

# **The Dummy's Guide to Creating Wealth**

*-Your Step-by-Step Guide for Creating Wealth Now-*



*with*

**Hans Schoff**

***A Simple 4-Step Plan to  
Begin Creating Wealth Today  
so you can Truly Become Free  
& Financially Independent!***

# The Dummy's Guide to Creating Wealth

– Your Step-by-Step Guide for Creating Wealth Now –



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Creating Wealth today does not have to be a complicated, mysterious or overwhelming process. It does not require an advanced scholastic or professional education or degree either (*quite the contrary!*).

It is NOT an art or something that only those with a certain god-given talent, the right genes, a particular upbringing or schooling, a specific age, race, or gender, NOR does it matter how much money you may or may not have now. **In fact, the process of creating wealth or becoming financially free is rather simple and straight forward.**

The one ingredient however you must have is the true DESIRE to become financially independent, to really WANT to create wealth, to be obsessed with the idea of complete and utter freedom – time, money, and otherwise – for you and your family. Without that burning desire, you might as well save yourself from time and frustration and quit reading now because you've got to want it bad enough to decide RIGHT NOW that you will commit to being disciplined enough to do what is necessary to begin *and continue to* creating wealth.

**There is a formula for creating wealth.** I call it my 4-step formula for creating wealth. Without any further ado, let me get right into it (spend the time and effort to REALLY go through and answer truthfully the following questions):

1. **What is Your Mindset: are you attracting wealth or poverty?**

a. **Your Reason Why** – why do you want to create wealth, why are you after financial freedom?

- How will that affect/impact your life?
  
- What will that allow you to do (*or no longer have to do*)?
  
- How does that make you feel? (*Or how would that make you feel?*)

## **WRITE THESE THINGS DOWN, THEY ARE IMPORTANT (or at least they should be!)**

- b. **Thoughts are things.** Your thoughts become your words, your words become your actions, your actions determine your habits, and your habits determine your life. So think and speak what you'd like to create in order for it to manifest and become your reality – why make it harder by fighting yourself? **You do want to create wealth and become free, right? Then let your brain know it!**
- c. **Mindset & Belief** – Creating Wealth requires a different way of thinking, a different set of beliefs
- Depending on what “[type of income](#)” you're used to earning or are most familiar with will influence or determine some of your beliefs (or misconceptions) about money and creating wealth
  - Contrary to popular opinion, with your current money habits and beliefs, more money may just make your situation worse, amplifying your current money problems even more. After all it's your “best thinking” (what you currently know) that got you where you are now. And in order for things to change, *you* must change...
  - **Financial Education** - The solution of course to change your current money habits and beliefs is to increase your Financial Education by seeking out books, audios, home study courses, seminars, etc to learn more about money (and how the rich think exactly *opposite*) and to correct any bad money habits you currently have and instill more harmonious money habits and beliefs that are in line with and will help you reach your goals

*(for a list of some of the financial resources I recommend, visit the [Resources for Creating Wealth](#) section of my [HansSchoff.com](#) blog and also be sure to watch out for my email so you can keep up to date on the latest resources and strategies for creating wealth and expanding your financial education)*

## **2. Present Financial Situation: What is the current state of your financial affairs?**

**Before you can get to where you're going or where you want to go, you must know where you are** (*I'm talking reality here – not where you THINK you are, or where you may HOPE you are, but where you REALLY are; you need EXACT numbers, do not just guess! Try it and compare; you'll be surprised how far off you are, hence the need for regular “[financial checkups](#)”).*

- a. First of all **you must take financial responsibility for everything that has happened to you** – all debts, bills, fees, penalties, whatever. If there's a genuine billing error or something then get it resolved, otherwise **do not point fingers or look for anyone else to blame and do not expect the government or anyone else to come bail you out**; you need to accept where you're at financially so you can move forward, learn and grow. Your current situation is based on what's happened in the past, but once you've accepted that you can move on because **YOUR FUTURE DOES NOT EQUAL THE PAST**. Your future starts RIGHT NOW, *if you want it to...*
- b. **Financial Statement** – Just because you may have finished school does not mean you are done with report cards and progress reports. Your financial statement is your financial report card for the real world. And just because you never knew about it, does not mean it does not exist (that's like

someone not knowing what their credit score is or what their credit file looks like because they've never checked it.) The fact is, when you leave school your financial progress reports are tracked by your banker, your mortgage company, credit card companies, the credit bureaus and others. They all track it differently, but **they keep an eye on your financial progress – shouldn't you?**

### What STORY is your financial statement telling you?

The numbers on your financial statement literally illustrate a story as to the trends and directions of where and how your money flows, whether you have the money patterns of someone who is poor, middle class or wealthy, and the financial fate you're headed toward. Learning to read and understand those trends and that STORY requires financial intelligence which comes from increasing your level of financial education...

