The 21 Absolutely Unbreakable Laws of Money Brian Tracy

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The Laws

1. **The Law of Cause and Effect:** Everything happens for a reason; there is a cause for every effect.

2. **The Law of Belief:** Whatever you truly believe, with feeling, becomes your reality.

3. **The Law of Expectations:** Whatever you expect, with confidence, becomes your own self-fulfilling prophecy.

4. **The Law of Attraction:** You are a living magnet; you invariably attract into your life the people, situations and circumstances that are in harmony with your dominant thoughts.

5. **The Law of Correspondence:** Your outer world is a reflection of your inner world and corresponds with your dominant patterns of thinking.

6. **The Law of Abundance:** We live in an abundant universe in which there is sufficient money for all who really want it and are willing obey the laws governing its acquisition.

7. **The Law of Exchange:** Money is the medium through which people exchange their labor in the production of goods and services for the goods and services of others.

8. **The Law of Capital:** Your most valuable asset, in terms of cash flow,

is your physical and mental capital, your earning ability.

9. **The Law of Time Perspective:** The most successful people in any society are those who take the longest time period into consideration when making their day-to-day decisions.

10. **The Law of Saving:** Financial freedom comes to the person who saves ten percent or more of his income throughout his lifetime.

11. **The Law of Conservation:** Its not how much you make, but how much you keep, that determines your financial

12. **Parkinson's Law:** Expenses rise to meet income.

13. **The Law of Three:** There are three legs to the stool of financial freedom: savings, insurance and investment.

14. **The Law of Investing:** Investigate before you invest.

15. **The Law of Compound Interest:** Investing your money carefully and allowing it to grow at compound interest will eventually make you rich.

16. **The Law of Accumulation:** Every great financial achievement is an accumulation of hundreds of small efforts and sacrifices that no one ever sees or appreciates.

17. **The Law of Magnetism:** The more money you save and accumulate, the more money you attract into your life.

18. **The Law of Accelerating Acceleration:** The faster you move toward financial freedom, the faster it moves toward you.

19. **The Law of the Stock Market:** The value of a stock is the total anticipated cash flow from the stock discounted to the present day.

20. **The Law of Real Estate:** The value of a piece of Real Estate is the future earning power of that particular piece of property.

21. **The Law of the Internet:** The Internet is a tool for rapid communication of information of all kinds.

The 21 Absolutely Unbreakable Laws of Money

One of your major goals in life should be financial independence. You must aim to reach the point where you have enough money so that you never have to worry about money again. The good news is that financial independence is easier to achieve today than it has ever been before. We live in the richest country at the richest time in all of human history. We are surrounded by more wealth and affluence than ever before. Your goal should be to participate fully in what many people are starting to refer to as the "Golden Age"of mankind.

Money has energy of its own and it is largely attracted to people who treat it well. Money tends to flow toward those people who can use it in the most productive ways to produce valuable goods and services, and who can invest it to create employment and opportunities that benefit others. At the same time, money flows away from those who use it poorly, or who spend it in non-productive ways. Your job is to acquire as much money as you honestly can and then to use it enhance the quality of your life and the lives of those you care about.

Here now are the Twenty-one Absolutely Unbreakable Laws 0f Money:

1. The Law of Cause and Effect – Everything happens for a reason; there is a cause for every effect.

This is the "Iron Law" of human destiny. This law says that we live in a world governed by law, not chance. It says that everything happens for a

reason, whether or not we know what it is. Every effect, success or failure, wealth or poverty, has a specific cause or causes. Every cause or action has an effect or consequence of some kind or another, whether we can see it, or whether we like it or not.

This law says that all achievement, wealth, happiness, prosperity and success are the direct and indirect effects or results of specific causes or actions. What this means is that, if you can be clear about the effect or result you want, you can probably achieve it. You can study others who have accomplished the same goal, and by doing what they did, you can get the same results.

The Law of Cause and Effect applies to money as much as to any other subject. This law says that financial success is an effect. As such, it proceeds from certain, specific causes. When you identify these causes and implement them in your own life and activities, you will get the same effects that hundreds of thousands, and even millions of others have gotten. You can acquire whatever amount of money you really want if you will just do what others have done before you to achieve the same results. And if you don't, you won't. It is as simple as that.

The most important expression of this universal law is that, *"Thoughts are causes and conditions are effects."*

Put another way, "Thought is creative." Your thoughts are the primary creative forces in your life. You create your entire world by the way you think. All the people and situations of your life have been created by your own thinking. And when you change your thinking, you change your life, sometimes in seconds!

The most important principle of personal or business success is simply this: ***You become what you think about most of the time.***

It is not what happens to you but how you think about what happens to you that determines how you feel and react. It is not the world ***outside*** of you that dictates your circumstances or conditions. It is the world ***inside*** of you that creates the conditions of your life. Specifically, it is the way you think about money and about your financial situation that largely determines your financial conditions today.

Accurate diagnosis is half the cure. Look at the most important parts of your life - your family, your health, your work, your financial situation, and observe the cause-effect relationships between what you think, say, feel and do and the results you are getting. Be honest with yourself.

