
One Year Job Elimination Plan

By Steve Cook

INTRODUCTION

If you have an entrepreneurial spirit like me, you probably have grown up with similar thoughts to what I had. I remember being in school as a child dreaming of being able to get out of school and going to work to make money. I would dream of all the neat things I could buy (that my mom wouldn't get me) and all the exciting places I could go with that money. That job and weekly paycheck just couldn't come fast enough! Did you do the same? Today, I look back and wonder if I was just a foolish kid or if I was crazy. Let's face it - there was a point in time when we all wanted a job. We all desired to go to work and the prospects were exciting. Then one day, the dream turns into drudgery and we began to dream of the day that we didn't need a job anymore. If you are in a position where your job is a drudgery, this 'One Year Job Elimination Plan' is designed to teach you how to eliminate your job and use real estate investing to provide for your needs and make you financially free.

The dictionary defines a job as:

“Something that has to be done. A task or undertaking that requires unusual exertion. A specific duty, role or function. A regular remunerative position.”

These definitions are downright depressing. As human beings we never like anything that “has to be done”. I'm sure that if we studied the above definition as children, we may not be so anxious to get a job.

If we look at a thesaurus, it refers to a job as:

“Assignment, engagement, posting, calling, employment, pursuit, profession, trade, vocation, opening or slot.”

These synonyms don’t make the picture any better. What was it in our foolish youth that made us desire a job? It’s just one of those things that we wanted because we didn’t have it. Unfortunately, the job desired in youth is now despised by many in adulthood. Jobs can be a blessing and we should be thankful for them, but they aren’t always what they were cracked up to be. Sure, there are people who love what they do, but I would imagine that if you are reading this, there is some discontentment with your job.

Often people say job stands for “Just Over Broke.” That normally hits home with people who are pursuing this field of real estate investing. Because I teach others how to invest in real estate, I regularly hear, “If I could just make enough to replace my job.” Learning how to invest in real estate is one thing, but using investing to replace your job is a completely different story. Job replacement requires a plan. You can aimlessly pursue investing and hope, with a little bit of luck, that in a year you will be able to leave your job. The alternative is to set up a plan that will virtually guarantee you the ability to leave your job in a short period of time. Because it’s been my goal for years to teach people how to become financially free through real estate investing, I’ve put in writing a one year plan of how to eliminate your job and become financially free.

This plan will not discuss the steps or techniques of real estate investing, but will solely focus on how to eliminate your job through real estate investing. I have students all across the country who have learned the techniques of real estate investing and do

profitable deals, but few get to that point where they are financially free. They struggle getting to the point where their real estate investing income is adequate and they feel comfortable leaving their jobs. On the other hand, I have students who have left their jobs, become full-time real estate investors where investing is their primary source of income and the way they intend to make their income for the rest of their lives.

Having seen both sides of the spectrum, I've been able to analyze the difference between the students who do very well and those who just do. This plan will cover the common things that successful and financially free investors do well and then it will help to lead you down that path. I'll show you how to not follow in the footsteps of the students who never end up leaving their jobs. It will discuss the students who are able to leave their jobs, become stellar real estate investors and achieve true financial freedom, as opposed to those who turn real estate investing into their job.

WHY ELIMINATE YOUR JOB?

Let's ponder this question: "Why are people so fascinated with eliminating their job?" I think for so many people the thought of leaving their job provides them with a sense of freedom. First, they wouldn't have a boss. I remember when I was going to leave my job to become a full-time real estate investor, the thought of being able to walk in and say, 'I'm giving my two week notice' was extremely satisfying. I even used to daydream about telling my boss that I'm done! Many people I've met would love to be in that situation.

Second, many people don't feel like they're making what they're worth in their current job. They feel they are worth more, but someone else is dictating how much money they're allowed to make and the amount of time they must put in. Additionally, their good efforts are making somebody else much wealthier. Third, some people feel a job interferes with the other important things in life. For instance, they don't get to spend the amount of time with their family that they'd like to. They miss going to their children's sports games, sharing holidays and often show up on the backend of birthday parties because the demands put upon them by their job. Understandably, there are a lot of people who don't want to miss those times anymore because we can't go back and make them up. Many times our jobs are so demanding that sacrificing time with our families seems to be the only option if we desire to keep our jobs. I believe that's why there are so many people fascinated and desiring to eliminate their job.

WHY HOLD A JOB?

Why do we have jobs? It's actually a very simple question with a very simple answer. We have jobs because we need to generate income to survive. When most of us got out of school, we went off and got a job. It was time to start providing for ourselves. We needed gas money, a roof over our heads, food for our bodies, and clothing on our backs. Some of us even had families that we needed to support, so we got a job. In my opinion, that's what a job is for – it provides for our needs and is a noble thing. If we were all going to work and do our jobs for those reasons, it's a great thing. We also work because we get satisfaction and it provides a purpose in our lives. Many people enjoy their work.

