YOUR FREEDOM DAY AWAITS

Financial independence is closer than you think

Financial independence is generally used to describe the state of having sufficient personal wealth to live, without having to work actively for basic necessities. For financially **independent** people, their assets generate income that is greater than their expenses.

Outline

Book publication

Year of publication: 2017

Location: London, Ontario, Canada

First Edition

Introduction

I have been a financial security advisor and investment representative with Freedom 55 Financial (a division of London Life Insurance company) and Quadrus investments for over 8 years now and in the process, I have discovered this term “financial independence”. Ever since reading books like Millionaire Mind and Automatic Millionaire, I have been passionate about learning how to become financially independent and to teach others how to reach their own financial independence.

It has not been an easy journey here and I can tell you of numerous times during my financial career that just making a pay check was a top priority on my mind. Personally, I enjoy a lot of free time, but I see so many people burning out in their jobs and not having the ability or time to do the things that really matter to them. This has driven me to write this book and hopefully I will interest one or two more people to work to achieve their financial independence.

My desire to be financially free started way before my financial career. When I was an engineer I desired the income to give me the freedom to not have to work for a pay check. I tried businesses like Amway and dreamed of building a retail business that would provide me an income steam, so I could be free. This however did not work for me, so I put my dreams of being financially independent on the back burner.

Since I started my financial career at Freedom 55 Financial I have reignited my own dream of being financially independent. I must give a lot of credit to my lovely wife Kristen Duever for her encouragement and support in the process. I now can see the light at the end of the tunnel and I believe in the next 5 years we will realize our own financial independence and join the few people who have achieved this level of financial success.

Chapter 1 – Why financial independence?

Why not!? Why wouldn't you want to have freedom to do what you like. Children have this freedom when they are young if they live in a good home with all their needs taken care of.

Many people dream of winning the big lotteries and spend hundreds to thousands of dollars on lottery tickets. And some hope for an inheritance to do the things they always dreamed of doing. I say there is a better way. Build your own freedom and save a portion of your paycheck to grow your own freedom. If you win the lottery or get an inheritance chances are you will be better able to handle a big financial windfall if you are already in the process of growing your own financial independence.

Now financial independence is only for the very determined individual and if you are still reading this book you are probably one of those individuals. Congratulations! You are taking an important step to reaching financial independence.

Through my networking for my financial practice I have come across many people who after discovering I work with Freedom 55 Financial say to me "well that will never work for me, I am too old to achieve freedom at age 55 or I will never reach that kind of freedom". It used to make me sad to hear this and at the beginning of my career I had a real challenge giving them a good response. I now know that freedom at age 55 is not only possible but freedom at an earlier age is also within reach. Working with a good financial mentor (one licensed in insurance and investments) can help you get there.

Lately I have been very excited to show several young people how they can achieve financial independence. I show them projections for investing some of there earnings into a good mutual or segregated fund that will earn them at least 3% per year as opposed to putting their hard-earned money in a daily interest savings account earning perhaps 1%. They are amazed at the growth potential of investing in the mutual or segregated fund.

Then we determine what they need to live on and calculate how much money they would have to accumulate to create an income stream that would provide for their lifestyle, so they would be independent of a having to work at a job. It usually is quite an eye opener and for me a lot of fun to show them how little they really need to accumulate to be financially free.

So why should you try to become financially free? Well the answer is within you. Maybe you would prefer to be an artist or travel the world taking pictures. Or perhaps you would like to have the freedom to help others and not worry about receiving a pay check for your charity work. This is something you would have to discover yourself.

Chapter 2 – When is your Freedom Day?

When will be your Freedom Day? Do you even care? Do you dream of the day when you don't have to work for a pay check? Did you know that it was possible? It's called financial independence - when your passive income is greater than your living expenses.

In London, Ontario we have a wonderful opportunity to be able to plan for this day. This is not possible in every country but in a country like Canada with all the tools to help us save money we can achieve this goal.

It's called financial independence - when your passive income is greater than your living expenses.

If you didn't have to go to work to earn a pay check would you still do the work, you do now, or would you do something different?

Your Freedom Day may be closer than you think, and you have the power to accomplish it. You just must know how to get there.

So here is the formula. Say your annual living expenses were $36,000. To become financially independent, you would have to create a passive income stream of $36,000 per year. It’s that easy! $250,000 in investments can generate $10,000 per year for life at any age. Real estate income depends on the difference between your rental income and the expenses for the property and the payments on the mortgage - hopefully it is positive. If you accumulate $900,000 in investments, then you can have an income stream of $36,000 for life no matter what your age if your portfolio is managed well. If you purchase an income property that generates $5,000 income per year add that to your passive income total.

So, you say to yourself how can I ever accumulate $900,000 or buy that income property! Well it may be easier than you think. If you are 30 years old and you save $400 per month and earn 6% per year it will take you about 42 years to accumulate $900,000. If you earn on the average 8% per year that could reduce to 35 years. It seems like a long time, but accumulating wealth brings other opportunities along the way like buying an income property.

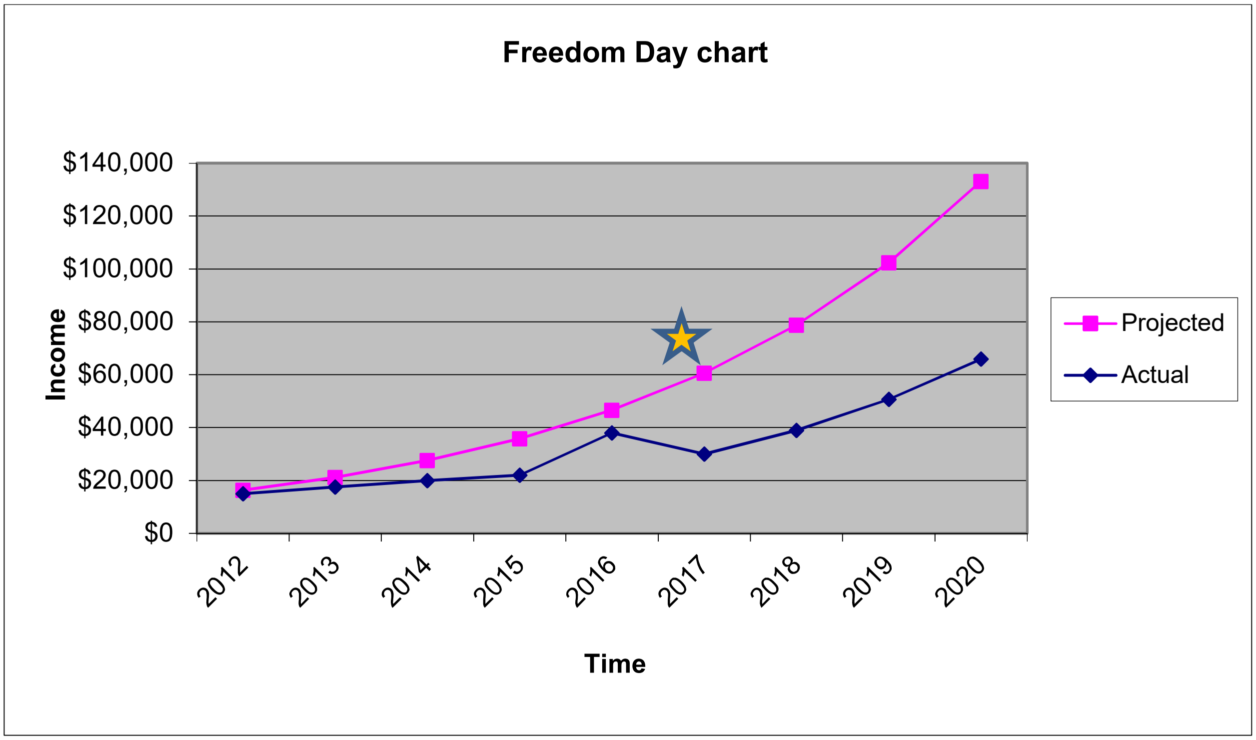
There are many ways to generate an income street but for this blog I will stick to just two - investments and real estate. I personally prefer investments like mutual or segregated funds because they are managed well by fund managers who know how to invest my money and can cover various sectors of the economy like consumer goods, real estate, resources, energy, etc. You can also invest in not only the Canadian economy but global markets to potentially get better returns. Real estate can be a good investment if you are good at picking solid properties and are handy in fixing things.

