How the Top 1% Reach Financial Freedom
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Action Beyond This Report
I encourage you to learn through this report and the articles/videos found on Wave Impact Capital Group, but don't just take our word for it. Do your own research on the ideas and concepts we present. Go to the suggested further education found at the end of each article or report, then go find more beyond that. Locate a group of people, whom you feel comfortable with, that will enable you to invest like the top 1% and gain your financial freedom. This may be Wave Impact Capital Group or it may be another group. But take action to reach your financial freedom goals.

How you think determines your outcome. This has been proven. If you decide to become financially free, then you will. But there are many shifts in thinking that need to take place in order for the actions to occur to make that financial freedom reality. If you are not willing to have an open mind, discover new ideas and ways of thinking, then be willing to act on that new found knowledge, you will not reach your goal. You may know some or all of this information already, but then the question becomes - are you applying it to your life/business/investment goals?

The difference between the wealthy and the less fortunate is mindset and knowledge followed by the actions related to them.

Learned from Day 1
What mindset regarding money did you grow up with?
The mindset of the 99% is go to school, get a good job, put money in your 401K, your house is your largest asset, diversify your investments. Everyone constantly spends to "Keep up with the Jones'."
The mindset of the 1% follows a path of passive income from multiple sources, be your own bank, figure out how to make the money you need for the life you want instead of figuring out how to live within the money you make.

Parents, teachers, financial advisors and accountants say work hard, move up the corporate ladder, make financial sound investment choices like the stock market, CDs, bonds and annuities. But when you follow this model you see more and more of your income go to the Federal Government in taxes due. I support paying your legal taxes, but your reward for your hard work should not be giving away most of your money.

Wealthy individuals often don't have much in the way of income, as the 99% think of it, to be taxed. They have Passive Income, what I like to call hard-working money. The ultra wealthy think of money as something that should work for them, instead of them working for the money. Apartment syndication is how many wealthy individuals make much of their passive income.

When real estate is used to generate passive income, there are many tax advantages that greatly reduce and often eliminate taxes.
The top 1% are taught this from a young age. What do the 99% feel about real estate investing? It is risky, the returns are too good to be true, and the tax advantages must be illegal.

Income vs. Wealth
There is a difference between income and wealth. Income is measured by what is in your bank account. Wealth is measured in assets that produce income as they increase in value. Cash flowing assets are what the truly wealthy use to generate their income and finance their lifestyle/retirement. While the wealthy live on the cash flow generated by the asset, the asset itself usually rises in value.

Compare this to how the 99% are taught to invest, in the stock market or other low return vehicles, as "safe" investments. In order to gain any of the income from the investment, the asset, stock or other form of investment, must be sold and taxes paid on the return. There is no passive income, only income from the sale. To gain, you must lose the asset.

Victim Mindset vs. Abundance Mindset
The 99% often spend much of their time thinking as though they are the victim. Other people or circumstances out of their control are to blame for all their money troubles. Even when they listen to the experts, they feel victimized because they are still struggling.This is due to the majority of the experts falling into the 99% themselves. Having the same mindset regarding money that was also programmed into them from a young age.

The 1% don't spend much time in the victim mindset. They know that everyone, even the wealthy, have troubling times in their life. But the abundance mindset of the wealthy does not let those times define them. Things are never as bad as they seem and there is opportunity all around us. Focus on the possibilities. Even the least fortunate have assets. According to many, the most important mindset that the wealthy have is gratitude. The wealthy are thankful for what they have and what they want to gain. They are thankful for what others have.

To gain financial freedom begins with a shift in your thinking. The need to rewire the way you see the world. To concentrate on the positive and believe in possibility.to see opportunities where others see failure. Know that all have failures but it is our response to them that will define our future. The wealthy also know that financial freedom comes from small steps taken everyday to achieve the end goal.They know that the mind is where their success or failure will be created. Carefully guard your mind from any negative thoughts.Think long term, with logic, gratitude, and positivity.

