

# The Financial Harmony Podcast

## Episode 5

### Increase Your Earnings Using the Secrets of the 7 Income Streams

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Hello and welcome to another episode of the Financial Harmony Podcast! This is episode 5 Increase Your Earning Using the secrets of the 7 Income Streams.

This is one of my favourite topics with regards to personal finance. I discovered a few years ago that getting an income from your job is just one way to make money. Once I started digging a bit deeper into personal finance and its many topics, I found out there are 7 different types of income streams! I was literally mind-blown! I thought that was such an eye-opening and exciting prospect, to be able to have more than just one income stream, that I really started to get fascinated by this.

The biggest take away from this is how empowering it is to think about being able to influence your own monthly income much beyond your skills at work. As if you build more than one income stream, you can potentially create a much bigger income in addition to your wage.

If you listened to last week's episode, in which we set our 2021 income goal, you'll remember there was the last step still pending, which was how to actually make our income target become a reality. And that is exactly what we're going to look at today, by investigating the many options there are to increase your income with the 7 income streams.

Now of course, if this isn't your thing, then that's okay too. As some of these options require a fair amount of work, so this isn't for everybody or maybe this just isn't right for you at this very moment. If you're already very busy at work, with your family or maybe volunteering or caring for somebody, then you might just not have the time or energy to focus on growing your income. Totally understandable. But there are a few options here too which are more passive types of income streams, that could be a longer term option too. If of the other hand you have been wondering about how you can create more income for a while, then I am confident you'll find this a very valuable episode with lots of practical ideas on how you can use these different income streams, or as I like to call them Tthe secrets of the 7 income streams, to finally get started on this exciting goal.



I usually put together a free worksheet to go with my podcast episodes, today is slightly different in that this episode has both a worksheet and a free online course that go with it. If you go to [ingenataliehol.com](http://ingenataliehol.com) you can find the free training on the 7 income streams which will go into some extra detail on this topic, and if you're interested in the worksheet, then you can find it there too, you will need to register for the online course, and then you just grab your free download from there. All of this information and the links are of course also in the show notes for today's episode on [ingenataliehol.com/episode5](http://ingenataliehol.com/episode5)

Before we dive in, let's first of all define an income stream, as this can be used in different ways. For simplicity's sake, I'm going to distinguish between an income stream and an income source, although you will find that elsewhere they are often used interchangeably. But it's important to differentiate between the two concepts.

In this episode I will use "income stream" to refer to a type of income. As you know, there are seven different income streams or types of income. One of them is the that wage you get from your job. There are six other ways to make money and we'll look at these in a moment, but they are all income streams.

I use "income source" when I talk about a specific example or source of income within a particular income stream. Imagine you have 2 different jobs: you're an IT consultant 32 hours a week, and you also work as a website developer for 8 hours a week for another company. These two jobs both fall within the same income stream, which is that of a job. In this case however, you have two different jobs so each one of these are a different income source.

That means that the 7 income streams can be further divided into many different income sources. Here's another example in case it helps. When I wrote my first book, 100 Steps to Financial Independence, I created one source of income within the income stream of Royalties. So everytime Amazon or another retailer sells my book, they pay me royalties. When I published my second book 30 Days to Financial Excellence, I added a second source of income to that same income stream of royalties. So I have two different sources of income within the income stream of royalties. Some would even argue that the audio book is yet another source of income as it is consumed in a very different way than the paperback or ebook version of the book. This depends a little bit on how you want to look at it and categorize it. Once I finish my next book, that will be yet another source of income within that same stream.

Why is it important to distinguish between these different sources? Well, there can be many reasons for this. One could argue that the more different sources you have, the more you insure yourself of income loss. So if you work two jobs, if one of the companies went bust, or you were laid off or you just didn't like working there anymore, one could use the other job to not only still generate an income, but even potentially take on more hours to make up for the income lost on the other end.



The same is true for my books: if one stopped selling because it was no longer a topic people were interested in, or the cover just became really old-fashioned in how people perceived it, then I still have other sources to fall back on.

A counter argument to this is of course that the more you spread your efforts and time, the harder it is to really grow your main source of income. So back to the example of working as an IT consultant for 32 hours. It might be that you're not eligible for a promotion because your 32 hours is just not enough and maybe your company requires people to put in 40 hours a week in order to get that promotion.

A second reason to distinguish between different types of income sources is that it allows you to track progress or compare performance. This is generally less applicable to a job, but in most of the other income streams we'll look at, you can compare how well each source is doing, to gain insight into where to put your time or energy or marketing efforts in order to grow your income even more. If one source does a lot better than the other, then that can give valuable insight into what the market wants or what is working at the moment and what isn't.

So just to recap: an income stream refers to a type of income, and we will cover all seven of them in a moment. An income source is the specific manifestation of an income stream, meaning that you can have more than one income source within an income stream.

Now we have this clear, let's talk about why having multiple income streams is such a fantastic way when you are looking to improve your financial situation.

