

PASSIVE INCOME UNVEILED

*How to Achieve Total
Financial Freedom*



THE FINANCIAL FREEDOM FOUNDATION

**SPECIAL REPORT from TheFinancialFreedomFoundation.org
(If you find this report interesting, please Forward it to a Friend)**

**How to Achieve Total Financial Freedom:
“Multi-Millionaires Are Not Any Smarter Than You,
They Just Know How To Play The Money Game”**

**This Report Reveals EXACTLY
What You Need To Do To Build Wealth**

**Joining Our “F3 Mastermind Group” Reveals EXACTLY
Who to Use For Each Component**

The Financial Freedom Foundation (F3) is an educational non-profit that helps people find their true purpose, their life mission, which leads to financial abundance and freedom.

According to the World Institute for Development Economics research, of United Nations University, 2% of adults in the world own 50% of the world’s wealth. What does this mean? It means that the 2% know something that the other 98% of people don’t know, and they take action on that knowledge. They know how to correctly apply the principles of wealth creation.

If you were to take their wealth away from them, they would likely regain it fairly quickly. And if they were to tell an average person what they were doing and the expected results, the average person would probably say that it “sounds too good to be true” and would simply walk away... dreaming of wealth and never achieving it. It is simply a matter of understanding the principles and taking massive action. The main levers of wealth creation are **arbitrage**, **leverage** and **compounding**.

The #1 most fundamental principle of wealth creation is to own or control assets that generate income. These assets might be rental properties, businesses, oil wells, patents, franchises, buildings, stocks, bonds, mutual funds, etc. The amount of income generated by the asset depends upon the value of the asset and the rate of return. The typical annual rate of return on traditional assets is anywhere from 0.5% to 15% per year. Most traditional assets also require your time to manage them. However, here’s what most people don’t know...

Shhh... Come closer... Here’s a little secret...

There are non-traditional assets that can sustainably generate high double-digit annual returns, without requiring your time to manage them! These assets are unique in that they make maximum use of arbitrage and compounding, and the returns really skyrocket when you add in leverage, as you shall see. But first, the basics:

**Having a “job”
is the riskiest
type of income.**

The Labor Game vs. the Money Game

Most people know how to play the “labor game,” but never really learned how to play the “money game.” Most people trade their labor and their time for money, by becoming employees. This is called “active income,” because it requires daily action to generate the income. This strategy constricts their earning potential, because there is a limited amount of time in each day (it is impossible to work more than 24 hours in a day). When the “active income” is insufficient to meet their needs, they use personal debt, in the form of credit cards and home equity loans, to make up the difference. This is called “**Consumer Debt.**” This is a bad type of debt and results in bondage to creditors and even bankruptcy.

Active income is the riskiest type of income, because it can stop at any time due to causes which are outside of your control, such as illness, accidents, or involuntary unemployment (You’re Fired!). According to the Weekly Initial Jobless Claims, over 200,000 skilled, talented employees hear those two dreadful words every week. For millions and millions of people, the American Dream has become the American Nightmare, because they only think like employees, they only utilize “consumer debt,” and the only game they know is the labor game, where time equals money.

When it comes to the money game, most people stick with the **traditional method**: 1) they only put meager monthly savings into investments, 2) they only choose traditional “retail” investments that generate low returns, and 3) they only use “buy and hold” strategies, making themselves slaves to the whims of the market.

That is why most people have to wait 30 years for their “traditional” strategy to hopefully amount to anything! Their actions perpetually keep them in the category of the “Have Not’s.” Their actions drive wealth away from them. Some turn to real estate investing, multi-level marketing, internet marketing, or home-based businesses to supplement their income. Others, in their quest for higher returns, take courses in day trading and investing and become spare-time traders, often losing more than they make, due to lack of the time and resources necessary to effectively compete with the professional full-time traders that dominate the financial markets.

“The 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.”

- Jim Rohn

The wealthy, on the other hand, choose “alternative” investments that have high double-digit returns! The wealthy maximize the effect of compounding. The wealthy use leverage. That is why, instead of waiting 30 years to see results, they start to see wealth creation and massive passive income immediately! Their actions perpetually keep them in the category of the “Haves.” The only separator between the “Haves” and the “Have Nots” is **a series of specific actions**. The purpose of F3 Mastermind Group is to teach you what these actions are. It is up to you to take action or not.

Recap: Having a JOB is the riskiest source of income. Wealthy people are not employees. Wealthy people make money their employee. **They don’t work for money, money works for them!** If you want to

transition from the category of “Have Nots” to the category of “Haves”, it simply takes a series of specific actions, which actions you can learn in the F3 Mastermind Group.

Other People's Money (OPM) = Leverage

If you already have a “nest egg” of \$100K available to work for you, then you can get started right away. If you have \$10K available to work for you, then you can get started, too. But what if you don't even have that? You can get started, too! What most people don't fully grasp is that wealthy people implement the principle of leverage by using Other People's Money (OPM) and make THAT money their employee, too!

