LiveOutLoud

Accelerate Your Assets

"This Guide will help you begin to step into that leadership role."

Accelerate Your Assets

Congratulations! If you're here it's because you want to Lead and Control Your Wealth, which means you've managed to build an asset base. This puts you ahead of the majority! Now the question is: How are those assets performing?

Lazy Assets Don't Build Wealth

Here's what we know: If you're just sitting on lazy assets – you know, passively parking your money somewhere, like an investment firm – and then praying it's going to grow without your leadership ... you'll never get what you want.

If your asset base is small or underperforming, you don't need to tolerate it! It's possible for your money to do a much better job working for you, but you've got to learn how to effectively lead and control it first.

This Guide will help you begin to step into that leadership role. It includes important self-assessment tools, so that you know the true worth of your assets, can clarify your Money Rules and understand your Risk Tolerance. Once you know these things, it becomes a lot easier to make more effective decisions about any kind of investing you choose to do in the future.

The second part of this Guide is an introduction to different types of alternative asset classes*, along with important guidelines on what to consider when beginning to conduct Due Diligence on an investment you may be considering.

*This Guide will give you plain talk on what it takes to begin Leading and Controlling your Wealth so that you can accelerate your assets. The information presented represents the view of the author as of the date of publication and is for information purposes only.

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It All Starts with Your Mindset

If you want to build lasting wealth, it's up to you to actively lead and control your assets. You have to commit to knowing yourself with relation to investing (Money Rules & Risk Tolerance); and then you have to educate yourself about the many ways to accelerate the Return on your Investments (ROI).

So let's start with a quick assessment of where you are right now with relation to your assets:

- Are you sitting on a big fat IRA that's bringing you 4 or 5% return?
- Are you tolerating real estate that's not performing?
- Are you channelling all your extra funds into a savings accounts, certificates of deposits, or other low-return, hyper-secure instruments?

If your answers are yes to any of these, then you're settling for a ***lot*** less than what's possible!

Stepping into Leadership

You want to strategically plan for wealth. I call it creating your wealth cycle, and you do it by being the leader of your money first. From that leadership role, you can then begin channeling income (or lazy assets) into high-performing assets. This will then grow your asset base, allowing you to channel more income into that expanded base, thus continuing the cycle.

Without leading wealth decisions within a wealth cycle, you're at the mercy of financial advisors, attorneys and accountants to make decisions about ***your*** money – without necessarily knowing if it's right for you.

So let's get you ready to lead, control and build more wealth! To do this, you need to know where you are starting from by taking an inventory of your current assets. Use the checklist below to clarify your current list of assets, their value, and their annual ROI.

Getting Off those Lazy Assets!

What kind of ROI are your assets bringing you on a monthly or annual basis? If it's less than 10% then you can do better. Use the Inventory checklist below to determine just how well (or poorly) your assets are performing.

Asset	Total Value	Annual ROI	√ (for 10%+)

Now that you have a clear picture of your current assets and their performance, it's time to establish your money rules. Money Rules will help guide your decisions about any investment choice but setting up specific parameters within which you are willing to invest. Good money rules also ensure you are actively involved with your assets and income so that you maintain leadership of your money in accordance with your own values.

Here are some examples of the kinds of money rules people set:

- I pay myself first into my wealth account at the beginning of each month.
- I never use my wealth account for anything but assets.
- I pay off my credit cards monthly.
- I maintain a monthly, financial forecast.
- I stay out of consumer debt.
- I modify my investment strategies as the economy changes.

Once you've made a list of your money rules, it's time to consider your risk tolerance when it comes to investing.

There are many quizzes and assessments you can find online that claim to assist you in determining your risk tolerance. These can be helpful to a degree, but one thing to keep in mind is that the majority of these assessments are structured around a completely different money conversation than the one you are engaging in here.

The Risk Tolerance assessments you'll find online and in many books are based on the Industrial Age conversation. The assumption is that you'll be working as an employee until you are 65 (or older!), then retiring to live on your savings and social security until you die.

At Live Out Loud we're having a different conversation about money. An entrepreneurial conversation. In this conversation, you are the active leader of your wealth, rather than a passive, "Park-n-Pray" investor. With an entrepreneurial conversation, the term "risk tolerance" takes on an entirely different meaning.

"Risk Tolerance" within the Entrepreneurial Conversation

The first thing you want to understand is that risk tolerance is not a static thing. As you learn more about investing in any asset class – from those you'd find in the stock market, to alternatives such as real estate, gas and oil, or small businesses – your risk tolerance will change.

The second thing you want to understand when determining your risk tolerance as an entrepreneur is that there doesn't need to be an end date when the income stops flowing. As an entrepreneur, you want to create multiple streams of income that have nothing to do with your labor. When you do this, and then follow your money rules to consistently invest a percentage in assets, you effectively accelerate your assets and allow your money to work for you!

Once you commit to this wealth cycle investing, you'll quickly see that the entire process of calculating risk tolerance within the industrial age model is simply not relevant to your life. Instead, risk tolerance becomes a matter of educating yourself enough to lead your team of advisors and conducting effective Due Diligence before investing in any asset or asset class.

Now let's have a closer look at Alternative Assets – what they are, and why it will benefit you to learn how to invest in them.

If you're sitting on lazy assets – passively parking them somewhere, then praying they're going to grow without your leadership – you'll never get what you want. You're not really in control – and you're settling for a lot less than you need to!

