

The basic foundation of money mastery requires:

'The 4 Essential Money Skills'

These are vital skills that you must master if you want lots of money in your future.

Luv Asha x

Asha's
Financial Academy

If only they had taught us this at school...



Inspirational financial education and guidance to help you plan and create the life you want to live!

The 4 Essential Money Skills

First the Good News:

If you're an average citizen who is earning at least £25,000 a year, then you'll earn over a million pounds in your lifetime.

That means: **YOU'RE A LIFETIME MILLIONAIRE!** Congratulations!



Here's the Bad News:

If you're like most people, your million pounds of lifetime earnings will evaporate as fast as you earn it, day by day. And...after a lifetime of earning, statistically you'll end up with very little left and a fairly basic existence. Now, that is bad news, a lifetime of work and no money left to show for it.

This is another way.... become skilled at managing and controlling it all as you go!

The 4 Essential Money Skills

If you study wealthy people, you will find they virtually all, without exception, think and act in a certain way when it comes to money, and a good philosophy for learning anything in life is to learn from the experts, from people who are already successful and have a proven track record at what you are trying to achieve.

You can spend weeks, months or even years trying to figure it all out for yourself if you have the time and the inclination; I recommend you simply copy the fundamental skills of the experts.

By studying the financial methods of the experts, there are certain common elements used in accumulating and managing wealth, these elements can be categorised into the following 4 essential skills:

Essential Money Skill No 1 ~ Value it

Improving your financial standing and achieving financial freedom begins with valuing each and every pound that flows into your life. Because you can achieve **Financial Freedom on just a pound a Day!** That's right. Just a Pound a day!

Valuing it, is the least recognised but by far the most important skill of them all.



Dig one out of your pocket or wallet/purse and examine it.

This simple coin doesn't appear to be worth much. Maybe it buys you a chocolate bar or a small drink. So, what if you waste one, or lose one or throw one away? It's just a Pound. Losing value every second. Use it or lose it!

Or is it? Is this ordinary Pound coin more than what it appears to be? Could it be a magic ticket to a fuller more abundant life of anywhere/time/thing you want? If you fully digest this information, you'll never think of a pound in the same way ever again.

You see, prosperous people don't think a pound "is just a pound". They imagine it is a seed.... **a money seed**...that has the power to grow into a huge money tree, giving off fruit to fulfil every one of their dreams.

How long will it take for this ONE SINGLE POUND to grow into a MILLION POUNDS?

Impossible you say?



No, it simply depends on what interest rate the account pays. Let's assume it's an ordinary savings accounts.... paying 3% interest (ignoring any taxes/fees etc) then it's going to take a long, long time.

At 3% it will take 468 years for a single Pound to grow into a million pounds.

What? You're not planning on living 468 years? Relax. We're not done with that pound yet.

Rather than just planting one money seed, could you plant them more often? Could you afford to put away a pound a day? Just a pound a day. £30 pounds a month! Could you it?

Well, **a pound a day at 3% grows into a million pounds in only 147 years.** That's still not fast enough, is it?

What if we raised the interest rate from 3% to 5%? That cuts the time down to about 100 years. Still not fast enough. How about 10% interest? Now only 56 years!

Not bad. **A pound a day becomes a million pounds in only 56 years.**

Let that sink in for a minute. A measly pound a day can grow into A MILLION POUNDS in the span of a normal lifetime.

If you put just a pound a day away for each of your children or grandchildren on the day they were born, they could all be lifetime millionaires even if they earned very little throughout their lifetimes, **now there's a thought!**



How much could you make over a lifetime from a pound a day?

Suppose someone had put a pound a day away for you...stuck it under the mattress...the day you were born and every day thereafter. By the time you were to reach retirement age.... there would be around £25,000 waiting for you.

Now, what if they stuck it in a bank at **3%**. There would be about **£75,000** for you!

At **5%** there would be just under **£200,000**.

At **10%** interest, there would be **£2.7 million**.

At **15%** there would be **£50,000,000**. That's right. Fifty million pounds.

And at **20%** there would be.....**One Billion Pounds!** That's one thousand million pounds.



All from just one pound a day.

I hope that sinks in deep. Most of us waste dozens of pounds a day without even thinking. No big deal. It's just a pound. But financially astute people know the real truth about money.

Each pound is a money seed.

It only takes a pound a day.....JUST A POUND....to grow into a fortune.

Consistently getting 20% isn't exactly easy (very hard in fact) but it's not impossible. For now, I want you to just become aware that a single pound has incredible power.



You could be a millionaire in about 30 years on **JUST A POUND A DAY** with the right plan and advice!



What if 30 years isn't fast enough for you? OK, there's a way to speed things up. With a little more discipline, you could plant 2 or 3 seeds a day? What about 5 or even 10?

