

# **One-Page Wealth Compass**

**Fired at 63 Nearly Broke- Safely a Millionaire by 69**  
Age-Defying Financial Freedom

## Media Praise for the One-Page Wealth Compass

*Ranked #1 Amazon Hot New Release during its launch week.*

**“This story is a gut-punch that turns into a lifeline.** David doesn't just talk about being fired at 63; he shows you exactly how he built a million-dollar 'second act' by 69. The One-Page Wealth Compass is the clarity I've been looking for. **It's honest, structured, and deeply human. I'll be gifting this to my kids and recommending it often. Fantastic book!**” — **Steve Sarner**, *Goodreads Review*

### On the Power of Simplicity

“David Nassief carries a story that hits you in the gut—and then hands you a map. He stripped away the jargon and created a system **simple enough to use, yet strong enough to hold you steady in volatile times.**” — **Jason Wright**, Host of *Inner Light Podcast*

“What I liked most was how he made wealth-building feel **simple and doable**, especially by exposing the hidden impact of fees and the power of a steady plan.” — **Myndee Blanco**, Host of *The Audacious Living Podcast*

“David shares the foundations of wealth and how to accelerate it. The secrets and revelations inside these pages **will not let you down.**” — **Bryone Peters**, *Readers' Favorite Review*

“David brought clarity, urgency, and grounded wisdom. He shares **lived experience and practical frameworks** that create immediate lightbulb moments.” — **Dr. Vic Manzo**, Host of *The Inspired Choice Podcast*

## Reader Praise for the One-Page Wealth Compass

### The Power of the Second Act

**“A clear, late-in-life path to real wealth.** This book breaks down how ordinary people can build serious wealth—often more effectively than high earners—using simple, proven principles.” — **Amy K.**, *Amazon Verified Purchase*

**“Mindset change, not a finance change.** After years of feeling like I’m spinning my wheels, this book showed me how to make the changes I’ve been trying to create **actually happen.**” — **A. Cannady**, *Amazon Verified Purchase*

**“The genius is in the focus.** Most finance books are hundreds of pages of fluff, but this is a **streamlined, one-page strategy** that actually makes sense. It took the fear out of my retirement planning and gave me a **clear direction I could finally trust.**” — **J. L. Thompson**, *Amazon Verified Purchase*

“The author’s story of being fired at 63 instantly hooked me. The examples, like **the janitor with a high school diploma versus the doctor**, really stick with you and make you question what you think you know about wealth.” — **Jullan**, *Amazon Verified Purchase*

**“Financial freedom is possible.** This book is a life-changer for anyone who feels they’ve started too late. David’s ‘One-Page’ approach is the perfect **compass** for navigating the complexities of wealth-building.” — **Cynthia M.**, *Amazon Verified Purchase*

**“Simple and effective.** I appreciated the lack of jargon. It focuses on the **‘Set it and Forget it’** principles that actually build long-term security without the stress of constant monitoring.” — **Mark T.**, *Amazon Verified Purchase*

## Real Tools for Real Life

"I didn't expect this book to make me feel so **calm about money**, but it did. It didn't add more noise; it actually helped clear my head. I realized my anxiety came from not having a clear direction." — **Eric Rodriguez**, *Amazon Verified Purchase*

"The one-page strategy somehow makes everything feel **organized and possible**. It simplifies explanations, prioritizing planning and discipline rather than pushing instant wins." — **Manuela Valencia**, *Amazon Verified Purchase*

"It felt more like a **friendly guide than a technical manual**. This is an inspiring read for anyone seeking clarity, control, and long-term financial freedom without the guesswork." — **Jeyran M.**, *Amazon Verified Purchase*

"**The tools to solve it yourself**. My daily strategy has **taken a 180-degree turn**. I am grateful for books like this, for authors who decide to share these keys to life." — **Gianfranco Ferroni**, *Amazon Verified Purchase*

"**A light on my path**. This book provided the path I needed and gave me confidence in times of uncertainty. It changed my opinion about money." — **Margarita Garcia**, *Amazon Verified Purchase*

"**A blueprint for the rest of us**. I've read dozens of finance books, but this is the first one that felt like it was written for a real person facing real-life setbacks. It's practical, honest, and the one-page approach makes it impossible to get lost." — **Michael R.**, *Amazon Verified Purchase*

"**Finally, a plan that makes sense**. David takes the complex world of investing and narrows it down to what actually matters. I finished the book feeling like **I finally had a compass to guide my decisions** instead of just guessing." — **Sarah Jenkins**, *Amazon Verified Purchase*

"**The motivation I needed**. The story of being fired at 63 and turning it around is powerful, but the step-by-step clarity is what makes this a must-read. It proved to me that my 'second act' can be my best one." — **Robert H.**, *Amazon Verified Purchase*



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# Acknowledgements

This book is the product of a battle I just couldn't give up on—years of curiosity that eventually became desperate. I consumed more than twenty books, countless podcasts, and an endless stream of blogs and newsletters that piece by piece gave me the tools, insights, and principles I needed to change my financial future. I'm particularly grateful to virtual mentors like Warren Buffett, John Bogle, and Burton Malkiel—who I've never met but whose words profoundly shaped my financial journey. They represent just a few of all the authors, speakers, and leaders who lit the path ahead for me.

I also learned much by observing people around me. Some provided inspiring examples of what to do, others became cautionary warnings of what to avoid. To all of them, whether they know it or not, I owe gratitude for the lessons their lives taught me. Their stories, many of which I've included in this book, illustrate these principles in action.

My deepest thanks go to my wife, Mary, whose input was priceless and whose unwavering support made this book possible.

Finally, to you—the reader—thank you. By picking up this book, you've taken the first step toward powerful change. Use this compass, take action, and start your journey today.

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# (SPLIT)

## A Note from David

When I was fired at 63, I felt like I was standing in a storm on the tip of a steep cliff. Once I found my way to safety, I realized the “Compass” I built out of desperation was exactly what others needed, too.

The following pages are stories of people reclaiming their confidence and proving that **it is never too late to find your way home to financial freedom.**

## Reader Praise for the One-Page Wealth Compass

### Proof That It Is Never Too Late

**“A clear, late-in-life path to real wealth.** This book breaks down how ordinary people can build serious wealth—often more effectively than high earners—using simple, proven principles.” — **Amy K.**, *Amazon Verified Purchase*

**“Mindset change, not a finance change.** After years of feeling like I’m spinning my wheels, this book showed me how to make the changes

I've been trying to create actually happen.” — **A. Cannady**, *Amazon Verified Purchase*

“I kept thinking about the fear around age and money. This story does not feel like that of a financial guru, but more like **someone ordinary who was pushed into a corner and had to react.**” — **Esteban**, *Amazon Verified Purchase*

“A financial roadmap for those who feel it's too late. As long as you have the desire to change your financial path, you can do so. **I recommend it wholeheartedly.**” — **Lester M.**, *Amazon Verified Purchase*

## Clarity Over Jargon

“I didn’t expect this book to make me feel so **calm about money**, but it did. It didn’t add more noise; it actually helped clear my head. I realized my anxiety came from not having a clear direction.” — **Eric Rodriguez**, *Amazon Verified Purchase*

“The one-page strategy somehow makes everything feel **organized and possible**. It simplifies explanations, prioritizing planning and discipline rather than pushing instant wins.” — **Manuela Valencia**, *Amazon Verified Purchase*

“It felt more like a **friendly guide than a technical manual**. This is an inspiring read for anyone seeking clarity, control, and long-term financial freedom without the guesswork.” — **Jeyran M.**, *Amazon Verified Purchase*

## Practical Wisdom That Works

“The author’s story of being fired at 63 instantly hooked me. The examples, like **the janitor versus the doctor**, really stick with you and make you question what you think you know about wealth.” — **Jullan**, *Amazon Verified Purchase*

**“The tools to solve it yourself.** My daily strategy has taken a 180-degree turn. I am grateful for books like this, for authors who decide to share these keys to life.” — **Gianfranco Ferroni**, *Amazon Verified Purchase*

**“A light on my path.** This book provided the path I needed and gave me confidence in times of uncertainty. It changed my opinion about money.” — **Margarita Garcia**, *Amazon Verified Purchase*



# Introduction

## **Lost in the Financial Woods? Your Compass Starts Here.**

Scientists at the Max Planck Institute dropped volunteers into a dense German forest with one simple task: walk in a straight line to reach the edge. They were confident, capable people who trusted their sense of direction.

But as soon as the sun disappeared behind clouds, something remarkable happened. Even though participants were absolutely convinced they were walking straight, GPS trackers revealed they were actually wandering in circles, sometimes looping right back to where they started. Without a clear point of reference, even the most confident hikers drifted off course with every step.

## **The same thing commonly happens with money.**

You work hard. You make what seem like smart decisions. You save when you can and spend responsibly. But without a reliable compass to guide your financial choices, you can end up walking in circles for decades without being aware of it. You might actually get frustratingly close to

financial security, only to make one wrong turn that leads you right back into the financial wilderness.

I know because I lived it—and I have the financial scars to prove it.

## **The Day My Financial World Collapsed**

At age 63, I knew my retirement prospects were shaky, but I thought I had six more years to fix it. Then life hit me with a devastating blow that shattered my financial future. That's when I realized I'd been walking in financial circles my entire adult life, just like those people in the German forest.

## **What I Discovered When Failure Wasn't an Option**

This book exists because I refused to accept that starting at 63 meant certain failure. When I was fired with barely two years of savings, traditional wisdom would say it was too late. But desperation is a powerful teacher. With no margin for error, I consumed over twenty books, countless podcasts, and endless research—this wasn't a hobby, this was survival. I had to figure out what actually worked versus what sounded good but failed in practice.

What I discovered changed everything: the principles that took me from nearly broke at 63 to financially free at 69 aren't complex. They're just buried under an avalanche of conflicting advice, hidden fees, and well-meaning "helpers" whose interests don't always align with yours.

I wrote this book for one reason: to save you from wasting 20 or 30 or even 40 years like I did. If I can build financial freedom starting dangerously late, imagine what you can do with more time. This isn't theory from an ivory tower—it's a battle-tested compass forged in the desperation of someone who had to get it right or lose everything.

The principles inside these pages work at any income level or any age and adapt to any starting point.

## What You'll Discover:

- **The 7-Step Wealth Accelerator** that turned a tiny nest egg into seven figures in under six years—achieving what most take 30 years or more.
- **The True Retirement Countdown:** Stop guessing. Discover the single number that instantly tells you if you can retire today.
- **End the Wall Street Tax.** Invest like a pro and stop letting hidden fees steal your financial future.
- **Set It and Forget It Wealth:** Build a fully automated evergreen portfolio that requires less than 30 minutes per month to manage and outperform the "experts".

## Here's What Makes This Different

I'm not going to promise you'll retire a millionaire by age 30 (though some of you might). I'm not going to sell you on complicated strategies that only work in theory. And I'm definitely not going to pretend that building wealth is effortless.

What I will show you is something far more valuable: a simple, reliable compass that keeps you moving toward financial freedom, no matter what storms hit your life.

The goal of this book is to help you achieve Financial Freedom. To me, that means having enough passive income to cover your living expenses without requiring a paycheck. This isn't about becoming a billionaire or living lavishly; it's about having choices and security—the freedom to live life on your own terms.

Because here's the truth those lost hikers discovered—and a lesson I learned late that saved me when others said it was too late, having the right direction matters more than how fast you're moving.

This approach works no matter your career, whether you're an employee, an intrapreneur, an entrepreneur, or already retired.

You don't have to keep wandering in financial circles. The compass that guided me out of the financial wilderness is right here in your hands.

Let's find your way home financially, step by step in the chapters that follow.

**A note about the stories in this book:** Throughout these pages, I share real experiences from my own life and from people whose lives have taught me valuable lessons. To protect privacy, I've changed names and identifying details. Some stories are a combination of similar experiences from multiple people to illustrate common patterns while maintaining the essential truth of each lesson.

# **Part I: Foundation**

## **Building Your Financial Bedrock**

**"Career obstacles are the tuition for wealth building."**



## Chapter 1

# Hitting Rock Bottom at 63

*Why Getting Fired and Nearly Going Broke Changed Everything*

The elevator doors closed behind me for the last time on a late Tuesday afternoon. Eighteen years reduced to a cardboard box.

"Effective immediately."

Two words that shattered everything I thought I knew about security, loyalty, and my place in the world. I'd heard those words in movies and read them in news articles about other people's lives. I never imagined they'd be spoken to me in the familiar conference room where I'd celebrated important team wins and participated in countless meetings for nearly two decades.

The senior manager's voice seemed distant and muffled as he continued with the standard script—turning in my office keys, my company computer, and my company car. But all I could think of was, "Is this really happening?" Eighteen years of early mornings, late nights, missed family dinners, and weekend emails. Gone.

I mindlessly pulled personal items from drawers I'd organized many times before: a water bottle, family photos, a framed recognition certificate that suddenly felt like a cruel joke, and my son's crayon drawing from third grade—the one where he'd drawn me in a suit with a big smile, labeled "My Dad the Important Man."

Important. Right.

It was a hot Phoenix day as I fumbled to open the car door holding a cardboard box. The weight of the box felt like nothing. The weight of what it represented crushed me. As the heat poured out of my car I thought, “How did that even happen?”

My thoughts soon shifted to survival. The math was brutally unforgiving—at sixty-three, I was on track to be broke by 65. Our savings wouldn't last a full year. After that, nothing.

No pension. No backup plan. If we raided our 401K that might give us a little more than a year. I'd planned to work seven more years, not because I loved the job, but because I had to. Now salary, car, benefits - gone! My world imploded in a fifteen-minute meeting that began with pleasant small talk about a recent corporate dinner.

Mary would be starting dinner soon, completely unaware that our comfortable middle-class life had just imploded. How do you tell your wife of thirty years that the man she trusted to provide for her had failed?

She did nothing to deserve this except believe in me. It's hard to express the regret that was consuming me at that moment.

After four decades of work, even the thought of being dependent on government assistance or charity was something I couldn't allow in my mind. This was a financial freefall unfolding before my eyes.

## **The Pink Slip That Became an Unexpected Beginning**

But here's what I couldn't have known sitting in that scorching car: that devastating day would become the greatest gift of my career. My 18 years there were good—the company treated me very well, and not only do I have no resentment, I'm deeply grateful. Because that crisis that felt like an ending became the beginning of our journey to financial freedom, leading to an amazing seven-figure portfolio by age 69—something I never thought possible.

What surprised me most was discovering that 69 wasn't the end of our wealth journey—it became the launch pad where our portfolio growth really took off, defying everything I'd been told about aging and money.



## **What I Mean by Wealth**

This isn't a story about getting lucky or becoming a billionaire. It's about getting desperate enough to finally learn that financial freedom —having enough passive income to be comfortable enough to make work optional—is possible at any age when you follow the right principles.

## **Approaching my Financial Cliff**

My wife, Mary, had been a stay-at-home mom for most of our marriage. We had a young adult son still living at home. Telling her I'd been fired was like admitting I'd failed not just in my career, but as the man she'd trusted to take care of us. When I finally arrived home and explained to her what had happened, her support was unwavering, but I could see the deep worry that she just couldn't hide in her eyes.

We both knew the harsh truth: replacing my substantial income and benefits at my age would be a monumental challenge. The thought of going back into the corporate grind, working for someone else after so many years, felt suffocating. Mentally, I was ready to leave that life behind, but financially, we were in no position to do so.

The numbers painted a devastating picture.

I kept asking myself: “I had 40 years to build wealth—what happened?” What was I thinking? Where had I been going?” At this late date I now understand I was wandering in circles financially for 40 long years. Do you know how embarrassing that is to admit to myself, let alone put in print?

## **The Job Hunt – A Dead End**

Despite the knot of dread in my stomach, I knew I had to find a job. I forced myself to apply, sending out resume after resume. The response was underwhelming. A few phone interviews, but never a follow-up. I remember one hiring manager, who sounded quite young, mentioned

my almost two decades of corporate leadership but her tone seemed different. She simply said, "We're looking for someone with a fresh perspective. How would you bring that to our team?" It seemed like she meant, "Is that even possible?" It stung, it felt like my hard-won experience was more of a liability.

I could feel their disinterest, the unspoken question: *Why would we hire you at 63-years-old when we could get someone half your age, willing to work for half the salary?* To be honest, I think we both had the same level of interest in them hiring me. My feeling of desperation grew with each new week. It felt like I was walking a financial tightrope in a gale-force wind.

## Sleepless Nights and Grocery Store Anxiety

Sleep, usually my sanctuary, became a battlefield of worry. I remember waking up in the middle of the night, my mind racing: *No income. Bills coming in fast. What happens when the money runs out? What if we become homeless?* While that leap to homelessness might seem extreme, my fear was all too real.

The depth of my unemployment hit me hardest on a midweek grocery trip with Mary. There was a good sale and she asked for some help getting what we needed. The store was one of those no-frills discount places I don't think I'd ever set foot in before. Women with their children filled every aisle—not a single businessman in sight. It was a Wednesday morning, and I knew every other man my age was at work. I felt completely out of place, like I was wearing a sign that screamed "unemployed failure."

I was the provider who now couldn't provide. The successful executive was reduced to... this. Whatever "this" was. The shame was suffocating. My career wasn't just ending—it was **ending** in complete, humiliating disaster. I wanted to do something, anything, to regain control, to prove I wasn't the helpless failure I felt like at that moment. But there was nothing to do except stand there, drowning in the reality of how far I'd fallen.

## A Glimmer of Hope

After about a month of pointless job applications, I knew I was spinning my wheels. The only thing moving fast was our shrinking cash reserves. Then a risky thought cautiously surfaced: What if I started my own business?

I'd been avoiding this thought for weeks, but desperation has a way of forcing clarity. The traditional job market had made it clear: at 63, I wasn't what they wanted. Maybe it was time to stop asking for permission and start creating my own opportunity.

Memories of my painful past business failures flooded my mind: crushing debt, years of struggle, the humbling return to employee life. But this time, something was different. I had learned hard and painful lessons I will never forget.

Those entrepreneurial failures had burned four non-negotiable rules into my memory - my personal uncompromising laws for any future business venture:

**No physical products** - I previously sold physical products and I realized my personal true strength was in selling intangible products.

**No staff to manage** - a support staff is great but I did not want one I was responsible to recruit and manage, not my strength! I'm a doer not a supervisor.

**No debt** - with my failed business I went deeply in debt that took years to pay off. No more business debt ever.

**Consistent repeat sales** - I previously sold products that people bought very infrequently, so I had little to no repeat sales. I realized frequent repeat sales were important to me.

This wasn't a list of nice to haves; it was a battle-hardened blueprint for success, tailored specifically for me. With this clear direction, I was able to refocus and slowly begin to pick up the pieces of my shattered optimism.

I finally felt a flicker of hope, a fragile belief that I might have a fighting chance. Despite the dire circumstances—maybe even because

of them—I felt like that general from the Battle of the Bulge who said, "They've got us surrounded—the poor bastards!"

I reached out to my network, exploring opportunities both within and beyond my current industry. Eventually, I came across an independent sales agent role, straight commission. It ticked every single box: intangible products, no staff, no financial investment required, and excellent repeat sales potential. The product line was solid, something I genuinely believed helped businesses and their customers in an important way. Even though I had never done this type of work before, it felt right, despite my uncertainty of a 100% commission-based income.

Throughout my career, I've heard countless people complain about their jobs and pay—I was one of them. But I've come to believe people have significant control over both if they make up their minds to take control, despite how scary it may seem. The important thing is to identify the skills that people are willing to pay good money for. These are the skills that solve critical problems or deliver tangible value people desperately need.

When I talked to Mary about it she was unwavering in her support, I took the leap.

## **The Long, Hard Climb**

The first six months felt like swimming upstream in concrete—a grueling blur of cold calls, constant rejections, and zero commissions to show for it. I was so naive and it showed. I remember when a prospect asked for marketing materials to review I realized I forgot to bring them with me. "What salesperson doesn't bring marketing materials?" I thought, walking back to my car. If I were actually an employee, I would have fired me.

I quickly realized this local market was built on decades-old relationships, and I was the complete outsider trying to break in. "I've worked with my agent for years—I'm not switching," became the phrase I heard daily. Then I discovered getting even a few clients was only half the battle because then things got even more intense—competing reps immediate-

ly swarmed them, trying to steal them back. It was a junkyard dog fight, and I was definitely the Chihuahua—after eighteen years in a respected corporate position, I was completely out of my element, with my 64th birthday tightening like a vice around my options.

Within a month, I landed my first small client. The sign-up process was confusing, clunky, but it happened. Fortunately at this point I was remembering to bring the contract with me. I was immensely grateful for having an actual client. I quickly discovered that acquiring clients was excruciatingly slow, a relentless cycle of rejection and repeat visits. To make matters worse, I didn't earn a dime until a client's customer *purchased* a product, another slow, uncertain process. Over half the clients I signed up never sold a single product, meaning all that effort yielded nothing. It was the most difficult business I had ever tried.

Mary saw my struggle, but she also saw my deep commitment. One day, she decided to jump in, first driving me to prospects, then handling the administrative tasks that bogged me down. Her involvement was great, it freed me to focus on sales, marketing, and client training. With Mary's help, my daily number of cold calls shot up. A wonderful bonus was the time we spent together, talking, laughing, strategizing. Our complementary skills made us a powerful, two-person team.

Still, even with Mary's help, earning commissions remained a tedious grinding, uphill battle. Many of the reps I competed against were half my age with twice the stamina—probably eager to put that old man out of business before he even got started.

### **Being kicked when you're down**

Just when I thought things couldn't get worse, some competing reps (fortunately not most) started to tell my clients and prospects that they heard the company I was representing was struggling and going out of business, which was a complete lie. Now I had the extra challenge of convincing people of the truth.

But as I struggled through those dark months, I kept thinking about a conversation that would prove pivotal.

## **Cory's Regret**

I thought of my former co-worker, Cory. A skilled and personable guy, he'd once owned a successful business. When I asked him what happened, he described a nightmare year: crippling staff turnover (one salesperson alone represented 50% of his sales), a harsh economy, maxed-out credit lines, and agonizing cash flow. He truly believed his business wouldn't survive.

Coincidentally, Cory's brother, Mark, owned the exact same type of business in another region. Despite the challenging economy, Mark was thriving—debt-free, successful, and brimming with optimism. Aware of Cory's struggles, Mark offered to buy his business. Cory, initially torn, finally agreed, seeing it as a lifeline from an incredibly painful situation. This led Cory to a corporate job, ironically at the same company that later fired me. Over the years, I watched his frustration grow, often complaining under the constraints of limited flexibility, income, benefits, and management.

One day, Mark visited Cory, and I got to meet him. He had not only survived but exploded his business. He was incredibly successful, enjoying substantial income, the freedom of ownership, and all the benefits that came with it.

Shortly before my employment was terminated, I asked Cory, "If you could do it over, would you have sold your business?" His lips tightened, and his voice, rough with unspoken pain, replied emphatically, "No. I should've just hung in there and done whatever it took to work through and solve the problems." It was unmistakably the deepest regret of his career.

That conversation would echo in my mind during my darkest moments.

## **No Plan B**

Cory's experience was a priceless blessing to me. It clarified my choice: persevere and find solutions, or quit. Quitting wasn't an option; I had no Plan B. I was firmly committed to doing whatever it took, knowing my four self-employment lessons were the right path. Still, in my deepest struggles, a fleeting thought would sometimes surface: had I missed a fifth lesson—maybe I should have found a *really* easy business to start?

“Pray like everything depends on God, then get up and work like everything depends on you.” This quote brought Mary and me both peace and strength. We just kept praying and working, without stopping either. Slowly, agonizingly, we started to see a small trickle of growth in commissions. I clung to that encouragement, improving some each month at signing up new businesses. I started creating training and marketing materials for clients, and some non-producers even started selling a little.

I recalled the CEO of the company I represented visiting Phoenix. We met at a McDonald's, a brief, humble setting for a conversation I'll never forget. His blunt words still echo: "David, everyone in our office is impressed with you, but we can't figure out why you're not effective. I know you are putting in significant effort but your sales results are not reflecting that." I knew my sales were pathetic, and admitted, "I'm just as puzzled." Despite all that, I just knew there was no way I was giving up on this.

## **The Darkest Hours**

But doubt has a way of creeping in during the darkest hours. That night, lying awake at 2 AM, the weight of it all threatened to suffocate me. Five months of brutal work. Hundreds of rejections. Countless cold calls that led nowhere. Our savings hemorrhaging with every passing week. I was 64 years old, failing at something I'd convinced Mary I could do, proving conventional wisdom right, it was too late to start over.

The math was inescapable: if I quit now, we could conserve and maybe have more months before we were completely broke. If I kept going and failed anyway, we'd have less. Every day I continued was an-

other day gambling with our survival. The smart move, the responsible move, was to stop the bleeding, take any job I could find, and face reality, dreams don't come true at 64.

For a terrifying moment, surrender felt like relief. I could call it off tomorrow. Tell Mary I tried. Admit defeat before we lost everything. Let someone younger, faster, better suited do this.

Then Mary's face flashed through my mind—her unwavering belief in me when I had none in myself. And Cory's voice: "I should've just hung in there and figured it out." That was his deepest regret, and I was seconds away from making it mine.

No No there was no Plan B. I had to keep fighting.

I've always known something to be true about myself, "I'm slow to catch on - but once I do - look out." Isadore Sharp, founder of Four Seasons Hotels, once said, "Excellence is the capacity to take pain." I was certainly learning how to take a lot of pain. I just hoped the "excellence" part didn't get lost in the process.

## **Breaking Through: When Persistence Finally Pays Off**

As I meticulously observed what was working and what wasn't, I began compiling a one-page summary of bullet points. My list grew weekly, and every Friday afternoon, I'd review it. It became my "one-page agency compass," a tool to navigate the treacherous waters and steer me in the right direction. One crucial item on that compass was: *When things get tough, hang in there & figure it out. Avoid Cory's regret.* I found my compass to be a priceless tool for sharpening the sales and business skills I really needed.

You've probably heard the parable: A person struggles to cut down a tree with a dull saw. Someone suggests they take a break to sharpen it. The person refuses, grumbling they're too busy sawing. They continue toiling inefficiently, while someone nearby who took the time to sharpen their saw finishes the job in a fraction of the time. Taking time for the right skill sharpening and self-improvement ultimately puts you in charge of your income and your career satisfaction.



"When you're green, you're growing. When you're ripe, you rot." Ray Kroc, founder of McDonald's

We just kept working and learning, relentlessly. The second six months felt like pushing a massive flywheel. Initially, it was incredibly hard to get moving, spinning agonizingly slowly—much like my first six months. But gradually, steadily, it began to pick up some momentum. My small network of clients selling for me, combined with my slow but consistent addition of new clients, started to generate noticeable growth each month. Some clients sold well, some didn't, but we just kept pushing.

### **A wave of overwhelming relief**

I kept Cory's words as a strengthening guide: "Just hang in there and figure it out." Month after month, rejection after rejection, I refused to quit.

#### **Then something incredible happened.**

In the tenth month, just one year after I was fired, my commission check reached 82% of my previous corporate salary. The next month, it didn't just pass it, it blew past it by 131%. I was overwhelmed with gratitude. We were going to make it.

We didn't even take time to celebrate. We just kept pushing. The flywheel was finally spinning. Within another year, our income doubled my former salary, and kept growing. With every setback and every lesson, Mary and I became stronger, more capable, more certain of the path ahead.

Our success started to get noticed. I was invited to speak on a regional conference call, sharing sales tips. Other reps from different markets contacted me for one-on-one advice. I deeply understood the pain some of them were going through and was happy to help.

Mary's contributions were essential. Her meticulous organizational skills perfectly complemented my flexible, creative sales approach. Early on, she suggested creating client files. I laughed, "Files? We don't need

files, we need more sales.” Fortunately, she ignored me. Those records have saved us more times than I can count.

### **Designed by a Guy Who Needed It Way Simpler Than Most**

Mary’s incredibly smart, so smart that as a youth she scored just one point shy of the genius range on an IQ test. I, on the other hand, failed second grade. Together, we make one average intelligent person. And if someone like me, never once accused of being a genius, can build wealth with a simple one-page wealth compass, then anyone can.

### **Validation: My Toughest Competitor Confirms My Different Path**

A few years into my independent agency, I received a call from an account manager at the supplier’s corporate office. He told me an unexpected story. A few senior managers had recently attended a national industry convention. As they walked through the center, company name tags prominent, a man approached them. “I hate your company,” he declared. Understandably startled, they stared. Then he smiled. “I don’t mean it that way,” he clarified. “Every time I go into a business that sells your company’s products and try to switch them to mine, it’s very frustrating because I can’t get them to leave you. They are so loyal to your rep, Nassief, they won’t even consider it. I’m a top producer for my company but don’t know how he does it.” This vendor rep was one of the most successful in my market, a direct, highly aggressive competitor.

Hearing that confirmed something important: I didn’t need to be a stereotypical, high-pressure salesperson. I could be myself, build genuine connections, and still compete successfully—retaining clients so effectively that even my toughest competitors couldn’t pry them away. The CEO, once puzzled by my slow start, became my biggest cheerleader. He would travel to Phoenix specifically to meet with me and take Mary and me out for wonderful dinners. The company even flew us to their corporate headquarters, treating us with incredible generosity. While I

appreciated their kindness, what I was most grateful for was being saved from the financial quicks and I felt I was sinking in.

### **Revisiting the past with relief**

One ordinary afternoon, Mary needed to pick up some things after we'd visited clients. Standing in that grocery store in the middle of a work day, I suddenly remembered that anxious visit right after being fired—when every minute away from earning an income felt like failure. The contrast struck me: we hadn't just survived; we were thriving.

### **Looking Back**

Being abruptly expelled from corporate life felt like the worst day of my career. It turned out to be the best. I'm grateful for what it forced me to face and for finally learning what I wished I had known at 25 or 35 or yes 55.

Those failures taught me how to rebuild and changed how I see my own journey. Forty years of making more than my fair share of money mistakes showed me the traps too many people fall into and the simple approaches that actually hold up when life gets messy.

When I finally reached financial freedom at sixty-nine, I realized something important. My career transformation helped, but the money strategies I discovered work at almost any income level. I just wish I had known them decades earlier.

### **My Compass**

My focus has always been on delivering excellent service and respect. I hold sincere gratitude for every client and want to help grow their businesses as helping them continues to grow mine. My one-page agency compass continues to navigate me on the right path as I regularly tweak and refine my approach.

But creating that agency compass was only the beginning of my journey to true financial freedom. Here's what most personal finance books either skip entirely or barely mention: your career and income are the foundation of your financial freedom. While you can absolutely build wealth on any income—even a janitor's pay (which you will see)—it's smart to maximize your career and income potential continually. Most financial advice assumes you've already figured out the income piece, but that's often a major barrier people face.

### **The complete journey**

This book is different. We're going to cover the complete journey—from maximizing your income potential to building lasting wealth, with all the crucial steps in between, many that other books assume you already know.

In the next chapter, I'll share specific solutions for improving your career and income, especially when you feel like you've tried everything and nothing seems to work. Then, step by step, chapter by chapter, I'll take you through the simple path I took to gain financial freedom in less than six years: how to optimize your income, protect and grow your investments safely, and build the kind of wealth that gives you real security and freedom.

Because as I learned in that scorching Phoenix parking lot, sometimes what feels like an ending is actually the beginning of something far better than you ever imagined possible.

### **Why I Am Sharing This With You.**

I didn't write this book because I wanted to be an author. I wrote it because I feel a profound responsibility to share what I discovered. When the elevator doors closed on my corporate career, I was standing on the edge of financial ruin—vulnerable, older, and terrified. The 'Compass' I found didn't just save our family from what could have been a financially

tragic ending; it gave us a level of freedom I thought was mathematically impossible at my age.

Without question this was a gift. I know I didn't have the ability to do this on my own. And I've realized that when you're handed a lifeline in the middle of a storm, the ultimate in selfishness is to keep it to yourself once you reach the shore. I'm writing this because I want to pass that lifeline to you, providing a safe and no-nonsense path for anyone facing a financial obstacle that feels impossible to overcome. If you are seeking a breakthrough for yourself and your family, I want you to know: this is a journey you don't have to take alone. This compass can guide you, as it has me, to a type of freedom most people think is beyond their reach.

### **Your North Star**

Even devastating setbacks can be transformed into opportunities for profound career, personal and financial growth, but only if you refuse to quit and continually refine and adapt.

### **Your Next Step**

Don't wait for rock bottom to discover your potential. Right now, identify one skill that aligns with your strengths and that people really need. Then commit to improving it daily, ensuring you're always growing and controlling your income.

**"Never let failures define you—let them refine you."**



## Chapter 2

# **The Gold Flakes Principle: Why My Biggest Failures Led to My Greatest Success**

*How Two Failed Businesses Taught Me the Four Rules That Built a Seven-Figure Agency*

The fastest-growing airline in aviation history collapsed in just six years.

I watched it happen from the inside, and the reason will shock you—because the same mistake that killed a billion-dollar company may be sabotaging your wealth right now.

At 29, I owned a tiny piece of People Express Airlines. They appeared unstoppable. Then they made one seemingly brilliant decision that destroyed everything. That decision taught me the most powerful lesson of my life about building wealth: the biggest threat to your financial future isn't market crashes or bad investments.

It's abandoning what actually works for something that looks better.

Personal finance books often assume your income is already optimized. But income is the engine of wealth building—and when your career is stalled or derailed, everything else is limited. The truth is, you can build wealth at any income level using simple, proven principles. And those principles work in any profession.

Your career disasters aren't obstacles to wealth building. They're the essential education that makes it possible.

## **When Success Breeds Failure: The People Express Lesson**

Early in my career, I landed a job—and actually owned a tiny piece—of People Express Airlines. This was the 1980s, and their revolutionary low-cost structure allowed them to become the fastest-growing airline in aviation history. They launched out of a dusty, abandoned terminal at Newark International Airport, fueled by a bold vision.

But beneath that dazzling success lay a subtle yet significant misstep quietly starting to take root—one that, surprisingly, often eludes even the most visionary leaders. I saw it firsthand as their story unfolded.

Don Burr, the former Texas International Airlines CEO, was the mastermind. People Express was so lean and efficient, it could profitably offer ticket prices closer to Greyhound bus prices than those of competing airlines. Their core strategy was revolutionary: passengers only paid for what they wanted. One carry-on was free, but a checked bag cost \$3. Drinks and snacks? A la carte. This was unheard of at the time.

Their secret sauce? They made employees owners/shareholders. This wasn't just a feel-good perk; it created incredible productivity. Everyone, no matter their title, pitched in. Pilots helped load luggage, ticket agents assisted in operations. Most of us were called "customer service managers." I vividly remember the thrill of driving a pushback tractor, nudging a Boeing 737 away from the gate. My main jobs were operations, ticket counter check-in, and customer service. When I regularly wanted to travel somewhere for free, I'd even help serve customers onboard. Talk about an all-hands-on-deck culture!

Another stroke of genius was focusing on smaller, underserved cities that major airlines ignored or overpriced. People Express swooped in, drastically undercutting existing carriers, and became an instant smash hit. Passengers loved the rock-bottom prices and the genuinely enthusiastic service from airline "owners." Serving those smaller, overlooked



markets was their consistent, profitable "gold flakes" growth formula. They patiently accumulated these tiny markets and reliable earnings, building an airline empire one satisfied passenger at a time.

## **The Fool's Gold Trap**

But then came the shift. It was as if they became like the young Boston merchant caught in the California Gold Rush of 1849. His initial excitement quickly vanished. Day after grueling day, all he found was a mountain of worthless rocks. Grumbling, he declared, "It's just worthless rocks! No gold here. I'm heading back." An old prospector, seeing his frustration, picked up a rock, threw it down, and revealed tiny, sparkling gold flecks inside. The young man scoffed, wanting only the big gold nuggets. But the old-timer chuckled, then opened his pouch, packed to the brim—not with huge nuggets, but with countless, shining tiny flakes of gold. "Son," the old prospector said softly, "you're so busy looking for the big nuggets, you're missing all the tiny flakes. Patiently accumulating these tiny flakes has brought me great wealth."

Don Burr and his team, though brilliant, seemed to fall for a similar trap. They turned their focus from their reliable, profitable "gold flakes" of underserved smaller markets to the "big, shiny gold nuggets" of major competitive routes. In 1983, they leased a 747 and launched Newark to London flights. It was an instant hit, flights always packed. But they added a first-class section—a departure from their all-economy model. Soon, they refocused their smaller-city strategy and started entering highly competitive big-city markets, igniting aggressive price wars with the giants. To compete, they started offering free checked bags and complimentary onboard drinks—eroding their foundational low-cost advantage. In late 1984, they posted their first loss.

## **Doubling Down on Disaster**

Instead of reevaluating and getting back to their roots, they seemed to double down on aggressive expansion. In late 1985, they massively expanded by buying Frontier Airlines, which was bleeding money. Worse, the systems, marketing, and cultures of the two airlines were a complete mismatch. This was another strategic departure that sent losses skyrocketing.

Strapped for cash and drowning in debt, People Express was eventually sold for a bargain basement price to Texas Air Corporation—the very company Don Burr had left. By February 1st, 1987, People Express formally ceased to exist, absorbed into Continental Airlines.

Don Burr and his team were incredibly smart. They launched an airline with a strategy that brought unprecedented success. In the beginning, they meticulously followed their own amazingly successful blueprint. But step by step, they drifted from their winning strategies, until they were so far off track, it was too late. Their extreme expansion and mounting debt ballooned their expenses, obliterating their low-cost competitive edge.

This “gold flakes versus nuggets” trap isn't just about airlines. I see it everywhere—and I was about to be tempted by it myself.

## **The Education I Never Expected**

Fast forward twelve years from my People Express days. I was now in my early 40s, married to Mary with a very young son, and convinced I was ready to conquer the entrepreneurial world. What happened next would test everything I thought I knew about business and push our family to the financial breaking point. But those crushing setbacks would become the most valuable education of my life—teaching me exactly what I needed to know to eventually succeed.

## **My First Entrepreneurial Crash: Unmasking Hidden Weaknesses**

After four years of relentless struggle, my first entrepreneurial attempt, a retail business, failed. I'll never forget the day I realized I wouldn't have enough cash to make it to the end of the month. Standing in that empty space, surrounded by inventory I couldn't sell, the weight of what I'd put my family through hit me like a physical blow. Four years of our savings evaporating, debt mounting, and the gap between my promises and reality growing wider every month.

But something good came of it, something that would one day prove priceless, though I didn't fully appreciate it at the time. Here's what those specific, hard-won insights taught me.

**Products:** My natural strength is selling intangible products, not tangible physical ones. My retail business was completely outside my core strength.

**Staff:** I learned that managing a support staff isn't something I'm good at or enjoy. My retail business demanded that strength, and I lacked it.

**Debt:** I learned to dread the crushing burden of business debt. My retail venture buried me under a mountain of it. Never again.

*"It's hard to fail, but it's worse never to have tried to succeed."* – Theodore Roosevelt

## **The Near Miss: When "Almost Right" Was Still Wrong**

Right after my retail business imploded, I started an information marketing business. This time, I was smarter: I was selling an intangible product, no staff was required, and I took out no loans. I avoided those three critical mistakes! My sales started strong, which was exciting.

But here's where I stumbled: my product was a one-time business to business purchase. I offered no additional follow-up products. I hadn't yet learned the absolute necessity of repeat sales. Without repeat business, my sales plummeted fast. Within five months, the writing was on the wall. I shut it down.

Looking back, checking three out of four boxes wasn't enough. I needed that crucial fourth commitment: Sell a product that creates consistent repeat sales from my customers/clients. Painful? Absolutely. Grateful for the lesson? Invaluable.

*"Failure is simply the opportunity to begin again, this time more intelligently." – Henry Ford*

## **The Unplanned Detour: Why Sometimes "Good Enough" is Genius**

After two failed businesses, drowning in debt with almost no cash, and a wife and six-year-old son to support, my dream of owning my own company felt like a cruel joke. I desperately needed money, and I needed it fast. So, I started looking for any job in our area of Florida.

This wasn't my ideal path; my entrepreneurial spirit yearned for self-employment. But a different season of life demanded a different strategy. With a young family and mounting debt, pride took a back seat to pragmatism. Sometimes, you simply need to humbly accept your situation and take a job—even one not in your preferred field—to put food on the table and stabilize your finances.

