

THE POWER TO GET WEALTH

Does God Want Me to Be a Millionaire?

Alistair Huang, ChFC®

PREVIEW

- ~~1. Neither Poverty Nor Riches: Busting Common Money Myths~~
2. The Power to Get Wealth: Does God Want Me to be a Millionaire?
3. Slaves to the Lender: Practical Tips on Dealing with Debt

PREVIEW

4. Counting the Cost: Saving, Spending, and Budgeting

5. Trading the Talents: Principles on Investing

6. Establishing Our Plans: Comprehensive Financial Planning

FINANCIAL FREEDOM SEMINAR

Audio Recordings and Slides:

<https://audiover.se/3Ji3dr6>



Beloved, I wish above all things that **thou mayest prosper** and be in health, even as thy soul prospereth.

–3 John 2

But thou shalt remember the LORD thy God: for it is **he that giveth thee power to get wealth.**

–Deuteronomy 8:18

And the LORD will make you abound in prosperity, in the fruit of your womb and in the fruit of your livestock and in the fruit of your ground, within the land that the LORD swore to your fathers to give you. The LORD will open to you his good treasury, the heavens, to give the rain to your land in its season and to bless all the work of your hands. And **you shall lend to many nations, but you shall not borrow.**

–Deuteronomy 28:11-12 ESV

HOW MUCH DO I NEED TO
EARN TO BE WEALTHY?

HOW IS WEALTH MEASURED?

Assets - **Liabilities** = **Net Worth**

HOW IS WEALTH MEASURED?

$$\text{Assets} - \text{Liabilities} = \text{Net Worth}$$

Assets (OWN)

Cash

Investments

Properties

Vehicles

Liabilities (OWE)

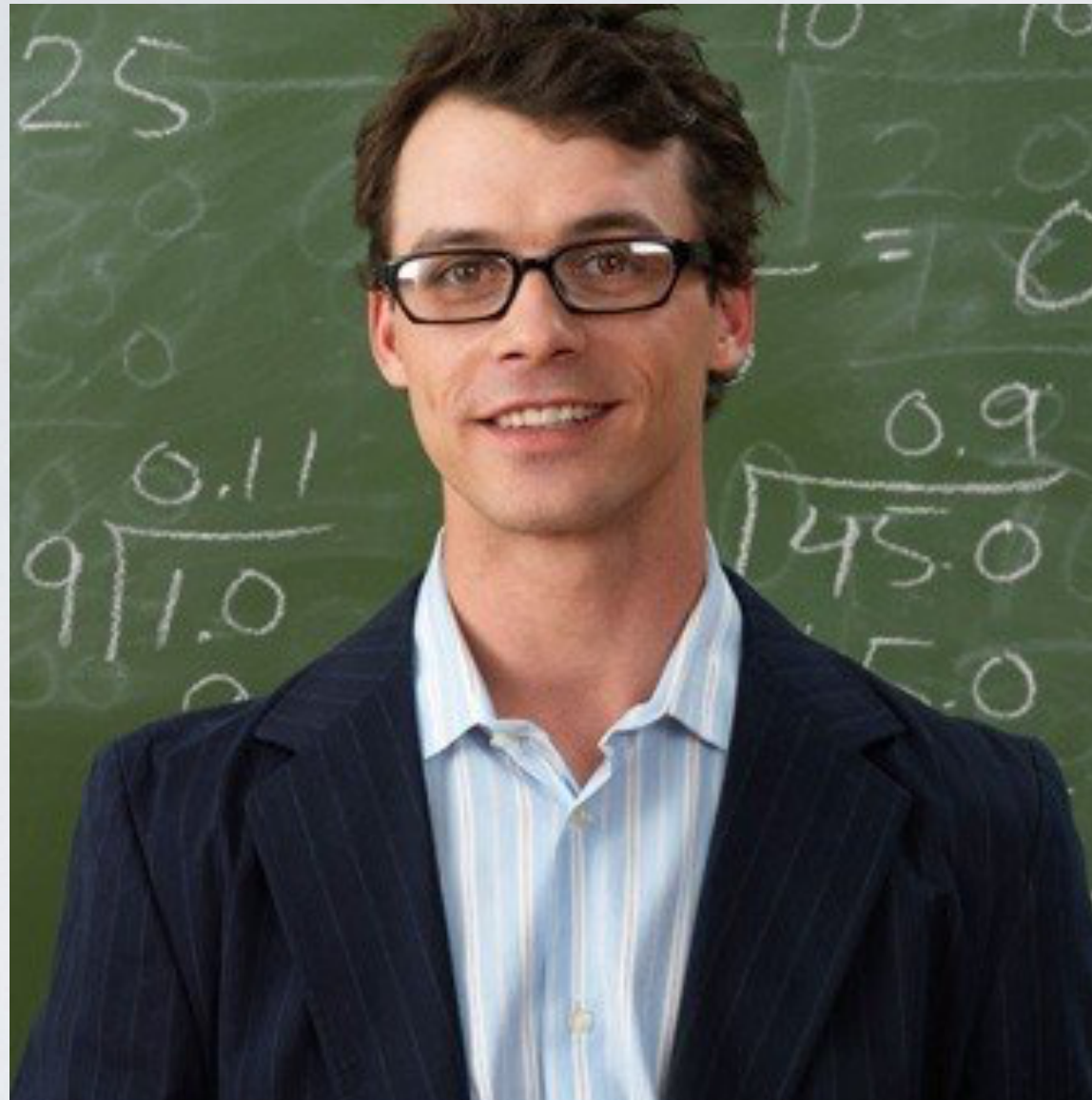
Student Loans

Credit Cards

Car Notes

Mortgages

WHO'S WEALTHIER?



