

99% of people work for money and 1% make money work for them. Those 99% work for 1%s. Learn how to make work for you to become rich.

Learn about money and uplift your lifestyle.

HOW

To Become

FINANCIALLY

FREE

Harsh Nandanwar

GUIDE TO BECOME FINANCIALLY FREE

- Harsh Nandanwar

Working for money is just not enough to become rich,
you have to make money work for you
and you do it by becoming financially intelligent.

– Harsh Nandanwar

Before getting into actual guide, first let's understand why
it is so important for you to become financially free.

And I would like to put a warning here like you have to do
work, I mean hard work and once that phase is gone, then
you will see how beautiful other side is. These things
won't help you unless you work on them. No school has
taught you this. Don't worry, I am going to.



Fig 1, What will make you rich?

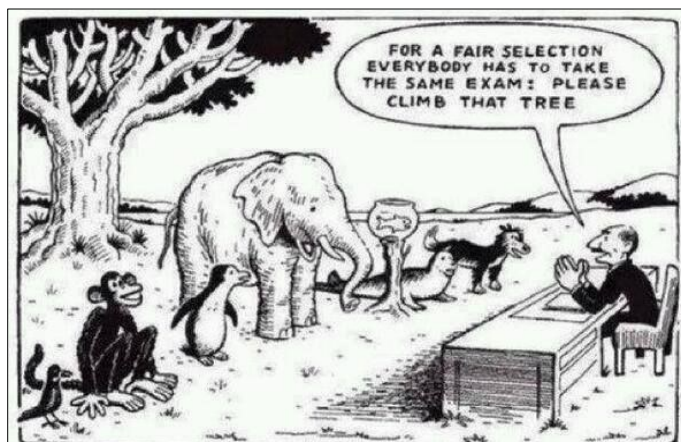


Fig 2, Debts has two types

Making Money
Work For You
Matters The Most.

School didn't teach you this.

First off, lets see what they teach you in schools. They teach you to save money, put in banks so your money stays safe, but it's all lie. Saving money will not make you rich. Saving money will make you poor. I know this might sound you bad; its truth. If you spend money then you become rich and financially successful. You have to spend money in certain way and I will show you how to do that. And you will Understand this by the end.



Our Education System

Everybody is a genius. But if you judge a fish by its ability to climb a tree, it will live its whole life believing that it is stupid.

- Albert Einstein



Fig 3, How much can you save?

Saving money won't make you rich

Saving money is worst idea ever come to your mind to become rich. Suppose you have salary of \$40k per year, you somehow managed to save \$20k. Then how long will it take you to buy a \$5M house? Forever. Think about it. You have been showed wrong way from beginning, its not your fault. I understand that, you were just a kid and you would follow anything that your teacher told you. Now you understand things better and you know saving money won't make you rich, if someone says to you that you should save money then ask them how rich you became? Then please don't give fake advices to people, if you don't know anything about it. Its better to not show bad path if you can't show good path.

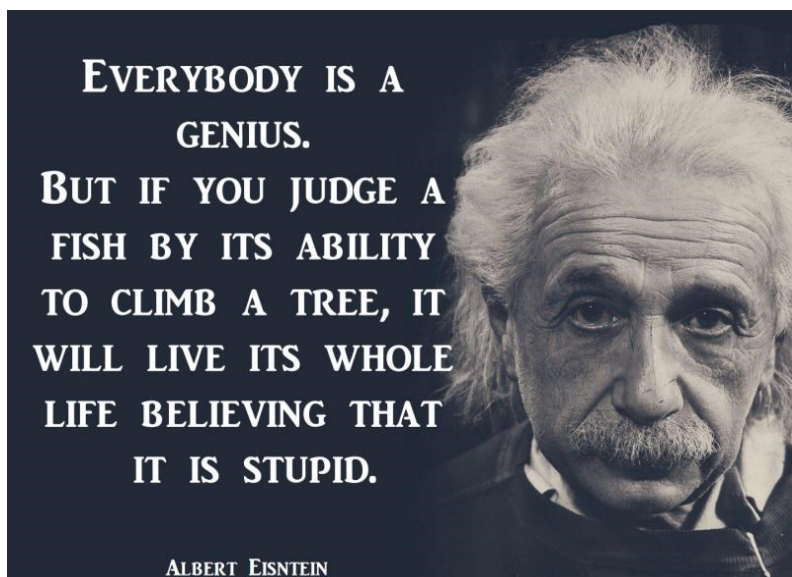


Fig 4, Are you stupid, too?

You have been lied that saving money will make you rich.

