

# Why YOU need a network marketing business of your own, right now.

## John Counsel

### Why you won't have enough money when you retire – and why you don't have enough money right now!

Take a look at the statistics below for typical households from the Australian Bureau of Statistics. They apply to most developed countries.

### How come we're so much better off than our parents – yet we fall further behind every year?

For a start, they enjoyed a pension when they retired. What most of us don't realise is that our parents were the first generation ever to have this benefit!

But won't we enjoy the same benefit?

In a word, no. We won't. For one very simple reason: their pensions are/were funded by our taxes. And the Baby Boomers are the largest generation in recorded history.

We're also special for a few other reasons, too...

- We were the first to have effective birth control. We don't have as many children as our parents did.
- We're better educated. We started work later (20 years old) than our parents did (15 years old).
- We retire earlier (60 years old) than our parents (65).
- We'll live longer (85 years) than our parents (70).

- Our parents lived through the Great Depression and World War II. They learned to be thrifty, and to save.
- We don't save. We spend. (And we spend on credit!)
- In 1996 there were SIX workers to support every retiree. By the time the Baby Boomers retire, there will be only THREE. In a nutshell, then, here's why our retirement will be very different to our parents.

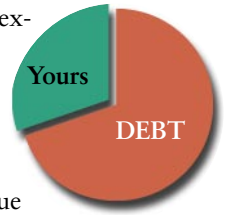
They worked and saved for FIFTY years to fund a retirement of FIVE years. That's TEN years of working and saving for each year of retirement.

We work and spend for just FORTY years – and we'll endure a retirement of TWENTY-FIVE years. That's less than TWO years of working – and NOT saving – for each year of retirement.

### There are some other reasons why we don't have enough money right now, too.

In 1993, household debt represented less than 30% of annual household income. By 1996, due mostly to intensive marketing by banks and other lenders to persuade us to take advantage of the equity we'd built up in our homes, average household debt had risen to more than 70% of annual household income.

We renovated or extended our homes, installed swimming pools and spas, bought boats and more so that the banks could continue to milk the cash cows they were about to lose as our 25 year mortgages ran out. And we fell for it... hook, line and sinker.



### 1996 also saw the arrival of the "Superannuation Guarantee."

Each pay day, your employer contributes the equivalent of 9% of your gross wages or salary into a nominated superannuation fund to provide for your retirement. (The government originally intended workers to pay in 3% of their gross wages, then to match that amount from tax revenue. But it was politically unpopular, so it didn't happen.)

Your employer's 9% contribution doesn't come from your pay packet, either. It comes from *their profits*.

Yeah... right! When company profits average less than 6% per annum, your employer's going to be able to find 9% more to pay employee superannuation?

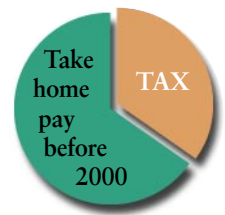
You don't have to be "Blind Freddy" to work out who's *really* paying your employer's contributions.

We ALL are – in higher prices for goods and services. (And we haven't even mentioned the introduction of the Goods and Services Tax in 2000 yet.)

Is it any wonder that we don't have enough money NOW, let alone when we eventually retire?

Add the impact of higher prices to support employer contributions (A), and GST (B) and you begin to see the extent of the problem. And remember – that take home pay is smaller than ever to start with!

It wouldn't be so bad if that 9% would actually enable us to survive. But the government's own experts say that, to survive *at the poverty line* in retirement, we need to save 18% of our total



## Average Household Income and Expenditure

Average Household Income (2 incomes)	\$57,000
Average Income Tax	\$13,000
	<hr/>
Average Mortgage or Rent p.a.	\$44,000
	\$14,000
	<hr/>
Average Household Living Expenses p.a.	\$30,000
	\$26,000
	<hr/>
Average vehicle costs p.a.	\$4,000
	\$6,000
	<hr/>
	MINUS \$2,000
Average consumer credit (card, loans, etc) p.a.	\$3,000
	<hr/>
Amount left to save for retirement	MINUS \$5,000

earnings for the whole of our working lives!

To make it worse, many workers are discovering that their “super” funds have been devoured by fund managers and their exorbitant fees – like putting Dracula in charge of the Blood Bank!

## Is there anything we can do?

At least we know WHY it's a constant struggle to make ends meet. That's important. Until we know the *cause* of a problem, it's impossible to fix it. Too often we end up *relieving the pain* without actually *curing the disease*.

