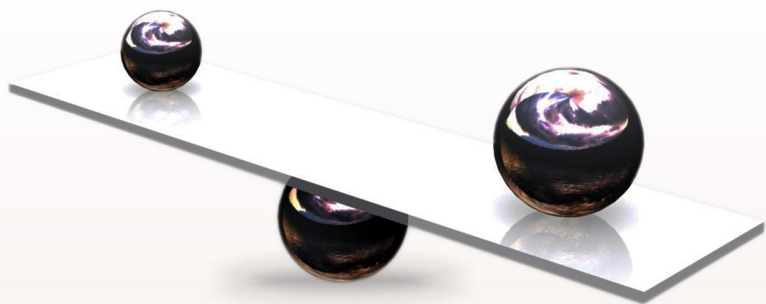


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# The Leverage EQUATION

How to Work Less, Make More, and  
Cut 30 Years Off Your Retirement Plan



TODD TRESIDDER

## **The Leverage Equation: How to Work Less, Make More, and Cut 30 Years Off Your Retirement Plan**

**Todd Tresidder**

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*To my wife, Katherine,  
and our wonderful daughters,  
Jenna and Ashley.*

*Thank you for your patience and support.  
Every word was written with you in my mind.*

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## THE LEVERAGE EQUATION

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# OVERVIEW

# INTRODUCTION

“LIFE IS TOO SHORT TO BE LIVING SOMEBODY ELSE’S DREAM.”

—HUGH HEFNER

**H**ow can you lift a 7000-pound car without anyone to help you?

The answer is the same as how you can achieve financial independence well before your retirement age. It’s the same solution that will get more done in a day, with less effort. And it’s the answer to breaking free of almost any limitation you think you have – whether it’s time, money, skills, connections, or anything else.

Leverage is the strategic tool that expands your resources beyond your present limitations to produce greater results than you could generate on your own. Leverage gives you access to more capital, more technology, larger networks, greater knowledge, and smarter systems than you personally possess.

Mastering leverage can:

- Accelerate your financial results
- Multiply your wealth

- Improve your quality of life by freeing up your time from mundane tasks
- Allow you to focus your attention on what you enjoy and are good at

Mastering leverage is how I retired at age 35, just 12 years after graduating from college with thousands of dollars in student loan debt and zero assets. In this book, you'll discover how to apply the same leverage principles I used (and more!) to break through whatever limitations hold you back so you can produce even greater results.

## **THE DECEPTIVE HALF-TRUTHS THAT HOLD YOU BACK**

Most people misunderstand leverage.

For example, when you hear the term “leverage” do you think of financial leverage, such as mortgages in real estate or debt financing?

Sure, that's one type of leverage, but it's only one of six! It's also the riskiest. The other five types of leverage multiply reward *without* increasing risk. Even better, when you master certain types of leverage, it's entirely possible to increase your reward while reducing your risk at the same time!

Another common myth about leverage is that it's exploitative or manipulative. Maybe you've seen the deprived

villain on a daytime soap “use” people through leverage in some shocking and morally bankrupt way. You think: “I would never do a thing like that!”

But leverage is not about “using” people. It’s about making smart business decisions that benefit all participants; and it’s about responsibly applying other people’s resources to overcome obstacles that limit your success so you can achieve greater results with less personal effort. Leverage done right creates jobs, grows wealth, and serves people.

## **THE 4 PIECES OF CONVENTIONAL WISDOM I DON’T ENDORSE IN THIS BOOK**

There’s plenty of success advice out there. Unfortunately, many of the ideas taught are really just conditional half-truths masquerading as universal facts. The problem is: these half-truths frequently work well and are repeated so often that it’s easy to accept them as fact. But that’s where the danger begins, because any idea taken as fact – when it actually isn’t – will limit your ability to see better alternatives. You won’t recognize the exceptions that disprove the rule.

