How to Amplify Your Income and Wealth to Achieve FINANCIAL FREEDOM

MIKE SIKAR

delta financial group

“Never depend on a single income, make investments to create a second source to strengthen your financial stability"

Warren Buffet

Introduction

Most people have no idea how much money they will need to achieve financial security, independence and freedom - or more importantly, how to invest the money they already have to generate additional income so they can fund their ongoing expenses and lifestyle purchases.

What if money didn't matter? How would you feel if you didn't have to worry about going to an office every morning, or paying the bills, or funding your retirement? What would it be like to live life on your own terms? What would it mean to know you had the opportunity to start your own business, or that you could afford to buy a home for your parents and send your kids to university…even have the freedom to travel the world?

How would you live your life if you could wake up each day knowing there was enough money coming in to cover not only your basic needs but also you goals and dreams?
The truth is, a lot of us would keep working because that's the way we're wired. But when we're financially independent we would approach work from a place of joy and abundance.

Our work would continue, but the rat race would end. We'd work because we wanted to, not because we had to.

That's true financial freedom. But is it a pipe dream? Is it really possible for the average person - more importantly, for you - to make this dream a reality?

In this guide I talk about the importance of understanding how your money can work for you by earning more, spending less and automating the process of investing.

Reading this guide will give you the clarity you need to achieve your financial dreams and realise they may be closer than you think. Everyone has different dreams and goals. What's important is to uncover how to define and achieve the ones that matter to you - pay for children's education, buy a new home, be comfortable in retirement, make meaningful donations to charities and causes that matter to you – the automated multiple income from astute investment channels you put in place make these easier to achieve.

Most people think their biggest financial challenge in life is paying off a house, when in reality it is losing their income.

By default, losing your income happens when you retire and by this time you should have put in place revenue streams to compensate for the loss of income…by this time, you would most likely have completed the mortgage payments on your house.

To maintain your current lifestyle in retirement, you may need at least 15-20 times your family household income and you aren't able to borrow it when the time comes.

“Most people overestimate what they can do in 1 year and underestimate what they can do in 10 years”

Bill Gates

In preparing the content for this guide we recently surveyed 1500 senior business professionals on LinkedIn to find out the biggest challenges they encountered in achieving financial independence.

Survey Results and Implications

The results of the survey provide insights into what separates the truly affluent from high income earners who despite investing money in property, shares or other avenues fail in their quest to become financially independent.
The survey indicated five fundamental action areas where the respondents fell short:

#1: Lack of structured plan or long term goals 32%

#2: Avoiding risk by not taking action 24%

#3: Poor cash flow management 23%

#4: Paying too much tax 13%

#5: Not enough good debt 9%

"People rank wealth as their top 3 goals, yet 90% of people fail to meet their financial goals"

Let's now look at each of these areas and why they are stumbling blocks which need to be overcome to achieve financial independence.

Lack of a Structured Plan or Long Term Goals

Your ordinary life only begins to become a great life when you clearly identify what it is that you want, make a plan to achieve it and then work on that plan every single day.
Lack of goal setting is one of the main stumbling blocks preventing high income earners from their desire to succeed financially.

Simply relying on a fortnightly paycheck or ongoing income from business profits isn't enough to progress financially.

In many cases, there's a temptation to spend money on luxuries such as cars or furniture which are depreciating assets, when the same money could be invested to generate ongoing income.

Whether financial goals are set for the short or long term, they need to be specific, measurable achievable, realistic and time bound.

Short term financial goals typically include planning a holiday, saving for a new car or making home improvements. Medium term financial goals can include saving for children's education or buying a new home. Long term goals typically include saving for retirement, purchasing an investment property or leaving a family inheritance.

The first step to achieving your financial goals is to outline what you want to achieve and to set realistic time frames to achieve them. Prioritise each of your goals in order of importance, so you can work out a clean cut plan to finance them.

“Setting goals gives you long-term vision and short-term motivation”

- Mike Sikar

Avoiding Risk by Not Taking Action

You may have heard the expression, “You’ve got to be in it to win it”. Winning the money game is no different. A stash of money sitting in the bank does not accumulate wealth. Even in a fixed deposit plan, with the way interest rates are these days, the growth is negligible.