After two weeks of searching, I landed an interview for a marketing job completely outside my industry and experience. The pay wasn't great, but it was a lifeline, allowing us to at least pay the bills. I threw myself into it, enjoying the creativity it allowed. Despite occasional imposter syndrome, contributing ideas with no background in the field, I worked hard because I had to. Fortunately, the company was pleased, and I was learning a ton.

While grateful for this temporary lifeline, my gut told me it wasn't a long-term solution. Mary and I decided I needed to get back into my industry, where I could make significantly more money in the right position. I was in a difficult situation because the job I planned on applying for, that I knew I'd be ideal for, was a very sought after position with very

limited openings. Mary, a master at polishing resumes and researching opportunities, began a national search.

## **When Failure Keeps Piling On**

Soon, a well-known company on the West Coast showed interest. After an extensive phone interview, they flew me out for what seemed like the ideal job. Unfortunately, the interview didn't go as I hoped, and I didn't get an offer—a huge letdown.

Not long after, my hopes soared again when a large company in the Northeast contacted me. Another flight, another interview that I thought went better. But again, disappointment: no job offer. It was so discouraging; I knew I could do great work for them, but I couldn't seem to close the deal.

Two failed interviews with ideal companies that were so interested they flew me across the country! Mary's resume-polishing skills were clearly getting me through big doors, but I was failing spectacularly to close the deal in person.

The pattern was undeniable now. Two failed businesses. Two failed job interviews. I wasn't just having bad luck—I was the common denominator in every failure. Maybe there was something fundamentally broken in my approach, my judgment, my ability to execute. Mary deserved better than a husband who kept swinging for the fences and striking out, dragging her and our son through the aftermath of each failure. I was starting to feel like a total loser, and frankly, I had strong objective evidence to support that belief.

At least I could keep grinding at my current job, even if it was just barely keeping us afloat. It wasn't the career I'd dreamed of, but at this point, I was grateful to have any job at all.

*"Do not judge me by my successes, judge me by how many times I fell down and got back up again."* – Nelson Mandela

## **When Rejection Becomes Redirection**

Mary kept sending out my resume. A little while later, an even larger, billion-dollar company in the Southwest reached out, again, thanks to Mary's highly skilled efforts and persistence. This time, I had three successful phone interviews. They were cautious, doing background and reference checks before flying me out to Arizona. I'd learned from my previous failures and made adjustments. The interview went well, and the job was beyond my dreams. They flew me out for a second interview with the CEO, which also went great. Then, for a third time, they invited Mary and me to meet the CEO. Everything clicked, and on that third trip, I received a wonderful job offer, which I accepted.

I was about four months into my local job when I gave my notice. They said they wouldn't accept it and offered to match my new salary. When I told them the figure and the benefits, they were very surprised and admitted they couldn't come close to matching it. We parted on excellent terms, and I remain grateful for that "lifeline" company.

I later realized what a profound blessing it was that the first two companies turned me down. The first was a consulting job requiring five days of travel a week, brutal on Mary and our young son. The second, in the Northeast, would have been incredibly hard on Mary's health during the winters, which was why we'd moved to Florida in the first place. The Arizona job, with minimal travel, was far more ideal for me and a significantly better opportunity than I ever imagined.

What felt like repeated failure was actually course correction toward something far better - a position that gave me the stability and focus I needed for what came next.

*"Failure isn't final, it's fuel."* unknown

## **Unearthing My Own Gold Flakes: Discovering What I Was Built For**

Learning what not to do—avoiding physical products, managing staff, debt, and one-off sales—was only half the battle. The real breakthrough

came as I reflected on my past frustrations and finally saw what actually led me to my own gold flakes.

My natural aptitude wasn't in inventory or supervising a team. Instead, I thrived on connecting with people and selling ideas and solutions. In my corporate roles, I consistently excelled at solving problems and communicating persuasively about internal services and initiatives. I genuinely enjoyed understanding other departments' needs and showing them how our solutions could benefit their operations.

This wasn't about being a slick salesperson. It was about delivering excellent service and respect, helping internal teams succeed while contributing to our company's overall effectiveness. These consistent, reliable "gold flakes" of personal satisfaction and effective work had been there all along, overlooked in my pursuit of what I thought I should be doing.

**What led me to my "gold flakes" became clear:** my ability to sell intangible value, to build deep trust and rapport, and to provide consistent, valuable service that forged long-term relationships and repeat engagement. These were the strengths that, when focused, could generate steady income—without the burdens that sank my past ventures.

Discovering my gold flakes wasn't just about finding the right career path—it fundamentally changed how I thought about work, success, and what “retirement” means to me. This realization led me on an entirely different path than FIRE (Financial Independence Retire Early)

## **FIGNA: A Better Way to Think About Financial Independence**

The FIRE movement has inspired millions, but I've discovered something for me that's even better: **FIGNA - Financial Independence, Graduate to Next Adventure.** (Throughout this book, I use 'Financial Independence' and 'Financial Freedom' interchangeably.)

Here's the difference: FIRE focuses on retiring and stopping working. FIGNA recognizes that financial independence isn't about ending your

productive life, it's about taking your life to the next level. It's about having choices to pursue what truly matters to you.

When I achieved financial freedom at 69, I didn't want to retire. I wanted to graduate to my next adventure: writing this book, mentoring others, and continuing to grow our agency on my own terms. Financial freedom became my starting line, not my finish line. Retirement can also be an adventure you graduate to, depending on what is important to you.

## **The Compass That Led to the Road Less Traveled**

"You can learn more from failure than success. In failure you're forced to find out what part did not work. But in success you can believe everything you did was great, when in fact some parts may not have worked at all. Failure forces you to face reality." – Fred Brooks, computer architect and software engineer

My journey taught me three critical keys that led to a major turn-around—keys that not only enabled the income growth but also the mindset shift that made our wealth building possible:

**Accept what you can't control; control what you can.** Being fired at 63, with finances in chaos, felt overwhelming. But I discovered that by focusing on what I could influence—my effort, my learning, my approach—I started to regain control, even if it felt at times like emptying an ocean with a teaspoon.

**Action fueled by faith and persistence.** Month after month, the results were discouraging, but I refused to stop taking action. Eventually, the light at the end of the tunnel came into view. This is the persistence paradox: the biggest wins often follow the longest periods of seemingly no progress.

**Harness a powerful compass to navigate your journey.** I meticulously learned from my failures, refining my actions with my one-page compass. This compass became my guiding light along the path to my goal. Throughout this book, I refer to two distinct one-page compasses. My "agency one-page compass" guides my business operations. The sec-



ond, my "one-page wealth compass," is the focus of this book, detailing our family's six-year journey to financial freedom.

When I reflect on our journey, I recall a powerful answer to a prayer that someone shared with me, a Heaven-sent reply to a deeply challenging situation they faced:

*"I love you too much to rob you of this experience."*

What I desperately tried to avoid at the time, my career and finances seemingly collapsing, turned out to be a blessing beyond anything I could have hoped for. I wouldn't trade that experience for anything.

In the following chapters, I'll show you the safe, step-by-step way to achieve financial freedom, the way that enabled me to do it in under six years. I'm not saying everyone will do it that quickly, but even if it takes double that time or even a little more, that's still pretty amazing. Especially if you're smarter than me and don't wait until 63 to start.

These universal principles work whether you're just starting your career or well-established, whether you're employed or self-employed. What matters isn't where you start—it's that you start.

*"Do not pray for tasks equal to your powers. Pray for powers equal to your tasks."* – Reverend Phillips Brooks

### **Your North Star**

Don't let failures and mistakes define you. Let them be the lessons that refine you, illuminating your true strengths and guiding you toward significant career and financial gold flakes.

### **Your Next Step**

Instead of dwelling on past career missteps, take time to identify the specific lessons embedded in your own "failure credentials"—they are the blueprints for uncovering your unique gold flakes and building the foundation your wealth depends on.

**"You can't out-earn poor spending habits, but you can  
out-save a modest income."**



## Chapter 3

# The Wealth-Builder's Secret That Separates the Rich From the Broke

*Blue Collar, White Collar, Golden Collar, No Collar — The Quiet Law That Shapes Every Financial Outcome.*

### The \$247 Problem That Never Goes Away

Frank stared at the prescription bottle, doing the math in his head. The medication Pam desperately needed would cost \$247 this month, money they simply didn't have. Again.

If anyone could be called soulmates, it was Frank and Pam. Their marriage was a testament to lasting love, built over decades together. They weren't extravagant; no one would accuse them of living large. But with three kids, money had always been tight. They lived like many people do, paycheck to paycheck, sometimes running out of money before the month ended, leaning on a credit card for a little extra, then working diligently to pay it off.

After about 50 years of consistent work, with modest incomes, Frank and Pam had retired in their early 70s. They'd provided a loving home for their children, a foundation of warmth and care. They now lived in a humble townhouse with a mortgage, but beyond that, they had next to

no debt. Things were tight, but somehow, they always seemed to make it work.

Until they couldn't.

## **When Love Isn't Enough**

The copays on prescriptions became a regular worry. Critical medical procedures were postponed due to financial strains, which, heartbreakingly, wasn't good for Pam's chronic medical condition. Despite their precarious finances, they still tried hard to have a modest date most weeks, dinner at Subway when they had two-for-one sub promotions, walks in the neighborhood, watching favorite shows on TV with popcorn.

They had a wonderful marriage, a deep and abiding love, despite the constant pressure caused by their financial troubles. It truly makes you wonder: if they had understood and applied one simple principle, how much less stress would they have endured? How much more time might they have had together?

After Pam struggled with her chronic disease for years, she eventually lost the battle. That loss hit Frank hard, unimaginably hard. He told me two years after Pam's passing that not a day went by where he didn't shed tears over losing his wife and best friend. Her death may have been premature due to medical care they couldn't access and procedures postponed due to lack of money.

## **The Generational Pattern: When History Repeats**

Once Pam passed, her Social Security income immediately stopped, making things even worse for Frank. He struggled greatly to make his modest mortgage payment and was regularly late. He soon became worried that he would lose his townhouse, which was also in need of much repair. Frank, now in his late 70s, was deeply concerned about what would happen to him if he lost his home.

His children loved him, but they too, had their own financial struggles and weren't in a position to help. The second generation had followed their parents' example, they were all in such difficult financial situations they couldn't give their father the help they desperately wished they could provide.

## **A Ray of Hope: Breaking the Cycle**

Then, one day, Frank mentioned to me, with an expression of great relief, that his grandson Dan had agreed to step in and purchase Frank's townhouse and rent it back to him. His grandson was in his late 20s with an average-paying job and definitely needed the monthly payments from Frank to make the mortgage payments. But here's the key difference: the grandson had some good savings and put a little over 20% down, and got a much better interest rate than Frank had. The rent payments were now more affordable for Frank. On weekends, his grandson would come by and tackle the list of needed repairs to make Frank's home more comfortable.

This was a ray of hope. Dan might break free from the family tradition of spending all they earn. The third generation had a chance to write a different financial story.

Frank and Pam always lived modestly, but they never chose to live on less than they actually earned. As a result, later in life, they were "forced" to pay the painful financial consequences. After a lifetime of hard work and raising their children, this loving and wonderful couple lost out on much of the peace and enjoyment most people look forward to in their retirement years.

This wasn't just about numbers on a spreadsheet. This was about the very quality of their life, and ultimately, Pam's life. But it was also about hope, the hope that someone in the family could learn from the pain of previous generations and choose a better path.

**But here's what makes Frank and Pam's story both heartbreaking and hopeful:** Their financial tragedy was completely preventable.

There's a quiet principle in finance that determines everything, often overshadowed by flashy headlines and get-rich-quick schemes. Master it, and even a modest income can lead to incredible wealth. Ignore it, and even millions can slip through your fingers, leaving you with nothing.

To understand its profound power, let's see how another family with similar below-average income handled this same principle, with dramatically different results.

## **A Janitor's Amazing Secret**

Ronald Read was the most unique janitor I have ever heard of. Although I never had the opportunity to meet him, what he did after he died was a great surprise to just about everyone. (And yes, I'm using his real name)

Ronald grew up in Dummerston, Vermont, in an impoverished farming household. He walked or hitchhiked four miles daily to his high school and was the first high school graduate in his family. He enlisted in the United States Army during World War II, serving in Italy as a military policeman.

Upon an honorable discharge from the military in 1945, Read returned to Brattleboro, Vermont, where he worked as a gas station attendant and mechanic for about 25 years. Read retired for one year and then took a part-time janitor job at J. C. Penney where he worked for 17 years until 1997.

## **The Simple Life That Built Millions**

Read met his future wife, Barbara March, at Haviland's Service Station when she was a customer and he worked as a gas station attendant. They later married and, despite his modest income, he paid cash for his two stepchildren's college education. His wife died in 1970 of cancer, and he never remarried.

Read's hobbies included wood chopping, stamp collecting, and coin collecting. He frequently drove his car to his family's homestead and stored firewood he chopped there, and looked for tree branches on the

ground to use for the wood-burning stove at his house. He lived well below his modest income but had a good and fulfilling life. He didn't just exist below his means; he thrived within them.

Every morning, Ronald had the same routine. He'd walk to Brattleboro Memorial Hospital's coffee shop for one cup of coffee and an English muffin with peanut butter. That was it. When the coffee shop closed, he simply switched to Friendly's. Same routine. Same discipline.

At 82, he got his first library card after the hospital development director suggested it. Soon, Ronald became a regular, always carrying a pile of books to return and another pile to check out.

## **The Shock That Rocked A Local Community**

This widower was known as "a blue-collar guy with blue-chip smarts." Writing in *The Boston Globe*, Nik DeCosta-Klipa called Read "the epitome of Yankee frugality, according to those who knew him." Despite the limited salary from his employment, he was able to amass a substantial fortune through purchasing equities.

Barry Ritholtz of *The Washington Post* praised Read, writing, "How a man of modest means accumulated so much wealth contains exemplary lessons for saving that apply to all of us."

As Read's health deteriorated, Brattleboro Memorial Hospital attended to him. He died there on June 2, 2014, at 92. Read was a widower, survived by two stepchildren, Philip Brown and Bonnie Brown.

Then came the shock that stunned everyone who knew him.

His estate was worth nearly \$8 million, much of which was in shares of stock. Some of that stock he purchased many decades ago and kept adding to them. He certainly saw the power of compound interest work over the many years.

## **A Legacy That Lives On**

He bequeathed \$2 million to his stepchildren, caregivers, and friends. He donated \$4.8 million to Brattleboro Memorial Hospital and \$1.2 million

to Brooks Memorial Library, which at the time had a \$600,000 budget and a \$600,000 endowment and was affected by the local budget squeeze like other libraries in the state. Both bequests were the largest donations the institutions had received.

A \$22.7 million expansion of Brattleboro Memorial Hospital, named the Ronald Read Pavilion and partially funded by Read's donation, was opened in 2022.

Ronald lived frugally on less than he earned early in life. This enabled him to enjoy amazing financial freedom later in life. On a below-average household income, what this high school graduate amassed was nothing short of amazing.

He wasn't some financial wizard or a Wall Street guru. He was just a guy who understood a simple truth and stuck with it.

So, what's the secret to Ronald's amazing wealth, and what was missing for Frank and Pam? It's a quiet but powerful principle that dictates financial destiny more than any high-flying investment strategy or sudden windfall.

Ronald Read's journey demonstrates this principle works for everyone at any income level—including the rich and famous who ignore it at their peril.

**Remember:** "You can't out-earn poor spending habits, but you can out-save a modest income."

But Ronald's success wasn't just about his modest lifestyle - it revealed something that even wealthy people often miss.

## **The Universal Law of Wealth: Why Even the Rich Go Broke**

"It's not fair," some people say. "High-income earners don't have to follow the same rules. If I was just a movie star or pro athlete or lottery winner or medical doctor, I would have it made and wouldn't need to worry about my finances."



## **Don't Buy Into the Lie!**

Some people believe that financial freedom is out of reach for "people like them." The truth is, anyone, regardless of their background, be it working class, middle class, or wealthy; young or old; highly educated or not, can either sabotage their finances or achieve financial freedom.

Fame and wealth might open some doors, but they won't grant you a VIP pass around these fundamental principles. Here are just a few examples that demonstrate this truth.

## **When Millions Aren't Enough: The Athlete Tragedy**

The statistics are staggering and heartbreaking. After 5 years of retirement, an estimated 60% of former NBA players are broke, according to the Netflix documentary called "Broke." After 2 years of retirement, 78% of former NFL players have gone bankrupt or are under financial stress, according to Sports Illustrated.

Think about that for a second. Millions of dollars earned, and then, gone. Not because they didn't make enough, but because they spent more than enough.

These aren't lazy or stupid people. These are elite and disciplined athletes who mastered incredibly complex skills and competed at the highest levels. Yet when it came to money, they violated the same simple principle that destroyed Frank and Pam's retirement: they spent more than they earned.

## **The Millionaire Carpenter**

Now here's the shocking part:

Dale Schroeder loved basketball, he just never got paid to play it. While many pro athletes were earning \$10 million a year or more and still ending up with nothing left, Dale was a quiet Iowa carpenter earning a modest, middle-class income...and he's the one who died a millionaire.

He had no fame, no contracts, no endorsements, just steady habits: live below your means, save consistently, invest patiently. Over 67 years, those simple choices built a \$3 million fortune that funded scholarships for 33 students, while too many athletes with generational earnings walked away dead broke.

**Income alone doesn't create wealth — behavior does.**

## Hollywood's Million-Dollar Mirage

The entertainment industry tells the same tragic story:

**Omar Sharif:** The Lawrence of Arabia star lost his fortune to gambling and died broke in 2015.

**Sammy Davis Jr.:** The legendary entertainer's fortune couldn't support his lavish spending. He died \$5.2 million in debt to the IRS.

**Judy Garland:** Despite her movie stardom, she died \$4 million in debt.

**Veronica Lake:** The 1940s Hollywood star spent her fortune on alcohol and died penniless at 50.

## The Lottery Curse: When \$27 Million Isn't Enough

David Lee Edwards was a \$27 million lottery jackpot winner. Five years after winning, he was penniless and living in a storage shed with his wife. The couple blew their millions on a lavish lifestyle, buying dozens of high-end cars, mansions, and a plane. They spent more than the \$27 million they won in record time.

Unfortunately, winning the lottery doesn't necessarily mean financial freedom for life. Some sources have estimated as much as 33% of lottery winners end up declaring bankruptcy. It's a powerful illustration: a sudden influx of wealth, without the discipline and understanding to manage it, can be a curse, not a blessing.

## The Doctor's Dilemma: When Education Isn't Enough

Doctors are in one of the highest-paying careers in the U.S., with a typical earning roughly a third of a million dollars a year. Yet, a quarter of doctors retire with a net worth under \$1 million after a lifetime of high-income work. Many made over 10x the pay of our janitor, Ronald Read.

Their massive income simply could not out-work their misdirected financial approach. This is the core lesson of the Wealth Compass: Your success depends not on how much you earn, but on the direction you follow.

Many still work after 70, some because they love practicing medicine, others because of financial necessity. Country clubs, McMansions, vacation homes, first-class travel, all of this builds a mountain of debt for countless doctors. Too many doctors are living paycheck to paycheck with the stress that comes with it. They just have an extra zero or more after their income and debt numbers compared to average income people.

Academic smarts do not always translate to simple financial smarts. It's like owning a vast, fertile field capable of yielding incredible harvests, but instead of planting seeds wisely, they're just scattering them to the wind.

## **The HELPP Phenomenon**

These are what I call "HELPPs"—"High Earners Living Paycheck to Paycheck." They are people who have great incomes but are running the race to wealth on a treadmill. Most of a HELPP's income is allocated to expenses rather than appreciating investments. They are the "temporary rich," meaning they appear rich but things get ugly fast once their big paychecks stop.

Certainly, not all people in these categories spend more than they earn—many live below their income and invest wisely. But these examples demonstrate that this principle is universal.

## **The Two Levers of Financial Freedom**

So how do you actually apply this principle? It's helpful to think of building wealth as having two powerful levers you can push: your ability to earn more, and your ability to spend less. The more force you apply to one, the less heavy a lift the other has to be.

If you're skilled at increasing your income, you might not need to be as intensely frugal. But if your income is modest, then mastering the art of spending less becomes your superstar skill. The good news? Both levers are in your control, and working both simultaneously creates incredible momentum.

So, how do you actually put "spend what's left after saving" into action? It can seem overwhelming, but it's simpler than you think. Imagine dividing your monthly income into four distinct segments.

## The "How-To" Part of Spending Smart

A simple way to plan your spending is to take your monthly income and segment it into four unequal parts. Here are the four parts:

1. **Needs:** This is for the essentials, food to eat, a roof over your head, utilities, basic transportation. Think of it as "life-sustaining" expenses, not "lifestyle" expenses. And here's the crucial part: this segment needs to be proportional to your income. For instance, if your rent eats up too much of your after-tax income, you're putting yourself in a tough spot from the start. A good guideline is to keep housing at 28% or less of your take-home pay (meaning after taxes, but before other deductions like health insurance or 401k).
2. **Wants:** This section is for all the fun stuff, dining out, vacations, streaming services, that new gadget you've been eyeing. These are your 'lifestyle' choices. The key is that this amount should also be proportional to your income, and here's a critical temporary rule: if you're still carrying consumer debt (credit cards, personal loans, car loans), most or all of this "Wants" money gets temporarily redirected to aggressively pay down that debt. Once

debt-free, you can enjoy this segment guilt-free!

3. **Giving:** Many people find immense satisfaction in giving back. This segment is for charitable contributions, whether it's tithing to your place of worship or supporting causes you care about. This is an optional choice, reflecting your personal values.
4. **Investments:** This is your "future self" fund, it's how you pay yourself first! Most leading financial experts and institutions recommend saving at least 15% of your gross income annually for retirement. I agree with the 15% amount, after you've eliminated any consumer debt. This includes retirement accounts like a 401(k) or IRA. Remember, like the "Wants" segment, if you have consumer debt, this money temporarily shifts to pay that down, getting you to financial freedom faster.

## Why Intentions Aren't Enough

But let's be honest: living this principle isn't always easy. We're bombarded daily with messages to spend, to keep up with the latest trends, to "treat ourselves." Instant gratification is a powerful force, and it takes a conscious effort to resist the pull of immediate desires for the sake of a more secure future. Our brains are wired for the here and now, which is why simply intending to save usually isn't enough.

This is where Warren Buffett's wisdom truly shines: *"Don't save what's left after spending, but spend what is left after saving."* This isn't just a clever quote; it's a blueprint for action. Some call it a reverse budget—take out your savings first, then budget the remainder.

The most effective way to "pay yourself first" is to make it automatic and invisible. Set up an automatic transfer from your checking account to your dedicated savings or investment account to happen on payday, before any other bills or spending. Even a small amount consistently transferred will start building that financial momentum, transforming an intention into a reality.

By moving your money for savings and investments before you see it in your main spending account, you turn the tables on temptation, ensuring your future self is always taken care of.

If married, it's critical that both partners have an equal say with all the above.

## The Power of Deciding in Advance

There is great power in making a decision to follow a certain principle in advance. This way, when a choice arises that is tempting but conflicts with the principle you decided to follow, it is much easier to make the choice that is consistent with your principle. This is one of the many advantages of having a one-page financial compass to help guide you.

## Example of How This Works

Let's look at Jessica and Tyler's situation to give you a better idea of how this works.

They both work and have two grade school children. Their combined monthly household income after taxes (but before deductions like health insurance and 401k contributions) is \$6,500. They have student loans and credit cards and a car loan all totaling \$35,762. Here is what their needs look like:

### Breaking Down Their "Needs" Category

**Mortgage:** \$2,000 (principal, interest, taxes, insurance), which is 30.8% of after-tax income—above the recommended 28%. If they can get their monthly income up by only \$650 a month (overtime, raise, side gig, better job) this category would be right in line with the target of 28% of their after-tax income.

On the other hand, if their mortgage was \$3,000, that would be a whopping 46.2% of their after-tax income. To reach the 28% target they would need an after-tax income of \$10,714. If that kind of near-term income increase was unrealistic, selling their home and downsizing into something they can better afford may be a better option.

**Groceries:** \$1,200 a month which is 18.5%

**Utilities:** (Electric, water, sewer & trash) \$305 a month which is 4.7%

**Vehicle costs:** (insurance, fuel, maintenance) one is paid off, one has a \$530 payment—total \$910 per month which is 14%

## The Wake-Up Call: When Numbers Don't Lie

Their total “needs” sum to **\$4,415, consuming 67.9% of their current income.** As you can see, this leaves very little room for Wants, Giving, or Investments. These "major needs" alone already make their financial situation extremely tight.

It's time for them to get control of their finances.

## The Two-Step Recovery Plan

Their top two priorities are to do whatever they can to increase their income and pay off all their \$35,762 consumer debt. By allocating most or all of their wants category and all their investing category temporarily to paying down their debt with some short-term extra income to accelerate this process (part-time job, overtime, selling stuff: garage sale and online...) things would get much better with no car payment and no debt payments.

Once out of consumer debt they could enjoy their wants category and make consistent investments with the peace of mind of being consumer debt-free.

## The Moment That Changed Everything

What's interesting is Jessica drives the 3-year-old minivan with a \$530 payment and Tyler drives a 12-year-old paid-off car that is ugly but runs well. They had decided it was Tyler's turn to get a new vehicle and he was planning on financing one in just a few months.

However, after doing this income segmentation exercise they now realize they have much more important financial priorities than going

deeper into debt. That new \$590 monthly car payment they were about to add? It would have pushed them even further from financial freedom.

This exercise revealed how close they came to making their tight situation even worse.

## Keep It Simple

It's best not to overcomplicate this. Keep it simple! The most complicated plan that you don't follow is useless. The simplest plan that you do follow is powerful.

**The 24-Hour Rule:** Before making any purchase over \$100, wait 24 hours. This simple pause often reveals the difference between a genuine need and an impulse want. Ronald Read likely practiced this instinctively, he never bought anything without careful consideration.

But knowing how to spend wisely is only half the battle. The other half, and often the more dangerous half, is knowing what financial traps to avoid. These hidden enemies of wealth can destroy even the most disciplined savers, and most people never see them coming until it's too late. We will uncover this in the next chapter.

## Your North Star

Lasting financial freedom is about spending less than you earn and investing the difference.

## Your Next Step

Stop guessing. Save first, spend second, and own your financial future. To begin, grab a pen and paper or open a spreadsheet. Calculate how your own income is currently being divided among your Needs, Wants, Giving, and Investments. Then, honestly assess where you can make adjustments to better prioritize debt repayment and your future financial freedom.



**"Debt turns setbacks into disasters."**



## Chapter 4

# The Illusion of Wealth

*When "Having It All" Means Losing Everything*

### The Moving Day Irony

The moving truck pulled away from Jack and Kathy's Scottsdale estate at exactly 10 AM. Five hours later, another moving truck arrived at the same address—delivering furniture to the new owners who had bought their “dream home” at the foreclosure auction for 75 cents on the dollar.

But before I tell you how Jack and Kathy lost everything, let me tell you who they really were. They were the type of people I felt privileged to call friends. They were a kind and gracious couple to everyone they met. They owned a highly successful wholesale business that brought them a very high level of income and affluent lifestyle. They lived in an exclusive Scottsdale, Arizona, neighborhood in a large, elegant home. Kathy had a real knack for interior design, and during the holidays their home looked like something from the pages of Southern Living magazine.

They also owned a picturesque vacation estate on the water. They had two rental houses in a different state. They enjoyed traveling for both business and pleasure. They seemed to have achieved a level of financial success that most people dream about. Despite their affluent

lifestyle and income, they were humble people and never spoke about their wealth.

## **More Than Just Wealth**

What impressed me more than their beautiful homes and other possessions was the fact that they were truly compassionate and charitable people. They frequently gave both of their time and money to those in need. They always showed kindness to everyone regardless of their situation in life.

I remember when our son, Adam, was about 15 years old. He was responsible for an important service project for a scouting group he was involved with. He had to recruit volunteers and plan for them to make improvements for a youth community center serving an underprivileged neighborhood. The date was set for an upcoming Saturday when all the work would be done by the volunteers.

When Jack and Kathy heard about it, they discovered they would be out of town that weekend. Now, most folks would just say, "So sorry, we'll miss it." But not Jack and Kathy. They were different.

Kathy told me a few days later. "We couldn't miss Adam's service project," she said. "We've moved some things around so we can be there." But that wasn't all they did. Kathy, having a flair for art, got together with a couple of her friends and purchased supplies and went to the community center a day early to create a beautiful mural on one of the walls. It took them two days to complete the project, and it really helped transform that center in an impressive way. I will never forget their genuine kindness.

Despite having the means to spoil their children, Jack and Kathy raised them with strong values and work ethic. All the children held summer jobs during high school, learning to pay for their own clothes and save for their first cars. Jack and Kathy matched their savings dollar-for-dollar when it came time to buy those modest first used vehicles. Now adults, they have become self-reliant and successful while maintaining close family bonds.

## **When Success Breeds Vulnerability**

Then, in 2008, the great recession was devastating to many businesses, and their business was not spared. They had to shut it down in just a matter of months. Losing their business meant they immediately lost their substantial income. This started a destructive domino effect with their portfolio of assets.

Their luxury home and vacation estate and rental properties were all heavily mortgaged. They soon lost one tenant, and the other tenant just stopped paying rent.

## **The Domino Effect of Debt**

After all the dust settled, they lost their home, their vacation estate, and both rental properties to foreclosure. What remaining investments they had were in individual stocks that tanked, and they sold them at a significant loss to get desperately needed cash. The lease on one of their luxury vehicles was up, so they just turned it in. The other vehicle they kept. The lease payments that had been previously effortless to make were now a real struggle.

After they were forced to move out of their amazing home, they moved into a small rental house in a modest community far away from their previous upscale neighborhood. Their rental house could have easily fit into their previous home's garages.

Jack was in his early 70s and Kathy was in her late 60s. They had other debts and seriously needed to generate income, so Kathy got a job as a commissioned interior design consultant. Jack was shaken badly and retired with social security income. They struggled financially to keep up their now very modest lifestyle and remaining debts. This is not how they dreamed they would be living in their senior years. It felt like a sentence to financial prison they couldn't escape.

## So, how did this happen?

Despite decades of financial success, they were travelers without a compass who suddenly found themselves in financial quicksand.

In terms of their view of debt, Jack had once mentioned to me privately, years before the recession, that their properties had appreciated so much they just had to take out equity loans to access all that money that was just sitting there. Some of the money was used as a down payment on the two rental properties they purchased. They used that debt to purchase more debt. I assume some money went to help grow their business and some for lifestyle purchases.

It appeared they looked at debt as a tool. They were highly leveraged and believed in using OPM (other people's money), a very popular principle used by many. The problem was when the income abruptly stopped, everything collapsed quickly.

*"Life tends to snap you at your weakest link." – Warren Buffett*

Debt was helping support their very privileged lifestyle even beyond their high level of income. It's such a sad story about a wonderful couple.

Now let's see how another family in a nearby neighborhood with similar income—but a radically different compass—navigated the same crisis.

## A Different Philosophy of Wealth

Connor and Carol were a successful couple with younger children they adored. They owned a thriving consumer sales agency and lived in a very nice, upper-middle-class Scottsdale neighborhood.

They were clearly affluent. We knew them more as acquaintances than friends. I remember the first time I met Connor. Within the first minute of our discussion, he dove right into an overview of how successful his business was and how well off financially he was. In fairness, our personalities mixed like oil and water. But regardless of my impression,

his oversharing of his finances made one thing clear: they lived completely debt-free.

They had a good family, but some might say their kids were excessively indulged. They drove impressive luxury cars, and as soon as their children were able to drive, they bought them a new luxury vehicle, all paid for by cash. They consistently invested well in diversified, conservative investments not related to their business. They had no amazing vacation home but took amazing vacations.

## **When Crisis Strikes the Debt-Free**

Then, in 2008, the great recession caused the shutting down of their business in a matter of months. Losing their business meant they immediately lost their very high income.

So, what happened next?

At the time of this tragic event, Connor and Carol were debt-free, so they didn't lose their beautiful home because it had no mortgage. They didn't lose their small fleet of debt-free luxury cars. They perhaps cut back some but still maintained a very comfortable lifestyle.

Connor started selling real estate because it was related to his industry, but it didn't seem like it was a financial necessity; it may have been more of a hobby. Connor and Carl were in their mid-50s, and because of the financial principles they lived, they had achieved financial freedom. They didn't need to work for money and lived comfortably from their investments.

## **What Really Made the Difference?**

Character alone wasn't enough to save Jack and Kathy from financial ruin. I thought they truly deserved to continue their wonderful lifestyle throughout their retirement years, especially considering the good people they were and the high level of income they enjoyed for decades.

On the other hand, Connor's brash personality didn't resonate with everyone, including myself. While some found his approach off-putting,

I had to respect that he'd built solid financial protection for his family. Regardless of my personal reaction to his style, Connor was very well protected financially.

## **Different Life Areas - Dramatically Different Outcomes**

Years later, after we'd lost touch, I learned something heartbreaking about Connor and Carol's family through mutual acquaintances. Their middle daughter had made a series of unfortunate choices that tragically ended her life. Like any loving parents, they had used their financial resources to support her dreams and provide opportunities—world travel, luxury cars, the freedom to pursue her passions without financial pressure.

This tragedy taught me that Connor's financial wisdom didn't automatically translate to the parenting part of his life. The same discipline that protected his family from financial ruin couldn't protect them from every type of storm life brings. Different challenges require different approaches—what works brilliantly in one area of life may need adjustment in another.

I share this deeply personal tragedy not to judge Connor & Carol in any way—they are good people who loved their children immensely. I mention it only to illustrate how even exceptional wisdom in one area requires thoughtful adaptation when applied to other parts of life.

But Connor's story also reminded me of something crucial: while he may have faced challenges in other areas, his financial principles were rock-solid. This made me reflect on what Connor understood about money that Jack and Kathy had missed—and how the rest of us can learn from both of their experiences

## **The Broader Lesson**

I eventually lost touch with Jack & Kathy, but through a friend I heard that finances remain a real challenge for them. However, their children are happy, doing well, and independent with growing families of their

own. Jack & Kathy are clearly enjoying their role as grandparents and maintain close relationships with all their children and grandchildren. Despite their continuing financial struggles, they are genuinely enjoying their senior years surrounded by those they love.

This contrast taught me something powerful: having a faulty compass in one area of your life doesn't define all areas of your life. Jack & Kathy may have struggled with the lack of a good financial compass, leading to serious consequences, but their family compass brought them priceless joy and fulfillment.

This helped me understand the value of developing strong compasses for the most critical areas of my life.

Every person ends up where they are based on the principles they follow. We're free to choose our path, but we're bound to the consequences of those choices, both good and bad.

*"There are only three ways a smart person can go broke: liquor, ladies and leverage,"* – Charlie Munger

So how do you avoid Munger's leverage trap and build lasting financial security?

## **How to get and stay debt free?**

In today's world, debt is often presented as a smart financial tool, a way to “leverage” other people's money. But as Jack and Kathy's story painfully showed, this thinking can lead to disaster. Let's peel back the layers and understand what many people don't realize about personal debt until it's too late.

## **Four Critical Debt Dangers Most People Never See Coming**



**1. The Financial Flexibility Killer** - Most people focus only on interest rates and monthly payments, thinking "I got a great rate and can afford the payments, so I'm fine." But they're missing the devastating hidden risk that comes with every debt: debt transforms manageable setbacks into financial disasters by destroying your financial flexibility.

Think of debt as financial rigidity—the more you have, the more you're living on the edge with no room to maneuver when the unexpected hits. When emergencies strike—job loss, medical crisis, economic downturn—your income may disappear, but your debt payments continue relentlessly. Suddenly that "affordable" car payment becomes impossible, leading to repossession. That manageable mortgage becomes foreclosure.

Debt-free living gives you flexible breathing room. Without the burden of monthly debt payments, financial storms become manageable adjustments rather than life-threatening emergencies. You have options: reduce spending temporarily, explore different work opportunities without desperation, or weather the storm with your emergency fund. Debt eliminates these choices, trapping you in financial rigidity exactly when you need flexibility most.

Even sophisticated "arbitrage" strategies, borrowing at low rates to invest at higher returns, ignore this flexibility-destroying risk that no calculator can measure. Arbitrage debt is like putting one foot on the gas and one foot on the brake—a lot of wasted energy with little real progress toward true financial freedom.

**2. The Wealth Destroyer** - Albert Einstein is attributed to saying, "Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it." Most people think they understand this concept, but their financial choices prove otherwise—they have few investments while carrying heavy debt loads, literally making other people rich with their monthly payments.

Consider this: \$500 monthly debt payments over 20 years costs you \$120,000 in payments. But that same \$500 invested monthly at 10% annual returns would grow to over \$380,000. The real cost isn't \$120,000, it's the \$380,000 in lost wealth building.

This wealth-draining cycle traps millions in the exhausting pattern of living paycheck to paycheck, watching their money flow to banks and credit card companies instead of building their own wealth.

**3. The Stress Multiplier** - Debt creates a psychological toll that can affect multiple aspects of your life. When heavily indebted, you become trapped in toxic work situations because you can't afford to leave. You lie awake worrying about layoffs, recessions, or any income disruption.

The hidden cost: Debt doesn't just drain your bank account—it drains your options and peace of mind. The psychological freedom from debt elimination is something most people can't appreciate until they experience it firsthand.

**4. Misdirected Focus** - Here's a perspective shift that changes things: investing earns money for you; debt earns money for the people you borrow from.

When you're making debt payments, you're essentially working part-time for banks and credit card companies instead of working full-time for your own financial future. This misdirected focus keeps you trapped in the employee mindset, working to make others wealthy, instead of developing the investor mindset that builds lasting wealth.

*"Every time you borrow money, you're robbing your future self."* - Nathan W. Morris

## How Debt Turns Setbacks into Disasters

Life's emergencies don't care about your financial situation—they strike without warning. Here's how the same crisis affects families differently:

**Car Loan Example** - With Debt: You're in a serious accident, can't work, and lose your job. After draining your protection fund, you can't make car payments on the vehicle you desperately need for doctor visits and job interviews. Your car gets repossessed, making everything exponentially worse. Debt-Free: You lose your job in a recession. You had

bought a reliable used car with cash. Now you have zero repossession worries and can focus entirely on recovery and finding new employment.

**Home Loan Example** - With Debt: You lose your job due to company downsizing. You have a 30-year mortgage and are in year 12. Your investments have crashed, you're behind on mortgage payments, and foreclosure looms. Debt-Free: You lose your job in the same recession. You paid off your 15-year mortgage early in year 11. Despite the job loss, your family has shelter security that no economic storm can take away.

## **The Great Debate: Debit Card VS Credit Card.**

"But what about the rewards?" This is the question I hear most when people defend their credit card usage. Let me be blunt: those "free" rewards are bait in a financial trap that's caught millions of Americans.

Credit card companies aren't running charities. They spend billions on rewards programs because they work, not for you, but for them. If you're not paying off your entire balance every single month, you're not getting "free" rewards, you're paying premium prices for the privilege of going deeper into debt.

The harsh reality: Credit card companies study human psychology. They know that even disciplined people eventually slip up. One missed payment, one emergency that forces you to carry a balance, and months of "rewards" vanish in interest charges.

The debit card advantage: When you use a debit card, you're spending your money, not borrowing it. You can't spend money you don't have, which means you can't accidentally destroy your financial future with a piece of plastic. If you've ever been in credit card debt, a debit card is your safer path to financial freedom.

*"Don't buy things you can't afford with money you don't have to impress people you don't like."* Unknown

## Your Roadmap to Debt Elimination

### The step-by-step way to eliminate your debts?

**Step 1: Face the brutal truth.** Add up your total household take-home pay and list every single expense. This isn't about judgment, it's about clarity. A GPS can't help you if it doesn't know where you are.

**Step 2:** Maximize your debt elimination commitment. Decide what percentage of your income will go toward debt elimination. Strive to make that percentage 25% or more. The more you commit to this, the faster you eliminate debt and the sooner you start building wealth.

**Step 3: Make the math work.** Subtract all expenses, including your debt reduction commitment, from your take-home pay. If this shows a negative number (spending more than you earn), you've identified the core problem that must be solved immediately. Your two tools: spend less, earn more.

**Step 4: Find extra ammunition.** Bonuses, tax refunds, side hustles, every extra dollar accelerates your freedom. My wife and I committed every bonus to debt elimination because we refused to drag this process out. Also, every expense you can eliminate or pause gets you there faster.

