I call working remotely - all possible due to technology that exists today and because I set up my working arrangements so I don't need to be at a

desk. That sure beats being chained to a desk. If you are laying around a resort pool somewhere in the world and your work takes you a whole 2 hours a day on your BlackBerry and the rest of your day is free, is that better than your current working conditions? And today it is possible. By doing the above steps you have turned your working income into a semi-passive income and though you may be earning no more than usual you have a better lifestyle than someone on \$500,000 a year job, working 60 to 80 hours a week chained to a desk.

Or even a better life than many millionaires who are trapped in their business or just work for the sake of work. What will generally happen next is that you will build a second or third income on the side, such as share renting or property investing or an Internet income, or consulting work on performance only. Thus your income will grow providing you with more cashflow and you may eventually cease your arrangement with your employer altogether as you no longer need the income or keep it if you enjoy it as one of your diversified income streams.

How long does it take to establish this lifestyle? For some a matter of months, others maybe 6 to 12 months as a transition. I believe about 70% of the working population can do the above. The 30% that can't are those that their professions require them to be there, generally some government employees or policemen, nurses, school teachers, builders etc. If you are in this category you can still use the eliminate strategy and be more productive in less time. For instance, how many roles include administration work that can be done in less time or in some cases delegated?

If you are a professional then you can also look at going on a contract and working say, as a doctor or nurse 3 days a week, not 5 or 6 and get a better quality of life. Or if you are a builder or electrician, doctor, chiropractor, masseuse or accountant as an example, why not leverage yourself by building a team of others to do your work so you don't have to be there but still earn an income? One of my colleagues is a successful doctor, but works only one day a week because he enjoys it. On the side he bought Medical Centres and employs other doctors and makes a lot more money than when he was working six days a week as a doctor, but importantly he now has time freedom and he now loves his career more than ever, with almost none of the stress he had previously as a full-time doctor.

4. Systemise

An Internet business is an excellent example of an automated and systematised business for creating a passive or semi-passive income and a New Rich lifestyle.

An Internet business is one effective way to create a millionaire lifestyle.

An Internet business has the major advantage of being open for business 24 hours a day, 7 days a week. A further advantage is a fully automated ordering process which Internet customers can use to prepay for their purchases where the payment is credited directly to your bank account.

Your Internet website should be fully automated so that no time is spent on the phone dealing with customer queries. If people need to speak with you, you have then created a new job for yourself.

Identify a unique product in a niche market that you can identify with, be comfortable with and be passionate about, suitable for sale on the Internet that will have a strong world-wide demand.

A product that can be delivered by email is ideal - such as a computer software program or an ebook. If the product must be shipped physically, carefully consider the costs and problems this might create. You may choose to use an order fulfilment house to do your shipping to save on handling costs.

Don't become involved with a product that requires you to keep large amounts of stock. With good stock management and ordering one months stock should be sufficient.

Research and brainstorm the product. Ideally it should have high profit margins. Products selling for 8 to 10 times cost are not unusual.

Your product should be affordable, but not too expensive. Products in the \$50 to \$200 range are ideal. Don't try and sell too cheaply - many people make this mistake, leaving them with insufficient margins to cover overheads. Some products though will sell online for much higher prices, even up to as much as \$5,000 I have found, but this will depend on the industry and marketing processes.

Avoid becoming involved in price wars, especially against larger competitors. The larger competitor will win every time. If your product is unique, price should not be an issue.

Drive traffic to your website and set up an affiliate program. Your affiliates can earn a commission by creating sales for you.

Continually fine tune results and be an owner, not a micro-manager. When your first Internet business becomes profitable, set up a second one, then a third one and so on.

Once you develop Internet marketing skills you can replicate Internet businesses over and over.

To learn more about Internet marketing refer to my book, **What I Didn't Learn From Google But Wish I Had**, which contains further information on this topic.

Or visit www.21stcenturyeducation.com.au where you can access this book for free as a gift from myself to further your education in this area.

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INSTANT EQUITY LAND BANKING

Land banking is the practice of purchasing raw land with the intent to hold on to it until such a time as it is profitable to sell it on to others for more than what was initially paid.

Land is popular as an investment as it is a tangible asset as opposed to shares or bonds.

What is one of the most profitable - and little known to most people - investment opportunities available? This opportunity has been around for a long time but until now was only available to institutional investors and large developers.

It is Land Banking!

In this chapter I want to share with you a unique strategy that I am excited about. This strategy is known as Land Banking and it is widely used by some of the wealthiest people in Australia to create millions of dollars, even billions of dollars in wealth.

The strategies involved in this Land Banking investment opportunity have the potential to generate handsome profits with significant upside and minimal downside.

If you check the annual BRW Rich List, many of the people listed created at least part of their wealth from Land Banking.

The concept is simple. Developers will buy large holdings of farmland close to the major or even regional cities. In due course the farmland is rezoned and sub-divided into residential blocks. This process of adding value to what was originally farmland can add thousands of percent to the original value of the land.

Did you know that big property developers are constantly making windfall profits from Land Banking?

As the economy slowly recovers from the effects of the Global Financial Crisis (GFC), many property developers are making a kill. The main reason for this is their knowledge and experience and their ability to diminish risk.

Land Banking is a very sophisticated way of controlling land and making a lot of money. It is about buying land in bulk and adding value to it while controlling the price.

Land banking is the practice of purchasing raw land with the intent to hold on to it until such a time as it is profitable to sell it on to others for more than what was initially paid. Land is popular as an investment as it is a tangible asset as opposed to shares or bonds.

What I Didn't Learn At School But Wish I Had

Typically parcels of land desirable for land banking are those that lie directly in the growth path of rapidly developing cities. The initial goal is to buy undeveloped land that will increase in value because it lies in the path of urban growth. The investment objective is to identify these parcels well in advance of the developers and wait for the value to be realised.

Have you ever wondered how many property developers have managed to become so wealthy? What business are property developers in? Are they builders or land developers (land bankers)?

The cost of a house and land package in an average outer Melbourne suburb is around \$450,000. This typically comprises a house that costs around \$200,000 to build and a 10 percent profit margin will provide the builder a profit of \$20,000. The land part of the package is worth \$250,000 that will have cost the developer around \$60,000 to develop from a large rural landholding. Thus the property developer has generated a profit of \$190,000 from the process of land banking!

Large developers buy up large tracts of rural land and add value to that land by having it re-zoned and then sub-dividing it into new estates.

All of the major cities in Australia are growing and to meet this growth there is a constant demand for new housing estates.

It is not unusual for the value of a parcel of land to increase in value by ten times or more as soon as it is re-zoned from rural to residential.

Savvy investors with the ability to recognize and identify lands suitable for re-zoning and sub-division and then securing this with Options have become overnight millionaires.

A case in point in Sydney is the former Oran Park car racing circuit, which when sold to the NSW Government for a new housing development, made its owner a multi-millionaire without adding value to the land or having to build a single house. In this case the value adding was done when the government re-zoned the land.

Located some 8 kilometers northeast of Camden, Oran Park was one of the first precincts released in the South West Growth Centre.

The 1,119-hectare precinct was rezoned in December 2007 after 16 months of planning - a record time for a rezoning of this size. Development in Oran Park commenced in December 2008.

Another recent similar example occurred in Bendigo in Central Victoria, when a lucky farmer had his farming land re-zoned residential by the local council. He became an instant millionaire with the stroke of the council's pen without doing anything! If he chooses to sell the land he can realise his paper profits, or alternatively he could team up with a developer and perhaps make three times more profit.

When former Charleville Grazier, Arthur Earle came to Queensland's Gold Coast in 1964, he purchased about 1,200 hectares of land situated between Nerang and Mudgeeraba and set about bulldozing a track through the middle of his land. The 'track' became a busy road eventually and when it was linked up with the cuttings of the old railway line, it formed part of today's Pacific Highway.

Meanwhile developers were slowly dredging and reshaping land in the low lying areas along the Nerang River. They were creating canal estates with many housing allotments, including much sought after water frontage.

When Singapore developer Robin Loh visited the Gold Coast on a family holiday, he could not believe his luck when he was shown a huge parcel of land by Arthur Earle.

At the time the local real estate market was booming and the area west of Broadbeach was one of the few large undeveloped sites, close to the beach and commercial areas and major road systems.

What Mr. Loh saw grabbed his attention. He was bewildered as to why such a well-located, large parcel of land - where for many years cattle grazed - was sitting undeveloped and up for sale.

After assurances by the local council that there was nothing untoward with the land or anything that would hold it back from future development, in December 1980, Mr. Earle and Mr. Loh purchased the 1658 hectare site for A \$11.2 million from the liquidators of the Cambridge Credit Company. That site is now known as Robina.

In 1981, the first stage of housing blocks was on the market. Neighboring farm properties were purchased and the land holding was enlarged to over 1850 hectares. The Robina Town Centre was opened in 1996 and Robina became Australia's largest privately owned master-planned residential community.