Taking no action under the pretext that it’s risky is most likely a procrastination habit. People always have a good reason not to begin be doing what they need to do to achieve their goals. It’s either the wrong month, wrong season or the wrong year, or business conditions in their industry are no good or they may be too good or the market isn’t right.

There always seems to be a reason to procrastinate. As a result people keep putting it off month by month, year by year until it’s too late.

“There are costs and risks to a program of action, but they are far less than the long term range costs of comfortable inaction"

- JFK

Poor Cash-Flow Management

Lack of a personal budget and not understanding the relationship between your earning, spending and saving is a common occurrence, especially if retirement seems a long way off.

Affluent people, on the other hand, have very few expensive pleasures and instead invest their money into appreciating assets such as property and blue-chip shares which grow in value over time.

You have to be able to not only hold a portion of what you earn from your work or profession, but, more importantly, multiply what you earn - making the money work to generate wealth while you sleep. You have to make the shift from being a consumer in the economy to becoming an owner - and you do it by becoming an investor.

Paying Too Much Tax

The main reason people pay too much tax is because they do not have enough good tax-deductible debt. This is money down the drain. You are already in a high tax bracket because of your high income. Doesn’t it make sense to claw some of that tax back and have some extra funds for reinvesting so you can grow your wealth instead of giving it away in tax?

There are many ways to reduce your taxable income and the taxes you will owe. These are basic tax-saving strategies that every taxpayer should know. They don't involve offshore bank accounts or convoluted tax shelters, rather these are strategies to maximise your deductions such as income sharing and trusts, to name a few.

Not Enough Good Debt

Debt. It's a word which normally has a negative connotation. But debt can be good too. Not the kind you run up on your credit card buying luxury items for the house. It's the good debt we're talking about here.

Some high income earners don't achieve their financial goals because they do not have sufficient good debt.

What is Good debt?

Good debt is essentially tax deductible debt. For instance borrowing from banks to invest in property or shares is generally classified as good debt because it is tax deductible. You get a tax advantage and can write off interest on an asset such as a property which appreciates over time.
Generating passive income to replace your working income may involve borrowing – but the risk will be minimised partly by the benefits it has to your tax situation.

Good debt is one of the best ways to start leveraging the power of your money and to generate income from your investments when you stop working so that you are able to create real wealth.

What are the Rules You Need to Understand to Win the Game of Money?

Winning the money game requires an understanding of the rules you need to play by. When you have a thorough grasp of these rules, it becomes easier to be focused and structure a plan to help you succeed.

For the purpose of simplicity these rules have been broken down to cover five broad areas:

Managing Cash flow to Create Surplus Income

To begin with you need to follow a cash flow management system to ensure you are able to generate regular surplus funds for new investment opportunities.

Implementing a cash management system with a financial adviser and more resources will channel the money in your bank into assets which can earn you money consistently.

Financial planners can help you construct your cash management system to fit your budget and risk tolerance. They can also help you understand the relationship between earning, spending and saving and show you how to automate the process of paying your bills and your discretionary spending.
This will allow your surplus income to grow. You can then reinvest the additional income into new investment opportunities so your money is working hard for you, instead of you working hard for your money.

Keeping to a budget can free up your time while giving you a better understanding of your discretionary and living expenses, which in return will free-up your time, allowing you to focus on more important things in life. At the same time you will be fully secure in the knowledge that you are on the path to achieving your goals.

Long-Term Compounding / Rule of 72

When setting long term goals it's important to understand the Rule of 72. The 'Rule of 72' is a quick calculation which takes into consideration the effect of annual compound interest assuming no additional investment or withdrawals are made.

It's as simple as taking the anticipated interest rate and dividing it into 72. So if you expect a return of 8%pa then as 72 divided by 8 equals 9, it will take 9 years to double your money.

Following this rule will give you an indication of how much and where you need to invest to reach your long-term goals.

Set-up a Regular Saving Plan through Dollar-Cost Averaging

Discipline is part of a sensible lifestyle, yet it appears to be something that is often forgotten when it comes to investing. You often hear of 'horror' stories where people have made investments at the top of the market and sell out in a panic resulting in great financial loss at the bottom of the market when things are not going as well.

These stories usually relate experiences of investors who have been caught up in the emotion of buying on hype instead of sticking to sound fundamentals.

One simple solution to help guard against this problem and make money whether the share moves up or down is a proven strategy called Dollar Cost Averaging (DCA).