**Wealthy people
make Other
People's Money
their employee!**

The least-expensive, lowest-risk form of OPM that we have come across is using non-personally guaranteed, unsecured business lines of credit.

- Non-Personally Guaranteed means that you do not act as the personal guarantor. Only the corporation you'll form and own is liable for repayment of the debt, not you personally (sometimes, you have to start out as the personal guarantor, but remove yourself as a guarantor once you have established a repayment history with the lender).
- Unsecured means that you don't have to pledge a car, house, your first born, or anything else as collateral that will be seized if the debt is unpaid.
- Business means that the borrower is the corporation that you create and own, not you personally. It does not show up anywhere on your personal credit profile, only on your business' credit profile.
- Lines of Credit means it can be either:
 1. A standard business credit card
 2. A traditional business loan, with a fixed interest rate and a fixed number of years to repay the loan (large corporations issue bonds with these characteristics)
 3. A flexible business line of credit where you can access the money by writing a check and must begin paying interest only when you draw down on the line of credit

This kind of debt is called “**Investment Debt.**” This is a good type of debt. Since it is business credit, it does not report on your personal credit profile. Most importantly, you can use investment debt to generate investment income or “passive income.”

A credit profile is an intangible asset. In the F3 Mastermind Group we show you how to leverage this intangible asset into hard core cash... up to \$250,000 of 0% interest business lines of credit. You can get this through your personal credit profile, someone else's credit profile, or a business credit profile. You can do multiple corporations per individual. Imagine the income

effect of having \$250,000 to \$1 million dollars working for you! Thank you, leverage, for being our friend!!

Maximizing Arbitrage & Compounding using “Managed Accounts”

The official definition of arbitrage is “the simultaneous purchase and sale of an asset or similar assets, in order to profit from a difference in the price.” That is “pure” arbitrage. A common instance of it is when a real estate investor has a contract to buy a house for \$200,000 and a contract to sell the house at \$225,000, and closes on both contracts at the same time, keeping the \$25,000 in profit. This is also known as a simultaneous closing.

That is a nice deal, but the investor had to find the seller and the buyer and negotiate the price with each of them before his contracts expired. This resulting income is not “passive” income, because of all the time required to put the deal together. And there is no compounding effect on his returns. If he wants to re-invest his profits, he has to search for another property, buyer, and seller. That is the nature of his self-created “job.”

Near Arbitrage or Speculative Arbitrage occurs when there is a spread between your cost of capital and your rate of return. In the case of commercial real estate, your spread is the difference between your loan constant and the cap rate. Your annual borrowing costs may be 5% and your annual rate of return may be 8%, giving you a spread of 3%, which becomes your “passive” income (assuming you hire someone to manage the property for you).

For our purposes, we will define being Financially Independent, or Independently Wealthy, as having more passive income than your monthly expenses. John Paul Getty once complained that even while throwing the most lavish party, he still could not spend all the income that accrued while the party was taking place. That’s not a bad problem to have!

The first error that most people make is trying to become wealthy or Financially Independent by focusing on Active Income or activities that simply boost Net Worth. The second error that most people make is focusing on “Passive Income” activities that don’t make maximum use of leverage or of compounding returns. The beauty of Managed Accounts is they can accommodate all 3 wealth levers of arbitrage, leverage, and compounding returns.

The Table on the next page contains a survey of different kinds of income and vehicles that produce them:

Equity Appreciation	“Passive” Income	“Active” Income
<ul style="list-style-type: none"> • Managed Accounts (Wealth Creation Strategy) • Growth Stocks • Single Family Residential (NEGATIVE cash flow) • Owners Equity in a Business 	<ul style="list-style-type: none"> • Managed Accounts (Income Strategy) • Income Stocks • Bonds • Commercial RE • Self Storage RE • Billboards • Mortgage Notes • Oil Wells 	<ul style="list-style-type: none"> • Job Income • Flipping Houses • Foreclosures • Rehabbing • Wholesaling • Lease Options • Internet Marketing • Multi-Level Marketing
<u>Goal:</u> Build appreciation equity to turn into cashflow	<u>Goal:</u> Passive income > Living expenses	<u>Goal:</u> Fund appreciation & passive income columns
Rich	Wealthy	Job

In our experience, Managed Accounts are the best “passive” wealth creation vehicles, even better than “buy and hold” stocks, real estate and oil wells. Here’s why:

Managed Accounts consist of two parts: 1) an account with a full-service brokerage firm, like Merrill Lynch, UBS, or any other brokerage firm, and 2) hiring a professional trader to make trade recommendations to be executed in your brokerage account. You hand pick your professional traders and give them instruction to send over their live trades. Your broker receives the trading signals from the professional trader and has the “trading desk” at the brokerage firm execute the trades in your account on your behalf. You personally do not have to come up with the trades nor manually execute them. The process is completely automated for you, making this a truly “passive” investment. The size of the “spread” in your arbitrage is the difference between your cost of capital and the rate of return generated on your account. “Spreads” of 36% or better are not uncommon, especially when using leverage (OPM). Best of all is that when the profits are left in the account to be re-invested, the returns become compounded and the **growth rate in your account becomes exponential!**

Many have track records of generating triple-digit annual returns, especially in down markets!