To grow a mighty tree, you must first start to plant a little seed.

To start your journey to financial freedom, start with putting as much as you can into mutual or segregated funds that you can. Even if you start with $25 per month your will begin to build your freedom pile. To grow a mighty tree, you must first start to plant a little seed. I have a friend who has accumulated $25,000 in their company pension fund and I reminded them that this amount of money could generate $1,000 a year for life. They were pleasantly surprised to hear this. They are closer to their Freedom Day every day they add extra to their investments.

Now enjoy the journey to your Freedom Day and plot your progress on a chart. When you are 5% to your goal celebrate is a small way like getting that favorite drink you enjoy or eat at a new restaurant that you wanted to try. It is important to celebrate along the way. Also plan a big celebration when you reach your Freedom Day.

I would love to hear about your journey to your Freedom Day. If you would like to share with me, you may send me an email at werner.duever@f55f.com. Happy freedom trails!



Chapter 3 – Financial freedom story

Over the years people have often asked me, "is it really possible to achieve financial freedom by age 55?"

I try to help people realize that, in some way, they're enjoying some level of freedom right now. They may really enjoy their career or have enough savings to take an annual holiday without having to go into debt. True financial freedom comes from living the life you want to live without worrying about running out of money.

A few years ago, I bumped into a former high school friend (let's call her Janet) who shared her financial success story with me. Janet, who was about to retire, had a big grin on her face. "Werner," she said, "when I first started my career, my advisor told me to maximize my contributions to my RRSPs and I did."

At first it was tough for Janet to set aside her maximum contribution amount. But it got easier as she learned to live without the money she was saving. "My savings have skyrocketed," she said, "and I'm able to retire and do the volunteer work I love to do on a full-time basis. Taking my financial security advisor's advice was one of the best decisions I ever made."

After our brief encounter, I realized Janet was almost 55. So, there you have it – freedom at 55 really is possible!

I decided to do my own analysis to see how much Janet may have been able to save from 1985 to 2014. To contribute her maximum annual RRSP limit at such a young age, Janet may have had to live with her parents, share an apartment with a friend, get a second job or make some other sacrifices.

Assuming she started at age 25, with a six per cent annual return she would have built her wealth to just over $1 million by age 54. If she and her advisor sat down regularly and took advantage of opportunities in the marketplace, perhaps she received an eight per cent annual return on her investment portfolio. With an assumed average annual growth of eight per cent, she would have accumulated over $1.4 million.

Now, let's assume she reinvested her income tax savings (1) from her RRSP contributions and earned eight per cent interest. After combining her regular maximum contributions and her tax refunds, she would have close to $2 million by age 55.

I see why she had such a big grin on her face when we chatted about her retirement plans!

And what if she started to maximize on her TFSA contributions as well? People assume you stop saving when you retire – but I suggest continuing to save. After all, there's no age limit for contributing to a TFSA.

What is financial freedom?

When we're young, our parents provide for us. When we get older and leave the nest, we quickly understand the need to work so we can afford food, shelter and fun. Suddenly, we're not as free as we used to be – working for a living can be tough! But there's still a level of freedom people enjoy when they're not reliant on their parents.

What I'm talking about is a different kind of freedom – financial freedom to do the things we really enjoy. Many people don't like their jobs. Those that do are in a good place, but they're still working to pay for their everyday needs. True financial freedom comes with having an income stream, or better yet, multiple income streams that you can control without having to go to work each day.

Pensions can help us achieve financial freedom, but you can't cash those out in the case of an emergency. Being dependent on only a couple of income streams can be a problem if one of them suddenly disappears. My personal goal is to accumulate as many different streams of income as possible, so that if I lose one or two of them I'll still be able to enjoy my life.

Can you retire at an early age?

In his book How to be Rich, John P. Getty talks about how he decided to retire at age 27 because he thought he'd earned enough from his oil wells to last his lifetime. But he got bored after a few years and decided to return to work. His father suggested he might have a more meaningful life by continuing to grow his oil company and creating employment opportunities for others.

In other words, making the decision to retire involves more than simply evaluating your financial situation.

Do the wealthy really live longer?

Having financial freedom can be good for your health. Not having to worry about money can take a lot of stress out of your life.

In her article Do rich people live longer? for U.S. News Money, author Kimberly Palmer notes that "those looking for a magic elixir to keep them healthy and happy need look no further than their bank account. Wealth and, more broadly, socioeconomic status, play a powerful role in determining how long we live." (2)

Chapter 4 – Speed bumps to financial freedom

Perhaps you are having feelings of inadequacy and thoughts like you don't deserve to be free of having to earn a pay check. Thoughts of I'm not worthy! I'm not worthy! run through your head. Well I am here today to let you know you ARE worthy to be free of having to earn a paycheck and live the life you have always dreamed of.

Money is very important in our lives and once you come to this realization you will learn to respect each dollar that you earn. I once had a friend say to me that "I watch every dollar that I make and try to make sure that no one tries to steal it from me". This is a drastic way to look at spending, but it may help you in realizing how valuable every dollar that you earn is and may lead you to think maybe a little more about how you spend each dollar.

Feeling not worthy of being financially free

Do you have feelings of guilt when you think of accumulating wealth? Does it make you feel uneasy thinking about being rich enough not to have to earn a pay check? Well this may be a feeling that you have adopted in your past from family or your friends that you associate with. Thoughts of independence are maybe foreign to you because of the things that your family or friends or perhaps even teachers have shared with you.

Some people look in the world and see all the people who live on very little and say that they could never be too wealthy because there are so many people who have very little and why should they be so rich. Well think of this – the more wealth you have, the more people you can help - and once you are wealthy enough, you can teach others to be wealthy too. Don't let people say to you that there is only so much wealth to go around and not everyone can be wealthy. This is simply not true. Being wealthy is different in every nation and it is relative. Owning a house in some countries is not necessarily possible but someone can still aim to be financially independent and enjoy their lives more.

Not understanding the definition of financial independence

Understanding the true meaning of financial independence – having enough wealth and creating an income stream to pay for your lifestyle so you don't have to work - is important so that you can aim yourself in the direction of financial independence. If you can't define financial independence, you are lost from the beginning.

When I ask people to define what financial independence is a lot of time I will hear them say is "is having a lot of money" or they may say "it is earning a lot of money". Sometimes what they say is partly true but in most cases people cannot give me the complete definition of financial independence. Being financially independent is more than being rich or earning a lot of money; it is about improving your financial condition.

Not taking 'saving money' seriously enough

David Bach, the author of The Automatic Millionaire, says that most people do not have an earnings problem, they have a spending problem. And usually when they earn so much money, their spending increases with their level of earnings. It is a very rare individual who spends below their earnings and saves some of their earnings. Our society is very consumer oriented and a lot of people get caught in the philosophy of live now and save later. I think this is one of the largest roadblocks to achieving financial independence. If you do not take saving money seriously, you are preventing yourself from increasing your net worth and improving your financial condition.

