

# Life Is Rich

## How to create lasting wealth



### THE EXECUTIVE SUMMARY IN BRIEF

*"I know people who make a lot of money. But what are you doing to create wealth?"* In ***Life is Rich***, U.S. Army Veteran, George Washington University M.B.A., and social entrepreneur Nate Scott - a millionaire by the age of 32 - shares a practical guide for financial success in spite of life's challenges. Anybody can work hard and get by. Creating wealth - rearranging your life to make room for your own values - requires a change of perspective. In ***Life is Rich***, Nate explains the financial danger that no one is talking about and how entrepreneurs think differently in order to seize opportunities other people miss.

***Life is Rich*** is your personal M.B.A. - not a Master's in Business Administration, but a roadmap to a Massive Bank Account. In ***Life is Rich***, you'll learn that most financial setbacks are the result of a reluctance to take on a leadership role. Financially successful people are those who are willing to take responsibility and make quick decisions. You need to change your entire attitude and approach: you need to begin thinking like an entrepreneur. Nate lays out the questions you need to ask yourself in order to build the life you want. Then he goes into the specifics: What type of business should you create? How will you finance it and how can you protect your assets and financial privacy? How can you save for a secure retirement and protect your estate for your dependents? In short, how can you protect yourself in a dangerous economy and not only survive, but come out ahead?

The central message of ***Life is Rich*** is simple: We are each born to be great. Too often, though, we sabotage ourselves with bad habits and routines that hold us back. Practice doesn't make perfect - it makes permanent. To enact positive change in our lives, it's necessary to step back and get a fresh perspective. Nate Scott shows us how to look at our lives with new eyes.

***Thoughts lead to Feelings  
that lead to Actions  
that lead to Results***

### IN THIS SUMMARY, YOU WILL LEARN:

- The questions you must ask yourself to position yourself for dramatic wealth
- How to avoid the looming cash flow danger that threatens us all
- The #1 secret of entrepreneurial thinking

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# THE COMPLETE SUMMARY: LIFE IS RICH

by Nate Scott

**The author:** Nate Scott is a U.S. Army veteran, Captain, and Ranger; a financial planner and entrepreneur. He holds a B.S. from the US Military Academy, an M.B.A. from George Washington University, and an Executive Certificate in Financial Planning from Georgetown University. He is a former licensed financial advisor (Series 7, 66, Life, Health, and Variable Annuity) and a former licensed Real Estate and Mortgage professional. A millionaire by the age of 32, Nate is the co-author of "Pillars of Success," the author of "Life is Rich," and the creator of "Beyond the Bailout," a debt management program. A father of two whose life is anchored by his military leadership experience and his Christian faith, Nate is committed to living each day principle-centered based upon Biblical teachings and being a person of value. He does this by spreading the message of discipline, habits, and accountability.

To purchase this book, go to <http://www.LifeIsRichToday.com>

To view Nate's media kit, go to <http://www.AskNateScott.com> or call 904.838.2623.

## LEADERSHIP IS THE ANSWER

Napoleon Hill's analysis of several hundred people who accumulated fortunes well beyond the million-dollar mark has showed that every single one of them had the habit of reaching decisions promptly. Conversely, a reluctance to reach a decision - simple procrastination - was a common factor in cases of financial failure.

The moral is clear: it's not possible to succeed unless you're prepared to be a leader. To start thinking like a leader, it's necessary to familiarize yourself with a framework of basic principles that can be summarized under the heading *Be, Know, Do*.

**Be:** *Technically and Tactically Proficient.*

*Possess Professional Character Traits.*

**Know:** *The Four Major Factors of Leadership (Leader, Those Who are Led, Situation, Communications)*

*Yourself - your strengths and weaknesses.*

*Your Team.*

**Do:** *Take Responsibility*

*Make Timely Decisions*

*Set the Example*

*Keep Your Subordinates Informed*

*Employ Your Team In Accordance*

*With Its Capabilities.*

There's more, but these are the key factors to consider. Leadership, of course, is about more than simply memorizing a set of principles: ultimately, it's about having the discipline to put those principles in action. Only discipline teaches us to delay gratification, which in turn enables us to make wise choices that lead to wealth. Discipline is often equated with physical fitness, the implication being that one must be disciplined to stay fit. In truth, both are the same skill in different forms: discipline

itself is a muscle which grows stronger as it is exercised.