Savvy investors open up such Managed Accounts and engage world-class professional traders, with very profitable strategies and lengthy track records, to trade these accounts for them. The professional traders may specialize in stocks, options, commodity futures, foreign currency exchange (forex), exchange traded funds (ETFs), bonds, or any number of financial instruments. Their market of choice does not matter. It is their track record of consistent stellar returns that matters. Many have track records of generating **triple-digit annual returns**, especially in down markets!

For our own investing, we constantly search for the Top 1% of professional traders who do not trade exclusively for large financial institutions. Such traders are a rare breed, but once you know who they are, it is easy to point them out to others. Since the F3 Mastermind Group has found some of these proverbial “needles in the haystack,” we can easily point them out to you. We will tell you the names of the ones we know of when you become a Member (in reciprocation, if you know of others, please share them with us).

In exchange for their services, the professional traders either receive an annual fee or keep a percentage of the profits they generate on your account. It is a win-win situation. You have complete control over your Managed Accounts and complete transparency: you can see each and every trade, before it is placed. These accounts are Ponzi-proof! You see the results of each and every trade, in real time! You are the only one with authority to place money in-to or withdraw money out-of the account. You simply give the professional traders a "Letter of Direction" which only permits the trader to recommend trades for your own broker to execute on your own account, implementing strategies that generate high double-digit annual returns!

**These Accounts are
Ponzi- Proof!**

**You see the actual
results of each and
every trade, in real
time!**

Because the wealthy put their financial intelligence to work, they do not need to go to a "job" each day to generate this "passive" income. This strategy has unlimited earning potential, because their employee (money) works 24 hours a day, 7 days a week, without vacation or sick days. And the profits can easily be reinvested, causing a compounding of the return. This is HUGE!

The Birth of the Concept

How did we come up with our investment model? While getting our MBAs at The Wharton School, we learned to think strategically and to focus on maximizing efficiency. Most business models are complex and inefficient. That is why their returns are so low. The more profitable business models require some built-in barriers to entry so that other people don't copy what you do, thereby increasing competition and driving down your profit margins. After going back to the drawing board several times, we finally drafted a business model that was so efficient that it became more of an investment model than a business model, because it did not require the sale of any product or services, no capital expenditures on property, plants, or equipment, and no employees.

Here are its STRENGTHS:

1. **Scalability** - can add more money at any time and get the same return. In traditional investments, such as with real estate, if you want to invest another \$50,000, you can't just add that to a property that you already own. Instead, you have to look for another building to buy, and that requires time, money, and headache.
2. **Transparency** - you can see each and every trade as they are executed in your Managed Accounts, and you see the results, with full visibility, in real time. That makes our approach Ponzi-proof. In traditional investments, such as when you invest in a fund or buy a share of ownership in a company, you hand your money to someone else and only see what they report to you on a monthly or quarterly basis. They can use fancy accounting to hide negative results. However, with our approach, you get the truth, the full truth, and nothing but the truth.
3. **Retains control** - you only give the professional trader limited authority to make trade recommendation for your broker to execute on your behalf. You can fire the trader at any time and replace them with someone else, if they are not performing up to your

expectations. In traditional investments, when you give your money to someone else, you give them control over your money, and hope they give it back to you when you ask for it.

4. **Liquidity** - you can withdraw funds from your investment account at your leisure, by sending an email to your broker instructing them to do a wire transfer to your checking account. The funds arrive in your checking account usually within 24 hours, or maybe 48 hours, if they have to close out some positions. You don't have to put any real estate on the market and wait for several months, nor wait until a fund's redemption period.
5. **Recurring income** – when you have professional traders that perform, they keep on generating income for you. Most businesses sell a product to customer A, and then have to find a customer B in order to sell more product. Constantly finding new customers is expensive. Constantly finding new real estate properties to flip is expensive, too.
6. **Allows for compounding** - you can reinvest your profits into the same account and make the same return. This creates exponential growth, which is the true key to wealth. You cannot reinvest rental income into the same rental property and get the same return.
7. **No employees** - the closest thing to an employee is the professional trader and your broker. Their fees are nothing compared to having salaried employees. Employees are most businesses largest expense, and someone has to manage the employees.
8. **Minimizes liability** - there is no threat of a lawsuit from a tenant, an employee, a customer, a partner, or a competitor.
9. **Minimizes risk** – once your account doubles in value, if you remove your original investment principal, then that account is, in a sense, risk-free from that day forward. You can then use your original investment principal to open up another account with a different professional trader, creating diversification. By having several different traders that focus on different non-correlated markets and have different strategies, then you minimize the variance (risk) in your portfolio and have diversified away specific risk and market risk.
10. **Allows for privacy** – you can own the account in your own name or through an LLC that you form. None of it is public record, unlike real estate where anybody can look up who own XYZ property. If the LLC is filed in New Mexico, even better, because New Mexico protects privacy.