The good news is that when you learn the pros and cons of the multiple leverage strategies taught in this book, you’ll see how much of the conventional “wisdom” is really just low-leverage half-truths.

For example:

1. Retirement planning is NOT just about saving and investing until age 65 (Spoiler alert: You can become financially independent at any age! You don't have to wait until age 65; leverage will show you how to enjoy financial freedom earlier).
2. Asset allocation across a diversified portfolio of stocks, bonds, and mutual funds is NOT the only way to invest for retirement (Spoiler alert: Higher leverage asset classes and investment models exist that can accelerate your wealth while reducing your risk).
3. Making more money is NOT just about getting a promotion, or a raise, or working longer hours (Spoiler alert: trading time for money caps your income because there's a limit to how many hours you can work. You must learn how to separate your income from hours worked so you can make more while working less).
4. It does NOT take money to make money (Spoiler alert: you can separate your wealth growth from your return on equity equation by leveraging other assets).

Don't worry if you have subscribed to any of these conventional beliefs about investing and wealth *before* reading this book. It's not your fault. They're repeated so



often by mainstream media that it's easy for your mind to accept them as true without questioning their validity.

This book will open your mind to different strategies for achieving success and breaking through the roadblocks that hold you back. You'll discover a new framework built on leverage that will unlock these mental traps. It will open the door to a completely different way of producing greater results with less effort and using fewer of your own resources (including time and money).

This isn't get-rich-quick hype. It's a provable fact based on financial science, rooted in research, and grounded in mathematics (but don't worry – it's just high school algebra). The point is that it's real, and I'll show you *exactly* how it works.

Not only that; it's common sense. You already know it's true because the evidence is all around you. For example, when you hear in the news how someone went from zero to multi-millionaire by age 20 or 30, what was the mechanism? How did they do it?

With the rare exception of extreme frugality at an early age, every one of those stories involves either business or real estate success. That's because these two asset classes offer multiple opportunities for leverage so wealth can be created more quickly than investing through conventional asset allocation.

In fact, the research on how the rich get that way proves that the vast majority of wealth is created through

business entrepreneurship and real estate. Conventional paper asset investing through stocks, bonds, and mutual funds takes a distant third place, and even then it's usually after an entire lifetime of saving and compounding.

So if conventional paper asset investing is the slowest strategy for wealth building, why do financial experts promote it? Because it's a one-size-fits-all solution that's easy to *sell* and it has the backing of academic research proving its validity. It's a good business model for the investment firms – because it's simple to communicate and implement; because it's generic and doesn't require them to develop a plan that accounts for your personal strengths; and because it doesn't require any special adaptation to your timeline or personal goals. It's an efficient business model for *them*, but it's not the most effective alternative for *you*. It's not wrong, but there are faster, more efficient ways to grow your wealth that may match your life situation and goals much better.

If you want financial independence while you're still young enough to enjoy it, and without being dependent on extreme frugality to make the numbers work; or if you would like to use alternative asset classes like business or real estate in your wealth plan; then you'll want to broaden your thinking by trying strategies that are different from the generic financial advice you get everywhere else.

Either you'll learn to master leverage or you'll work far harder than necessary to produce far fewer results than

you're capable of. This book, *The Leverage Equation: How to Work Less, Make More, and Cut 30 Years off Your Retirement Plan* – will help you completely shift your awareness. It will give you the essential tools that you need to work smarter – not harder – in order to achieve tangible results in your financial life.

By the end of this book, you'll know:

- The real reason you're not as rich as you should be (Surprise! It's not what you think...)
- How \$10 can realistically become \$1000 (without taking crazy risk or working long hours)
- The hidden trap of regular paychecks (and how you can overcome it!)
- The truth about (and the dangers of!) highly leveraged investments
- The 9 principles of leverage that maximize your financial results (and lead to a more fulfilling life)
- The right (and wrong) way to apply each of the six types of leverage.

