

TEN STEPS TO FINANCIAL FREEDOM

*A free e-book
on understanding what,
how and why of
financial freedom*





WHAT IS FINANCIAL FREEDOM?

Have you ever wondered about the precise definition of financial freedom? Did you know that 98 % of people in India don't know! Financial freedom is to have the option to pursue what you want and being free from worrying about having a source of income. The choice to pursue is what you want and being free from worrying about having a source of income, that depends on you working to cover your expenses. What could be those who can bring you those sources of income: assets such as investments, rental income, stocks, shares, low input businesses that earn an income for you which can cater to your present living expenses. Not having to work for money is when your passive income exceeds your active income (salary). Then, you are financially free. When working towards financial freedom, it is important to understand that financial independence is more about a mindset and less about money. It requires discipline, decisions, and planning. Financial freedom means taking ownership of your own finances. You need to have a dependable cash flow that would allow you to live the life you want. You aren't worried about how you'll pay your bills or sudden expenses. Moreover, you aren't burdened with a pile of debt.

MORE MONEY= MORE FREEDOM?

Money is just one side of financial freedom. Financial freedom is not dependent on the amount of money that you have in your account. I am aware of so many people in this world who have multi-crore rupees in their account, but they are not FREE. WHY?

THE TOP TEN STEPS TO PLANNING, FINANCIAL FREEDOM ARE:

The top ten are:

