SIX THINGS THEY DON'T TEACH YOU

THAT CAN MAKE YOU

THOUSANDS OF DOLLARS

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Who is Behind This Article

-- and --

"Why Should I Listen to You?"

I want to first thank you for requesting this article. I think that the information I give you here will help you in your quest to obtain the best price in selling your business.

I have written this article so that business owners could have good, solid information before hiring an attorney or dealing with a business broker. Seventy percent, yes that is 70%, of all businesses that are listed for sale, ***do not sell****. You should have the best information and the best guidance in preparing your business for sale.*

My name is Jim Montgomery and I have been representing business owners since 1978. I limit my practice to business matters; so, if you want a divorce, have a criminal problem or have a traffic ticket, I can't help you. You can find out more about me at my web site at www.JamesMontgomeryLaw.com, one of the most popular small firm websites in the country. Hundreds of articles are downloaded from the site each month.

- *Representing Business Owners Since 1978*
- *Listed in Best Lawyers in America*
- *Highest Peer Rating of "AV" by Martindale Hubbell*
- *Recognized Lecturer on "Legal Education" for Lawyers*
- *Author of Numerous Consumer Books and Reports*
- *Texas Super Lawyer in Texas Monthly*

Our law firm represents business owners throughout the State of Texas in business matters, company formation, asset structuring, buy-sell agreements, and wealth planning such as wills and powers of attorney. Our home office is in San Antonio, Texas, but we represent clients all over Texas from Amarillo to McAllen.

I Am Not Allowed to Give Legal Advice In this Article!

I know the ins and outs of selling businesses — and so should you — even before you start to sell your business. When you started your business, you started the sales process. All businesses are sold eventually, one way or another, to family, employees, third parties, or through liquidation. The structure of your business and how it is organized and systematized is crucial to maximizing your potential sales price. We will be in this process together to obtain your desire for a successful sale.

I am not allowed, however, to give legal advice in this article. I can offer suggestions and identify traps, but please do not construe anything in this article to be legal advice until you have agreed to hire me AND I have agreed, in writing, to accept your transaction.

Six Things They Don't Teach You That Can Make You Thousands Of Dollars

Have you, in all of your schooling ever had a class that covered wealth development? After all, we all go to school for about twelve years, kindergarten through high school. Some of us go to college and then graduate school. Personally, I went to school for three years beyond college with law school and took financial courses after that. In all of that time, the economics courses, the accounting courses and even the tax courses, no program or school ever covered what we are going to talk about.

Before we begin though, may I ask you something? Why are you interested in Creating Wealth? What are your intentions? I've asked that question to lots of people, and here is what they tell me:

- Retire early or create a secure retirement fund
- Allow Mom and/or Dad to stay at home with the family
- Give you time freedom and escape the paycheck to paycheck rat race
- Give you time and money to pursue charitable goals
- Get out of debt
- Create cash for investment purposes

If any of the above is your goal or something similar to them, like being able to travel or bettering your lifestyle, this program will help you achieve it if, and it is a big "if," you are willing to pay the price in current consumption and in effort.

Ready for the first step – let's go!

Pay Yourself First!

1. PAY YOURSELF FIRST! The important thing is GET STARTED RIGHT NOW! It doesn't matter whether you start off with $50 a month or $100 a month or $1,000 per month. Just start! FOR EVERY MONTH YOU DELAY, YOU ARE LOSING THOUSANDS OF DOLLARS. **A little money invested consistently over a long time makes a LOT OF MONEY.**

Let's look at what happens if you invest $100 every month for twenty years with a 7% return. At the end of 20 years, you will have paid in $24,000, but you will have $52,093 in your account. What if instead you leave the money untouched for thirty years? Still investing $100 per month, the investment pool will have grown to $**121,997.10**. Not bad. Let's see, we put aside $100 per month for 360 months, which would be $36,000. But our $100 a month investment earns almost $86,000, *more than double the amount we put in*!

How much would be there if the program runs for 40 years? The investment pool is now up to $**262,481.34**. Let's see, we put aside $100 per month for 480 months, which would be $48,000. *But our $100 a month investment earned almost $215,000*! $262,500 invested at 7% would give an annual income of $18,375 per year without touching the investment pool. If only social security were so good.