Thinking you don't earn enough to become financially independent

If you do not think you earn enough money to become financially independent, then you are suffering from one of the following conditions:

- You do not know how much you need to save to be free
- You are paying down debt and don't think you can save money
- You don't know the true definition of financial independence
- Your lifestyle is beyond your earnings

The old phrase "If there is a will – there is a way" applies here. Perhaps you should reevaluate your lifestyle and see where your money is going. David Bach's "Latte Factor" formula is a good way to do this. A lot of people who say they don't earn enough to save, after evaluating where they are spending their money conclude that they do have the ability to save if they cut back a little on their spending habits.

For those individuals who are in a low income and are truly unable to save, perhaps they need to increase their earning with a second job to be able to save money.

Thinking you have too much debt

I hear this from a lot of people. And because of our consumer oriented society a lot of people fall into the trap of using credit cards to pay for vacations, emergencies and unnecessary purchases and accumulating debt rather than wealth. Going in consumer debt with credit cards is a plague on our society and a REAL financial independence roadblock. Sadly, some people may never get out of the cycle of spending more than they make and using credit cards to bail them out of life's ups and downs.

Some people I talk to say that they will start saving once they are out of debt. Sadly, for a lot of these people they never seem to get out of debt because they have no emergency fund in place so if a life situation arises they must use their credit cards again to rescue them. I suggest while you are paying down your debt also start an emergency savings account and grow money in a good mutual or segregated fund. Then when a life event comes up, you can go to your emergency fund to help instead of your credit cards.

Controlling debt is one of the foundations to becoming financially free. If you do not tame the debt beast and debt controls you, becoming financially independent may never be in your reach. I would suggest becoming totally debt free and if you do use your credit cards pay them off right way, so you do not have to pay any interest on them.

Living beyond your means

One I holiday I took a few years ago I asked my father for a few words of wisdom before I went on my vacation. He simply said, “spend less than you earn”. This was a profound statement and one that has stuck with me over the years. This is a very simple concept and, yet it seems difficult for some people who are driven by consumerism and keeping up with the Joneses and having the latest technology or latest car. This is not the way to become a millionaire of a person free of having to work for a living.

Not persevering

If you believe in something bad enough, you are going to do everything in your power to achieve it! Believe me, the road to becoming financially free, will involve you not doing what some of your friends are doing and saying that you do not have enough money to attend certain events. This can be very difficult for some people and it may require you to pick a new set of friends to help you on your journey to financial independence. After all, once you are free of having to work and you have a lot more time on your hands, some of the friends you have presently may not be able to do all that you can do.

Chapter 5 - Do this first and help build your wealth

You work hard for your money and what do you have to show for it? Why not put some money away for the day you would like to slow down or not have to work so hard? One of the best saving philosophies that I can share with you is called **"pay yourself first".** Why not reward yourself for working so hard by building your own nest egg? Did you ever wish you could escape the 9 to 5 and the daily grind? Well, there is a way out and it is easier than you think.

The key to financial security: "pay yourself first"

The **"pay yourself first"** principle is simple. You automatically put a portion of the money you earn in a good mutual or segregated fund within a TFSA or a RRSP. If you are young I would suggest one hour of each day's earnings. If you are older and you have not accumulated much savings, you may have to put away two hours of your daily earnings. Then spend the rest on whatever you like. Save more if you can or spend the rest on what you like! Make sure you invest within your risk tolerance. Risk tolerance (e.g. conservative, balanced or aggressive) depends on several factors such as your age, appetite for risk and how long you anticipate using the money.

Would you like to be a millionaire?

Well, if so, here is how you can get there. I tell a lot of my clients that about $250,000 in assets may generate a $10,000 per year income stream at any age if it is managed well. One million dollars may generate $40,000 per year for life if it is well managed. The more money you accumulate, the more flexibility you will have and more financially independent you will be. Most people require about 60-70% of their working income in retirement, depending on their lifestyle and how active they are.

Let's say you earn $90,000 per year. If you put one hour of your pay away into an RRSP investment account before tax which could earn on the average 6% per year you could accumulate $427,000 in 20 years. If you increase your contributions by 2% each year and reinvested the tax refund (3) this could grow to close to $700,000!

Now, what if you could put two hours of your daily income away each year and your spouse did the same and you increased your contributions by 2% each year and reinvested your tax refund (assuming you both earn $90,000 per year). Then together you could accumulate a whopping $2,800,000. Congratulations you are now a multi-millionaire! Have your savings automatically withdrawn from your pay and you won't miss it. It's that easy!

Freedom comes more quickly than you think!

After you have accumulated enough money, your life options change and depending how old or young you are, you can start to do the things you always dreamed of – like golfing, traveling, volunteering at a charity or working part-time. Remember $250,000 in assets could create $10,000 annual income for life. How much would you need to stop working? Freedom can come more quickly than you think. With enough money, you can modify your life to take more time off to travel or spend time with important people in your life. Having wealth gives you options and freedom – and you can finally say you have something to show for all your many years of hard work!

To balance wealth with security make sure you have all the necessary insurance in place before you need it, so you don't have to dig into the nest egg you worked so hard to build. What I have discovered in my own life is that once I had a good emergency fund in place (at least three month's expenses) I felt more comfortable building my security basket by adding more insurance to protect my wealth and my family's lifestyle.

To protect your personal financial security, apply for your own long-term disability or critical illness and life insurance. Get underwritten by an insurance company to be sure you are covered. Your ability to have a constant income stream coming into your bank account is your biggest asset and one that should be protected.

Chapter 6 - This number determines your financial health

How financially healthy are you? Do you really know? There is one number that helps to determine your financial health more than any other number and most people I know are not aware what it is and if they do know they find it challenging to be able to calculate it. It is "net worth".

Knowing your net worth is as important as knowing your heart rate or your blood pressure. The growth of this number should be one of your most important life goals. Obviously having a healthy heart rate and blood pressure are also important to be able to enjoy your wealth.

Net worth is determined by subtracting what you owe (like credit cards, car loans, personal loans, student debt, mortgages, etc.) by what you own (like investments, house value and other property like art, cars, etc.). My challenge to you right now is to stop and calculate this number for yourself to determine your present net worth. Sometimes it can be negative if you owe more than what your own. Don't despair though if this is the case. Following my suggestions in this book will help you grow your net worth in the positive.

Now let's say most of your assets are in one sector of the economy (like real estate) or invested in only one or two companies. Then you are not well diversified. Having most of your assets in one sector of the economy makes you vulnerable to your net worth decreasing quickly if that market should drop suddenly. Although the real estate market is at most times a good sector to invest in, I like to encourage my clients to be well diversified by having most of their assets (in well managed mutual or segregated funds) in other sectors like financials, industrials, consumer goods, energy, health care and the like). Then if one sector drops chances are their net worth can continue to rise because they diversified.

Being too heavily weighted in one sector of the economy is basically putting all your eggs in one basket. Better to be more diversified and having your eggs in many baskets to take advantage of other sectors of the economy. Also, it is good to be invested in other world markets like the U.S., Global and emerging markets. Working with a good financial security advisor can help with this selection. I have seen over my career some people mostly invested in the Canadian stock market and were missing out on growth in the U.S. and global markets. These people often miss out on growth opportunities because they do not have a good advisor guiding them.

Chapter 7 - The secret sauce to a good financial plan

Putting a good financial security plan together is like building a puzzle. A proper plan includes insurance and investments. My clients Xavier and Cassandra (not real names) have built businesses in London, Ontario that generate income and in case something happens to either one of them they would like to make sure that they can maintain their savings and their way of life.