2. The Law of Belief: Whatever you truly believe, with feeling, becomes your reality.

This law says that you always act in a manner consistent with your beliefs, especially your beliefs about yourself. Your beliefs act like a set of filters that screen out information that is inconsistent with them. You do not necessarily believe what you see but rather you see what you already believe. You reject information that contradicts what you have already decided to believe, whether or not your beliefs, your prejudices, are based on fact or fantasy. This is especially true with regard to money.

The best belief that you can develop within yourself is that you are destined to be a big success financially. When you are absolutely convinced

that you are a financial success in the making, you will engage in the behaviors that will make it come true.

The worst beliefs you can have are "Self limiting beliefs." These exist whenever you believe yourself to be limited in some way.

The fact is that no one is better than you are and no one is smarter than you are. If someone else is doing better, it is largely because he has developed his natural talents and abilities more than you have. He has learned the laws of cause and effect that apply to his life and finances before you have. But anything anyone else has done, within reason, you can probably do as well. You just need to learn how.

What one great thing would you dare to dream if you knew you could not fail? If you had no limitations, if you had all the time, money, talent, skills and contacts you could ever want, what would you want to do or be or have in your life?

3. The Law of Expectations: Whatever you expect, with confidence, becomes your own self-fulfilling prophecy.

You are always acting as a fortune-teller in your own life by the way you think and talk about how things are going to turn out. When you confidently expect good things to happen, good things usually happen to you. If you expect something negative to happen, you are usually not disappointed.

Wealthy people expect to be rich. Successful people expect to be successful. Happy, popular people expect to be happy and popular. And your expectations are largely under your control.

Expect the best of yourself. Imagine that you have unlimited abilities and that you can accomplish anything that you put your mind to. Imagine that your future is only limited by your own imagination, and that whatever you have accomplished up to now, it is only a fraction of what you are truly capable of achieving. Imagine that your greatest moments lie ahead and that everything that has happened to you up to now has merely been a preparation for the great things that are yet to come.

4. The Law of Attraction: You are a living magnet; you invariably attract into your life the people, situations and

circumstances that are in harmony with your dominant thoughts. This is one of the great laws that explains much of success and failure in business and personal life. It says that everything you have in your life you have attracted to yourself because of the way you think. You can change your life because you can change the way you think.

When you develop a burning desire for financial success and think about it all the time, you set up a force field of positive emotional energy that attracts people, ideas and opportunities into your life to help you make your goals into realities.

Look at your financial life today and see how it harmonizes with your thinking. Take full credit for all the good things in your life. They are there

because you have attracted them to yourself. Then, look around you at the things you don't like and take full responsibility for them, as well. They are there because of you as well, because of some flaw in your own thinking. What is that flaw, and what are you going to do about it?

5. The Law of Correspondence: Your outer world is a reflection of your inner world and corresponds with your dominant patterns of thinking.

This is an extraordinary principle. This law explains most happiness and unhappiness, most success and failure, most greatness and meanness in life. After years of study in this area, I still stand in awe before this powerful law, like standing and looking out over the vastness of the Grand Canyon. Just think! Your outer world reflects your inner world in every way.

Nothing can happen to or for you in the long term until and unless it corresponds to something inside of you. Therefore, if you want to change or improve anything in your life, you must begin by changing the inner aspects of your mind.

Sometimes this is called your “mental equivalent.” Your greatest responsibility in life is to create within yourself the mental equivalent of what you want to experience on the outside. The fact is that you cannot achieve it on the outside until you have first created it on the inside.

It is as though your life is a 360-degree mirror. Wherever you look, there you are. Your relationships, for example, always reflect back to you the kind of person you are on the inside. Your attitude, your health and your financial conditions are a reflection of the way you think most of the time.

The Law of Correspondence is a foundation principle of virtually all religions and schools of thought. It is really great news. It is the key to personal freedom and happiness. It is the key to great success and fulfillment.

There is only one thing in the world that you can control, and that is the way you think. However, when you take complete control over your thinking, you take control over all the other aspects of your life. By thinking and talking only about what you want, and by refusing to think or talk about what you don’t want, you become the architect of your own destiny. You create your own world.

6. The Law of Abundance: We live in an abundant universe in which there is sufficient money for all who really want it and are willing obey the laws governing its acquisition.

There is plenty of money available to you. There is no real shortage. You can have virtually all you really want and need. We live in a generous universe and we are surrounded on all sides by blessings and opportunities to acquire all we truly desire. Your attitude, of either abundance or scarcity toward money, will have a major impact on whether you become rich or not.

The first corollary of the Law of Abundance says that, **People become wealthy because they decide to become wealthy.**

Individuals become wealthy because they believe they have the ability to become wealthy. Because they believe this completely, they act accordingly. They consistently do the things that turn their beliefs into realities.

The second corollary of this law says: **People are poor because they have not yet decided to become rich.**

In the book, *The Instant Millionaire*, by Mark Fisher, the old millionaire asks the boy who has sought his advice about becoming a millionaire, *"Why aren't you rich already?"*

This is an important question to ask yourself. However you answer this question will reveal a lot about yourself. Your answers will expose your self-limiting beliefs, your doubts, your fears, your excuses, your rationalizations and your justifications.

