

## THE ABC'S OF PASSIVE INCOME

Want to earn more and work less? Are you tired of getting a fixed amount of pay no matter how hard you work? Tired of co-workers who get paid the same, if not more than you but don't work nearly as hard as you do?

One of the keys to building wealth is creating multiple streams of income. More specifically, multiple streams of passive income. Passive income usually requires initial work, but you continue to reap the benefits of your efforts continuously without your continued direct involvement. If you yearn to earn more and work less passive income is the way to go.

### Types of Passive Income

There are 3 main types of passive income, they are; residual, leveraged and active leveraged income. Let's take a closer look at these types below:

#### Residual Income

Residual income occurs over time from work done one time.

- An insurance agent who receives continuous commissions when customers renew
- A network marketing or direct sales representatives' income from customers who reorder product every month
- An aerobics instructor who produces a video and sells it at gyms
- A marketing consultant who creates an e-book and sells it on the Internet
- A photographer who makes his/her photos available through a stock photography clearinghouse and gets paid a royalty when someone purchases the images

#### Leveraged Income

Leveraged income allows you to leverage the work of others to create income for yourself.

- A network marketer who builds a downline and receives commissions on the sales made by people in his downline
- A general contractor who makes a profit margin on the work done by sub-contractors
- An e-book author selling her e-book through affiliates who promote the product

### Active Leveraged Income

This type of income will require your direct participation however, you can make bucket load of money by having more people involved, examples include:

- A seminar or class
- A conference or teleconference
- A virtual conference or webcast

Now that you know what passive income is, let's get right into ways you can create passive income for yourself. I have outlined 5 methods of earning passive income; although this list is not exhaustive, it does represent some of the more popular and lucrative passive income streams that are worth learning more about.

### Real Estate

No-money down! Cash-back at closing! Buy it and flip it! Become a landlord! I am pretty sure you have heard all these real estate "tricks of the trade" by now. But you know what? It works! Real estate is a powerful tool, and if leveraged properly it can create wealth and streams of recurring income for you.

There is enough information about real estate out there to fill a library. And for good reason! Instead of reiterating information you can find elsewhere, I want to briefly share with you one method of using real estate to creative passive income; the power of purchasing rental properties.

Locate a good rental unit and reap years and years of cash flow from rents collected. In order to make the most of this you may want to look at properties that are in foreclosure, owners desperate to sell and fixer-uppers for the best deals. You want to make sure the mortgage you carry (if you carry a mortgage on the property), is low enough so that when you include taxes, insurance, maintenance, home owner association fees and other routine expenses you can cover your expenses plus have additional monies left over. As a rule of thumb, you may want steer clear of any properties that will not yield you cash flow of \$200 a month or greater. Now of course, if you are expecting the property to appreciate rapidly you may absorb taking a negative cash flow in order to reap the benefits of appreciation in your house.

Now, let's say that you own a single family home rental unit that brings you a cash flow of \$300 every month, which totals to \$3600 a year, not too shabby.

However, say you purchased a duplex where each unit gives you \$300 in additional cash flow that gives you an additional \$7200 per year. Let's take our example one step further and assume a 4-unit rental with each rental bringing in \$300 free and clear every month. Your total cash flow on this property would be \$14,400!

Needless to say, with everything else held constant, I prefer multi-unit dwellings over single unit dwellings. Check your local paper or with your realtor for multi unit properties for sale in your area.

### **Vending**

Here is a great low-investment part-time business you can start fairly quickly. This is great for those who don't have the money, credit or time for real estate. In addition, this also a great business to start to teach kids about entrepreneurship, and its fun!

Find good locations with lots of traffic to put your machines. Purchase a candy vending machine and candy to fill it; you may be able find these items for about only \$100 bucks, maybe even less. Start with one or two machines. Place them in your chosen locations and sit back and let the change roll in.

I can't stress enough that the key to the success of a vending company is location, location, location. Look for place with lots of foot traffic, places where people sit and wait for prolonged period of time (doctor's office, barber shop) and places where kids frequent.

### **The Internet**

There are multitudes of ways to make money with the Internet. Think eBay, Amazon.com and Google, all Internet giants, who make millions of dollars a year, without the costs associated with brick and mortar retail establishments. The Internet is not just for these million dollar giants; you too, can have a piece of the pie! Have stuff around the house that you can sell? Set up an automated eBay business, you can purchase automated software that will allow you automate auctions and start new ones when old auctions end. You may also consider purchasing products wholesale and reselling them online.