How to set up a financial security plan

I like to help clients with **wealth accumulation, preservation and utilization**. To accomplish this, I suggest three baskets should be established:

- **Security basket** - to help in time of unexpected need
- **Retirement basket** – to plan for not working
- **Fun basket** – to live the life you have always wanted to live

Security basket

A security basket includes life insurance, critical illness and disability insurance and health benefits. The life insurance my clients own through London Life ensures that if either one of them pass away the other may pay off all debts and have extra money to help with generating extra income that is lost. They have a universal life policy and a term policy. The reason they have the universal life policy is because they own a business and sometimes their income fluctuates. Universal life insurance is great for business owners who know they can afford to pay the minimum premium and who occasionally earn extra money. Once they use up their RRSP and TFSA contribution room, they can add more to their universal life policy to have another vehicle for tax-advantaged growth. Eventually, they'll convert their term policy to either whole life or universal life insurance for more tax-advantaged growth.

They both have disability insurance through their company group benefit plans at their and would like to upgrade to personally-owned long-term disability plans. Cassandra recently tried to get individual disability insurance through a major insurance provider but since she owns a freelance writing business she was ineligible to apply. They will investigate getting her disability coverage through another insurance company. To compensate for her not having her own individual long-term disability coverage they added decreasing critical illness insurance coverage with Great-West Life. Xavier has decreasing critical illness coverage which ensures that he will have an income in case he becomes critically ill. Their intention is to get larger critical illness policies in the future because critical illness policies have a long-term care component to help with the added costs in case either one of them should be put in a long-term care facility in the future. They intend on adding return on premium to their policies in case they do not require the coverage and would like to get their premiums back. Cassandra has return on premium option on one of her critical illness policies presently. Xavier chose not to get the return on premium option because it was too expensive for him due to his age. He is happy to just have the coverage.

They both have built a sizeable emergency fund because they are business owners and their income can fluctuate from month to month. Even so, their income has been relatively steady, and they have accumulated an emergency fund that could last them two whole years in expenses. Because they have such a large emergency fund they are now able to get a little more aggressive with the investments they choose. They keep most of their emergency fund money in TFSAs which grow tax-free.

Through Xavier's contract with London Life he has Great-West Life health benefits. he made sure that he and Cassandra got the best available dental and healthcare coverage. They understand that not having good health coverage is one of the top ways to become bankrupt, so he made sure they had good coverage in place. Because Cassandra cannot get her own disability insurance coverage due to her freelance writing business they made sure she kept the disability coverage at her work. This is something that Xavier cannot provide her under his company's health benefit plan.

Retirement basket

For retirement, both Xavier and Cassandra have been saving in their TFSAs, RRSPs and through their company pension plans. They would like to build a portfolio of at least $2,000,000 to provide a comfortable income stream so they won't have to work if they choose. They would like to have the majority of this in mutual funds and segregated funds appropriate for their investment risk tolerance. Because Xavier loves his work he foresees himself continuing to work past age 65 so he will continue to add to his savings and grow his wealth. He sees no reason why he should stop growing his wealth after age 65. He will probably reduce his workload and take more vacations though – some longer than others.

Fun basket

Xavier and Cassandra save for all their vacations and major purchases. Recently they took a two-week trip to Newfoundland and paid most of their trip off right after they returned. They saved most of the money needed before they went on holidays so that they would not have a large financial burden when they returned. Right now, they are saving money for their next vacation and a new car for Cassandra. They do this with cash saved in an envelope and in their TFSAs. The principle of saving in an envelope they learned from the Financial Peace course they took through Dave Ramsey.

Because they like to give to charities they've also created a charitable envelope where they put 10 per cent of their extra income. Whenever they hear of a need in their church or their community that they believe they should support they always have money to give.

Other protection for business owners and business partners

If you own a business that is a partnership I recommend have a partner-agreement. A business partner agreement should be put in place as soon as the partnership is started along with a buy-sell agreement in case one of the partners dies or becomes disabled. Business owner should do this to help ensure that the remaining partners could buy out their share and the company could continue operating smoothly. They should try to make sure the buy-sell agreement was funded in an efficient way using insurance. In addition, they could add salary continuation protection for the partners in case they became ill or disabled and could not continue to work or contribute to the company. For key people who are vital to the company's success but not partners in the business the business owners could put insurance protection in place – enough insurance to cover the expenses to replace the key person in case they passed away or became too ill to work.

Will and Powers of Attorney

And finally, you should make sure you have proper wills and powers of attorneys in place and make sure they are up to date with a legal firm to ensure your final wishes will be carried out in your passing. There are three possible places your wealth will be transferred when you die – your family, a charity or the government. You can choose any one or a combination of any of these before you die but not after. Hire a good legal, accounting or tax advisor to be part of your team. When your wealth increases it is important to have good advisors to help you make smart decisions for your future.

Because life changes and different events occur, try to meet regularly with your advisors to keep them abreast of the important changes like buying a house or a business or supporting children or grandparents. They can give you valuable guidance that can make a significant impact on your future well-being.

Chapter 8 - My debt free story

When I was young, I didn't have a worry in the world. My parents were good providers and all my needs were taken care of. We always had good vacations in the summers and we owned a snowmobile when we lived in northern Ontario, and my parents got me a ski membership when we moved to London. In the '80s, my father bought a sailboat, so summers were now filled with sailing adventures.

I completed my engineering degree in 1985 and after a short time I found my first engineering job in Mississauga, Ontario. I had the good fortune of having high paying jobs with British Columbia Rail and Canadian National Rail while going to university, so I could finish school with no debt. Then came my first engineering job and new-found freedom from my parents and making money. I quickly purchased a new car after my old one broke down at a dealership (instead of trying to keep in working a little longer and saving for a newer car) and got an apartment in Mississauga that was a little more than my budget could handle. I now had a credit card and life was good, or so I thought. The debt kept piling up and I took a roommate to help split the cost of my apartment.

Fast forward to the 1990s and now my engineering career was in full swing and I was now enjoying my second new car, where I was making monthly payments. Although I did enjoy having a new car again it still drove me more into debt. I also borrowed money to invest in an RRSP index fund at a bank and invested unwisely into investments that dropped in value. I still owed money on the RRSP loan which I put on a line of credit. It took a few years to pay back this loan and I had nothing to show for it. It was a real blow to my investing future but not one that completely took my belief away from investing. Things started to turn around for me in 2005 when I bought my first home with the encouragement of my mother and father – one of the best financial decisions I made! I was now starting to build equity and I had a home I could call my own instead of paying rent to someone else. I did however, buy another new car while I was renting – not one of my best financial decisions and I had a monthly payment commitment again after purchasing the home. I bought a new home – because I love new things and really enjoyed the process of picking out my own decor and cabinets. I watched intently the construction of the home.

In 2006, I married my lovely wife and she brought a whole new financial dynamic and awareness to my life that I did not have before. Before we met I had about $30,000 in credit card debt and was content to pay the minimum required payments. Even so I did have a desire to be debt free, I never seemed to be able to get out from under the credit card debt load. I didn't have an emergency fund in place so when an unexpected need came up I used my credit cards or line of credit. My wife had no credit card debt and only about $5,000 owing on her car. She shared with me that "she would be in tears if she could not pay off her credit cards completely with her next pay check'. So, our two financial philosophies collided and our first few years of marriage strained to say the least! Fortunately, we did get a windfall of about $10,000 from a London Life insurance benefit from the passing of a family member and a generous severance from my former employment in 2008 which pretty much wiped out our credit card debt.