The original cost of a traditional 'quarter acre' block of land in the Land Bank created by Arthur Earle came to about \$1 - yes one dollar!

In late 2011, an 8000m² (0.80ha) Robina development site with Development Approval and Building Plans was on offer for \$1.8 million.

The Positives of Land Banking

A Massive Housing Shortage Crisis

In Australia we have a massive housing shortage crisis coupled with large rental increases as first-time housing buyers are priced out of the market. Historically Australia has produced a surplus of housing stock, but in recent years a shortage has developed as developers find it more difficult to obtain funding.

Rental incomes have increased by up to 40 percent in the last five years. At the time of writing, interest rates have had a series of falls creating opportunities for investors.

One of the major reasons there is so much pressure on the housing industry is the continually increasing population, especially from cashed up immigrants.

In the next 50 years our major capital cities, such as Sydney, expects a population growth of 2.64 million people. Melbourne expects even more population growth with an extra 2.99 million people and Brisbane expects to grow by 2.1 million people.

By the end of the current decade housing experts are predicting a shortage of 500,000 dwellings in Australia - around 100,000 in each of the states of Victoria, Queensland and Western Australia. Australia currently lacks the ability to meet that demand.

These are some of the reasons why the housing market in Australia is so resilient.

Coupled with these factors is the constantly rising cost of construction. Apart from having to deal with the difficulties of borrowing and commercial finance, developers face major problems with continually escalating construction costs virtually on a daily basis.

Developers also face major challenges and lengthy delays in having rural land rezoned for residential use. A further problem for developers wanting to redevelop inner city sites is difficulty in obtaining finance and in many cases there are extremely strict lending requirements for potential buyers, especially in some postcode areas.

Did you know the biggest risk to investing in property is often yourself?

The most important thing to do with investing is to make a start.

Like most things in life, it is probably inevitable that you will make mistakes, but the important thing is that you are in the game and playing the game.

There are three types of people in property: those who play the game, those who watch the game and those who think, 'what the hell happened?'

When property values come off their peak as they did following the Global Financial Crisis (GFC), these types of situations present opportunities for astute investors with awareness levels greater than the average person.

As a direct consequence of the GFC property prices on the Gold Coast fell up to 40 percent, while in Melbourne, often regarded as the best property market in Australia, former prime suburbs such as Brighton, South Yarra and Toorak property prices fell by up to 25 percent.

When the fundamentals are intact and there is negative consumer sentiment and the market is falling, that is the time when savvy investors go in and make 'a killing'.

Land Appreciates Faster Than Buildings

For instance, in Melbourne in 2001 the median price for a block of land was around \$71,000. Ten years later in 2011 the median price was around \$210,000 - a 300 percent increase.

In Melbourne, during the period from 1973 to 2006 (33 years) the value of vacant land multiplied by a factor of 19.4

Vacant blocks of land have a faster price appreciation than house and land packages - land appreciates while the house or dwelling depreciates.

An interesting factor is that the size of blocks of land is steadily decreasing. The traditional 450 square meter block (quarter-acre) with a lawn at the front and back is virtually a thing of the past. New developments now have blocks around two-thirds of that size and even less.

Lifestyles have changed and people no longer want to have the responsibility of maintaining grounds and gardens and are happy to trade off for more living space and parking space. The actual land size for the average townhouse is now only around 130 square meters, something councils would have had difficulty with as little as five years ago.

Regional Areas

In Victoria, regional areas represent better value for money for investors. At the time of writing, larger regional towns with populations of more than 100,000 people had a median housing price of \$285,000 compared to Melbourne's \$551,000, coupled with superior rental yields, lower vacancy rates and a higher population growth in many areas.

Some of the northern coastal cities in Queensland also offer better value of money for investors, particularly in cities that are part of the coal export boom.

The Power Of Price Controlled Staged Release New Estates

Developers manufacture capital growth in new housing estates by releasing the estate in stages. They release each stage of the project in reaction to market forces and the supply and demand equation, thus creating more assurance for capital gain profits for investors, as each stage sold will cost more than the previous stage of the estate.

For instance in one development in suburban Melbourne, prices was controlled by the developer for 15-years. The final blocks were sold for \$280,000, compared to a price of \$37,000 at the commencement of the project.

Every new suburb is created from raw land in a similar manner to this. A developer will buy the raw land, then obtain rezoning permission from rural to residential, obtain council permits, subdivide the land to create lots and create a new suburb. This is the strategy used by the major developers who are familiar to most of us.

Currently, the cost of creating a new block of land to build on starts at around \$60,000. Simple mathematics show that if that block sells for \$200,000 after development there is a profit of \$140,000 available, less any selling costs and commissions.

If a builder or developer were to build a \$200,000 house on that block, the profit to the builder or developer would most likely be around \$20,000.

Thus developers have a business model of subdividing land, then adding houses at a low profit to create windfall profits on their land holdings. Developers are actually manufacturing capital growth with their business model.

Many people assume that land prices fluctuate with supply and demand. This is a fallacy. If developers face a fall in demand for their virtually brand new properties they will sit back and do nothing while they wait for market

conditions to improve, thus controlling the price of land and protecting their investment.

Developers will always loathe to lower the price of their holdings in order to protect their substantial investment, in many cases hundreds of millions of dollars.

Many investors will be staggered to learn that in Victoria for instance, in 2001 an average block of land was selling for \$71,000. Ten years later in 2011 an average block of land was selling for \$211,000. A three-fold increase for blocks of land in 10-years, compared to median housing prices which doubled in that 10-year time span.

Remember land appreciates in value while housing depreciates due to the cost of upkeep.

Land Banking Tips

People with experience in Land Banking usually follow some simple rules when looking for new opportunities:

- Avoid towns that rely on mining as their major industry.
- Avoid towns that rely on the holiday industry.
- Look for key growth fundamentals - high population growth, consistent capital growth of at least 10-11 percent for the past ten-years.
- Look for areas with diversified industries. Towns or areas that rely on one major industry are vulnerable if that industry closes or has a major downturn. Broken Hill is a case in point.

Some fundamental questions when sourcing property

- Performance - will the property outperform the suburb, the street, the medium-market and the long-term market?
- Will I be able to re-finance that property in 12-months time and use some equity from it to finance the next property?
- Will the property fast-track wealth and capital growth?
- Would I personally consider living in the property?

Does it meet the success formula for short-listing a property?

- Maximum capital growth?
- In the shortest possible time frame?

- With the lowest amount of risk?
- And the least amount of work?

Some fundamental questions for potential investors

- Does this strategy make sense for me?
- Does this strategy suit me?
- Where would I be today if I had implemented these strategies 10-years ago?
- Am I comfortable with the accumulation of debt and the game of finance?

I like to remind people that a formal education will make you a living, while personal development will make you a fortune, especially if that personal development is learning from people who are millionaires themselves!

An interesting point is that most people teaching academic qualifications are comfortable earning perhaps, \$60,000 to \$70,000 per annum and they are not wealthy individuals.

My people are not about education, we are totally committed to real results.

Many readers will be familiar with the old adage, "If you give a person a fish, you will feed that person for a day: teach a person how to fish and feed that person for life."

This adage can be applied to learning the basics of Land Banking and then participating in Land Banking.

Many people have been conditioned by their parents to think that debt is bad, and were told things like, "If you don't have any debts you are in control of your life. Don't owe any money. Be your own person."

The rich make an important distinction between good debt and bad debt. They know that good debt - often interest only and tax deductible - can be used to buy property and accumulate wealth.

Option Contracts

How to settle a block of land with virtually no money

By using Options to purchase tracts of land, investors can gain control of the land with minimal outlay. Some people describe Options as an instrument used by the super-rich to control assets for a period of time. During that time an investor can make changes to the asset or even sell that asset.

An Option Contract is a legally binding agreement, that gives an investor the right, but not the obligation, to buy (for a Call Option) or sell (for a Put Option) a block of land or a property, at a specified price (the Strike Price) during a specified period of time.

An Option Contract is a legally binding agreement by which a choice is granted to acquire a property or land. It is a document that gives you the choice to buy, or sell, or do nothing if you choose.

The seller of the option is 100 percent legally bound by it. You are controlling an asset with no risk, with the ability to walk away on the settlement date with no recourse.

This is what rich people do - they control the asset and take the risk out of the whole transaction.

To help you be educated further about this unique Land Banking strategy, and importantly learn how small retail investors with as little as \$35,000 from their superannuation have been accessing it, I have arranged for a Land Banking Homestudy worth \$997 to be made available to you for free.

Simply visit: www.landbanking.com.au

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THE BABY BUCKET PRINCIPLE

Now I just go to sleep to become wealthier, but in the beginning it took discipline, it took sticking to something even when I had doubts.

You will need to look at which strategy best suits you out of all the strategies we have covered. I am giving you a range of strategies because everyone is different, but you will need to choose one or two to focus on, master them and then you can expand your strategies from there.

Do not try to do a bit of everything. I do not use all the strategies. I focus primarily on two strategies, i.e. renting and selling insurance for example, but I do not do them all because you do not need to. With property I also usually focus on one or two strategies.

