



# The Wealthy Realtor

## Business Owner or Agent?



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# Goal

## Control your money instead of it controlling you



# **Getting your Head Straight**

## **Money Attitudes can kill your future**

**“One of the biggest obstacles to making lots of money is not a lack of good ideas or opportunities or time, or that we’re too slovenly or stupid, it’s that we refuse to give ourselves permission to be rich.”**

**From You are a Badass at Making Money by Jen Sincero**





# Money Mindset

## Prejudices, Nonsense and Buying your own Poster

**What do you think  
about when you think  
about money?**



# What we think about money matters



# Money Mindset

Can't be rich and spiritual (nice, cool)	-	<u>Yes, you can</u>
Money isn't important, people are	-	They <u>both</u> are
Never go into debt	-	Go into debt to <u>invest</u> , not spend
Save your money for a rainy day	-	Invest for a rainy day in <u>liquid assets</u>
Rich are lucky, gross, selfish, entitled, snobby, shallow, egomaniacs, holier than thou	-	They are Just like <u>everybody</u>
You have to work hard to make money	-	<u>Smart</u> is much more important
Can't make money selling real estate	-	<u>Evidence</u> is to the contrary
I'm too irresponsible, lazy, clueless	-	<u>Behaviors</u> , not character traits
It's not polite to talk about money	-	<u>Trusted</u> friends and advisors
It's important to have a good secure job	-	Glass ceiling, defining your <u>value &amp; time</u>
Being excited making money is shallow	-	Money is power, not <u>good or bad</u>
Money doesn't grow on trees	-	You can <u>guarantee</u> your success

# Money Mindset

Must have college to make money

Money causes stress

There's never enough money

Money is trouble

I don't want to be a sellout

Must sacrifice fun life to make money

Money is out of my reach

Champagne tastes on beer pocketbook

Always have a backup plan

It's lonely at the top

Who has that kind of money?

He/she is only about the money

- Unless you know how to sell
- Lack of money causes stress
- Live within your means
- If you buy your own poster
- What does that even mean?
- Being broke is a full-time job
- Change your reach
- Money has nothing to do with taste
- Burn the bridges
- Misery is optional, so is loneliness
- People with money skills
- This is a choice



Why do you want to make more money?  
Discover your purpose first...





# Pros and Cons of the Real Estate Business?

## Pros

1. Flexible Schedule
2. Unlimited Income Potential
3. You Are Your Own Boss
4. No Glass Ceiling
5. Delegate your job

## Cons

1. Unlimited Hours
2. Pay Your Own Expenses
3. You Are Your Own Employee
4. No Glass Floor
5. Consume yourself



# Real Estate Agent or... Business Ownership



# Why bother with business owner skills?

**Financial freedom**

**Enjoy the business**

**Work for client not the deal**





# Step 1: Get in touch with reality

Financial Statement

Profit and Loss Statement

Family Budget

Intentional Frugality

Resources: Your Money or Your Life - Dominguez

Online Community - FIRE (Financial Independence, Retire Early)





## Step 2: Establish a budget

**A Budget Should Include:**

**What you will spend on personal and business**

**Investments**

**Charitable Donations**

**Taxes**

**Resource: QuickBooks**

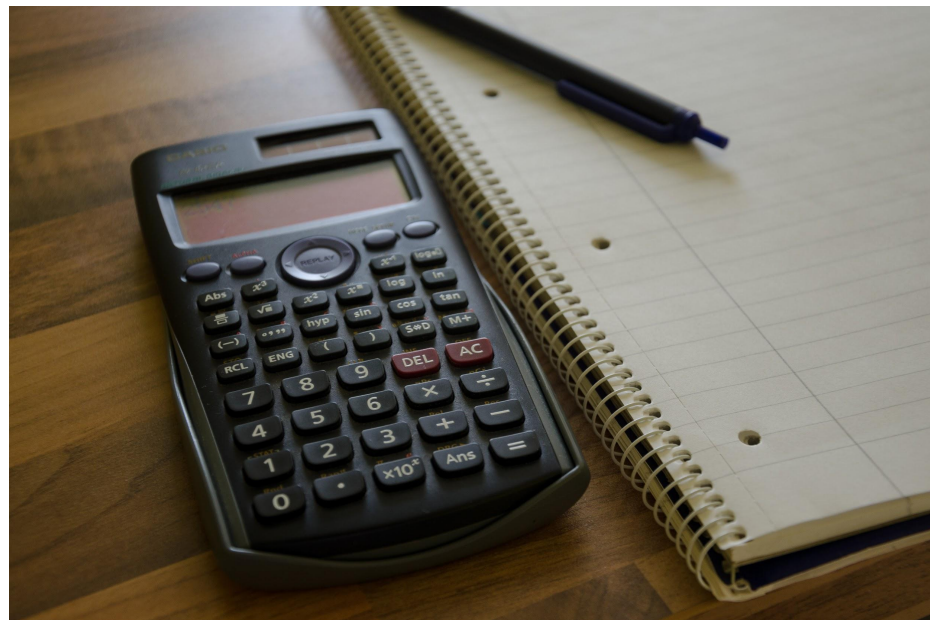




# What if you don't know your numbers?

Start by recording  
everything you spend.