Buying power of \$1 over time, 1860-2020

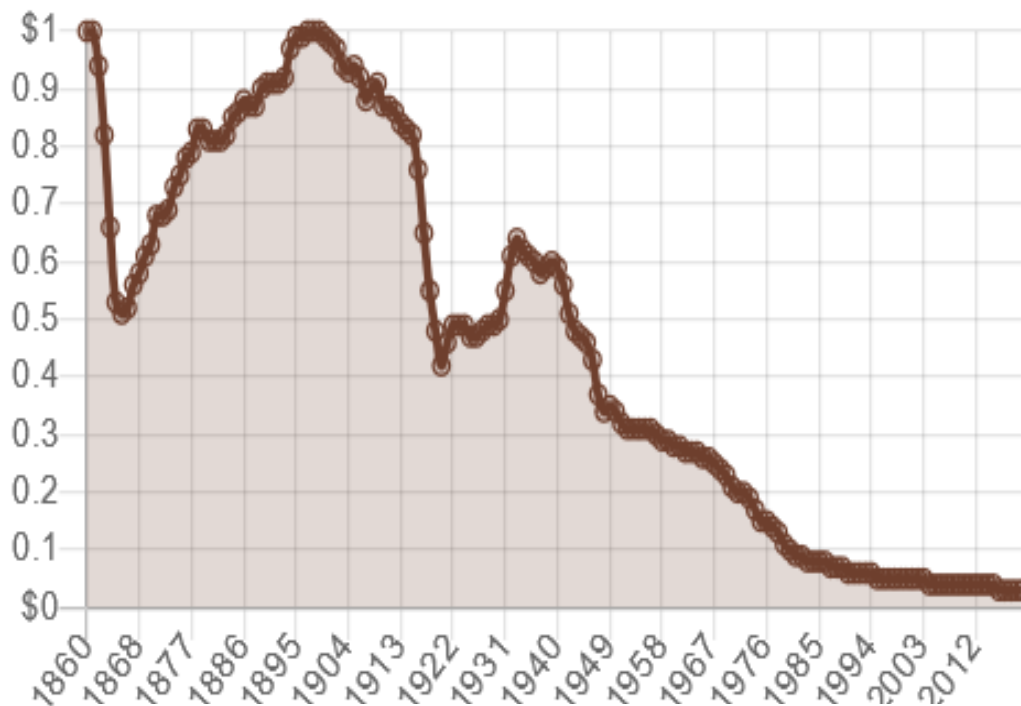


Fig 5, Value of \$1 from beginning to now

Purchasing power of money is power of money means how much stuff you can buy in \$1. In above graph, you can see that purchasing power of money is getting lower and lower. So, how saving money will make you rich? I hate to tell you this, it is hard pill to swallow that saving money will make you poor. Before getting into more, first you have to understand what asset and liability are, because if you don't understand these terms then you will have tough time differentiating deals.

What do you need?

Everybody knows that rich people have money that's why they are rich. To become rich, you have to make more money. So, the question arises as how can you make more money? If you are doing job right now, you do it for 8-10 hours and how much you get paid? On an average \$15/hour. If you want to earn a \$1M then how much hours do you need to work? Right, your lifetime. Now, another question comes in mind, how rich became rich? They are rich because they bought assets. Assets make you rich. But you can't anything into asset as somethings are liabilities and you have to leave them behind.

Your asset is your back bone as it will help you to become rich, make money for you even when you are not available there. More assets you have, more money you can make. Now you get it, why rich only buy asset, even if they buy liability they turn it into asset. You can generate money from asset as long as you are maintaining it and keep growing. That's why its said, "To become rich, you have to make money while you are sleeping." Now you know why you should buy asset, but another question comes as how to differentiate asset and liability?

Consider, that you still decide to save money even after I gave you so long boring speech, what will happen? You should know other side, too. If someone is showing you one side then its wrong. You were supposed to know both sides and it will be your decision what you have to choose. So, you are saving money. You and me and everyone know that government prints money, they can print as much money as they want and they will. If you have savings of \$100k for retirement and government prints trillions of dollars will cause everyone to have money then your money will not hold any value. What government does is, they print money and they push into system in certain ways and it make everyone get money. So, now what power does your money holds? Nothing.

**Your job won't make rich.
Don't follow their bad
definition because you will
stay poor like them
If you want to become rich
then follow rich people
because they know what
they had to do to become
rich, to get there.
Poor people don't know
that so they can't help you
to become rich.**

You become rich by having big positive net worth. If you have negative net worth then how are you considering yourself rich? Your net worth is decided by how much assets and liabilities you have as they got balanced with whatever money they worth and if answer is positive then its good news and its negative then soon you will have to declare yourself bankrupt. Remember there is nothing in between, things will be asset or liability. Things must be black and white. Because whenever there grey area comes in finance, you are about to go in wrong route. That's why you should not lie to yourself and say truth to yourself. You can lie to everyone including your partner, parents, friends and colleagues, but never could what you desire. To make sure bankruptcy does not happen you have to keep buying assets. When you keep buying assets, you are constantly expanding and you will become rich soon. Having assets give you positive vibes so you produce positive energy. If you have so many liabilities then they constantly take money out of your wallet in return you get nothing. So, it gives you negative vibes and you start to throw around negative energy and nobody wants to be with someone who is negative or gives negative vibes. Havin assets keep you healthy at phycological level.

What is asset and liability?

In beginning, we will see what school teaches you in asset and liability term and then I will tell you my definition of them. According to them, asset is anything you own and liability is anything that you owe. For me, asset is anything that puts money in my wallet and anything that takes money out of my wallet is a liability.