Trey
Teacher

Earns: \$50,000/year

House: \$200,000

Car: 2008 Toyota Camry



Don
Doctor

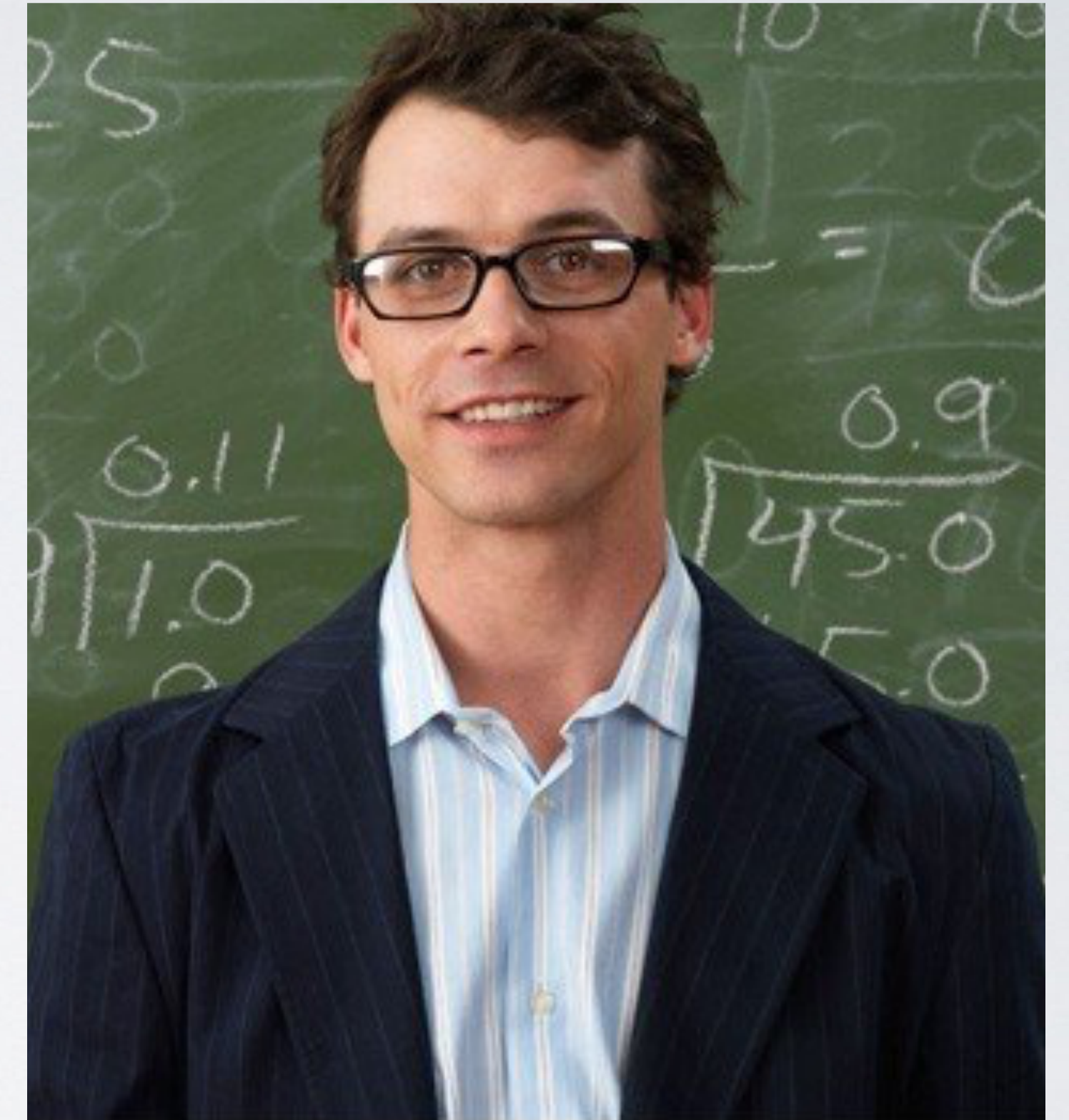
Earns: \$200,000/year

House: \$800,000

Car: 2022 BMW

TEACHER TREY BALANCE SHEET

Assets		\$558,500
Cash	\$12,500	
Home	\$200,000	
Vehicles	\$6,000	
Retirement	\$340,000	
Liabilities		\$0
Mortgage	\$0	
Car Loans	\$0	
Student Loans	\$0	
Credit Card	\$0	
Net Worth		\$558,500