The magic that makes a few pounds a day grow into such huge amounts of money is the awesome power of compound interest. We'll cover this in detail in section 5 ~ **'The Magic Money Multiplier ~ Compounding'**

Essential Money Skill No 2 ~ Manage & Control it

The Rockefeller Rules

The name Rockefeller is synonymous with vast wealth and a name most of us are familiar with. J D Rockefeller who created a fortune through his oil empire, was regarded as one of the shrewdest businessmen ever as he became a billionaire in the early part of the 20th century.

Managing it, simple in theory, it's all about the right plan, discipline and habit.



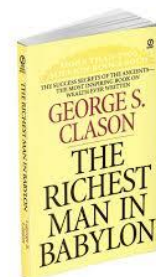
With his understanding of the importance of learning to control and manage every single penny and what a huge impact it has on future wealth, he made his five sons follow strict regimes with money to teach them the value and importance of managing it properly. Here's what he did according to his son Nelson Rockefeller, the one-time Vice President of the United States.

"We got 25 cents a week and had to earn the rest of the money we got." To earn part of that extra money we raised vegetables and rabbits..... We always worked".

All the boys were required to keep personal daily account books. They were required to give 10 percent of their income to charity, to save 10 percent, and to account for all the rest. They had to balance their account books every month and to be able to tell what happened to every penny they earned.

The Rockefeller kids were taught a specific pattern for dealing with their money:

- **Work for all you get**
- **Give away the first 10%.**
- **Pay yourself the next 10%.**
- **Live on the rest.**
- **Account for every penny.**



In his classic book, "**The Richest Man in Babylon**," George S. Clason tells the story of the wise investor whose primary rule was, "**A part of all you earn is yours to keep.**" And then, when this has been set aside to work for you, live on the rest.

Make the decision that, starting today, you will no longer go into debt to support your lifestyle. You're going to live below your means....no matter what.

It may take you months to turn your spending patterns around (for an oil tanker to change course 180 degrees takes many, many hours, and tens of miles to accomplish) ...you're like that tanker, it will take time to turn your financial bad habits into good ones....so please be patient and stay disciplined.

Account for every penny.

This is the part that all of us seem to hate so much yet we all know we should do it as it makes us face up to all that money we just fritter away (don't worry, we all do it!).





Now, I know that the subjects of budgeting, saving and penny pinching seem tedious to most people, but these skills or habits must become part of your life if you ever hope to achieve any measure of financial success.

No excuses! Don't you dare tell me you're not good at maths, or that you hate to balance your cheque book, or that you don't know how to work a calculator, or that your spouse takes care of that stuff, or that you don't have the time, or that life is short and that you'd better enjoy it while you can.

Odds are, you're going to live to a hundred years old, that's thirty or so years past retirement, and you must plan for it by taking charge of your finances NOW. You can't delegate this to anyone. You've got to do it. Truth is, nobody can watch over your money like you can. (Farmers have a saying that the best fertilizer is the farmer's own shadow!)

Strangely enough, when you make the commitment to watch every penny, the pounds start to add up much quicker (I think there's a saying to that effect 😊).

Control It.

I want to teach you a simple, easy and extremely powerful way to think about your money.



What Rockefeller was teaching his kids was how to control their money. It's about controlling every penny that flows through your life. Let me show you how to control your money by showing you a theory referred to as the Bathtub Theory of Economics.

Bathtub Theory of Economics....Most people have one main source of income...their job.

This income flows into the bathtub of their life and flows out through the drains at the bottom. Most people spend every penny they earn....and then some. They never retain any money in savings. They spend it all.

Obviously, the only way to have an overflowing prosperity in our life is to plug up those holes and to turn on more incomes...have Multiple Streams of Income if you can, preferably other sources of income that don't require you to be there.



How many leaks are there? I have simplified the many ways you can spend money into seven categories. It's easy to remember the categories. Each one flows in order of their priority.

Category 1 in order of priority is called **self**. Take at least the first 10% (start at 1% if you have to) of your money and put it into the Self category this is the portion that will create your wealth through saving/investment. *Make sure you do this!*

Category 2 is your **shelter**....in the form of mortgage payments or rent payments.

Category 3 is for **household** expenses such as food, clothing, bills, normal living expenses attributed to living in your place of residence. This will amount to your largest category (most likely).

Category 4 is your or your **travel** expenses. This includes petrol, transportation, repairs to any vehicles, car payments, maintenance and related taxes.

Category 5 for **fun** or entertainment. Usually, whenever you spend money out of the home on movies, restaurants, fast food, drinks, events or fun activities.

Category 6 is for all forms of **insurance**; health, life, disability, unemployment, house, etc.



Category 7 is for **miscellaneous/debt expenditure**, this includes payments toward any debts and anything else that doesn't fit under categories 1 – 6.