My definitions are default settings and you should remember them for your life, because they are easiest and made from experience. If you follow their definition, then they will say that if you own your car then it is you asset. For me, if it is not generating any money for then it's a liability. Because I have to put gas to run it, need to buy insurance and have to do maintenance and all that for what? In return, I am not making any money. I am burning my own money to keep it running so, it is your liability. All rich people follow same definition exact same as mine. That's why they make so much money and others who don't follow, stay poor. You have to understand this, you need to find new ways to make money. If your old ways are not generating any money, then they are your liabilities and you have to get rid of them.

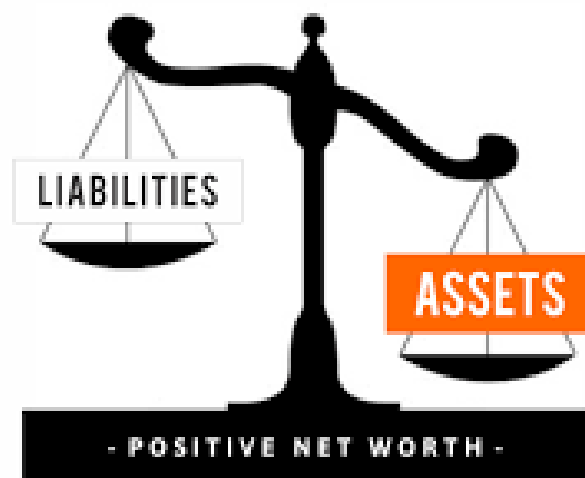
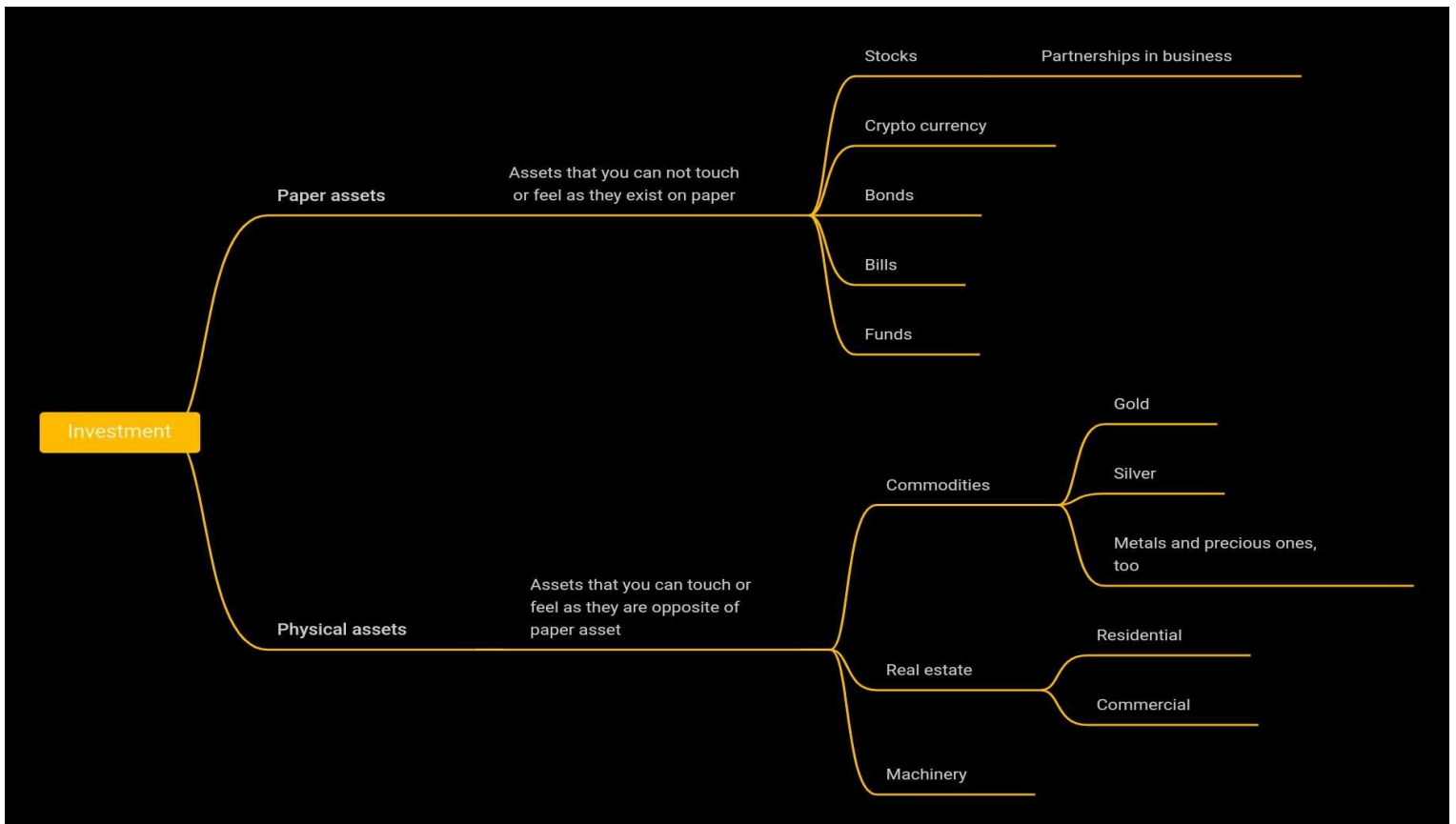


Fig 6, How to make money and become rich?