Alternatives to "Lazy Asset" Investing

Alternative Investments are the way to get rich. And investing in them is 180° opposite of the "Park-n-Pray" strategy of every single person engaging in the Industrial Age conversation about money. It's a strategy that yields low returns, with "lazy" underperforming investments.

Alternative Assets can include everything from real estate to natural resources, buying small businesses or even collectables. Here's a list of financial tools and investment opportunities for accelerating your wealth cycle:

Cash & Cash Equivalents

This can include things like Treasury Bills, money market funds, negotiable money orders, bank account balances and more.

Bonds
Bonds are certificates of debt. They're rated according to risk of default. Should a company default on their bond, the bond holder has priority over shareholders when assets are distributed.

Stocks
These are financial instruments that give you a proportionate share in a corporation's assets and profits.

Real Estate
This can include raw land, commercial or residential property. Real estate refers to both the land and any structures or dwellings on it.

International Securities
International securities are sold at the same time in a number of national markets.

Precious Metals
These include silver, gold, platinum and palladium.

Natural Resources
These include coal, water, land, gas and oil.

Commodities
Commodities are usually based on future contracts with the investor buying or selling at specific prices based on specific future dates. Commodities include agricultural products as well as metals.

Collectibles
Rare objects and antiques can dramatically increase in value over time.

Businesses
This includes individual business as well as franchises.

This is a very simplified overview of key investing opportunities. Keep in mind that each has its upside and its downside. Your choice of asset investment classes is really based on your interest, your willingness to educate yourself about the class, and your willingness to conduct due diligence on the specific opportunity within the class. Which lead us to the final piece of the Asset Acceleration xx … Due Diligence.

Conducting due diligence is one of the single most important steps you must take when investing in an asset. And when it comes to real estate, business or any other alternative assets, it's essential that you have the support of professional on your team so that your due diligence is thorough.

This document is not intended to provide you with a complete checklist of due diligence steps. However, the suggestions below will give you a broad view of the kinds of things to take into consideration.

What is the Deal?

Due diligence will vary with the type of deal that is being considered, and the timetable and terms of the deal. For example, conducting due diligence for real estate will look very different than a franchise deal. Once you've clarified what the deal is, who the players are and who will have to perform the due diligence, you need to create a "Checklist" of the things you want to know.

Below are some beginning checklist for real estate and general business to get you started. These are meant to get you thinking and not to be construed as complete due diligence checklists. For a complete set of due diligence check-lists, be sure to contact your attorney and accountant or speak with one of our Live Out Loud Strategists who can guide you to resources within our greater community.

Real Estate

If you've ever purchased a home, you will be familiar with many of the items below. Investment properties, however, have additional things to consider. When conducting due diligence you want to gather the following information:

- Inspections: title, environmental, structural, wood infestation
- Income property: rent rolls, bank statements, etc.
- Financing
- Financial statements and tax returns
- Employee files
- Contracts and insurance files
- Business investment, e.g. franchise, license, etc.
- Leans
- Terms

General Business and Personal Due Diligence

What you should be asking for when conducting due diligence for the purpose of buying a business will depend on the business itself, as well as the deal you are structuring with the seller and any other investor partners. The below list will get you started.

- Letters from Provincial/Federal/State/County government confirming that all tax returns are filed to date with no arrears owing (i.e. payroll, sales tax, health tax and taxes from year-ends).
- Articles of Incorporation.
- Minute Books.
- Shareholder Agreements.
- All Tax Returns Filed To Date.
- All Year-end Reports To Date.
- External and Internal Auditors Reports.
- Letters of verification confirming that all Provincial/Federal/State/County taxes have been paid.
- Letter from Commercial Landlord confirming lease terms and no arrears.
- Powers of Attorney.
- Government licenses, permits, approvals etc.
- Litigation/Execution confirming no judgments, pending or threatened litigation, claims or disputes.
- Listing of outside contractors.
- Loan agreements, lines of credit, debt instruments, notes payable, guarantees (by or in favor of the company), and any other agreements collateralized or secured by the assets.
- If you wish to obtain more information on due diligence check lists, we have a number of samples. Alternatively, it is really best to consult a corporate lawyer.

This gives you a general idea of what kinds of things to consider in a due diligence process. The Asset itself will determine what additional areas you must look into.

The investment considerations assumed with these assessments tend to be conservative, with even the more "risky" instruments offering low returns relative to those possible with some alternative asset classes.

In it, you'll find an assets inventory checklist to help you identify exactly what you have and how it's performing. This is foundational to your success, because you can't make educated financial decisions until you know where you're starting.

Accelerate Your Assets also includes guidelines for establishing your money rules; an explanation of what to consider when conducting Due Diligence; a way to determine your investment Risk Tolerance; and my rarely-exposed information on alternative investments as a critical component of wealth-leadership so you know how to determine what kind of team and investments are right for you.

QUIZ

1. I plan on retiring in _______ years.

2. I would like an income stream of $ _______ annually by that date.

3. I expect $_______income per year to be provided by Social Security or other sources outside my investments.

4. I expect to contribute $ _______ per year to increase my asset base, and increase my contributions by_______% each year.

5. Does my Employer Match? Y/N

6. The current balance of my investments is: $_______ in retirement accounts and $ _______ in non-retirement financial instruments.