Plus, you'll get more than 100 practical, usable examples of leverage strategies that you can implement immediately in your business and financial plans. (In fact, you can download the full list of “101 Leverage Hacks: A Cheat Sheet for Quickly Implementing Leverage in Your Wealth Plan” right now at <https://financialmentor.com/free-stuff/leverage-book>)

## YOU'RE ALREADY A MASTER OF LEVERAGE

Best of all, you're already a master of leverage because you use it *every day*. It's not technical or complex. In fact, it's so common that you don't even realize you're using it, and that's why you haven't yet consciously put it to work to grow your wealth and improve your life.

For example, every day you're already leveraging:

- All the employees who manufacture the cars you drive (but that you didn't build).
- The workers who created the clothes you wear – from the seamstress who sewed the item, to the textile company that created the fabric, to the farmer who grew the raw material.
- Your smartphone, which you use to accomplish many tasks – and that leverage extends beyond the functionality built into the phone to include the electricity you use to charge it and the engineering talent that designed it.

The fact is you're already leveraging other people's skills and resources almost every minute of your life. Leverage is an automatic part of your day. The difference is it's just not conscious; that is, it's not conscious until something breaks.

A few years ago, I was skiing when a massive storm knocked down a major power line, cutting off all power to the town and surrounding area. There was no elec-

tricity, so almost nothing worked; the cell phone towers went out, and the airport only functioned because of backup generators.

Just imagine being stuck in a freezing house in a massive storm with no electricity, no heat, no lights, no cooking, and no phone or data connectivity – and you’ll begin to understand how leverage-dependent our lives have become. Then imagine no running water as well, because, in this case, they had to drain the system to protect the pipes from freezing. That means no toilets, no showers, no drinking water, no heat, no electricity, etc.

None of these resources belonged to *me*. On this trip, I was leveraging all of them for my own use – until they stopped working. It was a wake-up call, because the reality is that nearly every aspect of our lives is touched by leverage in some form in order to increase quality and efficiency. Leverage generally operates so smoothly that we scarcely even notice it’s happening.

But there is a big difference in how the people who become wealthy use leverage – and that’s what this book will show you. *They’re intentional and strategic in how they apply it.* They use it to accelerate results in their wealth plans.

With *The Leverage Equation*, you too will learn how to take your casual, everyday use of leverage and repurpose it into a deliberate, strategic, wealth-building strategy.

You’ll become a master of using – in uncommon ways

– what is all around you every day, in order to produce much greater results with much less effort.

## APPLYING LEVERAGE IN YOUR LIFE

As you begin this exciting journey, always remember that *nobody* gets rich without leverage. If you aren't employing leverage in your business and wealth plans, it means you're compromising the speed, time, and work effort necessary to reach each level of success.

Leverage isn't difficult to master; it's something you can implement right away and then reap the benefits for years to come.

It's time for you to stop working harder than you *should* to earn less than you *could*. Leverage will show you how to break the cycle of living paycheck to paycheck, so you can start building your financial future. A life of financial freedom is absolutely possible, and the simple steps and strategies in this book will set you on your way to freedom.

Todd Tresidder

<https://financialmentor.com>

# HOW TO BREAK THROUGH THE CONSTRAINTS THAT LIMIT YOUR SUCCESS

GIVE ME A LEVER LONG ENOUGH AND A PLACE TO STAND  
AND I WILL MOVE THE ENTIRE EARTH.

— ARCHIMEDES

**I**t seemed impossible to achieve. I had backed myself into a corner with my old business model, and there was no way to move forward.

FinancialMentor.com was already a lucrative financial coaching business, but the revenue model was maxed out because I couldn't work more hours. There was just *one of me* to coach the clients and only so many hours in a day. Worse yet, the prospective clients only wanted to work with *me* and would not accept a referral to other coaches. I had hit a wall.

