Get Rich, Stay Rich, Pass It On

All credits go to Catherine S. McBreen and George H. Walper, Jr.
Commentary provided by Leo Schreven

Hello everyone, I'm very excited this month to share with you the book of the month. It is one of the best I have ever read. The title is, "Get Rich, Stay Rich, Pass It On." It is by Catherine McBreen and George Walper. These two individuals have a company that serves over 5,000 millionaires, and multimillionaires. Their research has revealed a lot of amazing facts about wealthy people, and how they obtained that wealth. So sit back and enjoy the book—you are going to learn a lot of really good stuff this month.

Did you know that over 1,140,000 American households are worth more than $5 million? And more than 7 million American households today have assets worth more than $1 million? Then there is a third group called the affluent—these are people whose assets are valued between $100,000 and $1 million. There are 33 million of these people in America.

The wealthiest people tend to be age 65 to 75. Career choice also played an interesting role. Of the mega-millionaires, 22% are senior corporate executives, 15% are business owners, 10% are physicians or dentists, 9% are some other professional specialists, 7% are attorneys and 6% are consultants.

One of the most interesting things they bring out early in the book is that there are two definite ways they have seen people become wealthy.

First, is to own income-producing real estate.

Second, is innovative entrepreneurship that is involved in investing in an innovative company product or service. The great fortunes they have studied all shared these two characteristics regardless of the diversity of the background of the people. It sounds simple, and in a way it really is. What we are going to do in the book this month is make it practical and show what you really need to know is how to use the same wealth building tools that others have used. The book will also go deeper by looking at the character traits and mental attitudes that have also been decisive factors in achieving wealth.

The first chapter is called, "The Two Secrets of Perpetual Wealth." It begins to build on the two items we noticed above. They begin with the story of Sam Walton and founder of Wal-Mart. Sam began his venture into business in 1945 when he purchased a Ben Franklin store in Arkansas with a $20,000 loan from his father-in-law. In 1952 Sam opened a new store under the name of Walton Five and Dime. By 1959 he had 16 stores in Arkansas and Kansas. So in 1962 he took 95% of his money and created the first Wal-Mart store in Rogers, Arkansas. He was simply innovative to the change in American culture, which was moving away from the traditional general store, to a discount variety store with longer hours and a far wider selection of merchandise. Today the Walton family still retains 39% of all these stores creating a huge amount of wealth. This is why when Forbes magazine publishes its annual list of the world's wealthiest individuals, half of the top 10 has the last name Walton.

What have we learned from this? You may want to memorize the next points. The best way to get rich today is to follow the model for keeping your heirs rich tomorrow. Wealthy people insure a steady stream of income no matter what happens to the economy or the financial markets. That's why most of them get into real estate. Whatever happens to the economy, people still need places to live and work. One way or the other, rent always gets paid. By owning real estate you insure you get paid.

The book then tells the story of a man named Mike. Mike went to work after graduating from high school. By keeping his eyes open and taking a few classes on accounting and business he saved enough money to take over a small fabric shop. He built this slowly with wisdom and common sense. He sold his first business and moved into a new area that was a new trend of style and color. He also began to invest in real estate. He slowly worked his children into the business as well. Without realizing it he had set up a financial empire by following the two essential principles. He consistently invested in innovative enterprises, and purchased income producing real estate.

On page 30 of this book they give a model for perpetual wealth. It is broken down into six areas. The first area is investments. This represents about 40% of the total with things like stocks, bonds, mutual funds, investment trusts, cash, and short-term securities. The second area is privately held businesses that are innovative enterprises. This represents about 30%. The third area is real estate in income producing property, land, rental properties. This represents about 25%. The fourth area is life insurance and annuities at about 5%. The fifth area is the retirement plan which represents about 5%, and the sixth area is simply other investments of about 3%. These figures are all approximate. You can see the wisdom of having different asset classes as a way to spread your risk and not put all your eggs in one basket. In this way, as one area increases another might decrease. When one area is slow, another area is growing.

Mega-millionaires are interesting to study. Statistics show that about 22% of their portfolio is invested in individual stocks and 14% is in individual bonds. A typical portfolio will have about $650,000 in private equities, $300,000 in venture capital, and $730,000 in hedge funds. They also maxed out their 401(k)s every year, and the average multimillionaire had over $900,000 in IRAs with the Roth IRA leading the way.