Provide Value to Others
Most wealthy fully understand and practice the idea that if you provide value and knowledge for a leg up to others, no matter their status, that they will profit in the end. When someone focuses on helping others, in most cases, the individual or business will reach success. While

understanding the numbers of a great deal or good business endeavor is vital, it is high morals and values that propel entrepreneurs through the challenging times and allow them to enlist help when they need it. The personal satisfaction and happiness that comes from helping others is a repeated theme from people no matter their income level. The most successful will often use their wealth and time to benefit others.

How valuable is your time?

We all have the same number of hours, the difference is how we choose to spend them. Spend your time on high value activities that increase your wealth, including wealth of mind, body and assets. The top 1% know the value of their time and will not waste time on people or activities that can not maintain or exceed that value. Be very aware of other people's time as well. Add value to others with your words and actions rather than waste their time. Have a balance between income generating activities and personal growth time with family and friends who are of the same positive wealth mindset.

Who are the 5 people you spend most of your time with? Are they people you strive to emulate or are they holding you back from reaching the best version of yourself? What activities do you spend most of your day on? Are they leading you closer to your goal or are they moving you farther from it? To think as the top 1%, you must constantly consider these questions and their truthful answers. More importantly, you need to make changes in your daily habits based on the responses to those questions to achieve your desired results.

If you can, outsource activities that are not high value producing. There are many people and places in this world that can greatly benefit from your mundane tasks. People who are capable of performing them for what seem to us to be meger returns, but would elevate them to wealthy status and greatly change their life, their families lives and better their entire community.
Be very conscious of your time, try not to waste any of it. Be aware of other people's time also, don’t waste their time either.

Know your value. Don't work with people who won't pay what your time is worth. Take the time to increase your value. Invest in life and business coaches. Find and engage knowledgeable accountants and attorneys with a wealth mindset. Study and learn from people who have achieved what you want. Mastermind groups and book clubs focused on business or real estate are a great place to find like minded individuals. Surround yourself with people who have achieved what you desire and possess the wealth mindset.

Master your success

Doing something once a year will not make you knowledgeable about the activity. You are not getting the repetition to learn from and improve upon mistakes or repeat successes. Limited repetition does not give you the relationships needed to further your success in the activity..
Decide to become the master of what you do. The top 1% decide to become a master at gaining and maintaining their financial freedom.

Everyday, review what went right and what went wrong in leading you toward financial freedom. How can you get better? Read another book, attend another class, meet with other financial freedom like-minded people. Very few people in the world win the lottery or gain their financial freedom through inheritance. More often than not, those who do gain their fortune this way, quickly lose it. Because they have not taken the time to master how to gain or keep that fortune.

This does not mean that anyone striving to achieve financial freedom needs to take the time to invent something new, or build up a successful business. It can be as simple as learning the concepts and the methods of wealth building. Then connecting with those who will put in the labor to help you carry out those concepts. This is the secret to wealth building that the 1% use. The best way to understand the broad concepts while having the gains realized from someone else putting in the labor is through passive investing in a multifamily syndication.

Understand the tax code

The tax code is written in a way that will give people tax benefits for spending time and money in a way that stimulates the economy. The wealthy understand, or hire those that understand, these incentive ways to legally reduce their taxes. They focus their wealth building strategies around these benefits. For those in the 2-15% of net worth in America, taxes are most often the largest single expense. The 1% use their understanding of the tax code to greatly reduce or eliminate their taxes.

When investing in real estate, depreciation and cost segregation can be used to offset any gains in income. If this causes deductions beyond the income earned then the deductions can be carried forward to the next year. (see the article on Depreciation and Cost Segregation on the Wave Impact Capital Group website for more details) This is the main way the wealthy reduce their tax liability. All legal. All encouraged by the IRS. Through passive investing you can also take advantage of these tax strategies.

Generational Wealth created by the tax code

As a passive investor you can invest in large multifamily complexes, earning income while enjoying the tax benefits of depreciation. The deal sponsors do all the work, you just provide the capital and collect the profit income. At the end of the year, rather than a 1099 showing the income gains to pay taxes on, you get a K-1. This shows the depreciation you can use to offset your other income and lower your taxes. This is tax law. The result of your investment is a large gain in money you can pocket with a larger paper loss to eliminate taxes. The taxes will still be owed, but not until the asset is sold. However, there are ways to roll the sale of one investment into the next without paying the taxes. This can be done over and over again, taking advantage of the incentives that our government has placed within the tax code to encourage investing in rental real estate.