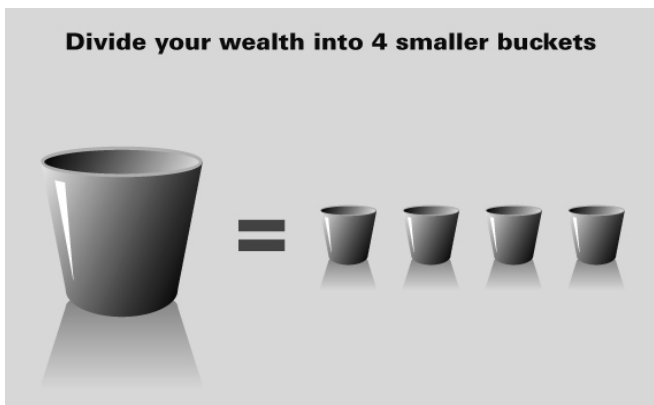
Determine which strategies you should do and your investment strategy will change as you grow. You may move from one strategy to another, depending on your current goals.

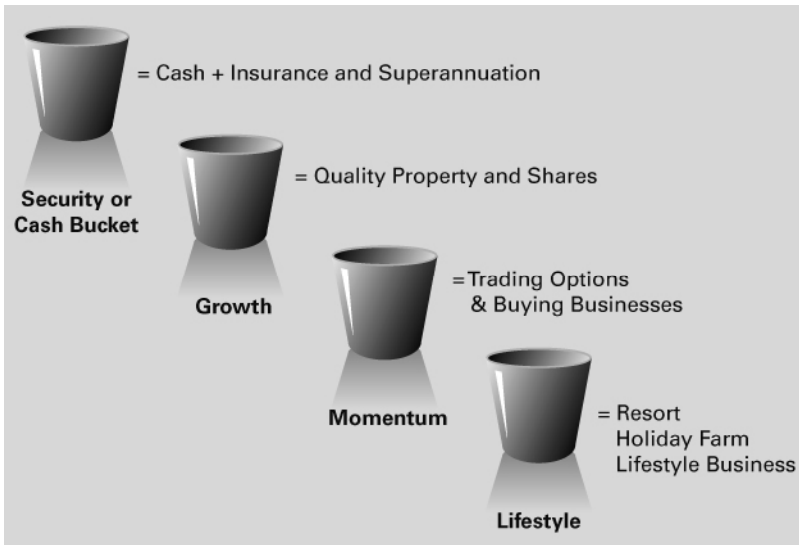
I call the following strategy the 'Baby Bucket Principle' and it is designed to turn risk into your friend. It can ensure that you can profit from risk and cannot lose your entire wealth. To do this, you divide your big bucket into some smaller buckets.

Remember your big bucket

You have got four buckets to fill up, but which one do you fill up first? We will start on the first bucket. Let's name the buckets.

- The first one we will call our security bucket.
- Our second bucket we will call our growth bucket.
- The third bucket is our momentum bucket.
- The fourth bucket we will call the lifestyle bucket.





With the security bucket, do you think it is a really high-risk investment or low risk? Obviously, it is low risk.

This principle is important, as the fastest way to become wealthy is determined by the speed at which you get yourself into a position where you can afford to lose money. That is why high-level investors can make an absolute fortune, because they have plenty of money put aside that they can afford to lose.

When you can do that, investing is so simple. You may say that is all right for high-level investors, but what if you are just starting out; can you afford to lose

anything? The answer is yes if you apply this strategy. The intention is not to lose but be able to afford to lose, so this is less likely to happen, as I will explain.

The Security Bucket is low risk investments. These include your cash management trust accounts, i.e. physical cash. You would include insurance. You may require a good insurance broker if you intend to invest in property, etc. It is best to use a broker rather than an agent for insurance. An agent is more biased and will sell you their products, whereas a broker will sell you the best products that suit you, as they are not generally controlled by one company.

I suggest income protection, disability and health, you need to consider those sorts of insurances if you become an active borrower for investing, to lower your risk in case you lose your job while building your wealth or suffer illness.

Growth Investments. Residential property and quality companies, renting, etc. are investments that belong in this bucket.

The momentum bucket would cover renting, commercial property, traditional business, etc. This would help you understand why many people go broke. They get sick of working for a boss so they decide to become the boss and start their own business. They borrow against their house to start a business – and a traditional business for a 96 percenter is one of the highest risk strategies as they risk losing everything.

If you are going to borrow against your house, here is a golden rule. Do not borrow for business until you can afford to lose the money. People who have suffered a business failure often say they wish they had known that five or 10 years ago.

Lifestyle Bucket

What is a lifestyle investment? If you want to buy a hobby farm, are you buying it for the investment return or for the hobby? For people who own a place in the snow, it is mainly bought for the lifestyle element rather than investment return.

An example is a restaurant. We were considering buying a restaurant in Noosa, a favourite place we always go to. I thought with the amount we spent there for breakfast, lunch and dinner, we would probably own it by now. If we

buy it, it is not really to make money but more for the sake of owning it, i.e. lifestyle choice. That is the difference.

A lot of people make the mistake of not doing any growth investments or momentum. They want lifestyle and they jump straight into an investment for lifestyle; a place in the snow or a farm that maybe they cannot really afford, rather than building up their investments first, which could then fund a place in Aspen, or a chalet in Switzerland from the profits.

If you are smart, you can turn lifestyle investments into growth investments, i.e. we have two properties we bought mainly for lifestyle. One is a beautiful winter home in Queenstown, New Zealand which we use three to four times a year, plus allow family and friends to use.

The rest of the time it is holiday home rented and is still highly positive geared as we get very high rentals. So it makes us money, plus we get a free holiday home that pays itself off. However, this is often not the case for holiday homes in Australia where there is often an oversupply of holiday homes with high vacancies and poor capital growth.

The same applies to a farm. With rural property prices rising, it is becoming a much better investment plus a cash cow (excuse the pun), especially when cattle prices are good, but primarily it is for lifestyle - the joy of having a farm to escape to and enjoy the healthy rural lifestyle.

The reason we use these buckets is to prevent people from jumping into momentum investments straight away. What you need to do is divide your investment into levels of risk. So we need to understand psychology, which is that fear and greed that drives people emotionally with investing.

Fear will cause people to do nothing, place all their money under the pillow or just place it in the bank and leave it there. Many people are driven by fear, the fear of losing money so they just keep it in the bank. Obviously if we are too fearful nothing is going to happen. The banks do not mind because they make a lot of money. They make money out of nothing.

The opposite to fear is greed. Some people are not fearful any more, they want to get rich quickly, so they jump into investments they cannot really afford, lose money and put themselves in a difficult situation and as a result they never get rich quick. They stay broke longer.

They will jump into a momentum investment; put all their eggs into that one basket which is not smart either. So what we want to do is learn about being financially intelligent and we also have to be emotionally intelligent. One way

to do that is to be detached from the outcome, which means you will not be so driven by fear and greed. Being cool, calm and collected and not panicked requires you not to be attached to money.

My millionaire mentor always said, life is too short to be stressed over money. He said, "Be detached from money and be in a position where you do not have to worry too much about it." If there is a crisis, you should not panic. Another word for crisis is opportunity. If the market is plummeting, people panic. We know we do not have to panic. You have learned how to make money when the market goes down and how to protect yourself so you can respond intelligently.

Remember, crisis is opportunity. You want to be cool, calm and collected. If you meet someone who is very successful financially, you will often notice they are very calm about money. Money is just an idea and they do not get hung up on it.

I will relate an interesting story. I lost my wallet not that long ago. It had \$1,000 cash in it. I was about to get upset about it and then I thought, life is too short to get upset. I could be upset for a day or a week and I know some people who could get upset for a month about it. Some people get upset for a decade. I thought, life is too short, it is a nuisance losing all the cards in it but it does not really matter.

It obviously means someone else needed that money more than me. I consider this a donation to the universe; write it off and there is no point worrying about it. Eighteen years ago, if I had lost \$20 I would have been upset. Imagine losing a thousand dollars, I would have been depressed.

The only thing is that 18 years ago, there would not have been \$1,000 in my wallet. The point is that you do not want to be too attached to money.

What we want is to be in between fear and greed, and control our emotions, i.e. cool, calm and collected. That is why these buckets work from a psychological viewpoint. We spread the risk. The technical term for this is asset allocation. I am not talking about just diversification.

A strategy many financial planners will teach you is that you should diversify. That usually means they do not really know what is going to work so they put it in different baskets and hope something works. That is really what diversification is to the 96 percenters. It is not what I am talking about. We are being smart with our money allocation so that we can afford to take the baby

bucket principle of higher risks on a portion of it to get higher returns and low risk on some to give us peace of mind and security.

Let's say you had only \$100,000 to invest. Out of that \$100,000 you can deposit it all into momentum or you can spread it. I believe you should put a large percentage of it in security first, as security is necessary in the beginning.

