



8

STEPS TO  
**FINANCIAL  
INDEPENDENCE**

PRACTICAL GUIDE TO WEALTH ACCUMULATION AND PASSIVE INCOME

BY DAMODHAR MATA



# 8 STEPS TO FINANCIAL INDEPENDENCE

**By Damodhar Mata**

# FOREWORD

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Life as an Expat in the UAE can be very hectic, juggling work responsibilities, family activities, coping with frustrating traffic, overflowing To-do lists, planning for this and arranging for that....

Amongst all this do you get time to think about retirement?

When was the last time you thought about it?

If you haven't thought about retirement, now is the right time, and this book by Damodhar Mata will give you all the necessary tools and motivation to plan and achieve financial independence.

In the following chapters Damodhar endeavors to simplify various financial aspects, making it easy for everyone to understand and, more importantly, put the concepts into action.

While there are many self-help books on financial success, this book is unique because it is written with a UAE resident's financial planning needs in mind.

This excellent book is the essence of Damodhar's experience as a Financial Advisor helping residents of the UAE to achieve their financial goals.

I thoroughly recommend this book to anyone who is keen to improve their financial situation – especially if they live and work in the UAE!

All the best,

Nick Henderson

Financial Services Training & Development Director

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# ACKNOWLEDGEMENT

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*To begin with, I would like to thank the God Almighty, my parents and my friend Amit, who introduced me to the idea of writing this book.*

*I would like to thank my wife Prabha for helping me with the editing of this book and my children for standing beside me throughout my career and writing this book.*

*I would like to express my gratitude to Mr. Nick Henderson - Group Training & Development Director, for writing the foreword for this book and my colleague Shuchita Udhas for her support in editing this book.*

*I would also like to express my sincere gratitude to all the people who saw me through this book; to all those who provided support, talked things over, read, wrote, offered comments, allowed me to quote their remarks and assisted in the editing, proofreading and design.*

*I also want to beg forgiveness of all those who supported me over the course of the years and whose names I have failed to mention."*

# ABOUT THE AUTHOR

Damodhar Mata is a Passionate Blogger and an Independent Financial Adviser, helping UAE residents build wealth, while protecting loss of income and assets.



He has more than 15 years of experience in the banking and financial services industry, helping his clients make wise decisions with money.

He is accredited by The Chartered Insurance Institute, UK; with Awards in Financial Planning and Investment Planning.

He is also a contributor of articles to Gulf News.

To know more about his work please visit <http://financialplanning.ae>.



# WHY READ THIS BOOK?

Information is Wealth!

What a big lie?

Information is one of the most useless commodities on earth.

We are constantly being bombarded with information from various sources like Internet, TV, Email, Newsletters, Podcasts, Radio etc...



We are being choked; with far too much information and left starving for practically useful wisdom, which can be applied to make our lives better.

Thankfully our brain preserves our sanity by deleting more than 90% of the information we receive on any day, saving only the wisdom necessary for our life.

When it comes to accumulating wealth, the most important thing that makes a difference is "**Taking appropriate, guided and consistent action**"

One can read as much as they want about swimming, they can watch hundreds of videos on Youtube, which coach on how to swim, but until and unless the individual takes action and jumps into a pool to start practicing the strokes he learnt, he will never be able to swim.

Likewise the best book in the world on Wealth accumulation is of no use to a person who reads it and fails to take the necessary action.

It remains in his cupboard collecting dust.

Please don't let that happen to this book!!

There are tons of books on wealth creation and financial independence, some of which have inspired me to a large extent.

I have provided a list of such books in the following chapters.

If there are many books already, then why do you think I am writing this book?

**While writing this book, I had only one objective in mind;**

**To give you ultra-precise actionable steps leading to financial independence and peace.**

Ask yourself....

**If you stop working today!**

## **Can you maintain the same lifestyle you are now enjoying?**

Will you be still able to afford; The house you are now living in...

The car you are now driving, Clothes, Electronics, Holidays etc...

## **If your answer is no or not sure...**

Then this guide can be of much help to you.

By reading this book you will get the essence of what I have learnt from working with hundreds of investors in India and UAE, while helping them create passive income from various sources.

You will also get the essence of my personal experience with money, investing in Properties, Stock Market, Mutual Funds and most importantly on myself.

This book is a practical guide for converting your income to wealth and earning a regular income from your wealth accumulated.

Please note that this guide does not replace expert financial advice or take into account of your particular investment objectives, financial situations, or needs.

Before acting on any recommendation from this book, you should consider whether it is suitable to your particular circumstance and, if necessary, seek professional advice.