Fig 7, Do this to become rich

Fig 7, Credit: ecomdropp



Credit: HNInstructing

Fig 8, Different types of assets for investing

Now you know difference between asset and liability. And you should be able to see that your savings are your liabilities because it can't generate any money for you. You might be thinking if saving money won't make you rich then what is the other way? I got you. There are only two ways to become rich i.e. investing and business. In investing, there are two categories that you can invest in paper asset and physical asset. I have put image to help you to visualize (refer fig 8).

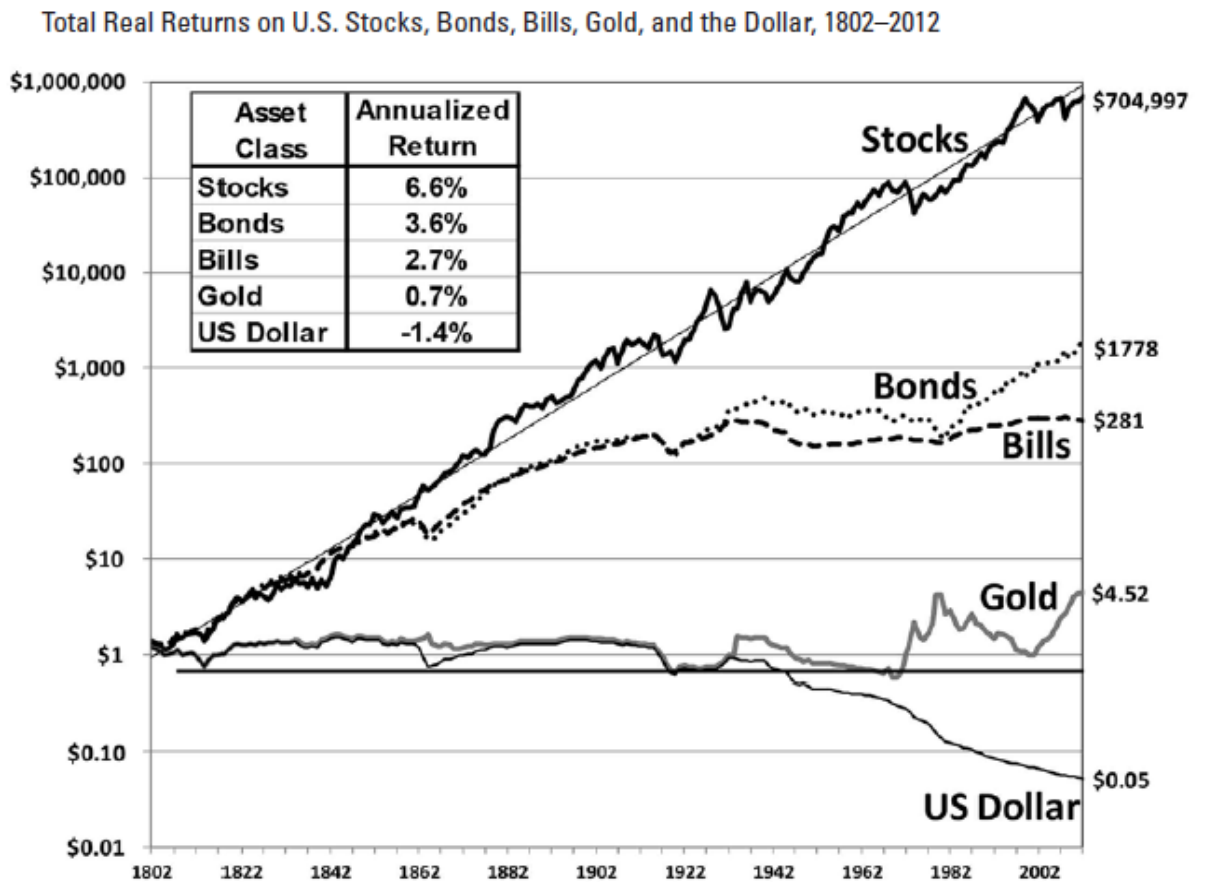


Fig 9, Different asset class performance over time

Take risks or you will lose either way

So, you have a choice that how can you become rich. Most people don't choose a single path as they start their own business and do investing, too. Start own business does not mean that you should begin it in large scale. You could begin at smaller scale and make your way to the top. When I tell people to start own business then they think as they need so much money to begin it. It's a lie.

Suppose a person named Jeffrey says that he needs \$100k to begin business. Then do you think he will start doing it? No, he won't. His fear might take over him as he would be afraid to lose that much money. He won't take risk and might get a job instead and put that money in bank. This is what school have taught you to not to take risks. School tells you to play safe and that's what stops you from growing. There are lot of intelligent people who have great ideas about business. Then why are only seeing very few in world? Its because most of them are afraid to take actions and that's why they never try to become rich.

Let's see if you does begin business then what happens? If he is doing it without learning any skills or anything then he might lose all of \$100k. Because in real life, you need to have skills to become successful in any area. If you don't have and you think as I got this degree and that diploma and I should be successful then its not going to happen at any cost. Your degree doesn't help you to get there.

Its sad to say that but you have been brainwashed from school as if you don't get good grades then you won't get good degree and you won't get any good job.