\$50,000/year

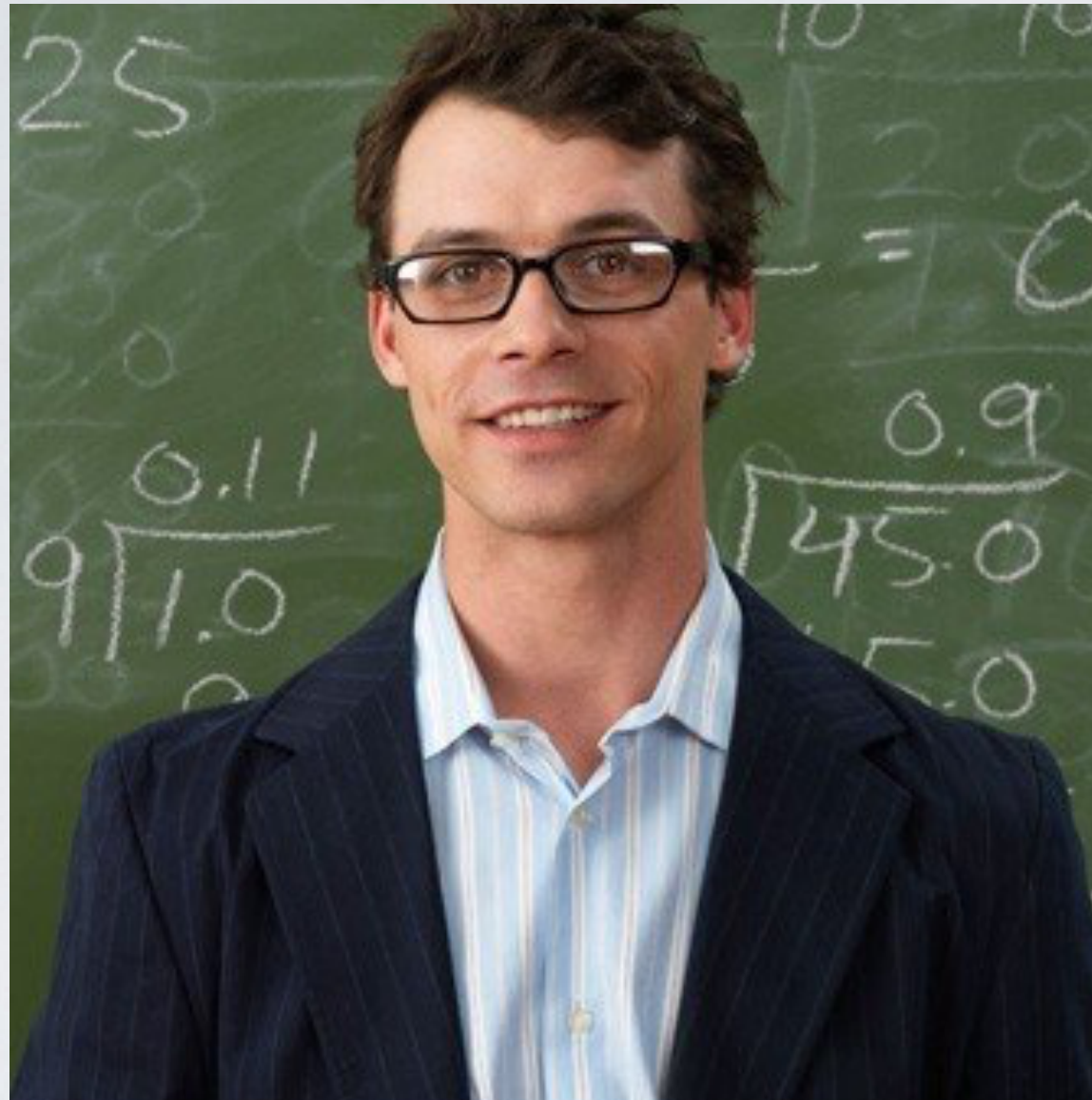
DOCTOR DON BALANCE SHEET

Assets		\$885,000
Cash	\$5,000	
Home	\$800,000	
Vehicles	\$80,000	
Retirement	\$0	
Liabilities		\$982,000
Mortgage	\$640,000	
Car Loans	\$72,000	
Student Loans	\$250,000	
Credit Card	\$20,000	
Net Worth		-\$97,000



\$200,000/year

WHO'S WEALTHIER?



Trey
Teacher

Earns: \$50,000/year
Net Worth: \$558,500



Don
Doctor

Earns: \$200,000/year
Net Worth: -\$97,000

WHO WOULD YOU RATHER BE?



Trey
Teacher

Positive Net Worth
He's the owner



Don
Doctor

Negative Net Worth
The bank's the owner

INCOME \neq WEALTH
SPENDING \neq WEALTH

INCOME \neq WEALTH

- Households with incomes of \$75-100,000.
- 55% saved nothing in 2012.
- 16% spent more than they earned, and went further into debt.
- 20% would go into months of debt if there was a \$400 emergency.

