


Books on Money & Finance that have Changed my Life

 The Millionaire Booklet: <https://amzn.to/2V8zgzP>

 The Richest Man in Babylon: <https://amzn.to/3aOLynz>

 Principles: <https://amzn.to/2xTPrZY>

 Rich Dad Poor Dad: <https://amzn.to/2XcCBk2>

 The Thank You Economy: <https://amzn.to/3aPuQEO>

 Common Sense on Mutual Funds: <https://amzn.to/2Xeh62v>

 The Intelligent Investor: <https://amzn.to/3bVRPOz>

Assets vs. Liabilities

- Asset = anything that puts money in your pocket
- Liability = anything that takes money out of your pocket
- Simple. Is this putting money in my pocket? Or taking money out of my pocket?
- Start with basic knowledge & master it...b/c often people mistake liabilities for assets
 - Poor – don't know the difference between assets & liabilities (or even that the concept exists)
 - Middle Class – tends to buy liabilities they believe are assets
 - Rich – Buy assets (or first acquire assets that will pay for their liabilities)
- We will NOT be covering more advanced topics like leveraging debt/liabilities in this Course
 - DON'T put liabilities on credit (worst thing you could do)
 - If you use credit – make sure it's to aid your credit score & to purchase essential items (ex. groceries)...or even to purchase assets



Cashflow 101

- Always be striving for positive cashflow
- Cashflow is the HOLY GRAIL of personal finance
- Positive Cashflow = More money coming in every month than going out.
 - Assets/Income > Liabilities
 - Work to slowly improve cashflow

Asset or Liability?



**Is this putting
money in my
pocket? Or
taking money
out of my
pocket?**

Simple concept.
Understand it.
Master it. Then
understand certain
aspect can be
object



House



Car



Stock



Rental
Property



Book



Course



Cell Phone

Understanding your Expenses & Income

Track your income

Track your expenses

“What you track you can improve”

Just seeing (every month) what’s coming in, what’s going out, & FROM WHERE...will make you realize A LOT.

- You can’t hide from it when it’s staring you in the face.
- Most people think they know where their money is going to...but until you actually track it & see it, trust me you don’t.

For most people...

- Mint (free)
- Personal capital (free)
- Quickbooks (paid service, but also can help with taxes & automatic filing)

For entrepreneurs – Quickbooks Selfemployed

Keeping up with the Joneses

- Be willing to sacrifice immediate comfort for future wealth
- Keep in mind that...
 - Keep up with the Joneses is a losers game...quite literally
 - You'll never be able to win – someone else will always have more than you & that's a slippery slope that leads to constantly increasing expenses & certain unhappiness
 - What other people have on the outside is not (always) what it seems
 - Focus on your personal finances, be smart with your money/cashflow, & the rest will take care of itself.
 - Discipline now = future freedom

Pay Yourself First

- The Richest Man in Babylon: <https://amzn.to/3aOLynz>
- Rich Dad Poor Dad: <https://amzn.to/2XcCBk2>
- The Millionaire Booklet: <https://amzn.to/2V8zgzP>
- Most people tend to spend what they “think” they have (what they see in their account).
 - That’s why most people’s expenses rise with their income
 - Very rarely (unless someone is financially disciplined) does someone earn more & maintain the same lifestyle
 - Eliminate that option – pay yourself first



Budgeting

- **Here's how to create your monthly budget.**
 - Budget Before the Month Begins. You need to budget every month, before the month starts
 - Identify Your Income
 - Enter Your Fixed Expenses
 - Enter Your Common Unfixed Monthly Expenses
 - Figure out what's left – set a plan as to what's most important to you with that money & allocate where it's going to go
 - For example...
 - how much to leisure? (important!)
 - How much invest?
 - How much to put into savings (emergency fund...or saving for particular reason)
 - Etc...

Best Investment Strategy

- Buy & Hold (long term focus) Market has gone up anywhere from 6-12% on avg. per year depending on where you get your info
- If you invest in companies...
 - Buy & hold (long term focus)
 - Check balance sheets of companies (short term cashflow...long term cashflow)
 - Dividends? History of paying that dividend & not lowering it?
- Dollar Cost Averaging – Put money in whether the market goes up or it goes down
 - If it goes up, great your investments are looking up & the economy is looking good!
 - If it goes down, great you just got a bargain on your purchase!