Here are its WEAKNESSES:

1. **Capital Volume** – the nature of the investment model cannot accommodate hundreds of millions of dollars. It is not uncommon for professional traders to refuse to accept new clients, so that they don't start moving markets with their trades (this has already happened to us once, before we got our account opened). This makes the model non-attractive to institutional investors and large financial institutions, where even \$10 million is a small investment.

2. **No barriers to entry** – if anybody knows about this business model, they can easily duplicate it, especially if they know the names of the professional traders. The way to create a barrier to entry would be to keep the investment model a trade secret, by not telling anyone. However, having a barrier to entry is only a concern when new entrants into the marketplace will drive down your profit margins. As we mentioned, the traders will stop accepting new clients before it starts affecting their personal returns or our returns.

A savvy businessperson turns their weaknesses into strengths. Here is how we did it.

When we find a trader who meets our criterion, we make sure that we get our account with them first, before we list them on our Rolodex for our F3 Mastermind Group members to see. That protects us against the first weakness. Realizing, however, that this investment model is ideal for people with less than \$1 million to invest, we determined to turn the second weakness on its head and actually show people how to replicate our investment model (that is why you're reading this report). While this is partially due to the fact that we are altruistic, there is also something in it for us...

We see a dire need for increased involvement with organizations that focus on relieving human suffering, such as feeding the hungry, clothing the naked, liberating the captive, and administering relief to the sick and afflicted. We feel a great amount of satisfaction in dedicating some of our time, talents, and resources to addressing these very issues, but our personal reach is very limited. The income gap between the rich and the poor is growing and it is causing increasing social distress. Those who know how to play the money game aren't sharing, and those who do not know how to play the money game aren't learning. It is very difficult for us to change the mindset of wealthy people who are set in their ways. Therefore, we create newly wealthy people who already share in our mindset.

There are over 27 million workers in the US who are either unemployed or underemployed. If they cannot keep a roof over their heads, they and their children end up living under a bridge, and in some cities the underpasses are already getting crowded. There are 41.9 million people officially living in poverty, in the U.S. alone. In many U.S. cities, unemployment rates are already above 30%. In other countries, such situations result in violent riots. Fortunately, that has not occurred in the U.S. too often, yet. The non-profit organizations that focus on helping people going through such difficult times are under-funded, under-staffed, and many times, very inefficient. Our staff can only do so much with our personal time, talents and resources. Therefore, our goal is to compound our efforts exponentially, by helping YOU help others, too.

Our thesis is that if we can help you become financially independent, then you no longer have to trade your time for money. As part of our F3 Mastermind Group, commit yourself to pursue your life mission, which usually involves helping others. We want to multiply our philanthropic efforts by a hundred fold or even a thousand fold. That is our emotional payback. That is what's in it for us.

Once you join our F3 Mastermind Group and become financially independent, you will be expected to focus your time, talents, and resources to creating your own humanitarian projects to address the humanitarian issues that you feel are most important. In our opinion, the private

sector is much more efficient than the public sector. The skill sets and standards of performance and accountability that are commonplace in the private sector would dramatically improve the performance of non-profits, but they do not have the funds to pay competitive wages to people coming from the private sector.

With that said, if you were to approach a non-profit and offer to work for free, and perhaps even donate money to them on an annual basis, they would absolutely love you. You could change that organization forever, and expand their reach with regards to the number of people that they help. You can impact the lives of people in ways that we couldn't think of, and in places where we are not personally focusing. We realize that we cannot dictate to you where and how you go about your philanthropic efforts, but with this approach you own what you do, and you will choose something that you are passionate about. Time is more valuable than money. Talents are more valuable than time. We want to work with people who are willing to contribute all three. Thanks to the speed of the internet, we can remove barriers to entry very quickly, for the people who have the right kind of heart and are willing to take action.

