

# Budgeting 104

Increasing Your Income



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- In our previous course, we discussed the different types of income. Technology and shifts to remote work are giving people more opportunities than ever before to put more money in people's pockets. In this course, we will provide different ways you can increase each type of income with varying effort.



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# Earned Income

- While income earned from a business you own is considered earned income, there are different ways to potentially lower your taxable income depending on how you structure your business. You should seek advice from a certified tax professional before setting up any business entities.



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# Earned Income

- Dropshipping is a business model where you sell a product to a customer but the supplier stores, packages and ships the product to the customer on your behalf.
- For example, you can create a business selling oversize coffee mugs but the mugs are stored in a warehouse owned by the supplier. When you receive an order from a customer, you coordinate with the supplier so the mug can be shipped to their address and you essentially serve as a middle man.
- The biggest pro to this business model is the fact that you do not have to worry about inventory but the biggest con is you do not have much control over any shipping delays or other things that can impact your customer service.



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# Earned Income

- The biggest pro to dropshipping is the fact that you do not have to worry about inventory but the biggest con is you do not have much control over any shipping delays or other things that can impact your customer service.
- There are sites such as Oberlo, Spocket, AliExpress and more that act as drop shipping suppliers and have kits available for you to get started.



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# Earned Income

- Affiliate marketing has been around for a while but has recently been made popular with social media. With this income stream, you get paid every time you market and sell another companies products usually via an affiliate link that drives revenue.
- For instance, some clothing vendors on Amazon offer money each time an affiliate was able to get one of their followers to purchase the clothes using their link.



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# Earned Income

- Individuals that are creative and already have a portfolio may want to consider using sites like Fiverr or Upwork to gain freelance work. With a network of established clients already, you are able to earn money for different projects if a client decides to hire you.
- Eventually, you may even want to start your own firm or agency.



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# Earned Income

- Rover is an app used by pet owners looking for an alternative option to a traditional kennel. You can sign up to walk dogs, do drop-ins and even board dogs at your home. You set your price and it costs \$0 to get started.



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# Earned Income

- If you have a car that sits now due to the shift to remote work, you may want to consider renting the car out on platforms like Turo. Similar to Airbnb, you can set your price and availability for you to arrange pickups and drop-offs with your renters. You can also require that renters come to your address to pickup & drop-off the car without you ever having to leave your house.
- Each platform has different insurance coverages available and provide market insights to help you get started based on your vehicle.
- Renting your car also allows you to deduct certain expenses related to the car. Seek advice from a licensed tax professional.



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# Earned Income

- Each of us is an expert on some topic in some way. You may want to consider creating courses to sell on platforms like Gumroad. Once these courses are created, they can continue to generate income for you. While this is still considered earned income for tax purposes, it definitely can feel passive if you have consistent buyers with no advertising needed.



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# Earned Income

- A different type of project-based work app is TaskRabbit. These jobs typically consist of more handiwork such as mounting TVs or installing furniture. You are able to set your price and negotiate with customers as well as set your own schedule.
- This requires no money to get started and can be something you do in your free time.



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# Earned Income

- While there's definitely less earning potential, you can also become a Secret Shopper and get paid to shop at stores and restaurants you already visit. By completing specific tasks, you are able to receive a payment after they are complete.
- These shops do usually require you to spend money upfront but you get reimbursed along with the payment you receive for completing the shop. Some people use secret shopping to get paid for buying things they may have already planned to buy.



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# Earned Income

- If you know your hometown or city like the back of your hand, consider creating a local itinerary for travelers to purchase on sites such as Wild Bum. Each itinerary typically runs anywhere from \$25-150 and the “guide architects” receive 50% profits from each sale of their guide. They also get an affiliate link to the site through which they can earn 25% of any sale made including sales of other people’s itineraries/guides.



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# Capital Gains Income

- Capital gains income requires just that: capital. Selling assets such as real estate, gold, stocks or mutual funds will provide you with capital gains income.
- If you've ever heard of the rich using their money to buy things that will give them more money, these are usually the assets they are referring to.



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# Passive Income

- As far as the IRS is considered, we know passive income can come from two sources: rental property or a business in which one does not actively participate such as being paid book royalties or stock dividends.
- With that being said, passive income involves a lot of work upfront to reap the rewards later. You may be required to provide some additional labor along the way such as keeping the rental property maintained or the product updated but this is money you receive by doing mostly nothing once the income starts flowing.



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- There are several ways to increase your earned income. As mentioned in previous courses, the truly wealthy receive most of their money passively by converting their earned income into assets.
- Through this and future courses, we will continue to show you how to successfully make the transition to generational wealth for you and your family.



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# Next Steps

- 1) Explore some of the different ways to increase your earned income.
- 2) Choose a hustle that works for you and your schedule.
- 3) Use the extra income to buy appreciating or income producing assets.



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**Be sure to check out our other courses!**



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