I wanted to transition the business from a coaching services revenue model to a product-based business model. My goal was to build out a series of educational courses and books that “put Todd in a box” so that my knowledge gained over three decades in the financial business

could reach more people at a more affordable price point – but how could I get it done?

I wasn't willing to work more hours, and I lacked the skills to build the new business model that was required. Special technology skills were necessary to build out the course platform, configure the sales process, and connect all the online automation systems so they communicated properly. I didn't know how to do any of that.

Also, new skills were required to write, edit, and market the books and courses, but I had no experience in that field either. As for the website, it needed a redesign to reorient the user experience so that it converted to educational products. I didn't know how to do any of that, and I didn't have the time to get any of it done.

However, once I defined all these constraints (and more!) that were preventing me from achieving my goals, the answer became obvious – leverage.

I employed *time leverage* by hiring a new assistant to manage social media, site administration, and the content post-production tasks like image creation, video production, and editing. I employed *experience leverage* in the form of a technology consultant, who then employed *systems leverage* through third-party software packages to connect all the online business systems that ran the course, the mailing lists, and the sales conversion processes to ensure they worked together. I didn't know how to do any of that myself. I never have.



I brought in a user experience expert to redesign the website so it featured the courses and books, and I even leveraged my personal wealth back into the business to pay the bills while the income lagged during the transition from service to product revenue.

In short, I achieved what was impossible to accomplish *alone* by overcoming every obstacle to my goals through multiple types of leverage – time, experience, systems, communications, marketing, and financial leverage.

Every obstacle that stood between me and my goals was solved with leverage; and every constraint that limited growth was overcome with leverage.

Now there's an entire team of experts behind me that implement technology, programming, business systems, sales systems, admin systems, SEO, editing, product development, copywriting, and much more. In fact, I'm employing every form of leverage that you'll learn about in this book, and *you* could do the same.

My financial education business wouldn't exist without leverage, and my wealth wouldn't exist without leverage.

Leverage is how I get more done with less of my own resources, and *you* can learn to do the same.

## THE REAL REASON YOU'RE NOT AS RICH AS YOU SHOULD BE...

I share the example of my business to demonstrate a critically important point about leverage illustrated by the following question:

What is limiting your financial growth and profits so you're not making as much as you could right now?

- Not enough customers?
- A lousy boss?
- Not enough time?
- Not enough knowledge?
- Need another degree or credential?

Ask 20 people this question, and you'll get 20 different answers, but what's interesting is that nearly all the answers look in the wrong direction. They focus on *maximizing potential income*, but the real problem is *eliminating obstacles*.

In other words, your fastest path to forward momentum is to identify the constraints to your success and *remove* them. This is a key principle.

In the online business example, my constraints to growth included all aspects of content marketing and product development. I could develop the greatest products in the world, but I would still fail without targeted traffic

generated through content marketing, or without the technology to scale the business through systems.

Conversely, I could develop amazing content marketing, driving hungry hordes of targeted traffic, but lack of any products to sell would be the limiting constraint in the business.

The point is that every business and personal wealth plan is limited by unique constraints, or bottlenecks, to growth. Your fastest path to improved results is to *identify those constraints and use leverage to overcome them.*

Changing the example to real estate, imagine that you ran across an amazing deal on an apartment building through a friend of a friend, and it's only because of this personal connection (network leverage) that you have first crack at it. The only problem is that you have no money for the down payment (constraint) and you have credit problems (constraint).

In that situation, most people would assume that they couldn't buy the building, so they'd miss out on the deal. *But after reading this book, you'll know how to leverage other people's money and credit to overcome whatever constraints you face so you can harvest that kind of opportunity.*

The point is to develop a two-pronged attack when pursuing success. You still want to set goals and move forward to maximize your potential, as is commonly taught in success literature, but it's actually *more* important to turn the analysis upside down and focus your attention

not on where you want to go, but on *what holds you back* from getting there.