The research also indicated that the privately held businesses had some unique distinctions. People who had common businesses that were available to anyone such as a McDonald's franchise, or other business, were in a different income category then those who created their own innovative business that they felt passionate about. The studies clearly show that the individual who was personally involved in something they innovated, they loved, and they were excited about did far better financially. This goes back to a strong principle we teach in the All Power Seminar. Ask yourself, "what do I love to do the most?" And when you find the answer to that, ask yourself, "how can I make a living doing what I love best?"

Let's take a deeper look at real estate. Again, the studies show that the wealthy use real estate as their objective. They are deeply involved in real estate they own and manage. A full 75% of the wealthy own real estate. They studied this deeper, and found out that multimillionaires who have a net worth of $25 million or more—a full 88% of them own real estate! The real estate is broken into three categories. Rental properties topped the list, followed by undeveloped land, and last commercial properties. Rental properties by far lead the list, more than double any other kind of properties. Real estate is an easy place to start acquiring assets. Everybody lives somewhere.

The book then gives some great stories. For example, one couple in New Jersey bought an apartment building at the birth of each of their four children. The residual income from these properties was used to fund each of the children's education. One of the characteristics that become clear in these studies is that the wealthy view real estate as a long-term investment, not a get rich quick gimmick.

The next chapter begins with an assessment of where you are currently, and what it's going to take to get you where you want to be. On page 47 of the book, they have a paper you can fill in to assess your current situation. I would encourage you to do this sheet. Doing this chart will help you determine what you need to do to achieve perpetual wealth. One of the important points here is that as you look at the models, you need to make it your own— personalize it. For example a person who lives in Manhattan in a major city will model a plan that will be quite different from someone like me who lives in a small country town in ranch and cattle country. So set your own course based on your circumstances, objectives, personality and what feels right to you. Remember, opportunities will come to you as well. This will be your plan and only yours.

In the next chapter they discuss risk. How much risk and the kind of risk you are willing to take. Research has shown that this will change over time but there are some common characteristics. They provide a quiz you can use. Your point level can be between 5 and 30.

If you scored 15 or below you are a conservative investor. If you fit in this category you will have a hard time becoming wealthy.

If you score 16-18 you are a moderate risk taker. This is typically the category we find most professionals like lawyers, doctors, accountants, etc. They start down the path of risk.

If you score 19-22 you are an assertive investor. You like to be a business owner and real estate investor, and have a greater risk tolerance.

If you score 23-25 you have the perfect wealth building personality. You are optimistic, and willing to take a high degree of risk.

If you score over 25 you are an “over the top” investor. This is usually too reckless and not disciplined enough to hold on to the money.

We all resist change, but it is important to change when it comes to your investment habits. You will have to focus time, energy, and money into things you have not done before. You will have to learn about owning, managing, and investing in real estate. If you follow the model and create an innovative company, it will require a new way of thinking and change. So it is important to gear up for change in your mind.

The next chapter then goes into the first secret of wealth. I’ll tell you in advance it is real estate. This may seem simplistic, but the truth is that everybody needs it. It is an essential economic fact. We all need food, clothing, and shelter. And it is not just people. Business needs it, schools, governments, clubs, etc. Shelter is required in good and bad weather, boom times, depression, inflation, and recession. No matter what, it’s inherent value persists. The research shows clearly that this factor separates the rich from the poor.

In fact the research shows that the mega-rich nearly all have substantial wealth in real estate—over 75%. Rental properties or holding the note on properties sold is the number one type of real estate investment. Research also showed that long term, this is the safest investment there is in America.

Step 1 is to start where you live. Many people have used the equity in their homes to purchase their first rental property. Or they sell the one and live in a duplex or 4 plex. Live in one and rent the other to pay your bills.

Another fantastic way is to buy a second home, and rent it out as a vacation home. There is a bunch of rental sites online. You just list your home and it is easy to rent it out for a much higher price per week. This is one reason I don't like timeshares. It is difficult to make money on them. But if you owned a rental property in a resort area, you can use it when you want, and make a lot of money the rest of the year when you are not using it.

Commercial real estate is basically the same as buying a house and renting it out. Commercial real estate can become complicated, but rewarding as well. If you own any building or warehouse in which numerous businesses or stores can rent space or an apartment complex, you are involved in multiple transactions of ownership, multiple leases, multiple utilities, taxes, insurance, maintenance, and the like. It is very important to deal with reputable experts in the field, such as lawyers and accountants who specialize in commercial real estate.