That pain, which causes us stress and undermines our health and our relationships, takes two forms...

- Not enough MONEY.
- Not enough TIME.

But the real problem is our distorted, lifelong conditioning.

We're conditioned by our upbringing, our education and our work experience to be three very familiar things:

- **Employees** – trading a fixed amount of time for a fixed amount of money
- **Consumers** (buyers) – trading a fixed amount of money for goods and services of fixed value.
- **Imitators** – playing safe by doing what everyone else does.

## The REAL culprit

The cause of most of our stress – and our lack of free time and disposable income – is our unwitting, conditioned reliance on RECIPROCAL income.

Reciprocal income is what we earn by trading one thing of fixed value for another thing of fixed value. Mostly, it comes from trading our time for money.

Time and money are our *mediums of exchange*. We use them to exchange for other things of value. It's their only usefulness to us, if you think about it.

Trading a fixed amount of time for a fixed amount of money in a job limits the free time and disposable income we have, because it robs us of leverage.

This is often worse in a profession or self-employment, where we typically limit our income by charging for our time by the hour. It puts an automatic limit on our earning potential.

But the news about reciprocal income isn't all bad.

## Reciprocal income has two important benefits

The benefits of reciprocal income are that it's usually...

- **immediate** – we know when we'll be paid, and

- **predictable** – we know how much we'll be getting paid.

We're usually paid weekly, fortnightly or monthly. That's important, because those bills just keep piling up. Most of us live hand-to-mouth from one pay packet to the next.

## But it's a dangerous snare for most people

We stay chained to the reciprocal income treadmill, from 9-to-5 or longer, because we can't see any way to break free from “wage slavery.”

It's even worse when we're “self-employed” because we tend to work longer and harder, for less money, less security, less satisfaction and less independence than our own employees!

It's estimated that most families are less than two pay packets away from technical bankruptcy. So we're locked in, firmly, by our need for reciprocal income, until we finally retire – with too much time and too little money.

## It doesn't have to be this way!

It's our conditioning that keeps us on that treadmill, just like an elephant that can't move if its leg is chained or roped.

In India, as soon as a baby elephant can stand and walk on its own, it's roped or chained to a large tree. After a few weeks of trying in vain to break free, it finally comes to the conclusion that if its leg is roped or chained, it can't go anywhere. After that, it really doesn't matter whether the other end of the chain or rope is fastened to something or not... because it's no longer the rope or chain that stops the elephant from moving. It's kept in place by its own distorted conditioning.

Just like us...!

Even when we break out and go into business for ourselves, we take our conditioning with us. When we're faced with a business decision that requires us to think and act like either

- an **entrepreneur**
- a **marketer** or
- an **innovator**

our conditioning typically takes over, and we revert to thinking and acting in the only way we've been conditioned to think and act...

- an **employee**
- a **consumer** or buyer
- an **imitator**.

## We have to learn a new mindset if we want to break free from our conditioning

This is our real challenge. We have to stop thinking in terms of *reciprocal*

income – of trading a fixed amount of time for a fixed amount of money – and start thinking in terms of *residual* income, where we cut all connection between our time and our money.

Residual income is what we get when we do something once, then receive payment for it over and over again, year after year.

Songwriters, novelists, playwrights, recording artists and inventors are common examples of people who earn residual income from their efforts. They earn ongoing royalties from every sale or performance of their work.

Investors in property and shares receive rental income and dividends from their investments.

Franchisors receive royalties and fees from the turnover of every franchise they sell.

These are all examples of Residual income, where the money we receive has no connection to the time it takes us to perform the work that creates it. Residual income allows us to do the only thing we can never do when we're locked into reciprocal income...

## Work less and earn more!

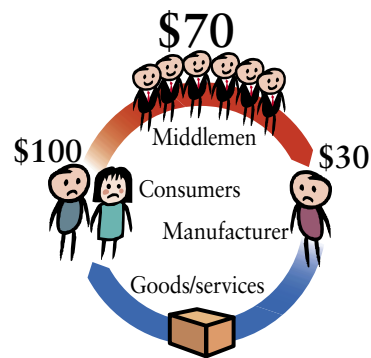
In other words, we have more time, more money – and more freedom to enjoy them both. We also enjoy...

- Less stress.
- Better health.
- Better relationships.
- More happiness.

