

Linear vs Residual Income

More than 90% of people around the world are accustomed to the source of income known as Linear Income: trading time for money. For that reason they are not and never will be financially independent. Linear Income, also known as work income, means you receive a pay cheque based on how much work you do. You need to put in certain number of hours every week. When you stop working, your income stops. Linear Income requires continued work.

Residual Income is different. It is the most powerful and profitable source of income. Residual Income is the income of the rich. It is a source of income that keeps coming in on a regular basis, from work you do once - meaning even when you are not working. Residual Income is not about "get rich quick" - the principal very much misunderstood by many people. It requires effort, determination, especially in the beginning... and some time for the magic to start working.

The Mathematics of Linear Income

There is nothing wrong with having a Linear Income. It is considered to be an honourable form of earning a living. Some people can earn good money. Hourly wages can run from a few dollars to hundreds of dollars an hour. However, Linear Income is limited to the number of hours worked and only provides an income when you work. In other words, when you stop work, it stops.

Linear Income wages for most people in the West are being driven down as companies in Europe and North America keep wages low to compete with economies like China and India. Furthermore, fat-cat managers are increasingly choose to award themselves increasingly large salaries while slashing those of people lower down the ladder. (According to Business Week, in 1980, executives earned 42 times as much as the average American worker. By 2000, however, American CEOs were earning 531 times the average worker's salary.) So while Linear Income may be the manner in which most people earn their pay cheques, it is also the main reason so many of us will not be able to afford to retire until we are at least seventy.

According to a recent American survey, retirement incomes of workers in every age group will fall far below their expectations. Workplace Pulse estimated workers who are 60 and plan to retire at 65 would need US \$453,324 in total savings, including Social Security, to receive an annual retirement income of \$26,256. A worker who is now 30 would need \$1,545,972 at age 65 to meet the same expectations.

The report said 30 year-old workers would need to save \$2,823 each month to achieve the same retirement income of \$28,256. At the same time, a 60 year-old worker with \$160,000 already saved would need to put away an additional \$2,525 a month to retire at 65 on a \$28,256 yearly income. But the survey found the average worker aged 45 to 64 is saving only \$2,129 a year!

The Only Solution for Most People

More and more people are turning to something called time leveraging to create long term Residual Income. With time leveraging, there is no hourly limit placed on your worth and money continues to come to you whether you work or not. The difference between Linear Income and Residual Income is that with Residual Income, your productive time is leveraged. That is, your time spent at work becomes increasingly worth more and more. Unlike fixed-salary employment, leveraged income has no upper limit.

Of the over 6,000,000 millionaires in the USA today, 20% who have reached affluence in the past two years have done so by leveraging their time... and they did it using something called referral marketing. It is no wonder that the likes of Anthony Robbins, Donald Trump and Robert Kiyosaki are such passionate advocates of referral marketing and developing residual income streams. As the latter says: "The richest people in the world build networks, everyone else looks for work."

Referral, or network, marketing is not a business but a way of doing business. Instead of paying astronomical sums to advertising agencies to market a product or service, an ever-increasing number of companies prefer to pay consumers to spread the word.

Referring is nothing more than doing what already comes naturally...it's people sharing with people. When you tell a mate about a great movie you have watched you are engaging in a form of referral marketing, even though you didn't know about it and didn't get paid for it. Referral marketing is about sharing information and making each other's lives better.

Income is generated when referred customers purchase products or services. Income grows exponentially when the people we refer, refer others, who refer others, etc., etc. In other words, as the number of referred people increases (either by us or by those we referred), so does our income.

What makes this all the more exciting is the snowball effect. That's the inherent power of time leveraging built into referral marketing. Success does not depend on personally referring large numbers of people, but rather in referring and teaching referral marketing principles to only a small number of people who then go on to do the work for you... an easy and enjoyable task for almost anyone.

To better understand how time leveraging works in referral marketing, consider this: what would you rather have one million dollars or a cent that doubles every day for a month? If you chose the cent, you would have \$5,368,709.12 in 30 days! Herein lies the power of leveraging time when coupled with referral marketing. This is why referral marketing, when coupled with a dynamic company, is rapidly becoming the business of choice for so many people around the world.

Most Common Sources of Residual Income:

Inventors, authors, songwriters, and visual artists get royalties from their creations.

You earn interest on your savings account or certificate of deposit at your bank. That's as long as you keep the money in the bank. AT 3.5% annual percentage yield, you need to have \$340,000 in your savings account to earn \$1,000 per month.

Real estate is proven way to earn good income but it requires special expertise and a great deal of money nowadays. You need to be a real estate owner to earn Residual Income through rent. It requires continuous work to generate income.

Investing in stocks, bonds, venture capital, and mutual funds can be profitable, but again, they require specific knowledge and substantial capital to create enough income to live on.

Residual Income business opportunities. Your earning potential is unlimited. It is the best retirement insurance - and the only method for most people.

Source: <http://www.azam.biz/residual-income/> accessed 26th March 2013