Why aren't you rich already? Write down all the reasons you can think of. Go over your answers one by one with someone who knows you well and ask them for their opinion. You may be surprised to find that your reasons are mostly excuses that you have fallen in love with.

Whatever your reasons or excuses, you can now get rid of them. The world is full of hundreds and thousands of people who have had far more difficulties to overcome than you could ever imagine, and they've gone on to be successful anyway. So can you.

7. The Law of Exchange: Money is the medium through which people exchange their labor in the production of goods and services for the goods and services of others.

Before there was money, there was barter. In barter, people exchange goods and services directly for goods and services without the medium of money. As civilization grew and barter became too clumsy, people found that they could exchange their goods and services into a medium like coins, which they could then exchange for the goods and services of others, thereby making the whole process more efficient. Today, we go to work and exchange our work for money, which we then use to purchase the results of the work of other people.

The first corollary of the Law of Exchange says**: Money is a measure of the value that people place on goods and services.**

It is only what a person will pay that determines the value of something. Goods and services do not have a value separate and apart from what someone is willing to pay for them. All value is therefore subjective and based on the thoughts, feelings, attitudes and opinions of the prospective purchaser at the moment of the buying decision.

The second corollary of this law says: **Your labor is viewed as a factor of production or a cost by others.**

We each have a tendency to look upon the “sweat of our brow” or our work, as something special because it is so intensely personal. It comes from us and is an expression of what we are as a person. However, as far as others are concerned, our labor is just a cost. As intelligent consumers, as employers or customers, we want the very most for the very least, no matter whose labor is involved.

For this reason, you cannot place an objective value on your own labor. It is only what other people are willing to pay for your labor in a competitive market that determines what you earn and what you are worth in financial terms.

Third corollary of this law says: **The amount of money you earn is**

the measure of the value that others place on your contribution.

The way the market for labor works is simple. You will always be paid in direct proportion to three factors: the work you do, how well you do it, and the difficulty of replacing you.

How much you are paid will be in direct proportion to the quantity and quality of your contribution in comparison with the contributions of others, combined with the value that other people place on your contributions

The fourth corollary of the Law of Exchange says: **Money is an effect, not a cause.**

Your work or contribution to the value of a product or a service is the *cause*, and the wage, salary or earnings that you receive, is the *effect*. If you wish to increase the effect, you have to increase the cause.

The fifth corollary of the Law of Exchange says: **To increase the amount of money you are getting out, you must increase the value of the work that you are putting in.**

To earn more money, you must add more value. You must increase your knowledge, or increase your skill, or improve your work habits, or work longer and harder hours, or work more creatively, or do something that enables you to get greater leverage and results from your efforts. Sometimes, you have to do all of these together. The highest paid people in our society are those who are continually improving in one or more of these areas to add greater value to the work that they are doing.

8. The Law of Capital: Your most valuable asset, in terms of cash flow, is your physical and mental capital, your earning ability.

You may not even be aware that, unless you are wealthy already, your *ability to work* is the most valuable asset that you have. By utilizing your earning ability to its fullest, you can bring thousands of dollars each year into your life. By applying your earning ability to the production of valuable goods and services, you can generate sufficient money to pay for all the things that you want in life. The amount of money that you are paid today is a direct measure of the extent to which you have developed your earning ability so far.

The first corollary of the Law of Capital says: **Your most precious resource is your time.**

Your time is really all you have to sell. How much time you put in and how much of yourself you put into that time, largely determines your earning ability. Poor time management is one of the major reasons for poor productivity and under achievement in every industry in America. It is the number one problem for both managers and salespeople in every field.

The second corollary of the Law of Capital says: **Time and money can be either spent or invested.**

To a certain degree, your time and your money are interchangeable. If you spend them, they are gone forever. You cannot get them back. They become sunk costs in your life.

On the other hand, you can invest them, in which case you get a return on them that can go on and on. If you invest your time or money in becoming more knowledgeable and better skilled, you can increase your value. By increasing your ability to get results for yourself and others, you increase your earning ability, your personal cash flow, sometimes for your entire career.

One of the smartest things that you can do is to invest three percent of your income every month back into yourself on personal and professional development, on becoming better at the most important things you do.

There is nothing that will give you a bigger and better "bang" for your buck than reinvesting some of your time and money back into your capability to earn even more. All wealthy and successful people have learned this sooner or later, and all poor and unhappy people are still trying to figure it out.

The third corollary of the Law of Capital says: **One of the best investments of your time and money is to increase your earning ability.**

The purpose of corporate strategic planning is to increase “return on equity”or ROE. This requires organizing and reorganizing corporate activities so that the company is earning a higher return on the capital invested in the organization. In your work life, your personal equity is your mental and emotional capital. Your job then is to earn the highest possible return on your human capital, to increase your “return on energy.”

Identify the things you do in your work that represent the highest value uses of your time. Focus more and more of your time on doing those things that represent the greatest contributions you can make to the most important results that you can achieve. Continually look for ways to increase your return on energy.