When it is time to sell a property, taxes will be owed on a portion of the depreciation. A common way to avoid these taxes, that the tax code provides, is to use what is called a 1031 Exchange. This gives the investors 180 days to sell the property and purchase a similar type investment without owing the capital gains taxes or the depreciation recapture taxes. This method can be used over and over again to continually defer these taxes. When the new investment property is purchased, then depreciation is taken on the new property resulting in the paper loss starting all over again. The top 1% will continue this method until they die at which point the cost basis of the asset is brought up to the present value when the heirs inherit the property. This is assuming trusts are set up properly to avoid probate and taxes. When property is inherited and the cost basis brought up, all deferred taxes are forgiven. This is one of the ways generational wealth is created.

Why doesn't everyone do this?

If investing in rental real estate, taking advantage of depreciation and 1031 Exchanges is so profitable then why don't we all do it? It comes back to mindset and programming formed from a young age. We weren't taught it at school, most of us were not taught it at home, even the experts don't seem to know about it. In order to participate in this type of passive investing you need to have a personal relationship with the general partner, which is something Wave Impact Capital Group is making more accessible to the general investor. All these things, reduce our trust.

We hear about deals and investors gone bad on the news. Ponzi schemes. Stories of nightmare tenants, slumlords, and money lost. But we rarely hear about all the successful private investments and private lenders that occur daily, equalling hundreds of millions of dollars every year in the United State alone.

Take a moment to think about the news media. If that was the only place we found information, the world would seem like a very grim place. The news is not known for presenting positive, successful information - happy doesn't sell. But that dark scene painted by the news media is not the reality of the majority of our world. Guard your mind from the doomsday reports. Passive investing in multifamily real estate has been practiced by the wealthy for decades. It is up to you to learn about it and use it to reach financial freedom.

Multiple sources of income

The top 1% use their abundance mindset to see opportunity and create income streams from multiple sources. They also aim to have as many of these income sources be generated from passive income rather than something that requires their constant attention. Once you open your eyes to the world of possibility you will see potential around almost every corner. This is how the wealthy diversify. If one stream of income is interrupted or is no longer producing, they have several others to hold them over while they find another source of passive income.

The top 1% live below their means

It is those closer to the top 10 - 5%, those earning near $160,000 to $310,000, that we often see flaunting their riches in everyday life. This is also the group that creates the "Jones'" so many of us try to keep up with. Celebrities are in a category all to themselves, but their social image and wealth flaunting tend to push the lower 90% to desire far beyond the 'Jones'. The truly wealthy often wear basic clothes, drive simple cars, live in average homes and avoid the glamorous life. They buy things, whenever possible, that will appreciate or at least hold their value. The wealthy tend to purchase things based on quality and the amount of happiness that item will bring to their life. Purchases are consciously made and well thought out. They tend to live well below their means and constantly save money. Most of the truly wealthy have large emergency reserves in case things beyond their control cause misfortune.

Pay yourself first

One of the best ways to save money is to take a set portion of money out of your income first, then live on what remains. This saved money should be put into cash-flowing passive investments. Any income beyond your built up reserves should be working for you. This means that it is growing in value without your putting in the time and energy to make it do so. If your money is not growing than once inflation and taxes are factored in, you find that you have been losing money instead of saving it.

Building wealth is a team sport

The top 1% know that partnering with like-minded individuals can expedite their journey to or the vastness of financial freedom. Surrounding oneself with like-minded people also increases the likelihood of knowledge in new deals and opportunities. The wealthy know the importance of networking, but are also careful of who they allow into their trusted circle. Take a tip from them and research individuals and companies before you trust and work with them. Bring people on your team who know and understand the strategies that will lead you to financial freedom. Grow this team to include wealth advisors, CPAs, attorneys, insurance agents, business and life coaches as well as other financial freedom seeking individuals.