–“Even the Upper Middle Class Struggles to Save Money,” Federal Reserve Report
<http://www.bloomberg.com/bw/articles/2014-08-12/only-45-percent-of-upper-middle-class-households-are-saving-money>

SPENDING \neq WEALTH

- Whether an average-income or upper-income household, teens still spend about **40% of their budget on fashion.**
- Teens will make **two trips to a restaurant** for every **one trip they make to a gas station.**

–“Taking Stock With Teens: A Collaborative Consumer Insights Project. Fall 2015” by PiperJaffray

Wealth is determined not by how much
you **EARN or SPEND**, but by how
much you **KEEP**.

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A person with a **BIG** paycheck can have a **LOW** net worth.

Wealth is determined not by how much you **EARN or SPEND**, but by how much you **KEEP**.

A person with a **BIG** paycheck can have a **LOW** net worth.

A person with a **SMALL** paycheck can still have a **HIGH** net worth.

MILLIONAIRES DON'T HAVE TO EARN MILLION DOLLAR SALARIES



Warren Buffett

Salary: \$100,000/year

Net Worth: \$100 Billion

MILLIONAIRES DON'T HAVE TO EARN MILLION DOLLAR SALARIES



Warren Buffett

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Athletes

Salary: \$10 million/year

Net Worth: ?????

“By the time they have been retired for two years,
78% of former NFL players have gone bankrupt or are under financial stress
because of joblessness or divorce.”

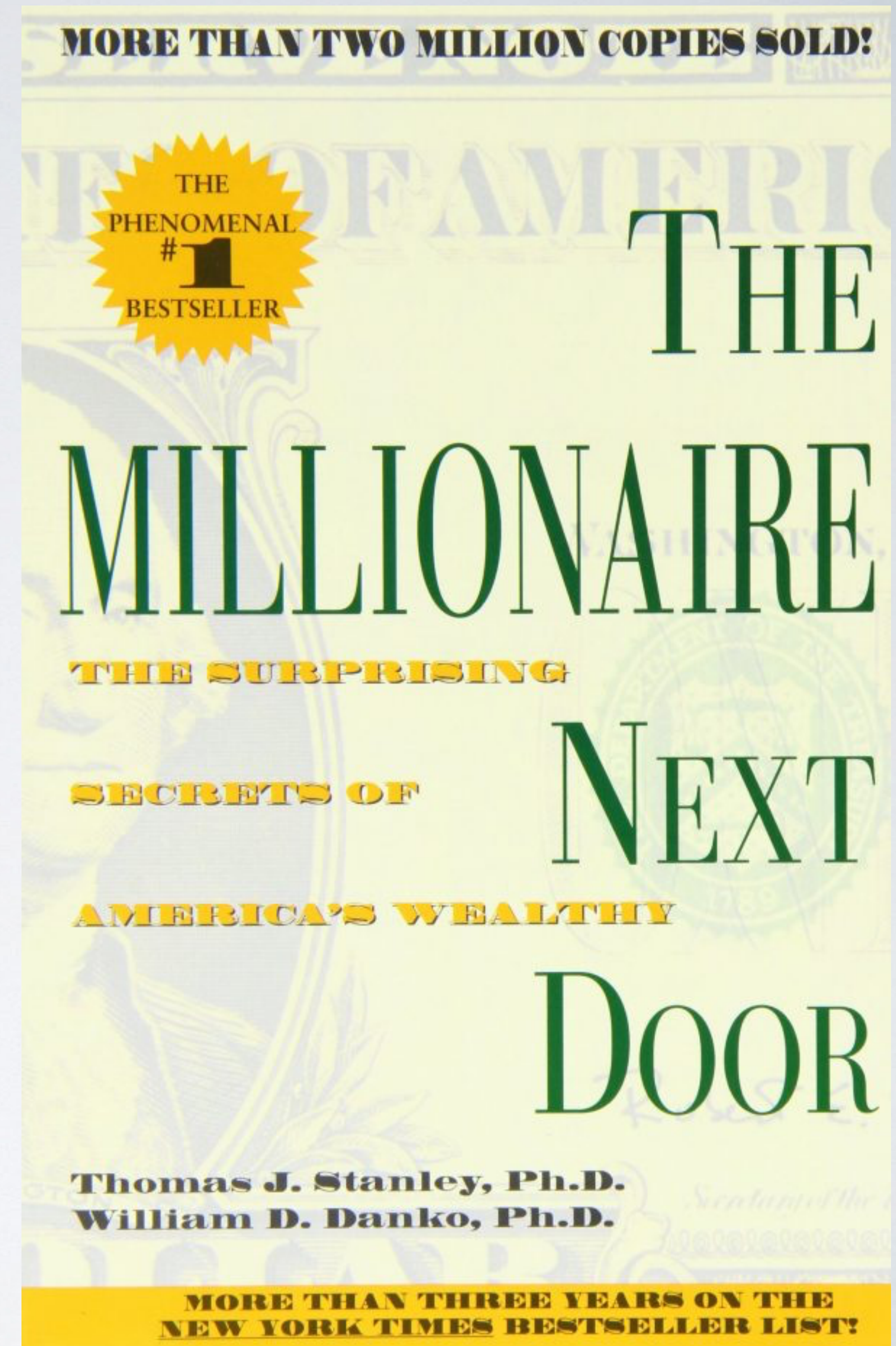
“Within five years of retirement, an **estimated 60% of former NBA players are broke.**”