Some notable examples of social entrepreneurship in action:

- Dennis Pevoto who founded Star of Hope Mission serving homeless people in Houston, TX. They regularly provide over 500,000 meals to the hungry, 80,000 articles of clothing, 280,000 beds for the homeless, and 6,000 medical appointments.
- Dr. William Magee & Kathy Magee, who began doing facial correction surgeries for a few poor children back in 1982 and grew the organization into Operation Smile, providing free surgeries to over 200,000 children in more than 50 countries.
- Ron & Lynette Lewis, who founded Stop Child Trafficking Now, to fight child sex trafficking in the U.S. They are in 50 cities and over 200 educational campuses, with thousands of people joining in to fight this horrendous form of modern-day slavery.
- University professor Muhammad Yunus in India began making small loans to impoverished entrepreneurs in India, leading to the creation of micro-credit and micro-lending that is now making transformational changes in the lives of millions of people in communities all across the world.
- Walt Ratterman who founded Sun Power Energy International to bring solar panels to rural communities, including 170,000 people in Burma.
- Ken Miller, et. al. who founded Water for People, drilling wells in impoverished communities to provide clean water, adequate sanitation, and basic health services. Every year they bring water, sanitation, and hygiene to over 100,000 new people.

Each of these notable examples began as a person with an idea and a desire to impact the community for good. They combined their private sector skills with the time and resources of friends and other community members, growing their efforts into organizations that impact the lives of hundreds of thousands of people annually. If they could do it, why can't you?

One of our favorite quotes is: *“Dream no small dreams for they have no power to move the hearts of men.”* –Johann Wolfgang van Goethe

Now, we realize that all of this philanthropic involvement is predicated upon the assumption of you having enough passive income to pay your bills, so that you no longer have to trade your time for money. That income depends upon the performance of the professional traders.

Do such traders exist, or are we just making this up?

Well, here is a snap-shot of some of the professional traders:

Professional Trader #1: Began trading 1984. He focuses on commodity futures and options on stocks & exchange traded funds (ETFs). He has generated non-compounded returns of over 200% for the past 3 consecutive years. He places SAFETY FIRST, giving very little back to the market. His strategy varies, according to market conditions. This trader typically holds trades for 3 to 4 months, and it takes about 7 months of time for a new account to get fully up to speed.

This is just the tip of the iceberg.

Our list includes several other traders with equally stellar performance.

Professional Trader #2: Began trading in 1983. He focuses on foreign currencies (forex). He generated non-compounded returns of 80% for the past 3 consecutive years. His trades follow the long-term trends, he typically holds trades for 2 months, and it takes about 4 months of time for a new account to get fully up to speed.

Professional Trader #3: Began trading in 1983. He focuses on forex. Generated non-compounded returns of over 100% for the past 3 consecutive years with a 4 year average of over 185%. This trader follows the directional trend of the market. This trader typically holds trades for 1 month, and it takes about 3 months of time for a new account to get fully up to speed.

Professional Trader #4: Began trading forex in 1996, intra-day trading only. He designs self-adjusting indicators that adjust to changing market conditions. Since 2004 he has generated an average annual, non-compounded return of 75%. This strategy places 2 or 3 trades per day, allowing a new account to get fully up to speed within the 1st month.

This is just the tip of the ice-berg. We’ve found many more traders that meet our criterion.

The Power of Compounding: The Rule of 72

Albert Einstein, arguably one of the greatest scientific minds to have ever lived, is said to have described compounding interest as “the most powerful force in the universe.” Compounding occurs when you re-invest your profits or gains, resulting in exponential growth. The Rule of 72 is an easy way to estimate how long it takes for an investment account to double in value, when all monthly profits are reinvested and therefore, compounded monthly. If the non-compounded rate of return is 12% annually, then it takes about 6 years for the account value to double (12 x 6

= 72). If the non-compounded returns are 36% annually, then it takes about 2 years for the account value to double ($36 \times 2 = 72$).

How does this apply to you? As an illustrative example, suppose you start with a one-time investment of \$100K and find a professional trader who generates a non-compounded Annual Percentage Rate of Return (APR) of 36% per year or better. If you were to re-invest all of your profits every month, which causes compounding of the return, your account would more than double in value every 2 years:

Year	2	4	6	8	10
Start	x 2	x 2	x 2	x 2	x 2
\$100K	\$200K	\$400K	\$800K	\$1.6M	\$3.2M

The Exponential Effect of Compounding Returns

Starting amount	APR	# Years	Ending Amount
\$100,000	36%	1	\$142,576
	36%	2	\$203,279
	36%	3	\$289,828
	36%	4	\$413,225
	36%	5	\$589,160
	36%	6	\$840,002
	36%	7	\$1,197,642
	36%	8	\$1,707,551
	36%	9	\$2,434,559
	36%	10	\$3,471,099

**Initial investment of \$100k earning 36% non-compounded return per year, compounded monthly, for 10 years.*

Note: This table is for illustration purposes only.

As you can see from the tables above, the Rule of 72 is an approximation for doubling your money every other year (the second table shows exact doubling). However, by comparing the two tables, you'll notice that the end result is practically the same. By using a critical mass of starting capital and by maximizing the effect of the power of compounding, you could potentially create a net worth of over \$3,000,000 in just 10 years!! That means you could potentially become a multi-millionaire within a decade. Now, this is an illustrative example only. How this plays out in reality may be better or it may be worse.