Basically the process involves not worrying where share and property prices or interest rates are headed. You simply invest a set amount of money on a regular basis over a long period of time. The strategy is to ride the ups and downs. It makes little difference to the end result as to what the market was doing when you began investing.

Once you've committed to the principle of regularly investing through a DCA strategy you're exposing yourself to an asset class offering the best potential for capital growth – which is the single biggest reason for investing in the share market.

Average returns for the 18 years -1995 to 2012 – saw listed Australian shares deliver 10.93 percent returns, while cash and fixed interest delivered 5.63 percent and 7.88 percent respectively. So remember that based on the principle of compounding returns, an investment earning 10 percent annually doubles every 7.2 years.

Asset allocation

Asset allocation is the most important investment decision of your lifetime, more important than any single investment decision you're going to make in stocks, bonds real estate or anything else.

The allocation of your money to different types of investment assets, generally referred to as "asset allocation", is the major factor that determines the risk level and performance of an investment portfolio as a whole.

Asset allocation simply means across asset classes and markets. The mechanism through which you execute the strategy is dollar cost averaging.

To clarify this a little more: Asset allocation is the theory. Dollar-cost averaging is how you can execute it.

Harnessing the Power of Super

Superannuation has been specifically designed and endorsed by the Federal Government as the preferred way to save for your retirement and has added tax benefits that make it particularly attractive.

Why invest in superannuation?

Superannuation can be a tax effective way of building wealth for your retirement. The tax rates imposed on superannuation funds include:

· Contributions tax at up to 15% for individuals. This increases to 30% for those earning $300,000 or above
· Investment income tax at a maximum of 15%
· Capital gains tax at a maximum of 15%. If the asset has been owned by the superannuation fund for more than 12 months, the maximum rate of capital gains tax is 10%
· Where an income channel is commenced, the tax rate on income and capital gains in the pension account reduce to zero. Pension payments are also tax free for those aged over 60, for pensions paid from a taxed fund.

Super is still one of the most-tax effective ways to sustain wealth and generate income in retirement, so it's important to make the most of it.

“Most people, would rather spend excess money on their discretionary expenses than gear an investment that will give them the freedom to have regular surplus income”

MikeSikar

Investor Behaviour - 10 Reasons Many High Income Earners Don't Achieve Financial Success

Reason#1: Lack of information or too much information

One of the reasons holding back high income earners from achieving financial success is a fear of making poor investment decisions. Generally it's because they lack the right information or education to give them the confidence to invest wisely.

On the other side of the coin, people seek out information from friends, are influenced by financial media sources and content available on the internet. Very often the information and advice are conflicting. They don't know whom to trust.

The result in both these instances is a failure to invest.

Reason#2: Leave it too late/lack of time perspective

You've probably heard of the term First Movers Advantage in business. It's when you take advantage of opportunities when they arise. It's the same with investments. "Now" is always the best time to invest. It's a matter of making the right choices.

Everyone has 24 hours in a day. Not a second more or a second less. Those who take advantage of opportunities while they still have ten or more years to go before retirement are the winners in the money game.

Reason#3: Distraction

People are getting busier nowadays. It's not just the work. It's also those other distractions, thanks to the internet. Whether it's watching videos on YouTube or catching up with family on WhatsApp.

While it's good to a take a break and relax after a hard day's work, these distractions can suck a lot out of one's time. What's important is to allocate time, at least an hour every week to focus on finances and actively seek out investment opportunities.

Reason#4: Procrastination

It's often said that one can either get results or make excuses. The reason most people procrastinate in approaching a financial planner to help them amplify their wealth or act upon their advice despite their best interest is they don't have a strong enough purpose or goal.

It's only when a person has a strong "reason why" or specific goal, that they will focus on taking action to implement their investment strategies.

Reason#5: Looking for a magic solution

Everyone these days wants a magic solution which will help them double their wealth. The internet may be partly to blame with many so called experts advertising property and share trading schemes as a magic solution, while the truth is far from reality.

Affluent investors realise there's no magic button they can press to amplify their wealth. They take the time to carefully evaluate their options and educate themselves, so they can make informed decisions based on the advice they get from experts. They take the time to monitor and track the performance of their investment products.

If any of their investments aren't delivering expected returns, they divert their funds to alternative products which deliver the desired results.