**Step 5: Choose your weapon.** Select one of the two proven debt elimination strategies below and stick with it.

## The Debt Snowball

How it works: Pay off debts from smallest to largest balance, ignoring interest rates. This method works because debt elimination is more psychological than mathematical—quick wins create momentum that carries you through difficult months.

Example using the chart: If you committed \$1,200 monthly to debt elimination: - \$626.73 goes to minimum payments - Remaining \$573.27 attacks the smallest debt (appliance: \$475.72) - Leftover \$97.55 goes to the next smallest debt (bank card)

The snowball effect: When the appliance debt disappears, its \$16.50 minimum payment joins your debt attack fund. Each eliminated debt

makes the snowball bigger and faster, rolling down your debt mountain with growing momentum. People who like this approach say it is more motivating to see your different debts being eliminated.

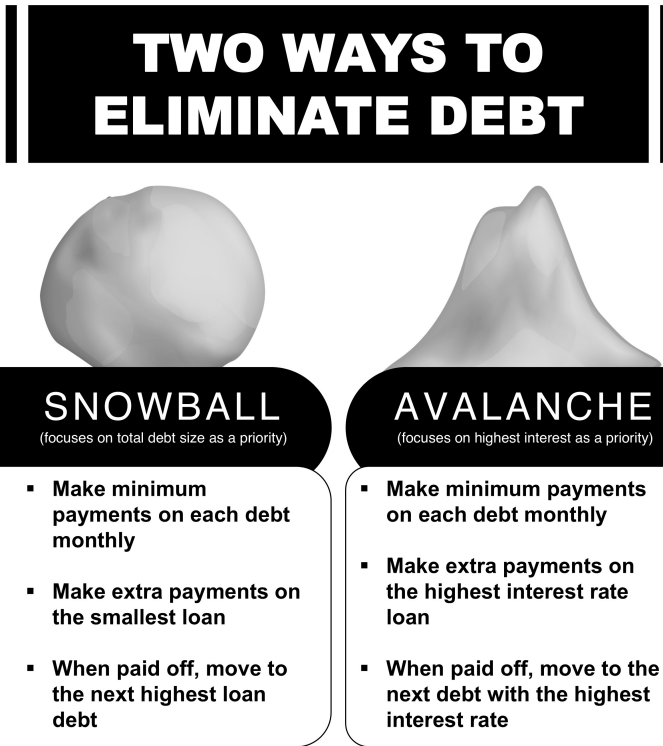
| EXAMPLE OF DEBT ELIMINATION PLAN |              |      |                  |
|----------------------------------|--------------|------|------------------|
| List All Debts                   | Balance Owed | Rate | Minimum Payments |
| Bank Card                        | \$955.35     | 22%  | \$31.12          |
| Medical Bill                     | \$2,835.89   | 16%  | \$94.22          |
| Appliance                        | \$475.72     | 18%  | \$16.50          |
| Vehicle                          | \$10,575.02  | 7%   | \$485.89         |
| Total                            | \$14,841.98  | --   | \$626.73         |

The Debt Avalanche Plan's Difference:

With the debt avalance instead of paying off the debts from the smallest balance to the largest, it pays off debt from the highest interest rate to the lowest. The rest of the process is similar to the debt snowball plan; it just progresses based on interest rates instead of debt balances. People who like this method say you will save more money getting out of debt with this approach. Math nerds tend to be attracted to this one.

Some people are passionate about the **debt snowball**, and others are just as passionate about the **debt avalanche**. The best plan, however, is the one you'll actually stick with.

While these two methods give proven paths to freedom, even well-intentioned people can derail their progress by falling into common traps that keep them stuck in debt longer than necessary.



## Common Pitfalls That Keep People Trapped

**The Consolidation Debt Con:** Debt consolidation loans often just re-arrange your debt without solving the underlying spending problem. Worse, many people celebrate by running up new balances on the cards they just "paid off," ending up deeper in debt than before.

**The Forgiveness Trap:** Debt settlement and forgiveness programs can destroy your credit score and create tax bombs—the IRS considers forgiven debt as taxable income, potentially leaving you with a massive unexpected tax bill.

**The Minimum Payment Prison:** Making only minimum payments is financial quicksand. A \$5,000 credit card balance at 18% interest, pay-

ing only minimums, will take 47 years to pay off and cost over \$13,000 in interest.

**The Tax Refund Mistake:** Getting large tax refunds means you're giving the government an interest-free loan while paying interest on your debts. Adjust your withholding to get that money in your paycheck, then immediately redirect it to debt elimination.

Now that you know what traps to avoid, here's the fundamental choice that will determine your financial future:

## **The Choice That Changes Everything**

Every morning, you wake up with a choice: remain a debtor or become an investor. These aren't just different financial strategies, they're different ways of life.

Debtors live with the persistent risk that comes from being financially vulnerable. Investors live with the confidence that comes from growing financial strength.

Your debt elimination journey starts with a single decision: today, you stop borrowing your way into financial trouble and start investing your way into financial freedom.

### **Your North Star**

Debt-free living isn't just about money, it's about expanding your choices, reducing your stress, and building the foundation for lasting wealth.

### **Your Next Step**

Choose your debt elimination method (snowball or avalanche) today. Calculate exactly how much extra you can throw at debt elimination each month. Then begin your transformation from debtor to investor, and never look back.

**"A Smart Protection Fund turn crises into inconveniences."**





## Chapter 5

# Your Smart Protection Fund Strategy

*Turn Crisis Into Calm*

Many years ago a young man approached a farmer looking for work. When asked why he should be hired, the young man simply said, "Because I can sleep when it storms."

Puzzled but intrigued, the farmer hired him. The young farmhand turned out to be diligent, reliable, and worked without needing to be managed.

Then one night, a fierce windstorm blew in. The farmer leapt out of bed, lantern in hand, and rushed to wake the young man. He shouted that the storm was coming and they had to secure everything quickly.

The young man calmly rolled over and replied, "Sir, I told you I can sleep when it storms."

Frustrated, but with no time to argue, the farmer ran out alone to try to save what he could.

To his surprise, the hay was already covered, the animals were sheltered, and everything he looked at was secured. Only then did the farmer understand. The young man could sleep in a storm because he had prepared ahead of time. So the farmer went back to bed, and slept peacefully too.

Financial storms hit hard and fast. I've weathered my share. But here's what most people don't realize: 56% of Americans would need to borrow, use credit cards, or take similar measures to handle a \$1,000 emergency expense, according to "CPA Practice Advisor". The difference between those who survive and those who get destroyed isn't luck—it's preparation. But once I learned to prepare—with a protection fund, insurance, and a plan—the results of those storms became much more manageable.

*"By failing to prepare, you are preparing to fail". Benjamin Franklin*

This preparation isn't just wise advice—for many families, it's the difference between surviving a crisis and being destroyed by it.

## **Why Protection Funds Aren't Optional**

At age 63, I lost a corporate job I had held for 18 years. The paychecks stopped, but the bills didn't. The only buffer we had was our protection fund.

It covered our basic expenses and bought us time to think, plan, and breathe. More importantly, it gave my wife and me the financial protection we needed during the early stages of launching our business—when income was zero but effort was sky-high.

I still feel grateful for that choice we made years ago. Without a financial cushion, emergencies become catastrophes. But with a protection fund, even the devastation becomes manageable.

The emotional toll, though still real, was bearable because we had a financial runway. We could think. We could plan. We could act wisely.

*"There's no harm in hoping for the best as long as you're prepared for the worst."* – Stephen King

## **A Real-World Example: Jason and Mia's Clear Path**

Jason (31) and Mia (29), newly married, had just purchased their first home. Little did they know their preparation was about to be put to the ultimate test.

Jason had learned solid financial habits from his parents—budgeting, planning ahead, and most importantly, saving consistently. Those lessons became the foundation for decisions he and Mia made together as a couple.

Before they even started house hunting, they had multiple financial planning sessions at the kitchen table. They listed everything: a 20% down payment to avoid PMI (Private Mortgage Insurance), closing costs, expected moving expenses, and basic furniture needs.

They agreed on a firm boundary: the protection fund—already built and tucked safely in a separate savings account—was not to be touched. Not even temporarily.

Some friends and family thought they were being overly cautious. A couple of friends even said, "Just dip into the fund. It's not the end of the world—you'll rebuild it." Others told them to use it for a nicer house or better furniture. They heard a lot of "you deserve it."

But Jason and Mia had one phrase they reminded each other of regularly: "Emergencies don't make appointments."

## **When Life Happens All at Once**

Within a few months after they moved in, life threw them a series of curveballs that proved how right they were.

First came a plumbing issue that wasn't covered by the home warranty. Jason woke up on a Saturday morning to the sound of water rushing somewhere it shouldn't be. His stomach dropped as he followed the sound to discover water pooling in their hallway. A pipe under the foundation had cracked, and fixing it required breaking through concrete. The contractor's rough hands pointed to the damage as he delivered the verdict: "This isn't covered under the home warranty policy you showed

me." Jason's mouth went dry, "That free policy that went with the house was worthless" he thought. The repair cost them \$2,800 out of pocket—money that had to come from somewhere, immediately.

Two weeks later Mia took their 11-year-old car in for a routine oil change. Mia was expecting to pay fifty dollars and be on her way. Instead, the mechanic emerged from the garage, wiping greasy hands on his coveralls, his expression grim. "You've got worn brake pads, a leaking water pump, and a cracked timing belt," he said, ticking off each problem on his fingers. Mia felt her chest tighten. "What happens if we don't fix it?" she asked, though she already knew the answer from his expression. "Your engine seizes up on the highway, or worse—your brakes fail." The repair bill was \$1,758. It wasn't optional.

Finally, the worst of the three: Mia slipped on their hardwood stairs while carrying a laundry basket. Jason heard the crash from downstairs—first the basket clattering, then a sickening thud, then silence. He found her crumpled at the bottom of the stairs, her shoulder twisted at an unnatural angle, a growing bump on her forehead. The ambulance ride felt endless, Jason's hand gripping hers, it was hard for him to see her in such pain. After the ER visit, X-rays, an MRI, and follow-up appointments with specialists, the medical bills came out to \$2,259 even after insurance.

Total damage: \$6,817. All within 90 days of buying their home.

As each bill arrived, Jason and Mia handled them with calm efficiency. Transfer from protection fund. Bill paid. Next. The process that would have destroyed their budget without the fund now felt almost routine. They'd built this fund specifically for moments like these, and it was performing exactly as designed.

"It wasn't fun to see that much leave our account," Jason later reflected, "but what I remember most is the incredible relief. No sick feeling in my stomach about how we'd pay. No credit cards. No desperate calls to family. Just a moment to take a breath, pay the bills, and move on with our lives."

Mia added something even more powerful: "I was already dealing with physical pain and recovery stress. I can't imagine adding finan-

cial panic on top of that. Our protection fund didn't just protect our finances—it protected our marriage. We didn't fight about money when I was most vulnerable. We just took care of each other."

After they depleted their protection fund, they paused all other savings goals—vacations, car replacement, home upgrades—and focused every extra dollar on restoring their safety net. Within five months, watching that account balance climb back up felt like rebuilding a fortress around their family.

"Some people say we were lucky," Jason said months later. "I don't think so. I think we made our luck before we ever needed it."

That's the essence of a protection fund. You make your luck before you need it.

I use "protection fund" instead of "emergency fund" because words shape people's mindset. Emergency triggers anxiety about disasters. Protection empowers you to actively safeguard your future—the difference between defensive fear and confident preparation.

A timeless truth: *"Save for a rainy day."* – Aesop

Jason and Mia's experience illustrates why protection funds are more than just financial tools—they're life stabilizers.

## Why a Protection Fund Matters

Having a protection fund isn't just about money; it's about safeguarding your well-being. It takes the financial burden out of unexpected crises, dramatically cutting down on stress and giving you the peace of mind to weather any storm.

Here are some ways it can also save you money:

- **Debt Prevention:** You'll avoid falling into expensive debt with credit cards and payday loans when an emergency strikes.
- **Retirement Savings:** Prevents tapping into retirement accounts (like 401(k)s or IRAs) avoiding early withdrawal penalties, taxes

and robbing from your future.

- **Insurance Savings:** It empowers you to opt for higher insurance deductibles, which translates to lower premiums on your policies.

## The Peace of Mind Dividend

While a protection fund protects your finances, its true superpower lies in the peace of mind it delivers. When an unexpected expense or job loss hits, your mind instantly shifts from panic to problem-solving. You're not desperate, you're prepared. This calm, rational mindset allows you to make wise decisions, protecting not just your wallet, but your mental well-being and even your relationships, as Jason and Mia discovered. It's the difference between chaos and calm when the storm rages.

Your Protection Fund Blueprint

### Step 1: Start Small—Build Your Starter 3% Protection Fund

If you're still paying off consumer debt, your goal isn't to save a fortune—it's to build stability and momentum. Your first milestone is a Starter 3% Protection Fund, equal to 3% of your gross annual household income.

This small but powerful buffer gives you breathing room when life happens—a car repair, a surprise bill, or any unexpected expense. It keeps you from sliding back into debt and helps you feel back in control.

#### Why 3%?

Because it scales with your life. A flat dollar amount doesn't fit everyone. Your Starter 3% Protection Fund adjusts to your income. It's realistic, personal, and achievable—the first real step toward financial peace and freedom.

## Step 2: Fund It Fast

Make it your goal to build this fund in 90 days or less. If that feels tough, that's okay. This is your first push in the right direction—proof that progress is possible. Every dollar you save is a small victory that builds confidence and momentum.

**Cut expenses aggressively:** No eating out. Pause vacations. Cancel automatic subscriptions like cable, streaming, or premium apps. Focus only on essentials for now.

**Boost income:** Pick up a side gig. Work overtime. Find higher-paying opportunities. Sell things you don't need.

If it will take much longer than 90 days to fund, that's a signal your expenses are out of alignment with your income. Look at housing, transportation, and other large costs. Adjustments—like downsizing or reducing spending—may be needed to hit your target.

Without a protection fund, and while carrying consumer debt, you're a magnet for costly emergencies when you're most vulnerable. This isn't something to “slow walk”—consider it a short-term sprint.

## Step 3: Build Your Smart Protection Fund

Traditional financial advice insists on keeping 3–6 months of expenses, maybe \$25,000, in cash “for emergencies.” I followed that advice for years because nearly every expert framed it as wise and safe.

But when I created my One Page Wealth Compass and ran the long-term math, something became obvious: traditional emergency funds are safe in the short term and extremely expensive in the long term. Critics will say this isn't about math, it's about emotions and safety. That's why I developed the **Smart Protection Fund**, a flexible, safer, mathematically sound replacement for the old-fashioned emergency fund.

### How to Build Your Smart Protection Fund

**1. Keep your starter “3% Protection Fund” in cash.**

This small buffer, kept in an FDIC-insured account or money market, handles minor, short-term surprises. This is your traditional “quick cash,” and it stays simple.

**2. Allocate the 25% of your income that was used to get debt free.**

Once you are debt free except for a mortgage you take roughly 25%+ of your income you were using to aggressively pay off your debts and now allocate it as follows:

- 15% goes directly toward long-term wealth-building investments for financial freedom (covered in Chapter 9).
- The remaining 10%+ goes into a separate taxable brokerage account you label “Smart Protection Fund” and invest the funds in a low-cost index fund for growth.

That 10%+ continues until your Smart Protection Fund equals 3–6 months of living expenses. After that, the 10%+ can be redirected to whatever you desire.

## **Why This Works Far Better Than the Traditional Approach**

This method keeps short-term needs liquid while allowing the bulk of your protection fund to grow at market rates, historically far stronger than any savings account, CD, or money market. Over time, your Smart Protection Fund doesn’t just sit there. It compounds. It grows. It takes real protection to a whole new level.

### **Smart Protection Fund: The Math and Safety Advantage**

#### **40-Year Comparison (Same \$25,000 starting amount):**

- **Traditional Emergency Fund** in cash/savings: Average 40-year return 3.5% grows to \$98,981



- **Smart Protection Fund** in a low-cost S&P 500 index fund: Average 40-year return 11.9% grows to \$2,089,618

**Difference:** About \$2 million, money that could be part of your safety net but won't exist if left in cash.

**The Wealth Compass is the express path to financial freedom**—not a detour or a roundabout way that eventually might get you there.

Here's the takeaway:

**In a traditional emergency fund, your safety shrinks with time. In a Smart Protection Fund, your safety grows with time.**

### Addressing the Big Concerns

#### **“But I don't want to sell in a down market.”**

Valid concern. Here's the historical context: the market has been down about 26% of the time and up about 74% of the time. That means three out of four years, this won't even be an issue.

What if it is down at the exact moment that you need money? You simply withdraw what you need (no penalties in a taxable account) and replenish the fund like any traditional emergency fund. The short-term dip is handled like any regular emergency fund and the long-term growth gives you amazing protection.

#### **“But what if the market drops 50% early on and then I have an emergency?”**

If you want to be extra cautious, double the size of your Smart Protection Fund. If a 50% crash happens in the early years, then you'll still have enough. And here's the bonus: if you doubled the fund, now it has the potential to reach **\$4 million** by retirement. That's an extraordinary level of protection, created from one simple adjustment. Your future self will be thrilled.

**Or you could just wait six years.**

The Rule of 72 shows that with an 11.9% average return, your money doubles in about six years ( $72 \div 11.9 \approx 6$ ).

If you start with \$25,000:

- In six years it becomes **\$50,000**
- If the market dropped 50% at that moment (very rare), you'd still have **\$25,000**
- Six more years and it could double again to **\$100,000**

Even a severe drop becomes manageable, not catastrophic, because **time is doing the heavy lifting.**

Historically, every time the stock market drops, it doesn't just recover—it goes on to reach new all-time highs. That's real protection.

**Why This Approach Is Safer**

**The Smart Protection Fund provides five distinct layers of security:**

- **Immediate Liquidity:** Your 3% cash reserve handles minor emergencies instantly, while the index fund portion remains fully accessible if larger needs arise.
- **Diversified Growth:** Most of your fund is invested in a low-cost index of the 500 strongest U.S. companies, ensuring your protection keeps pace with the market.
- **Structural Isolation:** By keeping this fund separate from retirement and investment accounts, you protect your long-term goals. It functions as a true emergency fund: use it when necessary, then replenish it.
- **Tiered Cash Reserves:** You are supported by multiple layers of "ready" cash—including your required and elective pre-funds, as well as your primary checking account.

- **Short-Term Treasuries:** During your withdrawal years, we add high-liquidity U.S. Treasuries to the mix, providing a "sleep-well-at-night" buffer against market volatility.

**The Bottom Line:** Unlike a traditional emergency fund that loses purchasing power to inflation, your protection grows stronger and more resilient every year.

Even if you're not starting with 40 years ahead—maybe only 20 or 30—the Smart Protection Fund still dramatically outperforms your safety compared to a traditional cash-only emergency fund.

### **Before We Move On: Lets Address the Critics**

Critics will raise questions the moment you challenge traditional advice. Here's what they'll say, and the reality they overlook:

**Misconception #1: "Emergency money should never be invested."**

**Reality:** Cash feels safe but slowly erodes your future. The Smart Protection Fund protects immediate needs while letting the rest grow for larger emergencies. Emergencies almost never happen at the exact market bottom, and even if they do, your cash and liquid index-fund allocation gives access when needed. Over time, this approach dwarfs a traditional cash-only fund, giving dramatically more protection, not less. Planning only for the worst case can actually do more harm than the worst case itself.

**Misconception #2: "This is market timing."**

**Reality:** There's no timing, guessing, or forecasting. You contribute 10%+ until fully funded—then stop, just like a regular emergency fund. The difference is your protection grows instead of quietly shrinking with inflation. This strategy isn't about timing the market—it's about letting time work for you.

Some people focus only on short-term fear. The Smart Protection Fund protects both your short-term unexpected needs **and** your long-term future. A fund that grows is safer than one that sits still, or worse, shrinks. That's the part traditional advice never talks about. Don't get trapped planning only for the absolute worst, it can end up doing far more harm than the worst-case scenario itself.

### **The Critical Question**

After decades of working and saving, which would you rather have?

- \$98,981 emergency fund sitting in a bank
- Or \$2,089,618 in a Smart Protection Fund—still compounding, still tax-efficient, and fully separate from your retirement savings?

The answer to me is obvious.

**Planning only for the worst case can cause more harm than the worst case itself.**

Most people will never face a \$2 million emergency. Yet a traditional emergency fund guarantees you'll pay for one anyway—slowly, quietly, over your entire working life.

If this type of protection fund isn't for you, and you're willing to give up an extra \$2 million, feel free to stick with a traditional emergency fund, and still take full advantage of all the other tools in the Wealth Compass.

## **Step 4: Define what counts as an emergency.**

Only use this money when something is:

- Urgent
- Unexpected
- Necessary

**That includes:**

- Job loss
- Medical emergencies
- Essential home or auto repairs

**It does not include:**

- Vacations
- Routine car maintenance
- New furniture
- Gifts
- Impulse purchases
- Elective healthcare

## **Step 5: Replace Your Protection Fund After Emergencies**

When you use your protection fund for a real emergency, replenishing it becomes your top financial priority. You are financially vulnerable with no protection fund or an underfunded fund.

### **Emergency Triage - Pause in This Order:**

1. Pause elective pre-funds first (car replacement, education, vacation funds)
2. Pause early mortgage payoff if you have started that.

**Once your protection fund is completely refilled**, immediately restart funding all the items you paused.

This approach protects your long-term wealth building while ensuring you have a safety net for the next unexpected emergency.

But what if you face something bigger than even a well-funded protection fund can handle?

## **What happens when the emergency is just too big?**

A protection fund protects you from everyday emergency disruptions. But some disasters are too big for even a well-funded protection fund. That's where insurance comes in. It's your financial fire hose.

## **Your “Insurance Protection Check”:**

Use this checklist to review your current coverage and ensure you have the foundational policies necessary to protect your financial plan from a major setback.

- **Homeowner's or renter's insurance** – Covers damage to your home and possessions. (Note: typically does not cover floods or earthquakes, which may require separate policies if that is relevant to your area)
- **Auto insurance** – Covers accidents and liability on the road.
- **Health insurance** – Protects you from massive medical bills.
- **Term life insurance** – Only if someone depends on your income. Get pure insurance—not the very expensive permanent insurance versions mixed with investments.
- **Umbrella insurance** – Provides extra liability coverage if your net worth significantly exceeds your auto/home policy limits.
- **Identity theft protection** – Optional but helpful in today's digital criminal world.

- **Disability insurance** – Critical if your income would stop with an injury. If you have \$1M+ in liquid assets, you may choose to self-insure.
- **Long-term care insurance** – Optional depending on age and wealth. Evaluate cost-benefit carefully.

**Before you sign on the dotted line for any insurance**, keep these two critical rules top of mind:

**Rule #1: Never let insurance pretend to be anything else.** Insurance should insure—*period*. The moment it's bundled with savings, investments, "tax strategies," or loan features, you're stepping into a maze built to confuse you. Complexity isn't a bug; it's the business model. The more layers they add to whole life, universal life, and hybrid policies, the easier it is to hide sky-high fees and the harder it is for you to see how little value you're actually getting.

If you can't explain the policy to a fifth grader, that's your warning sign. Keep it simple, keep it transparent, and keep insurance doing what it's supposed to do—protect, not pretend.

**Rule #2: Always comparison-shop—loyalty is expensive.** Never buy a policy just because your cousin sells it or because your current agent sent a convenient renewal. That convenience can cost you hundreds, even thousands. Insurance pricing is wildly inconsistent, and the only way to know if you're getting a fair deal is to compare.

Use online quote tools, comparison sites, and independent agents. Spend 10 minutes shopping around and you'll often be surprised how much you can save.

## **Estate Planning: Leave Clarity, Not Confusion**

If you own anything or have anyone you care about, you need a plan for what happens when you're gone. That means a will or estate plan.

It doesn't have to be complicated. Online tools now make this easier and cheaper than ever. And if you need legal advice, many credit unions or trusted law firms offer services at reasonable rates.

Over the years, my wife and I used online tools, a credit union trust department, and a law firm—depending on our life stage and needs. Each worked well for where we were. **The point is: don't put it off if you have dependents.**

## **Sleep when it storms**

Life doesn't always give warnings—but you can still be ready. Build your protection fund now, not later. Your future self will thank you when the next crisis becomes just an inconvenience instead of a catastrophe. Because when the storm hits—and it will—you won't be scrambling. You'll be steady. You'll be strong. You'll be the one who sleeps when it storms.

I will always be grateful that we had our fully funded protection fund at the time of my job loss at age 63. It gave much needed protection and relief to our family at a very financially vulnerable time in our lives.

### **Your True North**

A protection fund gives you the power to face life's unexpected storms with confidence, not panic, because being prepared turns chaos into calm and wise decisions.

### **Your Next Step**

Don't wait for the storm to hit. Start building your protection fund today. Whether it's your starter "3% Protection Fund" to get out of debt or your complete "Smart Protection Fund", commit to this crucial step now.



# **Part II: Acceleration**

## **Growing Your Wealth Machine**

**"Traditional investing says: Faster growth means greater risk. The Wealth Compass shows: Done right, faster grows means less risk. "**



## Chapter 6

# Twice as Fast, Half the Risk

*How I Kept Doubling My Investment Balance in 24 Months*

My investment portfolio doubled in 30 months. Then it doubled again in just 13 months. Then again in 29 months. I wasn't day-trading or chasing crypto—I was in my mid-60s, using the most boring investment strategy imaginable. Most would call starting this late foolish. Here's how I proved them spectacularly wrong.

### The Full Timeline: Even Faster Than You Think

Here's what happened. I went from nearly broke at 63 to financially free at 69—that's 6 years on paper. But here's how it breaks down:

**Age 63:** Fired from my job, two years away from being broke. **Age 64:** After a brutal year, my agency income finally hit—and then exceeded—my old corporate salary. **Age 64-65:** Spent the next six months rebuilding our depleted reserves and learning how to invest correctly. **Age 65:** Started serious, informed investing. **Age 69:** Achieved seven-figure portfolio financial freedom

**The important detail:** I didn't start serious investing until I was 65. If you count each full year from 65 to 69, that's about 5 years of actual wealth building, not 6.

That first year-and-a-half, from being fired to finally understanding how to invest, wasn't wasted time. It was my crash course in financial reality. By age 64 I was making decent money, but I didn't understand investing yet. I had to rebuild our protection fund and figure out what I'd been doing wrong for 40 years before I could invest wisely.

When I finally started to really invest at age 65 with a clear strategy, the principles in this book worked because I followed them with laser focus, I had no margin for error.

Why does this matter to you? Because if I can build a seven-figure portfolio in about 5 years starting at 65, imagine what you can do with more time. Whether you're 25 or 55, the same principles work—you just have the advantage of more compounding years ahead of you.

## **The Challenge That Changed Everything**

This was my investment situation:

The good part was that our income was starting to increase sharply and we made the decision not to increase our living expenses. I knew it was our responsibility to seriously save and invest wisely and not squander this income blessing we had been given. Most people would probably say, "Starting at 63 — is that a joke? You missed the boat to your dream retirement island." However, I just felt like we still had a chance if we got serious and I didn't mess things up.

The challenging part was that what little I knew about investing was so wrong. I knew how to handle finances poorly because I had 40 years of practice. Bad selection of individual stocks, stupid market timing, erratic investing — you name it, I had done it all wrong.

I remember being frustrated thinking, "Why do I have to deal with this? Investing is not my specialty. I just need to find the right professional who can handle all that for me."

The worst part was that every financial planner I met just didn't feel right. My gut kept telling me "no," leaving me even more lost. With so little time left, where could I possibly turn?

## **The Breakthrough Moment**

Feeling completely stuck, I started reading everything I could about investing and personal finance. The first few books were interesting but not practical, offering no real help. But then, I struck gold! I started finding books, podcasts, and blogs filled with common sense, solid evidence, and practical insights.

That's when the idea for my "one page wealth compass" started to take shape – a simple summary of truly effective personal finance and investment principles and strategies. It became my trusted guide, keeping me safe and on track. Instead of chasing risky trends like before, this compass led me to consistent, low-cost, diversified investing. Combined with our aggressive savings, our tiny investment portfolio started growing.

After about five years of consistently following this simple plan, we reached seven figure financial freedom. This also included zero business debt, zero consumer debt and zero mortgage debt.

I firmly believe it's never too late, no matter what anyone says.

## **When You Have Enough But Choose to Keep Going**

As I defined earlier, wealth means having enough passive income to cover all our comfortable living expenses without requiring a paycheck. So you might wonder: if I'm financially free, why am I still working?

I've found that owning the right kind of business for me is like having the best of both worlds. Yes, it's challenging at times but it's also fun figuring out how to overcome the challenges. It enables me to still grow in various ways that I'm not sure I could do if I was retired. With my own business I get to set my own work schedule. Three and a half years into our business I developed a schedule where I visit clients by area only three days a week for about three to four hours in the middle of the day. I created this reduced schedule in such a way that it still enables me to grow our agency income and sales. I also put in about a half a day a week at my home office — I love that commute. My son has since joined

me in our agency. Training and working with him has been a wonderful experience and gift.

I take vacations whenever I want with no permission needed from anyone. For me golf, tennis and card games are boring. We live right on a golf course and I've never played it once. However, I do love snow skiing and we take a ski trip most every year. I discovered work is even more fun and less stressful when it is financially optional and highly flexible. It is also fun visiting with my clients and meeting with potential clients.

My personal view on retirement is: I don't retire, I just keep graduating to the next adventure. As I mentioned earlier I started calling this FIGNA—Financial Independence, Graduate to Next Adventure.

## **The Shocking Math Behind My Success**

I know for a fact without the personal finance and investment direction I gained, our net worth would be a mere fraction of what it is today even with my increased income. While others might see us as rich, I don't; it's all relative. For instance, the average person might consider a solid seven-figure investment portfolio to be rich, but those with a nine-figure portfolio likely wouldn't agree. I know there will always be people with more money and less money than me so I don't waste any time focusing on that.

I love the quote, *"Comparison is the thief of joy."*

Keeping up with the Joneses holds no appeal for me, and being rich isn't my objective. My true goal was financial freedom and a comfortable lifestyle. The peace of mind that has brought us is truly priceless.

But how exactly did I accelerate our wealth building so dramatically? It wasn't magic or luck—it was discovering the power of consistent investing in smart and safe investments.

## **How I Uncovered a Safe and Clear Path to Double My Investments**

As I kept investing over the years, I stumbled onto something powerful—something that helped me grow my portfolio even faster than the Rule of 72 would suggest.

If you've never heard of the Rule of 72, it's a quick way to estimate how long it takes your money to double. You just divide 72 by your expected annual return. For example, if you're averaging a 10% annual return, you'd do this:

$$72 \div 10 = 7.2 \text{ years}$$

So, in just over 7 years, your money would double.

That's already exciting, but here's where time truly becomes your ally: I found that by consistently adding more money each month, I was able to cut that doubling time down dramatically.

My first portfolio doubling didn't take the predicted 7+ years. It took just 30 months. Why so fast? At that point, my balance was smaller, and my regular monthly deposits made a good impact. The second doubling took 13 months. The third, 29 months. All much faster than the 86 months at 10% return the Rule of 72 would predict.

What made that possible wasn't a secret formula or risky investing; it was simply time, consistency, and momentum. I kept adding money, month after month, year after year. It was like building a financial flywheel. At first, you push hard and see little portfolio growth. But over time, the momentum builds, and eventually, it starts to grow faster and faster on its own.

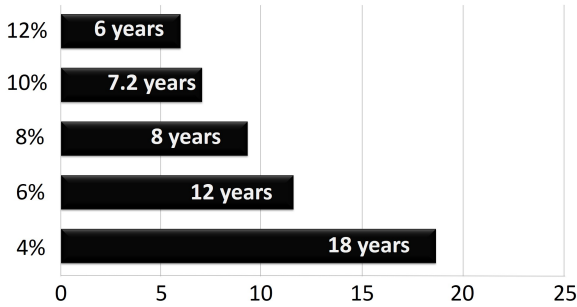
# UNDERSTANDING THE RULE OF 72

The Rule of 72 is an easy compound interest calculation to estimate how long it will take to double your money.



$72 \div \text{Interest rate} = \text{Years to double money}$

Using the rates shown, here is about how long it would take to double an initial investment.



And here's something even more exciting: eventually, most of my portfolio growth wasn't coming from my monthly deposits; it was coming from the growth of the portfolio itself. Some years, my investment returns added more to my portfolio size than my entire annual income. That's the real magic of compound growth.

I once heard someone say, "God does impossible math." My math wasn't impossible, but the results sure felt that way at times.

## Example: Doubling Your Portfolio in Less than Half the Time, While Reducing Risk

This method is incredibly exciting to witness in action. It is the practical proof of an Express Lane strategy: that clear focus beats misdirected speed every time. Below, you'll see the exact number of months it took to double the balance in my portfolio. The first three doubles after I discovered and implemented the right investment approach. Instead of



using my actual dollar amounts, I've chosen two different starting balances so you can more clearly see how even late starters, who have some investments for retirement but not nearly enough, can still powerfully transform their financial future once they start following proven principles.

Here's something important to understand: while these three doubles took about 6 years total (24 months  $\times$  3), I actually reached seven-figure financial freedom in about 5 years, before that third double was complete. My portfolio kept growing past my financial freedom goal, but I'd already won the game. The doubling pattern shows how momentum accelerates, but you don't need to wait for the next double to achieve financial freedom.

PORTFOLIO DOUBLING TIMELINE

| TIME TO DOUBLE         |             |             |
|------------------------|-------------|-------------|
| Starting Balance       | \$200,000   | \$400,000   |
| 1st Double (30 months) | \$400,000   | \$800,000   |
| 2nd Double (13 months) | \$800,000   | \$1,600,000 |
| 3rd Double (29 months) | \$1,600,000 | \$3,200,000 |

As you can see with each double the numbers keep getting exponentially bigger.

Proof It's Possible

For example, my fourth double (not on the chart) added well over a million dollars and happened in 28 months.

This is a fun, exciting and incredibly safe wealth building endeavor to engage in when you follow the “7 Step Formula” we will review in a minute.

Maybe your doubling won't exactly be an average of 24 months — it could be 35 or 45 months, but how I see it, anything under 86 months (based on 10% average returns) is accelerating your wealth building in an amazing way.

**Traditional investing says: Faster growth means greater risk. The Wealth Compass shows: Done right – faster growth means less risk.**

## **But What If You Don't Have \$200,000 to Start?**

Some people may be thinking, "That's great for your examples starting with \$200,000 or \$400,000, but I don't have that kind of money to begin with."

Here's the beautiful truth about compound growth—it doesn't care about your starting amount. The same mathematical principles that created my accelerated doubling work whether you start with \$100,000 or just a single penny.

## **The Penny That Outearned a Million Dollars**

The famous riddle of the doubling penny tells the story of a person offered a choice between a lump sum of \$1 million and a single penny that doubles in value every day for one month. Most people, drawn to the immediate wealth, would choose the million dollars.

However, the story reveals a surprising truth: that humble penny, starting with just one cent, would grow to \$5,368,709.12 by day 30—over five times greater than the million-dollar offer. The penny's exponential growth rewards patience over instant gratification.

This illustrates a profound truth: it's not the size of your start that matters—it's the consistency of your contributions and the power of time.

## **The Power of the Early Bird Advantage**

The numbers don't lie, but they tell an even more dramatic story when you start early. Dave, a 25-year old who works retail earning \$39,000 a year, decides to invest \$200 per month—about what many people spend on streaming services and coffee. Even with many raises and promotions over his career, he never increases his monthly investment. At 65, his portfolio with his modest monthly investment would make him a millionaire with a value of \$1,275,556.

Now, consider if Dave waited until age 35 to start. To try and catch up, he doubles his monthly investment from \$200 to \$400. Yet, by age 65, he would retire with an investment portfolio of \$912,130.13. Despite doubling his monthly contribution, he falls just short of millionaire status.

What if Dave waited even longer, until age 45? To compensate, he increases his monthly investment by four times, contributing \$800 per month. Even with this significant increase, by age 65, his portfolio would only reach \$613,357.53—just over half a million, but still far from the earlier outcome.

Finally, let's consider Dave as a true late starter (though not as late as me!). If he didn't begin investing until age 55, and increased his monthly contribution by an astounding eight times to \$1,600 per month, by age 65, his retirement portfolio would stand at just \$332,083.23—less than one-third of a millionaire, despite an 8X increase in his monthly investment.

## **The Ultimate Power Move**

Let's consider one more scenario. Imagine our 25-year-old invests \$200 per month, but only for 20 years, stopping at age 45. Even if he never

adds another penny for the subsequent 20 years, allowing the money to simply grow, he would still retire at age 65 as a millionaire, with an investment portfolio of \$1,123,679.48. That's the undeniable power of starting early with investing—a stark contrast to my own journey!

Now, truly imagine the wealth he could accumulate if he invested a percentage of his income instead of a flat \$200. If he consistently invested, say, 15% of his income from age 25 to 65, his monthly contributions would naturally grow as his income increased. Based on average household income projections, he could be looking at a retirement investment fund worth over \$5 million.

## **Please Learn from My Foolish Mistake**

Until I turned 65, I was the poster child for what not to do when it comes to investing and leveraging the power of time and compound interest. From age 25 to 65, I effectively lost 40 years of compound market growth. That literally cost me millions of dollars.

Some might call that tragic, and perhaps it is, but those failures eventually led me to the key to everything I needed to know to finally succeed. I'm genuinely so thankful for where I am now. I choose to focus on gratitude rather than regret.

Emerson once said: *"For everything you have missed you have gained something else."*

Did you start life without a good financial plan, or even any plan at all? Have you faced significant financial setbacks that knocked you down? Do you feel so far behind financially that you think it's simply too late to begin? Do you feel financially trapped with nowhere to turn?

If you answered yes to any of these, please don't despair—because **every one of those describes me, and then some!**

Whatever decade of life you're in right now, please realize it's never too early or too late to start. Just start today! It's like the Chinese proverb says, *"The best time to plant a tree was 20 years ago. The second best time is today."*

When we finally achieved financial freedom, the feeling was interesting. It wasn't like winning the lottery; instead, it was a quiet sense of peace, an inspired confirmation that the principles we followed to get there were correct. But before I show you the exact strategy that made this possible, let's clarify what we're really building toward. Most people misunderstand what wealth actually means.

## **Your Wealth-Building Foundation**

### **The Real Goal to Financial Freedom is Net Worth!**

Here's what most people don't realize: becoming a millionaire is a realistic goal for so many people, even on an average income. But here's a common misunderstanding: being a millionaire doesn't mean you earn a million dollars a year.

A millionaire is someone who has a net worth of one million dollars or more. Your net worth is simply how much you own minus how much you owe. It's often called your equity. Think of it this way: your Assets (what you own) minus your Liabilities (what you owe) equals your Net Worth.

For instance, if you own \$1,000,000 worth of assets but you owe \$990,000, your net worth is only \$10,000—nowhere near a million. A person could even have an income of a million dollars a year and still be nowhere close to having a million-dollar net worth if their spending and debt are too high.

### **The Two Pillars of Net Worth**

There are two main ways to increase your net worth that we'll focus on:

1. **Become an owner of equities.** This is done by investing in the stock market, but in a safe, strategic, low cost way such as being highly diversified in index funds which we will cover in an upcoming chapter. Owning your own business is another version of

owning equities—you own shares in your own company. Today, you can start investing with some online brokerage firms with as little as \$1. Yes, even a dollar can start growing! Consistent small deposits add up fast, so don't let a small starting amount stop you. It's smart to start investing as soon as you've paid off all your consumer debt.

2. **Own real estate.** Even if you're not that interested in real estate as an active investment, simply owning your own home can significantly boost your net worth. However, buying a home the right way and at the right time for your situation is crucial, and we'll discuss exactly how to do that in an upcoming chapter.

Consistently using these two tools to grow your net worth is about you "preparing to win." As Bobby Knight famously said, *"It isn't the will to win that's important, everybody has the will to win, what's important is the will to prepare to win."*

## THE ONLY MARKET TIMING RULE YOU NEED

Many people ask, "How do I know when to invest? The market seems crazy lately." Here's the truth that will save you years of anxiety and thousands in missed gains: **Always invest consistently, regardless of market conditions.**

### The Three Best Times To Invest

1. **When Markets Are Falling:** This is actually your best friend during your working years. You're buying shares at a discount, getting more for every dollar invested. When the market recovers—and history shows it always does—your larger share count accelerates your growth. Yet most people do the opposite, panic-selling at the worst possible time and buying at new market highs when they feel "safe" again. Please don't follow the crowd.