Every pound you spend should fit into one of these 7 categories. I've kept the categories simple and broad because if it gets too complicated, you'll be less inclined to do it.

So, let's examine a money transaction.... we will call this a Money event. How many times a day do you spend money? Once? 5 times? Ten times? You only actually spend money a few times a day at most.



Yet, those few spending decisions make all of the difference between poverty and wealth.

Actually, research tells us that wealthy people spend approximately one minute more per money event than the poor person. And that one minute makes a huge difference. Let's examine a typical money event.

When most of us go to the shop to buy something, we are often in a rush, running late, quickly snatch up the desired item without comparing prices. While waiting in the checkout queue we might see a few impulse items, pay for them but don't record the event because other people are waiting in line and besides, we haven't the time.

What wealthy people tend to do on the other hand, is take a few extra steps which take less than a minute. First of all, before they enter the store, they decide only to buy the planned item and nothing else. Life is full of things to buy (and don't we know it!).

They don't allow their impulses to derail their decisions or to control their life. Then, they spend a few extra seconds to compare prices and to pick the best value. They make a quick mental calculation of their savings as this makes them feel good.



Then, they make the most important step...they record the event by writing down the purchase, determining which category of spending it was made in, and file the receipt in a well organised manner for easy retrieval.

From now on, every time you spend money, why not take an extra minute to do these simple things:

- Plan your needs and procrastinate your wants
- Shop for value
- Ask for and expect a discount (us British allegedly aren't so good at this!)
- Examine your receipt
- Categorize your receipt. Actually, write a number from one to seven (or devise your own numbering system) on the receipt....so that you mentally decide which area of your life you are spending money on
- Balance your accounts.... whether it's cash, cheque or credit card. File your receipt when you get home

Suggestion...

You could get 7 folders and number them from 1 - 7. Don't throw your loose receipts into a shoe box. File them daily in the folders. This will get you in control of your finances in a few short weeks (n.b. we'll cover all this in much more detail in section 9).



N.b. The following paragraph on page 16 and the 4 accompanying bullet points more or less summarise the process of acquiring wealth, if you simply followed the next few lines as best as you could, you wouldn't go far wrong.



The key to financial planning is cash flow management

You've not only got to get the cash to flow into your life, you also have to manage the 'leaks' so that there is money left over at the end of the month (profit). With this profit you buy stuff.... assets. The object of the money game is to accumulate enough assets so that eventually the income from your personal assets will support you instead of your personal skills.



- **Are you good at turning on income streams? Look to get multiple streams of income flowing into your bathtub, start small and build them.**
- **Are you good at plugging leaks? Got to plug those leaks by managing and controlling every penny.**
- **Are you good at accumulating assets (not liabilities)?**
- **Are you good at repaying debts? Got to keep debt to the minimum.**

The better you are at managing and controlling these four activities, the wealthier you'll become.



Psychological Pay off

The main reason why so many people feel out of control with their finances is simply because they have no control or management over them whatsoever. As soon as you take control you not only start to benefit from having more money as you plug those 'unnecessary' leaks you also will feel an increase in your well-being and self-esteem for doing it.

Simply taking complete control of your finances, regardless of what state they're in, will give you a rewarding psychological boost. A lot of anxiety with money stems from not knowing how you stand or being too scared to really look.

Essential Money Skill No 2 is Manage & Control your money. Start today to gain a greater control over your money by accounting for every single penny.... we all know it makes sense, but how many of us actually DO IT?

*As mentioned, I'll get very specific in the details of how to do all this in section 9 ~ **'How to Put Your Finances on Autopilot Towards Financial Freedom.'***

Essential Money Skill No 3 ~ Save it

Essential Money Skill No 3 is to save money.

Everybody likes to save money on a purchase....to buy things at wholesale or by simply getting a discount.

You see, anyone can save money by buying at a discount.... but do they actually save the money that they save?

Let me demonstrate ~ a human friend of mine quit smoking and was bragging about the £120 a month she was saving by not smoking. I asked, "**Where is the £120?**" She didn't know. She had saved the money, but she hadn't saved it (i.e. put it away).

When you save money by changing your buying habits, take the money out of your purse or wallet and get it out of your spending grasp. Put it into a savings jar, and frequently deposit this money into your savings account. That's when you've truly saved it.

Save it, by simply changing your thinking and buying habits.





And here's another tip. Here's how you can cut your living expenses by up to 20% in 30 seconds!

Take out your credit cards, put one away for emergencies (put it in some water and freeze it to deter impulse spending, defrost only in an emergency), and cut up the rest.

Statistics have proven that this simple exercise will automatically and almost effortlessly cut your general spending by an average of 20% over the next 12 months.