## WHAT IS THE CASH FLOW DANGER

Two generations ago, corporate pensions and Social Security ensured a secure retirement for our grandparents. Today, pension plans have become virtually extinct, shifting the burden of retirement savings away from corporations and onto the employees. Our retirement depends largely, not only on our own ability to save and invest wisely, but also on our ability to plan.

But even the best laid plans can go awry. In recent years, as recession ravaged the economy, many smart, well-educated Americans have found themselves suddenly financially insecure. Churches and non-profits have had more and more people coming in looking for food or help with rent or utilities. Many have just lost jobs and have never needed help before.

According to the most authoritative thinkers and authors in the United States, in ten years the middle class will be completely gone from North America. It's already left twenty-five major U.S. cities. There will be an ultra-rich class and an ultra-poor class. What happens when twenty million adults turn thirty without a job and twenty million other adult Boomers turn seventy without health insurance?

The good news is if you're reading this information in 2014, you have at least ten years left. The bad news is that most people will wait too long to take action.

You must determine how much you will need in total by the time you are age sixty-five. Studies indicate that retirees will need between 80 percent and 90 percent of their preretirement income to maintain their current standard of living. So, a reasonable target is one that will provide you with an annual income similar to the income you

have now. Then you need to consider a "safe" withdrawal rate. This is the percentage of your retirement nest egg you will withdraw each year during your retirement. Research indicates that, if they have saved enough, retirees can best preserve their assets if their annual withdrawal rate is 5 percent or less. This provides a quick test for determining the total amount you need to save by retirement: divide your desired annual income by the withdrawal rate.

So, for example, if you want to target a retirement income of \$60,000 per year, you need to save \$1.2 million ( $\$60,000/0.05$ ). The following formula can be used to quickly estimate how much you might need to accumulate as a traditional investor (i.e. Savings, Money Market, Certificate of Deposit, Mutual Funds, Bonds and Stocks) before you can retire.

## NEARLY BANKRUPT AND HOMELESS: IT HAPPENED TO ME

After building a book of business as a financial advisor for a global wealth management firm, Nate Scott accepted a salaried position as Chief Financial Officer of a mortgage and real estate technology company. In 2007, it was listed as #155 on INC500's fastest growing companies. Nate traveled the country empowering Real Estate agents and mortgage professionals to be in business for themselves. He said, *The Real Estate agents and mortgage brokers were earning a greater commission than they could anywhere else, and we were earning monthly fees for providing technological services and commissions on transactions.*

In addition to his full-time salaried position, he had a forty-unit apartment complex in Maryland, three luxury homes in Northern Virginia, a five-bedroom, four-

bathroom luxury vacation home near Disney World, a rental townhouse in Jacksonville, his Jacksonville office, and a personal residence. He had an H3 Hummer, a Mercedes Benz SL500 hardtop convertible, and a BMW X5. In total, Nate Scott had a personal Real Estate portfolio valued at about \$5M, invested assets of more than \$300,000 and a cash flow of more than \$12,000 per month. Financially, life was great.

Things took a shift in July 2007, when he got a call from his funding source saying that they were closing their doors. The economy started getting worse as the company started looking to establish new relationships. In December 2007, Nate was notified that the company was among several mortgage companies that had filed for bankruptcy. That was the last time he had a regular, full-time job.