**2. When Markets Are Flat:** Think of this as zero-inflation pricing on your future wealth. You're accumulating shares at stable prices while others sit on the sidelines waiting for "something to happen." When the market inevitably breaks out of its stagnation, you'll be positioned for wonderful gains.

**3. When Markets Are Rising:** The easiest time to buy psychologically, but some investors still hesitate, thinking "it's too high now, I'll wait until it comes back down to get a better price." The market could continue rising for years—and often does. Waiting for a pullback might mean missing months or years of amazing growth.

Some people can't help themselves and keep sabotaging their wealth building by not understanding the above. I know because I used to be one of them.

## Why Market Timing Always Fails

Even professional money managers with teams of analysts and supercomputers can't consistently time the market. The market is influenced by countless unpredictable factors—geopolitical events, natural disasters, policy changes, and human psychology (think 9/11 and Covid). Trying to predict when to get in and out is like trying to predict the weather six months from now.

I learned this lesson expensively when I tried to wait "just a few hours" for the market to drop further before making my monthly investment. It rose instead, costing me an extra \$227. That expensive education taught me: the best time to invest is right now, consistently, every month.

## The "Lucky Timing" Myth

Some will say, "You just got lucky investing during a bull market." This misses the point entirely. Smart investors don't try to avoid bear markets—they use them to their advantage. During my investing years, I experienced both rising and falling markets. The falling markets were actually more exciting because I was loading up on discounted shares.

I remember telling my brother during one downturn, "I'm so excited the market's down again! I hope it drops more next month because I keep getting more shares for my dollar." He just looked at me like I was crazy, shook his head, and we'd both laugh. The thing is, when the market recovered, those "discounted" shares drove my portfolio growth impressively.

## **More Than Money: It's Never Too Late to Begin**

Just as I discovered that it's never too late to take control of your financial destiny, the life of Anna Mary Robertson Moses reminds me this truth extends beyond just money.

In the rolling hills of upstate New York, she lived a quiet life as a farmer's wife. But in her late 70s, when arthritis made sewing too painful, she picked up a paintbrush. Using house paint and scraps of wood, she began to capture scenes from her memories. A passing art collector saw her work, and soon, Grandma Moses was a national sensation, painting well into her 100s. She famously said, "I would never sit back in a rocking chair, waiting for someone to help me." And she didn't; she painted her way into history, one humble masterpiece at a time.

Like Grandma Moses, it's never too late for you to start creating your own masterpiece – your financial freedom. The journey begins with that first step, today.

Because I believe in keeping things simple, I've distilled the critical principles into a simple, 7-step formula you can use to start your own wealth-building journey.

## **The 7-Step Wealth Accelerator: How to Keep Doubling Your Portfolio Faster and Safer**

This 7-step Wealth Accelerator is a clear path to build lasting portfolio growth, expand your options, and achieve financial independence sooner. By applying these steps, you can **double your portfolio faster and safer than most traditional strategies ever achieve.**



**1. Debt Buster** - Pay off consumer debt as soon as possible including credit cards, car loans, and personal loans. Debt payments compete directly with investment growth and can derail your plan during emergencies. Every dollar of interest you avoid is an instant, risk-free return.

**2. Keep Growth Simple** - Focus on one or two low-cost, total-market index funds. They deliver broad diversification, lower risk, and strong long-term returns. Complexity kills performance—simplicity compounds it.

**3. Protection Fund** - Save 3–9 months of living expenses in a separate, safe account. This safety net keeps you from selling retirement investments when life throws a curveball—protecting both your progress and peace of mind.

**4. Buy & Hold** - Avoid the temptation to jump in and out of the market. Frequent trading, timing guesses, and emotional decisions can destroy years of gains. Keep your investments working, let compounding run, and don't let short-term swings dictate your moves.

**5. Wealth Engine** - Invest 15% of your income every month, no matter what the market is doing. Automate it if possible. Once your mortgage is paid off, look to increase this percentage. Consistency keeps your wealth engine running through all seasons, even when motivation fades.

**6. Celebrate Downturns** - When markets drop, you're buying at a discount, getting more shares for the same money. Every bear market quietly shortens your doubling time if you keep buying while others panic. Downturns aren't disasters; they're opportunities in disguise.

**7. Stay the Course** - Wealth building is a marathon, not a sprint. Ignore the noise, tune out predictions, and let time and compounding do their work. Patience and discipline are what turn good returns into life-changing results.

This isn't theory—this is the exact formula that took me from nearly broke at 63 to financially free at 69. Every step matters, and every step works.

When I added the following to my investment strategy I felt as close to bullet proof as one can get.

### 3D Investment Success

**Dimension 1: Gain Knowledge:** "An investment in knowledge pays the best interest." (Benjamin Franklin)

**Dimension 2: Simplify the Strategy:** Invest in one or two low-cost index funds to eliminate complexity and high fees.

**Dimension 3: Invest Consistently:** Keep your wealth engine running in all market conditions.

#### Your North Star

Your most important habit on your path to financial freedom is to save and invest consistently.

#### Your Next Step

Your journey to financial freedom begins right now. The first crucial step is to consistently invest as soon as you've eliminated all consumer debt. This disciplined approach, combined with the power of compounding, will allow your money to grow faster than you think, improving your financial future regardless of your age.

**"A person's employment can be a powerful muzzle on  
the voice of truth."**



## Chapter 7

# The \$250,000 Lie Detector

*With the "3 C's," uncover what saved me from losing \$250,000 that I didn't have to lose.*

The friendly fiduciary financial advisor's smile never wavered as she prepared to siphon off over \$250,000 from my retirement—legally, ethically, and with my grateful signature on the dotted line.

At 64, I was embarrassingly ignorant about smart investing—and terrified. My business was finally gaining traction, but the math was brutal: the clock was ticking, and I had precious little time left to build a retirement that wouldn't leave Mary and me choosing between medications and groceries.

The weight of being the provider pressed down on me like a physical force. What kind of husband spends 40 years earning good money but arrives at retirement's doorstep nearly broke? The shame of potentially becoming a financial burden to others gnawed at me constantly. The thought of ending up dependent on help from others or living in financial desperation felt like a complete failure of everything I'd worked for. At the age of 64, every financial decision felt magnified—one wrong move could seal our fate.

## The Three Predators Traps

This vulnerability led me into the first of three dangerous predator traps that could have destroyed our financial future. Understanding these traps—conflict of interest, conflict of information gap, and conflict of responsibility—can save you from financial disaster.

## **Conflict of Interest: My Near-Catastrophe with the danger of "Free" Advice**

Desperate for guidance—desperate for any path that wouldn't end in disaster—I got the name of a financial advisor from the website of a popular money guru, who promoted free access to a list of "vetted" advisors.

Mary and I walked into the advisor's office feeling a mixture of hope and vulnerability. The office was designed to inspire confidence—a mahogany desk, diplomas and certifications covering one wall, family photos strategically placed to show she was "one of us." When her assistant introduced us she greeted us with a warm smile and firm handshake, immediately putting us at ease.

As we settled into the comfortable leather chairs across from her desk, I felt the weight of our financial future resting on this conversation. She was friendly, seemed knowledgeable, and I signed up for her introductory flat-fee quarterly advice plan.

Then she leaned forward slightly, her voice taking on a tone as if she was letting us in on an inside secret as she explained this "Life Insurance Retirement Plan" (LIRP)—a comprehensive package: tax-free income, tax-free long-term care, life insurance, and retirement investment all rolled into one. Her confidence was infectious. Even her claim that some members of Congress were investing in it felt credible at that moment.

Then came the sentence that shattered my hopeful trance: "If you invest in this product, we'll waive our quarterly flat fee."

Her words hung in the air like a warning bell. My stomach dropped. Everything about her demeanor suddenly felt different—that warm smile now seemed calculated, her "helpful" suggestion felt like a sales pitch. The very air in that polished office seemed to shift.

That single sentence screamed, commission. I immediately thought, she must be making a massive commission on this product to just give up her advisory fee. My gut told me to dig deeper, and I'm so grateful I did.

## What My "Fiduciary" Advisor Didn't Tell Me

My research quickly uncovered crucial details the advisor never mentioned about LIRPs:

**Higher Costs:** LIRPs are permanent life insurance policies, inherently much more expensive than pure life insurance (like term life). On top of that, they come with significantly higher fees than traditional retirement plans. It felt like the worst of both worlds – costly insurance mixed with expensive investment fees.

**Lower Returns:** LIRPs operate on a fixed schedule for cash value growth, meaning returns are often modest. As a late starter, I needed robust, market-driven returns to catch up with inflation and build a sufficient retirement fund, and that is exactly what I told her. This product offered the opposite.

**Getting Trapped:** LIRPs demand large, consistent monthly or annual contributions. Unlike other investments, you can't easily stop or reduce payments; failure to pay can even cancel the policy. If our income unexpectedly dropped, a LIRP could have become a financial albatross.

**Reduced Death Benefit:** Withdrawing money or taking loans from a LIRP can reduce the death benefit. I had already told her I had sufficient life insurance; her dismissive reply, "but this is so much more than life insurance," now rang hollow.

It became painfully clear: my advisor's interest was to sell a product that maximized her income, not to maximize my retirement growth. Given our age and desperate need for prompt, smart growth, we were in no position for investment mistakes. Our interests were in direct conflict.

Now, I want to be clear: many financial advisors provide tremendous value to their clients and genuinely put clients first. This particular situation taught me the importance of asking better questions and making

more informed decisions, whether working with an advisor or going it alone.

I also learned a profound lesson about advice that appears “free.” While the guru offered “free” access to advisors, and the advisor offered “free” quarterly advice if I made a certain purchase, there was a hidden money trail. My advisor told me she paid expensive monthly fees to that guru to get on their “vetted” list of advisors and receive leads like me. And the guru? This list of advisors was mentioned a lot by the guru but I never heard any disclosure of them getting payments from these advisors for referrals. Maybe the extent of their vetting was “can you pay our fee”? When they say something is free, it's crucial to follow the money trail. Payments often expose whose interests are truly being served.

This painful near-miss taught me to spot financial predators who are silently trying to siphon my wealth. I now call these three advice traps that can destroy your wealth. The first is conflict of interest:

## **What is a Conflict of Interest?**

A Conflict of Interest occurs when an individual's personal gain or competing priorities could compromise their judgment or actions when advising you. It's when what's good for them (e.g., a high commission or monthly referral fees) clashes with what's genuinely best for you (e.g., strong return for your money).

What I have observed is this. It's hard to convince a person of a truth when their paycheck depends on them believing the lie.

## **The Fiduciary Label: A False Sense of Security?**

My former advisor's website proudly advertised she was a “fiduciary.” We're often told a fiduciary is “a person who is legally obligated to act in the best interests of their clients when managing their money.” While the intent of this legal standard is good, the reality requires deeper scrutiny.

There are good and bad people in every profession, and simply having a “fiduciary” title doesn't automatically protect you from conflicts

of interest. For example, some fiduciaries, not most, are compensated through commissions on the products they sell. This means while they may be legally bound to recommend suitable products, their compensation model can still incentivize them towards products that pay them more. If legally challenged, they still can argue they were good industry acceptable products (like LIRP). So, have fun fighting that in court.

When I hear “I’m a fiduciary,” I think “buyer beware”—titles don’t eliminate conflicts, they can just hide them better. That tells me I still need to do my own evidence based research and that keeps me much better protected. If they have no conflict of interest they should welcome and even encourage that educated approach.

This is why understanding how your advisor is compensated is critical.

## How to Decode Your Advisor's True Motivations

Most financial advisors are compensated in basic two ways:

1. **Commissions:** Advisors earn a commission when they sell certain financial products like mutual funds, insurance policies, or annuities. This means they get paid by the company offering the product, not directly by the client.

2. **Fees:** Advisors charge clients directly for their services. This can be:

- A percentage of assets under management (AUM), such as 1% of your investment portfolio per year
- An hourly rate
- A flat fee for specific services or planning

Some advisors use a combination of these methods, a hybrid, earning both fees from clients and commissions from product sales.

The takeaway is clear: you cannot rely on a title like “fiduciary” to protect you. You must do your own research, understand their compen-



sation model, and ensure their recommendations truly align with your best financial interest, not theirs.

**A person's employment can be a powerful muzzle on the voice of truth.**

But what happens when the advisor genuinely wants to help you, has no hidden financial incentives, yet still gives you advice that could cost you millions? That's where the second trap becomes even more insidious.

## **Conflict of Information Gap: When Good Intentions Aren't Enough**

If the first conflict is a wolf in sheep's clothing, this one is a well-meaning guide leading you down a dangerous path. This makes it harder to detect and potentially more devastating.

### **The Young Graduate's Awakening**

Eric was a 23-year-old recent college finance graduate who'd landed his dream job at Desert Iceberg Insurance Group DIIG as a junior account executive. After three weeks of whole life insurance training, he was thrilled about helping people with this "amazing product." Following company advice, he started by contacting people who already trusted him—fraternity brothers, high school friends, family members, even people from his old neighborhood. Many listened to his presentation and purchased policies. Eric seemed headed for success.

### **An Unexpected Question**

Then one day he contacted Don, a custodian at Eric's old high school. Eric had been quarterback on the football team, and Don was a big football fan who'd developed a great relationship with Eric throughout his high school years. Don happily agreed to meet for coffee after his Thursday shift.

After pleasant catching up about each other and the high school football team, Eric launched into his presentation on whole life insurance, explaining how it could provide great protection and investment for Don and his wife.

Don listened intently, answered all Eric's questions, then asked something unexpected:

"Eric, I'm curious—why did you choose to become a whole life insurance agent?"

Eric smiled. "Because I want to help protect people. When I was young, we had a family in our neighborhood whose father died of a sudden heart attack. It was devastating. Unfortunately, they had no life insurance. The single mother, who'd been a stay-at-home mom, had to work both a full-time and part-time job just to barely provide for her four young children."

"I also had grandparents who weren't financially prepared for retirement but could no longer work due to health reasons. I watched them struggle until they passed and wished I could have helped them. As a whole life insurance agent, I can help people avoid that pain."

## **Why Don Cared Enough to Help**

Don knew Eric was speaking from his heart. Eric had been the star quarterback, but recognition never went to his head. He'd sit with students eating alone at lunch, ask less popular girls to dance, and treated everyone—principal, teachers, cafeteria workers, custodians—with genuine respect. His courtesy wasn't determined by title or position.

This is why Don wanted to help Eric understand what he was really selling beyond the sales training from DIIG.

"Eric, have you ever compared buying whole life insurance to buying term insurance and investing the difference?"

Eric looked surprised. "No, that wasn't covered in training."

"Would you mind if I showed you?" Don asked politely.

"That would be great."

## The Numbers That Changed Everything

Don borrowed Eric's pen and paper.

Let's look at a 25-year-old wanting \$1 million coverage for 40 years. Don did a quick online search with his phone. A healthy male can get a 20-year term for \$29 monthly. What does your whole life policy cost?" Eric checked: "\$705 per month, guaranteed for life with \$500,000 cash value after 20 years." "So the difference is \$676 monthly (\$705 - \$29). That amount invested in an S&P 500 low-cost index fund with a realistic 10% return would grow to \$513,340 after 20 years.

For the second 20 years, term coverage for a 45-year-old costs \$84 monthly, so the difference becomes \$621. Keeping the first balance invested while adding the new difference would grow to \$4,233,361 after a total of 40 years.

## The Critical Difference

"Here's one big difference between the approaches," Don explained. "With whole life insurance, if you spend cash value and die without paying it back, that amount gets subtracted from the death benefit—beneficiaries get less and the insurance company keeps the difference.

"With term plus investing, if you spend investment money and die, beneficiaries still get the full \$1 million death benefit with no subtraction."

Don showed his summary:

## The Moment of Truth

Eric sat in silence, studying Don's paper.

Finally, he looked up. "This makes perfect sense. **One million** in "whole life" benefits compared to **over five million** in "term and invest the difference" benefits is too big a difference to ignore. I went into this to help people like my grandparents. But this other option is so much better that offering a whole life seems wrong."

Don nodded. "Eric, I know you're a good guy who'd never recommend an inferior product for a big commission. You just needed to see the other side of the story. Your company has a conflict of interest with policyholders. You had an innocent information gap."

Eric asked one final question: "Don, I have a college degree and graduated with honors, and you have a GED. How did you know this and I didn't?"

Don smiled. "I like to read on my own. Formal education is wonderful, but when you graduate, your education is just beginning."

Eric left that coffee shop with his worldview completely shifted—he'd walked in as a confident salesman and was walking out as someone who realized he had much more to learn.

Eric's story illustrates a trap that catches even well-intentioned professionals. Here's how to recognize it:

## **What is a Conflict of Information Gap?**

A Conflict of Information Gap occurs when advice is given based on incomplete, outdated, or biased information. This can happen when:

- Someone relies solely on training or information from a single source (like Eric's DIIG training), missing critical data or alternative solutions.
- The person giving advice, despite being sincere and credentialed, simply isn't aware of all the relevant, important, and up-to-date information needed to provide the absolute best guidance. It's like having a missing piece of the puzzle, and that missing piece can cost you millions.
- Decisions are made directly and exclusively from advertisements or sales pitches designed to get you to buy a specific product, rather than seeking out an unbiased understanding of all your options.

The first two conflicts involve other people's problems—their greed or their ignorance. But the third conflict is entirely on you, and it's the most dangerous of all because it involves giving up personal responsibility.

## **Conflict of Responsibility: The Most Dangerous Trap**

This third conflict represents the complete abdication of personal responsibility—and that can be absolutely devastating.

### **When "Trust Me" Becomes "Sue Me"**

Tony was an acquaintance of mine. He was an outgoing and well-liked member of his church congregation. He also had a fairly successful career as an investment advisor.

One day, Tony came across a unique and very attractive investment opportunity for a limited number of high networth investors. It offered guaranteed returns several points above the market rates. He privately approached a few of the affluent people in the congregation that he was friends with. They were very impressed with the guaranteed returns and Tony's strong endorsement of Jon, the individual representing the offer. They had all known Tony for years and liked and trusted him. Most of the people not only invested in the opportunity, some invested a significant portion of their portfolios.

Tony felt great about his product sales and all his happy investors. Then one day Tony receives shocking news. Jon fled the country with all their money, they were scammed. When Tony broke the news to all his investors they were stunned.

Then they became angry at Tony. "How could you let this happen...we trusted you...you lied, you said this was safe and guaranteed...my net worth is decimated...were you part of this scam...did you not do your due diligence...what kind of incompetent fool are you...you will hear from my attorney..."

I personally do not think Tony was part of the scam. I believe he was probably 99% salesperson and 1% professional investment advisor, which is not that uncommon. His due diligence may have consisted of reading the phony investment promotional materials and listening to Jon's sales pitch.

I believe one of the main reasons the investors lost all that money was due to a "conflict of responsibility" chain reaction.

## **The Three-Link Chain of Responsibility Failure**

**The first conflict of responsibility in the chain was** the individual investors thinking it was only Tony's responsibility to do due diligence on this investment. They may have thought, "It's not my job to do the research on this investment, that's what we have Tony for, it's his job not mine." That is a clear conflict of responsibility on the investors' part. Who truly cares more about not losing your money, you or Tony? Nobody cares more about your money than you do—nobody!

**The second conflict of responsibility in the chain was** Tony getting excited about a big commission check and just believing scammer Jon. Tony may have thought, "It's not my job to do the research on this investment, that's Jon's job to make sure his product does what he says it does." That is a clear conflict of responsibility on Tony's part. His clients were counting on him to look out for them and protect them. Doesn't his responsibility go beyond just selling?

**The third conflict of responsibility in the chain was** Jon's for not being ethical and honest. The thing is Jon didn't care about taking any responsibility he just wanted easy money any way he could get it, and he got lots of it. Tony's investors learned a painful truth: when everyone assumes someone else is responsible, no one actually is.

## **What is a Conflict of Responsibility?**

A Conflict of Responsibility is when both a seller and a buyer have a "Not my job" attitude when it comes to taking responsibility to do the research to see if the product or service is right for the buyer. When both parties have this outlook things can end up very bad. For instance, just as a celebrity endorser in a reverse mortgage commercial might say, "I'm just an actor, it's not my responsibility to ensure your financial decisions are good," the buyer also bears the responsibility to do their own due diligence.

Unfortunately, many perceived experts have either a conflict of interest, a conflict of information gap, or both. When customers harbor a conflict of responsibility, believing it's not their job to research critical investing or buying decisions, the consequences can be devastating. This lack of personal due diligence often harms not only them but also their families.

But here's an immediate challenge you'll face: what happens when someone with impressive credentials tells you that your cautious approach is wrong?

### **THE 3 C's OF CONFLICTS THAT CAN COST YOU A FORTUNE:**



**CONFLICT OF  
INTEREST**



**CONFLICT OF  
INFORMATION GAP**



**CONFLICT OF  
RESPONSIBILITY**

## **Protecting Yourself: When They Say You Are Wrong**

From time to time you will have "experts" or "helpers" or others tell you that your approach is either wrong or inferior. Sometimes what you are buying or doing is based on your research from credible sources. Before you do anything, I suggest you follow the money.

Are they recommending a product that they or their company or their affiliate sells? Are they getting paid fees to endorse or refer leads to what they are advising? (conflict of interest) Has most or all their training been done by people whose solution is using their product that they get paid to sell or use or recommend? (conflict of information gap) They are selling/recommending one small part of a bigger picture they are not responsible for but you are. (conflict of responsibility)

I'm not saying other people's opinions aren't worth hearing. I'm just saying some conflicts are obvious and some are very cleverly hidden, not easy to spot initially. I have found it's in my best interest to be aware of any conflicts before I make any decision I'm being encouraged to make.

That friendly fiduciary advisor who nearly cost me \$250,000? She probably went home that day genuinely believing she'd tried to help a nice couple secure their retirement. But her smile, her credentials, and even her legal obligations couldn't protect us from the conflicts working against our interests. What saved us wasn't luck—it was learning to ask the right questions and trust my gut when something felt wrong. The same tools that protected me can protect you.

Protect your wealth building with these defenses: research effectively, challenge biased advice respectfully, and take personal responsibility for financial decisions.

When evaluating any financial advisor or helper, use this checklist to spot potential conflicts:

## **An Advisor Vetting Checklist**

Before you use the services of any advisor or helper know the following:

1. Ask how they get paid (fee-only, not commission, are transparent). Follow the money.



2. A fiduciary is a good start but this is no guarantee you won't get the wrong advice, so buyer beware.
3. Request written disclosure of any conflicts or incentives. If they say there is none, get that in writing.
4. Check their credentials and background. Look for reputable certifications and regulatory registration. Check for any complaints or disciplinary actions.
5. Never invest or buy anything you don't understand well. Don't rush a decision, take all the time you need. If you are being rushed, even nicely, that's a red flag.

This is a good start in trying to spot obvious concerns before they cost you a fortune.

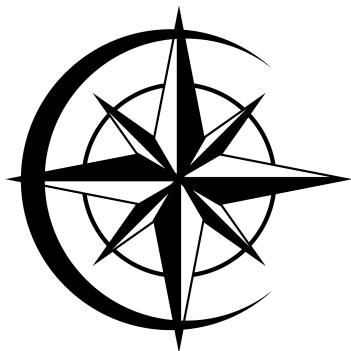
### **Your North Star**

Your financial freedom hinges on active vigilance. Research effectively, respectfully challenge biased advice, and take personal responsibility for financial decisions.

### **Your Next Steps**

Follow the money on any financial advice, how are they getting paid. Identify which conflicts if any may be involved before making decisions.

**"The problem with superstar active fund managers is they aren't vampires—they don't last forever."**



## Chapter 8

# End the Silent Wall Street Tax

*Invest like a pro and stop letting hidden fees steal your financial future.*

I still cringe thinking about my "tiny" retirement account from when I left my corporate job, especially when I discovered I had been clueless where much of my money was actually going. For years, I just trusted the system, barely glancing at the details. I was making a pathetic 5% return on my actively managed funds – a disappointment I initially blamed entirely on my own 'poor' choices.

But then, as I began to dig deeper, it was like I woke up from a nightmare: the fund management fees alone were 1.25% annually.

That 1.25% may not sound like much, but when I did the math, I realized something devastating: for every \$100 my family's future depended on, \$25 was vanishing into someone else's pocket. That wasn't just numbers on a statement—that was Mary's medical care, our dream of traveling together in retirement and supporting our favorite local charity. Twenty-five cents of every dollar that should have been securing our family's future was gone forever.

I knew I was terribly far behind with saving for retirement and needed to catch up fast but this was like the investment fund kicking me when I was already down because they could.

Just as I was thinking, "now that I have a better income, maybe I have a chance to get my head above water", I get pulled right back down. It felt like another painful obstacle in a series of challenges, from job struggles to failed business attempts, and now this demoralizing truth about my investments.

This shocking realization compelled me to dig deeper. Here is what I discovered.

## The Hidden Wealth Destroyer

This "silent helper" wasn't just siphoning from my small account—it preys on investments of all sizes. Every dollar you pay in fees directly chips away at your potential wealth, compounding year after year.

Imagine a tiny leak in your boat. At first, just a drip, barely noticeable. But over a decades-long voyage, that drip can jeopardize the entire vessel. Fees are those drips, slowly drowning your investment portfolio while you're looking the other way.

Let's expose the brutal math. Say your investments grow at 10% annually before costs. If you're paying 2.5% in total annual fees—common when combining advisor charges (1.25%) with fund expenses (1.25%)—you're not just losing 2.5%. You're losing a full quarter of your entire profit. Every single year.

The compound effect is dramatic. Over 40 years, these "small" fees can devour \$2 million from what would have been an \$8 million portfolio. That \$2 million is the exact amount that could have funded your child's wedding, your parents' care, and the family cabin you dreamed of passing down, with plenty left over to ensure your security in retirement. Instead, it went off in different directions to fund other people's luxury lifestyle.

These investment fees are **financial termites**—seemingly invisible when expressed as tiny percentages, devastating when they've been gnawing at your wealth for decades.

Have you ever noticed that advisors and funds always talk about fees in terms of percentages and never the actual dollar amount you will pay? There's a good reason for that.

## **And the damage of fees doesn't stop when the market goes down.**

In fact, it can be even worse because when the portfolio goes from \$8mil to \$7.5mil, yes there goes \$500,000, but that's not all. You are still charged the 2.5% in fees. 2.5% of \$7.5mil equals an additional loss to you of \$187,500. So instead of losing \$500,000 you actually lost \$687,500 that year.

There is some good news here. You really didn't lose the \$500,000 if you didn't sell your investments. But unfortunately you definitely lost the \$187,500 in fees no matter what you did.

But annual fees are just the beginning. The "silent helper" has other, more subtle ways of siphoning off your wealth, often driven by how certain advisors are compensated. You might notice some advisors (not all) suggest changing your investments regularly. Let's look at why.

## **Why Some Advisors Keep You Moving**

So why do some advisors frequently suggest changing investments, especially when they charge a percentage of your assets? It's often due to their compensation structure and the incentives it creates. They have a different goal than you: to justify their fee and/or to make more commissions from you.

Here are the key reasons and consequences you might see as a result of this kind of activity in your account:

**1. To Justify Their Fees:** If an advisor simply put your money into a couple low-cost, total market index funds and then never touched them, you might eventually ask, "What am I paying for?" To justify their annual fees (typically 1% or more of your total investments), some advisors feel pressure to demonstrate ongoing activity. This can lead to them buying

and selling assets, making your portfolio seem more complex and reinforcing their perceived value, even if those moves are actually counter-productive for you.

**2. Hidden Costs and Taxes:** Each time your advisor sells an investment, it can trigger capital gains taxes if that investment has grown in value. This is money that goes to the government, not to your growth, and it's an extra cost you wouldn't incur if you simply held onto your investments. Plus, every buy or sell order incurs transaction costs, sometimes called a "spread," which quietly eats into your returns.

**3. Commission Incentives:** Some advisors earn a commission every time they buy and sell you a financial product like a mutual fund or an annuity. The more buying and selling they do, or the more specific products they put you into, the more commissions they make. Naturally, these commissions come directly out of your pocket, further eroding your potential profits.

The bottom line: While rare, well-planned trades can be necessary, frequent trades will cost you significant money in fees, taxes, and commissions over time.

**After discovering all these hidden costs, I knew I had to find a better way.** Fortunately I was able to discover a more effective approach that had a total expense of only .03% not 2.5% saving me a fortune in fees and expenses.

**But what exactly is an index fund, and why are they so much cheaper?** An index fund is beautifully simple: instead of trying to pick winners and losers, it owns a tiny slice of hundreds or thousands of companies. If you buy an S&P 500 index fund, you're essentially buying a microscopic piece of Apple, Microsoft, Amazon, and 497 other major companies all at once.

## **The Smarter Way to Invest: Low-Cost Index Funds**

My discovery of low-cost index funds didn't happen overnight—it came from desperation. Once I understood the silent drain of high fees, I knew

I needed a different approach. That's when I discovered low-cost index funds, and they completely changed my financial trajectory.

## **The Big Lie About "Average" Market Returns**

Many "helpers" with conflicts of interest will say: "Don't settle for just average market returns. Actively managed funds are run by top experts whose job is to beat the market. Who wants to be average anyway?"

That sales pitch sounds compelling until you examine the evidence. However, here's a more accurate way to think about it: Remember the tortoise and the hare? The actively managed funds are like the flashy hare—they might sprint ahead for short periods, grabbing headlines and your attention. But index funds are the tortoise: steady, consistent, and focused on the long game. And just like in the fable, slow and steady wins the race when it comes to building wealth over decades.

## **The Facts About "Average"**

Most actively managed funds fail to outperform their benchmark indexes over long periods. While some active funds definitely beat the market in the shorter term, this is rarely consistent long term.

The numbers don't lie: Morningstar has decades of data showing the same thing. S&P's own research backs this up, showing that 95% of actively managed funds fail to beat simple index funds over 20 years. The longer the time period, the worse actively managed funds perform compared to their index.

**The bottom line:** The vast majority of active funds do not outperform index funds after fees, making low-cost index funds the more reliable choice for most investors.

Still skeptical? Here's what convinced me:

## **Top 10 Advantages of Choosing Low-Cost Index Funds:**

**1. Incredible Cost Savings:** A big win. Unlike actively managed funds that pay expensive managers to try and beat the market, index funds simply track a broad market index. This "passive" approach means drastically lower management fees. The average actively managed fund might charge you around 1.10% annually, but a low-cost index fund can be as little as 0.05% – that's 22 times cheaper! As legendary investor Jack Bogle, who founded Vanguard Group and championed these funds, famously put it, *"You get what you don't pay for."* Every penny you save on fees is a penny that stays in your pocket, compounding over time to build your wealth.

**2. Superior Long-Term Performance:** While it might seem counterintuitive, studies consistently show that over time, the vast majority of actively managed funds fail to beat the market index they're trying to outperform, especially after factoring in their higher fees. S&P's own research, covering two decades, found that after 15 years, almost no active managers consistently beat their benchmark. As the legendary Warren Buffett advises, *"By periodically investing in an index fund, for example, the know-nothing investor can actually outperform most investment professionals."*

Here's something even more telling: the tiny 1% of active funds that appear to beat index funds over 30 years is misleading. When you account for the many funds that failed and disappeared, that number drops to practically zero. This is known as survivorship bias.

Think about it this way: it's like judging a marathon by only counting the runners who finished, ignoring everyone who dropped out along the way. The investment industry does the same thing—failed funds simply vanish from the record books, making active fund performance look better than it really is.

**3. Lower Taxes:** Because index funds aren't actively buying and selling individual stocks, they generate fewer capital gains taxes for you each year. This means more of your investment growth stays in your account, working for you, instead of going to the government.

**4. No Sales Commissions:** Most index funds don't hit you with sales commissions, also known as "loads." This ensures all of your money



works for you from day one, instead of a portion being immediately diverted to a salesperson as commission.

**5. No Hidden Trading Costs:** Here's something most people never see: every time actively managed funds buy and sell stocks, there's a small cost built into each transaction—like a tiny toll charge called "buy spreads" (the difference between the buying and selling price of an asset). Index funds barely trade at all, so they avoid these nickel-and-dime costs that add up over time. More of your money stays invested instead of disappearing into transaction fees.

**6. No Fund Manager Turnover Risk:** Index funds are passively managed. This means you aren't dependent on a specific fund manager's success or whether they stay with the fund. The strategy is built into the fund's design, offering consistent reliability regardless of who is "managing" it. Active funds may have superstar managers for a time, but unless they're vampires, they don't last forever—and neither does their performance. When that manager leaves or retires, the next manager's results may be drastically different—turning yesterday's winner into tomorrow's loser, as history consistently demonstrates. This just adds to the already substantial risk of actively managed funds.

**7. Incredible Diversification:** Imagine putting all your eggs in one basket – what happens if that basket falls? Index funds, by investing in a wide array of companies, spread your eggs across potentially thousands of baskets. This makes them incredibly stable. If one company struggles, it barely dents your overall investment. No mainstream index fund has ever gone to zero because for that to happen, virtually every company in a major market index would have to go bankrupt simultaneously, which is an extremely unlikely scenario.

**8. Every Dollar Working for You:** Unlike most actively managed funds that keep a portion of your money sitting idle in cash, index funds generally keep virtually every dollar working for you, constantly invested in the market, maximizing your growth potential.

**9. Easy to Understand:** There's an old Wall Street saying: *"Don't invest in something you don't understand."* With index funds, the strategy

is transparent: they simply mirror a well-known market index. There are no complex strategies, black boxes or experts secret sauce.

**10. Expert Validation:** When you add up all these benefits – the low expenses, strong returns, built-in diversification, and simplicity – index funds seem almost too good to be true. That's exactly what I thought until I heard what some of the world's smartest investors had to say:

- **Peter Lynch**, who managed the world's best-performing "actively managed" mutual fund for years, stated, *"Most investors would be better off in an index fund."*
- **Benjamin Graham**, often called the "father of value investing" and Warren Buffett's mentor, believed, *"The single best choice for a lifelong holding is a total stock-market index fund."*
- **Bethany McLean** of Fortune says it this way, *"Building a portfolio around index funds isn't really settling for the average. It's just refusing to believe in magic."*
- **David Swensen** is most renowned for pioneering the "Yale Model" of endowment investing he advises, *"When you look at the results on an after-fee, after-tax basis over reasonably long periods of time, there's almost no chance that you end up beating the index fund."*

When you choose low-cost index funds, you're following the wisdom of countless successful investors who are some of the most credible and respected in the industry. These are ones without "conflicts of interest" in this area.

Given all this evidence and expert support, you might be wondering: if index funds are so clearly superior, why isn't everyone using them? The answer reveals something troubling about how financial advice actually works.

## Who Should You Trust with Your Investments?

Understanding these fees naturally leads to the crucial question: who should you trust with your investments, and what kind of help do you really need? The decision to use a financial advisor—or to go it alone—is deeply personal, but it's one you absolutely must be in charge of making.

Just like you wouldn't buy a car without understanding the different models and their features, you shouldn't choose financial guidance without knowing who you're dealing with and how they get paid.

The goal isn't to eliminate professional guidance—it's to become an educated consumer who can identify which type of advisor, if any, best serves your unique situation and goals.

Here are the main types of financial professionals and approaches:

## **1. Commissioned Salespeople:**

**How they're paid:** They earn a sales commission for each product they sell you (e.g., specific mutual funds, annuities, or insurance policies).

**The consideration:** This payment structure creates a tempting conflict of interest. They are incentivized to sell products that pay them the most, not necessarily the ones that are best for you. If someone says there's "no commission" but they are recommending a specific product, be extremely wary. They are getting paid somehow, even if it's hidden. These individuals may use titles like "consultant" or "advisor," but their primary role is often sales.

## **2. AUM (Assets Under Management) Advisors:**

**How they're paid:** They charge an annual percentage fee based on the total value of your investment portfolio (your "Assets Under Management"). A common fee is 1% or more.

**The consideration:** The larger your portfolio, the more dollars they take from you every year. Even if your portfolio loses money in a given year, they still collect their fee. They also often control your funds and make investment decisions for you. Some AUM advisors are fiduciaries—legally required to put your interests first.

**But here's the catch:** when they make more money by keeping you actively trading, that legal obligation doesn't eliminate the temptation to justify those fees through activity that might not help you. Like any profession there are competent ethical ones and incompetent unethical ones. Just make sure you have a good one and how nice they are does not tell you much.

### 3. Robo-Advisors (Automated Advisory Services):

**How they're paid:** These automated services dramatically reduce fees, often charging as low as 0.25% (25 basis points) of your assets. Everything is web-based and managed by algorithms.

**The benefit:** They offer a very low-cost way to get diversified, professionally managed portfolios, usually using low-cost index funds.

**The consideration:** Robo-advisors typically operate without a personal advisor, as all services are automated. Some platforms, however, use a "hybrid" model that offers both automated tools and the option to consult with a human advisor via phone or video chat. This can be a more affordable option for individuals who still desire human advice without the expense of a full-fee advisor.

### 4. Hourly or Flat-Fee Advisors:

**How they're paid:** They charge by the hour for their services, similar to an accountant or attorney, or a flat fee for a specific project (e.g., creating a financial plan).

**The benefit:** This model significantly lowers the chances of a conflict of interest because their payment isn't tied to selling specific products or the size of your portfolio. They are paid for their time and expertise, which generally aligns their advice more directly with your best interests.

**The consideration:** They commonly want to sell larger blocks of their time for comprehensive planning, as they can't make much money from just a single hour of advice. However, some do allow you to buy one-hour sessions, which can be great for specific questions and advice.

## 5. DIY (Do-It-Yourself) Investors:

**How they handle advice:** This approach means you take full responsibility for educating yourself and managing your own investments. There's a vast amount of "virtual advice" available at extremely low cost or free, from credible books, podcasts, blogs, videos, and articles.

**The consideration:** Just like with human advisors, some online sources will have a hidden conflict of interest in the advice they give (e.g., promoting products or services they benefit from). It's crucial to cross-reference what you learn from multiple independent, trusted sources. This route takes more work—you're essentially becoming your own financial expert. But the payoff is complete control over your money, with the potential of better returns and rock-bottom fees.

I chose the DIY approach and couldn't be happier with the results. For those who want or need personal advice from a human, I would prefer the hourly or flat-fee advisor. For those who want someone to manage the transactions and portfolio, I would consider either the lower-cost hybrid automated advisory service with human assistance or the full service advisor. But, of course, that choice is yours and depends on what works best for your individual situation.

## Here is my view on advisors:

Regarding the need for advisors most people fall into one of three groups:

**Group One** invests little to no money. An advisor can't help people with no money to invest. If they follow the one page wealth compass their situation can improve dramatically.

**Group Two** are do-it-yourself investors who do not use advisors. This is why I developed the one page wealth compass for myself and it helped grow my portfolio significantly.

**Group Three** wants or may need an advisor. Using a competent and ethical advisor is probably the right move for them but it's critical that they take an active role with their own money because nobody cares

more about their money than they do. Following the one page wealth compass could help them significantly in this critical role.

Now that you understand your options, here's why making the wrong choice can be so costly.

## **The Real Cost of Unchecked Fees: Haley's Million-Dollar Mistake**

Meet Haley, a 52-year-old single, divorced lead social worker. She's a diligent saver, and through years of smart choices with a low-cost approach, she'd built an impressive investment portfolio worth \$3 million. For years, her low cost national advisory firm with an advisor charged her a modest 0.30% (or 30 basis points) in annual fees.

However, Haley decided to move her portfolio to a new firm that promised a comprehensive suite of services, including trust and estate planning, and annual tax advice. This new firm charged a much higher annual fee: 1.50% (or 150 basis points) of her assets under management. She thought it would be easier to "keep everything in one place," believing the added convenience and services justified the higher cost.

But was it truly justified? Let's break down the real cost of that decision:

### **The summary of the fee consequences of her decision**

Here's the math that shocked me: Haley's old firm charged her 0.3% annually—that's \$9,000 a year on her \$3 million portfolio. Her new "full-service" firm? A whopping 1.5%—\$45,000 annually.

Now, let's say she actually needed that trust review and tax preparation they promised. A good estate attorney and CPA would charge about \$3,000 annually for someone in Haley's situation.

The difference she would save is \$33,000 per year for annual trust review and tax preparation and advice.