For now, though let's just focus on the basics:

- **How much of your income makes it to the bottom line?** (In other words, how much of your monthly income is left over after all your expenses?)

$$\frac{\text{MONTHLY GROSS INCOME}}{\text{MONTHLY EXPENSES}} = \text{NET MONTHLY INCOME}$$

**\*Notice that it's not how much you MAKE but rather how much you KEEP that's important when it comes to creating wealth...**

- **How do you currently receive your income?** If you currently trade your time for money – be it in the form of a salary, small business or professional income, etc – realize that not only are you taxed at some of the highest tax rates (it is normally taken out of your paycheck before you ever see it as an employee), but also that type of income will never allow you to create wealth (because it is EARNED income, not passive or residual...).

- EARNED INCOME** (from job or small business/practice, for example)
- PORTFOLIO INCOME** (from yields of stocks and bonds, for example; dividends)
- PASSIVE INCOME** (from real estate properties, businesses of 500+, for example)

- **Passive Income Creates Wealth.** The goal is financial freedom and creating wealth, right? [What is creating wealth](#) exactly? When does one \*technically\* become financially free?

Seems like a simple question, yet if you were to ask most people I bet you'd struggle to find many who could define it (they might just be able to describe to you what it would LOOK like to them). But to reach your goal, you must be able to clearly define it in ACTUAL NUMBERS.

**In a nutshell, creating wealth is the ability to earn more passive income than you have expenses.**

Put another way: **once your passive monthly income exceeds your monthly expenses, you are financially free!** *THAT* is when you have reached your goal for financial independence and no longer have to work for money (*passive income by definition is income that flows in without you any longer having to work for it, based on work you had done or created previously; it's also taxed at some of the lowest tax rates available...*).

- **Dollars & Sense:** What EXACTLY is it going to take to become financially free? How much passive income (*also known as residual income*) do you need to create in order to achieve financial freedom? Again, it's actually very simple:

$$\frac{\text{MONTHLY EXPENSES}}{\text{AMOUNT OF PASSIVE INCOME REQUIRED}} =$$

*(Become proficient with and learn to master financial statements by playing the game [Cash Flow 101](#) – keep an eye on your email to learn how to play as we host a number of games regularly for free to interactively help people learn how to master this critical financial skill for creating wealth - plus it's actually a lot of fun!)*

### 3. **Goals: Where do you want to go?**

- a. Must be written down: A Harvard School of Business study done years ago revealed that only 2% of graduates made a habit of writing down their goals. However, they also found that **20 years later, those 2% were making 98% of the total COMBINED income of the graduates.** So make a habit of writing down your goals!

- The formula for becoming financially free was illustrated in the exercise above: it requires you making more passive income monthly than you have expenses. You need to know this number! Write it down all over your house so you can see it so that it reminds you of what you need to do!

**I DESIRE TO CREATE \$ \_\_\_\_\_ IN PASSIVE INCOME IN ORDER TO EXCEED MY MONTHLY EXPENSES AND BECOME FINANCIALLY FREE!**

- Passive income takes time to build (*HOW is explained in the next step*) – it won't happen overnight. Therefore, along the journey you also should set some earned income goals to help get you there sooner... (*Advanced concept: you can reduce that expenses figure above by paying down some debt, etc to decrease the amount of passive income you'll need to also create. For example, pay down debt one time, yet lower amount of passive income needed EACH MONTH from that ONE-TIME transaction...*)

### 4. **How To Become Financially Free: The Secrets to Creating Wealth**

**Doing the same thing over and over again yet expecting different results is the definition of insanity, according to Albert Einstein...**

- a. Do something different from what you've been doing in order to get different results.