–“How (and Why) Athletes Go Broke,” Sports Illustrated, 2009

THE MILLIONAIRE NEXT DOOR

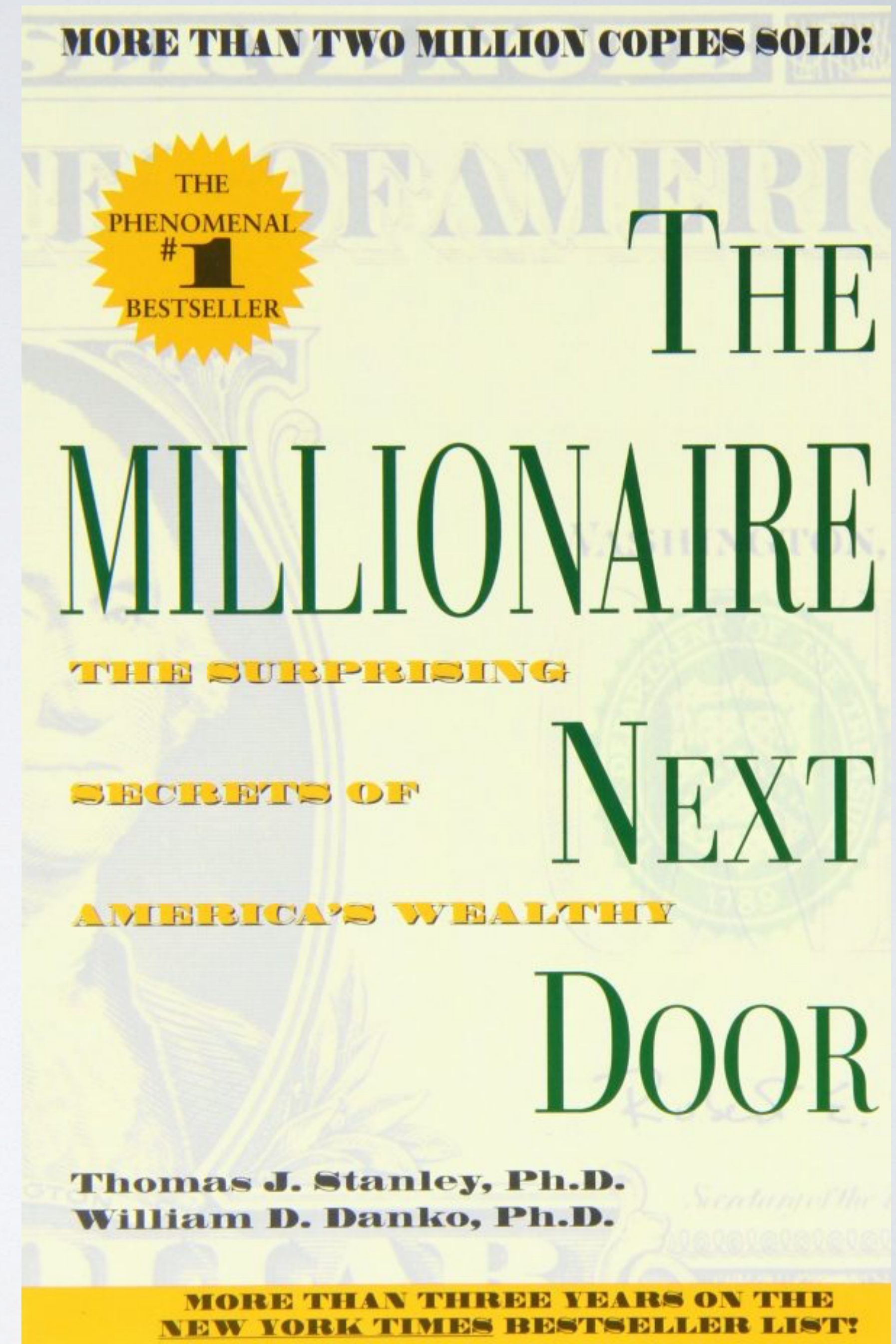
TOP CHARACTERISTICS

- Live well below their means and are savers, no matter their income.
- Most are first generation rich and didn't inherit wealth.
- Mostly college educated, and value education highly.
- Typically in late 50's, married to their first spouse with several kids.
- Kids are financially self-sufficient. Many don't even know their parents are wealthy.