Haley is in good health so say she lived another 30 years from 52 to 82. Let's also say she stayed with her old firm and saved those extra

\$33,000 per year fees so they were not deducted from her portfolio. Let's also conservatively assume she has an annual return of 8% on her index funds (historically she actually did better than that).

She would have ended up with an “extra” \$4.6 million in her account. That's the devastating power of compound interest working in reverse—small fees compounding into massive wealth destruction over time. Think about what \$4.6 million means to a social worker: that's enough to endow scholarships for over a dozen students, leave a meaningful inheritance to her children, travel the world she'd only read about in books, and never worry about becoming a financial burden on her family. Instead, that money—enough to transform not just her life but the lives of those she loved—disappeared into advisor fees.

This is why expenses and basic arithmetic really matter and are seriously worth looking at. Over four million dollars worth of “helpers” is serious stuff!

Haley's story frustrates me because it didn't have to happen. She's not alone—millions of hardworking people like her are unknowingly sacrificing their family's security to fund an army of financial middlemen. Warren Buffett understood this tragedy so well he created a parable about a family whose generational wealth was slowly devoured by “helpers” who cared more about their own paychecks than preserving what families had worked lifetimes to build.

## **The Gotrocks Dynasty: A Tale of Golden Geese and Hungry Helpers**

Adapted from Warren Buffett's classic parable from his 2005 Berkshire Hathaway shareholder letter.

### **The Golden Age**

The Gotrocks family owned every corporation in America—thousands of golden geese that laid endless golden eggs. Year after year, their wealth grew naturally as they simply collected the eggs. Paradise.

### **The Arrival of the Helpers**

Then Harvey Helper arrived with his briefcase and silver smile. "Why settle for average returns?" he whispered. "I can help you beat the market—trade your slow geese for fast ones. Just a small fee."

The younger Gotrocks were mesmerized. Why own every golden goose when you could own just the best ones?

### **The Great Shuffling**

Harvey brought more Helpers—brokers, managers, consultants. They orchestrated an elaborate dance of buying and selling. Cousin Emma sold utilities to Uncle Bob. Uncle Bob traded manufacturing to Nephew Tim. The Helpers buzzed around like bees, collecting fees from every transaction.

But here's the curious thing: no matter how much shuffling occurred, the family still owned exactly the same golden geese. Only now, before they could collect their eggs, an army of Helpers stood in line with their hands out.

The family's share of golden eggs kept shrinking.

### **The Awakening**

Years later, the eldest Gotrocks climbed his tower and looked out over the bustling Helper village below. Lightning bolt realization: They had been feeding the vultures eating their feast.

The corporations were as profitable as ever. The golden geese laid just as many eggs. But every dollar paid to Helpers was a dollar that didn't reach the family vaults.

### **The Great Reckoning**

The patriarch called a family meeting: "We've been seduced by the illusion of complexity. We still own the same golden geese, yet we're collecting fewer eggs than ever. Every trade, every fee—it's just reshuffling cards while dealers take their cut."

The solution was simple: Send the Helpers away.

### **The Return to Paradise**

One by one, the Helpers departed. The village grew quiet. The constant buzzing ceased.



For the first time in years, the Gotrocks family sat in peaceful silence, watching their golden geese lay eggs without interference. No trades. No fees. No optimization.

The family's share of golden eggs returned to 100%.

### **The Moral**

The most profitable strategy is often the simplest one.

When you own everything, (like with a total market index fund) you don't need to beat anyone. The moment you start playing games of selection and timing, you invite Helpers to feast on your wealth.

The greatest wealth-building secret isn't a secret at all—it's the patience to let your golden geese lay their eggs in peace, without an army of Helpers taking their cut.

### **Your North Star**

High investment fees silently steal millions from your potential wealth over time, but choosing low-cost index funds keeps your money working for you and not for someone else.

### **Your Next Step**

Check the annual fees on ALL your investment accounts today—every dollar saved from the “helpers” compounds into your financial freedom.

**"Making money is different from building wealth."**



## Chapter 9

# The \$2.6 Million Mistake

*How Perfect Savers Can Still End Up Poor*

Martha's hands never stopped moving. Even at 70, they carried the calluses and strength of someone who'd spent four decades building a business from nothing. She and her sister Peggy had turned their small Ohio grocery store into the heartbeat of their rural community—a place where neighbors gathered, families shopped, and Martha raised three children as a single mother.

Everyone in town knew Martha's reputation: she could stretch a dollar until it screamed. While other families splurged on restaurant meals or expensive vacations, Martha clipped every coupon, shopped every sale, and saved every spare penny. "Waste not, want not," she'd tell her youngest son Tom, teaching him that a penny saved was truly a penny earned.

When her sister suggested they take a family vacation to celebrate their tenth year in business, Martha shook her head. "That's money we could save instead," she said, turning back to her ledger. For Martha, every dollar spent on pleasure was a dollar that couldn't work for their future.

When Martha and Peggy finally sold the store and retired in their mid 70s, the whole town buzzed with speculation. Forty years of successful business ownership, four decades of legendary frugality—surely Martha

had accumulated a fortune. Her friends whispered estimates: "Has to be over a million." "Probably two million, knowing Martha."

Tom's sisters were already planning how they'd use their inheritance. The family had watched Martha sacrifice for decades, living modestly while the store thrived. This was going to be their reward for her lifetime of discipline.

## **The Shocking Truth That Stunned a Town**

When she passed away at 78, Tom discovered something that surprised everyone. His mother left an estate worth just over \$300,000.

Not three million. Not even half a million. Three hundred thousand dollars.

Tom sat in stunned silence as the lawyer finished reading. His sisters exchanged bewildered glances. "There must be another account," one whispered. "Maybe a safety deposit box we don't know about." But there wasn't. Forty years of legendary frugality and business success had yielded what many families spend on a modest home.

How could this happen? How could someone so disciplined, so successful, so smart about every other aspect of money end up with so little to show for a lifetime of sacrifice?

Here's what makes Martha's story both heartbreaking and instructive: her financial tragedy was completely preventable. And the mistake she made is being repeated by millions of Americans right now, people who think they're doing everything right.

## **The Fatal Flaw in Martha's "Perfect" Plan**

Tom and my dad were lifelong friends. During a visit to California where Tom had retired, he explained his mother's situation and reasoning to my dad, and it made perfect sense—on the surface. "Mom was a child of the Depression," he said, his voice heavy with understanding and regret. "She was terrified of losing money. Every month, she took her savings and put them in government-guaranteed FDIC savings account

at a bank. She eventually had accounts at multiple banks so she'd never lose a penny, even if there was another depression."

Martha had done everything right according to conventional wisdom:

- Steady income - probably a little above the average household income
- Lived on much less than she earned - the cardinal rule of personal finance
- Had the advantage of time - about four decades of consistent savings
- Had zero debt - didn't believe in borrowing money
- She first saved a high percentage of her income every month and then spent what was left over - exactly what many financial experts recommend

There was just one problem: while Martha was protecting her money from market crashes, she was inadvertently destroying it through something even more insidious—**the silent wealth destroyer called inflation.**

## **The \$2.6 Million Tragedy**

Martha's bank savings accounts paid her about one half percent annually. Meanwhile, inflation was three percent; she was actually losing about two and a half percent of her purchasing power each year. It was almost as though she stuffed all her money in a mattress in terms of earning a return.

But here's the devastating part that still gives me chills: if Martha had simply invested that same money in basic low-cost investments similar to what we discuss in this book, getting the "average" market return, she could have retired a multi-millionaire. The difference between a little

more than \$300,000 and over \$2,900,000 portfolio represents a painfully expensive and generationally damaging financial mistake.

Think about what this means in practical, life-changing terms: Martha's \$300,000 generated roughly \$15,000 annually in safe withdrawals. But \$2,900,000 could have provided \$145,000 per year - **nearly ten times more income**. Instead of worrying about every expense in retirement, Martha could have lived comfortably, traveled to places she'd only read about in magazines, and left a substantial legacy to her children, grandchildren and favorite charities.

Martha worked extremely hard and sacrificed significantly to accumulate her savings. The tragedy wasn't her work ethic or discipline—it was that her money wasn't working for her. Based on historical returns and almost four decades of potential investing, her retirement fund could have realistically been 10 times larger. This growth would have happened without her working one extra hour in the grocery store or saving one extra penny from her paycheck. She could have had her money safely working for her while she slept.

Martha mastered five powerful financial principles. Unfortunately she missed the most critical principle that separates the wealthy from the broke: *"You cannot save your way to wealth—you must invest."*

## Why I Almost Repeated Martha's Tragic Mistake

I first heard Martha's story from my dad when I was in my 20's. At the time, it seemed like a sad but distant lesson about an older generation's fear of the stock market. But decades later, at 63, staring at my own pathetic retirement account balance, I felt a chill of recognition. I had been making a different version of Martha's mistake for most of my adult life. I was working hard for money, but my money wasn't working at all for me.

This isn't meant to point fingers at Martha, especially since I'm in no position to do so. For decades I didn't even save that well and I didn't seriously start trying to figure out investing until I was 64 years old when I was desperate and trying to divert a financial disaster. But you can learn

from both Martha's and my mistakes and take a much better financial path in life.

As I looked at those embarrassing numbers on my investment statement a familiar knot of panic hit my stomach. But this time, instead of freezing with fear, something clicked. I grabbed a pad and pen and started writing down every principle that had actually made common sense that I was learning in my late but important research.

Once I was able to find good information and eliminate the three investment conflicts; 1) conflict of interest, 2) conflict of information gap and 3) conflict of responsibility, our investment portfolio started on a serious and stable growth path.

I don't believe turning around a bad situation is always about making a lot of money, although if used correctly that can certainly help. I believe it's more about making the most with the money you make regardless of the amount. I now know I could have improved my situation even if I earned much less money than I made at my corporate job. I now know by following the right wealth compass my direction can dramatically improve on just about any level of income.

## **The Life-Changing Moment of Truth**

Here's when everything changed for me: I came to realize that I am the only one responsible for my financial future! No one cares about my financial success more than me. No expert! No professional! No fiduciary advisor! No well meaning advice given by a relative or friend! No one! I knew my deposit years were now dangerously short. I didn't have the time to keep making investment mistakes and taking wrong directions.

The breakthrough wasn't complex formulas or secret strategies. It was understanding three simple steps that any investor can follow—what I call "Season One: The Deposit Years."

When I finally started investing smart at 65, I was initially tempted by complex strategies, then I found a better way.

## The Three-Step Foundation That Changed Everything

### Step 1: Select the Right Brokerage Company - Your First Line of Defense

I only put my investments in major brokerage firms that hold my investments for FREE with major third-party custodians. Some names of the biggest brokerage firms are: Fidelity, Charles Schwab, Merrill Wealth Management, Vanguard, JPMorgan Chase to name a few. If your employer sponsors a retirement plan they will select a brokerage firm for that plan. In most cases they probably choose a major brokerage firm.

Why is this so important? For two reasons that could literally save your financial life:

**Protection from unnecessary fees:** No fees helps avoid unnecessary expenses. This can save significant money over time regardless of how insignificant the fees may first appear.

**Protection from fraud:** It keeps your portfolio safe. As we discussed in a previous chapter, Bernie Madoff admitted from jail that he could never have pulled off his \$18 billion scam if his investors had insisted he use a major third-party custodian. As a result I only invest with firms that hold my money with major custodians like those used by Fidelity, Schwab, Vanguard and many others.

I believe this much less discussed safeguard is critical to be aware of to prevent finding out one day, as others have, that your money is suddenly all gone.

### Step 2: Master the Investment Tax Triangle - Your Strategic Advantage

Here's something that confused me for years: figuring out how tax deferred, tax free, and taxable accounts work together. This three-pronged approach is what some call "The Investment Tax Triangle," and under-



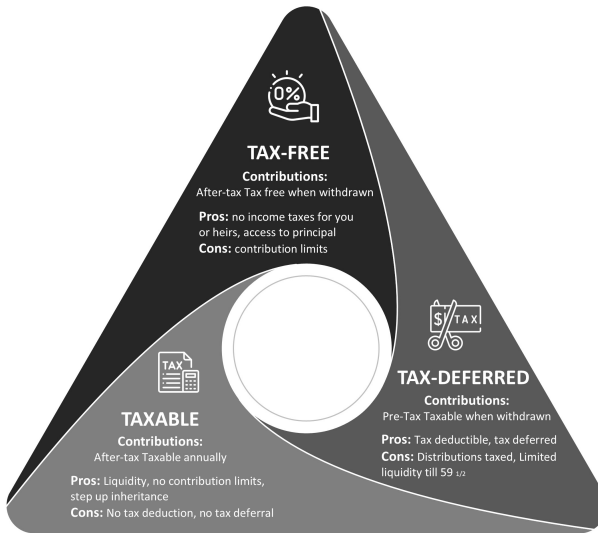
standing it is key to maximizing your investment strategy while minimizing your tax burden.

**Tax Deferred** - Traditional 401K and or IRA account contributions are tax deductible in the year you contribute and withdrawals are fully taxable. There are penalties for withdrawing money early. With an employer sponsored 401k many employers will match your contributions up to a certain percentage, which is like getting free money. There is a limit on how much you can contribute to these accounts each year. Government employees have a similar account called Thrift Savings Plan (TSP). Public school teachers and employees of nonprofit organizations have a similar account called 403b.

**Tax Free** - Roth 401k and or Roth IRA account contributions are made with after-tax dollars, but your earnings grow tax-free. When it has grown over possibly decades you get to withdraw all that money tax free. That could legally save you a fortune in taxes. With an employer sponsored Roth 401k many employers will match your contributions up to a certain percentage, which is like getting free money. There are limits on how much you can contribute each year. There are penalties for withdrawing money early. Roth accounts can apply to government employees too.

**Taxable** - Brokerage account contributions have no tax benefits and no limits on how much money you can invest. When it comes to withdrawals they may be taxable if you have gains. So when I max out my tax deferred and tax free accounts this is where I put my additional investment money.

# THE INVESTMENT TAX TRIANGLE



## Step 3: The Simple Investment That Beats Wall Street - The Ultimate Discovery

After studying countless options, I discovered something powerful: **the best investment strategy is often the simplest one.**

When I finally started investing smart at 65, I was initially tempted by complex strategies, then I found a better way. There are two major types of funds people invest in. They are called active funds and passive funds.

The main difference between actively managed funds and passive index funds is that active funds investment decisions are made by professional money managers, while index funds are passively managed and they invest by replicating a market index such as the S&P 500, Nasdaq Composite, or Russell 2000 to name a few.

In the last chapter we talked about how some of the world's wealthiest investors and most respected investment experts (without conflicts of interest) advise investing in low cost index funds. Now let's look at what some of the top financial publications say.

## The Evidence That Shattered Wall Street's Myth

The data couldn't be clearer about why I use low-cost index funds:

**Nasdaq.com** - *"S&P Global publishes its SPIVA (S&P Indices Versus Active) scorecards twice a year. The scorecard compares the performance of active mutual funds (after fees) to relevant S&P benchmark indexes over periods of one, three, five, 10, and 15 years. It found that 88% of active large-cap funds failed to beat the S&P 500 over the last 15 years as of the end of 2023. Even when you look at a shorter three-year period, about 80% failed to beat the benchmark."*

**The Motley Fool** - *"Anyone can outperform 92% of active fund managers over the long run... All you need to do is buy an S&P 500 index fund, such as the Vanguard S&P 500 ETF (VOO), and hold it forever."*

**The New York Times** - *"The S&P Dow Jones team looked at all the 2,132 broad, actively managed domestic stock mutual funds that had been operating for at least 12 months as of June 2018. The team selected the 25 percent of the funds with the best performance over the 12 months through June 2018. Then the analysts asked how many of those funds remained in the top quarter for the four succeeding 12-month periods through June 2022. The answer was none."*

**How do sophisticated hedge funds compare to simple low cost index funds?** Even hedge funds with the most sophisticated professionals can't beat simple index funds. From 1994 to 2023, the S&P 500 outperformed every major hedge fund strategy by over 2.8 percentage points annually.

Warren Buffett proved this with his famous 2007 bet. He wagered \$1 million that a simple S&P 500 index fund would beat hand-picked hedge funds over 10 years. The result? Buffett's index fund returned 125.8% while the hedge funds managed only 2.8% to 87.7%.

**Always choose no-load funds.** No-load funds have minimal fees, while load funds charge sales commissions plus annual management fees that reduce your returns. I only invest in no-load, low-cost index funds. **Here's why this matters:**

To me the evidence based data is crystal clear. Low cost index funds are the measurable winners over actively managed mutual funds in the long term. If any advisor, "helper", guru, financial expert or trusted celebrity tries to tell you that active funds are just as good or even better for you than index funds, that is a big red flag of caution. Look for the conflicts. This is a very similar conflict to someone trying to tell you whole life insurance is better for you than low cost term insurance.

Follow the money trail and question their information sources.

**Expert validation from an investment industry legend:** Charles R. Schwab founder of the Charles Schwab Corporation. He pioneered discount sales of equity securities starting in 1975. As of April 2024, his net worth is estimated by Forbes to be \$10.5 billion. *"The S&P is up 343.8 percent for 10 years. That is a four-bagger. The general equity funds are up 283 percent. So it's getting worse, the deterioration by professionals is getting worse. The public would be better off in an index fund."*

Now that you understand what to invest in, let me share the five key principles that have guided my own investing success and can work for anyone, regardless of age, formal education level, or income.

## 5 Investment Strategies to Remember

**1. Keep It Simple** - Invest in one or maybe two low-cost total market equity index ETFs or mutual funds. Maybe 90% S&P 500 or total US market and 10% in total international market. This maintains a high level of diversity for your safety. Avoid individual stocks, actively managed funds, and speculative investments. Stick with a buy-and-hold strategy and automate your deposits if you can. Simplicity wins.

**2. Minimize Fees** - Choose index funds with low expense ratios preferably under 0.10% (10 basis points) with no other fees. Small fees

compound into big losses over time, low costs are key to long-term growth.

**3. Use Tax-Advantaged Accounts** - Take advantage of either tax deferred accounts like 401k or IRA or tax free accounts like Roth IRAs and Roth 401(k)s whatever is available to you. For an extra bonus if you have an employer match in your 401(k) contribute enough to get your full employer match. It's free money and boosts your portfolio with zero risk.

**4. Stay the Course Consistently Invest** - Invest consistently, especially during market downturns, use dollar-cost averaging. This means you invest money at regular intervals, regardless of the asset's price, to average out your purchase cost over time, even during market swings. Markets go up and down, but your job is to keep buying during your deposit years and never try to time the market. Tune out the media's forecasts, theories and noise. Just stick to your plan.

**5. Protect Yourself from Losses** - Avoid panic selling equities when the market is down. Keep a Smart Protection Fund in a low cost index fund so you can be well protected and still participate in market growth. Beware of scams and emotional decisions, your worst enemy is often your emotions.

Now that you understand WHAT to invest in (low-cost index funds) and HOW to invest (the 5 keys), let's discuss WHERE to put these investments for maximum return and safety. This is something that confused me for years.

## Understanding the Two Seasons of Investment Life

There are two seasons in most people's investment life that will impact the investments they choose to put money into. This chapter focuses on your 'deposit years' - when you're working and adding money monthly. In Chapter 11, we'll cover your 'withdrawal years' - how to safely generate income from your portfolio in retirement.

## Season #1 - My Investment Strategy for the Deposit Years

Deposit years are the working years where I take a percentage of my income and invest it each month. These are the years I'm looking to maximize safe growth in highly diversified equities. I'll be honest, putting 100% in equity funds scared me at first. But then I realized something: during my working years, I'm not touching this money and I won't until I'm a few years away from retirement. Therefore when I invest in 100% equities, specifically low cost total market ETFs or mutual funds, market volatility is not an issue. I don't need those funds to live on and won't be touching them.

### Set It and Forget It Wealth: Building Your Automated Portfolio

The goal here is to build a **"Set It and Forget It"** portfolio—a fully automated, evergreen system that requires less than 20 minutes per month to manage and is designed to outperform the experts. In fact, I found that this **"doing nothing approach"** is the most profitable strategy of all.

The foundation of this low-effort, high-return approach is total automation. I suggest automating your monthly or every paycheck investment deposits so you don't even need to think about it. Once you've chosen your low-cost fund, setting up an automated transfer from your checking account to your brokerage account makes the entire process mechanical. This eliminates the two biggest enemies of wealth: emotion and procrastination.

I like to keep things real simple because all I really need is one investment fund, two at the most.

Here's what I personally do: I use a low cost Total U.S. Stock Market Fund. This single fund category gives you broad exposure to the U.S. economy, encompassing everything from large companies to small ones, plus international exposure through U.S. companies' foreign sales. You could also choose an S&P 500 Fund or a Total World Fund, but honestly, you only need ONE of these categories. Pick one and stick with it.

Each of these categories offers both Exchange Traded Funds (ETF) and mutual fund versions. I personally use ETFs because they can be slightly more tax-efficient and trade like stocks, but mutual funds work just as well for most investors.

## Understanding the Three Levels of Equity Investment Risk

The following are three levels of equity investment risk. Once I understood this it helped me a lot.

**Highest Equity Risk:** Individual stocks. Why? Because it's not diversified, if the company you own stock in runs into trouble or goes under you just lost your money.

**Middle Equity Risk:** Actively managed funds. Why? This is an improvement because a fund typically owns stock in many different companies' so it's more diversified. But fees and taxes are typically much higher eating into your returns. In the long term these have statistically lower returns than the next option.

**Lowest Equity Risk:** Inexpensive broad-market index funds. Why? This is best for most investors because it is safe and highly diversified.

## My Investment goal

My goal is to have my investments so incredibly boring and automatic that I forget they exist so I can focus on what's really important to me in life.

## The Bond Question: Why I Avoid Them During Deposit Years

Isn't it good to invest in bonds?

I think it's actually risky to own any bonds during most of my deposit years because that would be a drag on the growth of my investments.

That would create a smaller portfolio to live off of when I get to my withdrawal years. For safe and strong growth I keep 100% of my investments in low cost total market index funds, just during my deposit years. This is working out very well in terms of growing my portfolio safely. During your withdrawal years bonds play a critical role in your portfolio and we will discuss why that is and how to use them in chapter 11.

## **Why Buy and Hold Strategy is so Profitable**

This approach is much simpler, less stressful, and historically has yielded strong returns, especially in equities, as markets have historically risen over long periods. Additionally, holding assets for longer periods often results in lower tax rates on gains and lets investments grow uninterrupted, maximizing potential returns.

## **My #1 Investment Discovery:**

### **The Two-Deposit Strategy That Fast-Trackd My Success**

My journey to financial freedom required two different types of deposits:

**Financial deposits** - in my investment portfolio. I'm talking about my regular monthly deposits that were a percentage of my income in low-cost total market index funds. This simple and automated habit continuously compounded the growth of our portfolio in a safe and accelerated way.

**Knowledge deposits** - in my wealth compass. I'm not talking about formal schooling. I gained insights for my knowledge deposits from: my failures, good books, podcasts, blogs, observation of others and personal experience. Those deposits continuously compounded my wealth building skills. I chose to summarize them in a very simple way in my



"one-page wealth compass". This navigated me financially on a very direct path to financial freedom.

Too many experts, advisors and financial books just focus on the financial deposits in your portfolio using "their system" or "their advice". Because I really needed to grow my portfolio in a serious way I found it was extremely beneficial to make consistent deposits of knowledge to create an effective compass to navigate me through the inevitable storms, various conflicts and challenges that people face on their financial journey.

### **Without a financial compass it's just too common for too many smart people to innocently wander off course.**

- **They may panic in market downturns** making unwise twists and turns that lock in significant losses for them.
- **They get distracted by the latest shiny object** everyone is talking about. They change their investment course and actually move backwards on their financial journey.
- **They discover that the little known investment opportunity** they put their money in that almost sounded too good to be true, actually was. It was a scam.

I could go on and on about how good smart people, many much smarter than me, make seemingly innocent moves that turn their investment journey down a dead end or over a cliff or put them on the longest possible road to financial freedom due to major potholes and detours. Sometimes it's bad advice from a salesperson or advertisement or a "fiduciary" advisor or a trusted friend or relative. Without something like a powerful wealth compass to navigate "yourself" on the most direct path to financial freedom things can turn suddenly ugly and scary without any notice.

## **Why a Wealth Compass Goes Far Beyond The Traditional "Investment Policy Statement"**

An Investment Policy Statement (IPS) is a formal document used by financial advisors that focuses solely on portfolio management - outlining investment goals, risk tolerance, and asset allocation for your investments only.

A One-Page Wealth Compass is completely different. It's your comprehensive life roadmap that covers every aspect of building wealth:

- Career development - growing your income and skills
- Debt elimination - removing financial drains
- Emergency planning - protecting against setbacks
- Smart investing - building long-term wealth
- Major purchases - buying homes, cars and education wisely
- Life principles - avoiding costly financial mistakes

While an IPS manages your existing money, a One-Page Wealth Compass guides your entire financial life from wherever you are today to complete financial freedom. It's condensed into one page for quick reference, covering both the big-picture principles and specific action steps listed in a certain order to navigate you on the most direct path to financial freedom.

Think of an IPS as a manual for one tool in your toolbox, while the One-Page Wealth Compass is the blueprint for building your entire financial house.

## **Honor Martha's Memory - And Change Your Legacy**

During your first season of your financial life, your "deposit years", let Martha's experience serve as a powerful reminder: saving diligently is

commendable, but true wealth creation hinges on smart investing. Don't let fear or misinformation keep your hard-earned money from working for you. Embrace the simplicity and proven power of low-cost index funds, consistently contribute to tax-advantaged accounts, and diligently follow your wealth compass to avoid veering off track. Your "deposit years" are a finite and precious window, make every financial and knowledge deposit count, and you'll set yourself on the most direct and secure path to financial freedom.

A big paycheck is nice but it's definitely not the most important part of financial freedom. You will see what I mean in the next chapter.

I believe Martha would want her story told to help others avoid her mistake. Honor her memory by making sure your money works as diligently as you do.

*"Making money is easy, keeping it is hard." - Unknown*

### **Your North Star**

Building wealth requires two types of deposits: money into your portfolio and knowledge into your mind.

### **Your Next Step**

Once you are consumer debt-free and have a 3-12 month protection fund, start investing 15% of your income into a low-cost, diversified index fund, and watch your money truly begin to work for you.

**"Patient investors get rich, panicked investors get poor."**



## Chapter 10

# When Paychecks Stop Forever

*Will You Thrive or Try to Survive?*

Jim gave his broker the final go-ahead. At 59, with almost nothing saved for retirement, this was his last shot. The "guaranteed winner" his broker promised would either save his retirement or destroy it completely.

Two years later, Jim would face the devastating realization that his gamble had failed. The stocks that were supposed to secure his and Karen's future had evaporated, leaving them with almost nothing.

But here's what haunts me most about Jim's story: it didn't have to end this way.

Jim's tragedy isn't unique—it's predictable. Across America, millions are walking the same dangerous path. Which raises the question that should seriously concern every working person:

**What happens to your lifestyle when your regular paychecks suddenly stop forever?**

Let me tell you about two people I knew who were remarkably similar in many ways. Both achieved impressive financial success professionally, yet their retirements couldn't have been more different. Their stories reveal a critical truth about what really determines whether your golden years become a joy or a struggle.

**Jim, Karen and Broker Bob**

Jim was the picture of professional success—a manufacturing rep pulling in six figures, married to his beautiful second wife Karen, driving impressive luxury cars, enjoying amazing vacations, living in an ideal upscale neighborhood. The whole American Dream package.

But beneath the polished exterior lurked a ticking time bomb.

Although Jim dutifully paid child support and alimony from his first marriage, saving for his future consistently fell victim to procrastination. His company offered a retirement plan with a generous match—free money just sitting there—but that was always something he'd start "next year." His income was impressive, but expenses had a way of expanding to fill every available dollar. When neither of his children chose college, he dodged that financial bullet, but still managed to save almost nothing.

Turning 59 was his wake-up call. The math was brutal and undeniable: retirement was racing toward him like a freight train, and he was standing on the tracks with empty pockets.

Over lunch, Jim confessed his anxiety to a wealthy friend. "My broker specializes in high-income clients like you," the friend offered. "He's done well for me. Maybe he can help."

Enter "Broker Bob"—the picture of Wall Street success. Corner office with an elegant custom desk, Italian suits, and stories of past stock market triumphs that sounded like financial fairy tales. Jim, feeling time's crushing pressure, cautiously dipped his toes in the market waters.

### **The early wins were intoxicating.**

Jim was thrilled with his early wins. He doubled down, pouring his meager retirement savings into Bob's "amazing upside potential" picks. Year one felt like divine intervention—stocks soared, and Jim's euphoria soared with them. When his wealthy friend cautioned, "These are volatile stocks, Jim. I never invest more than I can afford to lose," Jim nodded but didn't listen. He was too far behind to play it safe.

Then came the harsh reality check.

The market turned, and Bob's "sure thing" tips went sour. Jim watched in horror as months of gains evaporated like morning mist. His financial world wasn't just declining—it was crumbling.

Finally, he pulled the plug and sold everything, salvaging only a fraction of his investment. With what little remained, he opened a guaranteed FDIC savings account, earning practically nothing.

He felt like a man in a race boat headed for Niagara Falls with no way to stop.

## **The Alternate Reality**

It's easy to judge Jim's choices from the safety of hindsight, but his situation highlights a dangerous trap: desperation often pushes us toward risky quick fixes. When you're behind, the temptation of fast gains can drown out common sense, leading you to chase "sure things" that are anything but sure.

But imagine if Jim had taken a different path, even starting at 59. What if he'd simply buckled down and started contributing to his company's 401(k)—especially enough to capture that free employer match? What if, instead of chasing risky individual stocks, he'd invested in something like a simple, low-cost index fund, spreading his risk across hundreds of companies?

Even starting dangerously late, those consistent, boring steps would have built a more solid foundation. He wouldn't have faced the devastating losses or crushing regret. It wouldn't have been a get-rich-quick scheme, it would have been a steady, reliable climb toward security.

His story didn't have to end the way it did.

## **The Downward Spiral**

A few years later, Jim reached his company's mandatory retirement age. The farewell was pleasant—a nice watch, a gracious luncheon, and empty wishes for a happy retirement. But the reality was harsh: never par-

ticipating in that company retirement plan with its strong match would haunt him for the rest of his days.

And he hadn't even begun to experience the worst pain yet.

Jim and Karen had done one thing right throughout their marriage—they'd avoided debt. They lived right at the edge of their high income, but never beyond it. Unfortunately, living debt-free but savings-free meant they entered retirement with almost nothing to show for decades of substantial earnings.

Retirement became a daily financial nightmare.

Their dream of leisurely golden years transformed into a desperate struggle for basic necessities. Seriously needed dental work for both of them? Out of reach. Overdue home repairs that threatened their safety and comfort? Impossible. The couple who once dined at nice restaurants now clipped every coupon and shopped every sale.

The psychological toll was crushing. Jim, once confident and successful, became withdrawn and defeated. The man who had provided well during his working years now felt like a failure as a husband.

One day, Jim made a heartbreaking confession to a relative: "I made a huge mistake trying to keep up with my wealthy friend. I wasn't impressing anybody—I was sabotaging my future for nothing."

The realization came too late. Paradoxically, his investment failures contrasted sharply with his high-earning professional success. He'd mastered his career and high income but failed at the one thing that would matter most in the end.

## **The Final Blow**

Jim passed away a decade into retirement, leaving Karen in an even more precarious position. While she continued to receive Social Security survivor benefits, she now only got one benefit not both reducing her income significantly, making their already tight budget even more impossible to manage.

Then came the devastating final blow: Jim had forgotten to update the beneficiary on his old life insurance policy—the one he'd taken out



decades earlier when married to his first wife. Despite paying premiums for years after his divorce and remarriage, his ex-wife received the entire payout. Money that should have eased Karen's desperate situation vanished into someone else's bank account.

Karen now faces a future in her senior years of greater financial stress than ever—the direct result of financial decisions made decades earlier.

## **The Real Tragedy**

Bob, the broker, wasn't a villain. He wasn't running a scam or deliberately trying to harm Jim. He was simply doing his job, earning his commissions, serving clients according to his training. His approach worked brilliantly over many years for Jim's wealthy friend, who could afford to lose the money he put at risk.

The real conflict in this story was Jim's fundamental failure to take personal responsibility for his retirement. He outsourced his financial future to others, hoping external solutions would magically solve problems created by decades of neglect.

The age-old lesson—*"If you fail to plan, you are planning to fail"*—became a painful reality that Jim carried to his grave.

But Jim's story doesn't have to be your story. There is another way.

## **Craig, Mary Jo and Family Abundance**

Craig possessed the kind of genuine warmth that could light up a room full of strangers. His easy smile and authentic charm made him a natural salesperson, but more importantly, they reflected his character. Selling insurance wasn't just his job—it was his way of connecting with people and protecting families, and he excelled at both the business and relationship sides.

His success was impressive, his income substantial. But Craig had learned something crucial that Jim never grasped: lifestyle inflation is a wealth killer. Instead of upgrading their lifestyle as their income grew, Craig and Mary Jo took a different path.

They lived not in a McMansion but in a comfortable, tree-lined neighborhood where children played safely in the streets and neighbors actually knew each other's names. Their charming ranch home, with its welcoming front porch and backyard perfect for family gatherings, was a testament to contentment over ostentation.

Mary Jo was the beating heart of their family. As a stay-at-home mother to their four children, her energy seemed boundless. She was their biggest cheerleader—always in the front row at soccer games, organizing school fundraisers, and providing that listening ear after tough days. Her presence made their house a true home.

Their vehicles reflected their values: Mary Jo drove a well-loved Chevrolet minivan whose interior told the story of family life through sippy cup stains and soccer cleat scuffs. Craig drove a practical Toyota Camry that got him to work reliably. Both cars were paid for in cash—a point of great pride and financial wisdom.

## **Adventures Over Affluence**

Summers meant family adventures. Craig had mastered the art of budget-friendly fun. One year brought a cross-country road trip complete with silly songs and quirky roadside attractions. Another featured camping under star-filled skies, with crackling campfires and smores providing the backdrop for stories and laughter that would last lifetimes.

These weren't just vacations—they were memory-making investments that cost a fraction of what fancy resorts would have charged.

When college time arrived, Craig's foresight shone. He'd started education funds early, but he'd also instilled something more valuable: responsibility. Each child worked summer jobs—flipping burgers, tutoring classmates, learning the satisfaction of earning their own money.

It was a family team effort: Craig covered the majority of costs while his children contributed their earnings and maintained good grades. The result? All four children graduated from quality state universities completely debt-free—an impressive achievement in today's world of crushing student loans.

## **Building for the Future**

While Jim was procrastinating about retirement planning, Craig and Mary Jo were quietly building their future. They maxed out Craig's 401(k) contributions every year, funded their IRAs religiously, and had a system for Craig's annual sales bonuses: half went straight into their brokerage investment account, no questions asked.

Craig enjoyed weekend golf with friends—not just for the sport, but for the fellowship. He'd often hear stock tips on the course, and while he enjoyed the intellectual challenge of researching individual companies, he kept strict limits. His "speculative fund" never exceeded half of one percent of their total portfolio. It was pure entertainment, not retirement planning.

The bulk of their wealth grew through boring, consistent investing in diversified funds. No get-rich-quick schemes. No betting the farm on hot tips. Just steady, disciplined wealth building that compounded year after year.

## **The Transition to Freedom**

When Craig turned 64, they made a bold move that demonstrated their financial strength. They built their dream home—a spacious Craftsman-style house with room for their growing extended family. They paid cash, having saved systematically for years.

Rather than sell their original paid off home, they kept it as a rental property, creating an additional income stream. Craig also made a crucial portfolio adjustment, shifting from their younger years' aggressive growth strategy to a more conservative allocation that would provide stability during retirement.

Craig was financially able to retire in his mid 50's but chose not to retire until 68—not because he had to, but because he loved his work. Their retirement was everything they'd dreamed: annual cruises to fascinating destinations, family vacations where they treated everyone, and

generous contributions to each grandchild's college fund shortly after birth.

This wasn't a life of extreme luxury, but something better: comfortable abundance filled with contentment, security, and the deep joy that comes from sharing it all with people you love.

## **The Tale of Two Retirements**

Both Jim and Craig were successful professionals. Both avoided debt and earned substantial incomes. Both even shared an interest in stock market speculation. Yet their retirements stood worlds apart.

Jim panicked about starting late and bet everything on high-risk speculation, hoping to make up for lost time quickly. He procrastinated about retirement planning until desperation drove poor decisions and sought external solutions from a broker, hoping someone else could fix his problems.

Craig started early and built wealth through consistent, disciplined investing, treating speculation as small budget entertainment rather than strategy. He made retirement planning a priority from the beginning, giving compound growth decades to work its magic, and took personal responsibility by educating himself and making informed decisions.

Though they lived only 100 miles apart, their retirements existed in different universes. Craig's story demonstrates the profound rewards of smart planning and methodical execution. Jim's story serves as a cautionary tale about the devastating costs of panic-driven decisions.

The financial path you choose today determines the retirement you'll experience tomorrow.

But how exactly do you build a portfolio that reliably generates income once the paychecks stop? How do you ensure your story follows Craig's path rather than Jim's? That's precisely what we'll explore in the next chapter—giving you the tools to retire with confidence instead of fear.

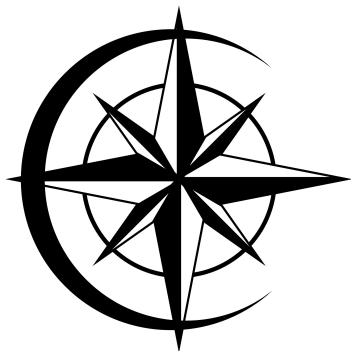
### **Your North Star**

Disciplined investors who start early and invest consistently become wealthy over decades, while desperate investors who start late and chase quick fixes typically experience devastating losses.

### **Your Next Step**

Don't let procrastination turn you into the next Jim. Start your wealth-building journey now with consistent, boring investments rather than waiting until things get intensely stressful.

**"Your portfolio has two missions: build it, then live off it."**



## Chapter 11

# The Evergreen Portfolio

*How to Build Wealth Faster—and Turn It Into Safe Income for Life*

### The Fear That's Worse Than Death!

Sixty-four percent of Americans say they're more afraid of running out of money in retirement than they are of dying. (Kiplinger)

Think about that for a moment. Most fear financial ruin more than death itself.

Unfortunately, many people should be terrified. Nearly 80% of households with older adults are either already financially struggling or teetering on the edge of economic disaster. (NCOA) These aren't people who never tried to save—many played by the rules for decades, only to discover too late they were playing by the wrong set of rules.

The real tragedy? Most of these financial disasters could have been prevented with a simple shift in strategy—one that not only protects you in retirement but actually helps you build wealth faster during your working years.

### **This Chapter Contains the Specific Blueprint I Used to Build Financial Freedom**

Many books give you theory. This chapter gives you the exact steps—the same portfolio strategy that took me from unemployed and nearly broke

at 63 to financially free at 69. Whether you're 25 and dreaming of early retirement or 55 wondering if you'll ever stop working, this blueprint adapts to your timeline.

Here's what Wall Street will never admit: the retirement industry makes more money when you have less money. They've built a trillion-dollar business on keeping you confused. Their greatest trick? Convincing you that losing 30% or more of your retirement to fees that “seem” insignificant is “professional management.”

But there's a completely different approach—one that protects you from both market crashes and fee erosion.

## The Two-Phase Financial Freedom System

Getting this portfolio strategy wrong could cost you decades of security. But get it right, and you unlock something powerful: your Evergreen Portfolio has two operating modes, but it's the same fundamental engine.

**Phase 1 - Wealth Acceleration Mode (Your Deposit Years):** You're like a carpenter building a house—focusing on laying a strong foundation and adding structure as quickly and safely as possible. Every dollar you invest correctly can multiply dramatically over time.

**Phase 2 - Income Generation Mode (Your Withdrawal Years):** You're like a smart driver with a clear destination—prioritizing safety while making sure to arrive on time. This is when you've achieved financial freedom and want to live off your wealth safely for the rest of your life.

Here's the secret: the underlying portfolio structure is very similar in both phases. Only the allocation proportions change as you approach your target retirement and beyond.

Understanding both phases right now will accelerate your wealth building by avoiding costly mistakes, give you confidence because you can see exactly where it leads, and eliminate the fear that keeps people playing it too safe or taking too much risk.



