



# BASIC **TRUTHS** ABOUT WEALTH BUILDING

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# Let's start with these **7 BASIC TRUTHS** about Wealth Building:

This basic truths document is designed to get you thinking, in the right direction, about building or enhancing your wealth. These 7 basic truths are principles that once you review them, they will immediately resonate with the changes or adjustments that you need to make when building your wealth plan. Hopefully, this document will take you on a brief self-discovery, as you prepare to maximize your wealth. The 7 Basic Truths document is only the beginning of what will become an amazing journey for you as you start building your wealth and living your dreams!



# 1 Building Wealth is a Lifestyle

When you live a certain way on a consistent basis that is referred to as “lifestyle” – something that you are accustomed to. We should all strive to live a wealthy lifestyle; this means that every day we make conscious decisions that will affect our wealth positively.

My definition of **wealth** is “living comfortable today, while building for the things that matter most in your future.” It is important to plan for my son’s college, my mother’s future, my “retirement”, and “leaving a legacy for my future generations.” This is why you always hear me say, that “**wealth** is defined by assets, not things.” How do you define wealth? Before designing your own wealth plan, it is important to define wealth for yourself.

When you begin to understand what builds your wealth, and the types of activities that keep you from building your wealth, your decisions become easier to make. It is my belief that if information were readily available and presented in a format that was easily understood, most of us would be open to making the necessary changes to build our wealth.



## TIP

INFORMATION IS THE KEY TO BUILDING WEALTH.  
READ AS MUCH AS YOU CAN, SOME THINGS MAY NOT  
APPLY TO YOU NOW, BUT WHEN IT IS APPARENT,  
YOU WILL RECALL THE INFORMATION

# 2 Making a Good Living Doesn't Equate to Wealth Building

Hopefully, this comment does not shock you, but if you think that making six-figures will make you wealthy, you are sadly mistaken. We all know people who make a very good living, \$100,000 a year, and have a lifestyle that requires \$110,000 per year. If this is you, listen up, the absolute first thing that you must do is to change your mind set. This is not going to happen overnight but with a committed attitude, you will start to see a difference.

I know people who have had to make some drastic life changes to get on the road to wealth building. You may have to change friends, change your attitude, and most importantly define what wealth means to you. Trust me, these changes will help you to become more in tune with your goal of building wealth.

Remember, it is not about how much you make, it is about how much you keep. Let us take it one step further, and add what you do with what you keep. If you put it under your mattress and it never grows, it is just as tragic.



# TIP

DEVELOP A BUDGET. THERE ARE SEVERAL PLATFORMS ON THE INTERNET TO HELP YOU WITH CREATING A BUDGET. ONE OF MY FAVORITE WEBSITES IS [MINT.COM](https://mint.com)

# 3 The Value of Multiple Streams of Income

This truth starts out being a little tricky. However, I firmly believe that we all have at least one additional stream of income inside of us. Multiple streams of income is having various sources of income. This additional source allows you to build revenue that you could use to pay off debt, build your reserves, savings or invest in your future. I have seen many side businesses start out small and end up being one's main source.

I understood the importance of having multiple streams of income early on, by spending a lot of time with my grandparents. They had so many skills and talents and with large families making very little money, no one could afford to do just one thing. Even after my grandfather retired, he sold produce that he grew on his land. He sold a couple of cattle each year that he raised. He had an insurance policy route collecting on burial policies. My grandmother made and sold quilts, and taught me how to sew and crochet.

For me, seeing this activity around my family, instilled the idea that you do not want to put all of your "eggs into one basket." This truth should resonate with each of us even more today. There is no longer stability in having a job. The nation's unemployment rate remains high, so, we will continue to see more new businesses form out of this new norm. I have a very good friend who has been laid off twice. She now has a stable job and is building her side business!

Most importantly it does not matter if this additional source brings you an additional \$100 or \$1000. You must find a way to bring in an additional source of income.



IT'S TIME TO USE YOUR TALENTS

# 4 Learn the Basics about Real Estate

Real estate is an important element when building wealth. A basic knowledge of real estate will help you feel comfortable when making decisions about real estate transactions. Whether it makes sense for you to buy or rent or when or what to buy. You will become more clear as you begin to learn more about real estate.

## HERE ARE THREE BASIC QUESTIONS TO START:

### 1. How long do I plan to live in the property?

If you are planning to be somewhere for a short period of time, it may not make sense to purchase. In a purchasing scenario you could pay 2-5% in closing costs. You will also have to have down payment money that you will need to recoup within a short period of time. With real estate transactions, timing is always key. Calculate all of your numbers to make the best decision.

### 2. Do you have a down payment?

If not, how much will you need? How does having more or less of your down payment affect your interest rate and payments?

