The 7 Step Wealth Program

Build Your Financial Future

With Proven Results and Actionable Items in Every Chapter

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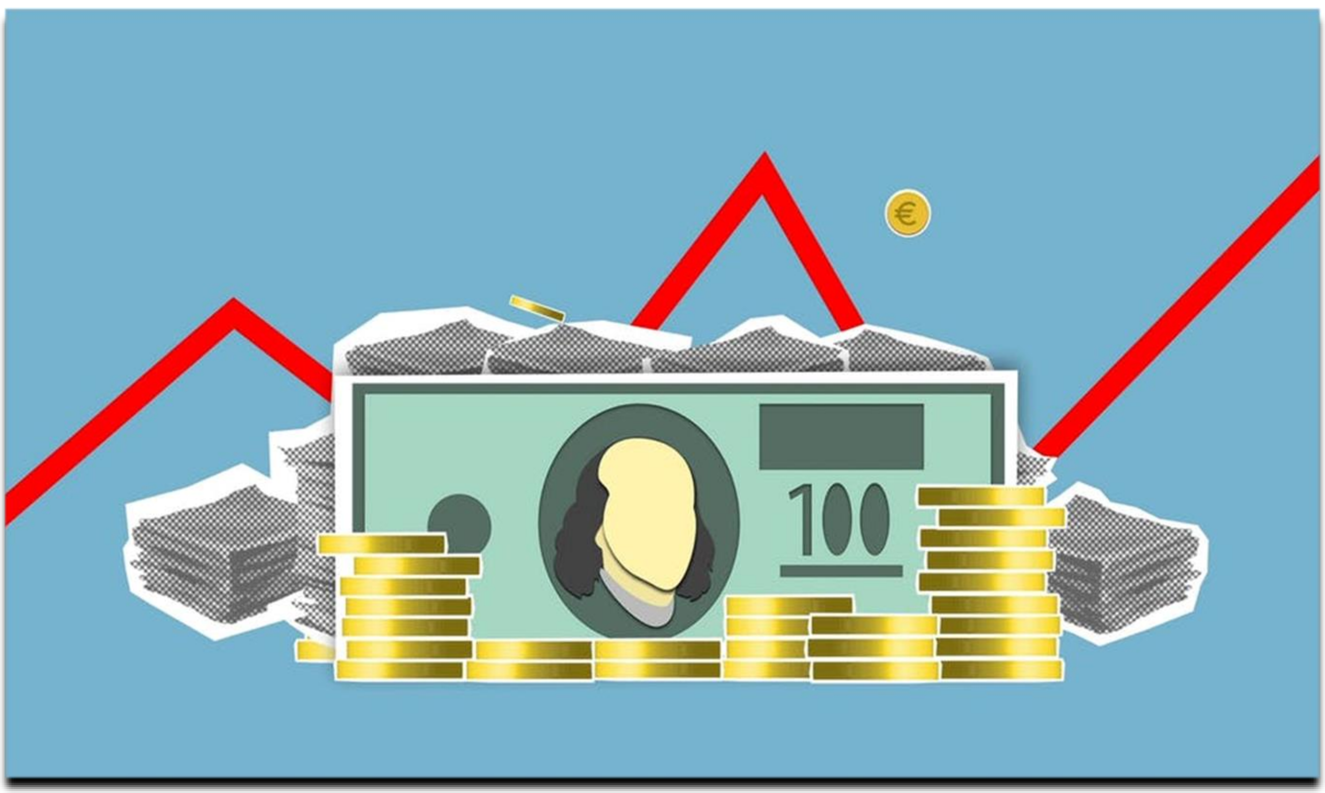
Table of Contents

Step 7: Ready To Invest

What We Will Cover?



Step 7: Ready To Invest

You Are Ready to Invest

Finally, you have made it to the last step! This is one of my favorite steps, since it will show you how we can multiply our wealth. You can have your income and expenses in order but if you do not know what to do with what you have, then you will sooner or later end up back at the start. Remember… money loves attention. It needs to be circulating between different investments. In this chapter, we will go over the different rules to follow so you make calculated estimations rather than plain investment guesses. The goal here is to lower your risk-reward ratio. As you get older, the risk will need to be much lower than the reward as you may not have enough time to recover from the potential loss.