Fig 10, Do you want to live rest of life in regret? Its worst way to live

They are already putting you in that cage where you have to do job and they never show you other way. This is a serious issue, but only people who escaped that cage talk about it. Let's get back to our example Jaffrey, he didn't learned any skills as how to sale, how to negotiate, how to hire, how to grow and everything that need to run a business as thinking like I have a degree so I know everything.

He doesn't know anything and that's why he is going to fail. And that's what we teach you in HNInstructing, we teach you how to make your business successful and how to invest only in assets avoiding all mistakes so that it lowers your chance of losing money. We will take you from whatever stage you are on to becoming financially free. So Jeffrey doesn't have any skill and doesn't want to take risks then do you think will he become successful like that? Yeah, he won't.



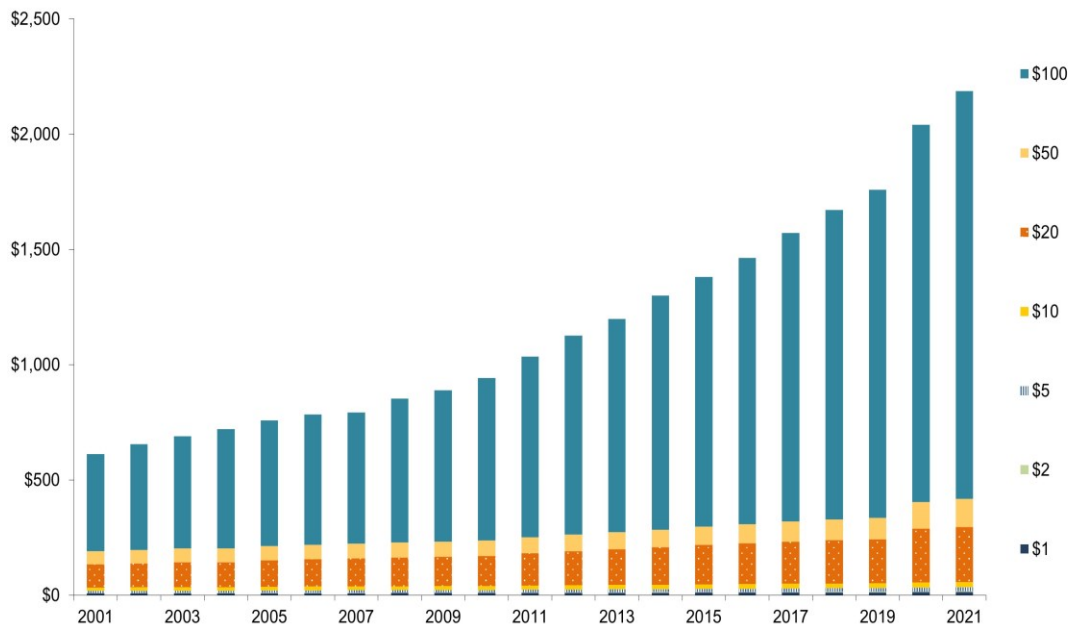
Fig 11, You want to work for someone else?

You might be thinking as I put title as “Take risk or you will lose either way.” And with Jeffrey case, if he didn’t take risks and put his money in bank then he won’t lose, right? Well, answer is no. He is taking risk even bigger than starting his business. Remember, biggest risk in life you can take is to do nothing. Get it like this, if you are in your 30s and you stop working, obviously you have saved some money. For few days or weeks you can live a good lifestyle, but things won’t last forever.

Your problems are always behind you, chasing you to knock you down. The moment you stop is moment that your problems will come after you and make your life miserable. You will have bills to pay and family to provide and might get some health issue. Now you have to do all the things together and it will put you in lot of stress. Which is bad for your health so, your health will be compromised no matter what happens if you stop. Now get back to our Jeffrey case, he put his \$100k in bank. So he stops working and now he is living on that money so how long will that money last? Few months or year. What after that, he will have to start working again and this time it will be tough.

If bank goes bankrupt or robbers might rob his bank, then he won’t have anything. Don’t forget inflation, it is always there eating your money, that’s why value of \$1 is continuously declining (refer fig 5). Remember in life you are either expanding or contracting. If you are not expanding then you are contracting. Because this world is so competitive, there is always someone at lower stage than you and working harder than you so that you get behind if you stay still.

Value of Currency in Circulation*
(Billions of dollars, as of December 31 of each year)



*Includes Federal Reserve notes, U.S. notes, and currency no longer issued, but does not include denominations larger than the \$100 denomination.

Fig 12, Money printed by government over past years

If you stay still for longer time, more you fall behind. And one day, this world won’t even recognize you. You won’t create history. The biggest risk is not taking any risk. If you are making same amount of money as last year then you are contracting because government prints money every year. They print lot of money which causes inflation to go high. If you are making \$40k from past few years then you are contracting because as each day passes, your money holds less value, but assets price rise.



Fig 13, How much are you risking?

That’s why we advice you to put your money in something that is asset, so that your money keeps growing. I have put a graph here of how much money printed by government, analyse it correctly (refer fig 12). Suppose if you have \$100 and only then 10 people have it then your money’s value is too high. What if I gave same \$100 to other 2500 people, then your money’s value will be nothing. Because now everybody has same money, there’s nothing special about yours. This is what happens when government prints money, they print trillions of dollars.