- Some of the traders generate triple-digit, non-compounded annual returns, not just 36% per year, and this would positively impact your overall returns.

- Unless you have your money in a Roth IRA, then you will have to pay taxes on your annual gains, which would negatively impact your overall annual returns.
- If you use OPM for your initial investment capital, then you would have to repay that line of credit, plus the interest, which would negatively impact returns in the first few years.
- You may choose to not re-invest all of the profits and instead take some out as personal income, which would negatively impact your overall returns.
- You may have a couple of accounts for different strategies, some for passive income purposes and a couple of accounts for long-term wealth creation.

Here is the key point: the amount of passive income you generate is directly related to 1) your rate of return, and 2) the size of the “nest egg” of capital you start with or “investment debt” that you can obtain and invest.

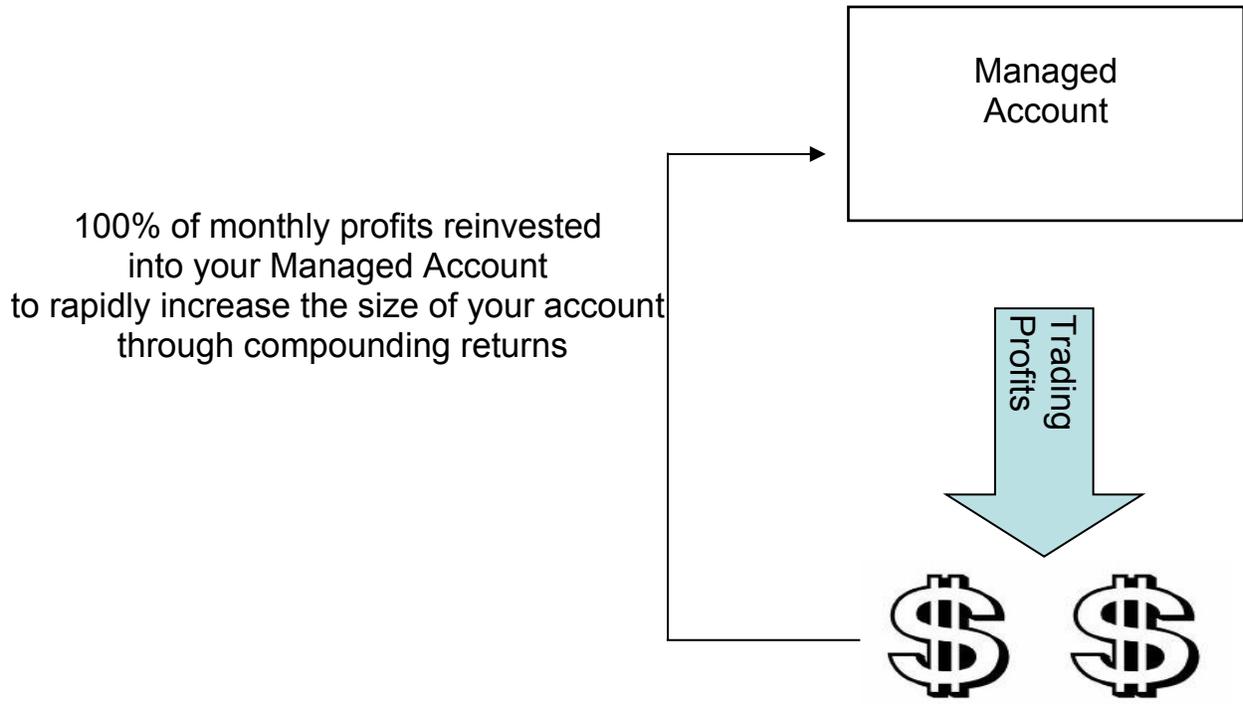
This method of generating passive income results in:

1. Having discretionary time for family and hobbies
2. Having discretionary income to pay-off creditors
3. Having more than enough income to meet your needs
4. Having extra time to dedicate to community involvement
5. Having income left over to contribute to the charitable and philanthropic causes you deem most worthy, such as feeding the hungry, clothing the naked, and administering relief to the sick and afflicted (the best method is anonymous giving, although it can be difficult at times to remain anonymous)

**It all depends on
your amount of
starting capital, and
the compounded rate
of return.**

The Big Picture: How it All Fits Together in a Visual Model

Wealth Creation Strategy



Below is an analysis of the **Wealth Creation Strategy**, both with and without taxes, depending on if the managed account has tax advantaged growth by being in an IRA or not. You'll notice that a 36% non-compounded return is the equivalent of a 42.5% compounded return. Numbers in **blue** are the assumptions (if you do not like detailed financial analysis, just skip this table).