Although some people end up in dead end jobs or ruts doing things they don't want to do, there are others who are very satisfied with what they do for a living. I believe if everybody was satisfied and enjoyed their job, nobody would look to eliminate their job. But when it comes down to it, there are many people out there who would love to do something different than what they do today. Maybe the job they're interested in won't provide enough money. For example, there are people who would love to be teachers, shaping and molding kids, but the salary is too low. There may be others who would love to do volunteer work and not have an income at all, but they must work to pay their bills and maintain the lifestyle they're living.

Outside of providing for our needs and finding satisfaction or purpose, the other main reason why people do the work that they do is debt. The debt that we have dictates what we do for a living. This is so true, particularly here in America, for so many people. People who want to end their jobs and do other things cannot because they are saddled with debt. If people did not have debt, there are many who would be doing something different. There are many people across our country who hate their jobs, but continue to do something they can't stand day in and day out because it's the only way they can earn enough money to support their current lifestyle, a lifestyle that they have created for themselves. It's natural to see why so many of these people take an interest in real estate investing in the hopes of eliminating their jobs and living the life they believe real estate investing can provide.

Once upon a time, there were employers who valued their employees and their employees' desires. Such an employer is not extinct, but is certainly an endangered species. Today, employers demand more of their employees. In this competitive world, employees are expected to do more, produce more, and be more efficient. Often this can be at the expense of spending quality time with the family. The trade off is that you will earn more money, but there are many people who can tell you that the additional money is not worth the time away from family. It would be great if you had a choice, but you usually don't. Either you work extra, or your employer will find someone else that will.

REAL ESTATE INVESTING AS A TOOL

Real estate investing is something that can provide much of what you are looking for in life. It can provide freedom, time, a good income, purpose, and satisfaction. If real estate investing is done the wrong way, it simply becomes another job that you hate. The purpose of this plan is to teach you how to do real estate investing the right way so that you'll be pleased to eliminate your job and become a full-time real estate investor, not how to replace the job you have right now with real estate investing, which you may come to dislike as well.

There is a myth that many people believe that if you have a ton of money and no job, you are living the good life. From my experience, and there are many people who can attest to this as well, having a lot of money is not necessarily the good life. There are many people who can tell you that not having a job is not necessarily the good life either. Sometimes you can be as bored without a job as you can be with a job. On many

occasions I have tried to slow down my real estate investing business so that I can really enjoy life and basically do nothing. However, when I sit or slow down, I end up bored and end up taking on more work. Because real estate investing is something that I enjoy doing and find satisfaction and purpose, I find myself doing more deals to fill my time. Most people need to fill their time and are going to do so with some type of work. But the key is to fill it with the type of work that YOU want to do. It's important to end up doing something that you want to do. If you're reading this plan, I assume that real estate investing is something that interests you and, when done the right way, is something that will fulfill your financial needs and be satisfying and purposeful.

MYTH OF MONEY

Money is something that people believe will make life good. This is the myth of money. Having made a good deal of money myself, while certainly not being the wealthiest of people, I can attest to the fact that making a lot of money is not going to make you happy. The same issues I had in my life prior to having money are still there. The same types of struggles are still there. If anything, money can create more stress in your life. Having a lot of money requires you to do things that people without a lot of money don't need to do. When you upgrade your lifestyle, you normally get a bigger home and more assets and have to protect those assets. This often includes worrying about estate planning, dealing with asset protection and insurance and handling more complicated taxes. When you have more money you begin to take on more responsibilities. Money itself is not going to make you happy or buy happiness. Money just makes it easier to write more checks.

TYPES OF MONEY

Real estate investing is a tool that will help you generate the income you need in order to eliminate your job. The goal with this plan is to show you how to do that within 12 months. There are two different types of income that real estate investing will generate. The first kind is active income. This income is earned through buying and selling properties. If you purchase a property for \$50,000 and sell it for \$70,000, you are going to make \$20,000 less whatever costs are involved. This is a one time profit that is not going to continue to generate more income. It will never make more money for you again once the property is sold. However, the same property that is purchased as a rental with tenants can make \$200 per month, after expenses come out, and will continue to make money as long as you are renting that property out. It won't make the large sums that selling the property would make, but it consistently generate income as long as the property is maintained and rented out. This is passive income.

There are people who say that if you are buying and selling property, you're not a real estate investor. I tend to disagree because in order to buy and sell, you still have to invest your resources. You may be getting a larger return back, but you're still investing your knowledge and finances into a deal. Let's call it "short term investing."

COMING UP WITH YOUR PLAN

Before you can do anything like eliminating a job, you need to develop a plan. The One Year Job Elimination Plan is a "Big Picture" plan. It requires combining a number of

little goals to come up with the one big plan to set you free. If any area of your life that plays an integral part of the “Big Picture” plan is left untouched, then your results will be lackluster.