If you savings of \$100k then your saving does not worth everything because everyone have it. If you are taking this concept lightly, then it means that either you do not want to become rich or you don't care about yourself. In today's world, money matters most. You can buy anything with it. Food that you are buying as you are living on it, is bough with money. If you don't have money then you don't have food then how are you supposed to live?

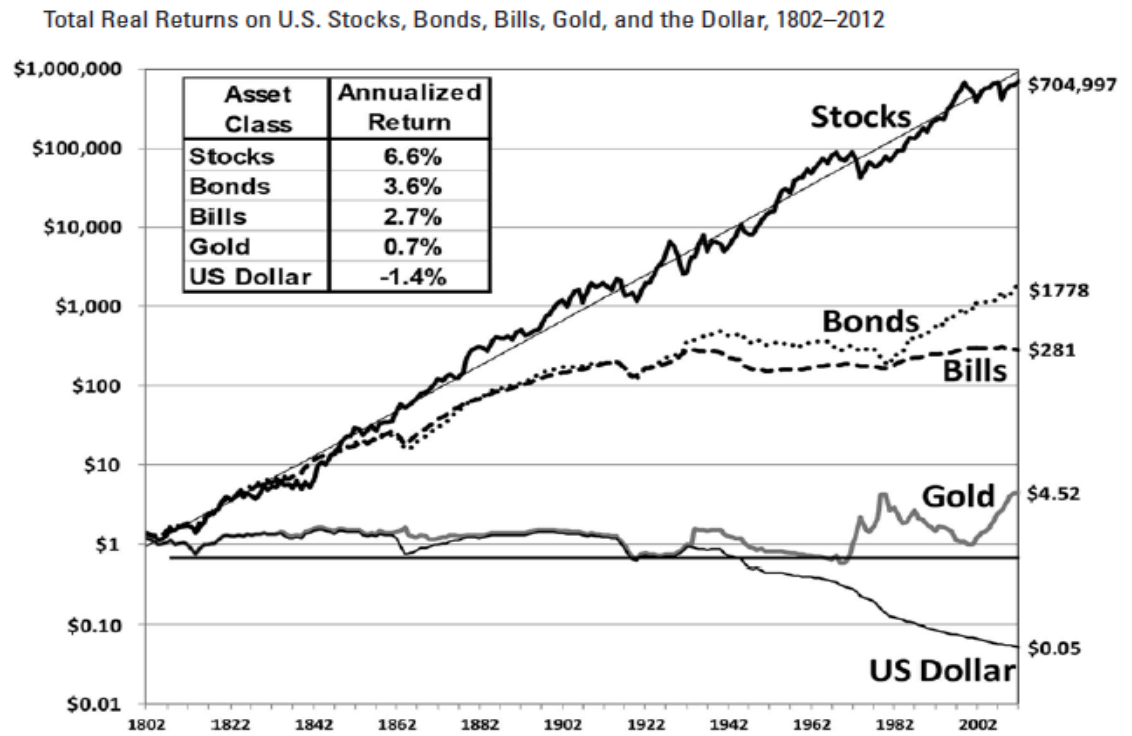
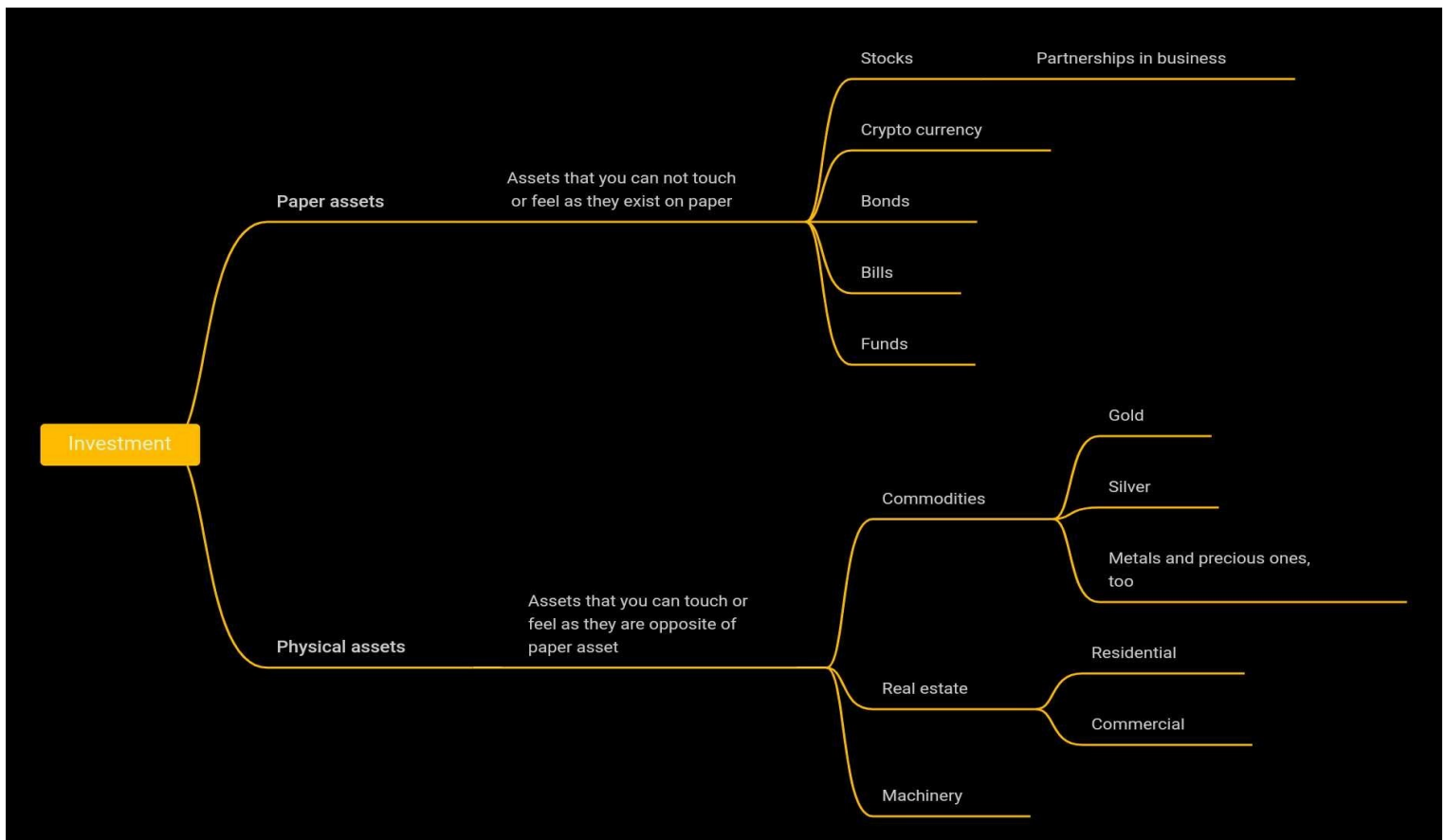