01

GOALS

The number of people you have reached

02

TRACKING REPORT

The influential people in your network

03

SPENDING

The number of times you have shared content

04

BUY EXPERIENCES

The number of users who have seen your post

05

DEBT FREE

How much interaction each post generated

06

ADDITIONAL INCOME

Engagement each post generated

07

BASICS

Get the Basics Right about your money

08

FINANCES

Clean up your Finances

09

FUTURE EXPENSES

Financial goals are changing

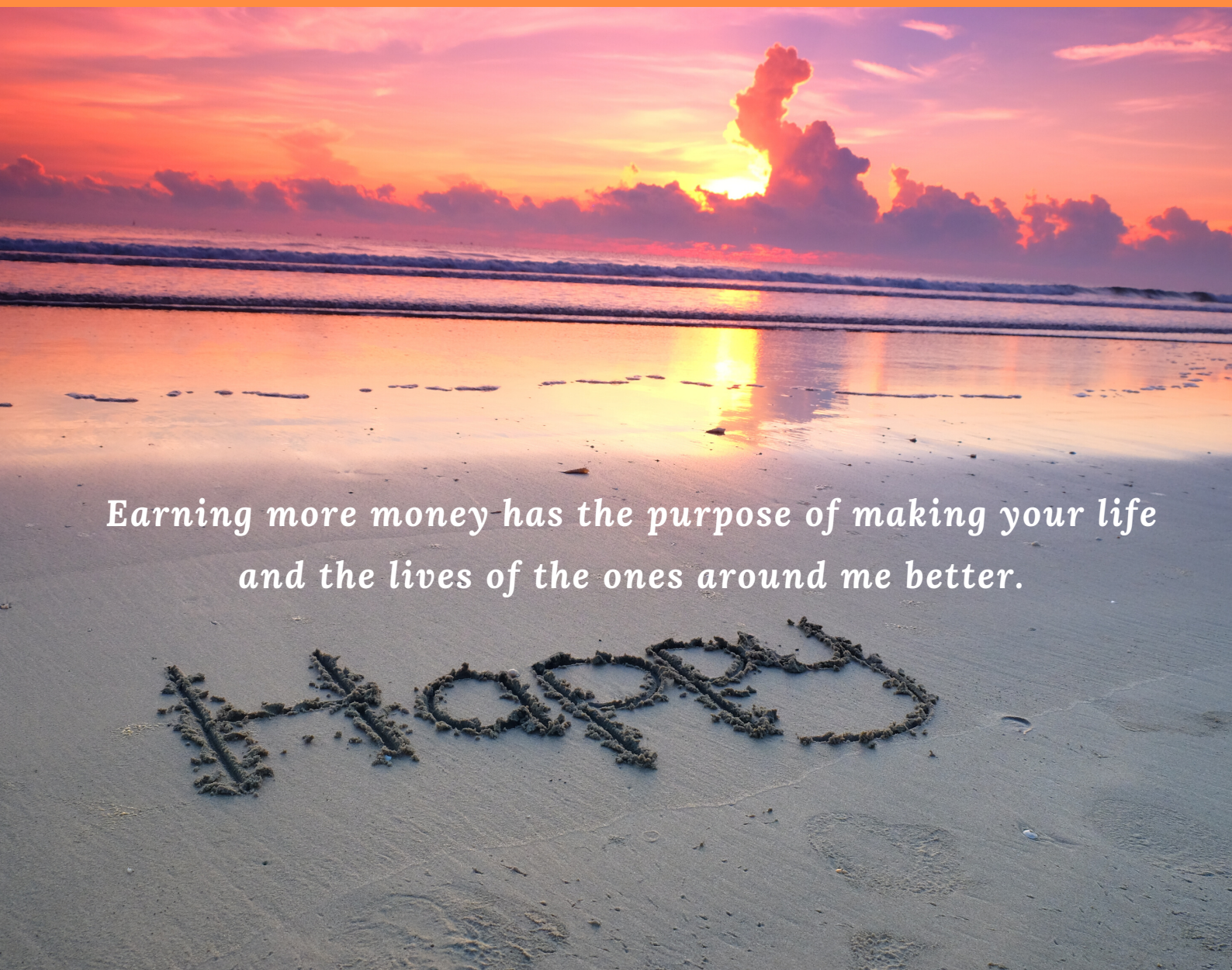
10

INVEST

Plan to invest every month



1) YOUR GOALS



Earning more money has the purpose of making your life and the lives of the ones around me better.

Write Down Your Goals: what it means for you. What will you do when you are financially free.

What are all those things or activities that you buy or do? Make a list.

Discuss with your family

Let there be joy, happiness and excitement begin!

Make a list of the top ten things

Make a list of the top ten things that you want to buy

Make a list of the top ten places that you will visit

02) TRACKING EXPENSES REPORT

a expense tracking report should tell you, periodically, how much you spend and how much you can save



Track Your Spending:

Unless you track what you spend, how will you be able to save more.

Tracking your household, lifestyle and all other expenses, will make your mind focused. It will make you more focused on spending less and saving more.

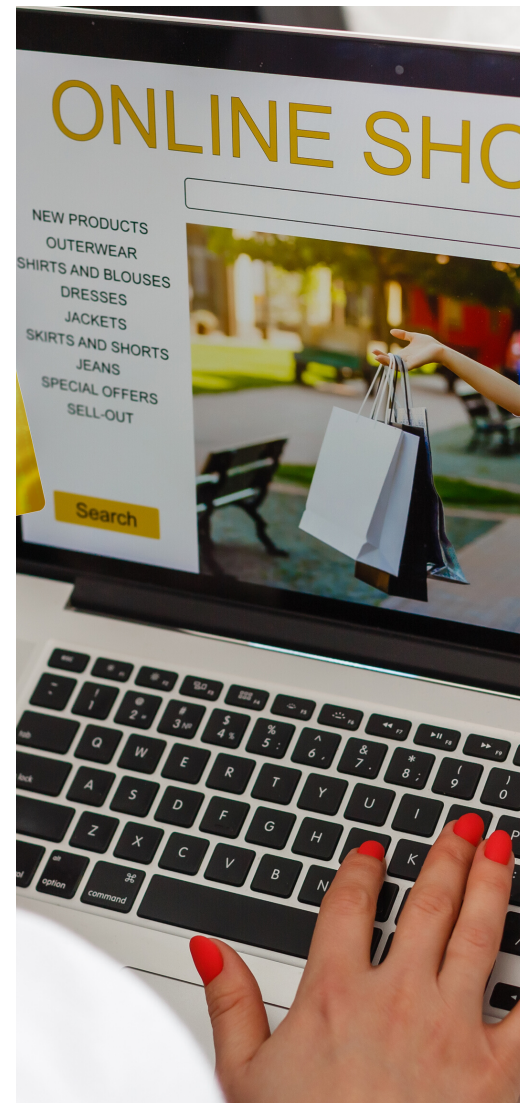
Track the following:

1. Household expenses
2. Lifestyle Expenses
3. Loans and EMI
4. All Fees like childrens school fees
5. Insurance premiums
6. Investments

03) SPEND LESS THAN YOU EARN.

This would help you to reduce unnecessary expenses. Sometimes, you tend to buy things which you don't need but feel like buying because someone is buying it. It could be to satisfy your spendthrift nature.

Never let emotions rule you when you want to rule over money!