Today we live within our means and save for our trips or purchase before we travel or buy. When we do use our credit cards for convenience but know that we can pay off the cards completely with our savings. I have grown to hate to pay interest on debt and would rather keep that money in my pocket. We have a generous emergency fund in place and if an emergency comes up we know that we will not have to go to a bank to help but instead we can use our own funds. And at the same time our emergency fund is growing because we have placed the money in segregated fund policies and continue to make regular monthly contributions.

I have a whole new appreciation for my wife and her determination to stay out of debt. I really appreciate her steadfastness to remain credit card debt free. Occasionally we do have to use our line of credit to pay for unexpected charges like repairing our car last year. However, we are diligent to make sure the debt is paid off as quickly as possible and we plot the debt repayment on a spreadsheet and review every week how we are doing.

There is only one more debt hurdle for us and that is our home loan and we are now vigorously attacking it and paying it down with any extra money that comes our way. I can do this conveniently with online banking and enjoy making each extra payment. I am also keeping track of the monthly interest owing on the loan (money that will eventually be put back in our pocket and not someone else's pocket). At the same time, we are contributing to our three savings baskets: retirement, emergency fund and fun/vacation fund.

It is a good way to live being credit card debt free and I am now starting to experience the lightness I felt as a child when I had no debt and worry in the world. I am looking forward to the day when we have no debt at all and we have an asset base large enough to provide an income stream to pay for our lifestyle. Even so, we are enjoying today and the journey we are on to living a debt free life!

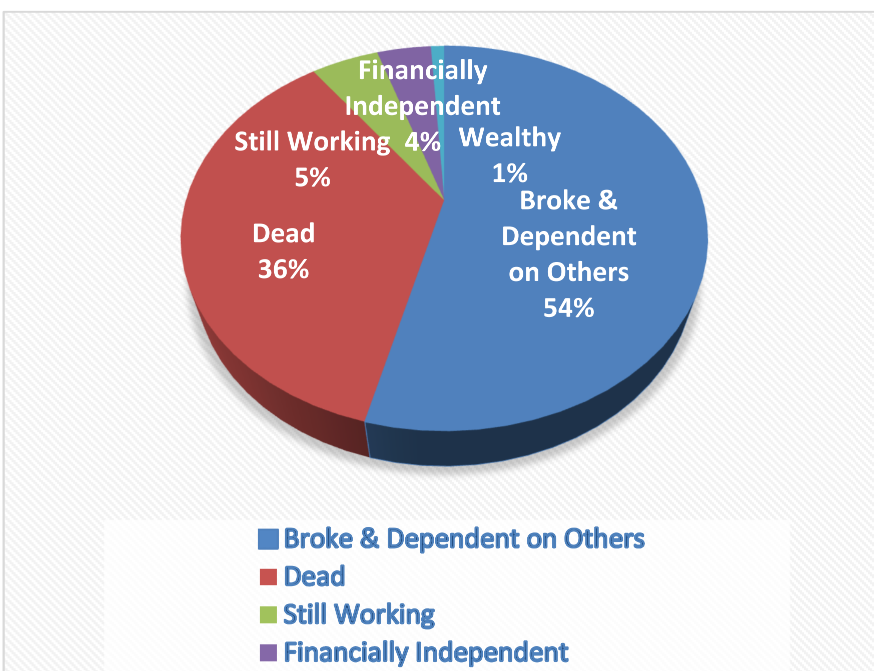
Chapter 9 - 10 steps to financial independence

I feel very blessed having grown up in London, Canada. I believe we live in one of the freest, most prosperous countries in the world. Anything is possible if you put your mind to it and take the steps to achieve it – after all, these are the values Canada was built on. Like the pioneers who came before us, you too can build your fortune and help others in the process.

Did you know only five per cent of people achieve financial independence? In Secrets *of the Millionaire Mind* Author T. Harv Eker states that "out of 100 Americans who turn 65 only one person will become wealthy, four will become financially independent, five are still working and 90 people will be dead, dependent on others or flat out broke." (4) This is a sad, especially since, as North Americans, we can reach financial independence. In much of the world this is privilege that is almost unattainable. It amazes me that, so few people grab this opportunity to be free.

Americans at Age 65

100 Typical Americans at Age 65	
Broke & Dependent on Others	54%
Dead	36%
Still Working	5%
Financially Independent	4%
Wealthy	1%



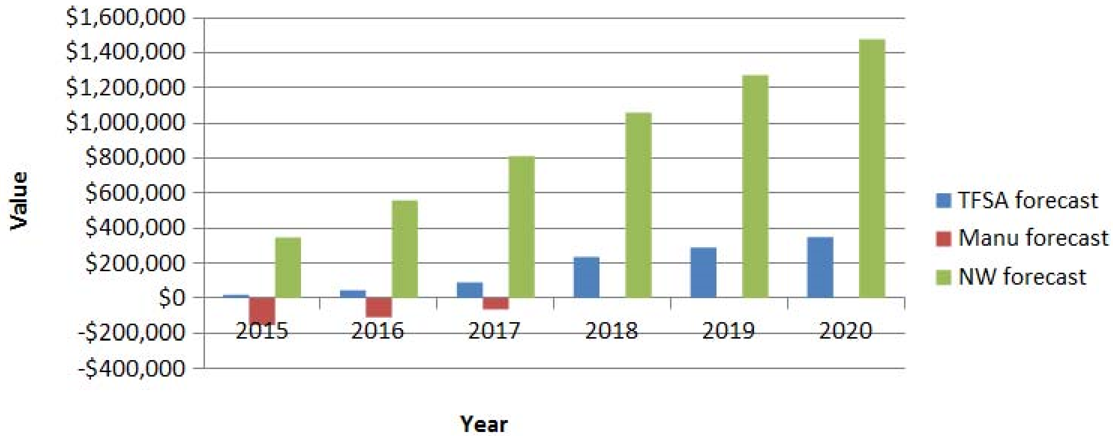
I won't sugar coat it – it is not easy become financially independent. But it is possible, so why not enjoy the ride getting there? Celebrate when you reach specific milestones that you set for yourself. And above all (this is a very important step) write your goals down. In *Think and Grow Rich*, Napolean Hill encourages people to write down their goals. Maybe you want to save for that dream vacation or finally take that honeymoon you couldn't afford when you got married. Or, maybe you want to have enough invested, so you don't have to work anymore – wouldn't that be amazing! It's much more rewarding to get there on your own than have the money land in your lap by winning the lottery or inheriting it. And if you do receive these windfalls you'll be better able to handle them because you've practiced good savings habits.

It takes hard work and determination to achieve financial independence. These are the steps my wife and I are taking to reach our financial freedom.

1. **Establish your values system.** My clients Wayne and Wanda both value freedom of time, so they're saving and creating income streams that will give them the option of not having to work. They both love their careers and will probably continue to work – but at a more comfortable pace. Imagine not having to fight traffic every morning to get to a job.

2. **Take stock of where you are financially.** You should always know your **financial net worth**. Your net worth is the difference between your assets – real estate, non-registered investments, tax-free savings accounts (TFSAs), registered retirement savings plans (RRSPs), etc. – and your liabilities (what you owe). Your ability to take care of yourself is tied directly to your financial net worth. The higher your net worth the more financially independent you are. I track my net worth every month using an excel spreadsheet template borrowed from the Robert Kiyosaki game *Cashflow 101*.

Currently, Wayne and Wanda have a net worth of about $250,000. If you observe the forecasted grow of our TFSAs in the following chart, in 2017 they will achieve a "sweet spot" where their home loan debt will be less than their total TFSA wealth. At this point they will have the option of using their TFSA money to pay off the home loan.



