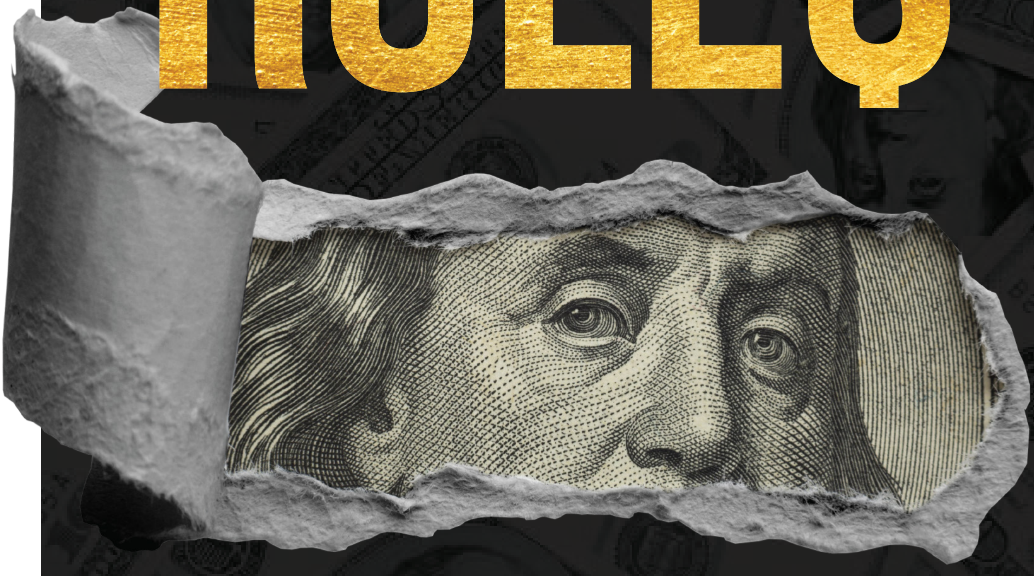
AN EXCERPT FROM

MONEY RULE$



CHAPTER 9

BORROWING TO LEND

HARRY ABRAHAMSEN

Introduction

Money Rules is not your typical book about money. It is an overarching mindset written for people who want to maintain massive wealth. When you know the rules of how money really works and the ideas and strategies within Money Rules, you will be able to build and protect your money, not just have momentary fortune.

The philosophies and approaches in this chapter are presented to you by Harry J. Abrahamsen, and while you may be able to implement many of them right away, they are not to be mistaken for direct advice. Money Rules empowers you to be the master of your own wealth—your advisors are just one piece. At this point, you have been introduced to one aspect of the macro mindset. Make sure to read the rest of Money Rules to move into mastery.

Written for Influential Individuals, Entrepreneurs, Business Owners, and Families with Money. Though I dare anyone to pick it up and read it now.

There are many books written for individuals who are seeking to build wealth, but when you reach the point of impressive success and multiple commas to your name, you may be reliant on your inner circle with your decisions about money. You feel you have control, but you are just a few mistakes away from sacrificing everything.

This book is written for you, and in it you will find out the things you are missing, no matter how diversified your portfolio is or what you think you know about money. When you know the rules of how your wealth really works and the ideas and strategies within, you will be able to build and protect it, not just have success for a moment.

This book is not about what's right or what's wrong, it's about doing things the right way.

CHAPTER 9

Invest in Your Family in the Bank's Place

You know the benefits of borrowing, but one of the benefits of being wealthy is the ability to be borrowed from, to be the benefactor. You take pride in investing in a family member's future or helping them in a tough time. This is satisfying and rewarding and may be of significant benefit if you have the right strategies in place, but no matter what form it takes, it's important to do this skillfully in a manner that is safe, with wins on both sides.