Here's a few suggestions to begin with:

- Turn off your tv (*sell it if you don't have enough personal control to just keep it off*)
- Downgrade your cable or satellite package
- Cancel your newspaper subscription
- Curb your morning/afternoon/evening Starbucks habit by having coffee at home or work
- Stop buying things online and other doodads that are keeping you from reaching your dreams and goals (either time/energy/focus wasted on those things or money that could have been leveraged to get you ahead faster, instead of behind – *remember: a different way of thinking!*)
- You get the point...
  1. These reductions in your expenses/costs will only make it that much easier and faster to reach your goal of financial independence as it will also then require less passive income to exceed your expenses (*but don't focus all your energy here; our focus is getting ahead and moving forward not just trying to get smaller...*)

- b. **Begin the process of creating passive income** (*around your current schedule or in addition to whatever you're doing now*)

- Work your current job or business in the day to earn a living, work on developing passive income after hours or in between to build your fortune:

***“Keep your current daytime income to make a living;  
begin creating passive income after hours to make a killing” – Hans Schoff***

1. When it comes to creating wealth, you really only have a few options.  
(*See my article: [“3 Ways to Get Ahead and Take Control”](#) to learn more*)

**However, the 2 main ways of creating PASSIVE INCOME involve either:**

- a. **Investing Money** (*to create passive income by investing in an existing big business or real estate income property, for example*), or
- b. **Starting a passive or “residual income business”** (*from home, for example*)

- c. **As you earn more money, do not sink it into liabilities or doodads.** Reinvest that money back into your **residual income business** to create more and more passive or residual income. (*Large sums of cash can be put into other cash flowing assets as well, as mentioned above in example a.*)

- **Use the passive income from your residual income business to support your lifestyle** and pay your expenses (*but be sure you have the increase in passive income before you increase your lifestyle – not the other way around! - That's how most people get into the mess they currently find themselves in!*)

**Therefore, as your passive income grows and expands so too can your lifestyle** as it's paid for *automatically* by your residual income business – much better than having to work for it right? Again, it's a different way of thinking! - *It's how the wealthy and rich think!*

- d. Over time, as you continue your new fiscal approach, creating passive income and reinvesting any other income you make as well as keeping your expenses under control (*as alluded to above*), your assets will grow and your financial statement will continue to improve.

**Once your annual income reaches \$250,000 for at least 2 years and/or you have a net worth of \$2.5 million, the IRS qualifies you to become a “[sophisticated investor](#)”** (*at the date this was written*) – you then get to enter the secret world of the wealthy and rich. You then will have entered the Fast Track, able to qualify for special investments and business deals (like pre-IPO Securities) not open to anyone without this “sophisticated investor” classification.

**This is why/how the rich get richer, and the poor get poorer** – only the rich have access to these kinds of “super” investment opportunities and deals because the average person does not have enough sophistication to fully comprehend and participate in these types of deals (*their level of income and lack of assets are all the proof that's required*). To get to this level you will have had to learned enough about business and investing along the way that once you surpass that “sophisticated investor” threshold, you will qualify for this higher level of investment and be privy to the often times substantially higher returns from such business and investment deals (*just think of Donald Trump, Richard Branson, or Marc Cuban and their billions – they play the game at a different level...*)

## Conclusion

So in conclusion, to begin to change your financial situation you must first change your mindset and feed your mind with the information and thoughts that are in line with your goal of becoming financially free. Choose to [surround yourself with the influence](#) of those people whose experience, success, wealth, mindset, attitude and knowledge you'd like to have rub off on you (again, this can be done by listening to audios, reading books, watching videos, meeting in person or going to seminars, etc). But start this process today so you can begin to THINK, ACT and BEHAVE like the person you want to become (and not the negative programming and B.S. that most people are bombarded with on a daily basis without even knowing it!).

Just as importantly, you need to understand where you currently are at financially – the *exact* numbers for your monthly and annual income, expense, assets, liabilities, debt, etc. Once you have that financial snapshot only then can you know what it's going to take from there to reach your goal.

So [take a financial snapshot](#) and calculate what it's going to take in terms of passive income to reach your goal of financial independence AND what you're willing to give up in order to achieve that goal. There's no such thing as something for nothing!

How serious are you about becoming financially free? (*There will still be TV when you reach your goal, in fact, you'll be able to watch as many games and shows and movies as you want when you're financially free and your passive income will pay for it for you...*)

So you choose – would you rather continue to work hard and struggle now just so you can watch some TV to escape and try to get away from it all OR sacrifice your electronic income reducers now (*ie, TV, video games, non-productive computer and internet activities, etc*) for a **life of total freedom and total control where you get to do what you want to do, when you want to do it, where and with whoever you desire?** To get there, you've got to take the first step, you've got to start.

...One last question:

- **When would *NOW* be a good time to start working towards *your* financial independence?**

→ If you're ready to **take the first step** and learn about the best way to create passive income today (*and even if you don't think you are ready, do it anyway*), follow this link to watch a video to begin **increasing your financial education** and get **started towards achieving your dreams of financial independence now**: [Creating Wealth with Passive Income Video](#)

To your success!

**Hans Schoff**

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**PS> Check out some of the results others have seen – [just click here now](#)**