Don't have anything to sell? That's okay too! You can make money selling other peoples stuff! One way to do this is through affiliate programs. Many of the top companies have one. Say you sign up for the Amazon.com affiliate program, and you add a link in your email signature. Every time someone clicks on your link and makes

a purchase, you get paid! It's that easy! Add affiliate links to your personal and/or business webpage(s) and make some passive cash! There is no inventory, employees to manage or overhead, so everything you make is pure profit! I say that's a good deal.

The Internet is so amazing; it remains one of the few places where the average person can continuously be rewarded for innovation and creativity.

### Network Marketing

Word of mouth marketing is the most powerful form of marketing there is, hands down. We are more likely to visit a restaurant recommended by a trusted friend or colleague than one that we read about in an advertisement or see on television.

Noted authors and millionaires Robert Allen and Robert Kiyosaki both speak very highly of networking marketing in their books "Multiple Streams of Income" and "Rich Dad, Poor Dad", respectively.

Network marketing also known as "word of mouth marketing", is a concept where individuals tell one another about a product or service. A network marketing business can be quite easy to start with little or no investment. Mary Kay, Avon, Tupperware and The Pampered Chef are all network marketing companies. These companies have produced many millionaires! There are hundreds of network marketing companies out there many of them reputable with great products and services.

Even if you are not involved with a network marketing company, chances are you are already a network marketer. Ever had outstanding service or a wonderful product that you tell everybody about? We all recommend restaurants, hotels, cleaners; nail salons, etc... to friends and family when asked (or even when not asked). Your mouth is a powerful marketing engine for these businesses; you are referring business for free. Why not get paid for your efforts?

Before I close on this topic, I want to address a common notion among those apprehensive of network marketing opportunities. "It's a pyramid scheme" naysayers say. Well, I offer you this; if you work for someone in a traditional J-O-B (which stands for **J**ust **O**ver **B**roke) you are already involved in the greatest pyramid scheme ever created! When you work for someone else there is someone superior to you (your boss) who most likely makes more than you, and some one superior to her (your bosses boss) that makes more than her and the pyramid continues up to the top echelon, the company owner.

The company owner makes money off of you; they don't pay you near the amount of money you make for them. I submit to you this is a pyramid scheme that almost everyone has accepted as a way of life.

How long will you continue to allow someone to make money off of you with you seeing only a small fraction of the funds YOU bring in to the company? Control your income today!

### **Share Your Brain**

Whether you know it or not, you have a great deal of knowledge of at least one subject; knowledge that is not possessed by the general population. For example, you may be a successful customer service representative with extensive experience in customer relations. Did you know there are businesses and organizations out there completely stymied about how to provide excellent customer service? For example, an accountant good with numbers, may not understand the dynamics of dealing with people and establishing long-term relationships. Share your brain by holding conferences and seminars about your topic. Be the expert, and people will pay to hear what you have to say. If you fill a room with 100 people paying \$49 for a half day seminar, you make \$4900 for about 5 hours of work! That's \$980 per hour! Of course, there will be work behind the scenes such as planning, marketing and administrative tasks, but even with those costs factored in you can use this form of *active leveraged income* to create a nice nest egg.

Here is where the residual income kicks in; you can record your seminar via audio, video, or both and sell it to those who couldn't attend or want to share what they learned with others. They can purchase your seminar on tape, CD, DVD or whatever means you select and at a price you determine. You can sell these products via a website, perhaps even set up an affiliate program to have other people sell your products or sell your products via other methods. You can also write books and or study materials that can accompany your seminar. Engage your creative side, the sky is the limit!

### **Getting Started**

I have just shown you 5 powerful ways to create residual income, 4 ways with little or no out of pocket costs. There is no reason for you not to get started today. If you really want financial freedom, the ability to work on your own schedule and experience the full abundance of life you, will not hesitate to get the ball rolling now!

There is no time like the present, at this moment you have the power change the course of your future.

Are you excited about the possibilities, but don't know where to get started? Are you high energy but low on the necessary fuel to help propel you into your success? Don't be discouraged; let me work with you to help get you started on the right path. I work with high-energy, high-potential, committed individuals who are not afraid to walk into their destiny. I act as a thought-partner, a confidant, a trusted resource to encourage and empower you to take that initial step forward in a positive direction.

I hope you have been empowered and encouraged to start earning passive income!

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