Then grade it.





# Financial Statement: The big picture

**Assets = what you own**      **Liability = what you owe**

**Equity**

**+ House**

**+ Car**

**Debt**

**- House**

**- Car**

**Total = Net Worth**





# Profit and Loss Statement:

How much money did you make?

How much money did you spend?

Difference = your profit





# Sample

There is a profit and loss example in your notes.





<b>Income</b>	<b>Expenses</b>	<b>Net</b>
<b>Commissions</b>	<b>Board Application/Dues</b>	
<b>Rents</b>	<b>MLS Application/Dues</b>	<b>Total Income (-)</b>
<b>Referral Fees</b>	<b>License Application/Dues</b>	<b>- Total Expenses</b>
<b>Other</b>	<b>Renewals</b>	<b>=</b>
	<b>Errors &amp; Omissions</b>	<b>- Taxes (30%)</b>
	<b>Broker Costs &amp; Fees</b>	
	<b>Education</b>	
<b>Total</b>	<b>Total</b>	<b>Profit</b>

**Word to the wise: Live on half of what you make**





**The profit from your business every month is  
the amount you have to live on.**

**Word to the wise: Live on half of what you make**





# How much should I save for taxes?

**30% of your gross  
adjusted income**





# Personal Household Budget:

**Monthly Income**

**Monthly Expenses**

**Monthly Savings**

**Monthly Giving**





# Sample

There is an example of a personal household budget in your notes.





<b>Income</b>		
<b>Real Estate Profits</b>		
<b>Other Income</b>		
<b>Savings &amp; Investments</b>	<b>20% or more</b>	
<b>Expenses</b>		
<b>Mortgage/ Rent</b>	<b>Student Loans</b>	<b>Car Payment</b>
<b>Credit Cards</b>	<b>Electric</b>	<b>Gas</b>
<b>Cable</b>	<b>Internet</b>	<b>Phone</b>
<b>Water</b>	<b>Dry Cleaning</b>	<b>Yard Maintenance</b>
<b>Trash Pickup</b>	<b>Child Care</b>	<b>Insurance</b>
<b>Healthcare</b>	<b>Cell Phone</b>	<b>Food</b>
<b>Travel</b>	<b>Entertainment</b>	





# How do I budget when I am on commission?

**Track 2 budget columns**

**Survival Amount**

**Regular Monthly Amount**

**Live on Survival until  
1 year cash reserves**





# Be afraid...Be very afraid

**Credit Cards / Don't Mortgage your future**

**Payday Loans / Cash Advances**

**Getting Behind with the IRS**

**New Cars**

**Bright shiny objects - appearance of wealth**





# Compound Interest

“Putting some muscle on the money”

\$10,000	2%	5%	15%	20.9%
5 years	\$ <u>11,040</u>	\$ <u>12,762</u>	\$ <u>20,113</u>	\$ <u>25,830</u>
10 years	\$ <u>12,189</u>	\$ <u>16,288</u>	\$ <u>40,455</u>	\$ <u>66,721</u>
15 years	\$ <u>13,458</u>	\$ <u>20,789</u>	\$ <u>81,370</u>	\$ <u>172,343</u>
20 years	\$ <u>14,859</u>	\$ <u>26,532</u>	\$ <u>163,665</u>	\$ <u>445,170</u>
25 years	\$ <u>16,406</u>	\$ <u>33,863</u>	\$ <u>329,189</u>	\$ <u>1,149,893</u>

“The rich rule over the poor,  
and the borrower is servant to  
the lender”

# Moral?

If you do use a credit card, pay it off every month





# Tools to help with your money management

[Expensify.com](#)

[Mint.com](#)

[Everydollar.com](#)

[MileIQ](#)

[Quickbooks](#)

[Dinkytown](#) - calculators for everything

[Everlance](#) mileage & expenses - 1 app

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# Tools to help with your money management

<https://www.financialwellness.realtor>

The screenshot shows the landing page for the Center for REALTOR® Financial Wellness. On the left, the National Association of REALTORS® logo is displayed above the 'CENTER for REALTOR® FINANCIAL WELLNESS' logo, which includes the tagline 'Helping REALTORS® Navigate Financial Freedom'. On the right, a blue background contains the text 'Welcome!' followed by a paragraph explaining the resource and a green 'SIGN IN' button.