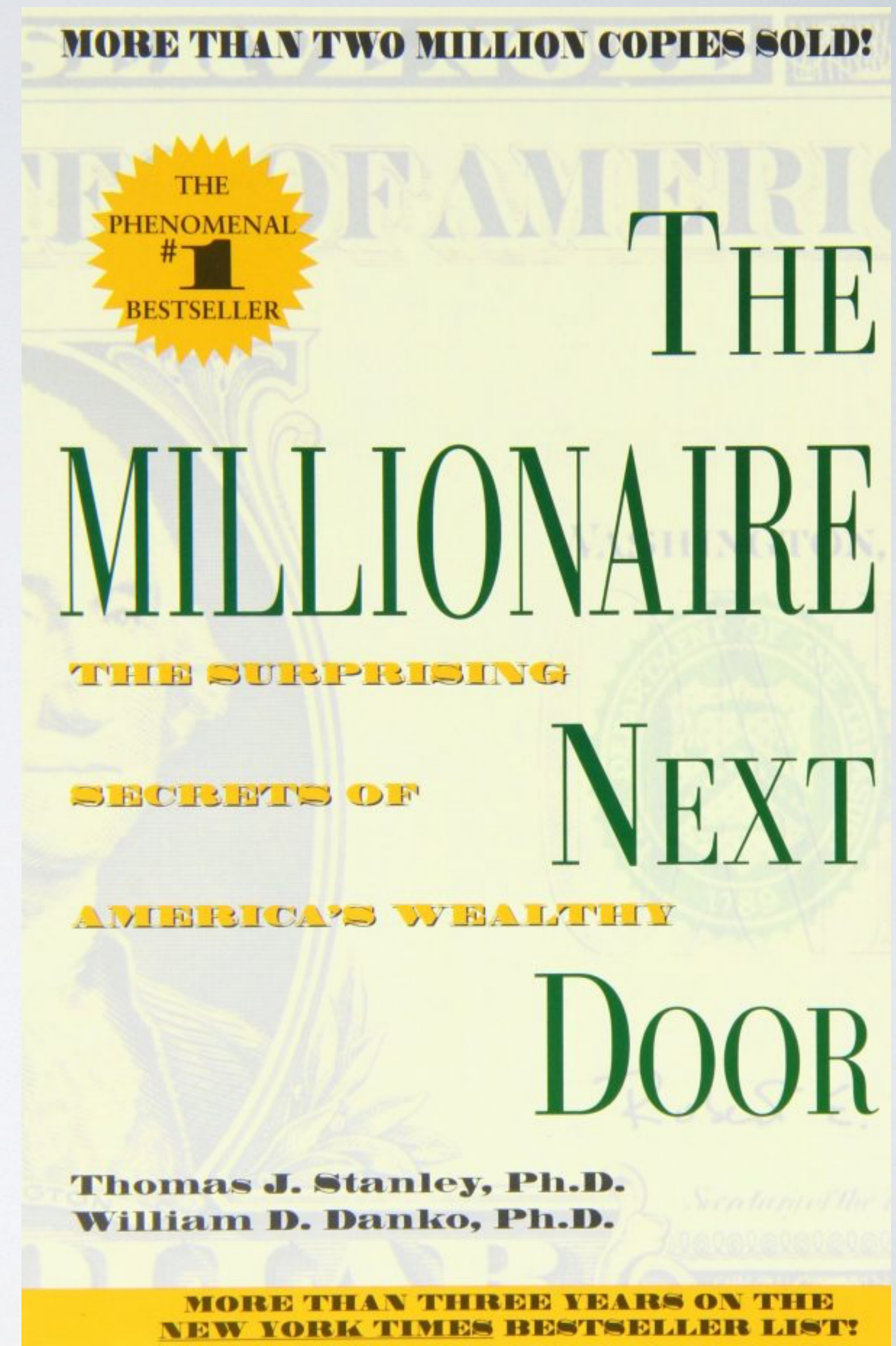
TOP CHARACTERISTICS

- Often are business-owners with strong work ethic.
- Frugal with their finances. Budget and control expenses.
- Home mortgage less than two times annual income.
- Bargain shops for affordable, used vehicles.
- Don't spend money on luxuries, invests in appreciating assets.
- Look like everyday people.