Let's look at three critical "how-to's" that will transform your wealth building:

1. How to Prepare for Your Financial Freedom Transition (Whether That's at 35 or 65)
2. How to Build Your "Evergreen Portfolio"
3. How to Know When You Have Enough to Make Work Optional

## **How to Prepare for Your Financial Freedom Transition**

Whatever age you're planning to achieve financial freedom , the preparation process is the same as you approach this critical shift.

**The Strategic Shift:** Begin moving a specific portion of your 100% equity investments to safer, more stable fixed investments 3 to 5 years before you plan to achieve financial freedom. By starting years early, if the stock market drops, you have time to make adjustments before you need to rely on your portfolio for income.

How to Do It:

Say 4 years before you retire, start selling a portion of your equity index funds ideally at market highs and buy fixed investments like low-cost ETF treasury bonds

In tax-deferred accounts (401(k)s and IRAs), this has no immediate tax impact

In regular brokerage accounts, selling stocks can create taxes—spreading these sales over several years can minimize or eliminate them

## **But Won't Bonds Slow Down My Wealth Building?**

This is the question many ambitious investors ask. Here's the counterintuitive truth: having some fixed investments often accelerates your overall wealth building, especially as you approach your financial freedom target.

Here's why this matters: People who say "no bonds ever" ignore the critical importance of reducing risk during your retirement withdrawal years. The #1 reason to have less volatile fixed investments as part of your portfolio is safety during the years when most or all your income comes from your investment portfolio.

However, if you have guaranteed income sources like Social Security, pensions, or debt-free rental income sufficient to cover all your annual expenses, that's different. In that case, a 100% equity portfolio in retirement could work since you wouldn't need to draw income from it for living expenses.

But that's not most people. The vast majority of people face three critical risks with 100% equities in retirement:

## Three Risks of No Bonds in Retirement

**Risk #1 - Losses in a Down Market:** If the stock market drops while you're retired and all your money is in equities, you'd be forced to sell at a loss just to pay living expenses. Having treasury bonds provides a safe source of cash during downturns, protecting you from locking in stock losses at the worst possible time.

Market slumps can last years or even a decade. During the "lost decade" from 1999-2009, the S&P 500 averaged negative -2.72% annually return, with major declines in 2000 (-9.10%), 2001 (-11.85%), 2002 (-21.97%), and 2008 (-36.94%).

But bonds often move opposite to stocks. In 2008, when stocks lost -36.94%, long-term treasury funds gained 28%, medium-maturity government bonds gained about 5%, and short-term government funds returned approximately 4.7%. Having bonds lets you sell them for cash for needed living expenses without losses while avoiding selling equities during bear markets.

Think of bonds as your portfolio's defense. When stocks plummet 20-50%, those low-yielding bonds become your star players, providing cash for living expenses while your stocks have time to recover.

**Risk #2 - Losing Out in the Recovery:** When you sell stocks during a downturn, you must sell more shares to get the same cash. When the market recovers, you're left with fewer shares, so your portfolio doesn't bounce back as strongly. Without safer fixed investments to tap, you take a loss when markets drop, then miss out again when it rises. It's like chopping down an apple tree right before it starts producing fruit.

**Risk #3 - Peace of Mind in Retirement:** Bear markets create stress, especially when you're counting on your portfolio for income. But if you have stable fixed investments covering your expenses for 7+ years, you can ride out storms calmly. With 100% equities, a long downturn could force you to sell at significant losses, making retirement far more stressful. That's not my idea of a peaceful retirement.

Cash earning 1% might seem poor, but it's actually insurance against costly mistakes during market downturns. Having cash means you won't sell stocks at deep losses, and avoiding one panic sale can boost your lifetime returns significantly.

While stocks are ideal for long-term growth, having lower-risk investments in retirement provides a critical safety net.

## How to Build Your "Evergreen Portfolio"

Here's the decision that determines whether your money lasts 20 years or 60+: Your Evergreen Portfolio is like driving a hybrid car that you can switch between high-performance mode and efficiency mode at precisely the moment you need it most.

Whether you want financial freedom in 15 years or 5 years, your Evergreen Portfolio has the same basic components. Only the proportions change based on how close you are to your target.

Before we dive into specifics, let me address those thinking, "I have a substantial portfolio—I need something more sophisticated."

Warren Buffett, worth well over \$100 billion, disagrees. In his 2013 letter to Berkshire Hathaway shareholders, he outlined his investment plan for his wife's inheritance—a simple "two-fund" approach:

- 90% in a low-cost S&P 500 index fund

- 10% in short-term government bonds

If this level of simplicity works for one of the world's wealthiest investors, it can work for you too. Sophistication doesn't equal better returns—it often equals higher fees and more complexity with long term lower outcomes.

Now, here's how to build your own version:

## **Step 1: Calculate Your "Financial Freedom Number"**

This is the same calculation whether you're 30 or 60:

Determine your desired annual income to cover both needs and wants in today's dollars

Subtract any guaranteed income sources (Social Security, pensions, rental income)

The remainder is your "Net Annual Expenses" (NAE)—what your portfolio must generate

Multiply NAE by 25 to get your estimated Financial Freedom Number. We use 25 in this example because the popular 4% Rule's historical data shows this gives you a high probability your money will last 30+ years. In most cases this conservative approach is shown to last well beyond 30 years.

Example for a 30-year-old targeting freedom by 45:

Desired annual income: \$80,000

Guaranteed income: \$0 (too young for Social Security)

NAE: \$80,000

Financial Freedom Number:  $\$80,000 \times 25 = \$2,000,000$

Example for a 50-year-old targeting traditional retirement:

Desired annual income: \$70,000

Social Security estimate: \$25,000

NAE: \$45,000

Financial Freedom Number:  $\$45,000 \times 25 = \$1,125,000$

## **Step 2: Build Your Growth Engine (Equity Portion)**

Now that you know your target, here's how to build your portfolio to reach it:

**For Wealth Builders (5+ years from retirement):**

100% in low-cost, broad-market equity index funds

Focus on maximum growth with dollar-cost averaging

This aggressive yet safe long-term approach maximizes compound growth during your working years

**For Those Approaching Financial Freedom (3-5 years from target):**

Estimate 7+ years of expenses (NAE) and start rebalancing your portfolio to reach that level of fixed investments before you retire.

This provides ongoing growth while beginning to reduce volatility

**For Evergreen Income (living off portfolio):**

Keep your desired level of low-cost equity index funds (about 67%+)

Have 7+ years of your annual expenses (NAE) in bonds or bond ETFs

This balance provides good growth potential with income stability

### **Step 3: Your Safety Buffer (Fixed Income Portion)**

One of the safest and simplest ways to own bonds is with a short-term, low-cost treasury ETF, like Schwab Short-Term US Treasury ETF (SCHO) or Vanguard Short-Term Treasury ETF (VGSH). Remember: the shorter the bond term, the less price volatility. Treasury bonds are already the safest investments, so one low-cost treasury ETFs provides all the safety and simplicity you need.

### **Step 4: Define Your Equity Portion (Long-Term Growth Engine)**

After funding your fixed portion and Smart Protection Fund, the remainder of your portfolio should be allocated to low-cost, broad-market equity index funds. A common approach is:

- **80% or 90% in a U.S. total market or S&P 500 index fund**

- **10% or 20% in a total international market fund**

For long-term growth potential, aim to keep **at least 67% of your overall portfolio in equities**, which creates roughly a 2:1 ratio of equities to fixed investments. Anything above 67% is designed to accelerate portfolio growth.

For more conservative investors, somewhere between **50% and 67% equities** may feel more comfortable. Your equity allocation should be evidence-based, considering your:

- Time horizon
- Portfolio size
- Annual expenses
- Ability to sleep through market volatility

**Example:** If your total portfolio is \$1,000,000 and you've allocated \$300,000 to fixed investments, the remaining \$700,000 (70%) goes to equities. This works because it's above the 67% guideline, providing growth potential while maintaining stability.

## **Fine-Tuning Your Evergreen Allocation: The Safety-Growth Dial**

Instead of using a generic percentage, I recommend building your allocation based on your actual lifestyle and desired security needs. To do this, I use a tool I call **The Safety-Growth Dial (Personalizing Your Portfolio Ratio)**. Think of it this way: once you "dial in" the specific dollar amount you need for security, the rest of your portfolio is automatically "plugged in" to your growth engine.

**Use this three-step process to set your dial:**

**1. Identify your Net Annual Expenses (NAE):** Calculate your total retirement spending and subtract guaranteed income (Social Security/Pensions).

*Example:* If you need \$100,000 and have \$35,000 in Social Security, your **NAE is \$65,000**.

**2. Choose your "Safety Buffer" years:** Decide how many years of fixed investments (bonds/cash) you want to have to weather a major market crash. I prefer 7+ years.

*Example:* For 10 years of security, you need **\$650,000** in fixed investments ( $\$65,000 \times 10$ ).

**3. The "Equity Remainder":** Everything else goes into your growth engine (equities).

How the Safety-Growth Dial Shifts as Your Wealth Grows

As your wealth increases, your "Safety" needs don't necessarily grow, but your "Growth" potential does. Notice in the chart below how the Safety Floor remains a rock-solid \$650,000, while the Growth Engine expands to capture more market upside:

### How the math changes as your wealth grows:

**A \$1.5M Portfolio** would have \$650,000 in safety and \$850,000 in equities. This creates a **57/43 ratio**—it's conservative, but very safe.

**A \$2.0M Portfolio** would have the same \$650,000 in safety and \$1.35M in equities. This hits the **67/33 ratio**, which is the 2:1 "Sweet Spot" of the Evergreen Portfolio.

**A \$3.2M Portfolio** holds that same \$650,000 safety buffer with \$2.55M in equities. Now you are at an **80/20 ratio**, offering high growth alongside strong protection.

**A \$6.5M Portfolio** keeps the \$650,000 safety floor but puts \$5.85M to work in equities. This results in a **90/10 ratio**, providing maximum growth while still maintaining that decade-long safety net.

**The Golden Rule:** I never want to see a portfolio drop below 50% equities. Without at least 50% (and ideally 67%+), you lose the compound-

ing power necessary to outpace inflation and maintain your purchasing power for a 30-year or longer retirement.

# The Safety-Growth Dial

(Personalizing Your Portfolio Ratio)

| Total Portfolio | Fixed (Safety Dial) | Equities (Growth Plug-in) | Resulting Ratio                 |
|-----------------|---------------------|---------------------------|---------------------------------|
| \$1.5M          | \$650,000           | \$850,000                 | 57/43<br>(Conservative/Safe)    |
| \$2.0M          | \$650,000           | \$1,350,000               | 67/33<br>(The 2:1 Sweet Spot)   |
| \$3.2M          | \$650,000           | \$2,550,000               | 80/20<br>(High Growth + Safety) |
| \$6.5M          | \$650,000           | \$5,850,000               | 90/10<br>(Max Growth + Safety)  |

**Step 5: Define Your Cash Fund (Short-term Protection)**

Your cash should be in FDIC high-interest savings accounts, T-bills, no-penalty CDs, or money markets. During working years, cash is your 3% protection fund plus your regular checking account for current living expenses and all of your pre-funds which we will discuss soon. During retirement years, holding one year of living expenses (NAE) in cash is a smart move.

Now that you have your personal Evergreen ratio—whether it’s 67/33 or 90/10—and your cash buffer in place, the next crucial question is: **How do you actually draw the check?** How do you live off this wealth once you’ve built it?

**Step 6: Select a Sound Retirement Withdrawal Strategy**



The decision of how to live off your portfolio safely is vital. Some say your portfolio allocation is your most important investment choice; I'd argue your withdrawal strategy is equally critical. Even the most mathematically perfect portfolio can be derailed if you take the money out in the wrong way.

There isn't a one-size-fits-all answer here. The right strategy depends on your goals, personality, and financial situation. Some people value predictability above all; others want flexibility and are comfortable with market swings. What follows are several time-tested withdrawal approaches. My goal isn't to prescribe a single "best" method but to help you understand the trade-offs so you can choose what fits you best.

**Let's look at three very popular approaches—and there are many others.**

**The 4% Rule:** Simple and Predictable - Bill Bengen's widely known rule suggests withdrawing 4% of your initial retirement portfolio value in the first year, then adjusting that specific dollar amount each year for inflation. Historically, this offers a high probability your money will last 30+ years. He has recently updated his recommendation to 4.7% to 5% safe withdrawal rate.

Example:

Year 1 = \$1,000,000 portfolio  $\times$  4% = \$40,000 withdrawal

Year 2 = (2.5% inflation): \$40,000  $\times$  1.025 = \$41,000 withdrawal

Year 3 = (3% inflation): \$41,000  $\times$  1.03 = \$42,230 withdrawal

**Best for:** Retirees who prefer simplicity and stable income but can accept potentially underspending during strong markets.

### **Dynamic Withdrawal Strategies: Flexible and Resilient**

These strategies adjust your spending based on market performance, increasing withdrawals in good times and decreasing them during downturns. Here are two different dynamic withdrawal strategies:

**Guyton-Klinger “Guardrails”:** Start with a chosen withdrawal rate (e.g., 5%) and adjust that dollar amount each year for inflation, as in the 4% rule. If the portfolio’s value drops below a specified lower guardrail, reduce the withdrawal by 10% and skip that year’s inflation adjustment. If the portfolio rises above an upper guardrail, increase the withdrawal by 10%. When there are about 15 years of life expectancy remaining, stop making downward adjustments, so late-life spending isn’t reduced.

**The Spend Safely in Retirement Strategy (SSiRS)** focuses on delaying Social Security until age 70 to maximize inflation-adjusted lifetime income. For investment withdrawals, it typically utilizes Required Minimum Distributions (RMDs), which naturally increase over time as you age.

**Best for:** Retirees willing to be flexible with annual spending, prioritizing portfolio longevity.

**The Bucket Strategy** segments assets into three buckets: **Bucket 1** holds 1-3 years of expenses in cash or very safe, liquid assets; **Bucket 2** holds 3-10 years of expenses in bonds or conservative investments; and **Bucket 3** holds the remainder in stocks for long-term growth. Spending is drawn first from Bucket 1, which is periodically refilled from Bucket 2, and Bucket 2 is replenished from Bucket 3 during favorable market conditions.

**Best for:** Retirees seeking psychological comfort and structured volatility management who don't mind more complex management.

Each withdrawal strategy—whether it’s the classic 4% Rule, a flexible dynamic approach, or a structured bucket system—has unique strengths. The key is matching the method to you: your risk comfort, your lifestyle goals, and the way you emotionally handle market volatility.

What matters most isn’t picking the “perfect” strategy—it’s choosing one you’ll stick with through every market cycle. The consistency of your behavior will matter far more than the elegance of any model.

## **What is the Sequence of Returns Risk?**

It's the danger that poor investment returns early in retirement, combined with withdrawals, can significantly deplete your savings, increasing your risk of running out of money. It's a much more accurate examination of success probability than simply looking at long-term averages.

You have several proven options, but here's my advice: choose one strategy and follow it consistently.

I suggest choosing whatever is your SWAN strategy. By **SWAN** I mean whatever enables you to **Sleep Well At Night**.

## **Step 7: Rebalance Annually for Increased Safety**

Annual rebalancing means adjusting your investment portfolio back to its target allocation once a year (e.g., 67% stocks, 33% bonds).

Here's why this matters: Over time, market movements cause your portfolio to drift from your target allocation. If stocks have a great year, your stock percentage might increase, making your portfolio riskier than intended. Rebalancing brings your portfolio back in line with your desired risk level and long-term goals.

### **Why annual rebalancing works:**

- **Simplicity and Discipline:** An annual schedule is easy to remember and encourages disciplined action
- **Cost-Effective:** Less frequent trading means lower transaction costs and less time managing
- **Tax Efficiency:** For taxable accounts, annual rebalancing can be more tax-efficient
- **Sufficient Adjustment:** Annual review corrects significant drifts while avoiding emotional reactions to short-term volatility

## **Risk Considerations**

**If you have over 5 working years ahead**, a portfolio of 100% total market equity index funds makes sense because you won't need your portfolio for current income. No rebalancing is necessary during this phase, and market volatility won't impact your lifestyle since you're not withdrawing funds.

**If you have 5 working years or less ahead**, begin your transition to retirement allocation sometime around 3-5 years before you retire. Start rebalancing your portfolio to include both equity and fixed investments for greater safety as you approach retirement. This gives you time to adjust if markets drop before you need to rely on your portfolio for income.

Making sure your investments are diversified is critical. Owning a portfolio of just company stocks is extremely high risk. If company stock drops to zero like Enron, GM's bankruptcy, or Lehman Brothers' bankruptcy, you could lose both your portfolio and your job—a double financial disaster hitting simultaneously.

Understanding these risks brings us to the ultimate question every investor faces: when do you have enough to make the transition from building wealth to living off it?

## **How to Know When You Have Enough to Retire**

This is the moment every wealth builder dreams of—when you can transition from having to work to choosing to work or not work. The age this happens depends on your strategy, income, and timeline. Here are the four indicators that tell you you've won the game:

### **For Any Age, Any Timeline:**

#### **1. Your Portfolio Withdrawal Amount = Net Annual Expenses**

This means your chosen withdrawal amount (say 4% of portfolio) plus any other guaranteed income covers all your desired annual expenses

#### **2. Your Portfolio Allocation Protects You in Any Market You**

have roughly 7+ years of expenses in fixed investments for protection during market downturns (specific number depends on your risk tolerance)

3. **Your Portfolio is Designed for Growth** Ideally 67%+ of your overall portfolio remains in low-cost, broad-based equity index funds for long-term growth—twice as much equity growth potential as in conservative fixed protection, promoting ongoing safe portfolio growth. This isn't a hard rule—60% equity will probably work fine. But 67% increases the probability of long-term growth to create perpetual income.
4. **You're Debt-Free** You are completely debt-free, including your mortgage. This provides more than just a financial advantage—it also gives you wonderful peace of mind.

### Examples for Any Age:

**Ann, Age 32, Targeting Financial Freedom by 45:** After watching her parents struggle financially in retirement, Ann, a high end interior designer, is determined to achieve financial freedom early. With her current portfolio at \$500,000 and a target of \$2,000,000, she's on track to have choices her parents never had—including freedom to transition from full-time interior design to part-time teaching art to kids. Since Ann plans to use 5% withdrawal strategy, she only needs \$1,600,000 to get \$80,000 annually instead of the full \$2,000,000 the 4% rule would require.

**Parker, Age 42, Targeting Financial Freedom by 55:** After two decades climbing the corporate ladder as an engineering manager, Parker wants to be financially free by 55 so he can start his own consulting firm without pressure of needing clients to pay bills (FIGNA goal). With his current portfolio at \$1,000,000 and a target of \$2,200,000, he's positioned well. The game-changer came when he and his wife made their final mortgage payment. Instead of sending \$2,850 monthly to the bank,

they're redirecting that entire amount into investments. "It's like getting a huge raise," Parker told his brother, "except this raise is going directly toward buying our financial freedom. " His consulting dream won't be driven by desperation for income, but by passion for the work.

**Linda, Age 58, Traditional Retirement Planning:** As a single mom and high school teacher nearing the end of a rewarding 35-year career, Linda represents the power of steady, disciplined investing over decades. She started contributing to her 403(b) in her mid-twenties and never stopped, even during tight periods when three kids were in college. With her modest home nearly paid off and current portfolio at \$1,400,000, she needs just \$300,000 more to reach her \$1,700,000 target. "I used to worry I wasn't making enough or saving enough," Linda reflects, "but now that I clearly understand my retirement number it has shown me staying consistent through market ups and downs made all the difference." At 65, she'll have the choice to retire with dignity or continue teaching because she loves it, not because she has to.

When you reach all four benchmarks, that's your signal. You've built an Evergreen Portfolio that can support you for life, whether you choose to retire completely, work part-time, or pursue passion projects without financial pressure (FIGNA).

Understanding these withdrawal strategies intellectually is one thing—but what happens when real market stress tests your resolve?

## **Withdrawal Years and the Panic Call**

### **End the cycle of buying high and selling low.**

The market's plunge was sudden and deep, rattling even seasoned investors. By Saturday, the financial news was a relentless drumbeat of red numbers and anxious commentary. I saw Ted, a neighbor of mine, at the local hardware store. He was a skilled senior investment advisor at a major firm who'd seen the brunt of the panic.

"Rough week for the market, huh?" I asked, as we met in the garden center.

Ted sighed, a weary smile tugging at his mouth. "You wouldn't believe the calls. One guy, in particular, kept ringing non-stop. By the time I could get to him, he was practically hyperventilating."

Ted mimicked the man's frantic voice: "Everything's crashing! I'm losing a fortune!"

"He was retired, glued to the business news, naturally," Ted said, rolling his eyes slightly. "First mistake right there. He was convinced he'd made a catastrophic error, that he'd put far too much into equities. His fear was intense. He was ready to liquidate most of his equities."

I could picture the scene: a comfortable living room, market updates flashing across the computer monitor, and a man's face frozen with terror. Ted, however, was a master of calm. He listened, really listened, letting the panic wash over him before gently steering the conversation.

"I reminded him," Ted continued, "selling during a downturn is like canceling a vacation just because the flight was bumpy. You miss out on the whole reason you started the journey—the destination. By liquidating your equities now, it just locks in the loss. History shows the market always recovers, then go on to reach new highs."

He then explained to the man, in clear, simple terms, the importance of diversification. "We'd built him a portfolio with a solid portion of guaranteed treasury bonds. That was his safety net, his buffer against the market's wild swings. Once he understood that, he started to breathe again."

Ted paused, putting citrus tree fertilizer in his cart. "It's amazing how easily fear can override logic, even with someone who's built a multimillion-dollar fortune. He was a brilliant architect, a man who planned and designed impressive buildings throughout his career. But the market? That was a different beast."

As I left the hardware store, I thought about the man's panic. It wasn't just about the money—it was about control, or the fear of losing it. It was a harsh reminder that even the smartest among us can be swayed by emotion, especially when it comes to financial storms.

Ted's story wasn't just about a single client. It was a lesson for anyone facing the turbulent waters of investing during their withdrawal years. It's not about eliminating the waves, but navigating the ship with a well-diversified portfolio. The storms always pass, and if we stay the course and don't bail out, we arrive safely at our desired destination.

This client has a great advisor, yet he's panicking—and it demonstrates he is the type of investor who really needs an advisor to stop him from doing something rash. Not everyone's personality is meant for DIY investing. His panic, however, shows the danger of not having a simple wealth compass to navigate with.

My compass establishes the course for my portfolio. It gives me calm direction when others panic. It ensures I don't run out of money during my withdrawal years.

## **"If You've Won the Game, Stop Playing"**

Dr. William Bernstein said it best: "If you've won the game, stop playing." This means reducing risk after achieving financial freedom. Therefore, in your withdrawal years, having a portion of safer bonds in your portfolio is critical protection.

Market recovery takes longer than most people realize because it's not just about rebounding—it's about reaching new highs. This is why I recommend 7+ years of fixed investments for protection.

The beauty of the Evergreen Portfolio is that it works whether you're 25 or 65, whether you want financial freedom in 10 years or 30. The principles remain the same—only the timeline and allocation proportions change. Most importantly, you now have the specific course direction to build wealth that lasts, regardless of what the markets throw at you.

### **Your North Star**

Your portfolio strategy needs to be effective and simple for both your deposit years and your withdrawal years to give you strong protection and peace of mind. Master it now, regardless of your age.



### **Your Next Step**

Calculate your Financial Freedom Number. If you're in the wealth-building phase, focus on adding to your simple 1-2 equity investments. If you're within 5 years of your retirement target, begin planning your transition to include fixed investments. The key is understanding that this isn't just about "someday"—it's about building wealth smarter and faster today.

**"The most expensive advice often comes disguised as  
FREE."**



## Chapter 12

# Three Questions That Expose Financial Scams

*How I Stopped a Sales Pitch in Its Tracks*

Americans lost \$5.7 billion to investment scams in 2024—a staggering 24% increase from 2023 and more than any other type of fraud, according to the Federal Trade Commission. Despite these massive losses, surveys show the majority of investors believe they can spot financial scams. Yet 79% of those who encounter investment fraud still lose money, with the average victim losing over \$9,000.

But there's a simple way to protect yourself, as I proved when three questions stopped a sophisticated sales pitch in its tracks.

A while back I picked up a book on private equity investing. The book contained several good investment principles and mentioned a private equity investment company available to everyday investors. Out of curiosity I reached out to them. The representative on the other end of the line was sharp, articulate, and genuinely engaging. As he walked me through their investment program, I listened carefully. When he finished, I asked him three questions:

**The Three Questions That Expose Bad Deals**

1) **Who is the independent custodian holding these investments?** He said some company I never heard of and when I mentioned that to him he said it was more of a boutique company. That was **red flag #1**. This was all I really needed to know to realize I wanted nothing to do with this investment. No custodial or some unknown “boutique custodial” is a non-starter for me. Remember the infamous Bernie Madoff investment scam? When Bernie was later interviewed in jail he admitted that he could have never gotten away with his scam if he had an independent custodial holding and accounting for his clients (his victims) investments.

A custodian is a separate regulated company that holds and protects your investments. If your brokerage firm goes bankrupt, the custodian keeps your money safe. Without a credible custodian, you risk losing everything.

For example, brokerage companies like Vanguard, Fidelity, Schwab and e-trade have credible custodians.

Why am I skeptical of small boutique custodians I’ve never heard of? I don’t want one that a sophisticated thief (like Bernie) opened up just to give the false appearance of independence and safety.

Curious, I asked the other two questions I would have posed if he had passed my first investment question.

2) **What are the expenses of the investment?** He said with pride their expenses were only 3.25% and they wanted to keep them that low. That is extremely expensive. The main index fund that I invest in has an expense ratio of only .03%. Guess who pays those extra expenses, the investor because they lower their returns. **Red flag #2**

3) **What is the investment's track record?** He was excited to tell me how good they did last month. Last month is meaningless to me. So I asked him what was their one year and ten year return. He said they just started the fund a few months ago. So no long term track record. **Red flag #3**

I politely told him the investment wasn’t a good fit for me and concluded our conversation. I would never invest in anything without getting a satisfactory answer to all three of those questions.

**The cost of ignorance** - Before I had my wealth compass, I struggled with multiple financial planners and got frustrated with their confusing answers. Having these three questions gave me clarity and confidence I'd never had before.

These three questions saved me from a costly mistake by embodying Warren Buffett's most famous investing rule.

Warren's Wisdom: ***Never Lose Money***

Warren Buffett is widely considered the richest investor in the world and is primarily known for his leadership of Berkshire Hathaway.

**His two famous rules for investing are:**

#1 Never lose money, and

#2 Never forget rule number one.

His phenomenal success in investing is the stuff of legends.

Let's expose the subtle and dangerous ways people commonly lose money, and how to avoid these typical pitfalls. Many people are unaware of the bad products and considerable financial risks they are exposing themselves to.

Understanding these traps is only half the battle. The other half is mastering the psychology that makes people vulnerable to them in the first place.

Here's your defense system against these psychological vulnerabilities - what I call the G.I.F.T. that protects your wealth:

## **The Psychology of Smart Investing**

### **The G.I.F.T to Protect Your Wealth**

The enemies of wealth protection are greed, fear, and ignorance. Here's your defense against each:

**Greed defense:** If it sounds too good to be true, it is

- Red flag: "Guaranteed" returns well above market
- Red flag: Pressure to "act now" or "you snooze you lose" type pressure lines
- Ask yourself: "Why would they share such a great 'secret' with me?"

**Ignorance defense:** Understand fully before acting

- Never invest in anything you can't explain to a fifth grader
- Always ask the three questions: Who holds it? What are the fees? What's the track record?
- If you don't understand the risks, you're not ready to invest in it

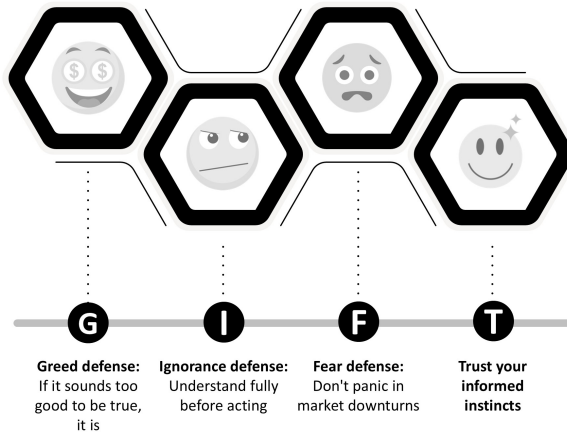
**Fear defense: Don't panic in market downturns**

- Remember: Every market crash in history has been followed by recovery attaining new heights. Downturns are buying opportunities, not selling opportunities
- Don't make rash decisions by FOMO (fear of missing out)
- Your fixed portfolio allocation portion prevents forced selling during downturns

**Trust your informed instincts**

- If something feels "off" about an investment or advisor, investigate further before proceeding
- When multiple red flags appear together, walk away regardless of potential returns
- Your gut reaction combined with research is often more reliable than high-pressure sales tactics

## The G.I.F.T to Avoid Financial Disaster



### Four Financial Traps to Avoid

For me, I like to understand upfront what to avoid. Companies have impressive marketing and highly trained sales professionals pitching their products everywhere. If you don't know what to avoid, it's too easy to get roped into something that could lose you a lot of your hard-earned money.

#### 1. Reverse Mortgages

Mortgage scams have surged by 407% since 2022, with victims losing an average of \$16,829 per incident, according to the National Mortgage Professional. These scams increasingly exploit digital tools and phishing methods, making reverse mortgage scams part of an expanding and sophisticated fraud landscape targeting older homeowners.

Reverse mortgage companies flood television with commercials featuring smiling seniors praising their reverse mortgages. These ads often feature well-known senior actors to build trust. What they never show you are the many tragic stories like Joey's.

### **The Dream Becomes a Nightmare**

Joey, 77, had callused hands that told the story of decades in construction work. Every morning, he'd sit on his front porch with coffee, staring at his cracked driveway and dreaming of the day he could afford to pave it. After a lifetime of labor, he finally owned his little house outright—his greatest achievement and sanctuary.

When the reverse mortgage salesman knocked that Tuesday afternoon, Joey saw his chance. The presentation sounded wonderful: use your home's equity to improve your life, no monthly payments, stay in your house forever. Joey could already picture himself planting the sago palm he'd always wanted and building that carport.

But Joey couldn't read. He'd dropped out of school in fourth grade to help support his family. His girlfriend Beverly, struggling with diabetes and poor vision, couldn't help decipher the complex documents. They trusted the nice man in the suit who explained everything so clearly.

### **The Cruel Twist**

The improvements went beautifully. Joey planted his sago palm and built his carport. For months, life felt perfect.

Then the original mortgage company sold his loan. The new company claimed Joey had "abandoned" his home—a complete lie. He and Beverly were there every day, hosting neighborhood cookouts just as they had for years. When legal notices arrived, neither could understand the official language.

One day, returning from a doctor's appointment, Joey found his worst nightmare: his entire life scattered across his front yard like



garbage. Furniture, family photos, everything he'd worked for—dumped on the lawn while neighbors watched in shock.

Despite neighbors confirming he'd never left, despite consistent utility bills, despite being elderly and vulnerable, a judge declared his home belonged to the mortgage company. Joey and Beverly were evicted from the house he thought he owned free and clear.

### **The Devastating Reality**

Today, Joey and Beverly live in a cramped room with her brother, most of their belongings lost. The stress has overwhelmed Joey completely—he told a reporter he wishes he wasn't here anymore. He lost his home, his dreams, and his sense of security because a corporation saw him as nothing more than a case number.

The sage palm he planted with such pride? It's still growing in the yard of the home that was supposed to be his forever.

### **Why This Matters to Everyone**

Here's the terrifying truth: even a college-educated person who reads every word could fall victim to variations of this trap. Most people don't read all the fine print, and reverse mortgage companies know it. Is dealing with potential foreclosure, complex terms, and predatory practices really how anyone wants to spend their golden years?

While reverse mortgages might make sense for 1% of seniors—perhaps a retired contract attorney who reads every clause and understands all options—for 99% of seniors, I say buyer beware.

### **Key problems with reverse mortgages:**

- High fees: More costly than traditional loans
- Equity loss: Reduces home equity over time
- Interest growth: Loan balance increases quickly

- Foreclosure risk: Must pay taxes, insurance, and upkeep or face eviction
- Complex terms: Designed to be confusing
- Limited flexibility: Difficult to change if circumstances shift
- Scam magnet: Attracts predators targeting vulnerable seniors

I personally would never get a reverse mortgage. My guess? Those smiling celebrity endorsers on TV will never get one either. There are much safer, less expensive options available.

## **2. Annuities**

My wife and I get regular invitations to attend investment presentations. It's always held at a very nice high-end restaurant to entice people with money to come. We must be on a list. We have accepted a few of these invitations over the years.

We were attracted to attend them for three reasons. 1) We got a great free dinner at an upscale restaurant we wanted to try. 2) It was fun meeting people that attended, many of whom we had similar interests with. 3) I enjoyed analyzing their well-crafted sales pitch.

One thing I noticed is how they addressed all the common objections people have. Take their "fees" for example. They repeated several times that there were no fees plus you got free insurance with it. Really? Perhaps in their contract (they didn't show their contract at the presentation) they took out the term "fees" but instead maybe used terms like rates or dues but "no fees."

Or maybe out of the kindness of their hearts they just wanted to give us a nice free dinner, free insurance and annuities with no fees? Perhaps it's just their way of giving back to high net worth people in their community.

I think we have been to maybe three over the years from probably well over 50 invitations. The ones we attended all boiled down to their trying to sell people skillfully presented, very expensive annuities.

For some people in some situations maybe an annuity makes sense to them. There are also many different types of annuities with pages of fine print that complicate the situation. I do not own any annuities. Just beware of the following potential problems if you are considering any type of annuity. Always remember, if it sounds too good to be true it probably is.

Annuities often carry high fees ranging from 2% to 4% per year, including commissions, contract fees, mortality expenses, surrender charges, rider fees, and more. These fees significantly erode potential returns, making it difficult for annuity holders to grow their money effectively.

- **High Fees:** Despite claims of "no fees," costs are hidden in the structure
- **Low Liquidity:** Early withdrawals face expensive penalties
- **Complexity:** Contracts can be hard to understand by design, a lot of fine print
- **Lower Returns:** Poor gains after they take their cut
- **Inflation Risk:** Fixed payments lose value over time due to inflation
- **Insurer Risk:** Payments depend on the company's financial stability
- **Inflexibility:** Payout terms are locked in, limiting your options

The free dinner was nice, but those annuity fees would have made it the most expensive meal of my life.

### **3. Lending Money to Anyone**

Nearly 40% of people who co-sign loans end up paying some or all of the debt themselves when the primary borrower defaults, according to Forbes. Even worse, over 26% of co-signers report that the experience damaged their relationship with the person they tried to help.

Never loan, guarantee, or co-sign for friends, relatives, acquaintances, strangers, or anybody with a pulse. Breaking this rule is a fast way to be on the hook for money someone else spent and seriously damage any relationship you had with them.

### **The truth about giving loans, guarantees and co-signing:**

Jackson was a good hard-working laborer who always took providing for his family seriously. In his senior years as a widower, his unemployed daughter and grandchildren moved in with him. Jackson had modest means and owned a small humble home but had a very big heart.

When his grandson asked for a business loan, Jackson couldn't say no. When another grandchild needed a car loan cosigner, the answer was yes. With a household of unemployed and underemployed adults and only one steady income, money drained fast. After a second mortgage and a drained retirement fund, Jackson had almost nothing left.

That didn't stop one grandchild who wanted a "loan" for a used motorcycle. Even though Jackson was close to losing his home, the grandchild talked him into a title loan on his old truck. Soon after, he lost both his home and truck. In his mid-70s, he had to move in with his self-sufficient adult daughter.

Jackson died seven years later. Did any of those "loans" help? They just perpetuated financially unhealthy lifestyles and damaged everyone involved. Instead of helping them become self-sufficient, the loans enabled their dependency and made the situation worse for everyone. I attended Jackson's funeral and didn't notice most of those relatives who were always looking for handouts.

### **A much better, healthier way:**

My dad showed me three principles for giving that bless rather than curse:

**Principle #1 - Use teamwork:** When I was young my dad found out that our parish priest needed a car. Dad organized 21 other businessmen

to each contribute a relatively modest amount, enabling them to buy Father Kelly a new vehicle together. It was a blessing for everyone involved and taught me that even limited resources can create a big impact through collaboration.

**Principle #2 - Make it a gift, not a loan:** Dad helped his father-in-law save his struggling business with a critically needed cash gift. Because it wasn't a loan, it saved both his business and their relationship—avoiding the awkwardness and resentment that could have come when my grandfather couldn't pay it back.

**Principle #3 - Teach self-reliance:** My parents paid for college for all five of their children who wanted to go, but it was clear, without them having to say it, that we were financially on our own afterward. That "graduation to independence", without the burden of student loans, was as valuable as the degree itself.

**The lesson:** If you're financially able and want to help, give a gift that fosters self-reliance—not one that creates dependency. This means having clear boundaries and ensuring the help won't put them in a situation they can't afford.

But what happens when people try to "help" themselves by outsmarting the market? That leads us to our fourth trap:

#### **4. Market Timing**

Never do it. Not even a little. Nobody has a crystal ball. In the long run you'll be wrong at least 50% of the time which can get very expensive.

**My market timing experience:** Each month I make my monthly purchase of low cost ETF index funds. I do that after my morning work out and breakfast. But one month in the morning I had a financial news station on and noticed the market was going down. I thought to myself, "why don't I just wait a few hours and buy after it drops a little more and get a better deal", so I did. Then later I checked the market and it was actually up and a few hours later it was up even more. I got concerned and made my purchase immediately, which was in the afternoon by now. I calculated how much more I paid for the purchase by waiting and trying to time the market and I paid \$207 more.

I vowed from that point on never to try to time the market again, not even a little bit. It was like I paid \$207 to attend a seminar on the stupidity of trying to market time. That was an expensive seminar but I believe learning that lesson has saved me many thousands over the subsequent years. So please learn from my mistakes. The good news is you don't need to pay me \$207 for this investment "seminar".

### **An expert's tip got him out of the market right before the great recession.**

Jared was a smart business acquaintance in his late 40's that I knew for years. In 2007, he was talking about some financial guru forecasting a serious market crash. I hear dire predictions from "experts" all the time and tune them out. But Jared took this one seriously and cashed out of the stock market 100% in August 2007.

His timing couldn't have been more perfect—right before the great recession. When the market hit bottom in March 2009, Jared was thrilled he'd escaped a 50% crash. All his money sat safely in CDs.

I was impressed that Jared avoided all the financial pain other investors suffered. Years later, I reconnected with Jared and asked when he got back in the market. Knowing the market had not only recovered but reached new highs, I expected he'd ridden it all the way back up.

To my surprise, Jared was still on the sidelines in 2016, waiting for the "right time" to get back in.

#### **WHAT!!! Is he serious?**

He'd missed the entire nine-year recovery. Market timing isn't just about knowing when to get out; it's equally about knowing when to get back in. Meanwhile, the smartest investors never sold before the crash—they stayed in the market, buying monthly at record low prices, and made fortunes when markets recovered as they always do.

Beyond these major traps, there are several other common schemes worth recognizing:

### **Other Traps Worth Knowing:**

- **Cold calls/emails:** Hang up or delete immediately. Credible investment offers don't cold call
- **Timeshares:** High costs, poor to no resale value, limited flexibility
- **Speculative investing:** Penny stocks, day trading, the latest shiny investment object is speculation not investing
- **Gambling:** The house always wins in the long run

Losing hard-earned money is deeply painful, leaving individuals with regret, stress, and shattered security. The stories in this chapter show that financial well-being isn't just about growing wealth—it's about protecting it from predatory schemes, hidden fees, and emotional missteps.

### **True North**

Financial education is your best defense and is a wonderful stress reducer.

### **Your Next Step**

Remember these three questions and keep them handy before making any investment decision: Who holds it? What are the fees? What's the track record?

# **Part III: Express Path**

**To Your Financial Freedom**



**"Never let the lender's mortgage guidelines become  
your buying guidelines."**



## Chapter 13

# Home Buying Success Formula

*The Million Dollar Surprise That Changed Everything*

Remember Jim and Karen from our earlier discussion? You know—the manufacturing rep who chased get-rich-quick stocks. He left his widow Karen facing financial ruin when he died. Here's the twist that saved her from becoming another tragic statistic.