Signs of a Good & Bad Balance Sheet When Thinking about Buying Stock in a Company

Negative	Negative Earnings - When a company has a negative earnings balance, it means it's losing money over a prolonged period.
Negative	Negative Equity - When the deficit of negative earnings surpasses the amount of capital that the company has, this is a red flag that signals that the company is in distress. Avoid at all costs.
Low or Negative	Low or Negative Current Cashflow Ratio - "current assets" amount by its "current liabilities" amount

Breakdown	6/30/2019	6/30/2018	6/30/2017	6/30/2016
▼ Assets				
▼ Current Assets				
▼ Cash				
Cash And Cash Equivalents	11,356,000	11,946,000	7,663,000	6,510,000
Other Short Term Investme...	122,463,000	121,822,000	125,318,000	106,730,000
Total Cash	133,819,000	133,768,000	132,981,000	113,240,000
Net Receivables	29,524,000	26,481,000	19,792,000	18,277,000
Inventory	2,063,000	2,662,000	2,181,000	2,251,000
Other Current Assets	10,146,000	6,751,000	4,897,000	5,892,000
Total Current Assets	175,552,000	169,662,000	159,851,000	139,660,000
▼ Non-current assets				
▼ Property, plant and equip...				
Gross property, plant and e...	79,186,000	65,369,000	47,913,000	38,156,000
Accumulated Depreciation	-35,330,000	-29,223,000	-24,179,000	-19,800,000
Net property, plant and e...	43,856,000	36,146,000	23,734,000	18,356,000
Equity and other investments	2,649,000	1,862,000	6,023,000	10,431,000
Goodwill	42,026,000	35,683,000	35,122,000	17,872,000
Intangible Assets	7,750,000	8,053,000	10,106,000	3,733,000
Other long-term assets	14,723,000	7,442,000	6,250,000	3,642,000
Total non-current assets	111,004,000	89,186,000	81,235,000	54,034,000
Total Assets	286,556,000	258,848,000	241,086,000	193,694,000

▼ Liabilities				
▼ Current Liabilities				
Current Debt	5,516,000	3,998,000	10,121,000	12,904,000
Accounts Payable	9,382,000	8,617,000	7,390,000	6,898,000
Taxes payable	5,665,000	2,121,000	718,000	580,000
Deferred revenues	32,676,000	28,905,000	34,102,000	27,468,000
Other Current Liabilities	9,351,000	8,744,000	6,280,000	5,949,000
Total Current Liabilities	69,420,000	58,488,000	64,527,000	59,357,000
▼ Non-current liabilities				
Long Term Debt	66,662,000	72,242,000	76,073,000	40,783,000
Deferred taxes liabilities	233,000	541,000	531,000	1,476,000
Deferred revenues	4,530,000	3,815,000	10,377,000	6,441,000
Other long-term liabilities	7,581,000	5,211,000	17,184,000	13,640,000
Total non-current liabilities	114,806,000	117,642,000	104,165,000	62,340,000
Total Liabilities	184,226,000	176,130,000	168,692,000	121,697,000
▼ Stockholders' Equity				
Common Stock	78,520,000	71,223,000	69,315,000	68,178,000
Retained Earnings	24,150,000	13,682,000	2,648,000	2,282,000
Accumulated other comprehe...	-340,000	-2,187,000	431,000	1,537,000
Total stockholders' equity	102,330,000	82,718,000	72,394,000	71,997,000
Total liabilities and stockholde...	286,556,000	258,848,000	241,086,000	193,694,000

MICROSOFT

Breakdown	12/31/2019	12/31/2018	12/31/2017	12/31/2016
▼ Assets				
▼ Current Assets				
▼ Cash				
Cash And Cash Equivalents	106,000	54,431	69,022	213,939
Total Cash	106,000	54,431	69,022	213,939
Net Receivables	532,000	97,986	90,842	97,079
Inventory	11,000	22,198	20,199	20,363
Total Current Assets	1,003,000	478,233	470,901	642,649
▼ Non-current assets				
▼ Property, plant and equip...				
Gross property, plant and e...	4,263,000	3,364,188	3,071,281	2,823,810
Accumulated Depreciation	-2,171,000	-1,851,323	-1,608,515	-1,425,117
Net property, plant and e...	2,092,000	1,512,865	1,462,766	1,398,693
Equity and other investments	321,000	960,316	962,080	8,918
Goodwill	3,843,000	2,289,985	2,286,582	2,205,107
Intangible Assets	3,467,000	2,501,361	2,522,846	2,544,801
Other long-term assets	139,000	137,273	118,671	119,097
Total non-current assets	10,146,000	7,694,503	7,858,473	7,360,946
Total Assets	11,149,000	8,172,736	8,329,374	8,003,595

▼ Liabilities				
▼ Current Liabilities				
Current Debt	2,000	3,447	5,105	5,485
Accounts Payable	1,151,000	735,079	794,341	713,034
Accrued liabilities	160,000	128,204	137,428	114,633
Deferred revenues	1,930,000	1,931,613	1,881,825	1,832,609
Other Current Liabilities	4,000	4,335	2,839	2,840
Total Current Liabilities	3,293,000	2,802,678	2,821,538	2,668,601
▼ Non-current liabilities				
Long Term Debt	7,842,000	6,884,536	6,741,243	5,842,764
Deferred taxes liabilities	70,000	47,251	8,169	6,418
Deferred revenues	130,000	148,983	174,579	176,319
Other long-term liabilities	94,000	106,209	107,719	101,508
Total non-current liabilities	8,592,000	7,186,979	7,031,710	6,127,009
Total Liabilities	11,885,000	9,989,657	9,853,248	8,795,610
▼ Stockholders' Equity				
Common Stock	4,000	4,346	4,530	4,745
Retained Earnings	-1,143,000	-2,057,309	-3,243,473	-3,891,381
Accumulated other comprehe...	8,000	-6,193	18,407	-139
Total stockholders' equity	-736,000	-1,816,921	-1,523,874	-792,015
Total liabilities and stockholde...	11,149,000	8,172,736	8,329,374	8,003,595

SIRIUS XM

Where to Invest?