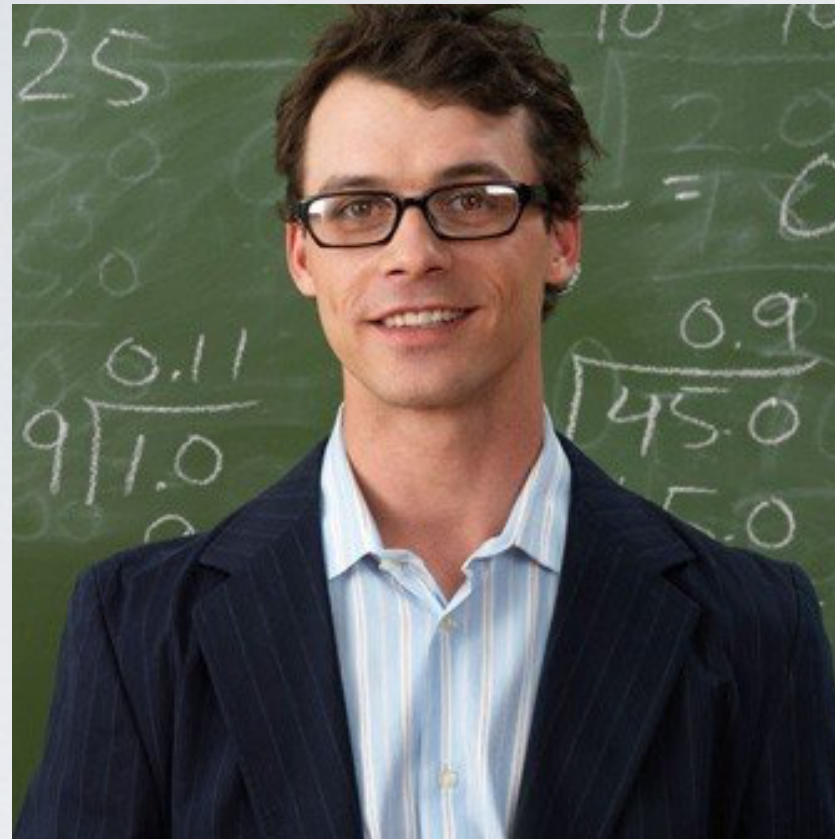


NET WORTH FORMULA

"Multiply your age times your realized pretax annual household income from all sources except inheritances. Divide by ten. This, less any inherited wealth, is what your net worth should be."



$$[(\text{Age} \times \text{Annual Income}) \div 10] - \text{Inheritance} = \text{Expected Net Worth}$$



Trey

Age: 50

Earns: \$50,000/year

Inheritance: \$0

Exp. Net Worth: **\$250k**

Real Net Worth: **\$558k**



Don

Age: 50

Earns: \$200,000/year

Inheritance: \$0

Exp. Net Worth: **\$1mil**

Real Net Worth: **-\$97k**



Dave Ramsey ✓

July 10 at 9:12 PM · 🌐



🚗 The top 10 car brands driven by millionaires:

1. Toyota
2. Honda
3. Ford
4. Lexus
5. Subaru
6. BMW
7. Acura
8. Hyundai
9. Lincoln
10. Buick

Most millionaires don't drive flashy cars.

69% of millionaires did not average \$100,000 or more in household income per year—and (get this) one-third of millionaires NEVER had a six-figure household income in their entire careers.

When people don't waste money trying to LOOK wealthy, they have money to actually BECOME wealthy.



Kelii Knoblauch, Conrad G. D. Mcknight and 60K others

7.8K Comments 10K Shares

Like

Comment

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QUESTIONS TO ASK

- Are we spending everything we make each month or are we saving and investing?
- Are we buying consumables that decrease in value, or are we buying assets that increase in value?
- Do we have debt that cancels out our assets on our balance sheet?
- Do we OWE more than we OWN?

4 PATHS TO BECOMING A MILLIONAIRE

	Saver-Investor	Corporate Climber	Virtuoso-Specialist	Dreamer-Entrepreneur
Risk/Difficult	Lowest risk Easiest to achieve	Moderate risk Moderate difficulty	High risk High difficulty	Extreme risk Extreme difficulty
Earning Potential	Lowest Potential ~\$1-10mil	Moderate Potential >\$10mil	High Potential >\$100mil	Extreme Potential >\$1 bil
Method	Low to moderate income, long-term investing, small business.	High income, benefits, bonuses, stock options.	Contracts, patents, royalties, sales, merchandise, endorsements.	Business startup, IPO, acquisition.
Examples	Millionaire Next Door Babystep Millionaires	Business Executives	Athletes, musicians, actors, authors, experts	Tech entrepreneur, company founders

