



ACTIVE INCOME

WHAT IT IS: MONEY YOU EARN BY DIRECTLY WORKING OR PROVIDING A SERVICE.

HOW YOU GET IT: YOU TRADE YOUR TIME, SKILLS, OR LABOR FOR MONEY. IF YOU STOP WORKING, THE INCOME STOPS.

EXAMPLES:

SALARIED JOB: YOU WORK 40 HOURS A WEEK AS A TEACHER, DOCTOR, OR ENGINEER, AND GET PAID A REGULAR SALARY.

FREELANCING: YOU DESIGN WEBSITES FOR CLIENTS. YOU GET PAID FOR EACH PROJECT YOU COMPLETE.

HOURLY WORK: YOU WORK AT A COFFEE SHOP, AND YOU EARN MONEY FOR EVERY HOUR YOU WORK.

PASSIVE INCOME

WHAT IT IS: MONEY YOU EARN WITH LITTLE ONGOING EFFORT AFTER THE INITIAL SETUP.

HOW YOU GET IT: YOU MAKE AN UPFRONT INVESTMENT OF TIME, MONEY, OR RESOURCES, AND THE INCOME CONTINUES TO COME IN, OFTEN WITH MINIMAL MAINTENANCE.

EXAMPLES:

RENTAL INCOME: YOU OWN A RENTAL PROPERTY. TENANTS PAY YOU RENT EVERY MONTH, EVEN IF YOU DON'T ACTIVELY MANAGE THE PROPERTY DAILY.

DIVIDENDS FROM STOCKS: YOU INVEST IN COMPANY STOCKS. THE COMPANY PAYS YOU A PORTION OF THEIR PROFITS (DIVIDENDS) REGULARLY.

ONLINE CONTENT: YOU CREATE AN ONLINE COURSE OR WRITE AN EBOOK. ONCE IT'S PUBLISHED, PEOPLE CAN KEEP BUYING IT, AND YOU EARN MONEY EACH TIME WITHOUT DOING MORE WORK.

KEY DIFFERENCES:

EFFORT: ACTIVE INCOME REQUIRES ONGOING WORK; PASSIVE INCOME REQUIRES UPFRONT WORK BUT LESS ONGOING EFFORT.

DEPENDENCY: ACTIVE INCOME STOPS WHEN YOU STOP WORKING; PASSIVE INCOME CAN CONTINUE FLOWING EVEN WHEN YOU'RE NOT ACTIVELY WORKING.

TIME FREEDOM: PASSIVE INCOME GIVES YOU MORE FREEDOM TO SPEND YOUR TIME AS YOU LIKE BECAUSE IT'S NOT TIED TO CONTINUOUS EFFORT.

IN SHORT, ACTIVE INCOME IS LIKE A JOB WHERE YOU GET PAID FOR THE WORK YOU DO RIGHT NOW, WHILE PASSIVE INCOME IS LIKE PLANTING A TREE THAT GROWS AND GIVES YOU FRUIT OVER TIME WITH LESS ONGOING WORK.