

LESSON SIXTEEN



Dynamics of Financial Freedom

PLUS BENEFITS OF FINANCIAL FREEDOM

OPPORTUNITY UNLIMITED

As you have studied and begun to apply the principle of the Tenth Multiple, you have realized that the opportunities for achieving financial freedom are, for all practical purposes, unlimited. By now, you have already begun to develop your own *Plan for Financial Independence*. You are developing your formula for achieving the Tenth Multiple and have set target dates for reaching your important financial goals. You are already enjoying the benefits of financial freedom.

Every opportunity is matched by a corresponding responsibility, and financial freedom is no exception. It is important that you give attention to the responsibilities and obligations that accompany the accumulation of wealth. During the weeks you have spent using the *Dynamics of Financial Freedom*, you have probably strengthened your belief that you can achieve success, happiness, and financial independence. You may also have realized that financial freedom may be achieved more easily than either success or happiness. Money is a tool — never an end in itself. It can be used to help you gain both success and happiness, but it will never automatically assure their achievement.

Closely akin to the biological instinct for propagation of the species is the desire for progress. We want our children and each succeeding generation to have more than we have had, to climb higher more easily, to grow intellectually, and to build an even better world in which to live. You have the opportunity, then, to preserve and perpetuate your wealth for those who come after you to enjoy and to use as a foundation on which they may build even greater and finer achievements.

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Recognition of the opportunity to preserve wealth for our heirs reminds us that, in one sense, we deserve and own the wealth we accumulate, but in another sense, we are only stewards of the world's abundance — the keepers and the caretakers. When we cease to exercise the responsibilities of wealth, ownership will pass to someone else. You are building an estate to be preserved — not for you alone, but for the good of mankind. We live in a community with others. Our success belongs partly to them.

THE ART OF GENEROSITY

Generosity is a learned trait — a genuine art. Like love, it is inexhaustible: the more you pour out, the more you have to pour. But giving is only one minute part of generosity.

Generosity is an attitude toward life — a direct reflection of the truth that whatever we give to life, life returns to us in abundance, magnified and compounded. If you want friends, offer friendship to others. If you want love, stand ready to love your neighbor. If you want help, stretch out your own hands to lift up the downfallen. If you want understanding, develop empathy for others. Financial freedom coupled with poverty of spirit is meaningless.

The secret of learning the art of generosity lies in the willingness to redefine the self, for it is this definition that controls the operation of generosity. Some people think of themselves only as their person, their clothes, and their possessions. Their definition is manifested in a miserly spirit. Others broaden the circle to include family, friends, and the community. Their generosity expands to include all those they recognize as a part of themselves.

As you gain more and more emotional maturity, your concept of self broadens in larger and larger concentric circles. When you are willing to enlarge your definition of self to include your associates, your community, and your nation, as well as numerous institutions and organizations, you are in a position to develop real generosity of spirit. Only then can you understand the true meaning of the Golden Rule which teaches us to treat others exactly as we would like to be

treated. Within this enlarged definition of self, we can say with the poet John Donne:

*No man is an island, entire of itself;
Every man is a piece of the continent, a part of the main;
If a clod be washed away by the sea, Europe is the less,
As well as if a promontory were,
As well as if a manor of thy friends, or of thine own were;
Any man's death diminishes me,
Because I am involved in mankind;
And therefore never send to know for whom the bell tolls;
It tolls for thee.*

Have you considered what the world would be like without the generosity and contributions toward progress of those who have accumulated wealth? Hospitals would disappear because no one could afford their services. No new medical advances would come because the cost of research would go unpaid. Most of our private colleges and universities would be forced to close their doors. Many churches would discontinue their ministries, and along with them would go the missionary schools and hospitals in the underdeveloped regions of the world. But it is not the money given that is the most important ingredient of generosity. Kahlil Gibran states this truth clearly:

It is only when you give of yourself that you truly give.

Dare to have and to express faith in people. Treat others as worthy individuals, and they will usually respond accordingly. You will be disappointed occasionally — you may even be cheated — but the results you achieve and the benefits you gain from your own generosity of spirit toward others will always more than outweigh any losses you might sustain.

One problem you may confront as you acquire greater wealth is the multiplicity of requests you receive to help various worthy causes. Most of those who approach you will be sincere, honest persons dedicated to a cause in which they sincerely believe. Of course, you will also receive other requests from those who merely want something for nothing. How you handle requests for assistance will depend on your own priorities and values, but be prepared to expect them.

