

# Glossary

**Active Income**

Money that you have to physically work for like hourly wages, salary, and commissions.

**Residual Income**

Ongoing income that is paid without the full initial expenditure of effort, but must maintain an active role in the enterprise to continue receiving payment like trailers, service contracts, subscriptions, and renewal income.

**Passive Income**

Money that you are paid without you having to work for it like rental income from a managed property and royalties.

**Employee**

Works in the system that is owned by someone else.

**Self-Employed**

Is the system and works in it.

**Business Owner**

Owns the system and has other people working in it.

**Investor**

Invests money in the system. Makes money by having their money work for them.

**Entrepreneur**

A person that solves problems for people at a profit.

**Salesperson**

Someone that helps people to find the right product or service to fulfill their needs and wants.

**Business**

Something that can grow and be profitable without your direct involvement.



**Fear**

False Evidence Appearing Real.

**Courage**

Knowing fear intimately, and still doing it.

**Kaizen**

Japanese word roughly translated to mean Constant and Never Ending Improvement.

**Law of Income**

You will be paid in direct proportion to the value you deliver according to the marketplace.

**Prospect**

1. Has the need / want for your product / service
2. Has the money to pay for your product / service
3. Has the authority to make a decision

**Broke**

A temporary shortage of cash.

**Poor**

A state of mind that keeps you in a state of constant and continuing financial struggle.  
Has nothing to do with the amount of money a person has (or does not have).

**Competition**

Someone that is willing and able to consistently play at your level or above. Anything else is a target.