Please note, this step is for when you have saved up enough money to invest it into a cash flow investment. An investment that will require your money instead of your time. Allow me to explain this concept in the next section "Investing Time vs Investing Money".

Investing Money vs Investing Time

I have added this short section to step 7 because it is important to understand the difference between investing money and investing time. In step 6 we went over the 5 different investment buckets, and you had the task to pick one bucket and a subsegment of that bucket to start learning about. Now, if you picked a bucket with a subsegment that will require money to invest rather than your own labor and time such as real estate or trading securities then these 10 rules that I have build below are for you.

When you invest money, you are trading your money for time. In other words, you are investing money instead of time and in return you are investing your money and placing the risk on an external factor to produce results for you. For example, investing in a rental property will place the risk on external factors like tenants, markets, and even weather conditions.

This produces a risk because you are investing your money on external factors that you cannot control. Therefore, I have created these 10 investment rules to follow when investing your money to help mitigate your risk as much as possible.

Now, if you choose an investment bucket that requires your labor and time instead of money then you will not have to follow the 10 investment rules below because the risk will be place on your own ability to succeed.

This is because, if you are investing in a bucket that requires that you invest your time instead of your money you are investing in your own ability to create results. The only risk you have is the risk of giving up before arriving to your end goal. Out of the 5 investment buckets the one you will need to trade time for money is the royalty bucket like starting a business, creating an online course or writing a book. It can also be in some cases the digital real estate bucket like creating YouTube videos or an ecommerce drop shipping store. If you have picked one of these investment buckets to start with, then the 10 rules below will not apply to you until you have accumulated enough money to invest in the other buckets.

Investment Rules to Follow

Make sure you invest wisely. Investing is an art, and there are many rules to follow. If you invest your money in the wrong places, you will quickly lose it all. I have made multiple investment mistakes and have lost plenty of money through this learning process. However, my "worst" failures have been my greatest rewards from the knowledge that I gained from them. To save you some time and money, here are some of the investment rules to follow.

10 Investment Rules to Follow:

1. Conduct Your Own Research

   Do not invest in something that you are not educated about. Any time you are going to invest, make sure you conduct a detailed analysis on the company, the property, the people involved in the investment, etc. Make sure to not only conduct online research but also ask great questions. Write a list of questions to ask yourself, and ask the companies that you want to invest in. Questions such as: what are some of your client reviews and can I speak to them? How does their company or investment differentiate from competition? How long have they been in business? What does their track record look like? Their past results will often indicate their future. If they refuse to talk about numbers or give client reviews, you should question it. Point is, do not jump into an investment just because somebody you trust told you to do it. Do your own research.

2. Do not Trust an Expert.

   An expert is one who has a long track record of at least 5 to 10 years of dedicating their time to that industry. A lot of people claim to be experts, and while they may know what they are talking about they will often guide you based on their emotional decisions and what benefits their pockets. I cannot tell you how many times I have let great deals pass because I listened to an "expert" tell me that a specific investment was not a good deal. On the other hand, I have had "experts" recommend investments that lost money. While experts are great to receive advise from, do not trust just one expert. Ask other experts in that industry as well, and then come up with your own conclusion. Just remember, take their advice but stick to your gut feeling.

Like Jim Rohn said, "Don't be a follower, be student. Take advise but not orders. Take information in but don't let somebody order your life. Don't do what someone else says. Take what someone else says process it, ponder it, think about it. If it makes you wonder, if it makes you think, then its valuable. When you are ready to take action, make sure the action is the product of your own conclusion, not what somebody else told you to do." Your learning process will be speedy and your success curve will definitely go up.

"Make sure what you do is the product of your own conclusion."

3. Time Is an Illusion

   It is important to understand that while time is always of the essence, it will not make or break a deal no matter how much others will tell you otherwise. Do not jump into an investment without doing research first. Always say you need to think about it, conduct your own research, as well as consult with multiple experts, not just one. Take the time to read through the terms of the contract. Do not allow time to pressure your decision. Be diligent in all you do.