Reason#6: Inability to delay gratification

Technological advances have resulted in a massive, “speed to market” shift in recent times. Mobile apps allow instant messaging, products can be purchased with the click of a button and a 300 page book can be instantly downloaded and read without ever having to visit a bookstore.

Many people look for a quick way to grow their wealth. It’s probably why thousands of dollars are spent on buying lottery tickets.

Affluent investors realise they have to look at results in the long term.

Warren Buffett, one of the world’s richest people rightly said this about investing in shares, “If you aren’t thinking about owning a stock for 10 years, don’t even think about owning it for 10 minutes.”

Whether it’s property or shares, the movement is cyclical and the ability to ride out the storm and invest for the long term which most high-income earners fail to understand.

Reason#7: Haven’t made investing a priority or never intended to

Many high income earners approach life incorrectly thinking all they have to do to become wealthy is to work harder, watch their spending and things will take care of themselves.

They don’t make investing a priority but let work and leisure consume the most part of their time.

What they fail to realise is, it’s now how much one earns which is most important but how much they will not earn when they stop working.

Too late they realise, their accumulated funds are stagnant and will not generate the income required to maintain their existing lifestyle.

Reason#8: Don’t believe they can become affluent or realise it’s really possible

The mental makeup of people plays an important part in whether or not they will amplify their wealth. Parents, friends, peers and the media to a large extent shape our lives and our attitude to investing.

Some people have a fatalistic approach to life, believing, “what will be, will be”, and believe they don’t have control over generating wealth. Still others are influenced by some of the horror stories about people losing their entire savings when share or property prices take a tumble.

What they don’t realise is bad news sells newspapers and increases television viewership ratings. Barely any airtime is given to people who have become financially free by making the right investments in shares and property.

Reason#9: Never take action

A common sense rule in business is that a business cannot exist if nothing is sold. It’s why skilled sales persons are highly sought after and paid high salaries. They are proactive in taking action. When they sell products and services, they earn money for the business.

It’s the same with investing. Many high income earners, don’t take that important step to actually fill out the paperwork, transfer funds and whatever else is required to put their investment engine in motion.

Yes, they do the research and seek professional advice. However, all the research and advice in the world is a

"Anybody can become wealthy, asset allocation is how you stay wealthy"

Mike Sikar

complete waste of time if nothing is ever implemented.

Reason#10: Refuse to seek professional help

Generating passive income for life can be done in two ways. The first is through self-education and there are many courses which teach people about investing. However it takes time, effort and a willingness to implement the acquired knowledge. With people leading busy lives, this is hardly a viable option for most people.

The other option is to seek the help of a financial advisor, who can help you get started. The high income earners who don't seek help incorrectly believe that financial planners charge high fees and promote products which give them the most commissions.

The truth is Financial Planning is a highly regulated industry. Financial planners have a duty of disclosure which gives full transparency to clients about their fees and commissions.

Financial planners have already done the research and hard work for you. They are up to date with investment strategies which currently generate results. It is in their interest to generate healthy passive income for their clients, so they can gain their loyalty and ask for referrals.

A good financial planner will periodically review your investments to make sure they are performing well or suggest adjustments to help keep it on track.

The future will come whether you plan for it or not. Will you have the future you want or the future that happens to you by default?

What You Can Do Now to Amplify Your Wealth

Few people have the necessary depth of understanding and the time available to channel their finances into healthy investment channels which deliver passive income. Industry professionals can help you cut through all the misinformation, take time to understand your goals and advise you on the necessary steps to achieve your goals. They work with the markets every day and are abreast with all the regulatory changes you need to know about.

Most people's main objection to consulting a financial advisor is the cost. But would you avoid going to a doctor if you were really sick, because of the cost? Or, if you faced legal charges, would you consult a lawyer or try to do it yourself?

The same should apply to your finances – they should be entrusted to professionals with the time and the trained expertise to help you manage your wealth. You'll find that you won't be counting the cost of your decision; you'll be counting the value it has brought to your life and the peace-of-mind it has given you.

It takes a little initial effort to gather all your information and meet with an adviser but the intrinsic value is clear to see; clarity and control over your future and financial independence.

Once you make the decision to take a proactive approach to your life using these success strategies, it exponentially increases your ability to achieve true success in life.

What does achieving financial independence really mean? Affluence brings greater freedom, so you can get on with doing the things that are more important in your life without worrying if you have the money to do them.