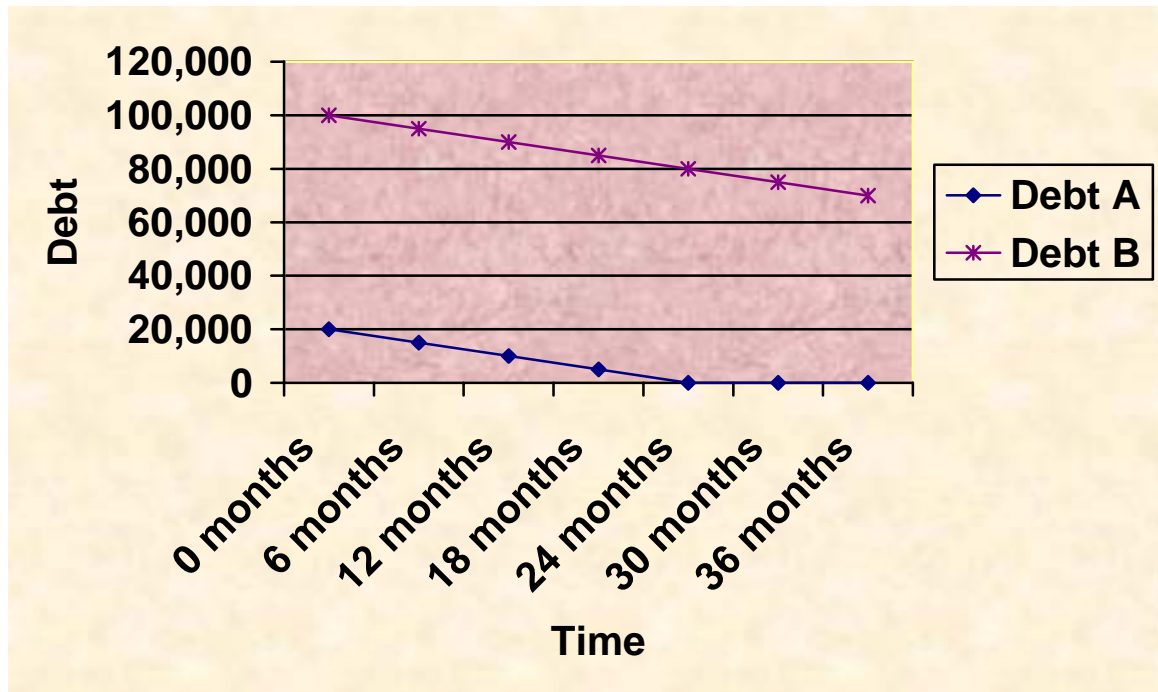
There are two key things to give serious consideration to. First, you need to evaluate your needs. You need to know how much income you absolutely, positively need to make. These are not your desires or how much you need to go on vacation, but what you need to make ends meet. This is the bottom line number that you need every month to pay your bills. ***Develop your monthly budget and determine how much you need to generate each month in order to survive.*** The second thing you need to do is determine what you want your life to look like – one year from now, five years from now or ten years from now. ***Come up with your plan, a picture of your life.*** This is such an important step and something so few people ever really do. Most people don’t have a clue what they want their lives to look like or where they want to be years from now. They just know that they don’t want to be where they are today. They want things to get better, but they don’t know what better is or even what it looks like for them. If you don’t know where you’re going or where you want to be, you can’t possibly set up a plan to get there. Anything that you do without a finish line in mind is going to keep you running in circles. But also keep in mind that the finishing point doesn’t mean that’s the end and everything stops. Your goals, wants and desires are going to change, but you need to have a goal in mind so we can set up a plan to get you to that point. Otherwise, you won’t be any further along years from now then you are today, although you’ll probably be in a different place, but you won’t be where you want to be. Today is your

starting point of working towards the finish line. Take some time to write you're your thoughts on the *My Life: Where I Want to Be in the Future* page at the end of this document to help you determine what you want your future to look like.

As you work through your budget, focus on your current spending and debt patterns. If you are someone who spends excessively, has a lot of debt, or has a very high income job but must keep it to maintain your lifestyle, then your road map is going to be a little bumpier. You undoubtedly can achieve your goals if you are willing to make some sacrifices. I have never seen anyone become a very successful, full-time investor while trying to maintain their current lifestyle, particularly when their lifestyle was one in which they lived beyond their means. Every person who I've seen that has become extremely successful as a real estate investor was willing to make sacrifices. They were willing to give up the luxuries of today in order to have them comfortably tomorrow. They learned that making money wasn't the only solution to getting the life they wanted, but they had to learn to handle money appropriately. If have a lot of debt, chances are that you do not know how to handle money, and you must learn before you'll ever achieve your financial goals.