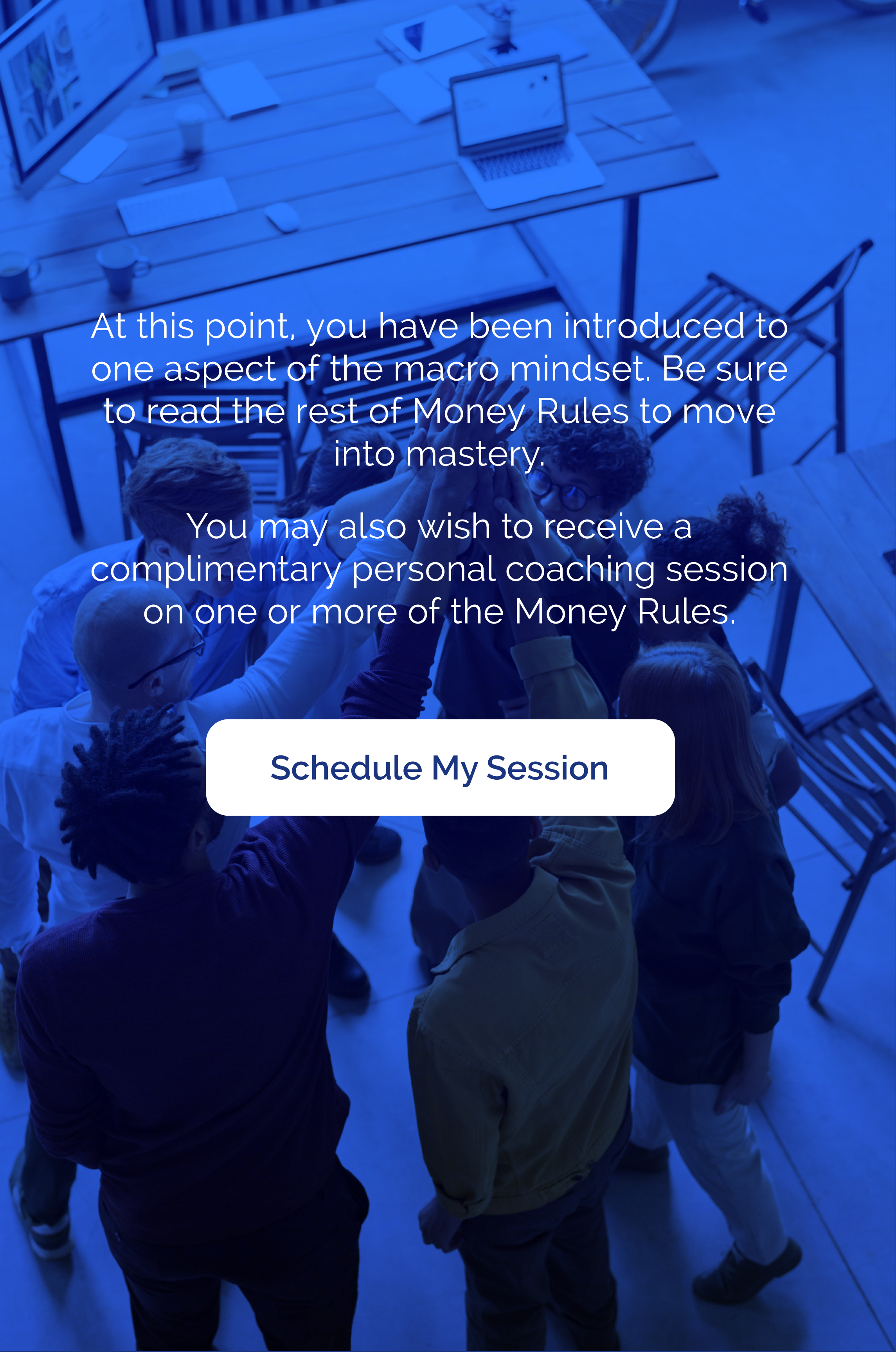
This strategy allows you to turn idle money in the bank into something that's benefitting someone you love and simultaneously increasing its income potential. Because money in the bank is subject to wealth-eroding factors and earns a small amount of interest, that idle money is not building upon itself. It's just burning. In this strategy you may put the money to work in service of others in a mutually beneficial way through an intra-family personal loan. This should be win-win if structured properly. You would be gaining additional income by charging interest in an amount that's small for the person you're lending to but more than what the bank was giving you. Your loved one would release themselves from the grip of an institution and would be able to manage paying back what they owe.

Imagine your niece or nephew has $250,000 of student loan debt, but they are just getting on their feet breaking their back at their first job out of school. If they are highly motivated to reduce this debt they are probably putting a significant portion of their income into it to knock down the principal. It may be negatively impacting their credit score and is probably sucking up every available dollar with which they could be building wealth, investing in further studies, or starting a family. For them, $250,000 might make or break their ability to be sound and secure for a decade or more. For you, it's just a number that's eroding in the bank with practically no returns. In this situation you would lend them the $250,000 with a written loan agreement. This would ideally be an agreement setup by your lawyer, and it would be binding. Note, you will not have to go through any institution for this. Say that your niece or nephew was paying an interest rate of 7% and was putting in almost double the minimum payment. Your loan might knock their interest rate down to 3%, or 5%, or whatever you both decide is fair. You'd together determine how much they would pay per month or year and in what timeframe. You don't have to do a 10, 15, or 20-year schedule—you may choose any amount of time you want.

Obviously this will allow your niece or nephew to save significantly, giving them the chance to save money into a power three investment strategy, some real estate, or a chance to start a power one insurance policy (which they may choose to use in a few years to pay you right back). Meanwhile you will have turned idle money into working money—the 1% interest rate that you'd been getting from the bank would have become 3%, so you'd more than double the returns through this investment. And, if executed properly, this arrangement has the potential to strengthen your family's relationship.

A further enrichment for this strategy would be to borrow the amount from your insurance carrier instead of taking it out of your bank account. You would be taking OPM (from the insurance company) to lend out to someone else, just like the bank does. This allows you to build money inside the policy and increase the potential of your exponential curve while supporting a family member at an important moment. See how this macro thing works?

While you may want to simply hand money over to your family member without asking to be paid back, both of you would miss out on the ability to build family wealth and the satisfaction of a sound strategy. Simple transactions are micro, and what better way to build someone's financial future than to teach them how to be macro?



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You may also wish to receive a complimentary personal coaching session on one or more of the Money Rules.

Schedule My Session

WRITTEN FOR INFLUENTIAL INDIVIDUALS, ENTREPRENEURS, BUSINESS OWNERS, AND FAMILIES WITH MONEY

9 RULES TO MASSIVE WEALTH

MONEY RULE$

Not your traditional book about money

HARRY ABRAHAMSEN