

CASH COWS, PIGS AND JACKPOTS



THE SIMPLEST PERSONAL
FINANCE STRATEGY EVER

David Trahair, CA

Author of the National Bestseller *Enough Bull*

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To Emily Yeskoo and her family.

Emily Yeskoo has a rare neurodegenerative disease that is terminal. At the age of 10 she was given three years to live. She is now 19, thanks to her fighting spirit and the loving support of her family: her mom Lindsey, dad Paul, brother Chris and sister Madeleine.

Emily is the inspiration for Toronto's first pediatric palliative care hospice called Emily's House. It will provide 24-hour care to terminally ill children so they don't have to face spending the rest of their lives in a hospital ward. It will be a place where they can learn, play, develop and grow...to be just kids, in a comfortable, child-friendly setting, with personalized family-centred programs.

It will also offer a welcome break to parents faced with the ultimate stress each and every day.

A portion of the proceeds from the sale of this book will go to Emily's House.

For more information please visit <http://www.philipazizcentre.ca/childrens-hospice>.

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The CA profession has also recently given me the opportunity to teach and learn from other CAs. I give courses based on my books to CAs and other accountants in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Through these courses I have met many incredible minds, some of whom have been instrumental in developing the content of this book.

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INTRODUCTION

I have been researching and writing about personal financial issues for more than a decade now and have taught my theories to thousands of CAs over the last few years.

I have had lots of feedback and it has now become crystal clear to me:

Our quest to build wealth and secure a comfortable retirement often ends up making us poor and others rich.

Simply put, the accepted method of building wealth doesn't work anymore.

Think about it for a moment.

We are persuaded that the way to get wealthy is to build our assets and net worth, since that is the “true” measure of wealth. It's the measure of the value of what we own less the amounts that we owe. So we end up trying to build our assets—we load up on real estate, for instance, buying big houses and rental properties. Or we put money into the stock market, many of us using expensive mutual funds to do so.

And many of us use debt to do the building.

But you know what? The strategy is wrong. It's faulty logic that is sending many Canadians, and people around the world, on a journey to the poorhouse.

Why?

Because it ignores the one thing that overrides any strategy designed to build wealth.

It ignores the basic principle that has always existed.

It ignores the base logic that anyone who is truly rich knows.

It is this:

What we should really be focused on is not getting rich but plain old *cash flow*.

Simple, isn't it? Yes, it is. It always has been and it always will be.

If you want to secure your financial future, forget all the fancy strategies like "leveraging" (borrowing to build wealth). Forget the fantasy that the stock market is going to make your financial dreams come true. Discard the notion that real estate is going to be the ride to wealth like it has been for past generations.

Forget those things because believing those concepts is likely to set you up for failure in the tough years that are coming.

CASH IS NOT KING

When I started laying the foundation for this book, I originally began with the old saying "Cash is king." But the more I thought about it, the more it didn't make sense. After all, with the extremely low interest rate environment we are in these days, sitting with cash is probably not the thing to do because it grows so slowly. Just look at what your bank savings account is paying—maybe 1%? Converting your assets to cash makes little sense as a result.

So what is "king" when it comes to personal finances? The answer is simple, and it's been the answer since money was invented. Here it is:

CASH FLOW IS KING

The more I think about it, the more I am convinced that cash flow really is king.

Aiming to build a million dollars in net assets sounds like a good plan—after all, that’s how millionaire status is judged. The problem is that trying to get there often leaves people well short of the mark. One of the main reasons for this is that they bleed cash each and every day in their pursuit.

WHO GETS RICH OFF YOU

And who benefits from that? The people who know how to get rich by ensuring a cash flow gold mine for themselves—the investment companies that charge mutual fund fees, trailer fees, and commissions; the financial institutions that loan us the money to live the “lifestyle of our dreams” and then charge a huge amount of interest to service those debts; and the brokers who convince us to borrow to invest and “leverage” our way to riches.

IT’S NOT JUST THEM, IT’S US

But it’s not just the financial institutions that feed the problem. In many cases, it’s just our own logic that leads us astray. Take the idea of building wealth through acquiring real estate.

The truth is that buying too much real estate is often a sure-fire way to go broke because of the huge costs of acquiring and maintaining property. Simply buying too big a home to live in leaves many people poor—they simply can’t afford the mortgage and the upkeep.

WANT TO GET RICH QUICK?

This book was written to get you back to the basics. It was written to shine a light on why the current method of building wealth is a mirage, a trick designed to make others rich while sentencing the rest of us to a lifetime of constantly trying to get ahead, of aiming for the brass ring of financial freedom . . . and never reaching it.

If you still believe that you can get rich easily, quickly, automatically or even instantly, I can’t help you. Put this book down and pretend it does not exist. There are plenty of other books out there that make promises like that. Many of them sell millions of copies. Well, at least someone is getting rich.

If you are one of the many people who will buy anything that promises to reveal the secret to getting rich easily, this is not the book for you.

I just picked up such a book that promises quick and easy riches. It's a very short, simple book—only 120 pages—but the premise when you actually read it is just silly. To get rich all you have to do is set a definitive goal for the amount of money you will make in a certain number of years and it will happen. C'mon.

Well, the introduction says it has been published in 30 editions all over the world and sold more than a million copies.

And that is the problem—millions of people still believe there is a trick to getting rich and many put their financial lives at risk trying to find the secret.

BACK TO BASICS

I hate to bring you back to earth but there is no secret to riches and, the sooner you realize that, the sooner you will be on the path to true financial freedom.

That is what this book is about—it's the plain truth about what is really important and exactly how to secure your financial future. Oh, and it is so simple you should be able to explain it to your kids.

Here it is.