

THE LIFESTYLE INVESTOR

The 10 Commandments of Cash Flow Investing For Passive Income and Financial Freedom

JUSTIN DONALD

JUSTIN DONALD is an entrepreneur, consultant, and lifestyle investor. He worked for 10 years as Principal/Owner of real estate investment company MHP Equity Group , as co-founder of rehab specialists IFM Restoration, and as division manager for Vector Marketing. His trademark lifestyle investing strategies have earned many accolades, with *Entrepreneur* magazine describing him as the "Warren Buffett of Lifestyle Investing". Justin Donald has invested heavily in real estate and successful operating companies, and he hosts the *Lifestyle Investor* podcast. He is a graduate of the University of Illinois Urbana-Champaign.

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ISBN 978-1-77687-043-1

MAIN IDEA

When you invest in mutual funds or the stockmarket, you are effectively giving companies the use of your money interest-free, in the hope that the value of your investments will rise in the future.

That's one way to invest, but another is to put together an investment portfolio that generates enough passive income cash flow right now to fund all your lifestyle needs. In a nutshell, that's lifestyle investing (LI).



The great thing about lifestyle investing is you decide what that lifestyle looks like for you. In practice, most people tend to go through three stages of lifestyle investing:

- Stage 1: Cover your bare minimum expenses
- Stage 2: Fund your current lifestyle
- Stage 3: Live the lifestyle of your dreams

The great thing is how and when you move through these stages is up to you. Lifestyle investing is all about getting to stage 3 so you can design your life to be what you want it to be on your terms.

"Many people make investments in businesses, effectively financing a zero-interest loan for an unknown timeframe for someone else. In doing so, they buy equity in exchange for believing that someday they're going to get their money back. The more significant part of my portfolio is geared toward generating cash flow. Not only do I expect a return of the principal of my investment, but I want cash coming in from it, and as quickly as possible. Cash flow investing means some sort of cash comes in regularly—whether monthly, quarterly, or some other time frame. The goal is to have it flow in a way that you can live on it."

– Justin Donald

The 10 Commandments of the Lifestyle Investor

1	Always think lifestyle first
2	Always find ways to reduce risk
3	Watch for the invisible deals
4	Get your principal back quickly
5	Create immediate cash flow



6	Find income amplifiers
7	Always look to plus the deal
8	Cut out the fat on investments
9	Use leverage advantageously
10	Make every dollar work for you

The Lifestyle Investing (LI) methodology and core principles Page 2
 Lifestyle Investing focuses on having an investment portfolio which generates immediate cash to fund the lifestyle of your choice. You make passive investments which provide enough cash flow, without requiring your time or input.

LI Commandment #1 – Always think lifestyle first Page 3
 Invest to generate passive income which will not require your time to work.

LI Commandment #2 – Always find ways to reduce risk Pages 3 - 4
 Structure all your deals to minimize risk and maximize returns simultaneously.

LI Commandment #3 – Watch for the invisible deals Page 4
 Look at emerging markets and unconventional opportunities for interesting investments.

LI Commandment #4 – Get your principal back quickly Pages 4 - 5
 Invest so you get your principal back quickly – within a year or two.

LI Commandment #5 – Create immediate cash flow Page 5
 The more cash flow you create now, the more it will support your lifestyle and other deals.

LI Commandment #6 – Find income amplifiers Page 6
 Always try to negotiate sidecar agreements which amplify your profit potential.

LI Commandment #7 – Always look to plus the deal Page 6
 Optimize your deals to lower your risks, generate greater returns, and add value.

LI Commandment #8 – Cut out the fat on investments Page 7
 Eliminate unnecessary fees – to middlemen, banks, or others.

LI Commandment #9 – Use leverage advantageously Page 7
 Try and negotiate non-recourse loans, although at times working with banks helps.

LI Commandment #10 – Make every dollar work for you Page 8
 If you hire professionals to support you, always ask questions to educate yourself.