I believe there are the three important reasons for wanting to build more than one income stream. Firstly there is the very obvious one of making more money. Now this isn't always a clear linear consequence when you add an income stream. For example if you cut your hours at work in order to start building your own business. In all likelihood, at least for the first few months or even years, you might not actually be making more money than before. But generally speaking, an extra income stream would, at least over time, add more money to your monthly total income. (Or, as I've highlighted in previous episodes, it might turn out to be the same amount of money but with less time spent generating that money, or simply put: less time working, if that's what you're after).

A small side point to this advantage is that if you want to improve your financial situation, you can generally do so by doing two things: reducing the amount of money you spend and increasing the amount you bring in. Now as you can imagine, there is only so much that you can cut in your expenses. At some point you can't take it down any further. You still need to pay your rent or mortgage, your utilities, groceries, clothes, transport and some fun stuff like a meal out, a trip away or going to the cinema. Whereas in theory there isn't the same limit to increasing your income. So the potential there is much bigger!



A second advantage of having more than one income stream is the diversification that I mentioned a little earlier already when I was describing the income sources. The same is true for having more than one income stream: it reduces the risk of being left without an income altogether. If you have more than one income stream and you lose one of them, for example you lose your job, then you still have other streams to fall back on, so the financial risk is a lot less, than if you had only one income stream. Having just 1 income makes you much more vulnerable to market changes or company politics.

Then there's a third reason which to me is super important but often overlooked in the personal finance world. Having multiple income streams can be incredibly exciting! So the tracking of your streams can be exciting in itself. But even more so, if you were able to create an income stream based around your passion or interest, then that particular one can bring a lot of excitement and joy to your daily income generation efforts. This is especially relevant if you don't feel ultra inspired by your day-to-day job and it can be a fabulous option if you want to do something again that you feel really passionate about.

As you can imagine, I really love personal finance, I love talking about it, I love thinking about it and I love writing about it. Imagine how exciting it is to me to be able to write books about this topic and to make a podcast on this. This is hugely inspiring thing to me. Generating a income from my passion is really a dream come true.

So really there are some really powerful reasons to build more than one income stream. In short, as I just mentioned, it will with time generate more money, diversify your income and therefore reduce risk and it can bring a tremendous passion out in yourself.

Okay, enough about all the reasons why, let's go and have a look at what these 7 income streams actually are.

Number one is earned income from a job. So this is any money you earn from working for a company. Now if you don't really want to develop another income stream yet or altogether, and just want to focus on your wage for now to really leverage your earning here, then there are a few strategies you can employ in order to increase your wage in this area. Start with considering the different options you have that will allow you to increase your income. Can you take on extra hours, or pursue bonus-based projects? Is it time to ask for a raise? Have you considered future career perspectives in your company, such as a long-term promotion or a new department? What about outside your company, what might you be able to be offered there? Once you have your options clear and know which one you might want to pursue, it is time to get clear on your value. If you are going to pursue a promotion, negotiate a raise or look for a job with a different company, you need to be laser focused on defining and defending your professional value. What are your achievements over the past few years? What value do you add to your company? And what will you be able to do for the company long-term? What skills or knowledge might you need in order to increase this value even more? What unique experience do you bring to your job?



Whether you're negotiating a raise, pursuing a promotion, or looking to get a new job, you need to show your manager that you are the right person for this and that they can't afford not to give you what you're asking for. And if you want to have any chance of convincing them about this, you need to first be clear on this yourself.

So that was the first income stream, let's move on to the second one. The second type of income stream is profit income. And profit income is generally generated by having your own business. It is any money that you earn by selling products or services at a higher price than what you paid for them to create them. Think about an Etsy shop, your own website design company, online yoga classes that teach, a coaching service you offer, a dog walking service, jewelry you make or paintings you create, tutoring you do. The options here truly are endless! Now this is also the one that can be the most exciting to pursue. Turning a hobby or a passion into a profitable business and income stream is one of the most satisfying ways to increase your income. Imagine you get to do what you most love doing AND get paid for it! So if this is something that's been at the back of your mind, or if you have something that you would love to do more of and if you believe it is something others would be willing to pay for, then consider this as a great opportunity to build another stream of income. You can start by brainstorming some ideas that you might be able to turn into a paid service: think about your hobbies, skills, experience and see if there's anything there you'd love to do and make money from!

That gets us to the third income stream, which is royalties. Now most people tend to think of famous pop stars or authors when they hear royalties. But anybody can be paid royalties. You don't need to be a million dollar a day famous singer to profit from this type of income! Royalties are essentially pay outs you get from anybody selling your products. I gave the example of Amazon paying me royalties every time they sell my book. They have the platform - the online shop, the payment gateway, the name, the marketing etc. so they reach a huge audience for me, and sell my products to that audience. But because I own the rights to my work, and I produced the product, they need to pay me a percentage. Other examples of how to earn royalties are through music that can be streamed online, but also graphic design, think about wallpaper, postcards or stationary using your design, as well as software or even knitting patterns sold by big yarn stores. There are quite a few options here and once again this is a perfect one to get your creative juices flowing and pursue monetizing a passion you have.