Undeveloped land can also be a wonderful way of doing real estate. As with all these areas you have to be educated. Some agricultural land or forested land is not taxed, and sometimes even subsidized. However other land can be subject to flood plains, toxic waste dumps, and many other problems that can cost you hundreds of thousands of dollars. A piece of land that can be subdivided and improved with roads and quality building sites can make you a small fortune. Or, sometimes you can buy a piece of land with a good stand of timber. The trees can be harvested and pay for all or part of the land. This is one of my personal favorite ways of investing in real estate. If you can carry the note on the properties you sell, then you have a very good stream of income with a hard assets to back it up.

Another way you can invest in real estate is through REIT—Real Estate Investment Trust. This is a fund of real estate investments, similar to a mutual fund. There are three different kinds of REITs. An equity REIT owns and manages income producing real estate of all property types like office buildings, industrial buildings, shopping centers and malls, hotels and resorts. Then there are mortgage REITs. These finance the real estate investments. Then there are hybrid REITs which do both—they own and finance property ownership. REITs are in a good way to get into the real estate investment market with an affordable beginning, and can save you the time and hard work of researching and analyzing markets.

The authors recommend investing somewhere between 23% to 29% of your total portfolio in real estate.

The next chapter goes into the second secret of perpetual wealth. This is to find or create a continually innovative enterprise. This is an enterprise that offers a product or service that breaks new ground or changes a traditional product or service so much that it becomes virtually new. The easiest ways to see these enterprises is in technology today. But there are many other practical examples such as Home Depot which created a one-stop store for do-it-yourself home renovation.

What is required to be successful in this is the ability to consistently escape from tradition and what worked in the past and reach out for new ideas and new processes and new markets. It is interesting to note that studies show that 90% of the income of people who have achieved wealth comes from a business that was almost completely controlled by the individual themselves and something they were passionate about.

These kind of opportunities do not just fall into your lap. You have to go looking for them. To be able to spot these innovations and identify them as opportunities, you'll need time, research, and networking.

Again the best place to start is at home in your community. What needs are not being fulfilled in your community? Does your account need a coffee shop where folks can congregate after work? Does it need a gym? Do you get annoyed because you have to drive 30 miles to the nearest dry cleaner? Does everybody you know have a similar annoyance? In other words, living in a place is the best way to understand what that place needs in order to improve. Then do your due diligence.

Another very important factor is networking. Surrounding yourself with people that are professionals and possess expertise that you can draw on is critical for your success. The more you talk to people and network with people the higher your success ratio will automatically be. I've seen this story a million times. People become wealthy because they get involved in something they loved to do and found opportunities everywhere. Once these opportunities are found there are different ways to invest in it. Some people invest their personal time running the operation hands on. Others invest only money.

Sometimes the question comes up about franchises. There was a time in the 50s and 60s when this was a very profitable business. But today it is limited and I personally do not recommend them. Then there are partnerships involving multiple investors who pool their resources or share ownership in a property or company. This is also getting more and more difficult as the character of people becomes less and less ethical. In a general partnership, all the investors are equally liable. So if one of your associates does something wrong or illegal, you are accountable too. Studies show, that the majority of wealthy people fly solo. The studies also show that a high percentage of general partnerships break up causing the people to lose everything. My personal experience would wholeheartedly agree with this. I am happiest, and the least stressed when I am in complete control of all my enterprise and business.

Okay, at this point let's summarize everything. We can boil everything we've learned down to two points.

1. Buying real estate. Wealthy people put their assets and properties into that which produces an income stream that can be passed on as part of their legacy.

2. Engaging in continually innovative entrepreneurship. Wealthy people concentrate on building a company product or service that grows and changes with the current culture.

These two items are like twin engines of a perpetual motion income stream. Innovative enterprises driven by life needs can never fail as world economics go up and down through good times and bad. An enterprise that can reinvent itself and adjust will always make money. So let's take a few minutes to lay out a clear road map that you may want to follow in these two areas. Let's begin with real estate

The first step is to determine how much do you have to invest? There are creative ways to come up with this money. Even working a part-time job for a couple years will give you enough money to make a down payment. Or you can borrow from your 401(k) plan. The rule of thumb for most properties is about 20% down. The second step is to get the financing. Banks are desperate to loan money today, so do your shopping around to get the best rate. Step number three is to start looking with objective eyes. There is a distinct difference between real estate as an investment and real estate as a place to live and work. Remember, you are buying an investment and there are some important factors you need to be aware of.

The first rule is, don't let yourself fall in love with a property. Remember the three fundamentals of buying investment real estate: Location, location, location.