3. **Reality check on your ability to earn an income.** Your ability to earn an income is the most important asset you have, and it allows you to take care of yourself and your family. If you lose this ability due to a job loss or illness you quickly realize how important and vital it is to your well-being. To help protect your income, make sure you have disability insurance in place. If you have disability insurance coverage through your group benefits at work, check to see if it will cover you completely if you have a disability lasting longer than two years. Often, it will only cover your income for two years and if you're able to work in a different occupation, after that your plan will not cover you. If your employer is paying for your coverage you will be taxed on the income you receive from your group plan.

"One-in-three working Canadians will experience a period of disability lasting longer than 90 days during their working lives," says Mark Hardy, Senior Manager, Life and Living Benefits, RBC Insurance. He goes on to say "Most Canadian workers would suffer severe financial hardship if they were forced out of work with a disability, according to a recent RBC Insurance survey. Three-in-four (76 per cent) believe that should they become disabled and unable to work for three months there would be serious financial implications for their family, such as significant debt or an impact on retirement plans." (5) Workers need to talk with their family and take action today, so they are prepared for future financial implications of not being able to work."

During a very stressful time it's wise to have insurance coverage in place. A small premium can go a long way in providing peace of mind to know that you will not have to dig into your savings in case of a disability or critical illness. Critical illness insurance is also a good way to supplement income needs in case of a heart attack, stroke of cancer. Some group disability plans do not allow a worker to stay at home if they have some form of cancer or are recovering from a heart attack or stroke. But with a good critical illness plan in place, you can have the financial flexibility to take time off and focus on your recovery.

Not having enough disability, critical illness or health insurance in place is one of the top ways to become financially bankrupt. Make sure you don't become a statistic and put the proper insurance in place today!

4. **Start a budget and use cash where you can.** Save before you buy. Keep a budget, even if it's a simple one. You should always know what money you have coming in and how much you're spending. Otherwise, you run the danger of spending more than you make regularly and going into debt. I recommend using 50 to 70 per cent of your earnings on daily expenses. Save 10 per cent, invest 20 per cent, and if you are charitable give 20 per cent to causes you believe in. Even if you manage to save 10 per cent you will still be ahead of most people. The average savings rate for North Americans has dropped considerably from 20 years ago.

According to an Ipsos poll conducted between August 25 and 28, 2015 on behalf of Interac, 29 per cent of Canadians say they've never created a budget for themselves or their household and 66 per cent confess they have financial habits they need to work on. 27 per cent feel they're not on track to achieve their goals.

Wayne and Wanda keep an eye on their spending every week and save before they buy major items or go on vacations. They even save for small purchases like clothing. Their personal savings rate is 15 per cent and they'd like to increase that to 30 per cent after their home loan is paid in full. When they have extra income or a financial windfall, they divide it up by giving a portion to investments, a portion to charity, a portion to pay down their home loan, some to savings and the rest to savings projects they are working on. One such project is a trip to Costa Rica in 2016 for their tenth wedding anniversary.

5. **Create an emergency fund.** Unlike many people who rely on credit cards in an emergency, I recommend saving at least six to twelve months of your living expenses in a TFSA. My clients, Wayne and Wanda, have created their own emergency fund and have discovered profoundly enough they now have very few emergencies. They like to keep the interest on the growth in their emergency fund instead of giving money to the credit card companies in the form of credit card interest.

6. **Save before you buy.** Another practice my clients have is to save before they take trips or buy things they like. Once they have the money saved for a vacation they enjoy it more knowing that after they return home they can pay off their credit cards. For their next trip, they've decided to do more activities and keep the cost of travel low. Sometimes you must sacrifice a little splurging today to achieve the financial independence you seek for tomorrow.

7. **Make sure you have the proper insurance protection in place for yourself and your family.** It's best to have insurance in place if you are to have true financial independence. If you lose your job you know that you are still covered because your own insurance coverage is not tied to your employer. You can't anticipate every trouble that comes your way but

having enough insurance coverage in place will increase your odds of maintaining financial independence. Wayne and Wanda have enough life insurance in place that in the event of a death they could pay off their home loan and leave some extra money to help with life needs and income. Once their home loan is paid they intend on using their $50,000 Universal Life policy to act as another tax-sheltered savings tool. Some of their life insurance is still term insurance which they intend on converting to either whole life insurance or Universal Life insurance. They like universal life insurance because it gives them the opportunity to pick their own investments. Their plan is to upgrade their critical illness insurance to at least $250,000 each because this type of insurance has a long-term care provision built in.

8. **Seek a qualified financial security advisor and grow your financial intelligence.** For car repairs, you go to a licensed mechanic and to have open heart surgery you go to a qualified heart surgeon. Likewise, put your finances in the care of a qualified financial security advisor you can trust to give you the proper advice - someone who is licensed to provide you with insurance and investments products. Check your advisor's track record and testimonials. Having a good financial security advisor on your team along with a good accountant and lawyer (when necessary) will give you a better chance of reaching financial independence. Make sure your accountant and lawyer understand the benefits of having insurance in your financial security plan.

Read good financial planning books to grow your financial intelligence quotient. I recommend David Bach's *Automatic Millionaire* as well as *The Millionaire Next Door*, *Millionaire Mind* and *Secrets of the Millionaire Mind*. For investing, study successful investors like Warren Buffet and Jim Cramer who give you tips on how to be a good investor.

9. **Stay healthy.** My wife and I both are very active with martial arts, dancing and walking. Recently Wayne joined a Huff 'n Puff league along with his 78-year-old father who is an inspiration to him. He is a very youthful 78-year-old (soon to be 79) who still sails with his own boat. As well, his mother and father often join Wanda and himself for a night of ballroom and Latin dancing at a local dance hall.

10. **Think income stream!** This is a topic that is very dear to my heart because the more passive income you create, the freer you become. Once you build up your passive income stream to the point it equals or exceeds your living expenses, you're out of the rat race and get to travel on the fast track to greater wealth.

Passive income streams can come from real estate, dividends, royalties from book sales or recordings, investment accounts that generate income, annuities, etc. I recently created my own lifelong income stream by opening a registered retirement savings plan within a London Life segregated fund policy that includes the lifetime income benefit option.

Wayne and Wanda are growing their passive income streams with investments and business residual. They still have not achieved enough passive income to exceed their expenses, but they've forecasted the date when they believe they will reach this goal.

Now is the time to start taking the steps towards your financial independence. First, establish your value system. Next, build your security basket of putting insurance (including proper disability and critical illness to protect your earning power and life insurance in case you pass away) in place and establish a good emergency fund. Then start accumulating various sources of income – real estate, investments, etc. Keep track of your net worth and determine how much income you would need to get out of the rat race. Also, don't forget to give back to your community and offer money to a charity of your choice.

If you have achieved financial independence I would like to hear about it. Please send me your personal stories to werner.duever@f55f.com. Tell me how you achieved your independence and what you are doing today.

If you are looking for help with your financial security plan, I would be happy to assist you.

Chapter 10 - 7 steps to financial health

Financial independence is generally used to describe the state of having sufficient personal wealth to live, without having to work actively for basic necessities. For financially **independent** people, their assets generate income that is greater than their expenses.

There is no quick path to being rich unless you win the lottery; and the odds are against you on that happening. Unless you believe in fairies to rescue you from your financial problems you will have to do it yourself.

The good news!

If you live in Canada you have a very good chance of reaching financial independence and living the life you always dreamed of. There are many ways to get there and I would like to propose the stages to becoming financially free.