Jim and Karen spent decades focusing on spending rather than investing. But they made one brilliant decision over thirty years earlier. When they moved out of their rental apartment, they bought a small nice home in what would become the best investment of their lives.

By the time Karen found herself widowed and facing financial ruin, that "small home" was about to reveal its true value.

Karen stared at the bank statement, the reality of her new life settling in like a cold weight in her chest. Jim's modest retirement savings were practically gone—consumed by his final medical expenses and the shocking discovery that he never updated the beneficiary and his life insurance had gone to his ex-wife by mistake. With only her Social Security survivor benefits and their next to no retirement fund, she was facing a future she'd never imagined.

The house felt different now—larger and emptier, but also somehow pressing down on her with its monthly expenses. Property taxes, insur-

ance, maintenance costs that had seemed barely manageable when Jim was alive now loomed over her fixed income like storm clouds.

**The real estate agent's call came on an ordinary Thursday morning.**

"Mrs. Patterson? This is David from Sun Shine Properties. I've been tracking sales in your neighborhood, and I wondered if you'd ever considered what your home might be worth in today's market?"

Karen remembered when she and Jim bought their small ranch house decades earlier for \$48,000. Even with Jim's good manufacturing salary, it had required careful budgeting. "Honestly, I have no idea what it's worth now," she said.

**"Your neighborhood has been appreciating rapidly for years. Based on recent comparable sales, I'd estimate your property at approximately \$967,000."**

**The silence stretched between them.** Karen sank into Jim's old chair, the same spot where he'd worried endlessly about their retirement prospects, never understanding their greatest asset was the ground beneath them.

**Nine hundred and sixty-seven thousand dollars.** Twenty times what they'd paid. While Jim had spent his final years believing he'd failed as a provider, their real wealth had been growing silently under their feet.

That's when Karen realized something that would have amazed Jim: his biggest win wasn't in the stock market—it was in the home they'd lived in all along.

Here's why this matters to you: buying a house might be one of the most important financial decisions you'll ever make.

And here's what most people don't understand: the difference between winning and losing this game comes down to how you play it.

**Why a House Can Make You Rich or Make You Poor**

For most people, buying a house is the single largest investment they'll ever make. Get it right, and you unlock security, wealth, and peace of

mind. Get it wrong, and you risk a financial trap that could cost you everything.

**Here's the truth they don't teach in school:** your home can fast-track you to financial freedom—or quietly lock you into financial prison.

### **The Renter's Trap vs. The Owner's Advantage**

Most people miss this crucial difference. Here's what the numbers really show:

**Building Wealth:** Each mortgage payment builds your equity while rent builds your landlord's wealth. Houses typically appreciate 7.5% annually—your home doubles in value every ten years while rent keeps rising.

**Predictable Costs:** Fixed-rate mortgages lock in your payment for 15-30 years. No surprise rent increases that destroy budgets overnight.

**Control & Customization:** Want purple bedrooms or to knock out a wall? Your house, your choice. No landlord permission required.

**Retirement Security:** Once paid off, you own your shelter outright—dramatically reducing living expenses when you need it most.

**Financial Safety:** Home equity becomes your safety net and legacy, while renters have neither.

The typical homeowner is now 43 times wealthier than the average renter, according to Federal Reserve data and the National Association of Realtors. For many families, home equity is the single largest part of their net worth, serving as their financial safety net.

But hold on. Before you get excited about homeownership, let's examine what happens when it goes terribly wrong.

### **The House-Poor Trap: When Dreams Become Nightmares**

Here's the brutal truth: buying a house can be a wonderful blessing or a miserable curse. It all depends on how you do it.

Too many people let emotions drive the bus. They jump into home ownership the wrong way or before they're ready. The last thing you want is being "house poor." This happens when homeowners spend too high a percentage of income on housing, leaving little for other needs or savings.

This isn't financial progress. It's sinking in financial quicksand. It leads to financial hardship, emotional stress, and sometimes foreclosure.

**Maybe you're feeling pressure to buy right now.** I get it. But depending on your situation, postponing might be the smartest move you make. Use that time wisely. Invest monthly in a down payment fund. When you're ready to buy, you'll ideally have 20% down plus closing costs—or more.

Before you fall in love with granite countertops and walk-in closets, let's determine if you're truly ready for this life-changing step.

## **The Seven Critical Questions**

### **Are You Really Ready to Buy?**

Before you decide to buy a house, ask yourself these seven critical questions:

**Do you have a stable income?** Lenders love steady jobs and consistent income. Here's what's important: you need confidence you can maintain that income level going forward.

**Are you completely debt-free?** When emergencies hit—and they will—you don't want to choose between fixing a burst pipe and making your car payment. Being debt-free gives you options when life throws curveballs.

**Do you have at least a 20% down payment plus closing costs?** A 20% down payment helps you avoid expensive Private Mortgage Insurance (PMI) and can also lead to a lower interest rate and monthly payments. While 20% is ideal, a strong down payment is always a powerful way to reduce your expenses and payments.

**Do you have a fully funded protection fund?** Murphy's Law loves new homeowners. Emergencies happen at the worst times—especially right after buying. Your protection fund must be separate from your down payment.

**Can you truly afford the payments?** Remember: total housing costs must be 28% or less of your after-tax income (see the 28% rule below)

**Will you stay at least five years?** Closing costs and selling commissions eat profits. You need time for appreciation to recover these costs.

**Are you ready for homeownership expenses?** Renters call the landlord when toilets overflow. Homeowners call their bank account. Budget for them before you buy or be surprised later.

Can't answer "yes" to all seven? Wait. It's better to delay and do it right than rush in and create a financial disaster.

**Ready to buy? Here's where most people make their biggest mistakes.** Even financially prepared buyers can stumble at this stage by following conventional wisdom that sounds smart but destroys wealth. The difference between building equity and building debt comes down to five strategic decisions.

### **The Five Keys to Smart Home Buying**

1. **Choose a 15-year mortgage**, not 30 years. Here's a shocker: with a \$500,000 mortgage, a 15-year loan saves you about \$412,828 in interest compared to 30 years. You'll own your home in half the time. You'll also have an extra 15 years of zero mortgage payments to accelerate wealth building.
2. **Get a fixed rate and shop around.** Never—and I mean never—get a variable rate, no matter how attractive it looks. When rates rise (and they always do), your payment rises with them. This potentially creates cash flow problems at the worst time. Shop around aggressively. Small rate differences become huge money over 15 years.
3. **Put down 20% plus closing costs.** This eliminates PMI and of-

ten reduces your interest rate. More down payment? Even better. It reduces risk for the lender and monthly payments for you.

4. **The 28% Rule: Here's your magic number:** housing payments should not exceed 28% of after-tax income. This rule applies to renters too. If a landlord says you qualify for more, just say "Thanks, but no thanks." Following the 28% Rule is how you turn your home into a wealth machine, not a debt curse.

5. **Buy the right house at the right price.** Do your homework on local comparables using online real estate platforms like Zillow and others. Remember: your realtor only gets paid when they sell you something—quickly. Not necessarily if they get you the best deal.

**Can't make these guidelines work?** You have three options: 1. buy less house, 2. save more money, or 3. earn more income. Any combination of the three can also work.

# THE FIVE KEYS TO SMART HOME BUYING





Choose a 15 Year Mortgage Term



Get a Fixed Rate and Shop Around



Put Down 20% Plus Closing Costs



Follow the 28% Payment Rule



Buy the Right House at the Right Price

If it's not working: 1) Buy Less House 2) Save More Money 3) Earn More Income  
(or any combination of the three)

Now, let me warn you about the most dangerous trap waiting for unsuspecting buyers...

## Never Let the Bank's Guidelines Become Your Guidelines

Here's the most important rule banks will never tell you about getting a mortgage: **banks will lend you far more than you should borrow.** Lenders routinely approve debt-to-income ratios of 36% to 45% of “gross income”. That's dangerous territory.

Think about it: if the bank makes money when you borrow more, whose interests are they really protecting?

## Lisa's Cautionary Tale: When "Approved" Means Disaster



Let me tell you about Lisa. She's a 51-year-old nurse who learned this lesson the hard way. Lisa had always been smart with money. When she decided to buy a \$300,000 condo, the lender said she'd be fine putting down only closing costs. Her total mortgage payment? \$2,438 per month. Her gross income? \$6,750. After taxes? Just \$5,063. The bank cheerfully approved her with a 44.4% debt-to-income ratio. That translated to a crushing 59.2% of her actual take-home pay.

**Can you imagine living on just 40% of your paycheck after housing costs?**

Here's how the monthly math broke down: \$1,798 principal and interest. Add \$195 property tax, \$60 insurance, \$175 HOA fees, and \$210 PMI. Throw in her \$557 car payment. Total monthly debt payments: \$2,995.

Then life happened. Her daughter got engaged. Lisa gave them a \$5,000 wedding gift. One year later, back injury. Surgery required. She was unable to work for months. Insurance covered part of the costs. She still owed thousands. Meanwhile, inflation spiked. Groceries, gas, utilities—everything cost more.

When Lisa recovered, she tried picking up extra shifts. She even stopped contributing to her company's retirement plan, but it wasn't enough. She drained her emergency savings. Fell behind on the mortgage. "It took everything from me," Lisa later said. Foreclosure. Damaged credit. Six months couch-surfing with friends while rebuilding her life.

**This is what happens when you let the bank's guidelines become your guidelines.**

### **The Alternative Path: What Smart Buying Looks Like**

But picture Lisa's alternate reality. What if she'd understood that the bank's comfort zone wasn't hers? Instead of that \$300,000 condo, suppose she'd paid off her car and got rid of that \$557 car payment first. She then saved 30% down (\$60,000) and bought a \$200,000 condo that needed a little TLC.

New numbers: \$1,144 principal and interest on a 15-year loan. \$130 property tax. \$40 insurance. \$120 HOA. Zero PMI. Zero car payment. Total monthly housing cost: \$1,434. That's just 28.3% of after-tax income instead of 59.2%. However, in reality it was under 28% because she waited until her car was paid off and she had a larger down payment and in the meantime she got a raise.

When the same life events occurred, Lisa was prepared. Wedding gift for her daughter? \$2,500 instead of \$5,000. Her daughter was thrilled. Back injury? Stressful but manageable with financial breathing room. Because she waited she didn't have that big mortgage payment. Inflation? It hurt, but she could absorb the increase. She tapped her protection fund without draining it. She never had to stop contributing to retirement.

Today, this version of Lisa loves her condo. She enjoys improving it with sweat equity. She does painting, new light fixtures, and simple renovations that build value. She feels secure building wealth through both her 401k and smart real estate investment.

**The difference between financial freedom and financial stress often comes down to these fundamental decisions.**

Ready for a strategy that can accelerate your path to complete financial freedom?

### **The Early Payoff Advantage: Your Debt-to-Wealth Swap**

Once you've bought smartly, are debt-free except for your mortgage, and are investing for your future, consider this game-changer: extra principal payments leading to mortgage-free sooner. This strategy is the ultimate Debt-to-Wealth Swap.

The benefits? Eliminated interest expenses. Reduced foreclosure risk. Free cash flow. Incredible peace of mind.

Here's your priority order: Once you are debt free except for your mortgage and investing for your future and have a good protection fund and funding your important pre-funds then it is time to attack your mortgage with extra payments. Goal: eliminate mortgage debt even be-

fore 15 years. Now you have amazing freed up cash flow that some or all can go to accelerating your goal to reach Financial Freedom.

**Debt-to-Wealth Swap:** Eliminate your debt and re-route the payments into wealth-building investments.

### **The Big Mortgage Lies You Need to Ignore**

Time to bust some "big mortgage lies" about keeping your mortgage for tax benefits or investment arbitrage. Reality check: most people don't itemize deductions. Mortgage interest provides zero tax benefit. Even if you do itemize? The math is terrible. Example: you're in the 32% tax bracket. You paid \$18,000 in mortgage interest. Your deduction: \$5,760. You still lose \$12,240. You're literally paying \$18,000 to save \$5,760.

I learned this lesson watching my own father. When I was young, Dad's CPA said, "Don't pay off your mortgage—you need the tax deduction." Even assuming the deduction worked back then, what about that basic math? Dad still lost \$12,240. Impressive credentials. Expensive advice. Terrible arithmetic.

### **This is why you need to be in charge of your financial decisions.**

Don't blindly follow some "expert" or "specialist" just because they wear a nice suit and have fancy letters after their name.

What about investment arbitrage? You know, paying 3.5% on your mortgage while earning 5% elsewhere? This ignores debt's hidden risks. Emergencies happen. Layoffs happen. Recessions happen. Suddenly you can't make payments. Homes get foreclosed. Debt risk can cause devastating pain when you're most vulnerable.

**Remember:** Debt limits your options exactly when you need them most.

Speaking of conflicts, let me warn you about three major ones that can severely damage your home-buying process.

### **The Three Conflicts Working Against You**

Throughout your home-buying journey, you'll face three conflicts that aren't in your best interest:

### **The Realtor's Speed Tactics**

**"Another buyer is very interested—we need an offer today."** This manufactured urgency leads to overpaying and skipped inspections.

**"This is THE house for your family."** Emotional manipulation makes you ignore financial red flags.

**"That foundation crack? Totally normal."** Your realtor's \$15,000 commission matters more than your \$50,000 repair bill.

### **The Lender's Profit Games**

**"You qualify for \$500,000, but with overtime we can get you \$650,000."** They're coaching you to borrow against income you might not receive.

**"Don't worry about the loan amount—focus on the monthly payment."** This ignores the \$400,000 extra you'll pay in interest over 30 years.

**"Rates could go up tomorrow—let's lock this in now."** Artificial urgency to commit before you've analyzed affordability.

### **The Advisor's "Sophisticated" Bad Math**

**The Mortgage Interest Tax Deduction Myth:** "Don't pay off your mortgage—you need the tax deduction." The math is stacked against you as we just discussed.

**The Investment Arbitrage Trap:** "Keep your 3.5% mortgage and invest the difference at 5% returns." This ignores the guaranteed debt risk versus uncertain market returns, plus the psychological stress of owing money during market downturns and layoffs.

**The Refinance Treadmill:** "Rates dropped—let's refinance again!" A lower interest rate can seem like a great deal, repeatedly refinancing can be a costly habit. Every time you start a new loan, you're resetting the

clock on your 30- or 15-year term and paying thousands in closing costs, which can slow down your progress toward building equity.

### **Why Smart People Give Bad Advice**

These aren't bad people—they're following outdated training or industry-standard practices that benefit institutions, not you. Your CPA may have learned the mortgage deduction rule from other CPA's. Your financial advisor's firm gets paid when you borrow money to invest more.

#### **Your Defense Strategy**

**Before meeting anyone:** Calculate your 28% rule maximum using any online mortgage calculator. Write it down. Don't share it—it becomes their target.

**When pressured:** Respond "If this won't last long, it's not the right house for us."

**At closing:** "We're taking the loan as-is. No add-ons." Then stop talking.

**Remember:** These professionals negotiate deals daily, while you may only do this once a decade. It's crucial to stick to your original plan. A home should be a tool that helps build your wealth, not a burden that keeps you in debt.

### **Your Choice: Freedom or Stress**

Your home should provide three things: security, wealth building, and peace of mind. It shouldn't keep you awake worrying about payments. Whether you're planning to buy, currently shopping, or already own, remember this golden rule: **When seeking a mortgage never let the bank's lending guidelines become your buying guidelines.**

Your action plan: substantial down payment, shorter mortgage term, early payoff when the time is right. The goal isn't just owning a home. It's owning it free and clear. This way, you can enjoy true security and peace of mind.

**Karen learned this lesson accidentally and it saved her.** Lisa learned it the hard way and it nearly destroyed her—but we also saw how different it could have been. You get to learn it the easy way by following these proven principles. **Your future self will thank you for making smart decisions today.**

### **Your North Star**

Your house should build your wealth, not steal it—buy with your brain, not your emotions.

### **Your Next Step**

Calculate 28% of your current after-tax monthly income and write that number down. This is your maximum housing payment, regardless of what any lender or landlord approves you for.

**"Education should set you free, not trap you in debt."**



## Chapter 14

# Free Your Future

*Escape the Student Loan Trap That Haunts for Life*

Let me tell you about Martha's \$158,000 nightmare—and how you can make sure it never happens to you or your family.

At 18, Martha dreamed of becoming a journalist. Life threw her a curveball when she became a young mother, but she never gave up on education. Decades later, while battling diabetes and kidney disease, she finally earned her master's degree. Today, at 59, she runs a small business that earns her a decent living and should be preparing for a comfortable retirement.

But here's the plot twist that reads like a horror story: Martha owes \$158,000 in student loans. Her payments are scheduled to increase to over \$800 monthly as she approaches 80—more than many seniors spend on groceries, medications, and utilities combined. With a family history of dementia weighing on her mind, she said something that should terrify every college-bound student: "I just don't see ever being able to retire."

Martha isn't alone in this financial prison. Neal, 73, carries a crushing \$253,000 student loan burden. "I tried to do the right thing by increasing my education," he says, "but it just didn't work out the way I planned."

Their stories reveal a hidden crisis. Over 3.5 million Americans aged 60 and older are drowning in student loan debt (2023 data from The



National Consumer Law Center and New America)—that's more people than live in Wyoming, Vermont, Alaska, and North Dakota combined. This represents a sixfold increase since 2004. These aren't lazy people or poor planners. They're victims of a system that preys on 18-year-old optimism and teenage dreams.

## The Hidden Horror of Student Debt in Retirement

Before I show you how to avoid this trap, you need to understand the full scope of this disaster. The statistics are so shocking they sound like fiction:

**The Incomplete Dream:** Nearly 5% of workers between 55-64, and over 17% of workers 65 and older, never even finished the degrees they're still paying for. (SCEPA's February 2025 brief) Imagine making car payments on a vehicle you never got to drive.

**The Compound Interest Monster:** Some seniors owe up to 10 times their original borrowed amount. That \$20,000 loan from decades ago? It's now \$200,000 and still growing. (Hechinger Report)

**Government Seizure:** Uncle Sam can confiscate up to 15% of Social Security benefits to collect student loans. Your retirement check—the one you worked 40 years to earn—gets smaller every month to pay for a degree from decades past. (Consumer Financial Protection Bureau's "Issue Spotlight: Social Security Offsets and Defaulted Student Loans,")

**Stolen Golden Years:** "Today, many seniors are being forced to work long past retirement age, cut back on essentials like food and housing, and choose between paying for medications or servicing their debts — truly life—and-death financial decisions." (careyaya.org)

**The Mental Health Crisis:** Here's the heartbreaking reality: 56% of borrowers suffer anxiety, 32% battle depression, and one in five endure sleepless nights and panic attacks. (ELVTR's 2023 article "The financial and mental cost of the United States' higher education,") These are grandparents losing sleep over decisions they made as teenagers.

Why does this happen? Because at 18, student loans feel like a rite of passage. Peer pressure and teenage optimism make massive debt seem

manageable. Young adults sign their names to financial contracts they don't fully understand—contracts that can haunt them for life.

**Even future high earners fall into this trap.** Many pre-med students think, "I'm going to be a doctor, so I don't have to worry about student loans—I'll be rich." Yet recent data reveals that approximately 7.5% of physicians in their 50s are still paying off their student loans. (MDLinx survey article on physician student loan debt.)

Here's the brutal math that shows how student debt grows with age according to "Education Data Initiative's" student loan debt by age breakdown:

- **Ages 24 and younger:** \$13,722 average debt
- **Ages 25 to 34:** \$32,707 average debt
- **Ages 35 to 49:** \$44,442 average debt
- **Ages 50 to 61:** \$47,660 average debt
- **Ages 62 and older:** \$49,375 average debt

Notice the terrifying pattern? The older you get, the more you owe. That's compound interest working against you instead of for you. While your friends' investments are growing, your debt is growing faster.

## **The Four Keys to Educational Financial Freedom**

### **Key 1: The Scholar's Arsenal—Hunt for Money Like a Professional**

Think of scholarship hunting as a high-paying part-time job, because that's exactly what it is. Marcus, an engineering student I know, graduated completely debt-free using this approach. His secret? He worked nights at a warehouse, lived with three roommates, and applied for 47 scholarships—treating scholarship hunting like a \$75-per-hour job.

"My friends partied," Marcus told me, "but I was playing the long-term wealth game. Now they're making loan payments and I'm making investments."

**Here's your scholarship strategy:**

**Research Like a Detective:** Spend 10+ hours per week searching for scholarships during your senior year of high school. Most scholarships receive surprisingly few applications because students assume they won't win.

**Apply for Everything:** Small scholarships (\$500-\$2,000) are easier to win and add up quickly. Ten \$1,000 scholarships equal \$10,000 in free money.

**Master the Essay:** Many scholarships require essays. Get good at writing them, and you'll have a massive advantage over students who avoid application essays.

**Use Every Angle:** Apply based on your heritage, interests, intended major, community service, and even your parents' employers. Many companies offer scholarships to employees' children.

**Don't Forget Grants:** Unlike loans, grants are free money based on financial need. File your FAFSA early and accurately.

**Key 2: The Worker's Path—Earn While You Learn**

Smart students find ways to make college pay for itself:

**Employer Tuition Benefits:** Many companies offer tuition reimbursement. Starbucks, UPS, McDonald's, and Amazon are just a few examples. Work part-time while attending school and graduate debt-free.

**Military Benefits:** Military service provides substantial education benefits through the GI Bill. This path isn't for everyone, but it's worth considering if you're willing to serve your country.

**Work-Study Programs:** These federally funded jobs help students earn money while attending school. The work is usually flexible around your class schedule.

**Key 3: The Strategic Path—Smart Timing and School Choices**

**The Two-Year Head Start:** Begin at a community college while living at home. Two years of community college can save you \$40,000 or more compared to starting at a four-year university.

**Transfer Smart:** After two years, transfer to an affordable in-state public university for your final two years. You'll graduate with the same degree for a fraction of the cost.

**Consider Online Options:** Many quality online programs cost 50-70% less than traditional on-campus programs. Technology has made online education legitimate and respected.

**Take a Gap Year:** If you're not financially ready for college, take a year to work and save money. Starting college at 19 instead of 18 can actually strengthen your career—you'll have clearer goals and more maturity

#### **Key 4: The Generational Wealth Strategy—Breaking the Debt Cycle**

Here's the gift my parents gave me that I didn't fully appreciate until I was older: they funded my education with zero debt. Today, I'm immensely grateful for their foresight and sacrifice.

You can give this same gift to your children and grandchildren through strategic planning:

**The Early Bird Approach:** Start an education fund when your child is born. Even small monthly contributions grow dramatically over 18 years thanks to compound interest.

**The Tax-Free Advantage:** State 529 plans and federal education savings accounts offer tax-free growth. Eighteen years of tax-free compound growth is like getting a massive bonus from the government.

**The Compound Interest Miracle:** A \$100 monthly contribution starting at birth, earning 7% annually, grows to over \$44,000 by age 18. That's \$22,400 in contributions and \$21,600 in free growth.

**The Lump Sum Power:** If you can make one large contribution right after birth—say \$10,000—it grows to approximately \$35,000 by college age without another penny added.

#### **Avoid the Two-Generation Debt Trap**

When parents cosign student loans, financial disaster spreads through the family like a virus. I know of a family where both the daughter and her parents are still making payments on her college loans fifteen years later. The daughter can't qualify for a mortgage. The parents had to postpone retirement. One 18-year-old's signature destroyed two generations' financial dreams.

The daughter said something heartbreaking: "I thought I was investing in my future. Instead, I stole my parents' retirement."

**Never cosign student loans.** Help your children find debt-free alternatives instead. Your financial security matters too, and you can't help your children if you're financially drowning.

### **Navigate the Professional Conflicts Working Against You**

Several well-meaning professionals have incentives that don't align with your debt-free goals:

**High School Guidance Counselors:** These dedicated professionals receive little training on the long-term impact of student loans. Their job focuses on getting you into college, not protecting you from decades of debt payments.

**Student Loan Counselors:** Their job is processing loans, not talking students out of borrowing. They're evaluated on successfully completing loan applications, not on protecting students' financial futures.

**College Admissions Counselors:** They have enrollment goals and quotas. Their responsibility is filling seats at their institution, not managing your debt load.

#### **Their Success Metrics vs. Your Success:**

- Counselor success = enrollment numbers
- Your success = debt-free graduation
- See the problem?

These aren't bad people, but their professional goals create a conflict of interest or conflict of information gap that does not include protecting

your financial future. That full responsibility belongs to you and your family.

### **The Game of a Lifetime**

I suggest making debt-free graduation the game of a lifetime. Think of it as earning a double major: one in your chosen field and another in "How to Graduate Without Destroying Your Financial Future."

Many graduates learn more valuable life lessons from this second "major" than from their first. You'll develop resourcefulness, creativity, and financial discipline that will serve you for a lifetime.

The strategies might seem challenging now, but consider the alternative. Martha's 80-year-old self is paying for her 18-year-old decisions. Your future self is counting on you to choose differently.

**We warn young people about** drugs, drunk driving, and reckless behavior. Yet we routinely stay silent about six-figure debt contracts that can follow them into their 70s. That silence is costing families everything.

### **The Three-Generation Impact**

When you graduate debt-free and help your children do the same, here's what happens:

**Your Generation:** Starts adult life with a clean financial slate, building wealth from day one instead of digging out of debt.

**Your Children's Generation:** Consider starting a college fund for them early. Help them learn that debt isn't normal or necessary, continuing the cycle of financial freedom.

**Your Grandchildren's Generation:** Benefits from generational wealth and wisdom, with education funds established early as a grandparent gift that will benefit them for a lifetime.

The choice you make about student debt will echo through generations. Choose wisely.

### **Your North Star**

Education should open doors to financial freedom , not close them with decades of debt payments.

### **Your Next Step**

If you're planning for college, start hunting scholarships and exploring debt-free options today. If you're already in debt, make eliminating it your top priority. If you have children, start their education fund now—even \$25 monthly makes a difference over 18 years.

**"Cars lose value, don't lose twice with interest."**





## Chapter 15

# The Golden Handcuffs

*Escape the Vehicle Debt Trap That Keeps Americans Broke*

Jackson had always been the responsible one. College graduate, steady saver, and for eight years, the proud owner of a battered 15-year-old sedan that looked like it had survived multiple apocalypses but never failed to get him to work.

Then success knocked. A new position. A significant promotion. An outstanding first-year review. For the first time in his career, Jackson felt he had truly "made it." The mid-level luxury car he'd been eyeing since his college days suddenly seemed not just possible, but deserved—a tangible symbol of how far he'd come.

The first week of ownership was intoxicating. Friends admired the sleek lines and leather interior. His parents beamed with pride. Jackson felt he was finally living his version of the American Dream.

Then reality arrived with the first payment.

What had seemed a reasonable stretch on paper became suffocating in practice. The monthly payment was higher than he'd fully comprehended—excitement at the dealership had clouded his judgment. Insurance costs doubled. The car demanded premium fuel. Combined with his wife's modest car payment, their transportation expenses had become a financial sinkhole, consuming nearly 30% of their take-home income.

## **The dream car transformed into a recurring nightmare.**

Date nights vanished. Weekend golf with friends ended. Even familiar grocery staples disappeared from their shopping list. The constant stress over car payments began straining their marriage, turning every financial discussion into an argument.

After eighteen agonizing months, Jackson reached his breaking point. He decided to sell.

That's when he discovered the cruelest truth: his "investment" had depreciated so dramatically that selling would require rolling substantial negative equity into another loan. He was trapped in golden handcuffs—chained to an expensive luxury car he couldn't afford and couldn't escape.

Jackson's story isn't unique. It's become the American story. But it doesn't have to be yours.

Consider Phil, who attends my church. While Jackson was signing loan papers, Phil drove his 12-year-old Honda and faithfully deposited \$450 monthly into a dedicated car fund. After five years, he walked into a dealership with \$27,000 cash and drove home in a three-year-old luxury SUV that looked showroom-new—getting the type of vehicle Jackson wanted without the financial prison sentence.

## **The Hidden Crisis Destroying Family Wealth**

Phil's approach isn't unusual among financially successful people—but it's become rare in a culture where debt-financed vehicles have created a nationwide crisis. This financial crisis is unfolding in plain sight across America. As of Q4 2024, Americans owe \$1.655 trillion in auto loan debt—making vehicle financing the second-largest category of consumer debt after mortgages. This represents a staggering 73.3% increase over the past decade.

What makes this particularly troubling is how normalized debt has become for depreciating assets. Over 80% of new vehicles are financed through loans or leases, while only about one-third of used car purchas-

es require financing. We've made borrowing money for something that loses value the cultural default.

According to Experian's State of the Automotive Finance Market and LendingTree the numbers reveal the scope of this crisis:

- Average auto loan balance for new vehicles: \$41,572
- Average monthly payment for new cars: \$742
- Average monthly payment for used cars: \$525
- Nearly 19% of borrowers pay over \$1,000 monthly
- Loan terms now average 68 months—nearly six years of payments on a depreciating asset

Perhaps most alarming: nearly one in four consumers trading in vehicles carry negative equity, owing more than their car is worth. The average underwater amount hit \$6,458 in Q3 2024, with some borrowers owing over \$10,000 more than their vehicle's value.

Consider the insanity: Millions of Americans are making payments on assets worth less than what they owe—like buying a \$300,000 house that's only worth \$200,000. Yet we've normalized this financial madness as simply “how cars are bought”. The human cost of this normalization becomes clear when we examine what happens to real people caught in depreciation's grip.

### **The Depreciation Death Spiral**

Jerry's story illustrates why understanding depreciation matters more than most people realize.

At 71, Jerry had worked as a junior high maintenance worker for most of his career. His income was modest, but he'd harbored one dream throughout his working years: owning a brand-new pickup truck. Finally deciding to reward himself, he financed his dream truck over 72 months with a small down payment.

To keep costs manageable, Jerry declined GAP insurance. He'd purchased it before and never used it, so skipping it seemed like smart money management.

Three weeks later, another driver during the early morning commute T-boned Jerry's new truck.

Insurance paid him the full market value of his three-week-old truck: \$7,000 less than his outstanding loan balance. In an instant, Jerry lost his truck but kept the pain of debt. His "smart" decision to skip GAP insurance had cost him \$7,000. At 71, Jerry had to postpone retirement and work three additional years to pay for the mistake on a truck he no longer owned.

Worse, he needed another vehicle immediately. The \$7,000 negative equity rolled into his next loan, meaning he drove home in a basic economy car—the opposite of his dream truck—while making nearly the same monthly payment. This time, he bought GAP insurance.

Jerry's experience highlights the harsh reality of vehicle depreciation that many ignore:

- Year 1: Your new car loses 20-30% of its value (depending on miles, model & condition)
- Year 2: Total depreciation reaches 40-50%
- Year 3: Total depreciation hits 50-60%

This depreciation pattern explains why purchasing a well-maintained three-year-old vehicle is like receiving a 50% discount on transportation that often looks and performs like new. You allow someone else to absorb the steepest depreciation while you acquire near-new reliability at half price.

Crucially, the second 50% of depreciation occurs much more slowly, meaning that a three-year-old vehicle will retain its value more effectively during your ownership period. Understanding this depreciation curve exposes why one of the most popular "alternatives" to buying—leasing—actually makes the problem worse.

## The Leasing Illusion

"What about leasing?" many ask. Lower payments, always driving something new, no maintenance headaches!"

Leasing is financing with sophisticated marketing. You're still making payments. You're still paying interest—they simply disguise it as a "money factor." You're financing the most expensive portion of the vehicle's life cycle: those brutal initial years of maximum depreciation. And after years of payments, you own nothing.

At lease-end, you typically receive the "privilege" of purchasing the car at market value—the same price any cash buyer would pay.

Extended loan terms up to 84 months compound this problem. While lower monthly payments appear attractive, you'll pay more interest overall and remain underwater on the loan longer. It's a financial trap designed to keep you making payments indefinitely. Fortunately, there's a better way—one that wealthy individuals have used for generations to turn vehicle ownership into a wealth-protection tool rather than a wealth destroyer.

## The Wealth-Protection Vehicle Strategy

Here's how financially successful people approach vehicle ownership:

### **Phase 1: Emergency Transportation**

When Eliminating Consumer Debt

If you're drowning in consumer debt but require transportation for work, employ this survival strategy:

- Gather every available dollar through extra work, selling possessions, or temporary sacrifices
- Purchase the most reliable, affordable vehicle you can buy with cash only
- Accept that an ugly and reliable vehicle can help greatly with financial survival

Some people might judge the appearance, but this vehicle serves a crucial purpose: providing transportation without adding to your debt burden. This represents temporary discomfort for permanent financial gain.

### **Phase 2: The Strategic Purchase**

Building Wealth Through Smart Vehicle Choices

Qualify for this phase when you've achieved:

Complete consumer debt elimination (excluding mortgage)

Start investing for your future

A fully-funded 3-6 months protection fund to cover emergencies

Sufficient savings to purchase your next vehicle with cash

The Strategy:

- Focus on 3-4 year old vehicles in excellent condition—they often appear new while costing as much as 50% less
- Compare prices and find a good priced vehicle you like. This second cash purchase probably won't be your dream car but it's a nice step up.
- Have a qualified mechanic you trust inspect any vehicle before purchase
- After your cash purchase, make monthly "car payments" to yourself in a high-yield savings account for your next upgrade

This approach enables you to keep upgrading to nicer 3 to 4 year old vehicles with each cash purchase cycle while avoiding all financing costs and building wealth simultaneously.

### **Phase 3: The Victory Lap**

When New Vehicle Purchases Make Sense

Purchase new vehicles only when ALL these conditions are met:

- Complete debt freedom (including mortgage freedom)
- Consistent retirement investing on track
- Fully-funded 3-6 months protection fund to cover emergencies

- The vehicle value 5% or less of your net worth
- Ability and willingness to pay cash for the vehicle

Why the 5% threshold? Because until you reach this level, every dollar invested in appreciating assets outperforms money lost to vehicle depreciation. Every dollar allocated to a depreciating asset represents a dollar not working toward your financial freedom.

## The Cash-Only Advantage

Financing vehicles creates a double financial penalty:

1. **The Depreciation Hit:** You're purchasing something that loses value rapidly
2. **The Interest Expense:** You're paying additional money for the privilege of owning something declining in value each year.

This creates what I call a "double wealth drain"—paying interest on a depreciating asset. It's financial self-sabotage disguised as transportation.

Cash purchases eliminate half this penalty. No interest. No monthly obligations. No negative equity traps. No sleepless nights worrying about payments. Plus a 3+ year old car dramatically slows down the "second drain" depreciation.

Reliable transportation is typically essential for earning income and meeting personal needs. The key is purchasing the right vehicle, at the right time, with 100% cash.

## Navigate the Conflicts of Interest

Three critical conflicts can derail smart vehicle purchases:

The **conflict of interest** with your vehicle **salesperson and or sales manager:** Your salesperson and sales manager earn commissions on vehicle sales, often higher commissions on more expensive vehicles or

specific financing arrangements. Despite the stereotypical images most of them are good hard working people with families to support. They're professionals doing their jobs, but their compensation structure may not align with your best financial interests. Maintain control over your purchase decisions with a smart plan.

The **conflict of interest** with your dealership **finance manager**: After selecting your vehicle, you'll meet with the finance manager, who earns money only when you finance through the dealership and purchase additional products. While these are typically good people doing their jobs, their incentive to sell financing and extras requires you to stay focused on your cash-only plan.

The **conflict of responsibility** with any dealership team member. Dealership staff perform the important service of helping customers obtain needed transportation. It's neither their job nor their responsibility to discourage financing, if they did, customers who want financing will simply visit other dealerships. The responsibility for making smart financial decisions rests entirely with you.

Remember: These professionals negotiate vehicle deals multiple times daily while you do this once every 3-5 years. Without a disciplined cash-only strategy, you're entering an unfair fight. Arm yourself with an all-cash plan and execute it with precision.

### **The Bottom Line: Your Vehicle Decision Shapes Your Financial Destiny**

For most Americans, vehicle purchases represent either the largest purchase (for renters) or second-largest purchase (for homeowners) they'll make. Getting this decision right goes beyond just transportation—it determines whether you build wealth or remain trapped in debt cycles.

Jackson's experience isn't exceptional—millions of Americans drive vehicles they cannot afford, making payments on depreciating assets, trapped in golden handcuffs of their own creation. The vehicle they believed would symbolize success became the prison from which they couldn't escape.



Jerry's story demonstrates that even well-intentioned cost-cutting decisions can backfire spectacularly when built on a foundation of debt.

Wealthy individuals understand this fundamental principle: invest in assets that appreciate, pay cash for assets that depreciate. Your vehicle should transport you reliably and safely from point A to point B. Don't allow ego and status concerns to drive you into a quicksand pit of debt. Your dream car will still exist when you can actually afford it.

When purchasing vehicles, cash truly is king. Begin building your financial freedom today.

### **Your North Star**

Invest in assets that appreciate like your house and retirement portfolio, pay cash for assets that depreciate—your car should transport you toward wealth, not away from it.

### **Your Next Step**

If you currently carry vehicle debt, eliminate it as quickly as possible. Then begin making payments to your own vehicle replacement fund.

**"Pre-funds turn financial chaos into peace of mind."**



## Chapter 16

# The Financial Time Machine

*How to Pay Your Bills With Money From the Past*

### **The \$4,500 October That Changed Everything**

Picture this: You're sitting at your kitchen table, surrounded by bills that all decided to show up at the same party uninvited. Property tax: \$1,600. Home insurance: \$900. Car insurance: \$600. And just for fun, a \$1,400 dental bill your wife mentioned three months ago but you conveniently forgot about.

This was exactly like my October nightmare three years ago.

My agency was up and running strong financially. After building three different businesses over four decades—including a profitable agency that survived the COVID pandemic successfully while many of our competitors failed—I thought I understood money management. We had a solid investment portfolio growing for retirement, a healthy protection fund was safely set aside, and consistent monthly cash flow. On paper, all looked great. Yet here I was, caught completely off-guard by things as predictable as annual insurance premiums and property taxes.

In reality? I was about to scramble again, moving money between accounts, raiding this month's budget categories to cover bills I knew were coming all year. It's annoying, inefficient, and completely preventable.

I looked at the bills spread across our kitchen table and shook my head. 'This is ridiculous,' I told Mary. 'We have the money, but I'm still scrambling around like we're living paycheck to paycheck.' The frustration wasn't about the money—it was about feeling disorganized in an area where I should have had my act together.

That night, as I moved money around like pieces on a chess board, I realized I'd spent over an hour on a problem I could have solved with ten minutes of planning earlier in the year. An hour of mental energy wasted on something completely preventable. For someone who values efficiency, it was just plain irritating. That's when I had a realization that would change how I handle money forever.

According to Lendingtree, a significant portion of Americans struggle to pay non-monthly predictable bills—such as insurance premiums, property taxes, car maintenance, and annual memberships—primarily because they fail to plan ahead for these expenses.

What if I could send money from the past to my future self?

That's exactly what pre-fund reserves do—they're your personal financial time machine. Your past self can be your future self's hero—if you plan ahead.

## **What Ancient Egypt Taught Me About Modern Money**

Before I tell you how to build your own financial time machine, let me share a story that puts this whole concept into perspective.

Four thousand years ago, Pharaoh had a problem. He kept having the same nightmare: seven fat cows getting devoured by seven skinny ones, seven healthy stalks of grain withering into nothing. His wise men were stumped.

News of a Hebrew prisoner, a man said to interpret dreams, reached the king. Joseph, once a slave, was brought before Pharaoh, his eyes calm and steady.

"Seven years of abundance followed by seven years of famine," Joseph told Pharaoh. But here's the kicker—Joseph didn't just predict the

problem. He solved it. "During the good years, store one-fifth of all grain. When the famine hits, you'll be the only one with food."

Pharaoh, struck by Joseph's certainty, listened as the Hebrew continued. "Let Pharaoh appoint a wise man to gather the surplus grain during the good years, storing it against the lean years to come." Impressed by Joseph's wisdom, Pharaoh declared, "You are that man!"

And when the famine came? Egypt didn't just survive—they thrived, selling grain to desperate neighbors who hadn't planned ahead.

The principle is timeless: There are times of both abundance and scarcity. The question is whether you'll prepare during the abundance.

## **The Modern Financial Tragedy**

Here's what amazes me: every country around Egypt knew famines happened. People talked about Egypt's preparation strategy. Yet most did nothing.