*It was probably the lowest point in my life, Nate writes. How could I be a successful businessman and be broke—financially and personally? My life was out of balance. My marriage was ending, and for the first time since walking the perimeter in the desert I was unsure if I was going to make it out alive. How could this have happened to me? I was too smart and too educated and too good at what I did. I had become a millionaire and now it was gone.*

Nate pulled himself out when he realized that all personal growth comes down to four basic questions. These four questions are the basis of his entire approach, and they are revealed right here:

**1. What do I want?**

**2. Where do I want to be** one year from now with my relationships, income, wealth, family, spirituality, and so on?

**3. Am I willing to make a choice** in my life to change the path I am on right now so that I can position myself for dramatic wealth?

**4. Is success truly important to me?**

Or am I just looking for something to make me feel good, but don't really want to do what it takes to succeed?

Only you can answer these questions for yourself. If you answer "No" to either of the last two questions, then nothing in this book will help you. You need to be ready for real changes. You need to want to make a change.

Nate answered yes, and he started to turn his entire life around. Will you?

## BECOMING AN ENTREPRENEUR

One of the most fundamental traits in becoming an entrepreneur is having an interest in what you are doing. Another key component for success is brains. But this is not what you might first think. An entrepreneurial brain doesn't have anything to do with how well you did in school or a piece of paper you hang on your wall. To become a successful entrepreneur, you must have a working knowledge of the business you plan to start before you start it. But **the #1 secret of entrepreneurial thinking is combining common sense with the ability to see opportunities where others miss them.**

Think about the people who had the entrepreneurial brains to recognize the opportunity of having a McDonald's franchise in the 1960s. At the same time, whereas the far larger group of people, who were presented the same opportunity passed it by. They're the ones who couldn't spot the value that McDonald's was presenting to them.

What you really don't need to be an entrepreneur is capital. Many people use lack of money as an excuse to keep from becoming entrepreneurs. They think that they need hundreds of thousands of dollars—all of it in cash—to start a business. This is not the case at all. But you will need

seed money of your own plus sufficient cash to maintain a positive cash flow for at least the first year.

Many businesses can be started on a very small scale with a small investment. Then, as the business grows and you gain experience, cash flow from your business can be used for growth. In some cases, you don't need starting capital to hire staff because you might start by doing everything yourself. The do-it-yourself start is a good way to learn everything about your business. It also makes you better qualified to delegate work to others later on. You can control your risk by placing a limit on how much you invest in your business.

In whatever way you decide to structure your business startup, either on a full time or a part-time basis, the key is to get started. What makes an entrepreneur different from other people is his or her ability to find ideas and follow through with them. Most people are not oriented to do anything about their ideas, while still others believe it would take too much of their time and money to follow through to completion. This leaves the marketplace wide open to the person who decides to explore any good idea and turn it into profit.

Learn to look around you as you go about your day and learn to write your ideas down. Keep your mind open as you go through each day. What did you notice in the store that would reduce cost or increase sales if some simple procedure were added or something changed?

Ideas for improvements are one of the most valuable things you can contribute to a business and at the same time add to your network. To create ideas for improvements, consider every possibility and alternative for the thing you want to improve. Learn to create ideas by evaluating all the different aspects of the product, method, or concept you're interested in. Put your imagination to work. What should be improved, and why?

Who will benefit from the improvement? What is wrong with it now? Did someone else cause a problem with it? How do you propose to improve it? Exactly what parts need to be improved? Should it be smaller? Should it be larger? Should the color be different? Could it be combined with something else to make it more practical? Would a basic material work better? Could it be simplified? Is it priced too high? Would a change in personnel help the situation? Can the shape be changed to give a competitive advantage?

List ways to increase production, list ways to increase sales, list ways to reduce costs, list ways to increase proficiency, list ways to improve quality and increase profits. The idea behind this process is to get your entrepreneurial brain going. Write down any ideas as they come to mind in every variation you can think. Don't judge the good and bad, just write them down and judge them afterward. You'll stop the flow of ideas if you're critical of your thoughts before you put them on paper.

When you've answered everything you can about the product or concept and know how it fits in with your plans, sit down and evaluate all the details you've written. After you have found or created a good idea, follow it up with questions on what should be your next move in order to act.