Ask what we call the “caution” questions. Is the location appropriate for rental? It needs to be a place that people look for rentals and feel comfortable renting. Are there businesses in the area that employ individuals who are unable to afford to purchase a house? How much will you have left to spend on improvements to make the property attractive enough to rent? Estimate the expenses and when they will be required. Are there currently tenants? What is the monthly rent? What is the length of the current tenant lease? How much are the real estate taxes on the property? Has the property been subjected to any significant flooding? When was the roof most recently replaced? Are there other maintenance issues? Does the community have a real need for rental units? What is the age of the building and how does it compare to other buildings in the area? Are any new housing developments planned in the area? How old are the current tenants? What is the turnover rate in the building? When was the last real estate assessment? What are the current taxes? What is the condition of the furnace and other key building parts? Or what about related expenses like snowplowing, parking lot maintenance, fees and permits, and other issues? Have you reviewed it in terms of all existing leases? What types of business are on the property? How long have they been there? How well-established are the businesses? Safety and security are also great concerns. A company that makes volatile chemicals in the basement is probably not your best tenant. What expenses are covered by the tenants? It is imperative to know what your tenants responsibilities are before you began. What is the cost of insurance? How is the property currently zoned? Simply put, you need to know precisely what are the costs for operating expenses. Many people make this mistake—they do not ask the right questions and end up with a property that does not put money back in their pockets.

The next step is to figure out the economics. Cash flow is a word you need to memorize. As I am recording this program, the economy is in a deep recession. I see companies all around me going bankrupt. One of the biggest reasons is they did not have proper cash flow. You can have a great business and great assets, you can be worth millions of dollars, but if you don't have proper cash flow you will lose it all. When it comes to real estate, you have to figure out accurately and honestly whether the property under consideration is going to provide you a cash flow that is worth the purchase price and effort. You need to adjust your cash flow analysis for the current situation and projected situation. You need to figure in vacancy rates. A tenant may move out and it may be three or four months before you get a new one. This is not hard to figure out. It's actually quite easy to project. Just remember to include what is obvious and not obvious like insurances, taxes, utilities, landscaping, snow removal, annual maintenance, etc.. All this must be factored in. You need to calculate backup money for emergency repairs. A rule of thumb is to keep at least 10% of your annual income from the property in reserves each year for emergencies. Then look at your cash flow. Is the property self-sustaining? Is it showing a positive cash flow? If you're showing a positive cash flow and have done your other homework, you are making a safe and intelligent investment.

There are other benefits such as those which are tax related—both local and state taxes. Check into all these benefits as much as possible also. You can also learn how to do multiple contracts with no money down. One of my favorite books is by Robert Allen called, "No Money Down." If you educate yourself with these principles it can make a huge difference.

In the next section the authors go even deeper into the innovative enterprise. Often people ask the question, how do I find an enterprise that can put me on the path to perpetual wealth? One of the main ways is to look for opportunities that investors are searching for. Shake the tree a little. There are four main ways to do this.

First, check with friends and family. One of your greatest resources is the people around you. Second, talk to your lawyer, accountant, or banker. These people are pretty well plugged in to what's going on in your community or region. They tend to have a finger on the pulse of the marketplace and they stay on top of business. And they are likely to know who is starting up a new venture or opportunity. So contact these professionals and let them know that you are on the lookout for an innovative enterprise in which to invest. These people are often outside of your traditional circle. Third, read the local newspaper. The business section especially is one of the best places to search for new ventures and emerging investment opportunities. Fourth, surf the Internet. There are organizations that specifically sponsor investment in venture capital and other types of private equity ventures, and you can easily search for them. The Internet has a very good site: www.privateequity.com. Always remember when looking at an investment that is someone else's idea, it is critical to do your due diligence. Have your lawyer review all contracts and documentation.

But, you may be saying, I want to create my own venture. How do I do this? There are three ideas that can help you. First, is on-the-job opportunities. Your own job is a good place to start. Is there a particular tool, service, and procedure that would make it easier to do and to do the job faster or better or more cost-effective? Filling that need, or improving on an existing product or process is often your ticket to wealth. Look at the industry, and ask where it is going in the future? Are there new avenues for potential growth? Your job often gives you a front row seat for exploring these new options. Secondly, opportunities in your community. What is missing in your community? Are there enough laundromats, movie theaters, restaurants? Is there any major company located in your town and services you could provide that company to use? Does your town need a cleaning service? A gym? Filling a local need or a local business need can often be an effective path to successful enterprise. Every community is different. But these opportunities are everywhere.