This section is short and sweet as there isn't too much to say about saving. The bottom line is, when you save money in any way shape or form, get it out of your spending grasp and let it work for you (you'll also feel good!).

Once again, have a look at Section No: 9 ~ **'How to Put Your Finances on Autopilot Towards Financial Freedom'** for tips on how to shake up your finances and make savings on your everyday expenditure.

Essential Money Skill No 4 ~ Invest it

We have all heard the saying "Money makes money", this skill is all about making your hard earned money, make more money for you.

First of all, identify any money saved by taking control of your current finances and eliminating unnecessary spending.

Add this amount to the 10% (or whatever percentage you can afford) of the money you're going to pay yourself off the top of your regular income each month.

Now take all this money and put it into gainful employment in the form of investments.

Anyone can park their money at 3%. The trick is to get it to grow at 8% - 10% or more. There are many good investments that will return 8% - 10% or more, if you know where to look.

At the low end of the interest scale are bank and building society savings accounts. Then, you have government investments and bonds.

Up the ladder are property investment, corporate bonds.....then the stock market....and some of the most popular investments these days..... mutual (collective) funds and alternative asset classes (e.g. development projects).

It's not a bad idea to have money in all of these areas to suit your long term objectives.

Basic Financial/Investment Planning Strategy

Imagine a series of buckets where money is siphoned off from your bathtub. The first bucket should be your emergency bucket.

A good idea would be to let your 10% (i.e. regular investment amount) flow there first until you have at least three - six months' worth of living expenses saved.

You'd be surprised how many people are only one or two months' salary away from bankruptcy. Don't let that be you. This money should be in the safest place possible, ideally in an insured bank account....at the highest interest rate you can find where you can access your money immediately.

Invest it, is all about making your money work hard so one day you don't have to, unless you want to!



Once this first bucket is filled up, the stream of 10% will overflow into one of three additional buckets... labelled, conservative investments, moderate risky investments and risky investments.



If you are older, you should have more of your money in the conservative bucket. The younger you are the more risk you can take.

The best way to invest for most people who don't want to choose the actual investments is to use a collective wrapper known as a mutual Fund. These are a collection of individual stocks/assets purchased by a major company and managed by professionals. You give them a small amount of money, they add it to that of thousands of other investors and they watch over it for you.

Here are a few rules about investing:

- The longer you invest (leave your money in the market) the lower your risk
- Don't invest unless you're willing to leave it for 5 years or more (unless a fixed return). Its sole purpose is to grow and compound. Anything shorter than a year is gambling
- Remember, it's almost impossible to buy low and sell high in the short run. So don't play the market
- The key is long term pound cost averaging

Pound cost averaging simply means, you should invest every single month, regardless of where the market is heading. Don't even read the newspapers... just buy month in and month out, by doing this you will be buying across all the market highs and lows (averaging your investment).

This way, market fluctuations aren't going to have a major impact on your money long term as opposed to investing a lump sum where you certainly don't want to get your timing wrong.

Over the long run, this is the best strategy. Do it automatically by direct debit or standing order. If you have to decide each month, eventually you're likely to stop your investment program and your future will suffer. Do it every month.

Before you start an investment programme there are many other factors to be taken into consideration to decide where and what to invest in.

For further related information, also see the Section No: 8 ~ 'The 3 Cornerstones of Intelligent Financial Planning.'



Need professional advice?

I always strongly recommend you seek the advice and guidance of a suitably qualified professional adviser/specialist for any financial advice and expertise you require. They will take you through a set process to establish your requirements and make suitable recommendations, you then decide if you wish to take their advice.

Pretty much all professional advisers will offer you a free consultation to explain how they work and can help you. Simply view these initial consultations as an interview process. You can then decide if the advice is right for your needs (remember, you're the boss) as nobody cares as much as you do about your finances that why you



Section 2 Summary

Essential skill No 1 ~ Value it

Is understanding the long-term value potential of money and how small amounts invested wisely can turn into a large amount with the right plan and enough time.

Essential skill No 2 ~ Manage & Control it

It is very important to set up your personal finances systematically to help you manage and control them in a way that is conducive to your financial dreams and goals.

Essential skill No 3 ~ Save it

Change your everyday habits and thought processes around purchases to save additional money which can then be invested for your financial future.

Essential skill No 4 ~ Invest it

Taking a percentage of your regular income (as much as you can practically afford) and put it into a regular investment plan towards future prosperity.

Final Thought:

Remember every pound is a money seed with the potential to grow into a big money tree, don't waste any unless you're thinking of spending it on me 😊

Wishing you all the best,

Asha x

It will take time to develop all these skills, but it'll be worth it 😊



Final Word:

"Philosophy of the Rich versus the Poor is this: The rich invest their money and spend what's left; the poor spend their money and invest what's left (usually nothing)."