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One good way to determine which requests to honor is to make all donations an expression of your own interests and values. If you love children, give to the Boys Club or to a fund to build a Camp Fire camp. If your hobby is tennis, give some tennis courts to the community, place lights on existing courts in the city recreational facility, or provide professional instruction for community youth during the summer. Give through your church or synagogue, to the college of your choice, or whatever organization embodies your own values and dreams. When you are pressured to give to other causes, learn the value of saying, "No," in a firm, but polite, way. Otherwise, you will spread your efforts so thin that they become insignificant, or will become so over-generous that you run the risk of resenting your own generosity.

It is obvious that money of itself is neither good nor bad, but it can be put to either good or bad uses. In the long run, it is the hope of our generation that we can stamp out disease, hunger and poverty among the next generation. It is our desire to build a better world for our children. We may fall short of that mark, but it remains true that the art of generosity is the best way our society has so far found to cure such ills.

COMMITMENT AND VALUES

As you have developed your own *Plan for Financial Independence*, you have been involved in clarifying your values. You have probably realized anew that "man does not live by bread alone." You have recognized the importance of striving for financial goals compatible with your social values. You have recognized the need for strengthening family relationships, maintaining physical and mental health, and maximizing spiritual or ethical involvement in life.

Just as you have latent talents and abilities for financial growth, you also have untapped potential in all other important areas of your life. As you grow financially, give attention also to your development in other areas of life according to the degree of importance you place upon each. Financial independence is only one facet of emotional maturity and development of the whole person. While there are benefits in the accumulation of wealth, other areas of life are of equal — or even greater — value.

Just as you can develop your potential for wealth, you can also alter your attitudes, your habits, and your whole personality by the choices you make. Your present condition is a direct result of your past choices. What it will be tomorrow is being shaped concretely by the choices you are making at this very moment.

There is no life so drab as that of a person who has accumulated wealth merely for the sake of wealth itself. Collecting stamps or butterflies provides more interest and variety than collecting money for its own sake. Money has no intrinsic value. Its value is only in the use that is made of it. Money can provide for needs, wants, comforts, and luxuries; but money cannot buy happiness, self-respect, genuine prestige, or other personality characteristics. Most financially independent people have these characteristics — but not because they can be purchased. One man of great wealth stated his philosophy this way:

If you don't bother to live today, you not only lose a great deal of the joy of living, but you may wind up eventually richer than you want to be, and without any knowledge or experience in self-enjoyment.

YOU CAN'T TAKE IT WITH YOU

Many past cultures believed that a wealthy man could carry his riches with him into another life after death. Fabulous fortunes were buried with the Pharaohs of Egypt in their pyramid tombs. Primitive cultures buried chieftains with their weapons for hunting or for war, and ordinary individuals were buried with the tools of their trade — even with a supply of food and money. But when archaeologists in modern days uncover the remnants of these ancient civilizations, the spirit of the man has fled while the material wealth placed in tombs remains. We are left then with only two logical reasons for the accumulation of wealth:

1. To enjoy the fruits of our labor during our lifetime; and
2. To leave a legacy for others.

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We occasionally read about an eccentric recluse who dies in apparent poverty with a fortune hidden in shoe boxes or in the attic. Often these people have enjoyed none of the fruits of their wealth and have no one left who can enjoy it after them. Such accumulation of wealth is meaningless.

As you begin to achieve financial freedom, your role in society is altered. Your life style changes, or at least undergoes adjustment, because you are becoming a different person. You will be called upon for leadership in civic, charitable, and fraternal organizations, and even for social roles you have never before filled.

Whether you accept these responsibilities is a matter for your choice, but you will be asked. The fact that you are asked bears testimony to the success of your achievements; for it is normally assumed that if you are successful in one area, you can be successful in another as well.

Remember that no one becomes financially independent alone. We all have co-workers, counselors, friends, and associates who make our accomplishments possible. If you own your business, the management staff is indispensable to your success. When you understand motivation and the vital part it plays in your own future, you will make it a policy to see that those who surround you and help you also have incentives and opportunities for achieving financial freedom.

Of equal importance is the debt you owe to the society in which you live: your town, your community, your state. The people and institutions that make up society have all directly or indirectly contributed to your progress. For that, you are indebted. How better can you show your appreciation than by contributing to the improvement of your community and its people or by establishing an endowment fund that leaves the principal intact, pays dividends, and continues to give perpetual aid in needed areas.