If you start at 20, at 60 you can have that income. Starting at 30 would allow withdrawal at 70. 40 would be at 80, etc. It is easy to see that the earlier the program is started, the earlier you can withdraw. But a program at 50 will still get you there at 80, particularly if you double the money to $200. Just $200 a month, beginning at 50, will give you almost $244,000 at age 80 when you would really need it. *(What could happen if we were able to invest even more?)*

If I were king, I'd tell those running schools from elementary until high school, to teach this one lesson would be over and over again until it became literally part of the students' psyches. Projects in school would be done to demonstrate that lesson over and over and over.

Richard Russell in his newsletter, Dow Theory, gives the example of a 19 year old who opens an IRA with $2,000 at an average growth rate of 10% (7% interest plus growth). After seven years this fellow makes no more contributions. A second investor waits until age 26 (seven years later). He also makes $2,000 contributions but he continues to do so faithfully until age 65 and gets the same return. Our first investor ends up with more money than the investor who contributes for the entire time. The compounding effect of the additional 7 years is phenomenal.

Note for Grandparents: Think about what would happen if you funded a Roth IRA for $2,000 per year for your grandchild for seven consecutive years and the money grows untouched until the grandchild is 55 years old. If the investment began at age 5, it would have grown to hundreds of thousands of dollars!

Let's take a look at this from a different angle, especially if you don't have enough money to invest. Most people have the expectation of working from the time they are 25 until at least 55 years old. Assuming a good education, many people would expect to make an average of $50,000 per year over that work life.

Total Years Worked:	30
Average Earnings per Year:	$50,000.00
Total Money Earned:	$1,500,000.00
Most People will have saved:	$30,000.00
Amount Spent:	$1,470,000.00

It is unlikely that any of us given $1,500,000 would give away $1,470,000 and only keep $30,000. Amazingly though, when we don't plan to accumulate wealth from the earliest part of our income generating careers, that is exactly what happens.

Let me tell you a quick story of my friend Bob. A few years ago, when he was 45, Bob said to me that he would like to go to law school, but if he did, he would be 48 when he finished in three years. I asked him how old he would be in three years if he *didn't* go to law school.

So even if you are way past 25, start today! When you retire, you will be way ahead of where you will be if you don't start today.

Change the Way You Pay Your Mortgage

2. THE WAY YOU PAY YOUR MORTGAGE IS COSTING YOU THOUSANDS OF DOLLARS!

Let me illustrate: You want to buy a house for a contract price of $180,000. You have a down payment of $30,000 so you need a loan of $150,000. The lender can provide a loan at 7% fixed interest for 30 years. If you pay cash upfront (we all wish we could), then the price of the house is $180,000. If you buy the house with a loan, however, the real cost with the $150,000 loan is $30,000 cash plus the total of the payments on the loan over the thirty years. The monthly payment on the loan will be $997.95. The cost of those payments is 360 times $997.95. Therefore, you actually pay $389,262.00 for the house, not $180,000.

What if there was a way without significantly changing your monthly payment to cut eight to twelve years of payments off your note? Eight years of payments would be equal to a savings of almost $96,000? If you would like to know how, send me an email at jemlaw@mac.com

3. NEVER REFINANCE YOUR HOUSE FOR LONGER THAN THE ORIGINAL MORTGAGE. If you refinance, don't go longer than your initial term. If your original term was 30 years and you have 23 years to go, then just refinance for 23 years, not any longer. In fact, if you can, refinance for a couple of years less.

And make sure you are getting a lower rate, although in today's market, you can't get much lower than the historically low rates we have now. The key is to just make the payments for the rest of the mortgage. If you don't, then you start paying interest all over again and you would have better off by not refinancing at all. You pay more for the house in the long run for your refinance.

Look at it this way. You are the tenant in your house. Your principal and interest plus insurance plus taxes are your rental payments. The goal is to PAY OFF THE HOUSE! Your real investment is your down payment. You would have to pay rent somewhere anyway. You get the entire appreciation on the house even though the bank puts up most of the money. If the house did not appreciate at all, you would end up with a $180,000 asset for your $30,000 down payment. A 600% return on your investment in 30 years. That is a 20% annual return on your original investment of $30,000! If you pay off your mortgage in less than 30 years, you will increase that rate of return even further.

