

# This is MONEY

A daily guide to your Personal Finance

- Savings
- Travel
- Debt & Borrowing
- Utilities
- Managing your Tax

Money Matters  
with Nimi...

## Entrepreneurship is not for everyone



you have to. If you are serious about financial freedom and security, then do embrace the passive income machine.

Passive income generally includes income that is not directly related to your daily activity and which you can generate without having to actively work for it. In fact, your money is actually working for you with no extra effort on your part, apart from the act of active investing.

Creating a passive income stream does not come easily. It takes time, effort, discipline, and consistency at the beginning of the cycle before it becomes passive. It will involve disappointment, failures and frustration, but if you invest your time and effort upfront, it can be the most fruitful and worthwhile investment of your time, as it continues to pay you long after the work has been completed.

**Here are some reasons why Passive Income is so important:**

Passive income gives you the freedom and flexibility that comes with not struggling to make ends meet, particularly if the income outpaces your monthly expenses. With this, you have more choices; you can engage in work that you love, or even volunteer.

It reduces anxiety and fear of the future

It is rare to find people achieving their financial goals and dreams from their salaries and subsequent pensions alone. True financial freedom requires alternative sources of income; passive income

The inability to pay bills or debt can lead to fear, anxiety, depression and a sense of hopelessness. Just knowing you have that steady stream of income or emergency savings reduces stress.

**You can do things that you love**

We all have things that we're passionate about but we often have to put them off. Passive income builds that important financial momentum of financial security and freedom that makes it possible for you to support others, to do things. You can get involved in a project that you care deeply about without worrying about a salary.

**Passive income in retirement**

If you are middle aged, and have been living solely on your salary, your goal should be to use as much of your income as possible

from your remaining peak earning years to create sources of passive income, which is often the only source of funds for most retirees.

The wealthy are able to detach the time spent from the money that they earn. They earn passive income from various sources including investment property, dividend income, interest income, business interests, royalties, website advertisements and so on.

**Interest Income**

Interest is a most basic form of passive income. Interest earned on savings account balances, fixed deposits, or bonds is a relatively risk free source of passive income. However, interest rates hardly keep apace with inflation, so while it is necessary, it will be difficult for you to grow your capital in this way.

**Investment Property**

Residential or commercial property for investment purposes is a time-tested way of enjoying passive income alongside capital appreciation. The location and condition of the property is of significant importance for you to realize stable income far into the future.

**Dividend yielding stocks**

One of the most effective ways to earn passive income is to buy shares in a publicly quoted company that regularly pays dividends to shareholders. A reputable stock broking house will select stocks for you but it is also important for you to develop your knowledge of investing to understand how markets

work.

Both stocks and real estate have the ability to grow in value over time. Indeed, capital appreciation is one of the greatest benefits of both of these passive income sources when you sell your asset. The proceeds can then be used to create other assets.

**Invest in a Business**

Some of the greatest sources of passive income have come from people taking a chance on a promising entrepreneur, after thorough due diligence.

In discussing the advantages of investing, one should never ignore the ensuing risk. There is always the very real risk of loss as markets can be volatile and prices can go up and down. A diversified portfolio will help to mitigate this.

It is rare to find people achieving their financial goals and dreams from their salaries and subsequent pensions alone. True financial freedom requires alternative sources of income; passive income. This is the foundation for long term sustained wealth and future financial security.

Instagram and Twitter: @mmwithnimi,  
Facebook and Google+: 'Money Matters with Nimi'

www.money matterswithnimi.com, or send us an email info@money matterswithnimi.com

Nimi Akinkugbe has extensive experience in private wealth management. She seeks to empower people regarding their finances and offers frank, practical insights to create a greater awareness and understanding of personal finance.

For more personal finance tips, contact Nimi:

Email: info@money matterswithnimi  
Website: www.money matterswithnimi.com

Twitter: @MMWITHNIMI  
Instagram: @MMWITHNIMI

Facebook: MoneyMatterswithNimi

**I**nternational Workers' Day, also known as "Labour Day" or "May Day", is "a celebration of labourers and the working class; it is promoted by the international labour movement."

Entrepreneurship is so widely promoted and there is much focus on the independent business, that the very concept of working in an office for a monthly salary for your entire career can make one feel inadequate.

Entrepreneurship is not for everyone; we must be mindful of the fact that for many people, a steady monthly income is a comfortable, relatively "safe" place to be. This is their chosen path through which they can thrive, excel and make a significant impact.

Do not leave your full time job if you are not ready. Most people simply cannot afford to do this with the financial obligations that they face. The right step or time is determined by your own unique circumstances. Keep being your best, and keep learning every single day. If you enjoy what you do, there is absolutely no reason why you shouldn't continue doing it.

You can build a great career by staying in one organization, or by moving to various companies over time. Follow your own path and don't feel intimidated or insecure by colleagues who resign to run their own businesses. It is

important to stay focused on your own goals and not someone else's.

Most people live in the cycle of active income, which ties their time to their income. Active income can be earned only by investing time and effort directly in return for money. The salary you get from work is as a direct result of your efforts. With active income, if you don't work, you don't earn.

**The road to financial freedom**

Are you living from pay-check to pay-check? Are you always agonizing about not being able to pay your bills? Financial freedom is attained when you can work because you want to and not because