Among the other responsibilities of wealth is that of supporting the government. While one of the goals of your investment program is to shelter a large portion of your income from taxes so that additional investment capital will be available, the responsibility of paying those taxes rightfully owed is one which falls upon every citizen. While it is right

and proper that you pay *only* the taxes you owe, it is also right that you pay those you *do* owe. Neither the tax structures nor the government is perfect; but as beneficiaries of our system of society, we owe the government our support. In addition to paying taxes, you can demonstrate your support of government by contributions to political candidates who will represent your views and work for the improvements you believe will benefit the nation in general.

ESTATE PLANNING

As you use and enjoy the benefits of your financial freedom, remember that another responsibility of wealth is its preservation through proper estate planning. A number of separate and individual actions are involved in estate planning, and all should be carefully coordinated. You will need the help and advice of legal, financial, and tax advisors to be sure that your estate is preserved. Study your needs in these four basic areas as a beginning for planning your estate:

1. *Your will*

Many otherwise successful people have lacked the foresight to leave an up-to-date will for disposition of their estates. Fortunes have been dissipated or lost entirely through such negligence. Obviously, your will should be drawn by an attorney — the best legal specialist you can find. Some attorneys specialize in estate planning.

Many people fail to realize that a will must be coordinated with other facets of estate planning to prevent conflicts between wills, life insurance, trusts, and other provisions for estate disposition. Such conflicts frequently cause beneficiaries to become liable for thousands of unnecessary tax dollars. Occasionally, heirs even experience bankruptcy as a result of inheritance taxes imposed on non-liquid assets. Once made, a will must be frequently reviewed and revised as your financial position changes. An out-of-date will is sometimes almost as bad as no will at all.

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2. *Life insurance*

Enlist the assistance of a qualified expert in insurance planning and review your plan with a tax attorney who is equally qualified. While there is probably no such thing as "too much insurance," there is a disadvantage in having too much insurance directed to a single survivor with no consideration for the inheritance tax that will be levied. Only a qualified insurance expert who knows estate planning can show you all the facets and variables involved in a well-rounded life insurance program.

3. *Trusts*

A worthwhile, but frequently overlooked, area of comprehensive estate planning is the establishment of trusts for your children. Trusts should be carefully reviewed with tax attorneys or other qualified estate planners. Enlist the best advice you can obtain and select the plan best suited for your needs. Trusts serve a useful purpose in preventing the destruction of your fortune through unnecessary inheritance taxes. Trusts also provide a profitable way of perpetuating your estate for the benefit of your children. The annual limitation placed on the amount of money that can be placed in a trust without heavy taxation makes it important to set up trusts for your children as soon as possible so that your contributions may cover a long span of years.

4. *Foundations*

If you have no children, or have sufficient funds that you find it inadvisable to leave your entire wealth to your children, a foundation is a highly recommended strategy. A foundation may be dedicated to any worthwhile purpose that attracts you. It may be limited to some specific group or for some set purpose, or it may be established with a board of directors who will dispense monies annually in accordance with needs that are found to be worthwhile.

You will, of course, consult with tax attorneys, estate planners, and even with the Internal Revenue Service for approval of such a foundation.

The important word in estate planning is plain and simple: don't try to do it alone. You have proved yourself to be an expert on achieving financial freedom according to your own formula. Others have proved themselves to be experts in the various facets of estate planning. Get the best help you can find, but by all means, do it now.

Wealth and financial freedom become possible only when you begin to discover and develop the vast reservoir of untapped potential that lies within you. When you make that discovery, you want to share it with others and to help them believe in what they can do. In the process, you begin to enjoy life. The money you earn is nothing more than the recognition you gain from life for your efforts properly expended.

Whatever you vividly imagine, ardently desire, sincerely believe, and enthusiastically act upon must inevitably come to pass.

If you have not already listened to the lesson "Getting Started in Real Estate Investment" that is a part of the *Plan for Financial Independence*, plan to use this additional lesson as an aid in acquiring real estate investment as a part of your financial goals program.

Continue the goal-setting habit you have begun while using the *Dynamics of Financial Freedom*. Reserve some time each week for planning and checking on your progress. Schedule into your daily activities the action steps that are needed to achieve your goals. Learn from your mistakes and rejoice over your successes. You can achieve financial freedom.