9. The Law of Time Perspective: The most successful people in any society are those who take the longest time period into consideration when making their day-to-day decisions.

The higher a person rises in any society, the longer is the time perspective or time horizon of that person. People at the highest social and economic levels make decisions and sacrifices that may not pay off for many years, sometimes not even in their lifetimes.
People with long time perspectives are willing to pay the price of

success for a long, long time before they achieve it. They think about the

consequences of their financial choices and decisions in terms of what they might mean in five, ten, fifteen and even twenty years from now.

People at the lowest levels of society have the shortest time perspectives. They focus primarily on immediate gratification and often engage in financial behaviors that are virtually guaranteed to lead to indebtedness, poverty and financial problems in the long term.

You begin to move up socially and financially from the day that you begin thinking about what you are doing in terms of the possible long-term consequences of your actions. As you begin thinking longer term and organizing your financial life and priorities with your future goals and ambitions in mind, the quality of your decisions improve and your life starts to become better almost immediately.

The first corollary of the Law of Time Perspective says: **Delayed gratification is the key to financial success.**

Your ability to practice self-mastery, self-control and self-denial, to sacrifice in the short term so you can enjoy greater rewards in the long term, is the starting point of developing a long time perspective. This attitude is essential to financial achievement of any kind.

The second corollary of this law says: **Self-discipline is the most important personal quality for assuring long-term success.**

Self discipline was defined by Elbert Hubbard many years ago as, "The ability to *make* yourself do what you should do, when you should do it, whether you feel like it or not."

Your ability to discipline yourself to pay the price of success, in advance, and to continue paying it until you achieve the goal you have set, is the true mark of the winning human being.

The third corollary of this law says: **Sacrifice in the short-term is the price you pay for security in the long-term.**

The key word here is “sacrifice.” When you resist the temptation to do things that are fun and easy and instead discipline yourself to do the things that are hard and necessary, you develop in yourself the kind of character that virtually guarantees you a better life in the future.

When you continually invest your time and money in improving yourself rather than frittering it away in idle socializing or watching television, you are putting yourself on the side of the angels. You are virtually guaranteeing your future.

10. The Law of Saving: Financial freedom comes to the person who saves ten percent or more of his income throughout his lifetime.

One of the smartest things that you can do is to develop the habit of saving part of your salary, every single paycheck. Individuals, families and even societies are stable and prosperous to the degree to which they have high savings rates. Savings today are what guarantee the security and the possibilities of tomorrow.

The first corollary of the Law of Saving comes from the book *The Richest Man in Babylon* by George Classon. It is to: **Pay yourself first.**

Begin today to save ten percent of your income, off the top, and never touch it. This is your fund for long-term financial accumulation and you never use it for any other reason except to assure your financial future.

The remarkable thing is that when you pay yourself first, and force yourself to live on the other ninety percent, you will soon become accustomed to it. You are a creature of habit. When you regularly put away ten percent of your income, you soon become comfortable living on the other ninety percent. Many people start by saving ten percent of their income and then move to saving fifteen percent, twenty percent, and even more.

And their financial lives change dramatically as a result. So will yours.

The second corollary of the Law of Saving says: **Take advantage of tax deferred savings and investment plans.**

Because of high tax rates, money that is saved or invested without incurring taxes accumulates at a rate of 30% to 40% faster than money that is subject to taxation.

Invest in company pension and retirement plans, 401(k) plans, IRA's, Keough Plans, Roth IRA's, Education Investment Accounts, stock option programs and whatever else has been approved by the IRS for long term financial accumulation.

Begin today to put away ten percent of your income. Set up a special account for this purpose and treat your contributions with the same respect that you do your rent or mortgage payments each month.

If you are in debt and ten percent is too much for you, start by saving one percent of your income and living on the other ninety-nine percent. When you become comfortable living on ninety nine percent of your income, increase your saving rate to two percent. Over time, work the rate up to ten, fifteen and even twenty percent of your income.

11. The Law of Conservation: It's not how much you make, but how much you keep, that determines your financial future.

Many people make a lot of money in the course of their working lifetimes. Sometimes, during boom periods, people greatly exceed their expectations and make more money than they ever thought possible.

The true measure of how well you are *really* doing is how much you **keep** out of the amount that you earn. Successful people are fastidious about putting away chunks of money regularly and paying down debt during prosperous times so that they have reserves set aside when the economy or business turns downward.

Calculate your true net worth as of today. Make a list of all your assets and value them at the amounts you could actually get for them if you had to turn them into cash quickly.

Add up all your bills, credit card balances and mortgages and then subtract them from your assets to get your net dollar worth today.

Now, divide the number of years you have been working into your net worth. The result is the net amount you have actually earned each year after your costs of living. Are you happy with it? If not, start today to do something about it.

Parkinson’s Law: Expenses rise to meet income.

Parkinson’s Law is one of the best known and the most important laws of money and wealth accumulation. It was developed by English writer C. Northcote Parkinson many years ago and it explains why most people retire poor.