Wealth Creation Strategy (without taxes)

Effective Tax Rate	0% (assumes account is in an IRA)									
Yr	1	2	3	4	5	6	7	8	9	10
Beginning Balance	\$100,000	\$142,500	\$203,063	\$289,364	\$412,344	\$587,590	\$837,316	\$1,193,175	\$1,700,274	\$2,422,890
Percent Return (Compounded)	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%
Trading Profits	\$42,500	\$60,563	\$86,302	\$122,980	\$175,246	\$249,726	\$355,859	\$507,099	\$722,616	\$1,029,728
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Available for Reinvestment	\$42,500	\$60,563	\$86,302	\$122,980	\$175,246	\$249,726	\$355,859	\$507,099	\$722,616	\$1,029,728
Percent Reinvested	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount Reinvested	\$42,500	\$60,563	\$86,302	\$122,980	\$175,246	\$249,726	\$355,859	\$507,099	\$722,616	\$1,029,728
Ending Balance	\$142,500	\$203,063	\$289,364	\$412,344	\$587,590	\$837,316	\$1,193,175	\$1,700,274	\$2,422,890	\$3,452,619

Wealth Creation Strategy (with taxes)

Effective Tax Rate	20%									
Yr	1	2	3	4	5	6	7	8	9	10
Beginning Balance	\$100,000	\$134,000	\$179,560	\$240,610	\$322,418	\$432,040	\$578,934	\$775,771	\$1,039,533	\$1,392,975
Percent Return (Compounded)	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%
Trading Profits	\$42,500	\$56,950	\$76,313	\$102,259	\$137,028	\$183,617	\$246,047	\$329,703	\$441,802	\$592,014
Taxes	(\$8,500)	(\$11,390)	(\$15,263)	(\$20,452)	(\$27,406)	(\$36,723)	(\$49,209)	(\$65,941)	(\$88,360)	(\$118,403)
Available for Reinvestment	\$34,000	\$45,560	\$61,050	\$81,808	\$109,622	\$146,894	\$196,837	\$263,762	\$353,441	\$473,611
Percent Reinvested	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount Reinvested	\$34,000	\$45,560	\$61,050	\$81,808	\$109,622	\$146,894	\$196,837	\$263,762	\$353,441	\$473,611
Ending Balance	\$134,000	\$179,560	\$240,610	\$322,418	\$432,040	\$578,934	\$775,771	\$1,039,533	\$1,392,975	\$1,866,586

With the Wealth Creation Strategy, you've created an annual passive income of over \$1M per year by starting with just \$100K and having it compound in your account for 10 years.

For the other strategies: 1) **Immediate Passive Income Strategy**, 2) **Hybrid Strategy**, and 3) **Nest Egg Creation Strategy**, go to: www.TheFinancialFreedomFoundation.org/details

The essence is that you use seed capital to plant money trees whose fruit you can pick at any time, according to your intended strategy. Once you double your money in an account, remove the original investment principal from that account. For all intents and purposes, your money in that account is now growing "risk free", because your original investment principle is no longer at risk. You can then use your seed capital to start a second account with a different trader, thus planting another money tree... Repeat the process using different professional traders and you've effectively created a well diversified, high yielding orchard of money trees (portfolio of income producing assets). Get the picture?



More specifically, here is how leverage, arbitrage, and compounding can go to work for you: if you go the route of getting a corporation with \$250,000 business line of credit, and you draw down on \$200,000 of that line of credit, and place it in accounts with 4 different traders, you could have \$50,000 per account. Trader #1 may focus only on Agricultural Futures, Trader #2 may focus only on the EUR USD currency pair in long-term trends, Trader #3 may focus only on Stock Options, and Trader #4 may focus only on ETFs. Each professional trader focuses on a different market, different time horizons, with different responses to changes in volatility and market direction. You have effectively diversified away “market” risk. If each trader traditionally returns over 72% return, then even if one or two of them have a bad year, you could still achieve an average of at least 36% return in your diversified portfolio. When compounded, a 36% return on \$200K is an income of **\$85,000 per year**. This passive income stream can be put in place in as little as 3 or 4 months with minimal up front capital investment! That is leverage, arbitrage, and compounding going to work for you!

Another way to phrase this is that for every \$200K that isn’t working for you in the investment model, it’s another \$340 per day that you’re not receiving (based on a regular work week). Based on an 8 hour work day, that’s about \$42.50 per hour you are just wasting, due to inaction. Inaction is expensive.

This sounds too good to be true

When sharing our investment model with family and friends, we frequently heard that it “sounded too good to be true”, because it dramatically outperforms any of their traditional investment methods. Superior performance is not an accident. It is more difficult to design a rocket ship than it is to design a bicycle. Bicycles max out at speeds around 35 miles per hour. Rocket ships circle the earth at 35,000 miles per hour. When designing the model, our explicit goal was to outperform traditional investment results. We invited our family and friends to shoot holes in the strategy and they couldn’t. I guess that means the strategy is bullet proof, if applied correctly. In the end, the only valid response was: “it is good, and it is true...the proof is in the eating.”