Today of good jobs being less available and full-time work becoming harder to come by, it is time for young people to think about becoming more financially self-reliant. Automation and government cutting back services is changing future financial security that their parents and grandparents took for granted.

Stage 0: Financial dependence on others

Most of us start out being dependent on others to provide for our daily needs like clothing, food and shelter. As a young adult we start to think about becoming independent and moving out on our own. Some can handle this transition better than others.

For those who can get out on their own, reality kicks in and they start to realize how challenging it can be to find work and keep it and provide for their essential needs. Some unfortunately go into debt in the process.

Stage 1: Financial self-reliance

In this stage you learn to support yourself. You can live on the income you bring in to support your lifestyle and you stay up to date on all your bills.

Creating an income is new to most people who leave the nest for the first time. Perhaps you must work at a couple of jobs at first to pay the bills until you can make enough at one job to support yourself. In the process of securing that better job you may have to take on some debt.

Hopefully your debt hasn't grown too much, and you are able to get employment that is greater than your lifestyle needs so you can pay off your debt and enjoy a little extra income for fun.

For those who were reliant on their parents for many years, this is a glorious time in their lives. Now for the first time they can control their own destiny and realize new found freedoms they never experienced under the watchful eyes of others where they had to live by other rules.

Stage 2: Becoming financially stable

At this stage you are staying up to date with your bills and you have a nice emergency/liquidity fund in place that could provide money to pay for bills in case of a job loss or help in time of emergencies like unexpected car repairs. Money in an emergency/liquidity fund should not be used for common needs like vacations and small purchases. Savings for vacations and car purchases should happen in a separate savings or investment account.

Now the stress level starts to drop and there is a glimpse of financial freedom. With a three to six-month (or more) emergency/liquidity fund established, unexpected opportunities start to appear. You may start planning to buy a home or start an investment account which has mutual or segregated funds. You may also like to add insurance which has a cash growth component to provide for more financial stability for you and your family.

Stage 3: Dashing the debt load

At this point you learn to hate bad debt like car loans or credit card debt (debt that relates to living beyond your means and depreciating assets). You now decide to be free of this type of debt to gain the ability to grow your investments and build your own credit source.

You should target the debt with the highest interest rate first and then work on eliminating the debt with a lower interest rate. Once you have eliminated a great portion of this debt you can redirect your debt payments to add to appreciating assets like mutual funds and segregated funds and real estate.

Some people try to eliminate all their debt before they start investing. Although noble, this can be a frustrating time for some if they do not have a sufficient emergency/liquidity fund in place and they find themselves falling back by using their credit cards in case of a financial crisis. I recommend building an emergency/liquidity fund at the same time you target paying down your bad debt. This gives you the ability to use some of the growth in your investments to help knock down your debt.

Stage 4: Becoming financially secure

Your main goal is to free yourself from your need to earn a paycheck. You are trying to create a passive income stream to pay for your lifestyle. At this stage you have controlled the amount of bad debt you hold, and you are actively building your investment accounts and your real estate holdings. Your goal is to build your investments and real estate to the point that the income generated pays for your living expenses.

Once you have built enough income (other than government and company pension income) to pay for your housing expenses, taxes and daily living expenses you have achieved financially security. Congratulations! Not many people reach this point and it is a good time to have a celebration.

Stage 5: Becoming financially independent

At this stage in your financial independence journey you have accumulated enough assets and real estate holdings to generate the income stream necessary to pay for your lifestyle and more. At this point you can choose between continuing to work at your job or switch to another career or simply stop to manage your own investments.

Don't forget to still look for investment opportunities and continue to invest. If your passive income stream exceeds your needs why not take some of that extra income and invest it. I think it is a good practice to keep the savings cycle continue in your life so that you will have a better chance of not running out of money and achieving higher levels of wealth.

Stage 6: Financially free

Once you achieve financial independence you have come into a new realm of living that is more stress free. It is like being a child with very little cares in the world!

You may conclude that you would like to increase your lifestyle and be able to enjoy more – like taking bigger trips or helping with charities that you admire or starting a small business.

Having money gives you're the opportunity to hire people to do those mundane tasks like cleaning your home and grocery shopping. You may even want to hire a chef or a driver.

At this point you may want to redefine your goals in life. Make sure your goals line up with the amount of income you are generating so you don't drift back into debt.

Stage 7: Financial Excess

Yes, there is a stage beyond financial independence and it is achieved by very few individuals. At this level you have way more than enough passive income to live on and fund your re-established new lifestyle.

What do you do now? Well you could mentor other people to do the same or start building a charitable foundation to give to charities you support. Life insurance can help with this stage in leaving a legacy to family and charities of your choice.

At all stages you should put the proper level of insurance in place appropriate to your budget and use a good financial security advisor, accountant and (if necessary) a lawyer to help you manage your investments and real estate holdings properly. You will work hard at building your financial independence and in the process, you should secure what you have built with insurance.

Chapter 11 – Financial freedom visionaries

Through my career at Freedom 55 Financial I have met a few individuals who desired to be financially free. Their stories have inspired me to write this book and I would like to share a few of their stories with you. Perhaps their passion will inspire you or someone you know to seek to be financially independent as well.

Youngest freedom dreamer yet

In 2016, I helped a 12-year-old young boy open an investment account. Tyler’s mom approached me to let me know that her son had some money to invest and I said I would be happy to show him how to invest it. She explained that he worked odd jobs (cutting grass, selling items to his friends and plowing snow) to accumulate enough to invest with me. This gave me goosebumps and I was so excited to share his story with my friends and clients. He became my youngest investor ever!

Tyler shared with me after I helped him invest over $2,000 in his mom’s London Life segregated fund TFSA (where he was the beneficiary) that he would like to be financially independent by the age of 40. I said I would be happy to help him get there. He was so excited to invest with me that he said he would think of other ways to make money to invest in his mom’s TFSA. He grabbed the London Life information folder for the segregated funds he invested in and carried it around his home proudly.

Passionate about financial independence

In 2017, I met with Jeb and he had told me he just bought his first real estate property. Jeb has been following my newsletters and Facebook posts and saw my love for financial independence and caught the flame to be financially free as well. Jeb wishes to be free very soon but had to taper his desire to be free to set up some emergency funds first with my recommendation. He put some good insurance protection in place to protect what he worked so hard to achieve.

Jeb’s major plan is to own several real estate properties that will help to generate income to help him become financially free. I encouraged him to invest in other sectors of the economy like industrials, health care, materials and consumer goods to cushion him in case the real estate market takes a turn for the worst.

Driven to grow his income

Also in 2017 a client of mine, Joseph, came to me to ask me to teach him about what income products would be best to own. There are many products that are available, and I showed him one that I am particularly fond of and own myself – a guaranteed income product offered by

London Life called the “Lifetime Income Benefit”. The Lifetime Income Benefit is guaranteed income product offered by London Life and is an option connected to a segregated fund account. Joseph was very excited to learn about all the benefits of this income tool.

Chris is also very passionate about financial freedom and I am sure he will achieve it.

Chapter 12 - Countdown to financial independence – freedom calculator

What's your freedom number? It is as individual as you are. I love talking about this number and what it represents. The larger the amount of income you achieve, the more financially free you become.

Quite simply it is the income you presently need to live the lifestyle you are presently enjoying. If say you need $50,000 per year income to pay all your bills and have enough left over for fun then this is your freedom number and if you would like to be financially independent, then you should work on building up $50,000 in passive income so you don't have to earn a pay check.