This law says that, no matter how much money people earn, they tend to spend the entire amount and a little bit more besides. Their expenses rise in lockstep with their incomes. Many people are earning today several times what they were earning at their first jobs. But somehow, they seem to need every single penny to maintain their current lifestyles. No matter how much they make, there never seems to be enough.

The first corollary of Parkinson's Law says: **Financial independence comes from violating Parkinson's Law.**

It is only when you develop sufficient willpower to resist the powerful urge to spend everything you make that you begin to accumulate money and move ahead of the crowd.

The second corollary of Parkinson's Law is: **If you allow your expenses to increase at a slower rate than your income, and you save or invest the difference, you will become financially independent in your working lifetime.**

This is the key. I call it the "wedge." If you can drive a wedge between your increasing earnings and the increasing costs of your lifestyle,

and then save and invest the difference, you can continue to improve your lifestyle as you make more money. By consciously violating Parkinson's Law, you will eventually become financially independent.

From this point forward, resolve to save and invest fifty percent of any increase you receive in your income from any source. Learn to live on the rest. Save fifty percent of any amount that you receive from any source. This still leaves you the other fifty percent to do with as you desire.

13. The Law of Three: There are three legs to the stool of financial freedom: savings, insurance and investment.

One of your major responsibilities, to yourself and to the people who depend on you, is to build a financial fortress around yourself over time. Your job is to create an estate within which you can be safe from the financial insecurities experienced by most people. To achieve this goal, you need to maintain the correct proportions of your finances in each of these three: savings, insurance and investment.

The first corollary of the Law of Three says: **To be fully protected against the unexpected, you require liquid savings equal to two to six months of normal expenses.**

Your first financial goal is to save enough money so that, if you lost your source of income for up to six months, you would have enough put aside to carry you over. The very act of saving this amount of money and putting it into a high yielding savings account or a money market account will give you a tremendous sense of confidence and inner peace. Knowing that you have this money put away will make you a far more effective human being than you would be if you were worried about your next paycheck and your next bag of groceries.

The second corollary of the Law of Three says: **You must insure adequately to provide against any emergency that you cannot pay for out of your bank account.**

Always carry sufficient insurance to protect yourself against an emergency that you cannot write a check to cover. Carry sufficient health insurance to provide for yourself and others in any medical emergency.

Insure your car for liability and collision. Insure your life so that, if something unfortunate happens to you, the people who are counting on you will be provided for. Perhaps the deepest need or craving of human nature is the desire for security, and without adequate insurance, you are taking risks that you simply cannot afford.

The third corollary of this law says: **Your ultimate financial goal should be to accumulate capital until your investments are paying you more than you can earn on your job.**

Your life is divided into roughly three parts, although these three parts tend to overlap. First, there are your *learning* years, where you grow up and get your education. Then there are your *earning* years, from approximately twenty to age sixty-five. Finally come your *yearning* years, when you can retire, with the average life expectancy today approaching eighty years and rising.

The simplest and most effective of all financial strategies is for you to save and invest your money throughout your working lifetime until your investments are paying you more than you earn at your job. At that point, you can begin to phase out of your regular job and spend your time managing your assets.

This seems like a very simple lifetime planning strategy, but it is remarkable how few people follow it and how many people end up at the age of sixty-five with very little put aside. The average retired American today has a total net worth of approximately $31,000 plus their social security income. Don't let this happen to you.

The Law of Investing: Investigate before you invest.

This is one of the most important of all the laws of money. You should spend at least as much time studying a particular investment as you do earning the money to put into that particular investment.

Never let yourself be rushed into parting with money. You have worked too hard to earn it and taken too long to accumulate it. Investigate every aspect of the investment well before you make any commitment. Ask for full and complete disclosure of every detail. Demand honest, accurate and adequate information on any investment of any kind. If you have any doubt or misgivings at all, you will probably be better off keeping your money in the bank or in a money market investment account than you would be speculating or taking the risk of losing it.

The first corollary of the Law of Investing is: **The only thing easy about money is losing it.**

It is hard to make money in a competitive market but losing it is one of the easiest things you can ever do. A Japanese proverb says, *"Making money is like digging with a nail, while losing money is like pouring water on the sand."*

The second corollary of this law comes from the self-made billionaire, Marvin Davis, who was asked about his rules for making money in an interview in Forbes Magazine. He said that he has one simple rule and it is: **Don't lose money.**

He said that if there is a possibility that you will lose your money, don't part with it in the first place. This principal is so important that you should write it down and put it where you can see it. Read it and reread it over and over.

Think of your money as if it were a piece of your life. You have to exchange a certain number of hours, weeks and even years of your time in order to generate a certain amount of money for savings or investment. That time is irreplaceable. It is a part of your precious life that is gone forever. If all you do is hold on to the money, rather than losing it, that alone can assure that you achieve financial security. Don't lose money.

The third corollary of the Law of Investing says: **If you think you can afford to lose a little, you're going to end up losing a lot.**

There is something about the attitude of a person who feels that he has enough money that he can afford to risk losing a little. You remember

the old saying, "A fool and his money are soon parted." There's another saying, "When a man with experience meets a man with money, the man with the money is going to end up with the experience and the man with the experience is going to end up with the money."