**NATIONAL ASSOCIATION of REALTORS®**

**CENTER for REALTOR® FINANCIAL WELLNESS**  
Helping REALTORS® Navigate Financial Freedom

## Welcome!

The National Association of REALTORS® is proud to welcome you to the Center for REALTOR® Financial Wellness, a new resource designed to help you understand your financial planning options and prepare for the future, one step at a time. No matter where you are in your career or stage of financial planning, we have something for you—budgeting tools, retirement planning resources, information about investing in real estate, and more. Sign in below to begin navigating your financial freedom!


**SIGN IN**





# Tools to help with your money management

## apps.irs.gov/app/tax-withholding-estimator

 [Help](#) | [News](#) [CHARITIES & NONPROFITS](#) [TAX PROS](#)

[File](#) [Pay](#) [Refunds](#) [Credit & Deductions](#) [Forms & Instructions](#)

[Home](#) / [File](#) / [Individuals](#) / Tax Withholding Estimator

### Tax Withholding Estimator

Use your best estimates for the year ahead to determine how to complete Form W-4 so you don't have too much or too little federal income tax withheld.

1

2

3

4

5

6

About YouIncome & WithholdingAdjustmentsDeductionsTax CreditsResults

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#### About You

Select the information that best describes how you anticipate filing your 2019 tax return.

##### 1 of 5: Filing Status

What filing status will you use for your tax return? (\*Required) ?

- ☐ Single
- ☐ Married filing jointly
- ☐ Married filing separately
- ☐ Head of Household
- ☐ Qualifying widow(er)





**How much should I  
budget for charity and  
investments?**

**Jim Rohn Advises:  
 $70 + 10 + 10 + 10$**





# **\$100,000 Income - \$2,400 Taxes**

## **How the Rich get Richer**



<b>Total Gross Commissions</b>	<b>\$ <u>100,000</u></b>
<b>Total Business Deductions</b>	<b>\$ <u>10,000</u></b>
<b>Adjusted Gross (Taxable) Income</b>	<b>\$ <u>90,000</u></b>
<b>20% Business Tax Deduction</b>	<b>\$ <u>18,000</u></b>
<b>Standard Deduction (\$24,000 joint, \$12,000 single)</b>	<b>\$ <u>24,000</u></b>
<b>Self-Employed Pension (SEP)</b>	<b>\$ <u>20,000</u></b>
<b>Taxable Income</b>	<b>\$ <u>28,000</u></b>
<b>Federal Taxes</b>	<b>\$ <u>2,972</u></b>
<b>Social Security Taxes</b>	<b>\$ <u>12,480</u></b>
<b>Money to live on</b>	<b>\$ <u>54,548</u></b>
<b>Savings</b>	<b>\$ <u>32,480</u></b>



# **\$100,000 Income - \$2,400 Taxes**

## **How the Rich get Richer**



<b>Adjusted Gross (Taxable) Income (Mileage &amp; home office)</b>	<b>\$ <u>90,000</u></b>
<b>20% Business Tax Deduction</b>	<b>\$ <u>0</u></b>
<b>Standard Deduction (\$24,000 joint, \$12,000 single)</b>	<b>\$ <u>0</u></b>
<b>Self-Employed Pension (SEP)</b>	<b>\$ <u>20,000</u></b>
<b>Taxable Income</b>	<b>\$ <u>          </u></b>
<b>Federal Taxes</b>	<b>\$ <u>2,972</u></b>
<b>Social Security Taxes</b>	<b>\$ <u>12,480</u></b>
<b>Money to live on</b>	<b>\$ <u>54,458</u></b>
<b>Pension Contributions &amp; Saving</b>	<b>\$ <u>32,480</u></b>

**Note: SEP money funded by October (next year) can be borrowed, withdrawn for 60 days, or Simply withdrawn in an emergency with 10% penalty**



Poor people spend their money and invest what's left

Rich people invest their money and spend what's left





# **\$100,000 Income - \$2,972 Taxes**

## **How the Rich get Richer**

**What should I invest in?**

**Start with baby steps**





# Dave Ramsey's Baby Steps

**Have a \$1,000 emergency fund**  
**12 months of personal & business expenses**  
**Pay off all debt (except your home)**  
**Start investing 15% of your income**  
**Fund college for your kids**  
**Pay off your home early**  
**Build Wealth**  
**Give Back**





# Orbit Charts

How we tracked our personal business

Your transactions

Your per transaction income

Your listing volume

Average listing price

Sources of business

YTD on all numbers

Predictable income based on assumptions





# Questions? Comments?

## What did you learn?

