ALMAN
Financial Planning
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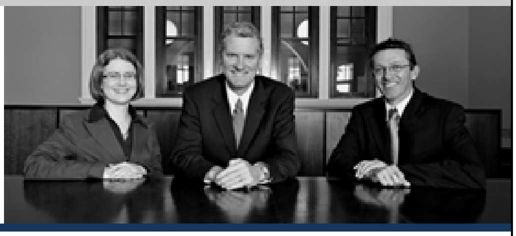
Your Money
Presented by Alman Financial Planning



FINANCIAL INDEPENDENCE

Financial Independence is an oft-used term, so what exactly is it and how do we get there?

Financial independence is achieved when you have sufficient assets making sufficient money to meet your desired level of lifestyle. As work is now optional, you have achieved financial independence.

The tipping point for sufficient assets occurs in reaching a **'critical mass of money'**. For example, $10,000 earning 10% yields $1,000, one million dollars earning 10% yields $100,000. So-forth and so-on, ten million @ 10% makes one million! Albert Einstein once said that man's greatest discovery was 'compound interest'.

So how do we get there? Firstly you need to have money and unless you inherit it, win it or marry it - there is only one way to get it and that's through personal exertion (work).

Then you need to form an investment strategy to put your 'hard earned' to good use. Ultimately there are only two strategies available. They are either a savings or borrowing strategy. Both will work if pursued correctly although the investor who incorporates sensible borrowings may achieve their goals faster because they are able to reach that 'critical mass of money' earlier.

At this point we separate investors from speculators. Speculators lack patience and take risks whereby they could lose their money in the pursuit of getting rich quick. Investors on the other hand know that diversification and time allied with a critical mass of money makes financial independence achievable. The point of difference between speculators and investors is best described using the fable of the hare and the tortoise but with one exception, the hare may never finish the race. On the other hand, the tortoise (aka Investor) will reach his goal faster than ever imagined.

Enhancing your life