The key is to identify whatever aspect of the business is the *weakest*. If you have a great product but need marketing, then leverage solutions to overcome that constraint. Conversely, if you have great marketing but lack product to monetize with, then leverage your way to that solution. Whatever aspect of the business is the constraint to growth can be solved through *leverage*.

This distinction is critically important because it completely changes what actions you'll take and the results you'll produce. Your *constraints* identify your key leverage points for accelerating your wealth growth. Stated another way, leverage is the quickest, most direct path to overcoming your constraints.

For example, let's assume one of your financial goals is to buy five positive cash flow 4-plex apartment buildings over the next two years. The typical approach would be to learn about real estate investing so you can figure out how to accomplish your goal. That's the forward-looking process, and there's nothing wrong with that approach except that it's not the most efficient way to produce results.

The reason is that as you continue, you'll come face-to-face with your key constraints – you need the cash for the down-payments, and you need quality deal flow. It doesn't matter how much you drive your plan forward, because without those two resources you won't achieve

your goal. They are the *key constraints* to your plan, and not coincidentally, the solution is *leverage*. You can leverage other people's money for the down-payments and other people's networks to access deal flow.

The point is that constraints are your quickest path to improving results, and the way you overcome your constraints is through leverage.

## **YOU DON'T NEED TO BE SMART, OR CREATIVE, OR HAVE A BIG NETWORK TO DO THIS**

Let's look at another example to make this leverage strategy clear.

Success in business requires that you have some, if not all, of these characteristics:

- Intelligence
- Expertise
- Talent
- Knowledge
- A strong network

Your success can also be impacted by how much money you have, your personality, your experience, and your creativity.

But what if none of these were actually required?

Each of the listed traits will *contribute* to your potential for success, but they absolutely, positively won't *determine* your success. There's a huge gap between potential for success and actual success.

The key idea is: if you're lacking in any of these valid contributors, it's a constraint that can hold you back. It's the same principle as in the previous example, except that you're now applying it to your *personal skillset* rather than the characteristics of your business.

The problem with personal constraints is: they force you to work harder than necessary to grow less than your potential. They act like boat anchors holding you down.

But the good news is that your constraint problems are all solvable because *leverage* is how you break free of your personal constraints. It's how you grow beyond your own limitations.

That point is so important that it merits repeating: *leverage is how you break free of the personal constraints that hold you back because it gives you access to all the resources and skills that you lack.* Think about this for a moment because it has enormous implications for your life and your wealth.

The fact is: you could be missing most of these personal characteristics that lead to success and still be wildly successful, because all of them can be put to work for your benefit using leverage. It's a tremendously freeing concept.

And best of all, leverage is not some arcane secret-of-the-rich, and there's nothing stopping you from using it right now (except, of course, yourself). It's straightforward once you understand how it works. Whatever you don't know or can't do, somebody else knows more or can do it better than you. Whatever resources you lack, somebody else has.

## **4 THINGS YOU THINK YOU KNOW THAT JUST AIN'T SO!**

Imagine you've been struggling to get your new business off the ground, but good news is on the horizon. All your hard work is about to pay off because a large national media company is going to publish a glowing review of your product. All of that media exposure (marketing leverage) is sure to lead to a surge in sales.

That's when most business owners would get scared...

- How is my existing staff going to handle the onslaught of new orders?
- Can I train them in time?
- What happens if I incur all the training and employee expenses, but the orders don't materialize as planned? How much will I lose?
- How much product will I need?
- How will I pay for all that inventory before the expected sales?

While the opportunity excites you, as the business owner you're also scared. You'll have to make some big bets and incur some huge risks. A lot can go wrong, and every potential mistake could be expensive.

Fortunately, you're a master of leverage, so you've planned for this moment from the day you began building your business. You designed your company with scalability in mind, and you developed leveraged growth strategies that manage all those risks.

