
How to Tell Good Advice from Bad Advice

Contributed by
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By Jason Willkomm

Knowing the value of good advice is the difference between staying poor or becoming rich. It takes some learning before you can tell the difference between good financial advice and bad financial advice, especially these days. It has been estimated the amount of information out there is doubling every few months. It is impossible for any one person to know everything. This forces the issue that complex money situations, such as investing or running a business, must be approached as a team sport.

The richest people in the world build networks of people and business systems, and it is impossible to do either if you are following bad advice. At some point you need to begin making decisions about the people you surround yourself with. The better you know the fundamentals of money and personal finance, the easier it will be for you to make these decisions.

Understanding cash flow patterns, learning the difference between earned income and passive income, and knowing how these things relate to each other (as well as to your main focus in life) is the key to making good financial decisions. Use this understanding to help you select the people you surround yourself with, whether they are accountants, lawyers, or even employees. A banker that works for an earned income himself, for example, may understand little about investing and is likely to give you advice that will keep you working for earned income and saving your money (just like himself).

You should try to surround yourself with advisers that share your understanding and who can see your vision of your future. Remember, these professionals are here to give you important advice, so their ability should exceed your own. Do not be intimidated by the idea of giving up a little control in this situation. If you try to know as much about accounting as your accountant, you will end up being an accountant! So always remember why you are talking to these professionals, and what you are trying to accomplish.

This leads to one final point to ponder. The quality of the decisions you make are directly dependent on your current level of understanding. Increase your financial understanding, and you will increase your financial success.

Hi, my name is Jason. After years of feeling like I was never cut out to be an employee and trying to figure out money, the answers finally began making sense to me one day. Once I understood a couple of basic ideas, my financial situation changed to financial independence very quickly. Inside I share some of those important ideas.

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