Understanding money and investments

Unfortunately, in today's world, very little to nothing is formally taught regarding financial basics let alone, financial stability or freedom. At the very least, every person should know and understand a budget, balance sheet, profits and loss statement, and financial terminology. They should have knowledge of investment options and their fees, management styles, and returns associated with them. Can you explain the basic investments that your retirement plan is invested in? Do you know the difference between money-market, mid-cap, small cap, and fixed-income funds?

The wealthy choose to become knowledgeable about money and investments. This is what leads to their success. If you don't know about and understand what poor, good, and great financial choices are. then how will you improve or maintain your financial position? To reach financial freedom you must study and learn from those who have achieved it. Not from the 10 - 2% income earners who have "gotten lucky" following the conventional methods and will not be passing their wealth on to future generations or even maintain that wealth until they die. To reach true financial freedom, I suggest studying the mindset and practices of the top 1%.

The 99%, from an early age, learn that the stock market is a safe place for their money. But the 1% learn the truth.

The truth about the stock market.

You pay taxes on unrealized gains.

The fund manager buys and sells the stocks within the fund throughout the year. If the money is invested in an account outside of your 401K, when the year ends in a net gain, you pay capital gains tax on the money, even if you do not take that money out of the account to use. This year you pay taxes and next year the market could go down. The money you paid taxes on, but did not get to use, is now gone. But there is no loss to claim on your taxes to offset other income. You owe taxes when you "make" money but do not have a write off when you "lose" money.

Dozens of undisclosed fees.

On top of no tax benefits, in the case of a loss, you have still paid the account manager several high fees, depleting your investment even more. Every time the funds manager buys or sells a stock there are fees involved. Investigations into a typical 401K shows more than a dozen fees that are undisclosed and greatly impact the return on the account. Some of these are trustee fees, booking fees, finder's fees, and legal fees.

To make you money is NOT the goal of a brokerage firm

The majority of companies through which mutual funds and stocks are purchased are public companies. All companies have founders. When a company is public its owners beyond the founders are the shareholders, and to keep the shareholders happy the company needs to show profits. To do this these companies spend millions of dollars in advertising to bring in customers, you the investor, to purchase products, their stock investing services and options. They have employees and buildings that come with commissions, management fees, and operating fees paid for by the clients. All so the firm can turn a profit for its shareholders.

No control over the investment

You have no control over the rise or fall of the stock market. It runs on emotion and economic conditions out of your control. It should be simple, if the company performs well and makes money the stock should go up in value. With the opposite also remaining true, when the company is losing money the result should be a decrease in stock value. But that is not how the value of stocks is determined. Even the stock experts do not know what is going to happen in the future stock market. And the 99% feel it is "safe" to hand over their hard earned money to invest in this unknown.

Contrast that to the asset of multifamily syndication that the wealthy invest in; rents are collected, expenses are paid and what remains is profit. Improvements can be made to the property or management that increases income or decreases expenses which will increase profit. When profits increase than those invested in the complex have increased cash flow. The same is true in the reverse, if expenses increase then there is less profit, resulting in less cash flow to the investors. This is logical. **The 1% think of money with logic, not emotion.**

The general partners, people who put the multifamily syndication deal together, often invest their own money in the deal. But even if they don't, they have a large incentive for the deal to prosper. They have analyzed dozens, if not hundreds of deals before choosing this particular deal. They have spent thousands, even hundreds of thousands, to make the deal available to the investors and see it to the closing table. The general partners and their company's reputations are invested in the deal. In today's internet connected world, one wrong move can bring both crashing down. When the investors increase in wealth or obtain a loss, so do the general partners.

Through conservative property selection, underwriting, and careful management most of the risks can be greatly reduced. There is still risk in investing in real estate, but there is greater control over most of this risk. Wave Impact Capital Group, along with all other syndication groups, are required by law to inform investors of all these risks in the documents they receive about the investment. It is also the company's job to ensure that you understand those documents. Through the knowledge provided, investors are able to logically make decisions based on the numbers. When money is looked at from this fact based perspective, risk can be reduced and greater returns can be achieved.

