

Title:

5 Super Wealth-Building Tips Pave the Way to Financial Freedom

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873

Summary:

Here are five super wealth-building tips for the success-minded individual...

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Article Body:

There are so many things involved with building wealth that it would take much more than one article to explain it all. So, we've put together a simple five-step guide to help you get a great start in building wealth for a lifetime.

Step 1: Set Specific Goals

Goal setting is a task that can be easily put off - especially when you are extremely busy in day-to-day activities. However, goal setting is the first and one of the most important steps you'll take to achieve wealth. Set both short-term and long-term goals. Short-term goals may be daily, weekly and monthly goals. These should reveal where you would like to be financially by a certain time in the near future.

Long-term goals include the amount of wealth you would like to accumulate within a year, two years, or maybe even five or ten years. Both types of goals are necessary to build wealth. Without goals, you are wondering blindly with no care or thought of what's ahead. This pattern of life is sure to leave you empty-handed!

Step 2: Create a Business Plan

Every successful business from the past and today started with a plan. Your business plan should illustrate where you are now, where you plan to be in the future, and how you're going to get there. Write these few notes down on paper. Then, fill in the blanks to create a rough business plan. It's easier than you think.

*Your current income

- *Business profits and expenses (if you already own a business)
- *Business budget (or personal budget if working for someone else)
- *Capital needed upfront to promote and operate business
- *Plans to acquire the capital needed (source of capital)
- *Spending plan (promotions, supplies, inventory, online expenses, etc.)
- *Expectations (What results do you expect from your initial efforts?)

Creating a business plan is a necessary step to build wealth through your own business. Even if you don't own a business, you should write down a similar plan to reach your personal wealth goals.

Step 3: Avoid Harmful Debt

Debt is the one of the key reasons many people never accumulate wealth. But remember, there are two types of debt: harmful debt and necessary debt. Harmful debt is the debt you create for things you do not need such as excessive shopping, luxury items, expensive cars that you can't afford, etc. Necessary debt is a debt most people must have to live, such as a mortgage, car loan (affordable), medical, college, etc. These debts are a part of life for most families and will be for many, many years. However, even these types of debts should be kept well within your income limitations. If you can only afford a \$250/month car loan, then shop around until you find one at this price. Don't give in to the temptations and pressures to buy the fancier, more expensive car with a \$450/month payment. It's not worth the risk!

You may ask, "I thought these steps were for building wealth?"

As it happens, debt is the opposite of wealth. The more debt you have, the less wealth you will accumulate. You can't save money or invest money that belongs to someone else. If you earn \$3,000 in income this month, but owe \$2,000 in loans (before everyday living expenses), you can't possibly have extra money to save. You must either earn more or sell some items to pay off your debt. You should avoid this "debt trap" if you intend on building wealth for the future.

Another type of debt is one for your business. You may take out a small business loan to get things started or to promote your business. If you are uncertain about whether the business will bring profits, try to avoid business debt until you have tested it a while.

Step 4: Develop a Personal Plan

Above, you developed a business plan. Now it's time to create a personal plan. What tasks will you do daily to build wealth? Put yourself on a schedule and a

strict budget. Work toward your goals daily by making a list of things to do and marking off each item on the list as you complete the tasks. In your budgeting, include a set amount of money you will put away in savings (savings account, IRA, stocks, bonds, etc.) If you plan to invest, be sure to diversify your investments. Choose only one or two high-risk investments and several "safer" investments such as mutual funds or bonds.

Step 5: Stay focused on the Goal, not the Circumstances

No matter what circumstances you find yourself in, keep your eyes on the wealth-building goal ahead. Even if sales are down in your business, don't stop dead in your tracks. Remember, businesses have ups and downs. If you remain steadfast toward your goal during the slow times, the busy times are bound to be much better than ever. Your income will grow and you will have the extra money needed to reach your wealth-building goals.

In a nutshell, building wealth does not happen over night with one get-rich-quick program. It happens with consistent labor toward the goals and tasks you have created. You can build wealth for your future if you do not waver from these basic truths that have worked for millions of others!