Wouldn't you rather live this way? (I know. Dumb question. Who *wouldn't* prefer to live like this?)

## How the Money-Go-Round keeps us trapped on the treadmill

The Money-Go-Round keeps us all going round in circles. Our entire economy is based on this bloated, lop-sided model. Here's how it works:



We spend \$100 on goods and services and middlemen cream off around \$70, leaving just \$30 for the manufacturer or supplier.

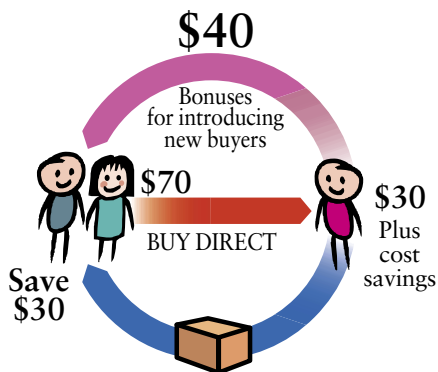
These layers of middlemen include everyone in the traditional marketing and distribution chain, the media and ad

agencies, freight companies, warehouse and logistics companies, insurers, banks and other financiers... the list is endless.

The manufacturer or supplier usually has to offer trade credit terms, resulting in higher costs, bad debt write-offs and more. It all adds to the final cost to us.

### There is a solution!

By intelligent purchasing, using the direct sales model, we can eliminate most of the costly middlemen, save on the cost of products and services we buy direct from the manufacturer or supplier, like this...



We immediately save on the purchase price. In this example, we save \$30 up front — a substantial, *genuine* saving!

The manufacturer or supplier receives the full \$70 we pay — and saves on much of their normal marketing and distribution cost, trade credit, bad debts, advertising, etc.

When we introduce new customers direct to the manufacturer or supplier, we receive bonuses on their purchases from the extra \$40 received by the manufacturer or supplier, month after month. As long as we all keep buying and introducing new customers, our residual incomes will continue to grow, year after year. And, because our income is tied to product prices, it's protected against inflation, too.

So let's review what we need to consider in choosing our future, so we can avoid mistakes and head in the right direction from the start.

- We need **residual** income, so we can work less (more free time) and earn more (more disposable income).
- We need to be **in business for ourselves**, since this is the only way for us to create residual income.
- We also need **reciprocal** income, in the short term at least, while we build residual income, because the bills still have to be paid, and reciprocal income is *immediate* and *predictable*. So any business we choose must offer *both* types of income.
- We need a business that's **part-time**,

home-based, with a minimal start-up investment and operating costs.

- We need a business with **simple, built-in systems** that deliver the fresh perspectives, knowledge, attitudes and skills we need to do only the right things for only the right reasons.
- We need a business with **powerful leverage** that allows us to **duplicate our efforts** over and over.
- We need a business that involves **little or no risk** – to our money, our time or efforts, our integrity, our relationships, our reputations or our current jobs. (We still need that *reciprocal* income to survive!)

### Network marketing to the rescue

The simple answer is **network marketing** – the first Fourth Generation business system, and the most accessible and affordable to ordinary people, everywhere.

But, like any other entrepreneurial activity, there are risks involved. You need to learn what they are and how to avoid or eliminate them as safely as possible. To help you do that at the earliest point in the process, I've arranged this special offer for you as a reader of *MLM Australia*.

### FREE Special Report!

The Profit Clinic offers readers a FREE Special Report explaining how to properly analyse and evaluate home-based business opportunities — what to look for, what to avoid and why.

For your complimentary copy, visit [www.profitclinic.net/evaluate](http://www.profitclinic.net/evaluate)



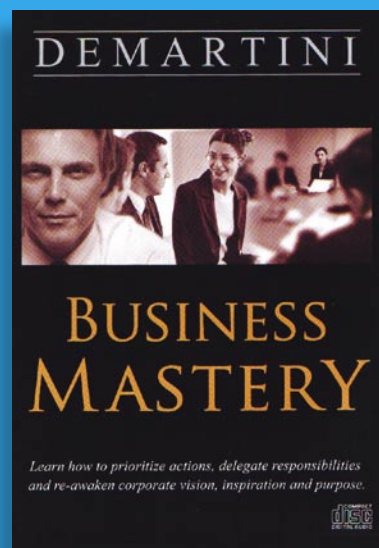
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