Decide what you enjoy doing the most and what you feel you would be good doing. Examine every possibility and include every skill you have, no matter how slight.

Once you have your idea, the next step is to put together a business plan. The key point is to get something down on paper that spells out your idea and makes it clear to others what you're thinking about.

To make it easier, here are five steps that will get you to a worthwhile plan:

1. Write out your basic business concept.
2. Gather all the data you can on the

feasibility and the specifics of your business concept.

3. Focus and refine your concept based on the data you have compiled.

4. Outline the specifics of your business using a what, where, when, why, how, approach

5. Put your plan in a compelling form so that it will not only give you insights and focus, but at the same time will become a valuable tool in dealing with business relationships that will be very important to you.

Remember that a job is something you get paid for, whereas *work* is something you do independent of getting paid. If you want your business to succeed, you need to put in the work up front.

## CREATING THE RIGHT BUSINESS ENTITY

How should you legally structure your business? Too many new business owners establish themselves as Sole Proprietors, simply because they don't know any other ways to structure their business. In fact, incorporation - establishing the business as a legal entity apart from you - is the most common way of setting up a business and has many advantages.

Corporations are legal structures that are set up in the state where you originally organize them. They're separate from you as an individual. They're designed to protect you from the personal liability related to your business. In a world where people are constantly suing each other, as well as being sued, this is important protection to have. It is also a convenient structure for raising capital and having to bring in outside investors. They give you some wonderful tax benefits as well.

For instance, if you're in business today, and you're not incorporated, there is only a percentage of your medical expenses

and insurance fees that you can deduct. As a corporation, you can deduct 100 percent of your expenses. There is paperwork associated with pursuing a corporate strategy. Meetings must be held and records kept. But you don't need a team of lawyers and a dozen outsiders to be a board of directors. The paperwork is minimal when you weigh it against the advantages I have discussed. In any case, there is paperwork associated with any business even, if you decide not to incorporate at this time.

Keeping the right paperwork associated with the right business structure you choose is a key factor of your wealth creation strategy.

## FINANCING YOUR ENTERPRISE

*Wait...what do you mean an entrepreneur doesn't need capital?* Of course you need some capital to get started. However, that capital can be borrowed, whether from a bank, a small business investment company, or your own resources. There are many, many ways to finance your enterprise. This summary covers only a few: you can find a fuller explanation in *Life is Rich*.

Keep in mind that whenever you ask somebody for money, whether it's for a small personal loan or a large amount of money to finance your business, you are involved in a selling situation. You have to prepare a sales presentation, just as if you were getting ready to sell a car. Within the sales presentation, you must have all the facts and figures. You must anticipate the questions and the possible objections of the prospective lender, with answers or explanations.

The more money you ask for, the more knowledgeable the people you want to borrow from will be, and the more detailed and organized your proposal must be. This shouldn't cause you too much worry, however, because you can hire an

accountant to help you put the numbers and details together properly. Look at it this way: the more money you request for your business, the more your lenders or prospective investors are going to want to know about you, your planning, and your business. They want to be impressed with the fact that you've done your homework. They want to see that you've researched everything and documented your facts and figures. They want to be assured by your presentation that investing in your business will make money for them.

You'll also have to prove your stability and money management talent relative to how successful you've been in paying off past obligations. If you've had credit problems in the past, get them cleaned up or at least explained on your file at your local credit bureau office. Under the law, credit bureaus are required to give you all the information they have about you in your files, and it's your right to correct any errors or enter explanations regarding negative reports on your credit. Do this without fail because prospective lenders or investors will definitely check your credit history.