Here are a few illustrations to look at that will help you understand my points:

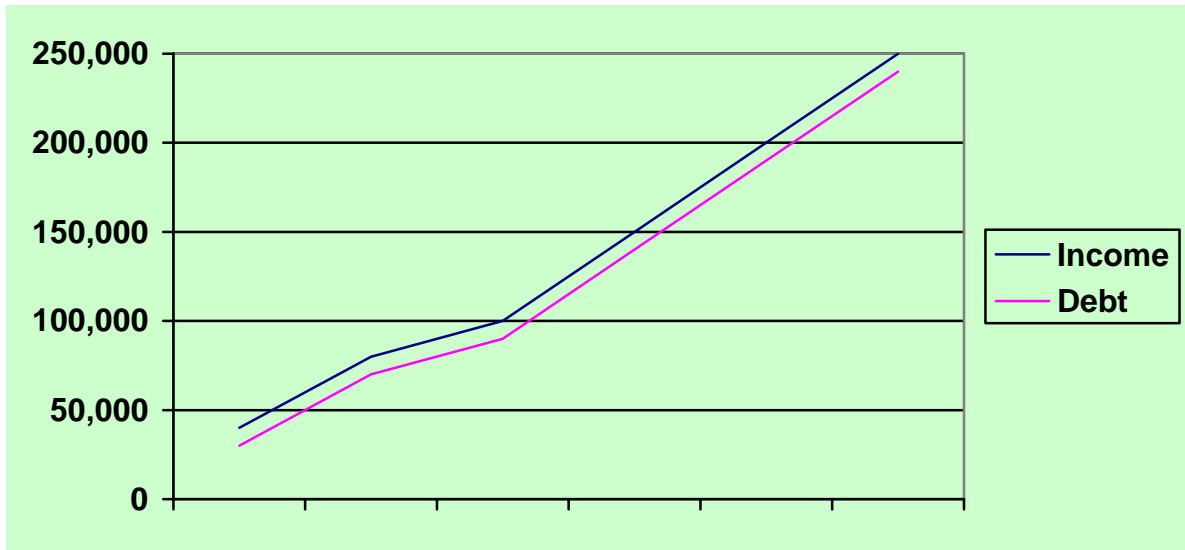
Graph 1: Debt/Time Ratio



A person with little debt can be out of it within a year, but a person with a lot of debt will take much longer to get out of it. Obviously, the more debt you have, the longer it takes to pay it off. If you have debt, you are basically a hostage to it. It is the reason that you work your job today; it dictates whether or not you go on vacation, how long you work, where you eat, and what you buy. I don't believe that there is anything good about debt. You didn't incur your debts overnight, and chances are it's going to take some time to pay them off. But keep focused on your goals and how rewarding it will be when you get to write that final check toward the pay off of your debts. Please realize that paying your debts off slowly is a good thing. If you can pay them off too quickly, you may not learn

to appreciate how much it means to not have debt. I've seen people make quick money, pay off all of their debts, and then run up their debt again. They didn't learn.

Graph 2: Income/Debt Ratio

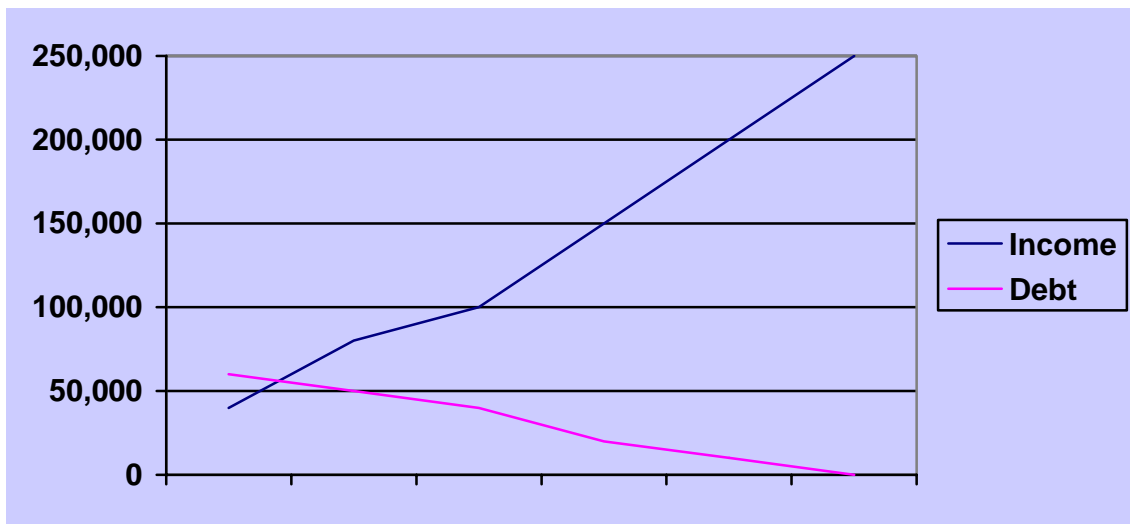


Some people will increase their lifestyle with more money from real estate investing and also increase their debt. The graph depicts the income line increasing gradually, but expenses remain high and increase with more income. Another trap that too many fall into is keeping their jobs and increasing their income with real estate investing, but not reducing their debt or even maintaining their current expense level. Unfortunately, they've increased their lifestyles while they still have their jobs and need their jobs AND real estate investing to maintain the life they have built. Leaving the jobs becomes impossible because they have increased their debts while investing.