If it is so easy, why isn’t everybody doing it?

We kept our investment model as simple as possible, because complexity creates inefficiency. It is human nature to make things unnecessarily complex (how many pages is the Health Care Bill or the IRS tax code?). The strategy may seem obvious to you now, but it wasn’t obvious to you before you read this report or else you would already be doing it. There is a wide gap between knowing and doing. Hopefully, we’ve explained the concepts well enough that anyone can feel comfortable in applying them. However, we do realize that some people cannot escape traditional investment mindsets or cannot stop thinking like employees, feeling obliged to “earn” their money by trading their time for money. God bless them. We enjoy the warm grandfatherly smile when we walk into Walmart, but inwardly hope that person feels like they are making the highest and best use of their time, talents and resources by standing there and smiling at us.

Why doesn't Wall Street talk about this opportunity?

It's simple: Managed accounts are not "securities". Foreign Exchange and Commodity Futures are not securities. Wall Street, the financial media, and the financial planners who push financial products do not make their fat commissions and fees from these types of investments, so they don't want people to know that they even exist. They want to put blinders on you and have you focus on just the types of investments that make THEM the most money...not the ones that make YOU the most money. Every insider knows that by the time a traditional investment reaches the public retail markets, all the real money has already been made. (FYI: Foreign Exchange and Commodity Futures are regulated by the CFTC and the NFA).

Learn more about what you've been missing!

We invite you to see what you've been missing. To create excess cash flow, you must # 1 maximize income and # 2 minimize expenses.

To maximize income, you can apply these financial concepts with professional traders that you find on your own, or you can join our F3 Mastermind Group and we'll share the contact info of the ones that we use. To help you maximize income, we have a short-list of who we consider the best traders in the world, with track records of double-digit and triple-digit returns (we do charge one-time registration fee for you to join our F3 Mastermind Group. You can read more about that by following this link: TheFinancialFreedomFoundation.org/details).

To help you minimize your living expenses, we'll share with you for FREE our Personal Money Management System, once you join our F3 Mastermind Group.

Some people's greatest expenses are principal and interest payments on their consumer debt. If you already have an initial nest egg of \$100K or more, you can start generating passive income immediately. If you do not have an initial nest egg yet, and/or have bad credit and lots of consumer debt, we have professional service providers who can **help you get \$100K of investment capital**. You do NOT need \$100K to join our F3 Mastermind Group.

All you need is the desire to make a change and the willingness to take the actions required to do so.

Will this work for me?

These strategies even work for people who have ruined their personal credit through foreclosure or even bankruptcy! We have found ways to work around any road block, obstacle or excuse, except lack of discipline and inaction. Our goal of our F3 Mastermind Group is to help you achieve Total Financial Freedom, and to inspire you to share your abundance with others. This is our way of giving back. We are saddened to know that there are millions of skilled, talented people who are on the brink of economic implosion due to involuntary unemployment. Since the "labor game" doesn't work for most people, we hope you find that the "money game" can and will, when played correctly.

[Your Next Step: Join the F3 Mastermind Group](#)

LEGAL DISCLAIMER: WE ARE NOT NOR DO WE WANT TO BE FINANCIAL ADVISORS, PLANNERS, ATTORNEYS OR CONSULTANTS. THE INFORMATION CONTAINED IN THIS REPORT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TO BE CONSTRUED AS INVESTMENT ADVICE. THIS IS NOT A SOLICITATION TO BUY OR SELL SECURITIES. WE MAKE NO GUARANTEES, EXPLICIT OR IMPLICIT, WITH REGARDS TO ANY LEGAL, TAX, OR FINANCIAL MATTER ON THIS WEBSITE OR IN THIS REPORT. INVESTING IN FOREX, COMMODITIES, AND STOCKS CARRIES ELEMENTS OF RISK AND LOSS OF PRINCIAL IS POSSIBLE. PAST PERFORMANCE IS NO INDICATOR OF FUTURE RESTULTS. THIS DOCUMENT IS NOT INVESTMENT ADVICE. THIS DOCUMENT IS NOT AN OFFER TO SELL NOR A SOLICITATION TO BUY. INVESTMENT DECISIONS SHOULD NOT BE BASED SOLELY ON CHARTS AND GRAPHS PRESENTED IN THIS DOCUMENT, AS THEY PROVIDE ONLY LIMITED INFORMATION. PLEASE CHECK WITH A LICENSED FINANCIAL ADVISOR BEFORE MAKING ANY INVESTMENT DECISIONS. WE DO NOT ENDORSE ANY TRADER, MARKET, OR INVESTMENT METHOD.