

Does Passive Income REALLY Create Freedom?

By Chris Miles

One of my clients recently asked me a question regarding whether or not someone needed passive income to truly be financially free. I believe that many of those striving for financial excellence have asked this same question and debated it.

In response to this question, I would ask "What is passive income to you?" How you define passive income will determine whether or not it can really exist and sustain itself. Passive = No Direct Value Creation

Many believe passive income to be earning income on investments without having to do anything to earn it. Or, in other words, provide little or no value to receive a lot of value. However, if one owns a rental property and gets paid rent, is that really "passive?" Did you really do nothing for it? If you do nothing, will the income last?

Consider having a business as another example. If you provide tremendous value in a business for months, or even years, so that you create conditions to make money while you sleep, was that a passive event, or were you active in creating it? Do you still have to maintain it?

Do you think Garrett Gunderson put minimal time or value into Killing Sacred Cows to help it sell? If he decided to put little effort and time into it by cutting corners and using no research, what kind of "passive" income do you think he would receive from book sales?

On the other hand, if passive income means working smarter and leveraging your abilities, passions, and talents (Soul Purpose), and others' as well, could that kind of income continue for a longer period of time? The Law of the Harvest

We violate the Law of the Harvest (sowing and reaping) when we believe that we somehow can reap where we have not sown. If one ever feels that they are getting paid to provide little to no value, that income will not likely last. As a result, it becomes a state of bondage due to uncertainty of the returns rather than financial freedom.

When I have had income streams in the past where I was not certain why I was receiving so much income for providing little or no value, the passive income never lasted longer than a few years. The only income streams I have been able to count on are the ones where I have significant control and contribution.

Some may consider maintaining control and applying one's human life value bondage, but is it really? Who is paid more - one who provides value for others in a way that few can or one that gets paid doing virtually nothing and has a difficult time understanding why they get paid so handsomely?

With regards to passive income creating freedom, did our Founding Fathers say, "Once we are 'out of the rat race' then we will begin to fight for freedom?" They declared their independence when they were still subject to King George's rule. What is Financial Freedom?

Is freedom a state of having or a state of being? Could one ever have enough money to buy freedom? Can freedom be purchased with money? Is it possible that many that have passive income could be slaves to doing investments or businesses that they do not enjoy? If you do real estate investing only to make money, how is that different than a job? Would you call doing an investment or business only for money "freedom?" If that were the case, couldn't one work a typical full-time job and still be free?

I do not believe that living financially free can be purchased. The only ones I have met that believe this theory are the ones that have never had money. I have had times where I have felt more enslaved with more money than living paycheck to paycheck.

Granted, our minds can be put at ease if we are wise stewards with our resources. We may choose to create conditions that cause more stress and worry, such as living on more than we have means. However, the only way to have financial freedom is to live a life based on purpose, not a life based on our pocket books.

Freedom is a state of being, not a state of your account balance.

I challenge each of us to put money in the proper perspective as a tool to be used to serve others through our soul purpose rather than money being a master that will command us when we will be free.

To hear more, listen to my podcast about this.