Many Americans also do this when they get bonuses or promotions. With a new job comes a new house or a bigger and fancier car. They soon become a hostage to the life that they created and then they NEED their job. These are the people who can't sleep at night when their employer starts talking about downsizing or layoffs. If you had no debt and some money in the bank, you wouldn't worry much if your employer was considering downsizing.

Graph 3: Income/Debt Ratio Scenario 2

Make it, keep it mentality.



Then there is the successful investor. This is someone who doesn't only know how to do deals, but they also know how to manage their finances. As this graph reveals, they pay down debts as their income rises, thus needing less and keeping more.

I once had someone tell me that the reason I had no debt was because I made a lot of money. This person honestly believed that this was true and many of you reading this believe the same thing. I corrected this person and explained that the reason I had money was because I had no debt. You see, if I make \$50,000 per year and have no debt, I have \$50,000 a year to do whatever I want with. If you make \$50,000 a year and have \$50,000 a year in debt, you can't do anything more than pay your debts. We make the same amount of money, but I can invest mine, go on vacation with mine and enjoy mine. You simply have to go to work so you can pay what you owe.

SACRIFICING FOR THE FUTURE

Many people I know who have been very successful in real estate investing have done well, but still live paycheck to paycheck and are far from being financially free. They still have something that dictates what time they have to be up in the morning, when they can go on vacation and how long they can go. They basically still have a boss telling them where and when they can do something. That boss is their debt. It dictates what they do, when they do it, how they do it and how long they do it. As long as any of us have debt, we will need income.

It's also true that the more debt you have, the more you're going to have to work and the less debt you have, the less you're going to have to work. Debt can influence how well we sleep at night. It seems that those who have the most debt breathe to work, work the most and often have greater health risks from overworking and stress. I believe people with little to no debt tend to be the happiest people around because they don't have this financial burden bogging them down.

You may be wondering now, "How and why do some people reach financial independence and others don't?" My experience and observation is that the individuals who were able to eliminate their jobs and get to the point of financial freedom started out with very little debt or were willing to make sacrifices today with the future in mind. They were willing to change their lifestyle and reduce the amount of debt they had or money they needed, so they could more quickly achieve their goals and have real estate investing provide for them.

What did these people do? They sacrificed their current lifestyle and disregarded what others may say and think of the downsizing. They ignored the American culture which values having more things, owning bigger houses, driving expensive cars, taking extravagant vacations and so forth. For example, a person who drives a BMW or Lexus and shudders or is embarrassed at the thought of getting rid of that vehicle to drive a Chevy Cavalier or Kia will struggle with making the sacrifices I'm talking about. If you are more concerned with impressing others than living the life you want to live or living a

life of peace, this will be a very difficult task for you. You may be able to do things without making any sacrifices; however, you need to look at graph number two. As income increases, so does debt and financial freedom becomes a distant dream.

Before I go any further, let me bring up something to help some of you who may be struggling with this. First, you need to be honest with yourself. For example, most of you with expensive vehicles are working a job where at least one week's salary out of each month going to pay back someone else who loaned you the money to drive an expensive vehicle. The "rush" that you got from your car when you first bought it has worn off. Maybe you don't care much about it yourself any more. It's a car. It will do the same thing for you as a Toyota Corolla, except the Toyota would allow you to sleep better at night because the payments are easier for you to make. But for those willing to make sacrifices, there is great reward and much to look forward to. Here's some good news, the people I know who were willing to make sacrifices had to do so for about two years. For a measly two years, they set aside their desires and became financially healthy. By the third and fourth year they could do all the things they wanted to do. All the things that those who are not willing to make sacrifices can never do. They can go on vacations, sleep well at night, pay cash for cars and toys and give generously and cheerfully to charity.

Debt hinders financial freedom. If you're willing to make sacrifices, you're well ahead of the game. If you're willing to drop your monthly debt and needs to as little as you possibly can, you will be far ahead of everyone else and becoming financially free will

become much easier for you than someone who is not willing to do it. In fact financial freedom becomes very simple as your debts decrease. Once you start making those sacrifices, you will realize how empty many of the things you're giving up really were. When I gave up cable TV I really didn't want to do it, but I needed to knock my debt down by \$60 a month. After a few weeks of not having it, I realized that I didn't miss it. I gave up cable TV eight years ago and I still don't have it today because it's not an important part of my life. I also gave up the idea of driving really nice and expensive vehicles. When I was eliminating my debt, I went out and bought a car for \$3,000 cash so I didn't have a car payment. Was it a pretty car? No. Was it a car that most people would be embarrassed to take someone on a first date out in? Sure. But it did the same thing as a \$30,000 car - it brought me to my destination each and every time. Today, I drive a Volkswagen Jetta and a Volkswagen Passat. Often people are surprised by that (I think they expect me to have a Mercedes or a BMW). I could certainly drive what society says are much nicer vehicles, but I drive these cars because they run on diesel and get much better gas mileage. Ultimately, they're less expensive and will last a lot longer. It doesn't bother me that there are people who think I should be driving something different. I don't care if my neighbors look at my vehicles and think they're better than me because my goal isn't to impress them. I know what I have and the life that I live and stand secure in it.