04) BUY EXPERIENCES

- Rich people find out those experiences which makes them more happier!
- They would then spend more time and money on such activities.
- It brings them more of happiness and joy.
- They spend time on active leisure activities like sports, charity, reading books, mass religious events.
- While the not so rich spend their time in passive leisure activities like watching TV, doing nothing.
- Find out your active leisure activities and make a list.
- Find out if they make you more happy
- Find out the events which you like spending time on.
- Find out your charitable events or activities, which you believe in.
- Can you make a list of those activities which you can start reducing time on like watching TV.

YOUR MOST HAPPY EXPERIENCES



Now that you understand that money cannot buy you happiness, but can sure buy you experiences; so **make a list of top ten such experiences**, that brought you maximum joy and happiness in your lifetime till now?

Now make a list of the **next ten such experience that you wish to buy** with money

Discuss with your family and explore how they will enjoy these experiences as your family.

05) PAY OFF DEBT(S): MAKE PLANS TO HAVE NO DEBTS AT ALL

Let scarcity of money not scare you and let your love for money not dare you.



If you have taken loans for personal expenditure, make plans to pay off. Learn how to reduce your expenses. Make a list of all the loans and make a commitment to pay off all such loans in a definite time period.

Be clear as to what is a good loan and what is a bad loan.

06) GET ADDITIONAL SOURCES OF INCOME

If you find out that your investible surplus is less than what is required to achieve your goals, think of adding/ increasing your current income.

With many options, you can think of royalty from books, franchise model, part time businesses like being an agent, collaborating for givings leads, etc.



07) GET THE BASICS RIGHT ABOUT YOUR MONEY

Learn the basics of money, finance and investing.

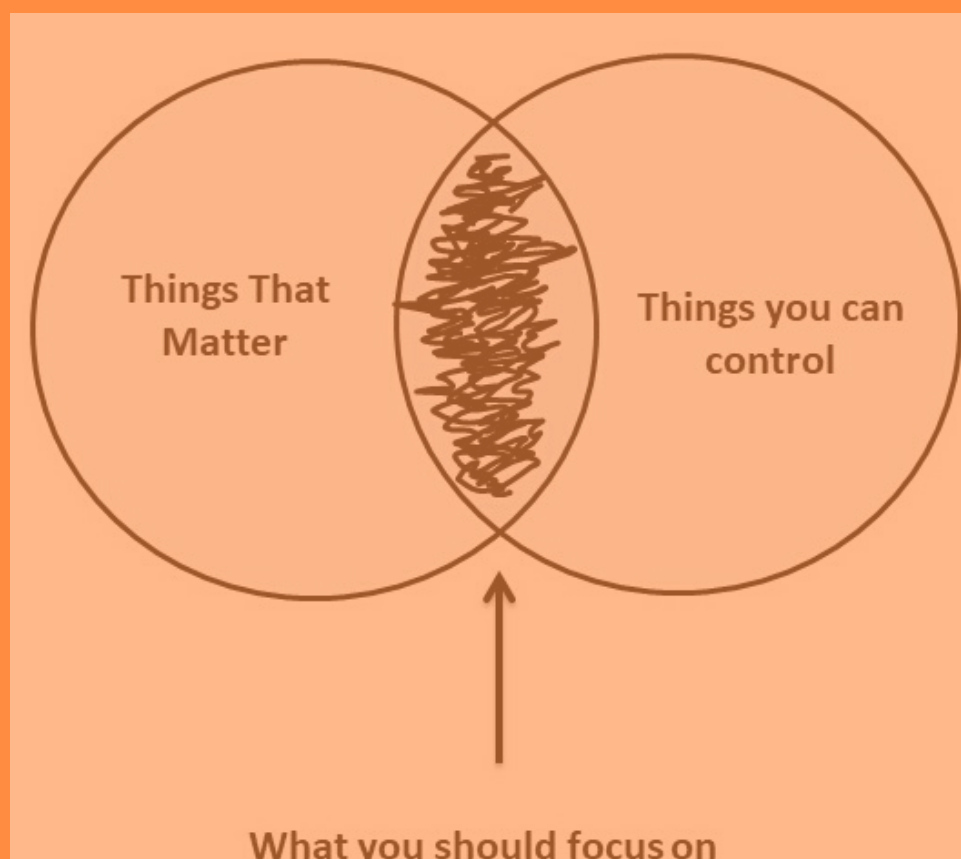


When your purchasing power of money goes down over the years, it's due to inflation. How much will your money be able to buy five or ten years from today is the effect of inflation. It is important to understand the difference between saving and investment. Savings means to set aside a part of your income for future use. Investment is defined as the act of putting funds to productive uses, i.e. investing in such investment vehicles that can reap money over time

People save money to fulfil their unexpected expenses or urgent money requirements. Conversely, investments are made to generate returns over the period that can help in capital formation. With an investment, there is always a risk of losing money. Unlike savings, where there are no or comparatively fewer chances of losing the hard-earned money. Investments provides higher returns than savings, However, the investments can earn money more than the invested amount, if invested wisely.