Let your imagination take flight. Remember all the times in your life when you found yourself thinking up new and crazy ideas that would sell like hotcakes, or make millions. Imagination is a wonderful gift. And you can turn those scenarios into business possibilities. Let your imagination soar. There are many concepts that can translate into a practical idea. And many great businesses often grow from a practical idea.

Once you find an idea or enterprise, it's time for due diligence. Formalize the idea by writing a description about the business need, the product or solution that will meet the need, and the organization that will produce and deliver the solution. Then, name the idea. A name can make or break a business. If the name sparks something in someone's mind, it sticks, and works. For example, if you start a cleaning business and call it, "Leo's Cleaning Service" then I am just another cleaner. But if I name it, "Midnight Cleaners" I suddenly have a niche no one else does. The business owner likes the idea that he is building a get your clothes cleaned in the middle of the night business when no other cleaning is going on.

The next step is to create a business plan. This term is often used but seldom explained. Simply put, a business plan is a blueprint for the business you intend to start, and an outline of actions you will take to operate it. This is your operating bible that you can refer back to quickly and easily. Your business plan should define the business need or opportunity, the nature of the business to create and fill that need, the actual product or service, the market you will reach, your personal goals and objectives, your strategy, your business policies, and the financial realities to run the business and make a profit. Some people turn this over to research companies who can handle the entire process. Unless it is a huge enterprise I discourage this. No one can figure it out better than you. Another point is to keep the plan as simple as possible. Don't think you have to make a big impression. Then take all this information and project a three- to five-year outlook for the business. Choose your management, look at your business risks, and you are on your way.

The next step is to double check everything with professional help. It is always a good idea to meet with your lawyer and accountant. Make sure everything is done correctly.

The final step is to approach potential investors if you don't have the money to begin. Most people start with family and friends. Or, think about appropriate companies to approach that could benefit from the business you are proposing and see if they would consider funding the business with you. Venture capital groups are available and people are looking for such opportunities.

In the next chapter the authors discussed the fact that the wealthy use advisors. In the studies they conducted they found that just over 50% of households with assets of $100,000 have an advisor at some level. But as people become wealthier, the same study shows that they participate personally more in their financial decision-making. Interestingly, the wealthier they become, the more they participate. The advisor's role is not so much about money, as it is to help the client understand the complexities of today's markets and the variety of options available. In our current culture, the trick is to use the right advisor for the right task.

You have to begin by asking the question, who is an advisor? Almost anyone can claim this title today. There are accredited estate planners, chartered financial analysts, personal financial specialists, registered financial consultants, and the list goes on. I would make sure that the person you deal with is at least a certified financial planner, or CFP. They are similar to a CPA.

In researching the wealthy they have found that 99% of the wealthy use eight primary advisors. First, are full-service brokers such as Merrill Lynch, Edward Jones, or Charles Schwab. They are paid a commission on the stocks they sell. Second, are independent financial planners. They are trained to take a holistic view of your financial picture. They look at estate planning, tax planning, and long term investment plan. Third, investment managers. These individuals manage your portfolio and often specialize in a specific type of investment. Fourth, are independent investment advisors. These individuals provide advice on investments from a range of financial institutions. It is usually a cooperative effort combining the skills of different investment managers and advisors. They sort of act like a quarterback to a football team. Fifth, accountants. Accountants are the bedrock of financial planning and advising. They understand tax implications and investments. In my personal opinion your personal accountant is the most important person to choose wisely. Seventh, are private bankers. This relationship is important for credit, charitable giving, and typical banking meets. Finally, trust officers. These are the experts on estate planning.

Back in the 60s and 70s, a financial advisor was a fairly simple choice. Today it is not so. There are literally hundreds of choices and advisors. Still, research today is showing that while the majority of people use an advisor, they no longer rely on them. People are inclined to look at their advisors recommendations and advice, but then they make their own choices. They typically locate numerous sources of information before making a decision. Many millionaires today don't want all their eggs in one basket or in the hands of a single advisor.

However, the studies also indicated that when a client finds an advisor they are happy with they tend to remain a loyal client for many years. They rate personal service and care as the number one reason for staying with the advisor. So the best thing for you to do is recognize your strengths and weaknesses, and use a specialized expert in the areas that you may be weak. We do this when we rely on doctors, or our car needs repair, and many other areas of life, so why not with our finances? Just as you wouldn't go to a cardiologist for a broken bone, you also don't want to go to a discount brokerage house when deciding whether or not to invest in a new venture. When choosing, check the obvious things like, how long has the firm been in business? What is the five year track record for return on investments? What financial planning services are offered? Is there a tax expert available? Any reliable firm will be more than happy to answer all the questions you want to ask.