You need to build your buffer zone. In the beginning, that is all you should build. You may build up your cash management trust. It may seem slow in the beginning but you will get yourself prepared. It will be like a snowball. When you start it down the hill it is a small snowball. It takes a bit of effort to get momentum but once it hits critical mass as it picks up speed, you cannot stop it. Then it becomes easier.

It is not difficult for me to become wealthier now. I just go to sleep to become wealthy, but in the beginning it took discipline, it took sticking to something even when I had doubts. Let's say you were to invest \$15,000 of your \$100,000 into your momentum bucket and put the rest in security and growth.

If you put it into investment at high risk but also with high return and if you were to lose the \$15,000 would you be wiped out completely? The answer is no. In that example, you could potentially lose that \$15,000 because now you are in a position where you can afford to lose some money. You are also in a position to take advantage of some risk, which gives you the chance to make higher returns.

Let's work out what percentage to put into each of these buckets. If you apply the baby bucket principle, you will be in a position to take advantage of opportunities. Let me break that down further. You need to determine your risk profile, whether you are aggressive, conservative or fearful. If you have just started investing, you could be conservative or maybe fearful.

As you learn more you may start to become more aggressive. However, you do not even have to be aggressive. You just have to be honest with yourself and become clear whether you are a conservative or more aggressive investor.

Depending on that, let's work out what percentage to put in each bucket. This is not an advice; it is just a guideline which you can modify to your own psychology. Seek financial advice for determining your risk profile and exact percentages you should adopt. If you are aggressive, you look at the aggressive column and select your age group.

| | AGGRESSIVE | CONSERVATIVE |
|-----------------|-------------------|---------------------|
| Under 45 | | |
| Security | 20% | 30% |
| Growth | 45% | 55% |
| Momentum | 35% | 15% |
| 45-55 | | |
| Security | 25% | 30% |
| Growth | 50% | 60% |
| Momentum | 25% | 10% |
| Over 55 | | |
| Security | 30% | 40% |
| Growth | 55% | 55% |
| Momentum | 15% | 5% |

Select your age group and jot down the figures for your age group. These are only guidelines and must not be construed as advice as every individual investor is different.

It is a guideline for you. Let us say you are younger than 45 and you are fairly aggressive. Out of every \$100,000 you invest, you would consider putting 20 percent into security, 45 percent into growth and 35 percent to momentum.

However, if you are conservative you can see you are only going to put 15 percent into momentum and the older you get the less you are generally going to put into momentum because you have less time on your side and you have different outcomes.

If I am young and conservative, I can put in 35 percent. If I am really aggressive I can put in more than 35 percent. That is up to you and you have to relate it back to your psychology. A lot of people get excited about options trading and rush to buy options. I believe there is nothing wrong with that if it is appropriate to you. But would you borrow money to trade the options market?

My answer is no, because you are not in a position where you can afford to lose that borrowed money, as you have no fallback position.

You could borrow against the net worth you already have, which is different because you are just transferring money out of equity into another form of investing.

You may get away with a percentage of that but you would not rush out to get a personal loan and trade the options market using Simon's strategies. However, renting companies you own is a growth bucket investment and more people would be comfortable putting a larger percentage of their portfolio into this, especially if they insure their position, rather than buying options (Simon's strategy) which is a momentum bucket strategy with higher risk.

The reason why you would not borrow money for buying options if you were just starting is that it is a momentum investment and you cannot afford to lose that money.

Simon used an aggressive approach where he could get a few thousand aside from savings that he could afford to lose, as he had not borrowed the money. In his mind he did not want to lose but he accepted that this could happen and was prepared for it. So he was detached.

As soon as you become attached, it affects your trading and that is why very few people for long-term make consistent profits in options trading, because they do not go to work on their psychology.

If you talk to Simon and people who have done his options training, who have also developed their mindset through emotional intelligence training, i.e. received at 21st Century Education, they totally outperform the people who have gone straight into options and do not have the emotional intelligence training to create the ideal mindset.

The trained participants understand the baby bucket where other people generally get caught up with their ego and just want to make money to get rich quick. They are the sort of people who tend not to follow rules, do not listen and have to learn the hard way. That is why I teach strategies to minimise the risk so you can protect yourself. This explains why you may hear some horror stories about options trading, people with the wrong psychology who do not follow rules and get caught up in greed, lose as a result.

That is why your psychology affects everything. You are playing with money, so it is important to be financially intelligent. Be smart with your money, not too fearful and not too greedy. You want to be balanced, intelligent and detached so you can enjoy it.

Some Advice From Bill Gates

Bill Gates recently gave a speech at a High School ceremony about 11 things they did not and will not learn in school. He talks about how to feel-good, how politically correct teachings created a generation of kids with no concept of reality and how this concept set them up for failure in the real world.

- Rule 1: Life is not fair - get used to it!
- Rule 2: The world won't care about your self-esteem. The world will expect you to accomplish something before you feel good about yourself.
- Rule 3: You will not make \$60,000 a year right out of high school. You won't be vice-president with a car phone until you earn both.
- Rule 4: If you think your teacher is tough, wait till you get a boss.
- Rule 5: Flipping burgers is not beneath to your dignity. Your grandparents had a different word for burger flipping: they called it opportunity.
- Rule 6: If you mess up, it's not your parents' fault, so don't whine about your mistakes, learn from them.
- Rule 7: Before you were born, your parents weren't as boring as they are now. They got that way from paying your bills, cleaning your clothes and listening to you talk about how cool you thought you were. So before you save the rain forest from the parasites of your parent's generation, try delousing the closet in your own room.
- Rule 8: Your school may have done away with winners and losers, but life has not. In some schools, they have abolished failing grades and they'll give you as many times as you want to get the right answer. This doesn't bear the slightest resemblance to anything in real life.
- Rule 9: Life is not divided into semesters. You don't get summers off and very few employers are interested in helping you find yourself. Do that on your own time.
- Rule 10: Television is not real life. In real life people actually have to leave the coffee shop and go to jobs.
- Rule 11: Be nice to nerds. Chances are you will end up working for one!

In closing, remember it is just a game, a game that you can learn to win and enjoy the process. Maybe life was never meant to be a struggle but just a beautiful stroll through a valley on a sunny day.

It has been an honour to share this journey with you through this book and I sincerely look forward to meeting you some day if our paths were to cross. I have attempted to give you a lot in this book, as my philosophy is to always give more than expected and it comes back tenfold, by learning from your successes.

The way I receive is to hear your success stories, feedback and comments. I'd love to hear your success stories or feedback so feel free to email me at: **Jamie@21stca.com.au**

I can't promise you a personal response due to the large number of emails I receive but you never know as I do personally respond to many.

Remember to take intelligent action with what you have learnt as this book has removed a lot of excuses you may have had. Now you know how to do it, I encourage you to continue to develop your 21st century education as this is just the beginning of an exciting new world you can create for yourself.

On one last note, if I was to sum up into one word, the most important thing that turned my life around and made my dreams a reality, that word would be courage and lots of it!

I wish you lots of courage as you will need it, but remember it is worth it. It is up to you to make that decision to live the life of your dreams or settle for a life of regret! As the famous advertisement says, 'just do it' and then celebrate your success.

Jamie's Financial Predictions

Previous financial predictions by Financial Educator and Author Jamie McIntyre have largely been accurate. So what is he predicting now?

McIntyre, who is also the CEO and Founder of 21st Century Media and Education Group of Companies, decided 15 years ago the world needed a modern day '21st century' education to replace the outdated 19th century education system i.e. a "21st century" education that is better than school or university and is taught by those with a PhD in Results, not just theory.

Over the years McIntyre has helped over 500,000 people across 17 countries to improve their quality of life financially and personally. Today we can prove how his teachings have impacted the life of those who not only listened to him, but also took action.

When Gold was around \$200 an ounce, he told his clients to invest in it. Gold then rose to almost \$2,000 an ounce before pulling back.

For the last 15 years, he told his clients to buy Australian Property for a successful retirement- a strategy he has been implementing as well.

Those who did have seen property prices double twice or sometimes three times in that period. Consequently, those investors have become self-made millionaires.

In the year 2000, McIntyre wrote that there would be a global financial crash of epic proportions before the end of the decade due to the fractional banking debt based system controlled by Central Controlled Banks, which is unsustainable and has removed the power of issuance of money from people.

The global credit crisis hit in 2008 two years before the end of the decade.

3 years ago when it was at the bottom of the market, McIntyre told clients to start investing in US Property as he was.

US Property has seen a significant recovery since. Moreover, the Australian dollar has dropped from \$1.10 to 87 cents making additional profits for Australian investors.

He told clients to invest into Bitcoin when it was \$120.

The value of Bitcoin subsequently rose ten fold to \$1,242 overtaking the price of Gold briefly and many believe it can reach \$10,000 or more.

McIntyre told clients that blogging is the future of online income and to boost one's career or business they should invest into blogging.

As we can see, blogging is expanding at a rapid rate and more and more bloggers are making a full time income.