So, now you have your balance sheet prepared. Your credit is reorganized in a light that is favorable to you. Your business plan with cost and income projected during the coming three years has been developed. Now you are ready to start looking for lenders or investors. Your first stop isn't the local bank. Instead, you should look to your family and friends for financial help. The best place to get capital into your organization is with those who are closest to you. Usually, they are the easiest ones to work with because their terms are a little more realistic. They are not trying to take every dollar back out of your business. And they typically don't try to restrict your ability to operate your company. That can happen with many venture capitalist firms, which can often restrict the way you operate

and tie you up in a way you don't want to be. So it's often best to start off getting financing from those who are closest to you. But just because these people may know you, it doesn't mean that you can be anything less than businesslike with them. Approach them in a businesslike manner. Tell them about your idea or plans, and ask them for a loan. Agree to sign a formal statement to pay them back in three, five, or ten years with interest. When you have your proposal assembled, you might even want to think about a limited partnership or even a general partnership arrangement as a way to finance your project. In any kind of partnership, each partner shares in the profit of the company. But in a limited kind of partnership, each person's loss liability is limited to the amount of money he or she initially invested.

Another common method of obtaining business financing is through second mortgage loans on home or existing piece of property. Say you purchased a home ten years ago for thirty-five thousand dollars and today the assessed valuation is eighty-five thousand dollars with an outstanding mortgage of twenty-five thousand dollars. A lender may consider your home to be security or collateral for a loan for up to sixty thousand dollars.

In every instance where you run into reluctance on the part of potential lenders, try exploring the feasibility of two-name or co-signed loans. You can have a business partner, a supplier, or a friend sign with you. You can usually borrow against any collateral such as stocks, bonds, time certificates, business equipment, or other Real Estate, and in this way give greater confidence to the lender in your ability to repay the loan.

Whenever you can show a contract from someone who has agreed to purchase a certain amount of your products or services during a specified period of time, you have

another important piece of paper that most lenders will accept as collateral.

Another possibility might be to get a bank or a firm that has loaned you money in the past to guarantee your loan. Remember that going straight to your neighborhood bank, applying for a business loan, and walking out with the money is just about the most unlikely of all your possibilities. If and when you approach a bank for a business loan, you will need all your papers in order—your financial statements, business plan, credit history, and all the endorsements you can get that point to your success with your planned enterprise. In addition, it would be a good idea to take along your accountant, just to ensure the banker that your plan is verifiable. In the end, you will find that it all boils down to whether or not the bank officer studying your application is sold on you as a good credit risk.

Your best bet in attempting to get a business loan from a bank is to deal with commercial banks. These are the banks that specialize in investment loans for businesses, Real Estate construction, and even venture programs. Look in your local yellow pages. Call and ask for an appointment with the manager, and then explore with him or her the possibilities of a loan for your project.

Also look at small business investment companies. These organizations can provide you with the capital you need by giving you a free loan, making a stock investment in your business, or offering a combination of the two. The biggest difference between them and other investors is that they are privately managed firms that are licensed and partially financed by the Small Business Administration. All of their transactions are regulated by the government. Their loans usually carry lower interest rates than commercial banks. The bottom line is this: you must have a well-researched and detailed business plan. You must have all

your documents and projections put together in an impressive presentation and you will have to be the one who does all the final selling of your proposal to the investor or lender. Place a lot of emphasis on your appearance, personality, and attitude because, make no mistake about it, they all count.

## Now What?

Each of us is in charge of our own destiny and each of us was born to be great. Daily habits build the character required to focus on perfect practice, which leads to perfection.

Unfortunately, part of being human is to see if we can do the least amount and somehow get the most. We live in a culture that seems to be based on instant gratification, which is a surefire formula for failure in every aspect of life.

The problem is that none of us can see ourselves swing. We are all too often unconscious of what we're doing to sabotage our lives.

*Life is Rich* will guide you through all aspects of establishing your own business. Nate Scott shows how to protect your assets, reduce your tax liability, guard your financial privacy, and even plan for retirement. There's even a chapter on estate planning, so your dependents are provided for. *Life is Rich* positions you to not only earn money, but create *wealth*. If you follow the advice in the book, you'll be positioned to start a successful business and protect your financial future.

The end goal, however, is not to build a successful business, but to build a successful life. That can't happen without a willingness to move in the direction of positive change.

Are you ready to look at your life from a new perspective?