The fourth income stream is an example of a more passive income stream, and that is interest income. Interest is mainly paid on loans. So the most common example is of course a savings account where you stall your money with a bank. Now your money isn't just sitting there idly, as the bank uses your money to generate more money, which is why they can of course pay you interest. With all the money that people have deposited in their savings accounts, the bank offers other financial services to their customers, think of mortgages for example. They charge a bigger interest rate on those services, and then use a part of the money they generate to pay some interest back to you. So by putting your money in a savings account, you give the bank permission to use your money and in that way you get interest income.



Now several decades ago this could be a relatively solid amount of money one could get, interest payments were generally quite significant, but these days with the interest rates being so incredibly low, a savings account isn't necessarily the most interesting way to build money. But there are other ways to get interest payment by lending money. One way is through bonds, which is a type of investment by which you lend money to a government or company, for them to invest or expand, and bonds are principally traded on the stock market. Another way to receive interest income is through crowdfunding, which involves higher interest rates than savings accounts, largely because of the increased risk associated with this type of lending.

From interest income we get to dividend income, our fifth income stream, which is a type of investing income. Simply put, dividends are paid to shareholders of companies when these companies make a profit. You can become a shareholder of a company by buying shares or stocks of that company. This is the biggest, or most well-known, type of investing that happens at the stock market, such as Wall Street. Unfortunately we can't expand too much on investing in this episode as there is a lot to be said about investing, so stay tuned for future investing episodes, but for now I principally just want to make you aware of the possibilities of generating an income through investing. Your portfolio, which is the collection of shares of a company, or various companies that you own, can give you a yearly income stream if you manage to grow your portfolio sufficiently and if the companies you've invested in make a profit they can pay out. The reason dividends are an interesting way to generate income is that the percentages paid out are often much higher than the interest rates.

We've got two more types of income streams to go, and I've left these to last as they often require a substantial amount of capital before being able to develop these two streams. So in order to create money from these income streams, you need to have some starting money to begin with. Let's have a look at these last two streams.

Number six is capital gains. This is any money that you receive from selling something at a much higher price than what you originally paid for it when you acquired it. Think of a house you buy for 100.000 and then manage to sell for 150.000. That is a capital gain of 50.000. Another common example are company shares or bonds, which is interesting as I just mentioned bonds as an example of a way to generate interest income and of course shares as a way to get dividends, but both of these can also create capital gains if they go up in value and you then sell them. Other examples of how to create capital gains can include selling antique or artwork. See how this one is maybe more specific and usually also requires a long-term perspective and timeline. As most of the time, these things don't just increase in value from one month to the next. Time for our last income stream, which is rental income. Of course the most typical example that tends to come in mind with this one is renting out property, such as an apartment as well as office spaces or a storage space. So you can see how this is also generally one for which you need more of a starting capital to get into this type of income to begin with. But, especially recently with the emergence of different online platforms, there are other smaller scale renting out options too. People have started to rent out certain objects because they know that not everyone will want to or can



purchase their own. Think of a lawn mower, a baby seat, a drill or even a car. There are quite a few options and initiatives here, maybe more than you have thought about before, so this can again be something to look into. But of course it is the bigger projects, like renting out real estate, that can really provide a big scale income generation. But if that isn't an option at the moment, then getting started with smaller scale items that might provide a rental income could be an possibility too.

That were the seven different income streams. Now all this knowledge is really of not much use, unless you actually go and do something with it. So at this stage I would truly like to encourage you to sit down and think about how you can use all of this information to increase your income, short term as well as long term and come up with a plan to do so. Let's have a quick look at what the seven income streams were:

1. Earned money from a job
2. Profit income
3. Royalties
4. Interest income
5. Dividends
6. Capital gains
7. Rental income

Now how do I recommend you approach this from here on? Here's what I have found to be a great technique::First, sit down and write out exactly how much you earned in each of these seven income streams in the last month or in the last year if you prefer. Second, brainstorm ideas on how to advance in some of these areas, and I would principally recommend focusing on profit and royalties to start with. Then, once you've got some ideas down, decide on your number 1 idea to pursue. The other ones can be future projects to explore, but for now focus on just one way to increase your income, either by increasing your wage, setting up a side hustle or business or by working towards earning royalties. Lastly, make it a goal to start looking into investing as well as interest income options, so that you can start creating these income streams over time, say in the next year for example, as I recommend these more as long-term income streams.

Now remember to sign up to the free online mini course on the seven income streams at [ingenataliehol.com](https://ingenataliehol.com) to further dive into this topic, or simply to get the free workbook from inside the course platform, which will guide you through these four steps I just mentioned to get your income stream increase started!

So that was it, the end of this episode of the Financial Harmony Podcast. I hope you found it useful, make sure to subscribe and I'll see you next time.