After many years of flatter Australian property growth, he told investors in 2012 that there would be a property boom for the next 3 years.

2013 witnessed a double-digit growth surprising most analysts and the same is expected in 2014.

McIntyre suggested clients to invest into domain trading – the online real estate as quality domains will appreciate rapidly which is seeing large amounts of online wealth being made already.

He also updates his clients with Economic Global Updates at his live events and suggests future trends for clients to take advantage of.

SUCCESS STORIES

Now I just go to sleep to become wealthier, but in the beginning it took discipline, it took sticking to something even when I had doubts.

21ST CENTURY EDUCATION



JAMIE McINTYRE
SUCCESS STORIES

DISCOVER HOW EVERYDAY PEOPLE HAVE TRANSFORMED
THEIR LIVES AND MADE THEIR DREAMS A REALITY

DREAM BELIEVE INSPIRE ACTION TRIUMPH



SUCCESS STORIES

OUR GRADUATES TRIUMPH IN THE 21ST CENTURY



21st Century Education has an incredibly extensive portfolio of past & current graduate Success Stories sharing their experiences, achievements and rewards with us. Here are just some...

LUKE DELAND

"Within one month of joining 21st Century and watching the Homestudy, I generated enough money to pay for the course with my first trade and now consistently generate more income from share renting and selling insurance than working 6 days a week. This is only applying one strategy out of the many that are taught to you, and being a 21st Century Member, the bonuses and value added content is continuously updated. I have never seen an education system like this before."

CAROL NEWTON

"Hello Jamie and all at 21st Century,

I want to say thank you for the education we have received which has enabled us to move forward, particularly in these challenging financial times.

I am 53 and my husband 55. He runs a small building company and I teach. We have had our own super for 10 yrs and have been investing for 15 years at least.

Those of us who come from a heritage of working class families (rather than wealthy investor families) are pioneers for our age group. Our parents simply collect or did collect the government pension. We can learn little from them. It is a challenge for us to invest for the long term and we appreciate what Jamie is doing to make seemingly sophisticated investment accessible to us.

With this knowledge and persistence, we expect to have a great financial future (we could retire now with a modest income but are not ready). We expect that we can use what we will learn over the next few years to continue to generate income as our working years ease.

I am so glad we are with 21st Century in light of the massive financial crisis. I feel we know where we are going and have control of our financial future."

JAMES KALNINS

"I have a close friend who works within your group of companies and found your story to be absolutely exceptional. Your advice led to my brother and I becoming budding property investors in Clayfield, Brisbane within a very short time - many thanks! Without a doubt your story makes me 'know' that nothing is impossible with hard work - as I'm sure many others have told you. And your example has inspired me to clearly understand that what appears somewhat impossible to many is merely a mindset - thank you. Additionally, I would like to say thank you for your massive contribution to Australian society."

WEALTH CREATOR MAGAZINE

"Jamie is the only speaker in Australia that can speak on creating wealth in property, the stock market, business and internet business." Many can specialize in one discipline, but only a true financial master can create wealth from many disciplines."

CHRIS KARAMOSHOS

Chris started as a 21st Century Member in 2001, and took massive action with the share renting and selling insurance strategies he learned and **one week made as much as \$87,000!** This enabled him to focus on his passion of building cars.

He had a premonition before the stock market crash in 2007 to get out of the share market before it crashed and moved into other strategies such as learning about Property Options, Internet Marketing and decided to retire as a share investor from his success.

DAVID ROSS

"It would be appreciated if you could pass onto Jamie my sincere thanks for setting up 21st Century Education.

I joined in approximately Nov 2008. Taking Jamie's advice I got a line of credit on my house and started trading the stock market in Blue-chip stocks. Prior to this I had traded in the market with very little success. As they say 95% of traders lose money and 5% MAKE THE MONEY.

Well after spending some time watching the DVDs, reading Jamie's books, attending the 4 day seminar in Melbourne a few weeks ago and purchasing the Platinum Pursuit package and Share Lord. **I am delighted to say I have made over \$300,000 on the stock market.**

I have just purchased a Mercedes for myself and an Astra Hard Top for my wife. **This is the first time in my life I feel that there is no stopping people from making progress if they follow the 21st Century Education advice AND JUST TAKE ACTION.**

Jamie is so right people need a financial education and am I pleased that I woke up to this late last year.

P.S. I turn 70 next month so you are never too old to learn!!!!

MARTYN BARNWELL

"On a more personal note, I would like to say a big THANK YOU from my family and myself for all that you have done, still do and (no doubt) will continue to do.

Your book (the first one) was only the second book that I had read in twenty years and when I had finished, it in less than two days, I sat down and cried knowing that I had just found HOPE.

I knew if I had nothing but the shirt on my back everything was going to be all right from now on. Not just for me and my family but for those less fortunate and unable to help themselves as I knew I was about to acquire knowledge, guidance and strategies to enable me to do so."

DALE BEAUMONT CREATOR OF THE 'SECRETS EXPOSED' SERIES OF BOOKS

"If you are looking to accelerate your financial results and create an extraordinary quality of life - then Jamie's book is for you! It is a must-read for anyone wanting to excel and expand their knowledge.

Jamie is one of Australia's most forward thinking educators and a fantastic teacher!"

"Success is a journey, not a destination."

Ben Sweetland

JULIET KAHRILAS

"Hi Jamie, It has been a year and half since we purchased your Homestudy. When we watched the free DVD we were convinced that something needed to change in our lives and even though it seemed like a lot of money to spend at the time we thought doing nothing would cost us a lot more in the long run.

Even though it was a struggle to pay for the Homestudy it was the best money we have ever spent (EVER). We attended the 4 Day, Gold Coast Seminar in November 2008. Since then our lives have totally changed. There has been so many opportunities open to us that we didn't even know existed.

One of our biggest goals was to retire from a J.O.B. (Just On Broke). **At age 28 and after a year and half of purchasing your Homestudy we have both sacked our employees and have retired from a job!!! WOOO HOOO!!!!!!**

I would not hesitate to recommend anyone purchase your Homestudy - it has been the best investment we have made!!!

I wanted to send this letter to say THANK YOU!!!!!! If it wasn't for you wanting to help others this would not be possible. You are one incredible person to dedicate your time to help others achieve their goals and to make the impossible possible. Words can't describe the gratitude and appreciation we both feel towards what you have given to us."

ROSS BRYDON

"My family and I have been through some major life changing events. I had a very serious accident on Christmas eve 2006 and was made redundant in 2007.

My wife and I swapped roles, where I now look after our two beautiful daughters while she works. My search for contribution brought me to 21st Century Education. As a family, we have stepped out of our comfort zone and embraced life.

21st Century Education has not only shown me the way to financial freedom, but has also enabled me to knock down my self imposed barriers.

I have made goals for myself, two of those goals are:

1. Reduce the significance that money has on my life.
2. Help my mother find financial freedom as she approaches her retirement years.

Mastering the mindset is the key to success in all aspects of life. I have taken the knowledge I have learned at 21st Century Education and put it into action. My journey to success has now begun.

A very big thank you to Jamie McIntyre and 21st Century Education. I look forward to sharing my journey with you."

VERN TAIKATO

"10 years ago I did the Homestudy Course that 21st Century had, and **with as little as \$3,000 I started trading and in 2 months turned this into \$20,000 then turned this \$20,000 into \$50,000 the next month.**

Now I pull out of the market each week using this \$50,000 and bank average \$40,000.

If I had a bank of \$150,000 the weekly turnover would be in the vicinity of minimum \$80,000 - \$150,000, to a trader who has at least 2-3 years experience.

Thank you Jamie for awakening the entrepreneur in me that was laying dormant before I did the Homestudy Course."

ANITA KRZYSZYNAK

"In December 2008, I completed a Small Business Management Course which proved to be an invaluable source of information that encouraged me to research various investment opportunities and business ideas. While conducting my research, I came across 21st Century Education and was so impressed with the information provided on the free DVD that within a few months I purchased the Homestudy.

The Homestudy completely blew me away as I had spent nearly 2 years during my course reading, learning and researching business and investment opportunities that you so kindly handed over to me on a silver platter!

If I had only come across your products and services earlier I could have spent the last 2 years investing my valuable time and energy into implementing strategies rather than trying so hard to find them in the first place!

I cannot thank you enough for the opportunity 21st Century has given me and I am now an Affiliate Member who cannot communicate the benefits of this program to everyone fast enough!!!!!!"



KEVIN ST MART

"I signed up with 21st Century Education in 2007. It has been an amazing experience for me and it has taken my life in so many great directions, meeting so many amazing and inspiring people and being able to help others to reach their goals.

Thanks again for everything you offer and I hope that I will be able to join you in helping others create wealth in the near future."

BRAD CUSWORTH

"Keep up the great work, you are an inspiration. I did your course 3 years ago and escaped the rat race in February this year. I owe you a beer."