4. Don't Gamble your Money

   It is easy to get caught up with the emotions of generating passive income through a great investment opportunity, but throwing your money at different investments without research is not the answer. Always look at the risk-reward ratio. What is the percentage probability of failure versus the reward that you can receive? Another way to mitigate the risk on an investment is to measure the aggravation level. How much aggravation will this investment bring to your life? The higher the aggravation, the higher the risk. The younger you are the more of these you can invest in as you will have time to recover from the high fluctuations. The older you are the more you want to stay away from these type of investments.

5. Break Down the Process

   If you are investing in a company or an investment that will require other people to do the work for you, make sure you understand their processes. Do they have processes and systems in place to produce the product or service they promised you? A lot of companies will promise you returns that their systems cannot fulfill. If the company is not organized what makes you think that they will take care of your money? Dive into the management of their employees and systems and look for inefficiencies that can cause issues in the supply chain.

6. Break Down the Numbers

   Once you have researched the company, people, and/or property, it is time to break down the numbers. This is where it all counts. You will work backwards from the final result, to where you are now. Do the numbers match up? Is it a great investment? Do not forget to analyze the numbers and remember to be skeptical of short-term return on investments. There is no such thing as quick money without very high risk.

7. Shop Around

   Analyze the competition and different investments in the marketplace that are like yours. Chances are that there might be better deals, with better service, and better returns somewhere else.

8. Diversify your Portfolio

   We have given you a list of the five different buckets of investments. Stick to one, and once you master it, go to the next. The goal is to have money working for you through different buckets. If one fails or crashes, you will be protected and will continue to consistently keep receiving residual income.

9. Read Your Contracts
   Every legitimate investment will come with a contract. Read through it, look for sections such as return policies, length of contract, and guarantees. Before signing a contract, read through it and give yourself a couple of days to think about it. Do not sign right away. No matter how much they pressure you, do not sign based on pressure or emotion.

10. Look at Investments through a Long-Term Lens
    When analyzing investments, always look at the amount of time that it will take to receive your return on investment. When will you recuperate your investment amount? Where is the world going? Will my investment flourish in the future? How is the market shifting? Have a vision for the future and see if the investment you are about to make will fit into the future and not dissipate in the past.

These are the golden rules that you must consistently follow. Do not jump into an investment without following each one. Remember the goal here is to generate money and not to lose it. Stay on your toes, be patient, be diligent, and be skeptical of short-term investments.

What is a Good Cash Flow Investment?

Have you ever heard the phrase; ‘cash flow is king’? Cash flow is the secret formula to reaching financial freedom. The question is, how do you know if an investment is a good cash flow investment? How great an investment is will be determined by the return that you get from your initial investment. For example, if you put in $20,000 for an investment that will generate you $250 a month of passive income, that means you will have earnings of 1.25% which is an annual return of 15%. This is a great return on investment. Keep in mind, the average healthy index fund gives you a 10% annual ROI (return on investment).

It is important to understand that you can move your money to a new investment if your current investment is not generating a high enough return. You can look at the percentage of return each investing is generating. For example, if you come across an investment that will generate you 15% return, and your current lowest investment in your portfolio only generates 10% ROI (return on investment), it would be smart to sell off the low-generating investment and move your money to the higher ROI investment.

Please note, liquidity means that you have extra cash on hand which gives you an opportunity to invest it on a solid residual investment. As a result, you can jump on the opportunity without taking money from other investments. The more flows of cash that you have, the better. The goal is to diversify while it grows. Just remember, the more money you put into an investment, the higher the cash flow that you will receive from it. The goal is to stick to investments that cost a minimum of $25,000 USD.

Step 7- Ready to Invest

Action Items:

This was a super fun chapter; one of my favorite steps in this program. Here are the action items that you must follow:

- Learn and memorize the 10 investment rules like it is your financial bible.
- Understand the difference between investing money and investing your time.
- Understand what a good cash flow investment is and how you should invest your money.

Conclusion:

Now that you have completed the seven steps of this program, it is up to you to stay with it. Start by engraving finances into your blood. Build strong habits around finances and investments. Remember to stay focused and disciplined when pursuing your wealth goals for financial freedom. To reach financial freedom, it will take you a minimum of 5 years to reach depending on your efforts. We are here for the long run. Be mentally prepared to build your wealth incrementally through consistency, focus, and perseverance. These are your keys to success.

Notes

Step 7: Ready To Invest

Notes Continued

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