- Blue Chip Stocks
- ETFs/Mutual Funds
 - ETF – “basket” of securities that tracks an underlying index
 - Mutual Fund - an investment program funded by shareholders that trades in diversified holdings and is professionally managed
 - ...basically they’re more “safe” ways to invest in a variety of stocks at once so you can get the benefit of being in the market/investing, but also get the benefit of mitigating your risk b/c your investment is NOT just tied to one company.
- Roth IRA
- 401K
- High Interest Bonds
- Etc... (I personally don’t know much about Real Estate so I won’t recommend that to you personally...although, that’s obviously a good way to go too if you do know a lot about it or partner with someone that does)

Avoid Investing in...

- Bitcoin (or any cryptocurrency) – not telling you you can't put money into it....but let's call a spade a spade....you're NOT "investing." You're speculating & hoping it continues to go up.
 - Video I've done on why you shouldn't invest in Bitcoin next & why you should ONLY invest in things you understand, have proven track records, can afford to wait on long term, or can influence the outcome of).
- Any stock that has a bad balance sheet
- Any stock that has negative earnings
- Start ups or IPO's (Initial Public Offerings – when a company first goes public)
 - STOP playing the "lottery" with your investments
 - Are there examples where people buy into stock super super low at the IPO or start up level & then strike gold? Of course
 - But the far majority will not yield that result...for every one that hits, there are 100 others that didn't....but you only hear about "when Uncle Frank's brother's kid bought 100 shares of Company X 30 years ago for \$500 & now it's worth \$350,000. <<< Major anomaly.
- Stocks that pay a dividend that's too high (anything 10%+ is probably risky)
- Anything you can't either afford to wait long term on...or help effect the company's stock positively.

How to Lose Money in the Stock Market

- Remember to buy & hold on companies you believe in
- Remember to buy & hold on ETFs & Mutual Funds
- The stock market goes up an average of 6-12% every year (compounding your money long term).
- The ONLY people that usually lose money are...
 - Those who aren't "liquid" enough (people who invested more \$ than they could afford to & need to pull their money out prematurely to use it for everyday life)
 - Often these people sell at times where stocks are down (b/c when they need money it usually correlates with economic downturns or stock market crashes)
 - So, keep in mind the only people that lose money are usually the people who pull their money out & sell (regardless of the reason).
 - Remember the market will always go back up. Be patient. Stay faithful. Stop checking it everyday.

Pay Off Debt/Loans or Invest?

- Should you pay off your loans or start investing first?
 - A lot of people will get excited about investing money (& that's great!), but often if they have high interest debt, they'd get a better ROI (return on investment) if they simply put that money toward their high interest debt
 - Credit cards
 - Card loans
 - Etc...
- General rule of thumb...
 - If your credit card or car loan (or any loan for that matter) is higher than 8-10%...then you should focus primarily on paying that off first.
 - Why? B/c generally speaking your money will only get about 6-12% (more realistically like 6-8%) in the stock market every year.
 - So you can lock in that same rate & reap a faster ROI by simply paying off debt first
- Now, if you're putting money into retirement funds...or maybe your employer has a 401K match, then that might be something different & you can invest as much as possible so your employer is giving you free money to invest
- Also, if you have debt that's 8% or lower...then you can invest & pay off debt at the same time if you want (personal preference)
- The next lecture will cover 4 questions you NEED to ask yourself before you invest...

Best Current High Interest Savings Accounts

- These could change monthly, yearly, etc...
 - So look into these, but then look into potential others.
 - These just give you ideas you can search out...
- Discover Bank
 - No minimums, no monthly maintenance, free access to over 60,000 ATMs, pays a 1.7% interest rate on their savings account.
- Ally Bank
 - No fees, no account minimums, no fees on incoming wires, and no fees on cashiers checks.
 - Their savings account will pay 1.6% on all balances.
- Capital One 360
 - Zero fees, zero minimums & pays you a 1.7% interest rate on your money.



Paying Off Debt (2 Strategies)

- Organize your debt/credit card balances
 - Obviously pay all minimums if possible
 - Pay down your highest interest rate first (priority)
 - Then rinse & repeat with the next highest, etc...
 - This is the most financially smart thing to do
- Organize your debt/credit card balances
 - Obviously pay all minimums if possible
 - Pay down your lowest balance first (regardless of the interest rates)
 - Then rinse & repeat with the next lowest, etc...
 - This is the most psychologically effective method (what I did personally to get out of debt)

Where I Invest My Money



Robinhood: <https://bit.ly/2Fwm1Uw>



M1 finance: <https://m1.finance/hMGaDgB4V3j->



Webull: <https://act.webull.com/i/154BQ9G7dNch>



All have 0 fees (huge for new investors)



M1 Finance & Robinhood have fractional shares