TAIKA JONES

"Hi Jamie! Thanks for the email and the thought but **I do NOT have any mortgages now, they're ALL paid off.** Merry Xmas and best wishes for the coming year. You are really a "GREAT AUSTRALIAN ICON" always helping people."

SUCCESS STORIES

OUR GRADUATES TRIUMPH IN THE 21ST CENTURY



JAKE MILNE

"Melissah and I have just put down a deposit bond on our first off-the-plan development in Sydney! The property ticks all the boxes and will no doubt show us the returns we're looking for and will also act as the corner stone for our investing.

We both owe our thanks to what 21CA has inspired and taught us so far and look forward to building an impressive portfolio over the coming years!

Special thanks to: Jamie - for releasing us from our preconceptions; Konrad - for taking the time to sit down with us and convincing us to get in the market; Engkay - for your guidance with the millions of forms and James - for pulling a few much needed strings.

I'd also like to shout out a massive thanks to all the members that we've had the pleasure of meeting. You have all shown us in your own way that there are many kindred."

DUANE & INGA

"Well we arrived on Thursday night not really knowing what the next four days had in store for us.

Let me tell you it was the most eye opening event I've ever been to. When the first day started it was a case of "SHOW ME THE MONEY," but I soon changed my tune by the end of the first day.

Inga and I both agreed that we needed to build a strong foundation before even touching on the financial side of our lives. We've already started listening to the CD's and involving my two teenagers to change their way of thinking too.

It doesn't matter what you do as long as you move forward. Breaking the board was empowering and the friends we made were unbelievable. Now we have an experience that goes with the Homestudy."

NATHAN AQUARO & KIRSTIN SADLER

"Ever since we started at 21st Century, it has made us so on fire to learn, achieve, and grow within ourselves and it has transformed our lives. **We're planning on buying our dream home and the car we have always wanted in the next 6 months!**

We are currently using a couple of strategies, property investing and trading on the indexes with Eminis, which we believe is absolutely fantastic!"

DENISE RINDERMANN

"I am reading your eBook. WOW! After many years of searching and thinking I was defining goals, I finally am! Great stuff! I'm not finished yet, but I had to say thank you.

I am also studying your book and DVD and giving it to my adult children. They are great, but they'll be better for reading your book."

CARY NUKU

"Just to let you know, my wife and I were so taken and amazed at the possibilities and strategies that are available that we never knew about, put together with the way Jamie presented this information, we just knew we had to become involved. We have spent countless dollars educating ourselves in the area of investing but never really learnt how to get started.

Thank you Jamie and 21st Century, we have now been watching the DVD's, spoken with the finance people and **we are on our way to creating a better life for ourselves, our children, family, friends and those less fortunate than us."**

CARL & STEPHANIE LUCAS

"My wife and I first noticed 21st Century in late 2002. We were looking for an investment property but just needed a bit of confidence.

Completed the Homestudy course and went looking for a \$300,000 home. The first base was calling the Bank Manager and explaining that we wanted to use equity in our home, borrow all the money interest only. In May 2003 we found a \$500,000 property, valued at \$540,000 which had a house, 3 x 2 bedroom flats and a huge shed all of which we rented out. The income nearly covered the outgoings. I reasoned that if the property was going to double in 10 years that's a superannuation of \$50,000 per annum. Even if you had to top it up by \$5,000 per year you would still take it.

May 2007, 4 years later, we have sold it for \$975,000 - nearly doubled in 4 years. We cashed out to reduce bad debt on our own property but we are now in the market for another one or two."

NICK CROWE

"Yes! Since joining 21st Century I have committed a lot of time, resources and money to this and will continue to.

In all but one case I have learnt a lot and feel that the investment in time and money was well worth it. In fact, due to the strategies I have learnt and deployed, I have made successful trades that have more than covered the 20K education investment. So simply THANK YOU!!"

DAVID ROSS - Part 2

"Since reading the book I got a line of credit on my House and started trading the stock market in blue chips. To date since Late November 2008 I have made a profit in excess of \$98,000!"

LORRAINE CHRISTIAN

"Since doing the course I have found a residential investment property at \$15,000 discount with a 100% finance. I have also re-negotiated my partner's loan and released \$200,000 in equity to use the renting of shares strategy."



"Success is a journey, not a destination."

Ben Sweetland

BRONWYN MOSMAN

"For 12 years I was on work cover after my spouse's work-related death. Everything my new partner and I tried to do was crippled by 100% penalties for any earnings. We'd lost all reserves, except our house in trying!

We were so ready and in tune with the emotional intelligence side that when we found 21st Century Education we were ready to fly! I had no cash with which to work. I bought the Homestudy on credit card. I worked on it steadily over the next eight weeks. I pulled our starting kitty for options trading from credit cards. We took the last \$15,000 out of line credit on the house we'd just built (that was there for the garage that was taking too long to start). Then, when the accounts were optional after two weeks, my first trade in Put Options (selling insurance) netted half my monthly income! I set up a margin loan to double what I had put into our starting kitty. And I pulled out the \$10,000 from my sitting-there-super that earned just \$100 last year!

When I placed my first month of call options (renting out my shares) I equaled a whole month's income! I had to move fast because I would be penalized 100% of everything I earned. I applied to Work cover for a final payout! It took 4 weeks to process the Super withdrawal and the Work cover payout. But when they hit my bank account I WAS OFF WORK COVER AND MY INCOME HAD DOUBLED! (And the Homestudy was paid off).

After two weeks of holiday interstate for the obligatory 80th birthday of my mum, we returned to finish the Homestudy. I set up a new life insurance policy to cover all borrowings. I set up a trustee company and family trust through which to operate the new business. I studied the Tax Minimisation and Asset Protection Homestudy to protect the new earnings. I set up accounts with JB Global to begin a secure nest egg for the future on 100% capital guaranteed borrowings. I established a website and wrote an E-Book to identify step by step what I had done. And we set up affiliate links with 21st Century Education.

Only then did we get to attend our first seminar at the Women's Seminar in Melbourne. Now my partner is committed and doing the Homestudy. Her first goal is to be off the disability pension within the year! (With double income of course!)"

SUSAN BUSSAU

"Please pass on my thank you to all of your crew involved in your seminar in Perth last week. As a newcomer- it was brilliant. I was not able to make all of the weekends' sessions - and therefore very much look forward to attending future seminars. I did not hand back my feedback sheet. But I rated most of the speakers a 10. The few that I gave 8 or 9's, nevertheless impressed me to such an extent that I was often inclined towards their products nonetheless.

I am sure this has been said to you numerous times - but thank you to Jamie and all of the team - the education you present is highly valued."

ANDREW DIMITRI - Successful 21st Century Speaker

"Jamie opened up our minds to things we didn't think were possible, and we have taken his teachings and created our own investment strategies for both the Stock Market and Property Investments, which have propelled us to wealth and a lifestyle we only dreamed of before!"

JEAN ROGERS

"I found Jamie's book on eBay. As soon as I read it I was hooked. It was simple and made total sense. I signed up for the course and subsequently found finance immediately through 21CA brokers for a line of credit, then another property, and then another! Trying to talk to the banks ourselves got us nowhere but the finance brokers we used through 21CA were amazing.

So today we have five properties which is something I never thought would be possible for us soon. Without 21CA we wouldn't be in this great position today and we have confidence with the knowledge we have from the course that we will be in an even greater position tomorrow."



STEPHEN SCHLINK

"A friend of mine gave me Jamie's book and I couldn't put it down. It gave me hope that maybe one day I could release my worries from the daily grind. So I signed up for the Homestudy and started about 4 months ago.

So far I have just renovated our modest home which was valued at about \$140,000. I spent \$100,000 on renovations and now its worth about \$300,000.

Picked up some good capital there and now am using it to secure another property which I am purchasing off the plan saving on stamp duty and giving me a good debt and tax offsets. I am really excited with this new build because I know I will pick up another \$60 to \$70k capital. Even though I am at very early stages with the Homestudy, it has motivated me to be more aggressive and smarter with my investments."

MSONDEZI MATYILA

"Jamie, there is no way a person would start to read your book and stop without going to the next chapter. I completed this book within 3 days because of its content and the transformation it does to your mind. Now I am reading it again word for word and making notes as I do so.

I have been reading books but I have never read a practical, insightful and real book like this. I take it as my second bible, for there is no way I am going to read it and be broke another day in my life."

MICHAEL KNOWLES

"I have completed the 21st Century Homestudy program and am now taking the action steps for achieving success. I can say with confidence that this is really a brilliant course and I am also delighted to be a pioneering graduate of your excellent program here in Ireland. I am happy to be singing your praises in both my businesses and social circles. Thanks very much to the 21st Century team for making such a valuable program available on this side of the world"

SUCCESS STORIES

OUR GRADUATES TRIUMPH IN THE 21ST CENTURY

TONY WILLIAMS

"Hello To Jamie and His Staff,

Firstly let's just say that they should teach these strategies to school students as part of their education.