Fig 14, Imagine your ancestors have took risk to just invest a dollar, today you would be a millionaire



Credit: HNInstructing

Fig 15, Let's understand this



Fig 16, How much you can lose in short term?

If you don't remove your liability then it will bother you in future. If you have one liability now and if don't remove it then in future you might get 10 then they will keep holding you back. Remove liability and add asset.

So, if you ask someone as is it a liability or asset? And next person says that its an investment, this means that he is hiding truth or might be lying to you. That is bad thing, there must be something underlying there which will come in your path. That's why you should analyze it before going into it. And that's what we teach in HN instructing on how to do analysis and how to avoid all those traps and loopholes which will cause you harm and affect your money.

There are different type of investment that you can do. You can invest in paper assets or physical assets. Most people invest in both of them to make money. If you have invested in something and you have analyzed it fairly, then you should stay invested for longer time. Because that is how compounding works. It will make your money from 3x to 5x, you just have to wait. It puts you in lower risk, too. Long term investing makes your chances to lose money almost zero. In short term, you can almost lose all of your money (refer fig 16).

Becoming rich from investing

To become rich, you only invest in assets. You don't buy liabilities. Now, carve out this in your mind that you will never buy liabilities with your hard earned money. Your liabilities are holding you back and put that in mind. Money you earn from your assets as they are helping you to become rich, but your liabilities are coming in your path. What would you do with liabilities? You remove each and every liability that comes in your path of becoming rich. If you can't remove them, then you are being too much attached and this will always hold you back. Today one liability is holding you back, in future, there might be 10 others and if they all hold you back together then all the progress you made will worth nothing.

START SAVING NOW

ACCELERATE SAVINGS OVER TIME

MULTIPLY SAVINGS TO BUILD WEALTH

SPEND LESS

- Align Values & Goals With Spending
- Use Accountability To Stay Disciplined
- Track Your Spending
- Eliminate Waste – Fees, Subscriptions, Etc.
- Never Use Credit Cards To Extend Purchasing Power
- Repair Instead Of Replace
- Sell Your Unused Stuff
- Never Buy Lifestyle On Credit

EARN MORE

- Education/Training
- Increase Job Skills
- Change Jobs
- Work Overtime
- Convert Hobby Into Income
- Start A Side Business
- Part-Time Or Freelance Work

INVEST WISELY

- Business
- Active Investing
- Real Estate
- Passive Investing

Fig 17, How can you become rich? But don't save money, invest it.

