



How to Make Money While You Sleep

By: *smartycents* | October 8, 2014

Here's an unavoidable truth: In the battle to build long-term wealth, employee wages—what most of us earn from going to work everyday—are often simply not enough to make a difference on their own. In fact, numerous studies have shown that the wealthiest individuals have multiple streams of income to bolster their financial portfolios, giving credence to the old adage that says it's best not to put all your eggs in one basket.

With recovery from the economic downturn still an ongoing effort, many Americans have begun to diversify their revenue, as the term "job security" no longer has the cachet that it did pre-2008. The problem, though, is that while picking up side gigs and part-time jobs may bring in some quick cash, trading time for money simply isn't scalable. In order to earn like the 1%, the key is to develop income streams that, while requiring a commitment of time and/or resources up-front, don't become inefficient time sucks down the road (like that pesky 9-to-5).

Here, we've gathered a list of three passive income streams that are easily accessible to the average individual but can still net a significant return, without the substantial funds traditional investing usually requires. So read on—because who doesn't want to make money while they sleep?

Leverage your expertise...or someone else's.

Although we don't often realize it, most of us are experts at something, and the reality is that there is likely a waiting market of folks who would gladly pay for a bit of our expertise. Whether it's how to bake the perfect gluten-free cookie or restore classic cars, packaging your knowledge into salable form (through videos, e-books, a monetized blog, etc.) is a great way to create a stream of income that keeps flowing long after the initial work has been done.

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In addition to selling your own knowledge, there is also money to be made from the expertise of others, by marketing and selling their products or services. Web designer Josh Waldron believes that affiliate marketing is the best way to generate passive income; he earns anywhere from \$800 to \$4,000 monthly from his main affiliate website and \$25 to \$100 per month from smaller sites.

So how can you get started?

"Low overhead makes affiliate marketing even more appealing," says Waldron. "Most individuals would need to invest \$70 per year for a domain name and web hosting. There are optional add-ons, like an email marketing service and/or web design services but, overall, \$70 will get your site up and running."

And then there's the time factor. "It takes time to establish a new website," Waldron adds. "Some affiliate marketers can establish a successful site in a month, but I would argue that one year allows you to take an affiliate site from infancy to profitability."

Multi-Level Marketing

From Avon to Pampered Chef and Mary Kay Cosmetics, there is no shortage of multi-level marketing companies (MLMs) to appeal to the varied interests of individuals. And with as little as a few hundred dollars—and depending on the company—individuals can launch their own businesses with serious money-making potential.

Like any business endeavor, MLM income returns are directly proportional to the amount of work put in. But in the case of most MLMs individuals earn money by recruiting others to join their organizations and sell products. So once a strong sales force is built, the ongoing monthly revenue will require significantly less time and effort to maintain.

"It's important to do your research and understand that anyone telling you it won't take work is lying," explains Grant Cardone, New York Times bestselling author of *If You're Not First You're Last* and a self-made millionaire involved in several MLMs. "MLMs provide opportunities for additional income, especially when you are genuinely interested in the product and excited about it. When you like and use the product, telling others is easier, and earning money happens quicker. You can start promoting and see returns on day one and then build from there."

Cardone estimates that individuals can earn anywhere from \$2000 per month to \$200,000 per year, depending on the effort they're willing to put in at the outset.

Turnkey Real Estate

Real estate has traditionally been considered a viable way to increase wealth through rental income. But what about people who have no interest in actually managing properties or serving as a landlord?

According to Eric Workman, vice president of sales at MACK Companies, one of the largest owners and managers of single-family rentals in the Chicago area, turnkey investment properties provide all the benefits of real estate ownership—without any of the hassle.

“Purchasing turnkey real estate allows and inexperienced investors to essentially operate as an expert,” he explains. “All of the guesswork is taken out of the equation, and the individual is left with a finished product that has (in MACK’s case) been fully redeveloped and has a tenant in place and an experienced property manager to handle the day-to-day operations of sustaining a positive cash flow for the investor.”

Upfront costs are comparable to any mortgage purchase, with the investor expected to put 20 percent down on the property. (When an investor has three or more mortgages in their name, the down payment goes to 25 percent.)

In an established market like Chicago, Workman estimates returns of 18-22 percent, or about \$500 per month net cash flow per property. One other benefit, adds Workman, is that turnkey investing allows individuals to operate in markets outside of their hometown, “thus dramatically expanding their opportunity to diversify their portfolio.”

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