HOW TO REDUCE YOUR BUDGET

Are you willing to make the sacrifices that are necessary in order for you to be a successful investor? If you're not, that's fine, but it will take you a lot longer to get to a

point of financial freedom. For those willing to make the sacrifices, we need to design a budget and carefully review your needs. How much money do you need each and every month to make ends meet? Consider what you can cut out of your budget. Do you have two or three car payments? I know a family that has three vehicles, but one is always sitting in the driveway because they only have two drivers in the household. If you've got three vehicles and two drivers, you can get rid of one car. I know a guy who had a Porsche as his weekend car. He frequented a certain restaurant where I found him one night sitting at the bar. After striking up a conversation, I asked him why he was always at the bar and he said he was hiding from the bill collectors. If he went home, his phone would be ringing off the hook from all the collection companies. This guy and his wife made over \$200,000 a year, but were living a lifestyle of people who made more money. They were a very young couple who about five years before were making around \$40,000 a year. During that same conversation, I asked him what life was like when he made only \$40,000 per year and he said, "Life was great!" When they were making \$40,000 a year, they lived the lifestyle of making \$40,000 a year. But now he spends all his time in a bar trying to hide from people because they were spending more money than they were making. The Porsche, as the weekend car, was certainly contributing to their problem. Unfortunately, he bought into what society teaches - bigger and more expensive is better.

There is another couple I know who owned a BMW and Lexus. They were not willing to give up their cars in order to better themselves financially; in fact the very thought of doing so was appalling to them. They feared that everybody, including their family,

around them would see them as failures if they got rid of one or both of the expensive cars. Their cars, along with the debt, were more important to them than becoming financially free. If you've got two vehicles, you've got to evaluate if you really need both and, if so, are these the exact cars you need to keep. Can you make it with something cheaper? Can you sell one of the vehicles, take profit from it and buy another vehicle for cash so that you don't have a car payment? Again, the goal here is to reduce your debt so that real estate investing can set you free in a shorter period of time.

Another item to look at is your home. Giving up a home is a very tough thing for a lot of people and many don't even want to consider it, especially if it means going from a large home to a smaller one. If you have more of a home than you can afford or need, it's an area that can be cut from your budget. Society tells us that we have to have a bigger house to have more room or that it's not right to bring your kids up in something small. I grew up in small houses. My parents and grandparents all grew up in small houses. What is considered a normal size house in today's market was a very opulent house 30 or 40 years ago. Please don't fool yourself into believing that you *need* to have a bigger house. If you're not willing to give up your house or a large home that requires a lot of maintenance or much bigger payments than you need, then you don't really want to be financially free or free from your job. Give some thought to these things and get your priorities straight. I'm not saying that everyone has a house that is more than what they need, because some people live very modestly. One of my best friends and his wife decided to sell their house and move into an apartment. They had a very nice home in a middle class neighborhood, however, they realized the home was more than what they

needed and they were serious about becoming financially free and making the sacrifices that were necessary in order to live the life they truly wanted. This is a couple who knew what they wanted their lives to look like in five years. They made this step even though many of their friends criticized them and asked what in the world they were doing. After making some sacrifices and being a real estate investor for two to three years, this couple was able to buy a house that none of their so-called friends could buy and were able to live a life that none of their friends could live. Now their so-called friends want to know exactly what it is that they do. Making sacrifices by putting off luxuries today and getting your debt down is going to help you to become financially free much more rapidly.

MONTHLY BUDGET

In designing your budget, be sure to identify the debt that you can get rid of and reduce your monthly needs as low as possible. Here are a few other things to consider in preparing and reducing your budget: Be sure to look at little things like the cable bill or phone bill. For example, eliminate or reduce having all the options on your phone like call waiting, voicemail or call waiting. You may not even use many of these options and certainly don't need to spend money on them. Are all the cell phones in your household necessary? Look at how often you're going out to eat and where. Are you paying for club memberships that you're not using? Do you spend too much on clothes and shoes that you really don't need? Can you find free entertainment or inexpensive activities for fun? Do you subscribe to magazines that you really don't read or can do without? Check

out the local library to see what reading materials they have for free. Whatever it may be, get rid of all the things that you don't need.

