

Chapter 1 YOUR NUMBER

What is Your Net Worth?

Most people don't like answering this question. Yet once in a while, it hits us in the face.

We are asked when we visit the bank to request a loan, when we ask for other forms of credits and when we apply to professional associations and clubs. What is your worth?

This book is not about the integration of your visible and invisible assets, which create your net wealth. The variables included in the determination of net wealth include your job or business status, spiritual health, financial net worth (which this book is about), emotional status, physical health, happiness, knowledge, balance, love, credit, personal outlook and many other attributes. When these are integrated, we have a number called "net wealth". Even if you flunk your net worth breathalyzers, you cannot score below zero in your net wealth. If you think you did, now you have the opportunity to better your score. Net wealth calculation goes beyond this book, so we are not dwelling on it.

Here, we'll deal with one of the variables in determining net wealth – net worth – and how you can increase it using private mortgage investing. Do you know what you are worth financially? What about your family's financial worthiness? Your net worth is a financial snapshot of your financial health – or ill health – at that moment in time. If the picture is taken properly, the snapshot gives a number that represents your financial health. Do you know your number at this moment? You should.

Jeff Opdyke in the *Wall Street Journal Complete Personal Financial Guidebook* says,

“It forces you to interact with your financial life, keeping you in touch with your money and knowledgeable about where you are on the road to where you think you are going,” if you have decided to go anywhere.

GROUND ZERO

In order to know whether you are gaining or losing in the art of making money, you must consider a reference point. The reference point is where you are at this moment. The only thing that is constant with your net worth is change. The change can be an increase or decrease in your net worth, keep in mind that people who are financially successful keep a frequent watch on it. You cannot affect positive change on your net worth unless you understand the concept.

I know you want to be financially successful. That’s why you’re reading this book. But do you know why you want to be rich in money? At this point, take time to determine what you want in life. If you don’t know where you are going, you can’t get there. Honor these ideas by writing them down. This will constitute your “Ground Zero”. Get clarity on the information provided in this book, motivate yourself and start increasing your net worth.

How to Increase Your Net Worth

The good news? You already have a net worth. Net worth, as we already saw, is a number. Whether your number is positive or negative is insignificant at this point. What you want to achieve is an increase in this number. There are many ways to increase net worth, but the desired rate of increase is significant.

Depositing money in a savings account is one way, but you are likely to receive less than 1% annual increase. This is a very small rate of increase but with some investment vehicles performing at less than -10% annually, a savings account may be a better option. There are many other investment classes with better returns than savings accounts but the purpose of this book is to help you develop a long-term strategy. With successful private mortgage investing, your net worth will not skyrocket overnight, but it will increase overnight. By applying the sound

principles in this book appropriately, you will be positioned for long-term growth and to enjoy the good life. But, only you know what “the good life” means to you.

Proper planning and evaluation should be an essential part of any investment you undertake. Let’s say a family wants to go on a short vacation to Niagara Falls, Canada. A range of details would be noted: the departure/return date; where to stay; where to eat; clothes sufficient for all members of the family; a schedule of activities and their costs – Maid of the Mist, Butterfly Conservatory, etc.; hiring a pet sitter; etc. These are what I think are important but my wife would have a more comprehensive list.

We dedicate considerable more time planning how to spend money than how to increase what we already have. When a broker or a fly-by-night rumor brings us a “get rich now” tip, we ask no questions but open our wallets. Does the investment make sense? Do the risks and returns match up? This book will train you on how to do your homework before investing in any venture.

***If you don't know it,
research it. If you
don't like it, don't put
your money in it.
Where your money is,
there your heart is.***

INVESTING IS SERIOUS BUSINESS

In 2004, I met a guy who has become a great friend and resource for me. When I met him, I asked him what he did for a living. “I am a businessman,” he said. “What kind of business are you in?” I probed further. “I am a trader and I invest in commodities,” he responded. His success lies in his understanding that when he stays in a hotel and trades commodities online, he is conducting a business. Like my friend, we need to think of investing of all kinds as an active business. Most of us have all kinds of funds – RRSPs, GICs, IRAs, TSFAs, mutual funds, mortgages, real estate – but we never consider it as business. Henceforth, you must consider yourself a business owner and invest the way my successful friend does. He evaluates his business success by focusing on his Profit and Loss Statements and Balance Sheets.

We live in a capitalist society where almost everything translates into money. Imagine the President of the United States receives a birthday