### 3. Do you understand your real estate transaction?

It is important for you to understand *location, home values, and appreciation*. The second part of this transaction is the loan. Make sure you have an understanding of the *type of loans available to you*. Digest every aspect of the loan you choose. The third part of the transaction is the *closing*. Familiarize yourself with title insurance and how you wish to hold the title. The Good Faith Estimate and the Truth In Lending Statement, should also be researched. You can request to review these items prior to closing. You do not want to start learning about real estate transactions at the closing table. There will be enough things going on without the added pressure of a long document with numbers you will have to sign when you do not understand it.



THE BEST REAL ESTATE TIP THAT YOU COULD EVER  
RECEIVE IS LOCATION, LOCATION, LOCATION

# 5 Good and Bad Debt Impact Your Wealth

Debt defined by BusinessDictionary.com is a **duty or obligation** to pay money.

In addition to this definition, most of us have heard of debt described as bondage. It seems a little harsh, but the reality is that when you are in debt, your money belongs to someone else. However, there is good debt and bad debt. If you've accumulated 'bad debt', you are constantly making decisions with your money that usually will not involve saving or investing it.

Once you put a plan in place to tackle your bad debt, you will feel much better. The little victories of paying off one account at a time will fuel your momentum as you begin to relish in your freedom.

Now, let us talk about when it is good to have 'debt'. If you are buying a home that you can afford and have an ending time for the debt to end say 15 or 30 years, this can be considered good debt. The usual alternative to buying a home is paying hundreds of thousands of dollars in rent with no asset to show at the end.

Another example of 'good debt' is purchasing an investment property; someone else is paying that debt for you through rent. The way this works is the rent you take in will help to pay off the property. At some point, you are going to own this property "free and clear". All of the rent will be income to you. The beauty of this scenario is that it is an asset that you can pass down from generation to generation.



GET A PLAN TO ELIMINATE YOUR DEBT  
(CONSUMER AND CREDIT CARDS)  
YOU WILL FEEL MUCH BETTER LIVING DEBT FREE



# 6 Live Below Your Means

There's an old saying, "just because you can afford something, does not mean you should buy it." Practicing this truth will help you to become disciplined about your spending, and make better decisions about what you really need. Sure, every once in a while, we all splurge but even splurging should be strategic. For example, buying a pair of designer boots after Christmas or off-season is strategic. The end result is still the same, you have this fashionable pair of boots, but you have paid 30-50% less! My first job was in retail, so mark-up and markdowns are things I understand very well!

As you start to become more focused on your wealth building, this truth will become more fundamental to you. After you write your wealth plan, it will become your guiding light and your wealth building will begin to fall into place.



# TIP

ALL OF YOUR PURCHASES SHOULD BECOME  
STRATEGIC, NO MATTER HOW BIG OR SMALL



# 7

## Good Credit is an Important Factor for Building Wealth

Bad credit is bad news for wealth builders. Over time, not addressing your credit status will kick you in the butt, so deal with it sooner than later. Did you know that having a good credit score will save you thousands of dollars a year in interest charges and an unimaginable amount over the course of financing your home? For instance, if you purchase a car that cost \$30,000 with mediocre credit, you could have an interest rate of 10+%. Over the course of 4 years is \$36,000 compared to \$32,000, if you had an interest rate of 4%. Just this one example shows that you could spend \$4,000 more than you need to on the same car! Imagine these numbers when it comes to a house over 30 years.

*Resources: I love playing around with different scenarios on [Bankrate.com](http://Bankrate.com). Visit [annualcreditreport.com](http://annualcreditreport.com) to request a copy of your credit report.*

The bottom line is we all need to get acquainted and keep track of our credit scores, know what it is, how it is comprised, and what you can do to raise it or maintain it.



# TIP

UNDERSTAND YOUR CREDIT SCORE TODAY AND  
PUT A PLAN IN PLACE TO RAISE IT AS HIGH  
AS YOU CAN AND AS FAST AS YOU CAN



***Happy Wealth Building!***

*Sonia*

Wealth builder, educator, author and speaker, Sonia Booker is one of the nation's leading "Go To" wealth experts. Known for her down-to-earth approach, her messages are inspirational and empowering; encouraging people to go from everyday living to wealth building. Self-determination led Sonia to national prominence, first recognized by Allstate as one of their Top Agents, at the age of 24. After selling her profitable insurance agency, Sonia transitioned into real estate investing, owning and partnering in several successful and non-successful ventures. She's often sought after to speak and has and been featured in numerous magazines, and interviewed on TV and radio.

Her extensive experience in entrepreneurship and real estate taught her the value of building wealth. In her best-selling book, *Real Estate & Wealth: Investing in the American Dream*, she shares many of her wealth building principles. Sonia credits her growth and expansion in real estate to her partnership with mentor and friend, Herman J. Russell, founder of H.J. Russell & Company. Sonia earned her Bachelor's degree from the University of Southern Mississippi, and earned an M.B.A. from the University of Dallas. She is passionate about inspiring, informing and empowering others by first asking them to define Wealth for themselves.

Visit our website at [soniabooker.com](http://soniabooker.com).

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