Always ask yourself what would happen if you lost one hundred percent of a prospective investment. Could you handle that? If you could not, don't make the investment in the first place.

The fourth corollary of the Law of Investing says: **Only invest with experts who have a proven track record of success with their own money.**

Your aim is to invest only with people who have such a successful track record with money that your risk is dramatically diminished. Don't lose money. If ever you feel tempted, refer back to this rule and resolve to hold on to what you have.

Invest only in things that you fully understand and believe in. Take investment advice only from people who are financially successful from taking their own advice.

15. The Law of Compound Interest: Investing your money carefully and allowing it to grow at compound interest will eventually make you rich.

Compound interest is considered one of the great miracles of all of human history and economics. Albert Einstein described it as the most

powerful force in our society. When you let money accumulate at compound interest over a long enough period of time, it increases more than you can imagine.

You can use the Rule of 72 to determine how long it would take for your money to double at any rate of interest. You simply divide the interest rate into the number 72. For example, if you were receiving eight- percent interest on your investment, and you divided the number 72 by eight, you would get the number *nine*. This means that it would take you nine years to double your money at eight percent interest.

It has been estimated that one dollar invested at three percent interest at the time of Christ would be worth half the money in the world today. If the money had been allowed to grow and double, and then double again, and then again, and again and again, it would be worth many billions or trillions of dollars today.

The first corollary of this law says: **The key to compound interest is to put the money away and never touch it.**

Once you begin accumulating money and it begins to grow, you must never, never touch it or spend it for any reason. If you do, you lose the power of compound interest, and though you spend only a small amount today, you will be giving up what could be an enormous amount later on.

If you start early enough, invest consistently enough, never draw on your funds and rely on the miracle of compound interest, it will make you rich. An average person earning an average income who invested $100 per month from age 21 to age 65, and who earned a compounded rate of 10% over that time, would retire with a net worth of $1,118,000!

Begin a regular, monthly investment account and commit yourself to investing a fixed amount for the next five, ten or even twenty years. Select a company with a family of mutual funds and investment instruments, and keep your money working, month after month and year after year.

16. The Law of Accumulation: Every great financial achievement is an accumulation of hundreds of small efforts and sacrifices that no

one ever sees or appreciates.

The achievement of financial independence will require a tremendous number of small efforts on your part. To begin the process of accumulation, you must be disciplined and persistent. You must keep at it for a long, long time. Initially, you will see very little change or difference but gradually, your efforts will begin to bear fruit. You will begin to pull ahead of your peers. Your finances will improve and your debts will disappear. Your bank account will grow and your whole life will improve.

The first corollary of the Law of Accumulation says: **As your savings accumulate, you develop a momentum that moves you more rapidly toward your financial goals.**

It is hard to get started on a program of financial accumulation, but once you do get started, you find it easier and easier to keep at it. The “momentum principle” is one of the great success secrets. This principle says that it takes tremendous energy to overcome the initial inertia and resistance to financial accumulation and get started, but once started, it takes much less energy to keep moving.

The second corollary of the Law of Accumulation says: **By the yard it’s hard, but inch-by-inch, anything is a cinch.**

When you first begin thinking about saving ten or twenty percent of your income, you will immediately think of all kinds of reasons why it is not possible. You may be up to your neck in debt. You may be spending every single penny that you earn just to keep afloat.

However, if you find yourself in this situation, there is a solution Begin saving just one percent of your income in a special account, which you refuse to touch. Begin putting your change into a large jar every evening when you come home. When the jar is full, take it to the bank and add it to your savings account. Whenever you get an extra sum of money from selling something, an old debt is repaid, or a bonus comes unexpectedly, instead of spending it, put it into your special account.

These small amounts will begin to add up at a rate that will surprise you. As you become comfortable with saving one percent, increase it to two percent, then three percent, then four percent and five percent, and so on.

Within a year, you will find yourself getting out of debt and saving 10%, 15% and even twenty percent of your income without it really affecting your lifestyle.

17. The Law of Magnetism: The more money you save and accumulate, the more money you attract into your life.

The law of magnetism has been a primary reason for wealth building throughout history. This law explains much of success and failure in every area of life, especially in the financial arena. Money goes where it is loved and respected. The more positive emotions you associate with your money, the more opportunities you will attract to acquire even more.

The first corollary of the Law of Magnetism as it applies to money is that: **A prosperity consciousness attracts money like iron filings to a magnet.**

That is why it is so important for you to start accumulating money, no matter what your situation. Put just a few coins into a piggy bank. Begin saving even a small amount of money. That money, magnetized by your emotions of desire and hope, will begin to attract more to you faster than you can imagine.

The second corollary of this law says: **It takes money to make money.**

As you begin accumulating money, you begin to attract more money and more opportunities to earn more money into your life. This is why it is so important that you start, even with a small amount. You'll be amazed at what starts to happen.

Take time every day, every week, and every month to reflect on your financial situation and look for ways to deploy your finances more intelligently. The more time you take to think intelligently about your finances, the better decisions you will make and the more money you will have to think

about. And the more you think about your savings and investments, the more of them you will attract into your life.