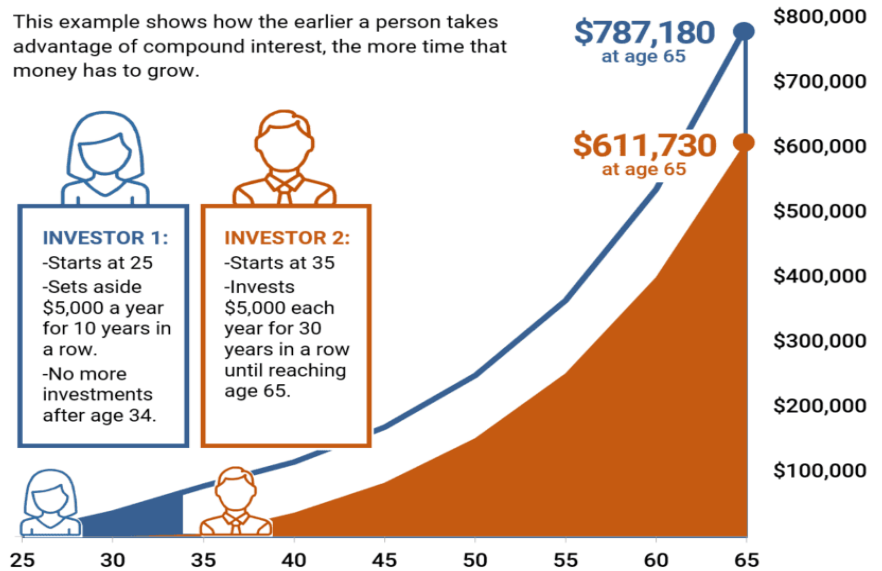
Paper assets are those assets which only exist in system or on paper as you can not touch or feel it. They are intangible. Physical assets are opposite of paper assets as you can touch or feel and they tangible. In paper assets, you can invest in stocks, funds, bills and bonds. In physical assets, you can invest in real estate, gold, silver and other metals as commodities, and machinery. You have to understand this, you can't invest in all sections, you have to choose some of them that you have to put your money in. HNI instructing helps you to do that easily by teaching you how to do all analysing stuff so that your chances of losing money is negligible.

You can profit from all sectors, but it will be too low, instead invest in only two or three sectors so that your returns get multiplied easily. In fig 18, you can see that how starting earlier in life will affect your returns. If investor 1 didn't stop after 10 years, then he would have made more money than investor 2 because he began journey earlier. Graph also shows that if you don't stop then how much money you can make.



COMPOUND INTEREST: WHO WILL EARN MORE?

This example shows how the earlier a person takes advantage of compound interest, the more time that money has to grow.



NOTES: Assumes an 8 percent interest rate, compounded annually. Balances shown are approximate. SOURCE: Author's calculations.

FEDERAL RESERVE BANK of ST. LOUIS

Fig 18, How starting soon might affect your returns?

In fig 19, you can see how people lose money in short term. That's why you should do anything for long term to get most out of it. Graph also shows that you should not try to predict market because you don't know what will happen in future. Even if you know somehow then don't do it because market runs on emotions and they are temporarily exist, this can be cause of you losing money.

If you start your own business then don't think as people will start buying your product from day one. It takes time to grow, sometimes it might take you so many days to sell your first product but it doesn't mean that you are not good at it. Beginning is always hard, you should not give up. Keep doing work and do it with positive mindset. Amazon didn't make profit for 20 years, but today, it is one of largest company of the world. Keep doing work.

WHY PEOPLE LOSE TO STOCKS

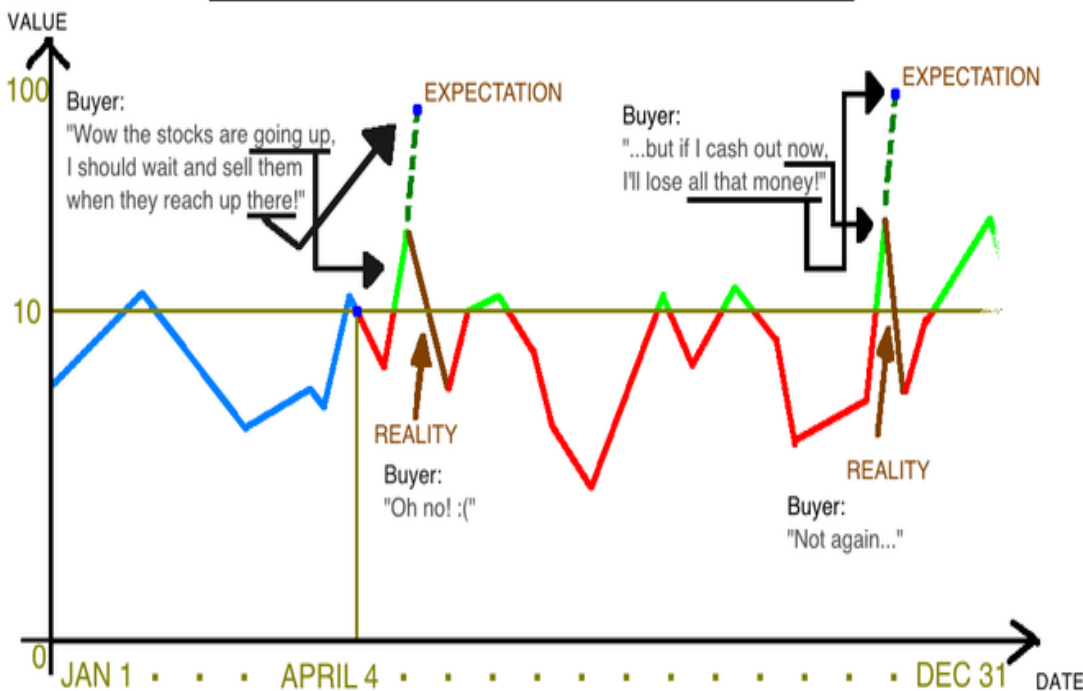


Fig 19, How people lose money in short term.