About Delta Financial Group

The team at Delta Financial Group are energetic, passionate and driven professionals who have a strong, positive mindset and are strongly focused in everything we do.

Our value promise is to help you create an inspiring journey, by bringing order to your life, helping you follow through on your commitments and avoid emotionally driven decisions whilst working with you to anticipate and prepare for your life transitions. We believe this value promise ensures you can achieve all that is important to you.

We will take you on a journey to discover what you really want, why you want it and how you can achieve it, holding you accountable for doing the right things to get there. We believe that in helping you identify and implement these life goals, long-term wealth creation goes hand in hand with achieving your dreams and living by your personal values.

For the people we work with, we are more than financial advisers; we are confidants, coaches, strategists, project managers, partners and often friends, who care about your financial decisions and how they affect your family and your life.

About Mike Sikar

A Bachelor of Business, Mike graduated with Finance and Marketing from the University of Technology, Sydney. He then went on to become an Accredited Derivatives Adviser Level 1 & 2, Options, Warrants, and Securities with the Australian Stock Exchange.

Subsequently Mike completed the diploma of technical analysis (ATAA) and qualified as a Certified Financial Technician (CFTe).

Mike is also a Graduate Diploma in Applied Finance & Investment, Financial Markets & Wealth Management, FINSIA, has completed an Accredited Mortgage Consultant, Certificate IV in Financial Services (mortgage broking).

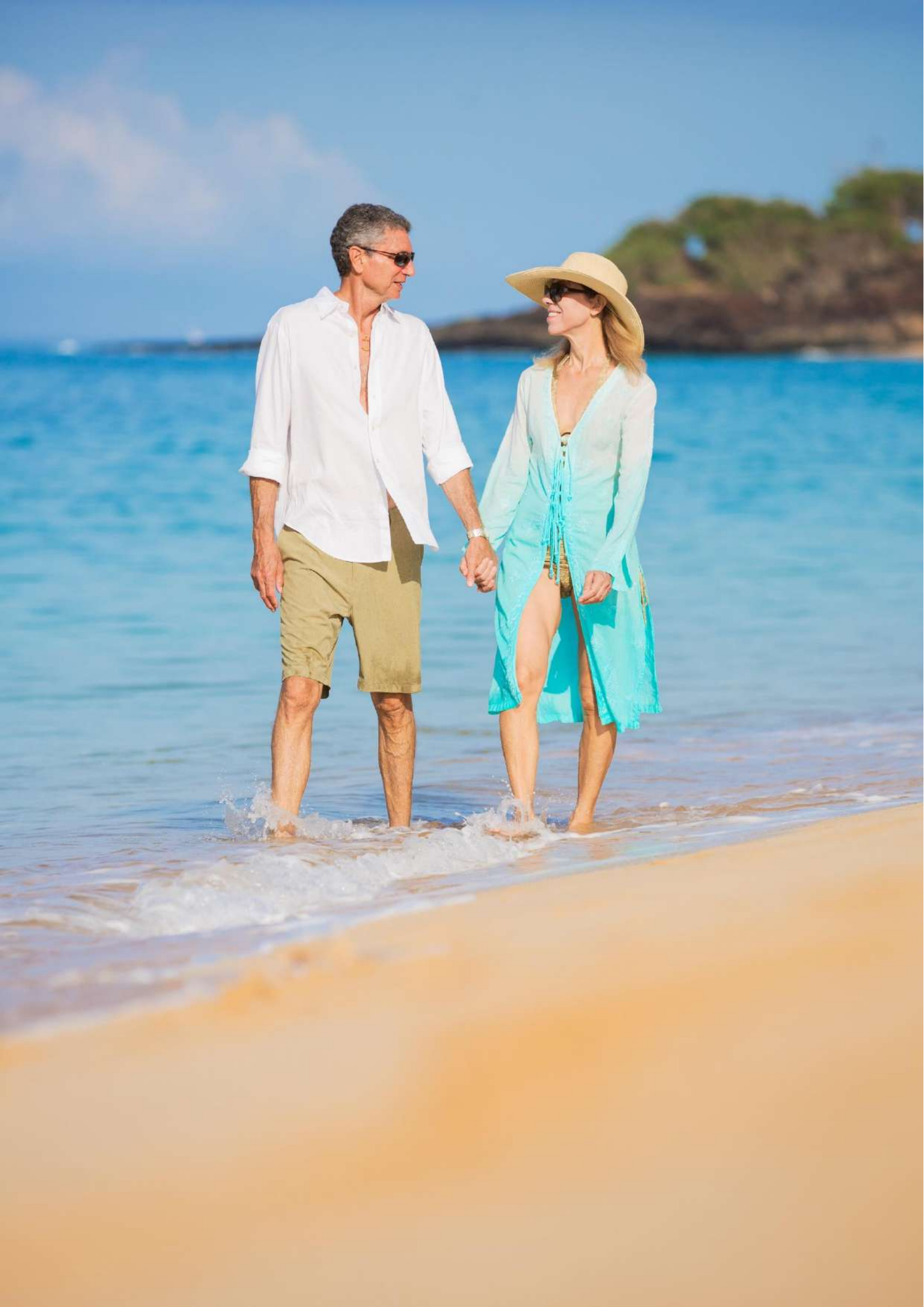
To add to his financial education Mike completed an Advanced Diploma in Financial Services, Investments, Superannuation, Estate Planning, Insurance, Taxation & Retirement Planning from KAPLAN.