For an in-depth look at the stock market, see the "Truths about the Stock Market" article on the Wave Impact Capital Group website. Also learn facts about other investment types in the many other available articles.
For information on how Multifamily Real Estate performs in a recession, even one caused by real estate as in 2008 -10, see the "Stable Asset in Any Economy" article on the Wave Impact Capital Group website.

401Ks and social security will not get you through retirement
It can be wise to contribute to 401K plans up to the employer's match amount, but you may want to think twice about maxing out the plan. Ask questions to learn what types of investments the plan takes part in. What are the fees, management and accessibility to the funds in the plan? Today's employers invest much more conservatively than they used to with the old pension plans. This has reduced the gains in returns realized within them. You will need to invest money outside of the plan in much higher returning assets to make up the difference.

Keep in mind that, in most cases, the employer's matched portion does not fully become your money that you can use in retirement unless it becomes vested. This usually requires you to work at that particular company for a certain number of years. In most states employers can fire an employee for any reason. In today's economy, company loyalty is not as strong as it once was. It is not uncommon for employees to move to a new employer after a few years to advance their career or employers to release higher paid individuals to bring on someone with less experience that they can pay a lower salary to. This may result in the 401K employer match amount not reaching its vested time. Which can greatly reduce the value of the plan you thought was going to be a staple for your retirement income.

Also, the income will be taxed at whatever tax rate you are in when you withdraw it. For most people, this tax rate will be higher in retirement than it was at the beginning of their career.

Meaning the government takes from this form of retirement plan when it will get them the most money. And they require that you withdraw after a certain age because they want to be paid.The main benefit of a 401K, besides the employer match, is that you are not charged capital gains taxes every time the funds manager buys and sells within the plan.

Social security tax comes out of your income now and is given to the current individuals collecting benefits. At the same time, the amount collected by baby boomers entering retirement is beginning to outway the younger generations' amount being paid into social security. Look at finance from a logical numbers perspective and it will become apparent that social security funds will run out if the current path continues. I would like to say I have faith that the government will figure this out and there will be social security for me to collect when I reach retirement. But do I want to gamble my retirement income on that?

The top 1% realize all these variables that are out of their control and plan for their financial future, from current lifestyle to retirement to generational wealth, outside of their 401K and hoped for social security.

Public Real Estate Investment Trust
Commonly known as REITs, many of you may know about or even invest in these. When you put funds into a REIT, the REIT then usually invests that money into multifamily syndications. REITs do allow the average person to participate in this great investment product that previously was only available to the wealthy. However, like a mutual fund, you are buying shares in a fund, a company, that invests in real estate for you. This comes with all the fees and overhead costs mentioned earlier when we were talking about stocks. It takes a lot of money to pay the large wall street salaries, the millions for advertising and the millions of dollars that the managers make.

When investing in private syndications, most of these costs are eliminated or significantly reduced. Most general partners do not earn much once the asset is acquired. There is an initial acquisition fee that goes, in large part, to reimburse the partners for the thousands in expenses needed to finalize the purchase of a multifamily property. The acquisition fee is split among the general partners for finding the deal, underwriting the deal, working with investors, completing due diligence and the many other activities that take place during the purchase process. While the deal is being held, the limited partners, as the investors are called, have priority when it comes to receiving profits. The preferred return, often 8%, is given to the limited partners before the general partners earn any of the profits from the property. Any profits remaining after the preferred return is distributed are then split between the general partners and the limited partners. This is usually done in favor of the limited partners, with the limited partners receiving 60 - 80% of the remaining profits while the general partners get 20 - 40%.

As a passive investor in multifamily syndication, you have very little to no work involved in finding, acquiring, or managing the property and the returns are slanted in your favor. Beginning to see why the wealthy have invested in multifamily for decades? When you eliminate all the expenses of wall street, there is a lot of money left over to be shared. This is how private investments often have returns that are far above public investments. Wave Impact Capital Group makes these private investments available for you to invest in.

