

Chapter 1:

The Net Worth Principle – Build Wealth Without Budgeting

The *Net Worth Principle* will turn your finances upside down. It will take your bottom line and make it your top financial priority. Be prepared. You are about to embark on a financial journey that is going to revolutionize the way you think about and handle your money. As you read this book some of your long-held traditions regarding money are going to be challenged.

For too long people have tried to live up to standards set decades ago by old men in the back of banks. Our world has changed and continues to change rapidly. With change come new ways of doing things. This is true in everything we do from communicating to managing our personal finances.

This is exactly why I am imploring people — especially young people — to change the way they think about their money. It's time for a revolution when it comes to personal finances. No longer should you be burdened with doing things the way your dad or even granddad did things. There are better ways to do things and when it comes to personal finances one of the best things you can do is know everything there is to know about net worth.

That's what this book is for — to teach you everything you need to know about net worth and how it can transform your present circumstances and secure your future.

If you embrace the philosophies contained in this book and put them to the test you'll be putting your money to work for you and taking control of your money while doing so.

A change of mind

You may be worth a lot more than you think. Then again, you may be worth a lot less than you think. The only way to know the truth is to know your net worth.

Most people know net worth is the balance an individual has left over after debts and liabilities have been subtracted from assets. That's a textbook definition of net worth, but net worth is so much more than that. In fact, some people would argue that a person's net worth is their number one financial tool.

Why?

Simple. Knowing your net worth can help you make wise financial decisions. Should you buy that new car with the Bose stereo system? Check your net worth. Do you have \$25,000 to drop into a friend's burgeoning Internet business? Check your net worth. Do you want to help send your parents on a dream vacation? Check your net worth.

It's not difficult to find the correct answer to all these financial questions and many more

by checking your net worth. You see, your net worth is like a gauge. It tells you how much you are worth at a given time in your life.

Doesn't sound too difficult to know what your worth is, does it? The fact is, many people have no clue what they are really worth. Think of some people you know. I have several friends who live in huge houses and drive luxury cars and have little net worth. I also know a few people who have driven late model cars and live in modest homes who are worth hundreds of thousands up to millions of dollars.

Whether you know it or not, we live in an odd world. People judge their own worth and the worth of others by what they have, such as cars, houses, club memberships, clothing, types of vacations taken and so forth. From the outside looking in many people look very, very rich. But if truth be told, many people who look rich are really just deeply in debt.

The importance of your net worth

Your net worth should be your bottom line when it comes to any financial decision you make. It's sounds simple and most people think everyone truly knows how much they're worth, but the sad fact is that most people haven't a clue what they're worth.

That's why I wrote this book. I believe it is imperative everyone become net worth minded — and the sooner the better.

To become net worth minded all you need to do is know how to calculate your net worth, then grow it, protect it, and utilize it to make more money.

That sounds easy enough, doesn't it?

Let's get started on the journey to becoming net worth minded by learning a few basic concepts that will probably shock you, but will ultimately provide the foundation you need to become net worth minded.

Freedom reigns

Everyone wants financial freedom. But for years people have been going about gaining that freedom the wrong way. They've relied too heavily on budgeting and embraced get-rich-quick schemes in an attempt to become financially free or even millionaires. Let's look at both of these financial philosophies for a minute.

Budgeting addresses some symptoms of unhealthy finances and is the nasty medicine that can bring your finances back in order. But the truth is, many people do not like budgeting and don't have the time to invest in it. I'd argue

that the cure for unhealthy finances is not in budgeting but in becoming net worth minded.

Advocates of budgeting will tell you that budgeting keeps track of your money and sets spending limits as you gauge how much you are bringing in and spending each month. That's all well and good, but what if I told you there was an easier way to do all that? Would you be willing to leave the budgeting to the accountants and spend more time doing the things you like to do?

It's possible to live financially secure without budgeting, and I am going to tell you how to do so in this book.

Now, about those nasty get-rich-quick schemes. I'm sure your father has warned you about such schemes at some point in your life. If he told you to avoid them at all costs he is a wise man.

Getting rich quick is almost impossible. If it wasn't, everyone would be doing it. No matter how appealing an offer may sound, walk away. Save yourself the heartache, time and money. That's really all you need to know about get-rich-quick schemes.

The *Net Worth Principle* does not promote any kind of get-rich-quick schemes. Instead, it will introduce you to a new way of thinking

about your money. But I am the first person to admit that some of my ideas run contrary to any financial perspectives you've heard before.

Like I mentioned earlier, I want to start a revolution — a revolution that will put you in control of your money and secure your future. To do that, we have to take some unorthodox steps.

So let's get started.