There are various ways you could build up a passive income stream to generate $50,000 per year but I am only going to concentrate on two areas – investment income and real estate income. To generate $10,000 per year you should accumulate $250,000 in assets in either a TFSA, RRSP or non-registered account. Some of these investment tools are taxed when you withdraw funds, and some are not. Your accountant or financial advisor can help you with determining which one you should start taking an income stream from so that you will pay the least in tax. Also working with a good financial security advisor will help you to grow your investments more than if you try to do it on your own. Did you know that households with income levels between $35,000 and $55,000, had nearly 5 times the level of investable assets as compared to non-advised households? (6)

For real estate, it is a little more complex. If you would like to be a landlord and have several properties that generate income you should be good at fixing homes, dealing with tenants and be able to hire the right people to maintain and fix your homes. It can be very profitable if you can find good tenants to help you pay down your mortgages and the market value of the properties continue to rise.

I constantly keep track of my income streams and make projections on their growth, so I know how close I am to my financial freedom. If your income freedom number is $50,000 and you have built up $25,000 in passive income, then you are 50% to your goal. How close are you? Track your progress on a temperature chart.

So, the next step, if you haven't done it already, is to determine your 'Freedom Number" and develop a strategy on how to achieve it. Figure out how much you need for your lifestyle. Start with listing all your present investments and assets. Next determine how much to add to your investments and how much money you might need to purchase your first income property. Always seek out others who have been successful in doing this, so you don't have to make too many mistakes in choosing the right investments or homes to buy.

Chapter 13 - Think income stream

You've already set up your passive income stream (not government or company-funded) to pay all your bills and vacations and you're enjoying a cool beverage while sitting on the beach in some exotic location. You don't have to go back to work, however, you do because you love the work you do now more than ever, and you aren't pressured to earn a pay check.

Think this scenario is impossible? Well, for most of Canadians it is unless they're determined to make it happen.

When I was young, I learned about creating income by delivering papers in a small northern Ontario town. It was my first job and I loved that I could buy my own candy and hockey cards. I even saved enough to buy a bike. But if I didn't show up for my route I didn't get paid. If I'd been smart like Tom Sawyer who hired kids to paint a fence for him, I might have started a newspaper delivery business and hired other kids to do the delivering, creating an income stream by simply managing people.

Dividends offered by segregated and mutual fund companies are another way to create an income stream. As a Canadian, you could have earned $43,000 in dividends in 2014 and if this was your only income, you would pay no income tax on those earnings. If both you and your spouse each earned $43,000 in dividends, for a total of $86,000, and earned no other income, neither of you would pay income tax. Dividend mutual and segregated funds may offer potential opportunities for growth, when the underlying companies in which they invest increase their dividends through the splitting of stock.

There are many ways to generate income but for this article, I'm focusing on income from financial products only.

Since working with Freedom 55 Financial, I've discovered interesting ways to create income streams like payout annuities (both fixed and variable), income from whole life insurance and investment income.

Fixed annuities are provided by a life insurance company and provide you with an income after you deposit a lump sum premium. You can set up an annuity for life or for a set period. The older you are, the less you must get the same amount of income. You may also add indexing to help offset the effects of inflation on your purchasing power.

Variable annuities are also commonly called segregated funds. (7) They can be flexible. A London Life segregated fund policy can add a lifetime income benefit option to provide an income stream for life for a lump sum premium. Income with this product will never decrease (if an excess withdrawal is made) and if the markets do well your income level may increase. Interest on the income increases with age. If you delay taking an income each year, a deferral bonus may be added to your future income stream.

I recently placed some of my registered retirement savings plans (RRSPs) in this income vehicle and look forward to drawing an income from it someday. And I know that the income can last if I live. If your spouse is 50 years of age or older you may set up a joint-income account so when one of you dies, the income automatically transfers to the surviving spouse. There are other benefits with segregated fund policies like maturity and death benefit guarantees and probate avoidance and potential creditor protection.

Life insurance is important for protection of your family and estate but also can provide the potential for income. While the primary purpose of life insurance is to provide a tax-free lump sum of money to your beneficiary when you die, participating life insurance has a guaranteed cash value that grows inside the policy. With London Life participating life insurance, policy holders are also shareholders and receive dividends when London Life has a profitable year. Also, did you realize that the guaranteed cash value in a whole life policy is vested? That means it will never drop below the amount that is presently in the policy even if the stock market crashes. I like to call this a 'market bomb shelter'. Once you have enough funds in your participating life insurance policy, you have the option of taking an income. There are different means of taking value out of your policy and some may have tax consequences. To learn more, speak with your financial security advisor.

"The freedom to choose. The power to get there." (8) It's not just a slogan. Let me show how you can grow your income stream, helping provide the financial independence to choose not to work or if you enjoy working, do the work you always dreamed of doing.

Chapter 14 – Once you are free what's next?

I must give you a big congratulation on reaching this point! Hopefully by now you have started to think differently about financial independence an you have made some important steps to becoming financially free. The most important part of any journey is taking the first step. The second most important part is keeping the dream alive and persevering even under opposition from your family and friends.

Have you calculated your freedom number yet? Have you started to pay down your debt and in the process opened an investment account and started to make regular deposits to grow your wealth? Have you started to save for your first home or income property?

Although this can be a frustrating process I encourage you to keep going and determine from Chapter 9 where you are in the process.

Once you achieve financial independence you there will be a lot of celebrating and enjoying the free time you have created for yourself. You may even take up a sport or activity that you have always wanted to do or travel to a country you always dreamed of travelling to. Whatever you do I hope it is an enjoyable to time for you.

After you achieve financial independence the sky is the limit! Now you are in the position to teach others to do the same. And some of these people you help may become friends for life. Having money gives you options and the freedom to experience life's richest.

I feel sad for those in North America who don't realize the freedom that comes with being financially independent. And the thing is most of these people can achieve such a level of freedom if they would only change there thinking and patterns of spending and saving.

Thank you for joining me on this journey to financial freedom and I look forward to hearing about your journey. It is my hope that maybe one or two people will be inspired from reading this book to get on the financial independence train with me and work towards reaching their financial freedom. If you are open to share with me your financial independence struggles and victories that would be awesome! Cheers!

Glossary

RRSP – Registered Retirement Savings Plan

TFSA – Tax Free Savings Account

Appendix A

(1) Assuming a 30 per cent tax bracket.

(2) Kimberly Palmer, Do rich people live longer? U.S. News Money, Feb. 14, 2012, http://money.usnews.com/money/personal-finance/articles/2012/02/14/do-rich-people-live-longer.

(3) Assuming a 40 per cent tax bracket

(4) Source: “Copycat Marketing 101” by Burke Hedges

(5) From the RBC insurance article *“Canadian workers not prepared to deal with financial impact of disabilities*”, published January 20, 2015.

(6) IFIC The Value of Advice: Report of July 2010

(7) Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the Fund Facts before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

    A description of the key features of the segregated fund policy is contained in the information folder.

    Any amount that is allocated to a segregated fund is invested at the risk of the policy owner and may increase or decrease in value.

(8) Freedom 55 Financial slogan

About the author

For nearly a decade, I've been helping individuals, families and businesses secure a better financial future. My decision to enter into financial services came about through my long personal interest in the markets, as well as witnessing how sound financial security planning (or lack of it) could have a profound effect on people's lifestyles and well-being. What I have found is that quite often it's the small changes that make the biggest impact.

As a resident of London, Ontario for over 40 years, it's been my pleasure to serve Londoners both in my profession and in a volunteer capacity. My community involvement includes volunteering with my church and The London Chamber of Commerce, as well mentoring high school students with Junior Achievement.

My wife Kristen and I enjoy an active life of martial arts and ballroom dancing.

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