I'LL SACRIFCE! NOW WHAT?

Some of you will realize that you don't want to change your budget; others will find you don't need to change it; and the rest of you just need to reduce it some. Once you've identified your expenses, you now need to decide how soon you want to be financially free. How soon do I want to eliminate my job? How soon do I want real estate investing to take over and be my source of income to survive with? Consider if you want it to be one year, two years, or five years from now. However long it is, you then need to decide how much money you need to make with real estate investing to provide your monthly needs.

For example, you've gotten your monthly expenses down to \$3,000 per month and you want to free yourself from your job within one year. The next step is to decide how much money real estate investing needs to make you over the course of the year in order to replace that \$3,000 per month. You can use passive income made from rental properties to generate the \$3,000 per month to cover your expenses. If you don't want to go the rental property route, I typically recommend putting at least one year's worth of salary in the bank. Using the same example, that would be \$36,000. Do deals that will put at least \$36,000 in the bank so that you have one year's worth of income put aside to tide you over until you do your next deal and start replenishing it.

The example I've used of \$3,000 per month is a fairly low amount of monthly expenses and probably unimaginable to a lot of people. Be encouraged - it was unimaginable to a lot of people who have already done it too! Whether your number is \$3,000, \$4,000 or \$2,000, generating that amount per month through passive real estate investing (i.e. rental properties) or active real estate investing (i.e. buying and selling properties) is a very easy thing to do. Let's not make this more difficult than it needs to be.

If you can get your income down, it's very easy to make the amount of money that you need to set yourself free. If your necessary income is at \$10,000 per month, that's \$120,000 of cash that I recommend you put in the bank or \$10,000 per month of positive cash flow that you would need to make before you could free yourself from your job.

Let's analyze that real quickly – if you need to put away \$120,000 and are doing deals that make you \$20,000 each, you need the money from six deals without spending any of the profits. If you're looking at rental properties, let's assume that the properties that you want to take on will generate \$250 per month in income. Therefore, you would need 40 rental properties in order to replace your income so that you can be free from your job.

Even as an experienced real estate investor, picking up 40 productive rental properties in one year that will net \$250 each per month is a very difficult thing. If I needed to generate \$3,000 per month, I would need 12 rental properties generating \$250 each in income per month. Twelve rental properties are much easier to acquire and manage than 40. It's still not necessarily a very easy task, but certainly easier. I tend to recommend that you do a combination of having cash in the bank and putting together some passive

income, depending upon what your goals are. I've done both and actually prefer to make as much cash as I can and invest my money in other ways such as lending money.

You need to have your plan, know where you want to be, and know that if you're going to do it all with passive income and you've got a high amount of debt and a high amount of needed monthly income, you will need a lot of rental properties. Forty rental properties can become a job unto themselves, particularly if they are high management. If they're low income rentals and a high management type of area, it will become your job. If you have 40 high quality rentals, then that income can become fairly passive. You need to give consideration to where you want to be, how much time you want to invest in order to become financially free and to eliminate your job.

ADJUSTED MONTHLY BUDGET

In adjusting your monthly budget, be sure to put in the amount of income you need per month to service your monthly debt. This is going to be the adjusted amount and fairly low number, if you're willing to make those sacrifices. Next, you need to look at the amount of active income that must be generated in order to put that amount of money in the bank to cover one year's income (if you feel more comfortable with two year's income, do that - it's just a higher goal, but still one that can be achieved) or the amount of passive income you need to make in order to use rental properties to eliminate your job. Once you've come up with the amount of active income, you need to break it down further. For argument sake let's say you need \$50,000 per year to cover your debt and want to put one year's income in the bank in order to leave your job. Keep in mind that

this money is for your living expenses, it is not to be used for real estate investing itself. Determining how you're going to make that \$50,000 is your next step. You can make \$50,000 by doing 10 deals that make \$5,000 a piece, five deals that make \$10,000 each, two deals for \$25,000 each or one deal that makes \$50,000. You need to decide how much time you're going to put into this or how much time you can afford to put into this while you are still working your job. If you are in a position where you want to do deals with as little risk as possible and want to make \$2,000, \$3,000 or \$4,000 per wholesale deal, then it will take you quite a while to save enough money, without spending your profits, to free yourself from your job. If you're averaging \$3,000 per deal, you need to do 17 wholesale deals in a year if it's your goal to leave your job in a year. Of the 17 deals, it's best not to spend the money or reward yourself for your hard work. Remember the key is to sacrifice now so that you can leave your current job and work towards financial freedom.