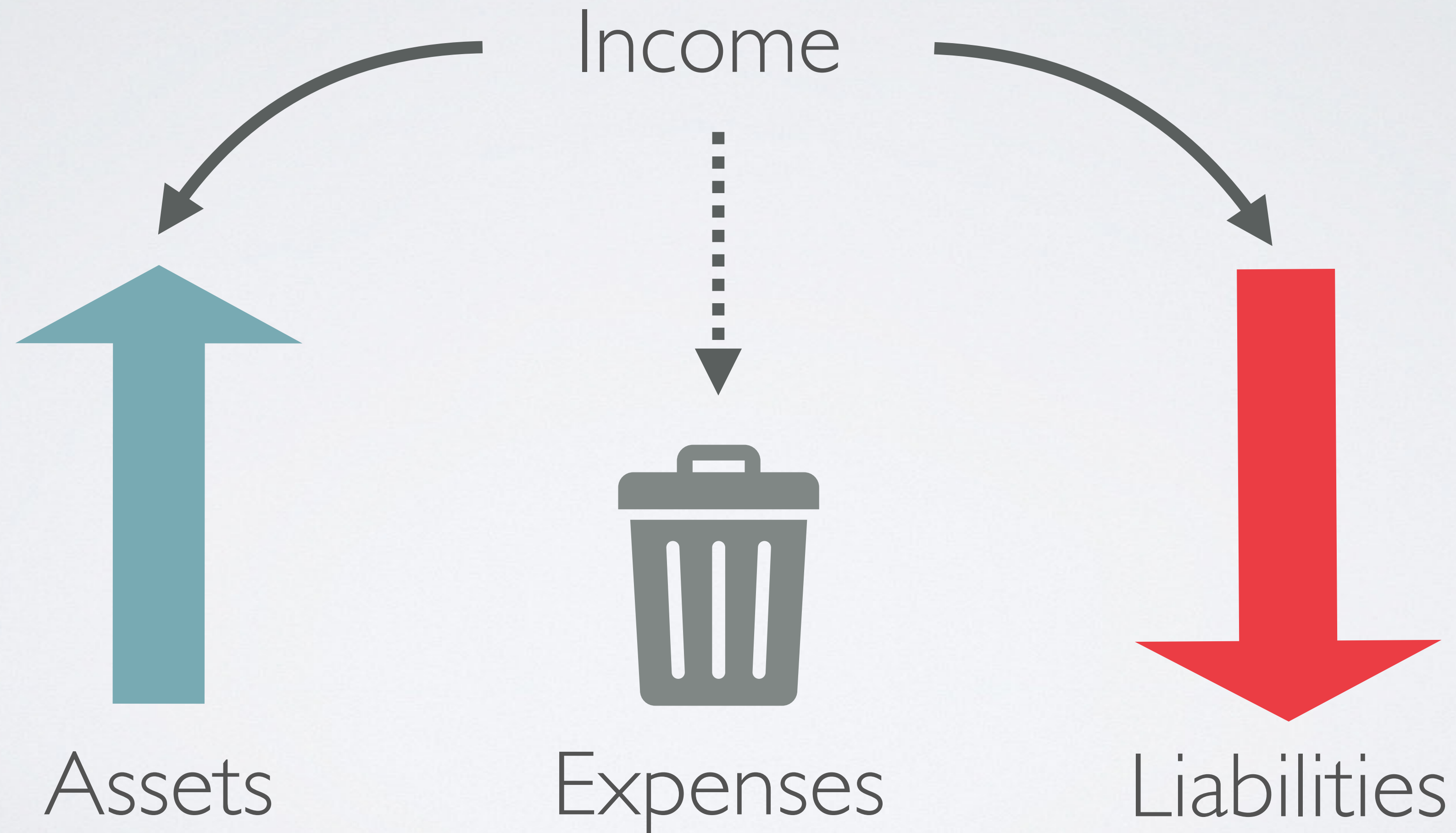
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Method	Moderate income, habitual, long-term saving/ investing, small business.	High income, benefits, bonuses, stock options.	Contracts, patents, royalties, sales, merchandise, endorsements.	Business startup, IPO, acquisition.
Examples	Millionaire Next Door Babystep Millionaires	Business Executives	Athletes, musicians, actors, in-demand specialized expert	Tech entrepreneur, company founders

INCOME IS STILL IMPORTANT

CONVERT INCOME INTO NET WORTH

(aka Saving)



2 GROUPS IN RECESSIONS

Thrive

Maintain income sources

Cash cushion

Little debt

Builds wealth

Struggle

Lose income sources

No margin of safety

Too much debt

Bankruptcy

TIPS TO WEATHER A RECESSION

1. Secure/increase your income
2. Be a linchpin employee
3. Upgrade your marketable skills
4. Reduce your debt burden
5. Develop a cash cushion
6. Look for opportunities for deals



A slack hand causes poverty, but **the hand of the diligent makes rich.**

–Proverbs 10:4 ESV

Whoever works his land will have plenty of bread, but he who follows worthless pursuits lacks sense.

–Proverbs 12:11 ESV

WHAT ARE WE SAVING FOR?
WHAT'S THE PURPOSE OF
WEALTH?

MONEY: A TOOL WITH ONLY 3 FUNCTIONS



- **To Spend** on Current Needs or Wants
- **To Save** for Future Needs or Wants
- **To Give** Away

WHAT ARE WE SAVING FOR?

- **For Future Needs:**

- Car
- College
- House
- Wedding
- Retirement
- Big purchases, etc.

- **To Give Away:**

- Once we reach our savings goals, the surplus can be given away.
- Saving with no goal is hoarding, like the Rich Fool (Luke 12:19)

ALSO...

For Freedom.

FINANCIAL INDEPENDENCE

Freedom from:

Freedom to:

Want, uncertainty and stress

Serve

Creditors

Share

Work we detest

Give

	Teacher Trey	Doctor Don
Earns	\$50,000	\$200,000
Spends	\$20,000	\$170,000
Saves	\$30,000 (60%)	\$30,000 (15%)

Who's more free?

For each year Trey works, he can take 1.5 years off.
Don has to work 5.7 years before he can take 1 year off.

DOUBLE BENEFIT OF LIVING ON LESS

- We are able to save a greater percentage of income immediately.
- Our total amount of savings required is permanently decreased in the future.
- Earning more AND saving more would be the best.

“Money is a very excellent servant but a terrible master.”

–PT Barnum



THE TEDDY BEAR LADY

Gladys Holm



\$18 MILLION USD

Left to the Children's Memorial Hospital in Chicago

THE TEDDY BEAR LADY

- She was a linchpin worker.
- She didn't accept the narrative that consumption equaled happiness.
- She invested regularly throughout her career.
- Small income, large net worth.
- She found financial independence.
- She was a millionaire next door.
- She saved in order to give.



LIVE LIKE A MILLIONAIRE NEXT DOOR

He wants us to develop the traits of the millionaires that enables us to prosper as He intended.

THE POWER TO GET WEALTH

Does God Want Me to be a Millionaire?

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