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# THE 8 STEPS....

Of living life on your own terms..

Financial wellbeing is often mistaken with high income and wealthy lifestyle.

While the income high or low, is an essential component of financial wellbeing; what you do with that income determines, how successful you are.

Have you ever thought why; some people struggle financially in spite of a very high income?

It is because they do not understand the difference between income and wealth.

They believe that earning a high income is being wealthy and hence they sport a wealthy lifestyle.

The most common sources of income for a majority of us is the salary from an employment or profit from a business.

If your source of regular income is either salary or profits, then you are working for money.

As long as you continue working for money, income flows;

If you stop, the income stops as well...

Financial Independence is being able to meet your needs, even when you have stopped working for money!

It is when you have sufficient passive income, without having to work actively for your living expenses.

It is when your assets, including money, property, stocks, bonds and funds are working to create a passive income, instead of you having to work for money.

You may be young, or old, it doesn't matter, if you have enough assets to generate a regular and dependable passive income, enough to pay for your needs it means you have achieved financial independence.

Your future largely depends on the decisions you take while handling today's money.

It also depends on your financial habits and knowledge.



While there is no one size fits all strategy to help individuals prepare for their future, there are a few common elements, suitably classified under each of the 8 steps discussed ahead.

These 8 steps can help you prepare for a financially secure and independent future....



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# STEP ONE



# IMPROVE CASH FLOWS

## **Cash is King!**

We all have heard it so often, that it is become a cliché, but nevertheless, cash is indeed King, Queen and everything else when it comes to securing our future....

Whether an individual, a company or a country, effective management of cashflows is very important.

It is one of the most important reasons attributable to the sustenance and growth of an individual, company or a country.

To effectively manage and improve cashflows, you should;

1. Create a Budget
2. Record Income
3. Track Expenses
4. Identify surplus.

The above mentioned aspects are discussed in detail on the following sections...

# CREATE A BUDGET

*“What gets measured gets managed” - Peter Drucker.*



A Budget is the most basic and important factor in helping an individual achieving financial success.

It helps you to make the best use of the money you earn; to meet the needs of today and goals of tomorrow.

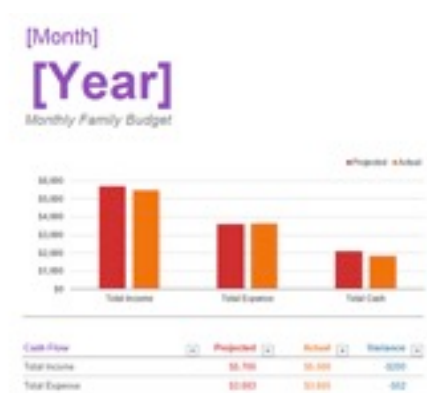
It also allows you to manage your cashflows effectively while focusing on your long term financial goals.

## **How to Budget?**

There are many budgeting tools like an excel templates, mobile applications and Desktop applications, which can help in setting up a personal budget and track expenses regularly.

The following are some of the excel templates available free to download for creating a personal budget;

Click on the following pictures, to view each budget template and choose the one, which suits you the best;



Monthly Budget Calculator		(NOV 2013)	Under/Over
Budget summary		Monthly income and expenses	
Category	Total	Category	Amount
Income	\$5,700.00	Income	Pat's Paycheck
Housing	\$1,500.00	School	School Registration
Utilities	\$700.00	Utilities	City Power & Light
Insurance	\$200.00	School	School supplies
Food	\$150.00	Insurance	Security State
Health Care	\$100.00	Entertainment	Bookbridge Video
Savings	\$2,000.00	Phone	ThePhone Company
Transportation	\$100.00	Income	John's Paycheck
Other	\$0.00	Housing	Homeowner's Insurance
		School	School of New Art
		Health Care	Healthcare Plan
		Savings	Healthcare Plan
		Phone	Convenient Messenger
		Income	Pat's Paycheck
		Housing	Healthcare Plan
		Insurance	Healthcare Insurance
		Utilities	Security State



The following are mobile applications available on iTunes and Android, which can help you manage your money effectively.

## HomeBudget



HomeBudget is a complete application, which can not only help you budget your income and expenses, it also helps you track expenses easily, as you can install it on your smartphone and record expenses as they happen.

HomeBudget is available for iPhone, Android and Windows based phones. It is also available for a windows pc and Mac

I use HomeBudget to manage my budget and cashflows, and I highly recommend it to anyone who wants to budget and track expenses.

## Wally

Wally is a free personal finance application available on the iPhone and Android.

It helps you record your income and expenses to understand what happens to your money after you have earned it.





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