The final chapters of the book deal with some unique observations of what makes people wealthy and helps them keep their wealth. But contrary to what most people think, millionaires lead very structured lives, they work hard, and are neither reckless nor sparing. They have experienced real life, and have paid their dues, and earned what they have. In the studies the number one intriguing factor to wealth was hard work. The second intriguing factor was sound and reasonable judgment. The third factor was calculated risk taking. What is interesting about these three factors is that each one can only be accomplished one way: By my personal effort and taking responsibility for my life.

The wealthy are also committed to saving and investing their money. Remember the chart we looked at earlier—the wealthy put 23% of their money away in savings and investment each month.

One of the most surprising secrets of the wealthy is the way in which they live. We all tend to think that if we had multimillions we would lavish it on fancy cars, homes, incredible vacations, fine clothing and jewelry. But this is not the case in the vast majority of wealthy people. Almost a quarter of the wealthy people don't buy jewelry at all. Only a small percent are into expensive cars or yachts. And only 2% own or lease a private plane. A lot of them own a second home or a vacation home, and use its as an asset that makes money when they are not using it.

The wealthy also give a lot of money to charitable organizations. In fact, over half of the wealthy say that charitable giving is an important part of their life. Over half spend their leisure time doing charitable or volunteer work. In the survey they found favorite past times of the wealthy are golf, exercise, and gardening, and then charitable volunteer work.

The final chapter is about having your wealth continue to work after you die, and passing a legacy onto your family. The first step obviously is to determine what it is you want to achieve. How do you want to pass on your wealth or your estate? What do you want your wealth to do for your heirs? Once you have answered those questions you can then hire the professionals that can determine the best way to implement your objectives and create an estate plan. Without an estate plan, you run the risk of having your assets divided up in a way that you don't want or that may not work out well for your family.

It is good to sit down and just brainstorm some questions. Do you want to fund your grand children's college education? Do you want to assist your children or grandchildren in buying real estate of their own? Their first home? A rental property? Do you want to fund a new annual scholarship? What about contributing to your favorite charities? Do you want to pass your company on to your son or daughter?

The most common goal expressed by 60% of the wealthy is to give as much as possible to their children. But they also want to avoid estate taxes, avoid family conflict, give to charity, have a successful business transition, and other such things. In the studies nearly all wealthy people have a will. Fifty-three percent have met with an estate planner, 47% have established a trust of some type, 45% have researched estate planning on their own, 38% have developed a comprehensive estate plan with a professional.

So let's review and summarize as we wrap this up. Wherever you are in life it all begins by taking the first step. You begin by eliminating your debts and we have taught you how to do that in several books already. We began looking for opportunities around you. You start a regular savings plan. You begin to look at real estate investments and most of all you have faith to know you can do this.

The authors then looked at 5,000 cases of their most wealthy clients. People that had over $5 million in net worth. And they bring out the statistics they have learned about them. Their source of household income comes from two primary sources. Investment income is 43% and earned income is 40%. Their assets are interesting to observe as well. Forty-one percent are marketable assets and 25% are privately held businesses. Their investments are 22% in individual stocks, 22% in managed accounts, 12% in mutual funds, 12% in IRA's, and 11% in individual bonds. Fourteen percent of millionaires use hedge funds, 18% use private equity funds, 17% use venture capital. When it comes to investments, 48% own a second home, 27% owned rental property, 23% had real estate investment trusts, 23% have undeveloped land, 21% have other real estate, and 11% have a third home. When it comes to retirement plans the vast majority of wealthy people max out their 401(k)s and IRAs. Between 66% and 76% used a financial advisor. Their savings rate is very high compared to the average person. Those that put away between 11% and 25% of their income represent 32% of the wealthy. An additional 22% save between 25% and 50% of their income. The rich also give a lot of money away. The number one donation goes to religious organizations, next to schools or educational organizations, and third to social service organizations.

So, I hope this gives you a little insight into the minds and habits of the wealthy. We learn by example. This month you have learned a few tools that the wealthy use, that can give you an extra edge to be a good steward of God's money.

Remember, this recording is available in a book form for you to download. All you have to do is go to our main website, www.allpowerseminar.com and click on the "Growing God's Talents Member Login." It will ask you for a name and password. The name is "Members" and the password is "Grow.”

Blessings and best wishes,
Leo