Because of your savvy planning, the manufacturing company that provides your product has plenty of additional capacity for you to leverage and has agreed to give you 90-day payment terms (*financial leverage*) during your expansion phase – because they stand to benefit from your growth as well. In addition, you completely automated your order processing (*systems leverage*) to prepare for this moment, so it will fully scale at volume with no increase in cost; and you sub-contracted (*leveraged*) all product fulfillment to a large fulfillment warehouse specializing in that service. They charge on a per-unit basis with declining unit costs as the volume of sales increases, and they have plenty of extra capacity to scale with the increased order flow. In addition, all communications for the entire product cycle, from manufacturing through order placement to fulfillment, and all the way through customer activation, are completely automated and systemized (*systems leverage*), so they scale automatically without increased cost.



In short, you prepared for this moment from the day you began building your business by integrating smart leverage strategies (that control risk and increase profits) into every aspect of the business. So you don't have to risk the family farm to scale up for your big media appearance. Oprah Winfrey could call tomorrow, and you'd be ready for the volume, and if Oprah never calls, you'd still operate safely and efficiently. Heads you win; tails you win.

This is an example of how leverage can be used to make more while risking less. It's not fiction; it's power. But like all tools of power, some will use it wisely, others will abuse it, and still others will fear it.

That's because *leverage* is something of a loaded term that can cause an emotional response in people due to common misunderstandings about how it works. Here are some examples of misconceptions and myths about leverage:

1. Leverage should only be utilized by investors with the highest risk tolerance.
2. If you leverage a person's skill or time, you're *using* them.
3. Leverage strategies are difficult or expensive to implement.
4. The loss potential is infinite.

The only form of leverage that inherently increases risk is *financial leverage*. It's the only type of leverage that always cuts both ways, making the good times great and

the bad times unbearable. Financial leverage is the one strategy you have to be very careful with.

All other forms of leverage – time, technology, marketing, network, or experience – can actually increase results while reducing risk at the same time. When used properly, they can give you the best of both worlds.

## **WALKING THE TALK**

I'm not just theorizing about the idea of leverage. I built my career around this concept, and for two decades I've coached clients to do the same – *because it works*.

My career experience has spanned three distinct stages, each tightly correlated to leverage. I started my career as a hedge fund investment manager in paper assets, and then became a real estate investor in large apartment buildings and tax liens, and now I'm an infopreneur teaching through online courses and books.

- Why did I pick hedge fund investment management over the more obvious choice of becoming a traditional financial advisor? Probably 999 out of 1000 people pursuing a financial career straight out of college would have chosen the latter, but I chose the former.
- Why did I pick large apartment buildings and tax liens for my real estate investing rather than the much easier single family homes? Again,

probably 999 out of 1000 people starting into real estate would have chosen the latter.

- And why did I pick online courses and books for my financial education business at <https://financialmentor.com> rather than giving seminars or teaching in a University setting?

The answer in every case boils down to one word – leverage. I’ve always chosen high-leverage business models over the low-leverage alternatives, even when the high-leverage choice was less common and much more difficult. Each choice was a conscious, pro-active decision to pursue more leverage, rather than less.

High-leverage business has the potential for far greater success. When you get it right, profits can grow geometrically because it’s baked into the cake of the underlying characteristics of each business. Whereas low-leverage businesses are inherently limited by your personal resources, so they can never scale into something substantial.

The high potential payoff of the leveraged alternative justifies risking my time; whereas the low potential payoff of the unleveraged alternative isn’t worth paying the price of my (or your) scarcest resource – time.

## **IN SUMMARY**

Leverage is simply another tool that you're going to master so you can strategically employ it in your wealth plan in order to overcome the constraints that limit your growth. It's not inherently good or bad; it's just a tool that allows you to impact your world and develop your financial potential in a more effective manner.

Leverage doesn't inherently increase risk (unless it's financial leverage), but it does increase results, and that's why it's an essential tool for you to include in your wealth plan.