08) CLEAN UP YOUR FINANCES

Focus on what matters to you- While making budgets and finding solutions for your financial issues, you do not need to look back into your past! Why?



Focus on what you can control: Can you control what is happening in the economy of Greece, China or the federal states of the USA or the demonetization drive of Modi Ji? If not, then why focus or talk about anything which you cannot control? behaviour.

Strange, that **personal finance is only 20 per cent head knowledge**, and the other 80 percent is all about **behaviour**. No magic number will change your life; no interest rate or rate of return will suddenly turn everything around. That is why I teach concepts, not mathematical formulas.² Habits make up around ninety per cent of your behaviour.

09) FINANCIAL GOALS ARE CHANGING

With changing lifestyles, find out what were your past goals. Check if they are still relevant. Change them according to your lifestyle, family members needs and wants.

Once you have rearranged your goals, in line with your income, expenses, now make plans to achieve them in a SMARTER way, that is, SPECIFIC, MEASURABLE, ACHIEVABLE, REALISTIC, TIME-BOUND, ECOLOGICALLY RIGH, AND RELEVANT to you.

S: Specific, Simple

M: Measurable, Meaningful, Motivating, Maintainable

A: Achievable, all areas of life and as of Now


R: Realistic, Right, Responsible

T: Time Bound, Towards

E: Ecology -related to consequences of actions

R: Resources -refers to Money, Time, people, confidence, experience, determination, ability)

10) PLAN TO INVEST EVERY MONTH: START SIP



SIP is one channel that I suggest to most of the clients based on their earning. And this has spawned remarkable results so far

One of the pronounced tools that I recommend is SIP; Systematic Investment Plans. You give standing instructions to your bank for a specified period. SIP tool provides an average on your investment costs: As markets are volatile, whatever you invest through mutual funds is also sceptical of ups and downs.

On the other hand, while investing regularly every month, you average out the cost of buying. When the markets are low, you buy more units. When the markets are high, you buy less. In light of these options, you are equipped to beat the market effectively. Indeed, this is one of the best and proven tools.

READ MORE:

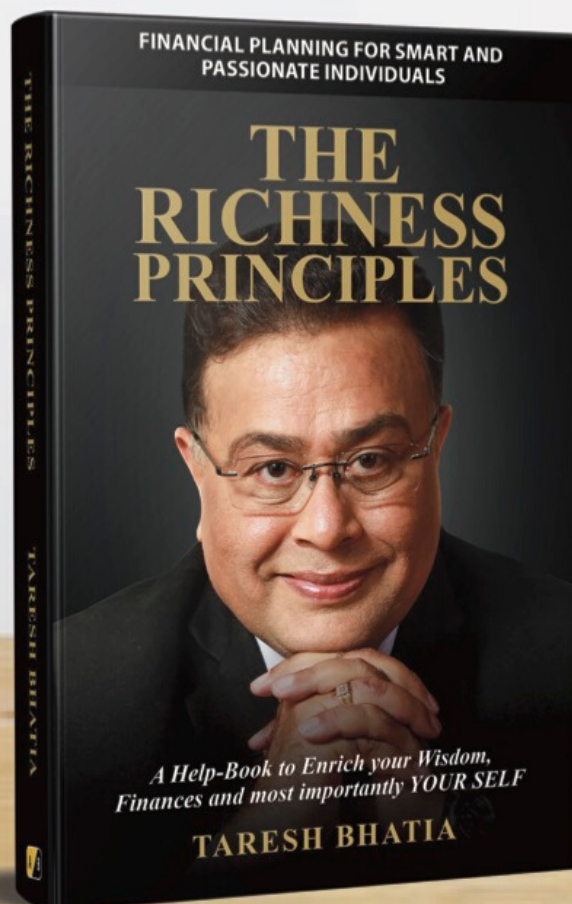
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Author:

TARESH BHATIA



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