

GETTING YOUR FINANCIAL BATHTUB IN ORDER



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YOUR FINANCIAL BATHTUB

One of my favorite Robert Kiyosaki books is titled: The CashFlow Quadrant. He has a very simple diagram that explains 4 quadrants that people can use to earn money.



As you can see E stands for Employee, working for someone else. S stands for Self-employed, you are your own boss but you still have to put time into work. B stands for Business. Kiyosaki defines a business as a system that you build, and then it makes money for you without you having to be there. If you have to work in your business, you are really self-employed. I stands for Investment, owning real estate, stocks, or other assets that make you money.

One way of looking at Winning the Game of Money (becoming financially independent) is to think about your financial situation as a “bathtub”. Our goal for our financial bathtub is to fill it up with money and make it overflow.



First of all, all bathtubs have drains. We cannot completely plug up our financial drain because we have to spend some money for our necessities. There is always money flowing out of our tub. We can do several things to reduce the size of our drain by reducing the amount we spend on liabilities (things that take money out of our wallet

every month) and doodads (things that we purchase for cash that don't create any income). Your home and garage are probably filled with DOODADS.

Another way to reduce the size of our drain is to learn how to pay less money for taxes. Doing this will also make it easier for us to fill up our financial tub.

Everyone's financial bathtub also has faucets. If you are single and have one job or profession, you will have one faucet. If you have two jobs or are married and your spouse has a job, you will have two faucets. Ninety five percent of the population uses faucets from the E (Employee) or S (Self-employed) quadrants to try to fill up their bathtub.

If you went to the building department in your city and asked one of the planners if there is a law that says a bathtub can only have two faucets, he would tell you "no!" A bathtub can have as many faucets as you want. This is also true of your financial bathtub. You can add as many faucets to your financial bathtub as you want.

One-way to do this is to go out and get additional jobs, more E or S faucets. But you will get very tired and you will eventually run out of time. These are bad faucets!

Another way is to add "asset faucets." These are B and/or I faucets. These are good faucets. Your financial goals should include adding cash flow generating asset faucets to your financial bathtub as soon as possible. As you add more faucets and these faucets produce more income, a special event will occur. Eventually your income from your B and I faucets will become greater than the expenses going out your drain. In other words, you can pay all of your expenses without having to go to work.

YOU ARE NOW FINANCIALLY INDEPENDENT!

YOU HAVE NOW WON THE GAME OF MONEY!

I want to make a suggestion to you. Get a picture of a bathtub and place it on your bathroom mirror or refrigerator. Every time you look at that picture, ask yourself, "What am I doing to add cash flow generating asset faucets to my financial bathtub?" This probably will increase your motivation to actively seek to win the important **GAME OF MONEY!**

Please feel free to contact us for all your real estate investment needs.

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