I would like to say that I'm not new to the share market as I had a Grandmother whom was a very wise lady and purchased myself, my brothers and sister shares when we were all babies. It was amazing how 50 dollars worth of shares can mount up to when I turned 19 (now 39, 40 in Jan).

But unto my knowing of what I have learnt here I would have been so much better off. What I have learnt from the Homestudy has made things so much clearer and as I'm going I'm learning even more.

All I would like to say is that Jamie and his great accompany of speakers, in what I have learnt WORKS! It's not rocket science, all you need is a little amount of money and start off from there. You must keep a plan in what you want to do and what goals to reach.

I found Jamie via web search I was looking for other ways to make an income which still allowed me to look after my children. From there I purchased the Homestudy. This took me about 6 to 8 months before I was really sure to do this, I was never forced to buy buy buy - NEVER. It was my choice and I have never looked back.

It has been the best thing that I have done for myself and my family. I started off slow and then made the big jump and put a large amount of cash to invest with. Always start small never go big, one thing you learn that's most important is MINDSET and CONTROL.

Anyway I'm making a nice monthly income and I'm working on making that more by educating myself more on another strategy which I'm currently learning."

JUERGEN

Juergen was dead broke and 3 months away from bankruptcy.

- Was shown a 21st Century ad in the paper and used a credit card to purchase a membership.
- After watching the DVDs he was convinced it would work.
- He used the rest of his equity in his home and figured that when the bank comes to repossess it he will lose this anyway.
- So he did a low-doc loan for the \$180k equity and the day the money was deposited into his account he started trading using Jamie's great strategies.

He says he has never looked back. Today he is trading with over \$2 million!

Juergen says: "My dear wife Leone and I are of a giving nature. As Jamie suggests we use a part of our profits to help others. I must say I truly appreciate how Jamie has changed my life."

JOANNE PORTEOUS

"When I first bought the Homestudy I thought that it would just teach us about strategies for earning an income from other sources than working a normal job but I was so wrong.

The Homestudy turned our life around not only financially but emotionally.

At the time we bought the Homestudy my partner had very bad MS and was very depressed. After watching the first 2 dvds, his whole outlook changed. We went on to watch the rest and changed our life for ever. We are presently doing the stock market strategies and earning a better income than what we have ever done.

My now husband doesn't have to work any more, he stays at home and helps me with the children and house. Our whole outlook is a positive one and things are better than they ever have been. At the moment we are saving for a deposit for an investment property so we can start doing the property strategies and are about to post our own web site.

It won't be long before we are where we want to be and that is financial freedom."

PETER WAAKA

"I joined 21st Century in June 2007 and attended the June seminar in my hometown of Queenstown later that month. Within 2 weeks of finishing the seminar, and **by putting into practice some of Jamie's affirmations and mindset strategies, I have doubled my income and will finish the financial year having quadrupled my income from the previous year!**

This has allowed me for the first time ever to save some money (\$30,000 in cash management trust) and to pay down a third of my (sizeable) mortgage which I will clear in the next 2 years. I cannot thank Jamie enough for the inspiration and practical guidelines."



DUNCAN BUCHANAN

"I knew I wanted a better life for me and my family - but I didn't know how. 21st Century Education facilitated the education to expose me to what was possible.

Since completing the Homestudy and attending the 4 day seminar, we've structured a company and trust. From there we've bought 3 investment properties around Australia, have started trading options and will slowly develop an internet business.

21st Century... provides the tools, the education and the support to take action and live the life you want."

"Success is a journey, not a destination."

Ben Sweetland

HEIDI STRONG

"Through joining the Education, I have learnt the value of money and have been taught that there is more to life than working hard for your money 'make it work for you'.

I have started off with nothing and can now say that I am well on my way to being financially secure. I have for the very first time in my life a savings account that actually has a balance.

I have just purchased my very first property with only \$2,000 down and from this will receive a return of minimum \$50,000 within 12 months. The home loan will also be paid off by putting a simple strategy into place of renting. I have found a way to minimise my tax."

JESSE DAVIS

- 26 years old from Victoria
- Attended the Melb 3 day Seminar in February 2002
- In the 6 years since then my life has changed enormously
- I scraped together the money to come to the seminar in 2002 by selling my car and now I am most happy to say that my current assets and investments are equal to my yearly salary and GROWING!
- Not to be egotistical, but I would say I'm one of the best amateur stockbrokers I know
- My choice of shares has been 'spot-on' with the current and future trends of the market. My forecasting for the market is incredible
- My father recently received over \$250,000 and purchased a house which he was forced to sell because of over-extending himself. I bought him a copy of Jamie's book 'What I Didn't Learn At School But Wish I Had' and since he has been reading it, he's coming up with great ideas to excel into the future
- It's 2008 and I attribute all my success to the assistance that Jamie, and everyone at 21CA gave me

STEVE BERENTE

"15 years ago I started my own business, 7 years ago I was almost bankrupt with only \$2,000 left after selling my house, my car, and my wife's car.

3 years ago I invested in Jamie's Homestudy and decided it's time to learn but also take action. After a short time I realised I was in a better position financially than I actually thought.

My wife and I understood how powerful these strategies can be once we take action. Today we live in a million dollar home by the beach. My wife and I drive our dream cars. We go on good holidays, took my daughter to Disneyland last year.

I've gone from working 6/7 days a week running a landscape business, to become a developer/ investor and having a quality life I'm so proud of."

JAYSON PETERS

"My wife and I are what you would call struggling musicians making barely \$800 a week combined. What we took away from the seminar first was the mindset and applied much of Jamie's advice to our business which is now making \$1500 to \$2000 per week (not that we need it).

After selling all our property we have been trading for two months and we really don't need to work anymore."

JO HARRISON

"I increased my salary by \$20,000pa and implemented the debt reduction plan that Jamie recommends. Now the debt is completely out of our space and we can focus on wealth creation and we know exactly when it will be paid off. Since we did this a year ago our net worth has increased by \$100,000!"



ANONYMOUS

A 17 year old Perth 21st Century Member started trading Eminis with his dad's help and **has made \$30,000** in several months and now has been able to secure a virtually no money down property deal.

BILL AND KATH TAYLOR

Completed the Homestudy on 20th April 2006, and made enough money to pay for the course itself within 3 days. Since then, they have made enough to replace Bill's income through Jamie's strategies. Their 19 year old son has said, "This has opened doors for me that I thought were shut."

PAUL R WANLESS

"I have just experienced three of the most intense but mind blowing days of my life. **I came to the seminar with high expectations, but went away with the greatest experience of my life. You exceed my expectations by 500%.**

I can only describe the seminar as life changing. Just 3 days out from the seminar, I have already started to change my lifestyle and myself, and my family for the future. It was a pleasure to be there. You are all to be commended for what you are doing. Keep up the fantastic work, I know we can make a difference to people's lives."

CRAIG STOWE

"As owner of an Accounting Firm, since doing Jamie's course we have improved our client education in helping and assisting them to build wealth through alliances with stock brokers and finance brokers. Personally, I am currently sourcing finance for a Shopping Centre valued at \$5 million which I can purchase for \$4.2 million."

KEVIN HUY NGUYEN

"Before attending this seminar, my image and focus on my future was blurry, many students are the same. Now I have set outcomes and purpose, also now I can picture myself in the future achieving the things only dreamed of and the steps needed to take to gain financial freedom."

SUCCESS STORIES

OUR GRADUATES TRIUMPH IN THE 21ST CENTURY



GARY LAKE

Gary was a full time student who was cleaning toilets to fund his University studies. By attending the seminar, Gary made enough money to quit his part time job.

Gary migrated from South Africa and using the strategies taught at 21st Century Education was able to create a \$50k portfolio.

He generates 5% returns per month, which equates to nearly \$2,500 per month without the need to work. "Money while you sleep. A dream come true."

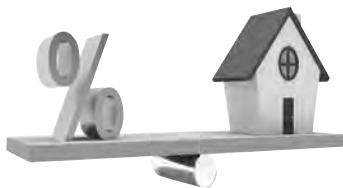
JOCK & AMY MITCHELL

Enthusiastic young couple makes \$74,000 from thin air. When we completed the seminar 18 months ago, we began searching for an investment property in Brisbane. After looking for a few months, we purchased a house within 5km of the CBD for \$281,000. To improve our rental income, we renovated the bathroom (for only a couple of thousands dollars) which increased our rent by over 10%.

Three months later, the property was revalued at \$305,000, nearly \$24,000 in thin air profits. After building a rapport with our real estate agent, she offered us two houses on one subdividable title for \$450,000. Six months later the property has been revalued at \$500,000 and is renting for \$600 per week.

BRETT MOYLE

"As a 21 year old, Brett bought his first investment property virtually no money down and made \$40,000 out of thin air. After completing the Homestudy Program, Brett decided to use the - no money down property strategies. Using the Property Sourcing Service, he was able to acquire an off the plan property at \$40,000 below market value for less than a \$3,000 outlay."