18. The Law of Accelerating Acceleration: The faster you move toward financial freedom, the faster it moves toward you.

The more money you accumulate and the more success you achieve, the more and faster money and success seems to move toward you, from a variety of different directions.

Everyone who is financially successful today has had the experience of working extremely hard, sometimes for years, before they got their first real opportunity. But after that, more and more opportunities flowed to them, from all directions. The major problem most successful people have is sorting out the opportunities that seem to come at them from everywhere. It will be the same for you.

The first corollary of the Law of Accelerating Acceleration says: **Fully 80 percent of your success will come in the last 20 percent of the time you invest.**

This is a remarkable discovery. Just think! You will achieve only about 20 percent of the total success possible for you in the first 80 percent **anticipated cash flow from the stock discounted to the present day.** A share of stock represents a share of the ownership of a company. This entitles the owner to all the benefits and risks of ownership, including profits, losses, stock increases, declines in value, good or poor management and increasing or decreasing demands for the products or services produced and sold by the company.

When you buy a stock, you are investing a certain sum of money and betting that your return will be in excess of what you could earn in a guaranteed investment, such as a bond or a money market fund. Purchasing a stock is a form of gambling because the future of the company and the value of the stock are both unpredictable.

They are determined by
countless market forces such as sales, competition, technological change, interest rates, quality of management, world events, weather and many others.

The first corollary of the Law of the Stock Market is the Efficient Market Thesis. This theory says that all the information known about a stock is incorporated into the price of that stock on the market at any given moment.

The logical extension of this thesis is that any new piece of information having anything to do with the possible future of the company or industry will be immediately reflected in the rise or fall of the stock price. Since individual investors move quickly to take advantage of an improvement in the prospects of the company or protect themselves from a decline in those prospects, the stock market appears emotional, irrational, excitable and unpredictable
with each new piece of information. of the time and money that you invest in an enterprise, a career or a project.

You will achieve the other 80 percent in the last 20 percent of the time and money that you invest. Peter Lynch, the former manager of the Magellan Mutual Fund, one of the most successful mutual funds in history, said that the best investments he ever made were those that took a long time to come to fruition. He would
often buy the stock of a company that did not increase in value for several years.

Then it would take off and go up ten or twenty times in price. This strategy of picking stocks for the long term eventually made him one of the most successful and highest paid money managers in America.

19. The Law of the Stock Market — The value of a stock is the total anticipated cash flow from the stock discounted to the present day.

A share of stock represents a share of the ownership of the company. This entitles the owner of the share to all the benefits and risks of ownership, including profits, losses, stock increases, declines in value, good or poor management and increasing or decreasing demands for the products or services produced and sold by the company.

When you buy a stock, you are investing a certain sum of money and betting that your return will be in excess of what you could earn in a guaranteed investment, such as a bond or a money market fund. Purchasing a stock is a form of gambling because the future of the company and the value of the stock are both unpredictable. They are determined by countless market forces such as sales, competition, technological change, interest rates, quality of management, world events, weather and many others.
The first corollary of the stock market is: **Bulls make money and bears make money but pigs get slaughtered.**

This means that people who invest aggressively when the market is rising make money. People who sell short and protect themselves when the market is declining make money. But greedy people who try to make a killing in the market almost always lose money. More than 70% of "Day Traders," people who move in and out of the market completely one day at a time, lose money and many of them lose everything.

The second corollary is: **Long term investing in the American**

stock market is the best way to achieve long term financial security.

The value of stocks traded on the U.S. markets has increased an average of 11% over the past 80 years. As a result, a person who began investing at the age of 20 and who invested $100 per month in a mutual fund that increased an average of 10% per year would retire with a net worth of more than $1,000,000!

The third corollary is: **Dollar cost averaging run will make you rich.**

What this corollary means is that there is no such thing as "Market timing." It is virtually impossible for you or anyone to consistently buy

stocks when the prices are low and sell them when the prices are high. It is always better to buy the stocks of good, solid companies selling valued and respected products and services and then hold those stocks for the long run. Corollary number four says: **The stock market is managed and made by professionals."**

This means that every purchase of a stock represents the sale of that same stock by someone else. The person purchasing the stock is betting that the stock will increase in price. The person selling the stock is betting that the stock will decline in price. Every stock purchase and sale is therefore a zero sum game with one person betting his wisdom and judgement against that of another person. Most of these people are professionals who do this for 50-60 hours each week.

This means that your safest course of action is to invest in an Index Fund that represents all of the stocks in that index and which goes up or down based on the average trend of the entire market. The most popular Index Fund is the Standard and Poor's 500. This Index Fund has consistently outperformed more than 80% of professionally managed mutual funds over the years.

20. The Law of Real Estate — The value

of a piece of Real Estate is the future earning power of that particular piece of property.

The value of any piece of property is determined by the income that can be generated by that property when it is developed to its highest and best use from this moment in time onward into the future. A piece of property may have sentimental value to a particular owner but its dollar value is directly related to its future earning power.

