Capital Gains Assets vs. Cash Flow Assets

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“Americans' greatest fear is running out of money during retirement.” – USA Today Survey

THERE ARE TWO WAYS TO WIN THE GAME OF MONEY!

1. Acquire enough **capital gain (net worth) assets** that you can sell over your lifetime until you die (or)
2. Acquire enough **cash flow assets** that will provide income over your lifetime.

CAPITAL GAINS ASSETS

When a person says, “I bought this item (stock, gold, real estate) because I believe the price will go up,” this person is most likely investing for capital gains. Rich Dad used to say, “Capital gains is the dream of gamblers. A true investor first invests for cash flow, not capital gains.” When you invest for cash flow, you’re investing in a money-back guarantee. If you invest for capital gains, you invest in hope. The biggest thief of all is hope. Crossing your fingers is not a financial success plan.

What would you prefer? Invest $100 per month for 40 years into an asset and hope there is something of value at the end (or) invest $100 per month and receive an additional $10 cash flow immediately each month?

HOW MUCH CAPITAL GAIN / NET WORTH ASSETS IS ENOUGH?

How much net worth assets do you have to acquire during your working life to have enough when it is time to retire?
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Let's say you want to retire on $50,000 per year at age 65. Would $1,000,000 in assets be enough? That would be $50,000 per year for 20 years. What happens if you wake up on your 85th birthday?

YOU SHOULDN'T BUY FROM A SALESPERSON OR A POOR PERSON

The golden rule of investing has always been – BUY LOW – SELL HIGH. There are times to be in the market and times to be out of the market. When you hear a salesperson state that the average yield on a certain investment for the last 50 years has been 8% or 12% what does that really mean?

Let's say you buy $1000 worth of stocks or mutual funds and they go up 50% and then go down 40%. That is a net 10% increase, right? Let's do the math. $1000 increased by 50% gives us $1500. $1500 decreased by 40% gives us $900. **Even though your net increase was 10% you lost $100.**

Let's do the math a little differently. Your $1000 goes down 40% first which gives you $600. It then goes up 50%. That gives you $900. **You still lost $100.**

Do you have a 401k? Are you making regular contributions no matter what the market is doing? This is like playing poker and the rules you are playing force you to bet every hand, no matter how bad the hand is.

To retire on capital gains assets, you have to sell the asset and pay the taxes to get your money. The value of a capital gains asset is based on supply and demand. Stock and real estate are assets that go up in value when there are more buyers than sellers and they go down in value when there are more sellers than buyers. If the market is down and you need to sell your assets, what are you going to do?

Anytime you invest with the hope that something in the future will happen, you are gambling - and that is what investing for capital gains is. Sometime during those forty years, most people **hope** to earn and set aside enough money to retire on, **to become financially independent. Very few succeed.**

Residential income property actually creates a yield (Return on Investment) four different ways:

1. **Cash Flow**
2. **Debt Reduction**
3. **Tax Benefits**
4. **Appreciation**

THIS REPORT IS BROUGHT TO YOU BY:
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Contact Us if We Can Be of Any Service

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