He has consulted for hundreds of people and addressed thousands through publications in Huffington post, Humble savers, Financial standard, Australian financial review and Virgin inflight magazines and regular appearances on Sky business, Mike is on a constant quest to expand his financial acumen so he can provide the best service to customers.

Before starting his own venture, Mike worked with prestigious organisation such as ABN AMRO Morgans, MF Global and the Australian Financial Planning Group.

Mike's main focus is to be a leader and innovator in the advice industry helping people achieve goals they never thought possible before meeting him. He loves being in business, meeting new people and realising his vision while enriching the lives of his clients.

"People who consciously create a positive mindset and believe in what's possible seem to get more out of life"



Don't take a gamble: put a plan in place

Most people have goals in life. Whether they are small ones, such as eating healthier and exercising more, or large ones like buying a home or starting a business.

You know that you need to start acting today to realise your financial goals. Sometimes it can be hard to know what action to take. Your goals can seem too far away to matter, or too overwhelming to think about. It is in these situations that it is most important to plan ahead and know which milestones you need to reach along the way.

Having a plan means understanding how you can contribute to your future goals, through the things you do today. When it comes to money, planning could be something small, like putting together a budget and tracking your expenses, or something big, like creating a retirement plan for the long- term or doing a comprehensive insurance review.

Depending on the nature and complexity of your situation, you may need assistance. Some people simply don't have the time or expertise to put a financial plan in place, whilst others just need help getting started and someone to refer back to every now and again at critical points.

For many people a change in career or a significant life event may trigger a need for specialist advice.

A relationship commitment or separation, the birth of a child, ill health or the death of a family member or friend are all events that may result in a significant change in your financial circumstances, or simply make you realise that you need to assess your own arrangements.

Instead of making an emotional decision at such time, your adviser can help you make a choice based on an unbiased view, while bringing relevant knowledge and expertise to help you think clearly so that the decisions you make are rational and well- considered. Having a plan in place helps to create a sustainable financial resource so that before, during and after the event, the needs of you and your family continue to be met.

Whether assisting you in meeting small day-to-day goals, handling emotional life changes, purchases of large assets, or assisting your family with their needs over time, financial planning is a step you can take today to alleviate the stress for your future self.

What's next

We like to set expectations early and be honest about the kind of relationships we like to have. It helps us ensure that you are speaking to exactly the right people for you, whilst it also helps us to meet people who truly value how our care and expertise can make a difference in their lives.

To give you the best opportunity to make an informed decision about whether we are the right people for you we offer free learning resources to anyone who is interested in personal finance including free discovery phone calls, exclusive invites to our seminars and free strategy sessions where we can help you map out what you should be doing and when. We give you the opportunity to bounce your ideas off an expert and accelerate your path to wealth creation.

If you want to work with people who will care not just about your today but about your future and who are prepared to challenge and inspire you and keep you accountable, then give us a call and let us help you live a truly abundant life.

“The future will come whether you plan for it or not. Will you have the future you want or the future that happens to you by default?”

Mike Sikar

Book a 30-minute discovery call with Mike Sikar?

Click Here to Secure Your Spot

Prefer A Free One-on-One Consultation?

Click Here to Book Your 90 Minute Obligation-Free Consultation