There are millions of acres of land that will never have any real value, like desert land, for instance that has no future earning power. It cannot be developed to produce income, provide accommodation or satisfy any particular human needs.

There are vast areas of many large cities where property values are declining because growth and development have come and gone and will probably not return. Every day, men and women are selling homes and properties at less than they paid for them, or losing them to foreclosure, because these properties have declined in earning power and therefore in value.

The first corollary of real estate is: **You make your money when you buy and you realize it when you sell.**

This is very important. It is by purchasing a piece of property at the right price and under the right terms that enables you to sell it at a profit. Many people think that they will make their money when they sell the property irrespective of how they purchased the property or at what price. This is getting the cart before the horse.

The more carefully you investigate a piece of property and the more thoroughly you prepare a purchase offer, the more likely it is that you will get the kind of deal that will enable you to sell that property at a profit later on.

The second corollary of the Law of Real Estate is: **The three keys to real estate selection are location, location, location.**

Each piece of property is unique in that there is only one piece of property like that on the earth's surface. Your ability to chose a piece of property in an excellent location will have more of an impact on the future earning power of that property than almost any other decision that you make.

. The third corollary of the Law of Real Estate is: **Real estate values are largely determined by general economic activity in the area and by the number of jobs and the level of wages.**

This is very important when you are selecting a neighborhood or a community in which to invest. Generally speaking, property increases at three times the level of population growth and two times the rate of inflation. When you purchase property in a fast growing community, you are virtually ensured of above average increases in value.

For example, today in Santa Clara and around Silicon Valley, because of the incredible explosion of employment in high tech, high paying businesses, real estate values have increased five and ten times over what they were a few years ago.

The most important factors affecting the value of real estate in any area are the level of new business formation and economic growth in the surrounding area. Make a decision today to purchase a piece of real estate for investment purposes. The only way you can learn about real estate investing is by actually becoming an owner and then by putting your knowledge and skills to work to increase the value of that piece of property.

21. The Law of the Internet — The Internet is a tool for rapid communication of information of all

kinds.

The entire technological revolution involving the Internet has a single focus: it is to increase the speed and reliability at which vital information is transmitted between and among interested parties. Every single technological advance or improvement is a way of increasing the speed at which this communication takes place.

The first corollary of the Law of the Internet is: **The three keys to Internet success are "Faster, Cheaper, Easier."**

Today, as never before, people are in a hurry. At the same time, everyone wants to get what they want at the lowest possible price, as easily as possible and with the greatest convenience. Successful Internet companies are those that offer products and services faster, cheaper and easier than their competitors. All three must exist for an Internet company to survive and thrive.

The second corollary of the Law of the Internet is: **The value of an Internet company is in direct proportion to the value of the information it provides.**

The greater the immediate financial or personal impact of the products, services and information an Internet company provides to its customers, the greater is the value of that company.

There are many Internet companies that offer information, products and services that are of limited interest and value, and then, only to a small number of potential buyers and sellers.

The third corollary of the Law of the Internet is: **The only real value of information is what people are willing to pay for it.**

The primary use of the Internet today is to quickly find information on a variety of subjects. For this reason, and because so many Internet sites offer *free* information, it is extremely hard to *sell* information on the Internet.

In fact, because competition on the Internet is so fierce, companies must give away enormous amounts of information just to get visitors to the site who may be interested in purchasing a product or service. The only thing you get for free services is demand for more free services.

The fourth corollary of the Law of the Internet is: **It is only by selling sufficient products and services at a profit that an Internet company can survive.**

In the final analysis, an Internet company has to sell a product or service at a profit and return a dividend to its shareholders. Because of the competition amongst millions of Internet companies today, it is costing as much as $250 to acquire a customer for a single purchase. It may take a company several purchases from the same customer before it is able to recoup its costs of acquiring the customer in the first place. By that time, the Internet company may be out of cash and out of business.

Summary

There are four keys to success with money. First, earn as much as you possibly can. Do everything possible to excel in your field so that you are paid extremely well for what you do.

The second key to money is for you to hold on to as much as you possibly can. Remember, it is not the amount you make but the amount you keep that counts in the long run. Resist the natural tendency of most people to throw their money around, spend it impulsively and end up broke every month, no matter how much they earn. Don't let this happen to you.

The third key to money is for you to reduce and control your costs of living. Look for every opportunity to practice frugality in everything you do. Buy less expensive items. Put off important buying decisions for a day, a week or even a month so that when you finally do make the decision, it is a good one. All wealthy people are very careful with their money and their expenditures. That’s how they became wealthy.

Finally, the key to money is for you to invest it carefully and make it grow as rapidly as you can. Because of the miracle of compound interest, combined with dollar cost averaging, you can become wealthy in a few years by saving and investing 10% to 20% of your income, every single month, off the top, as you go along.

This is a wonderful time to be alive. It has never been more possible for you to make more, save more, accumulate more and grow your money faster than it is today. Your job is to take full advantage of the wide range of opportunities that are available to you. Your job is to apply these laws to fulfill your financial destiny and become wealthy in your working lifetime. Good luck!