

Lesson 28

MONEY – HOW TO HANDLE IT 3

A reminder from the last two lessons on how to handle money.

Before you can be rich in money terms you need to know how to handle money. If you do not know how to handle money - **it doesn't matter how much you earn you will never become rich.**

You need to create good money habits until they become automatic.

Take the right actions:

1. **Pay yourself first:**
2. **Track all your expenses:**
3. **Always make a shopping list BEFORE you go shopping**
4. **Don't try and impress people.**

The reason only about 5% of people are financially free at the age of 65 is because **they have the right information and are taking the right actions.**

Here are some of the right actions you need to do on your road to creating wealth and becoming financially free:

- **Save**
- **Go without now so you can reap the rewards later and become “financially free”**
- **Live within your means**
- **Economise at all times**
- **Delay instant gratification**

- **Don't buy depreciating assets on credit (Bad Debt) e.g. T.V. s , latest gadgets, furniture etc.**
- **Rent while you are building your wealth**

I am going to expand on the concept of “**Renting Your Home**” while building wealth.

In my opinion, if you want to “fast forward” the wealth creating process, then rent your home until such time as you are “financially free”.

Unfortunately, in South Africa there are no tax benefits to owning your own home. You cannot deduct any expense related to your home, off your tax.

If you now move out your home and rent it out **you are producing income.**

Any expense in the production of income is tax deductible.

The situation changes “dramatically”

Any expense you had before while living in your home was paid for with “after tax” income.

Now you can deduct these expenses from your total rental to get your “net income” which is taxable.

If you run an office from home then all these expenses will be tax deductible – even if you own the property.

P.S. If you have food and refreshments while you are working in your office - these are also tax deductible.

I have observed how some people have turned most of their home into an office.

Here are some examples of how your home could be divided up:

- Your own office
- Room for you and your client
- Lounge where clients can wait
- Separate bedroom where an “out of town” client might need to stay over for a few days
- Kitchenette

The Streetwise Mentor

To Do: Write down the expenses related to your home (having a roof over your head)
– NOT your living expenses.

You Rent Your Home

You Own Your Home

RENTING:		OWNER:	
Rent		Bond	
Electricity		Levy	
Water		Rates	
		Electricity	
		Water	
		Refuse Removal	
		Repairs & Mainten	
TOTAL		TOTAL	

- Please go over lesson 26 again

“Most people want to have what the rich have, but they often are not willing to do what the rich do to have what the rich have”

Robert Kiyosaki

To your health, wealth, success, abundance and happiness

Gordon and Brenda