Eliminate Credit Card Debt

4. GET OUT OF CREDIT CARD DEBT! Credit cards are a great tool *if you pay off every balance every month!* Going into debt to buy things that do not make money for you is a bad idea. If you cannot pay cash to go out to dinner, you should probably wait until you can. Just say no! Take you cards out of your wallet and cut them up or put them somewhere really hard to get to.

Then, let's get you out of debt. If you are paying interest on credit cards, you should pay them off as the first part of the pay yourself first program. So, after you have built up a modest emergency fund of about $1,000, throw everything you can against you credit card debt. In this stage of your wealth building, you should only purchase things you really need. If you find something you need, before you buy it, just ask yourself "How have I lived without it so far?" It's hard to get out of debt when you keep adding to it.

The next step is to get out your statements and check the interest rates. If you have more than one card, look at all the statements. Then call the credit card company (a toll free number is on the back of the card) and ask for a lower interest rate rates. If the first person can't help you, call back and ask for a supervisor. Ask for a rate of less than 10%.

Next, pick the card with the highest rate and concentrate your payments there. Figure out what it would take to pay the card off in one year or less. That should be your payment for that card. You will still have to pay the interest on the other cards but you are making progress. Once you pay off that card, move to the next one. Move all of the money you were paying on the first card to paying off the second card, adding it to the payment you have been making on that card all along. Keep doing that until the cards are all paid off and then keep them that way. If you want to live at higher level, increase your income, don't borrow the money.

If you don’t have enough cash to pay all the payments, you may need more help and obviously need more advice. Look into getting a second job. It will only be temporary, and the temporary pain of hard work will be much better than the long lasting pain of debt.

Invest in Real Estate

5. INVEST IN REAL ESTATE. Without credit card payments every month, you will have money to invest. More fortunes have been made and maintained in real estate, than almost any other investment. What if you had tenants who paid your mortgage payments for you? That is the essence of investing in real estate.

If you buy a rental house for example, you will put down a cash down payment. The bank puts up the balance just like with your home you live in now. Again, you get all the appreciation potential of that house, even though you only put up part of the funds. You get all of the depreciation of the asset, even though you only put up part of the funds.

As the mortgage is paid down, you get all of the equity in the property even though you only put up part of the money. Yes, there is risk and you might have to make some of the payments yourself but you could have your money in a mutual fund in the stock market also and have as much if not more risk.

If you do not know how to invest in real estate, there are a number of good books on the subject. Alternately, you can contact me, and I can put you in touch with experienced real estate investors.

Consider this. What if you bought one rent house per year in the $80,000 to $100,000 range? The monthly rent for a 3 bedroom, 2 bath home is from $750 a month to $1000 per month. By paying the mortgage properly, using your tenants' money, you could have the house paid for in 20 years or less. When paid for, the house should provide you with $750 per month in net income. That's equivalent to having saved about $125,000 and investing it at 7%.

Now repeat that step every year for 10 years. At the end of 30 years, all houses would be all paid for and the net income per month would be $7,500 per month. Your net worth would then be close to $1,000,000 on those houses alone! How do you think that compares to Social Security?

Start Making Money for Yourself Instead of Someone Else

6. START YOUR OWN BUSINESS. Both Robert Kiyosaki, the author of "Rich Dad, Poor Dad", and David Bach, the author of "Start Late, Finish Rich", recommend owning your own business to create wealth. Further, they recommend the direct sales or network marketing business as a strong candidate. The startup costs are low. A carefully chosen company handles the orders and fulfillment of those orders. If you pick a product you like that is quickly consumed, the business can multiply. Your business can give you tax benefits you will never have as an employee. The business can also generate the extra cash that is the key to being able to achieve your goals for the first five steps.

What do you do next?

Go to www.howtogetcustomersnow.com.

Call me at 210-690-3700 and leave a message that you are interested in the Six Steps.

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