SHEENA & CHERIE STOKES

Within 2 years not only had Sheena and Cherie created investment income for themselves, they were able to help their Dad, a former truck driver, use some of his equity to generate instant cashflow and generate \$30,000 in a single month enabling him to finally retire.

MIKE PACILLO

"I have just done the Adelaide Education for Life conference and **Craig Jervis did a magnificent job. He was inspiring, he was humble, he was awesome.**

When he first came on stage all slickly dressed and smooth I was a bit sceptical - but I was way wrong. He was dynamic, genuine and magical. I cannot praise him more highly - except to say I have enrolled in one of his courses so my commitment is genuine. He was great, use him as much as you can.

But I do have one complaint. I am a vet surgeon and see people and their pets. Today (my first day back at work) I found myself so animated and lively and in tune with my clients it was scary (and exciting). I was talking like him, using similar hand gestures to him and a few times I had to stop myself from bouncing into the consultation room clapping my hands, swivelling my hips and wearing that big cheesy grin of his!!!!

I had the best day at work that I can remember, I felt like I knew it all and could do no wrong. If you can pass this onto Craig, I would just like to say thank you very much my friend."

MARLENA MAY KATENE

"I'm going to use this as part of my bullying workshops I'm going to do. I've finished uni now and moving on to bigger and better things. Thanks for your support of me and belief in me over the years as well. You have always seen me for me...not my disability. The time I met you at GC youth summit I loved what you are about. Your generosity in allowing me to come to your event has been gr8. While I've now got a balanced learning with some of courses I've done EG the jeff n kane stuff. THANK YOU see you soon"

EMMET D

"My business has gone from \$280,000 to being on track for \$896,000..."

LOUISE

"We started the strategies in February and have made \$15,000 so far! We are beyond excited at what our future now holds. It is great to hear other people's success stories."

KERRIE S

"I made \$500,000 from the stock market in 10 months."
(After attending this event)

BRONWYN JEFFREY

"Jamie... just wanted to thank you! My husband and I have finally hit a million dollar net worth. All thanks to following your advice."

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Acknowledgements

Neither a book nor the creation of a concept known as a 21st Century Education could come about without the assistance of numerous people.

I would also like to make a big thanks to my current employees including my 21st Century Managers, for their ongoing dedication to the mission of creating a modern day 21st Century Education that we believe should have been taught at school.

I would also like to thank my partners in business and all those who have been involved in some way with 21st Century Group of Companies. Big thanks also go to all the graduates of 21st Century Education for making the dream of creating a modern day educational system a reality. Your success stories prove that what we set out to do is occurring and that it has been worth it. Keep them coming.

A big thank you to my mentors and teachers, some of whom I will not name for privacy reasons but a big thank you to others such as Anthony Robbins who kick started me on the dream to self improvement, Jay Abrahams for his brilliant marketing skills, Michael Gerber for his business concepts, Robert Kiyosaki for making a complex subject so much simpler for me to understand, Stuart Wilde for his humorous way of looking at the concept of money and success, Sir Richard Branson for being an inspiring model for business success, Arnold Schwarzenegger and Tim Ferriss, Robert Kirby for his passion and commitment to helping people heal emotionally and all the teachers whose books, seminars and tapes have played such a big part in guiding me to my success and helping other people emulate that success.

Most of all a big thank you to my family, especially my parents, my Dad for his extreme generosity and fair minded thinking, my Mum for her never ending support, love and care through my ups and downs. To my brothers and sisters for always being there, keeping me honest.

Thank you for everything.

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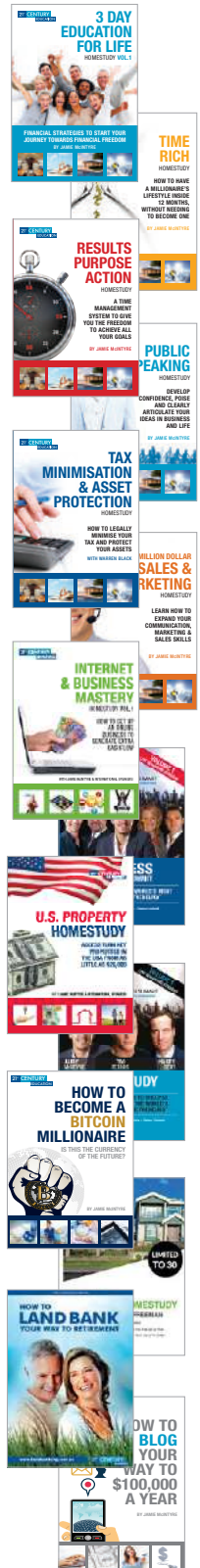
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JAMIE McINTYRE

Co-Founder of 21st Century Education

Jamie McIntyre is the founder of over 12 companies that turn over in excess of \$60 million dollars annually. With reach in industries such as Education, Trading, Accounting, Land Development, US Property, Media, Publishing, TV and in the past Finance Broking, Stock Broking and Recruitment. The 21st Century Group has grown to be one of the largest financial education resources in Australia.

Jamie is also the founder of one of Australia's fastest growing political parties, "**21st Century Australia**" and the founder of the "**Australian National Review**" newspaper.

20 years ago Jamie realised the world needed a 21st Century Modern day education rather than the current out-dated education system created in the industrialisation era of the 19th Century. A "21st Century" education that was better than school or university and taught by those with a PhD in Results, not just theory. An Education – For Life!

Less than a decade from being almost bankrupt, he had succeeded - Jamie had become a self-made millionaire. This incredible turnaround can be credited to Jamie's extensive research and to the knowledge he gained from his somewhat unconventional approach of modelling multi-millionaire's, entrepreneurs, investors and success coaches.

After producing such outstanding results in so many areas of his life, Jamie decided to fulfill a promise he made to one of his personal mentors and pass on what he had learnt to others. From this, the 21st Century Education and the 21st Century Group was born.

Today, Jamie has educated more than 550,000 people worldwide and helped thousands achieve financial abundance and long-term success.

Nominated for 'Young Australian of the Year' in 1999 for his achievements, Jamie is a successful entrepreneur, investor, sought after success coach, internationally renowned speaker and world-leading educator, hosting on his stage some of the world's most successful entrepreneurs (such as Sir Richard Branson, Tim Ferriss and Arnold Schwarzenegger).

He is also the author of numerous globally applauded publications such as the best-selling books 'What I Didn't Learn At School But Wish I Had' and "Think & Grow Rich For The 21st Century".

Jamie McIntyre has been featured in:



www.JamieMcIntyre.com

www.21stCenturyEducation.com.au





This book is about more than just a rags to riches story of how a young Australian went from sleeping on a friend's couch, \$150,000 in debt, no job or future prospects, to becoming a self-made millionaire while still in his twenties.

It's about something much more powerful and unique he had to discover in order to excel in the game of life in the 21st Century. That "something" was a 21st Century Educational System.

In this book, Jamie McIntyre lays the foundation for success with a blueprint of the same educational system he used to transform his life from broke to millionaire in less than a decade. Unfortunately, you cannot learn the educational system at school or university, and without it your chances of excelling in the 21st Century are remote.

More than 550,000 people worldwide have been exposed to a 21st Century Education already, transforming their lives as a result of the knowledge and strategies. Now it's your turn to discover this modern day educational system that is not only creating millionaires, but is transforming people's happiness and fulfilment as well.

What you will learn:

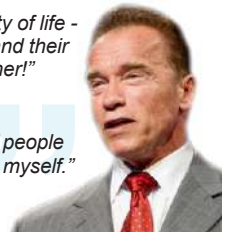
- Why generalist skills are more valuable than just specialist skills
- Why most Australians are failing financially and how not to be one of them
- The 4 key skills you must master to not only survive, but thrive in any career and how to discover your life purpose
- Why the current Australian Education system designed in the 19th Century is a miserable failure and what to do about it
- Why you should never let schooling get in the way of a good education and why what you learn when you leave school often determines your success
- 8 ways to raise money to start investing immediately, even if you have no money
- How to develop the mindset of a millionaire, think like a winner and develop emotional intelligence to instantly be happier and more excited about life
- Why you don't need a financial planner but a financial education
- How many Australians have transformed their finances in the last 16 years by applying a '21st Century' Education to their life
- How to invest into US real estate to make 10-25% rental returns and a brand new land banking strategy to buy land without borrowing a cent using options
- Discover financial formulas used by millionaires to create long-term wealth and how to be spiritual and rich at the same time

If you are looking to accelerate your financial results and create an extraordinary quality of life - then Jamie's book is for you! This book is a must-read for anyone wanting to excel and expand their knowledge. Jamie is one of Australia's most forward thinking educators and a fantastic teacher!"

Dale Beaumont | Creator of the 'Secrets Exposed' books

"Jamie McIntyre is an extraordinary human being who has helped hundreds of thousands of people achieve their full potential. I love that he has a PhD in results...as I am a Professor of Action myself."

Arnold Schwarzenegger



Readers qualify for a Free DVD Pack visit www.FinancialEducationPack.com.au

Jamie McIntyre has been featured in:



RRP \$34.95