Planning properly is what so many people fail to do. If your annual debt in proportion to your income is very low, say around \$20,000, you are in a position to do smaller deals if you choose. If you're annual debt is at \$100,000, small deals are likely never to get you to your goal. You have to do bigger deals to generate the cash to put away that will allow you to survive for a year while you go out and do real estate investing full-time. Passive income works the same way. The more rentals that you need to have in order to replace your monthly debt, the more likely you are to do bad deals in order to hit that number. The less number of deals you need to do, whether passive or active income, the better off you're going to be. I recommend that if you need \$50,000 that you shoot to make

\$60,000 or \$70,000 because you will spend some of that money. When planning you have to be realistic. As a part-timer, your capabilities are limited and you can probably only get done two deals per year. That's OK because you can achieve your goals with only two deals. You just have to make sure that the deals will make enough to hit your goals. You would need to make \$30,000 to 35,000 per deal in order to put that kind of money away. If you're going after deals that make \$10,000, you will need to do six or seven deals in a year. With a full-time job doing six deals a year is not easy. Even doing two is a challenge with your full-time job.

Hopefully, you understand what I'm getting at here. If you need to make \$100,000 or even \$150,000 per year and you're working a full-time job, I recommend working on deals that will make you six figures. Doing deals at \$20,000 is going to take you a very long time to get there. The same thing goes for rental properties or other types of passive income. It's OK to make \$20,000 per deal, but you have to be realistic. On a part-time basis, you can probably do 2-4 deals per year. It's going to take you more than a year to achieve your goal of putting away one year's worth of income and even longer to put away two year's worth.

If building passive income is your goal, you must realize that buying properties that are already rented and performing are going to get you to your goals much quicker. If you buy vacant properties, you will have the time of repairing and finding a tenant involved. This costs time and money. If you have no cash to put into rental properties, you are

going to have to either buy creatively, or do deals to generate the cash for your rentals. Keep all of this in mind when putting together your plan.

STICKING TO YOUR PLAN

The problem with earning extra or more money is that we tend to spend more as we make more. Very few people will maintain their spending habits as their income increases. Along with making more money, just about everybody spends more money and lives a different lifestyle. One of the problems many people have, especially if you aren't willing to make sacrifices, is the temptation to spend the money from real estate investing as you make it. If a person makes \$30,000 on a house, he is likely to spend that money. But if you're willing to make the sacrifices and not spend it, you can get out of the rat race relatively quickly when you can put away chunks of cash like that toward your future.

The bottom line is that in order for you to be financially free, you must learn to manage your money. You absolutely, positively cannot be financially free if you don't know how to manage money. Some of the highest income earners in the world go bankrupt shortly after their income stream stops because they didn't manage their money. People who know how to manage their money can take \$500,000 and be set for life. Athletes with \$50 million contracts and in three years after retiring, they're managing a McDonalds because that's all they can do. It happens time and time again. The same thing goes for

lottery winners who frequently end up bankrupt because they have a lot, spend a lot and don't know what to do with it. Those who can't manage their money, work for somebody else. They work for somebody who knows how to manage money. There are many, many people who need that paycheck coming in every single week because they don't learn how to manage the money they do have. They can never get out of their job because they don't know how to control their spending or are not willing to make sacrifices.

Either you have to learn how to manage money or it will manage you. It will be one way or the other. It all goes back to debt again – it will keep you up at night, it will dictate where and when you work, what holidays you have and what vacations you go on, how long you go and what you buy for gifts for your family. You manage it or it will manage you.

CONCLUSION: NO JOB AND FINANCIAL FREEDOM CAN BE YOURS

My plan in becoming financially free involved reducing or eliminating my debt. By doing that, I reduced and eliminated my need to have a job. We certainly still have needs like eating, keeping clothes on our back, and running utilities in our home. However, real estate investing can very easily meet those basic necessities when there are no other debts involved. I want to emphasize again that if you're willing to make sacrifices and pay the price for two years of your life, you will be able to leave your job, go on vacation whenever you want and do all the things you want to do for the rest of your life. That

doesn't mean you won't work, but you will work because you want to. You will master money and not allow money to master you.

One of the mistakes I made when I got into real estate investing was trying to make enough money to replace only one month's income at a time. It's easy to see why people want to generate a plan to come up with enough income for one month at a time. Many people's business plans focus on generating enough capital to get through the month. The problem with a plan like that is that you don't ever tend to get ahead. If you get the amount of money you need down to \$30,000 per year and do one deal that nets you \$100,000, you've got enough income to keep you going for the next three years even if you didn't earn another dime. If you only went after a deal of \$3,000 to cover your monthly expenses, you immediately have the burden of how you will earn next month's \$3,000 on your shoulders. My example may be a little bit extreme, but it doesn't have to be. If you do a deal for \$30,000 and you need \$3,000 per month, you've got 10 months worth of income behind you and 10 months to generate more income and get further ahead. You need to decide if you're willing to make the sacrifices to make it that easy on yourself.

The beautiful part of it all is that once you get your income from real estate to surpass your financial needs, you're free to do whatever you want to do. You're free to do what you want to with your excess time and income. You can do more of what's been earning you money or you can look to other avenues to generate income, even multiple streams of income.

Blessed Investing!

My Life: Where I Want To Be in the Future