The experts don't know
Wave Impact Capital Group encourages all clients to speak with real estate attorneys, CPAs, and financial advisors before making investment decisions. Experts who know and understand your specific financial needs and goals. They will, most likely, look at the information regarding the deal and give you the go ahead because they don't want to lose your business. But more often than not, they have never heard of this type of investment or, as a result of mindset and hardwiring from an early age, do not trust multifamily syndication. As I have said before, it will be up to you to educate yourself on the mindset and practices of the top 1%, so you can follow them into financial freedom.

Standard Financial Planning is Designed for Us to Die Broke
Visit any financial advisory or search any retirement financial planning calculator online and there is a very high chance one of the first questions will be, "How long do you plan to be retired?" In other words, how long do you think you will need money for until you die? For simplicity, we will take some of the complications of inflation and investment interest gained out of the equation for the moment. The advisor or calculator continues by taking the amount of money you want to have in income each month during retirement and multiplies it by the number of months you plan to be retired. This gives you the amount of money you need to have available when you begin retirement to receive the stated monthly amount during retirement.

Assuming you begin retirement with this starting amount, if you live longer than the original predicted number of months in retirement you have to hope your investments have done better than predicted. The formula is set to equal $0 left when you reach the final month of "planned retirement."

Do you want to gamble with the number of years you will live? Do you want your retirement to be constricted by the amount of income you "thought" you would need in your final years? Does the younger you really know how much money in retirement you will need? While most experts continually say you will need less income in retirement than you use in your finally working year, the reality tends to be different. Most retires use the same amount of income in their first years of retirement. Often, income needs increase due to time freedom to travel and increased health costs.

Do you want to leave a legacy of wealth to your children, grandchildren, or charities of your choosing? The top 1% do not plan for their income to reach $0 when they "plan to die." They think far into the future, decades after they have left our great planet, and that is how they plan their financial future. They plan financial freedom for generations.

Only you can answer these questions of retirement for yourself and those you love. If you choose financial freedom for generations, Wave Impact Capital Group would like to assist you on your journey.

To see just how multifamily passive investing can create financial freedom for generations watch the real life numbers example found in the “Walk through the investing process” video on the Wave Impact Capital Group website.

What Now

If financial freedom is truly something you want to achieve then you need to begin focusing on it. Start educating yourself on it through Wave Impact Capital Group’s website and beyond to the other sources listed in the Further Education section found at the end of each report or article. But don’t get stuck in just learning about financial freedom. You must put what you have learned into action. Wave Impact Capital Group’s goal is to make available investment options that were once only offered to the wealthy. We would love to partner with you in your journey to financial freedom.

Further Education

The following are some of my top recommendations for learning more about information found in this report. They were also some of the many sources I used to gain my financial and real estate knowledge. I am not being compensated for these recommendations and the order listed is completely random.

Mindset and Wealth
Books
Think and Grow Rich by Napoleon Hill
Rich Dad, Poor Dad by Robert Kiyosaki
Mastering the Rockefeller Habits by Vern Harnish
Secrets of the Millionaire Mind by T. Harv Eker
Mindset: The New Psychology of Success by Carol S. Dweck
What would Billionaires Do? By Garrett Gunderson
Unshakeable by Tony Robbins

Podcast
The Tim Ferriss Show
We Study Billionaires
Best Ever Show with Joe Fairless
Smart Passive Income with Pat Flyinn
The Investor Mindset
The BiggerPockets Money Podcast and The BiggerPockets Real Estate Investing Podcast
Financial Independence Podcast by Mad Fientist
Financial Freedom
Real Estate Investing Mastery Podcast

Articles
This is the No.1 habit self-made millionaires share - and it's also the most overlooked, says money expert
3 mindsets that build wealth
The Mindset of the Wealthy
17 Surprising Mindset Differences Between People who are Rich and People who are Broke

Videos
10 Best Ideas | The 4-Hour Work Week | Tim Ferriss | Book Summary
10 Best Ideas | Think and Grow Rich | Napoleon Hill | Book Summary
Warren Buffet's Live Advice Will Change Your Future
One of the Greatest Speeches Ever | Jeff Bezos