Sound familiar?

A Bankrate report (2025) found that 59% of Americans don't have enough savings to cover an unexpected \$1,000 emergency expense.

Don't be Egypt's neighbors. Be Joseph. So how do you become Joseph in your own financial story? It starts with building your own grain storage system—what I call pre-fund reserves.

## **The Pre-Fund Reserve System: Your Four-Pillar Financial Foundation**

### **Pillar 1: Required Pre-Funds (Your Required Needs)**

You may have heard the term "sinking funds," but I call them Pre-Funds because this money is saved before the bill is due. It's about being proactive in a smart way. In fact, it's the opposite of letting your finances sink.

These "required pre-funds funds" cover non-monthly required expenses that WILL happen within the next 12 months, whether you're

ready or not. Establishing these funds immediately is the bedrock of financial stability.

- Property taxes
- Insurance premiums (home, auto, health)
- Vehicle registration
- Predictable required medical expenses

Math is beautiful in its simplicity. If you pay \$1,200 annually in property taxes, set aside \$100 monthly in a pre-fund savings account. When the bill arrives, you don't scramble—you write the check and move on with your life.

## **Pillar 2: Elective Pre-Funds (Your Dreams on Autopilot)**

These are for larger goals and wants without strict deadlines:

- Vehicle replacement (to buy with cash)
- Home improvements
- Vacation funds
- Kids camp expenses
- Holiday and birthday gifts
- Major future purchases

**Key Difference:** Unlike required pre-funds, these CAN be paused during financial emergencies without creating immediate problems. Your vacation can wait; your car insurance cannot.

**Vehicle Example:** Instead of financing your next car paying 7% interest, pay yourself. Set aside \$450 monthly for 5 years, and you'll have \$27,000 cash (plus earned interest) for your next vehicle. Or, you keep driving your current car longer, saving more for an even better vehicle.

### **Pillar 3: Order of Strategic Priorities**

The order matters more than you think:

1. Create a starter 3% protection fund. This protects you as you pay off all consumer debt.
2. During debt payoff: Pay off consumer debt and at the same time start “required” pre-funds immediately. This prevents new debt when non-monthly bills arrive and derail your debt payoff progress.
3. After your consumer debt free, immediately start investing 15% of your income.
4. Then immediately start building your complete 3 to 6 month protection fund giving you much greater protection.

**Why this sequence works:** Required pre-funds protect you from going backward into debt. Investments start building your wealth. Protection funds help you successfully deal with life's financial curveballs. Then elective pre-funds make your dreams and goals possible.

### **Pillar 4: The Protection Fund Triage (Your Financial Safety Valve)**

Say you are free of all consumer debt and you are adding to your required and elective pre-funds and adding to your retirement investments each month. Then a big emergency hits that drains your 3 to 6 month protection fund. What next?

**Financial triage in a big emergency - do in the following order:**

1. Do Not pause your required pre-funds - These bills are coming regardless and pausing them sets you up for forced debt later.
2. Pause adding to your elective pre-funds to free up extra cash for the emergency.
3. Pause any “extra” payments to your mortgage to free up extra cash for the emergency.
4. REFILL your protection fund as soon as the emergency is over - this is now priority #1
5. Once your protection fund is completely refilled, immediately restart filling any paused funds.

This is financial emergency room triage. Required pre-funds and your 3-6 month protection fund are for critical conditions—they get treated first no matter what. Elective pre-funds are like home improvements that can temporarily wait.

This sequence prevents the financial whiplash that derails most people's progress.



## COMMON PRE-FUND CATEGORIES

### Required Pre-Funds



INSURANCE  
PREMIUMS



PROPERTY  
TAXES



VEHICLE  
REGISTRATION

### Elective Pre-Funds



HOLIDAY GIFTS



CAR REPAIRS



VACATIONS

According to Fintech Futures, the financial cost of poor planning for bill payments is significant: American households pay, on average, \$1,268 per year in hidden costs associated with bill management, such as late fees, interest, overdraft charges, and service disruptions.

Smart planning has more benefits than just financial advantages.

### The Psychological Magic Behind Pre-Fund Reserves

People are motivated more by avoiding pain than gaining pleasure. Pre-funds eliminate the pain of financial surprises while creating the pleasure of effortless bill paying.

Remember my October disaster? The following year, those same bills arrived, but something magical happened. Instead of stress, I felt... sat-

isfaction. Each bill paid felt like a small victory. I'd solved the problem with a system that planned ahead for me.

The transformation is psychological as much as financial. You go from being reactive (scrambling when bills arrive) to proactive (calmly handling expected expenses). You shift from a victim mindset ("Why do all these bills come at once?") to a victorious mindset ("I saw this coming and I'm ready").

Let's look at how this transformed Kendra's holiday season.

### **A New Christmas Magic**

Kendra, a paralegal from Texas, started pre-funding after her own financial disaster. "I used to dread December," she said. "Christmas gifts, property taxes, and car registration all hit at once. I'd put everything on credit cards and spend January through March digging out." After one year of pre-funding, December became her favorite month. "I actually enjoyed Christmas shopping because I had the money sitting there waiting. It felt like I was shopping with someone else's money—except it was mine from six months ago."

Kendra's story isn't unique—it's what happens when you stop reacting to money and start planning for it. Here's how to create your own transformation.

### **The Multi-Goal Accelerator**

The strategy to pre-fund college, your dream vacation, and a new vehicle—all on the same timeline.

Start today with these three steps:

**Step 1:** List your predictable non-monthly expenses grouped by required or elective for the next 12 months. Include everything over \$100 (adjust this threshold higher or lower based on your income).

**Step 2:** Calculate both your monthly required and elective pre-fund amounts. Add up both annual totals, divide by 12. This becomes your two monthly "payments to future you."

**Step 3:** Open a separate savings account for pre-funds. You may want to keep this money separate from your protection fund and checking account. This avoids the problem of accidentally mixing these important funds and suddenly realizing you are short of critical funds.

You can track everything in a simple spreadsheet or simple online budget tool. When a bill arrives, I check the balance, pay the bill, and update the spreadsheet.

The first year using pre-funds felt like discovering a cheat code for funding my bills. Every year since has been just as amazing. Bills that used to cause stress now feel routine. Financial surprises became financial non-events.

### **The Cash-Is-King Connection**

“Conflicts” regarding your major purchases can cause expensive mistakes. Now pre-funds give you a better way.

We talked earlier about the conflicts of interest when buying a house. A pre-fund to help you build a strong down payment will help you purchase that house in a financially smart way.

We talked earlier about the conflicts of interest and information and responsibility when buying a college education. A pre-fund to help you build a strong education fund can free you and your children up from financial stress for literally decades.

We talked earlier about the conflicts of interest when buying a vehicle. A pre-fund to help you build a strong vehicle cash purchase fund can put you in the express lane to financial freedom.

We talked about the conflicts of interest and information and responsibility when making ANY major purchase. A CASH IS KING pre-fund gives you the advantage and can make all the difference financially.

Remember Joseph's lesson: Don't squander the abundance, you can prepare now. Start building your financial time machine today, and your future self will thank you when those "unexpected" bills arrive right on schedule.

**Your North Star**

When you plan for predictable non monthly expenses with pre-funds, financial surprises become financial non-events.

**Your Next Step**

List every non-monthly bill you'll face in the next 12 months and calculate your required monthly pre-fund amount.

**"Every dollar freed from debt becomes a wealth-building warrior."**



## Chapter 17

# When Your Money Starts Working Harder Than You Do

*The Phase II Strategy That Cuts Decades Off Your Timeline*

At 65, I discovered a financial secret that most people never learn: I doubled my money three times, averaging 24 months each, while actually reducing the risks. Most would call starting this late foolish. Here's how I proved them spectacularly wrong.

Before you roll your eyes thinking "here comes another get-rich-quick scheme," let me be clear: this isn't high-risk speculation or market timing. It's actually the opposite—a much safer way to build wealth using boring, proven principles that Wall Street doesn't talk about much. While everyone else is arguing about crypto, day trading, and complex strategies, this approach uses the mathematical certainty that too many investors completely ignore.

Whether you're 25 and want to retire by 40, or 55 and feeling behind, this chapter reveals the acceleration strategy that can dramatically shorten your path to financial freedom.

Here's what shocked me:

### **MY PORTFOLIO DOUBLING TIMELINE**

Traditional expectation (Rule of 72 with a 10% return): 7.2 years or about 86 months to double the value.

My actual results:

- 1st Double: 30 months
- 2nd Double: 13 months
- 3rd Double: 29 months
- Average: 24 months (less than half the expected time)

This wasn't luck, market timing, or risky investments. It was discovering a simple shift that most investors never make—one that transforms steady wealth building into serious wealth acceleration.

When my business finally started making money, I could breathe again. A new possibility emerged: serious investing. My focus shifted from working for just income to building a wealth creation machine. The right investments work 24/7, 365 days a year, without me going into an office. The payoff? My investment portfolio's growth often surpassed my gross earned income for the year. This wasn't luck—it was following a clear system that I'm about to share with you.

## The exponential power of your portfolio

For example if you have a \$300,000 portfolio and the market has a good year and increases 24% that's a \$72,000 increase in your portfolio just from the market. However if you have a \$3,000,000 portfolio and the market increases 24% that's a \$720,000 increase in your portfolio just from the market without you adding a single penny of additional money. In either case that's what I call amazing passive income.

Now, I have two powerful, independent income streams:

- **Passive Portfolio Growth:** My investment portfolio grows on its own, demanding minimal time and effort. It's the ultimate set-it-and-forget-it income stream.
- **Active Agency Sales:** My sales agency continues to grow, and while it's definitely not passive, the momentum has been significant, especially considering I restarted in my mid-60s. The principles in my sales agency compass have been very instrumental

with our sales growth.

So, how did my investment portfolio grow so significantly in a relatively short period? It wasn't magic; it was a disciplined approach guided by simple financial freedom trail markers we've been discussing throughout this book. But let's zoom in on a crucial element: when and how to accelerate your investing efforts.

Here's what traditional financial advice gets wrong: they tell you to invest 15% and wait 40 years. But too often they don't tell you about the acceleration phase that can cut decades off your timeline. This acceleration happens in two distinct phases—and many people never discover the second phase exists.

Why does this matter now more than ever? Because traditional retirement planning is broken. Social Security replaces only a fraction of pre-retirement income for average earners. Pensions are extinct. Healthcare costs are exploding. The old advice of “save for 40 years and hope it works out” isn't enough for many people today. You need a system that creates wealth faster than inflation destroys it—and that's exactly what these two phases deliver.

### **The Power of the Pivot: Dialing Up Your Investment Percentage**

Here's how it works: Most people start with what I call Phase I—investing about 15% once they've ditched their consumer debt and have a protection fund. That's solid, but it's just the beginning.

Once you're completely debt-free—and I mean everything, including that mortgage—suddenly you've got this huge chunk of money freed up every month. That's when next level acceleration happens.

Now, some might say, “But I'm older, I don't have as much time.” And that's precisely why Phase II investing becomes even more beneficial for those with a shorter work horizon.

Here's what I discovered: it doesn't matter if you're 60 and starting from zero or 25 and ambitious. What matters is how many working years you have left to make this happen.



In scenarios with less than the traditional 40 years to save and invest, your Phase I percentage remains at 15% (it's a constant foundational habit), but your Phase II percentage could realistically jump to 20% to 30% or even higher with much of your debt payments, especially your mortgage, now redirected to investing. It's like pressing the accelerator when you see the finish line in sight.

### **Why these numbers work, regardless of your income**

Look, I'm not throwing around fantasy numbers here. I've seen this work at many income levels.

Let's break it down with just a 30 year timeframe (25% less than a typical working career):

The \$50K Earner (Starting at 25 retire at 55):

- Final Portfolio: \$1,357,093

- Annual Portfolio Retirement Income: \$67,854 (more than their \$50k income)

The \$500K Earner (Starting at 35):

- Final Portfolio: \$13,570,774

- Annual Portfolio Retirement Income: \$678,538 (more than their \$500k income)

This is the beauty of these principles: they scale. Whether you're earning a little or a lot, the path to financial freedom remains the same. Both examples are excluding any social income.

Here's what is surprising. Neither example assumes any income raises and no Phase II increase; imagine what would happen with those increases.

### **The Unstoppable Comeback: Age Is Just a Number**

Some people think, 'I'm too old, it's too late for me.' That becomes a self-fulfilling prophecy. But for others, like the two I'm about to tell you about, they refused to buy into that outlook.

### **The Reign of Big George: A Boxer's Second Act**

George Foreman was the Heavyweight Champion of the World at 24, seemingly invincible until Muhammad Ali's "rope-a-dope" strategy knocked him out in "The Rumble in the Jungle." After another devastating loss, he retired at 28 to become a preacher. The sport was behind him completely. Then, at age 38, something remarkable happened. Big George launched a comeback. He was heavier, slower, friendlier—people scoffed. But he kept winning. And then, in 1994, at 45 years old, he shocked the world by knocking out Michael Moorer to reclaim the Heavyweight Championship—20 years after he first held the title. He remains the oldest heavyweight champion in history.

### **Colonel Sanders: The Ultimate Late Bloomer**

Harland Sanders worked countless jobs—farmhand, railroad fireman, insurance salesman—before running a service station in Kentucky where his fried chicken became a local hit. Then disaster struck. In the 1950s, Interstate 75 bypassed his restaurant and he lost everything. At age 65, he had \$105 to his name, a small Social Security check, and a recipe for fried chicken. Instead of giving up, Sanders hit the road, going door-to-door to restaurants across the country. He was rejected over 1,000 times before someone said yes. By the mid-1960s, KFC had hundreds of franchises, and Sanders sold the company for \$2 million at age 73.

Sanders' story reminded me of that old saying: "It ain't over until the fat lady sings." I made plenty of my own mistakes before I was ready to take success to a new level.

### **The Power of Later "Phase II Investing"**

Sometimes, people who amplify their efforts later in life have a significant advantage. They've accumulated wisdom from their many mistakes over the years. Boosting your savings at the right stage of life can dramatically increase your wealth.

When I was fired at age 63 with no job prospects and barely two years' worth of funds, many would have said, "You're too late, you'll be broke by 65." However, at 64, I was fortunate to start earning good money again and eventually, after a lot of research, figured out how to invest. By staying on the right investment path, we arrived at seven figure financial freedom by age 69. One of the things that really aided our portfolio growth was increasing the percentage of our income we invested during "Phase II Investing." This significantly helped us reach our goal.

But success creates new dangers. The moment you start building serious wealth is exactly when you become most vulnerable to making wealth-destroying mistakes.

## **The Acceleration Trap:**

### **When "Safe" Investments Steal Your Future**

Here's the dark side of Phase II investing that few talk about: when you finally have serious money to invest, that's exactly when the vultures circle. The bigger your portfolio gets, the more "advisors" will try to sell you "safe" alternatives that promise to protect your wealth while secretly depleting it.

This is what happened to Harvey - and his story shows why sticking to simple, boring investments becomes even more critical as your wealth accelerates.

Harvey retired early 15 years ago and got completely out of the stock market. An "advisor" sold him a one-million-dollar lifetime annuity, promising a guaranteed income of \$50,000 per year for life. One day, Harvey was chatting with his retired neighbor, Jon, who held no annuities and kept much of his portfolio in low-cost broad market index funds. Harvey expressed how relieved he was to be out of the "crazy market," with his income "safe and guaranteed."

What Harvey didn't know was the hidden and massive cost of the "safety" he was sold.

In the 15 years since both men started with \$1 million, the market returned an average of 12.6%. The results couldn't be more different:

- **Harvey (The Annuity):** His fixed \$50,000 income is now worth only **\$38,500** in today's dollars. Worse, he has **zero access** to his original \$1 million; the insurance company owns it now.
- **Jon (The Market):** By using low-cost index funds and withdrawing that same \$50,000 annually, Jon's wealth grew to a staggering **\$4,196,999**. He has quadruple his starting wealth and **100% control** of his money.

Can you see how profitable selling annuities are for the annuity companies? This conflict of interest is costing too many senior investors millions at a time in their lives when they need the money to live off of.

How does this happen to such a smart person? Harvey is a smart guy who followed a conflicted "advisor." I know there are good and bad advisors out there, but unfortunately, some of the worst advisors have such friendly and trusting personalities, and they may not even realize what damaging advice they are giving their trusting clients.

So, it's not just about increasing your Phase II investing percentage; it's also about investing in the right things for growth and long-term safety. That is a significant part of my financial success, and what I have detailed for you in this book.

Now that we've talked about how to accelerate your investments, let's explore how to define your specific financial freedom target and know precisely when you've achieved it.

### **Your North Star**

Phase II investing after becoming completely debt-free can dramatically accelerate wealth building at any age through higher contribution percentages.

### **Your Next Step**

Calculate your debt status today and determine whether you're ready for Phase I (15%) or Phase II (20%+) investing.

**"Do you have your own wealth building plan, or are  
you part of someone else's?"**



## Chapter 18

# Retire Richer Than Your Boss's Boss

*The \$4.5 Million Secret Employees Never Discover*

At 72, Mike had just sold his forty-year empire in a multi-billion dollar deal—the company he'd built from nothing. Every one of his over 10,000 employees knew this day would make him unimaginably wealthy. What they didn't know was a mathematical truth you're about to discover, one that changes everything.

That same day, in the same building, a 25-year-old customer service assistant manager named Jennifer was a year into her career with a typical income for her position. She felt small, insignificant, maybe even a little envious watching the founder cash out for billions while she worried about student loans.

But here's what Jennifer, and maybe you, doesn't realize: If she follows the simple system I'm about to show you, she'll retire with more spendable wealth than many successful business owners ever do.

I'm not talking about getting lucky or starting a company. I'm talking about a mathematical certainty that most employees never discover—a secret so powerful that when I finally understood it way late at age 65, it changed everything.

## **The Billion-Dollar Illusion That Keeps You Poor**

Here's the lie that keeps millions of people financially trapped: "Rich people have all the advantages. The deck is stacked against regular employees."

That's exactly what some of Mike's employees whispered as news of the sale spread through the company. "Another rich guy getting richer," they muttered. "What about the rest of us?"

But I was about to discover something that would shatter this limiting belief forever.

I knew Mike and he did deserve his wealth—he'd risked everything, worked 80-hour weeks for decades, and created something from nothing. But here's the plot twist: any employee can create their own "exit strategy" that rivals what many successful business owners experience when they sell.

The difference? Instead of building a company with human employees, you build an investment portfolio with "dollar employees". And unlike human employees, these dollar workers:

- Never call in sick
- Work 24/7, 365 days a year
- Never ask for raises or benefits
- Compound their productivity year after year
- Never quit or need to be replaced

## **The Shocking Math That Levels the Playing Field**

Let me show you the numbers that many people don't know and why some of the smartest people I know are still financially struggling in their 60s.

**Jennifer's "Ordinary" Path to Extraordinary Wealth:**



Jennifer started at \$45,000 as a customer service assistant manager, automatically investing \$562 monthly—less than many people spend on car payments. While her coworkers grabbed \$8 lattes and financed new SUVs, Jennifer drove her paid-off Honda and watched her account grow:

- **By age 30:** \$55,000 portfolio (as much as her annual salary in her one account)
- **By age 35:** \$150,000 portfolio
- **By age 40:** \$310,000 portfolio (more than her childhood home cost)
- **By age 45:** \$575,000 portfolio
- **By age 50:** \$1,000,000 portfolio (millionaire at 50 without owning a business)
- **By age 55:** \$1,600,000 portfolio
- **By age 60:** \$2,700,000 portfolio (multi-millionaire status at 60 without owning a business)
- **By age 65:** \$4,500,000 portfolio (generating \$225,000 passive income annually)

But here's where it gets really interesting...

### **Why Jennifer Could Have the Advantage Over Many Business Owners**

Jennifer's stress level was wonderfully low. She doesn't manage a large competitive business, handle lawsuits, worry about cutthroat competition, or lose sleep over critical survival business decisions. Her wealth grows while she sleeps.

Jennifer simply builds a diversified portfolio for 40 years. Her money will weather multiple market cycles, compounding through decades of

dollar-cost averaging, and positions her for a predictable retirement income stream. She will get an amazing exit package, that she gives herself, without all the stress, risk and uncertainty. The lesson is clear: Retire Richer Than Your Boss's Boss—this is the Employee's Blueprint for a Multi-Million-Dollar Future.

## **The Million-Dollar Question You Must Answer**

Here's what separates those who build wealth from those who just work for a paycheck:

### **Do you have your own plan, or are you part of someone else's?**

If you don't have a clear, written wealth-building strategy, you're automatically enrolled in your employer's plan by default. And in your employer's plan:

- They get the equity growth when the company succeeds
- You get a paycheck that may barely keep up with inflation
- They build generational wealth
- You build... Well, what exactly are you building?

This isn't meant to sound harsh—it's meant to wake you up to an incredible opportunity.

## **The True Retirement Countdown**

Stop guessing. Discover the single number that instantly tells you if you can retire today. Let's calculate your exact number right now using the same system that guided me to financial freedom.

### **Step 1: Your Annual Lifestyle Cost**

What do you spend per year right now? Adjust for retirement (maybe less commuting, more travel). If unsure, use your current spending as a baseline.

Example: \$75,000 per year

### **Step 2: Your Guaranteed Income**

Use online calculators to estimate Social Security. Add any pensions or other guaranteed income.

Example: \$25,000 per year Social Security

### **Step 3: Your Net Annual Expenses**

This is what your investment portfolio must generate.

Example:  $\$75,000 - \$25,000 = \$50,000$  annual income needed from investments

### **Step 4: Your Freedom Number**

Divide your Net Annual Expenses by 5% (or the % of the withdrawal rate you choose).

Example:  $\$50,000 \div 0.05 = \$1,000,000$

This simple process also gives you powerful protection from:

- All the fear-mongering articles, podcasts, videos, and ads that pop up as you approach retirement, trying to scare you into buying their products or services
- The "experts" who want a nice percentage of your portfolio each year to "help" you
- The crushing anxiety of not knowing if you'll be okay financially, turning what should be a joyful time into a source of real concern

Progress can be made at any age. The earlier, the better, sure. But your best time to start is today.

## The Three Levels of Financial Freedom

Once you know your base financial freedom number, you can choose your specific level of freedom. Financial freedom isn't a single destination; it's a journey with multiple milestones.

Meet Curt, a 60-year-old mechanical drafter who's spent 35 years preparing layouts for machinery and mechanical tools. As he sits at his kitchen table with a calculator and coffee-stained retirement statements, he's asking the question that keeps him awake some nights: 'Will I have enough?'

Unlike many people, Curt started investing early. Every month for decades, \$400 became \$800, then \$1,200 as his responsibilities and salary grew. Now, completely debt-free after paying off his modest ranch home, he's built a \$2.5 million portfolio.

But Curt has dreams beyond just surviving retirement. He wants to travel with his wife Debra to the national parks they've only seen in magazines. He wants to volunteer more at the family shelter center where he's already donated countless Saturday mornings. And he wants to support that same shelter program financially—something close to his heart.

So he calculates: \$100,000 for a comfortable life. Social Security will provide \$27,000. No pension, but he consistently maxed his 401k match.

His Net Annual Expenses (NAE): \$100,000 (living expenses) - \$27,000 (Social Security) = \$73,000. He chose to use a 5% withdrawal strategy:  $\$73,000 / 0.05 = \$1,460,000$ . This is the portfolio size for his first degree of financial freedom.

### Level 1: Security

This level means having enough passive income to cover all your basic living expenses, plus enough for some important wants, and enough for the charitable giving that matters to you. Curt's current portfolio is about \$2,500,000. He's already well past his \$1,460,000 target. That's

fantastic news! He could retire today if he wanted to, five years earlier than planned. Imagine that sense of calm and control.

## **Level 2: Influence**

This level means having enough passive income to cover all your basic living expenses, plus enough for even more important wants, and enough to have a significant influence through even more generous giving. Curt crunched the numbers for this level. He figured his new annual income goal would be \$150,000. With that extra \$50,000 per year he knows he could do some special things and make an even bigger difference for the charity he supports. New NAE:  $\$150,000 - \$27,000$  (Social Security) =  $\$123,000$ . Target portfolio:  $\$123,000 / 0.05 = \$2,460,000$ . With his current portfolio at \$2,500,000, Curt has already achieved his second level of financial freedom ! He could retire right now, still five years early, and enjoy an even richer lifestyle.

## **Level 3: Fulfillment**

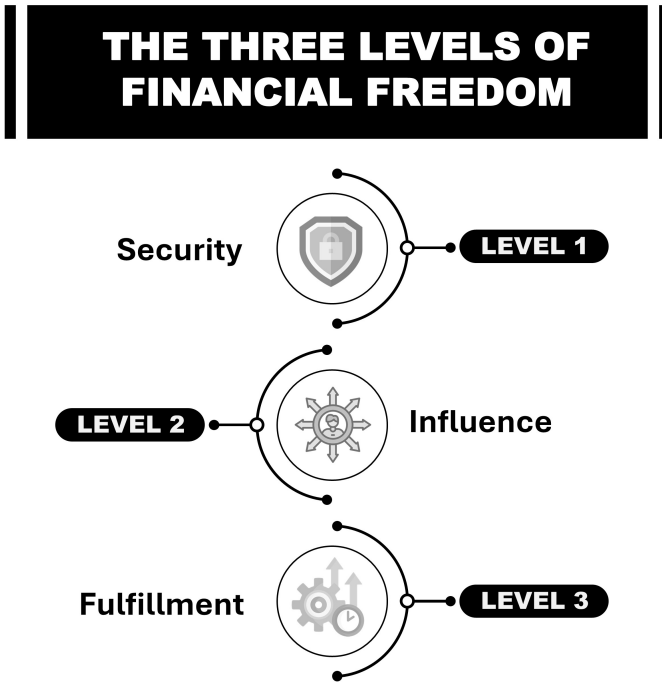
This level means having enough passive income to meet all your basic living expenses, plus enough to take spending and giving to new heights in whatever ways truly fulfill you. Curt, curious, calculated this level. His new income goal: \$200,000. New NAE:  $\$200,000 - \$27,000$  (Social Security) =  $\$173,000$ . Target portfolio:  $\$173,000 / 0.05 = \$3,460,000$ . With his portfolio at \$2,500,000, Curt would need to significantly increase his investing to reach this third level. But here's the key: the choice is his. He can be thrilled with his amazing second level of financial freedom and retire now, or he can continue to add to his plan.

### **The ultimate financial skill is knowing when you have enough.**

The beauty of this exercise, done well before retirement, is it's a crucial reality check. If Curt had found himself far short, he would still have time to make adjustments, dial up his investing, or tweak his retirement vision. In his case, he's in a fantastic position, with options and peace of mind.

The earlier the better. Do this calculation now, even if retirement feels far away. It's your reality check and your roadmap.

But what if you're thinking, 'That's great for Curt, but I make less than average'? That's exactly where this system proves its real power.



## The Financial Equalizer: How BELOW Average-Income Employees Can Retire Like Owners

Imagine equalizing the wealth building opportunity. Now below average income earners can actively level the playing field, empowering themselves to achieve their financial goals. This isn't about unionizing or demanding a slice of someone else's pie. It's about understanding a fundamental truth: any employee, even with an average or below-average income, can enjoy a massive financial payday at retirement—a payday

that rivals what some successful business owners experience when they sell their companies.

We already talked about Jennifer, a roughly average income employee.

"But what about a below-average income employee?" you ask. "Can they still become a millionaire?" Absolutely. A below-average income employee can still retire as a millionaire by investing just \$180 a month from age 25 to 65, based on an average market return of 10%.

"But where does someone with a lower income find \$180 a month?" This is where the rubber meets the road. Many people, regardless of income, carry significant debt payments for cars, credit cards, student loans, etc. My "Wealth Compass" shows you how to pay off all consumer debt before investing. Once those shackles are off, simply redirect that \$180 (or more) that used to go to debt payments directly into your investment portfolio.

**At age 65, that consistent \$180 a month would grow to roughly \$1,007,209.** Imagine that: a below-average income employee retiring a millionaire! And if they invest in a Roth account, that million dollars is tax-free at retirement.

Some might scoff, "A million dollars isn't what it used to be." Perhaps. But consider this:

- Only 18% of US households have a net worth of \$1 million or more according to the Federal Reserve's Survey of Consumer Finances. So someone with a \$1,000,000 net worth is better off financially than 82% of all US households.
- Only 1.5% of the global adult population have a net worth of \$1 million or more according to 2023 estimates from the Credit Suisse Global Wealth Report

So, even today, being a millionaire puts you in an impressive elite group.

## **The Reality Check That Changes Everything**

Here's the statistic that should terrify every working person: According to a Congressional Research Service analysis of the 2022 SCF, about 57% of households aged 55-64 had retirement account assets, meaning around 43% had nothing in retirement accounts.

Zero.

After decades of work, nearly half of pre-retirees are completely dependent on Social Security—which averages just \$1,827 per month. The National Council on Aging reports that 80% of households with older adults are either financially struggling or at risk of economic insecurity as they age. This isn't just a trend; it's a rapidly worsening crisis.

But here's what gives me hope: It's never too late for anyone. Starting at 63 with virtually no serious retirement savings, I proved that even someone dangerously behind can reach financial freedom by 69. The key isn't starting early (though that helps a lot)—it's starting NOW and staying consistent.

## **The Employee's Secret Opportunity**

While Mike was building his empire, dealing with employees, regulations, lawsuits, and sleepless nights, Jennifer was quietly building something just as powerful for her without all that stress:

### **Her own Evergreen Portfolio.**

Every month, 15% of her paycheck automatically went to work in a low cost diversified portfolio. No company to manage. No business owner decisions. No market timing. Just steady, consistent, boring wealth building.

And here's the final twist: Mike kept working until age 72 because he loved it—and even started another company after the sale. Jennifer could choose to stop working at 65 because she'd built her freedom machine. Financial Freedom isn't about stopping work; it's about having the choice.

## **Your Million-Dollar Decision**



You're at a crossroads right now. You can:

**Path 1:** Keep doing what you're doing, hoping somehow it'll work out, and potentially join the 43% with zero retirement savings.

**Path 2:** Decide today that you're going to build your own wealth machine, following the same simple mathematical principles that have created millions of employee-millionaires.

Jennifer's story isn't unique—it's predictable. When you follow proven wealth-building principles consistently over time, becoming a millionaire isn't a miracle. It's math.

The only question is: Will you trust the math?

### **Your North Star**

Any employee willing to consistently invest 15% of their income can retire wealthier than many business owners, without all of the business risks or stress.

### **Your Next Step**

Calculate your personal Financial Freedom Number using the four-step formula we discussed., then set up automatic investing to make a comfortable retirement inevitable rather than hopeful.

**"Values, not wealth, determine generational outcomes."**



## Chapter 19

# Money Magnifies Who You Already Are

*Lessons from Two Families on Why Some Wealth Lasts and Others Fails*

Two men died millionaires in my hometown. One used his money to create a legacy of joy for the next generation. The other used his money in a way that completely destroyed the next generation.

Let me first tell you about a family friend Patrick. He was the second-generation owner of a highly successful manufacturing facility, a business he inherited from his father. This guy was seriously wealthy. But you wouldn't know it by looking at his life. He and his family lived in a nice, middle-class house in a typical neighborhood, not one of those sprawling estates in the most affluent part of town they could easily have afforded. For years, he and his wife drove Buicks, keeping them for five or six years each. With their income, they could've rolled up in high-end imported vehicles and paid cash for them. They took nice vacations and enjoyed some finer things, sure, but nothing ostentatious, nothing that screamed "look at how rich we are."

Their two children, the third generation, never got caught up in the "wealthy family" trap. There was no "affluenza" here. Patrick insisted both kids work summer jobs throughout high school—his daughter bagging groceries, his son mowing lawns—even though the family could

easily afford to give them anything they wanted. When his son wanted a new 10-speed bicycle that all his friends had, Patrick made him save half the cost from his lawn-mowing earnings. “Money you earn feels different than money you’re given,” Patrick would tell them. They grew up living well below their means, surrounded by loving parents, and had a remarkably happy, grounded life.

Both kids went on to graduate from excellent universities, forge successful careers, build their own incomes, and raise wonderful families. One took over the family business, continuing the legacy, while the other thrived in a successful professional career.

Patrick had something more. I believe he possessed a quiet, powerful spiritual compass that guided him. This wasn’t just about managing money; it was about protecting his family in ways that mattered most. In Patrick’s final years, he was surrounded by the loving family whose bonds his values had strengthened—a joy no amount of money could buy.

So what made Patrick’s family different? The statistics tell a troubling story: More than 70% of wealthy families are broke by the second generation, and 90% by the third, according to research from Williams Group wealth consultancy and other studies tracking generational wealth transfer.

**These statistics aren’t just numbers—they’re real families.**

## **When Money Destroys Everything**

Kent’s story started the same way. He was also a second-generation owner of a highly successful processing plant inherited from his hardworking father, living in the same town as Patrick. But the similarity ended there. After divorcing his first wife, he married Jackie, a waitress from a restaurant he frequented. Kent and Jackie embraced the lavish lifestyle that wealth could afford. They lived in an elegant, imposing waterfront estate—the perfect venue for the elaborate parties they hosted throughout the year. Both drove high-end luxury imports, trading them in regularly for the latest models.

While Kent didn't inherit his father's work ethic, he did acquire a taste for the finer things. The family took exotic vacations around the world, and his two sons grew up accustomed to a life of complete indulgence. The children consistently acted as if rules didn't apply to them, constantly landing in trouble, with their parents smoothing things over with money and influence.

I remember hearing about the incident that should have been a wake-up call: one of the sons crashed his relatively new BMW while drunk, injuring two passengers. Instead of facing consequences, Kent quietly paid the hospital bills, hired an expensive lawyer, and shockingly bought his son an even more expensive car the following month. "Boys will be boys," Kent shrugged when confronted by concerned family members.

The consequences proved devastating. Both sons' lives were tragically cut short—one lost to substance abuse, and the other in another DUI accident he caused. Neither reached their thirtieth birthday. The crushing weight of both losses fractured Kent and Jackie's marriage, leading to a bitter divorce in their late 50s. A decade later, Kent died alone, his final years consumed by isolation and despair.

Patrick's disciplined approach created a thriving third and fourth generation, while Kent's indulgent lifestyle led to the complete destruction of the third generation.

Patrick and Kent weren't unique. This same pattern has played out with some of America's most famous fortunes:

### **The Vanderbilts had everything and lost it all.**

Cornelius Vanderbilt built a personal fortune greater than the cash reserves held by the U.S. Treasury at the time of his death in 1877. He created this wealth through shipping and railroads. But here's what happened: his kids and grandkids went crazy with the money. They built massive mansions, threw million-dollar parties, bought yachts that needed 70 people to run them. Within 50 years, when the family held a reunion, not

one millionaire to be found. Dozens of descendants, zero millionaires. A classic "rags-to-riches-to-rags" story.

### **The Rockefellers did it differently.**

John D. Rockefeller made his billions in oil, just like Vanderbilt made his in railroads. But six generations later, the family's still wealthy. Why? They set up trusts, held regular family meetings about values and responsibility, made their kids work summer jobs even though they had trust funds. They focused on giving through the Rockefeller Foundation while teaching each generation that money was a tool, not a toy. It worked.

### **Carnegie took a completely different path.**

Andrew Carnegie made his fortune in steel, then gave away 90% of it. He said it was "a disgrace to die rich" and meant it. He built 2,500 libraries, founded Carnegie Hall, and created universities. His descendants didn't inherit billions, but they inherited something better—a name that means generosity and helping others succeed.

Patrick understood what the Vanderbilts never figured out: money without values is dangerous. Kent, just like the Vanderbilts, gave his sons everything money could buy but nothing they actually needed—values, responsibility, the satisfaction of earning their own way. The size of your bank account doesn't matter nearly as much as what you teach your kids about the real purpose of money.

What Patrick did right wasn't just about money—it was about creating meaningful traditions and memories with his children. I discovered the power of this myself when I almost missed a crucial opportunity to build something lasting with my son. It happened on a father-son camping trip.

### **My First Campout: How Mary Taught Me to Build Memories**

When my son Adam turned eight, our church announced a father-son campout. I knew instantly I had to take him—I could picture the memories we'd make. My only problem? I'd never been camping in my life.

My wife Mary, who grew up camping, was thrilled. "Adam will love that!" she exclaimed. "We need to go shopping for camping equipment, though, because we have absolutely nothing."

"Is that really necessary for just one night?" I asked, genuinely confused.

She gave me a surprised look. "Of course you need equipment!"

At the sporting goods store, Mary and Adam wandered off exploring while I wandered aisles of equipment like a deer in headlights. When I showed Mary a bulky tent package I found, she shook her head. "How do you plan to put that together?" knowing full well my disdain for assembling anything. She flagged down a salesperson and asked, "Can you show us how to assemble this pop-up tent?" whoosh!—it sprung open instantly. I was blown away. "We'll take it!" I declared.

"What do you plan to sleep on?" Mary continued.

"Uh, I guess a sleeping bag on the floor of the tent?" I replied, thinking it sounded perfectly logical.

"Are you kidding?" she laughed. "Do you know how sore you'd be in the morning?" She led me to an inflatable mattress. I said, "That looks great." Then she asked, "How do you plan on inflating it?"

"I guess I'll blow into it like a balloon."

She rolled her eyes playfully and handed me a battery-powered air pump. "This inflates it in four minutes and deflates it in two." That sounded so much faster than my caveman approach.

Her next question was, "What are you planning for supper?"

"I don't know. I guess I'll get some cans of food and cook them over the campfire."

Mary just shook her head. "You'll starve. I will handle dinner."

The campout was wonderful. Our pop-up tent went up in seconds while other fathers struggled with traditional tents. Mary's pre-cooked meal was delicious, featuring our favorites. Mary knew something important about that first campout. If I had a bad experience, it would have

been our first and only campout. Instead, Adam and I went on father-son campouts every year until he was eighteen—priceless memories I'm deeply thankful for.

## **Navigating Towards True Wealth**

Having the right perspective on money transforms wealth from a burden into a blessing. Patrick intuitively understood something that took me decades to learn: there are really only four things you can do with money, and understanding this hierarchy kept him from becoming Kent. This framework isn't just theory—it's become my personal guide for ensuring prosperity works for me, not against me.

## **What Most Financial Books Won't Tell You**

Here's the truth most financial books won't tell you: money matters enormously—until it doesn't.

Ignore wealth building and you'll face devastating consequences. Financial stress destroys marriages, limits opportunities, and creates pain that ripples through generations. Money problems are the leading cause of divorce, and their impact extends far beyond the couple to affect children and grandchildren.

But make wealth accumulation your highest priority, and you'll discover something Kent learned too late: you can win the money game and still lose everything that matters. It's a bitter irony—the very success you chased becomes the thing that destroys what you were trying to protect.

The key isn't choosing between financial security and what really matters. It's understanding there are only four things you can do with money, and how you prioritize them determines whether wealth enhances your life or damages it.

## **The Four Basic Uses of Money:**



1. **Purchase life sustaining needs:** Food, shelter, and transportation...

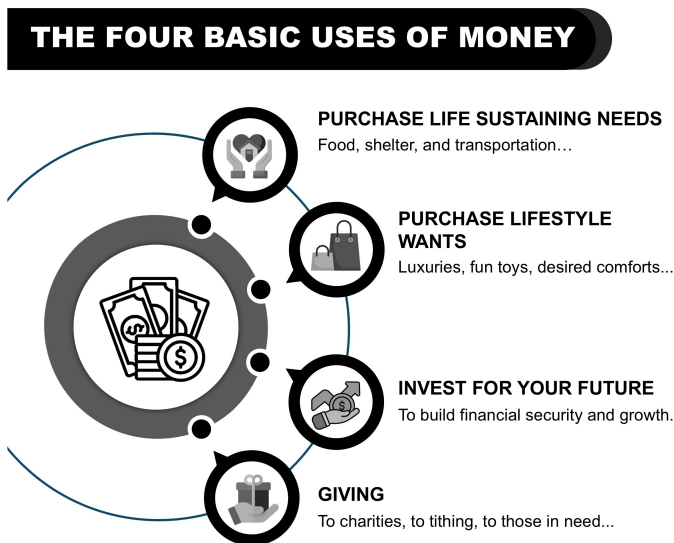
2. **Purchase lifestyle wants:** Luxuries, fun toys, desired comforts...

3. **Invest for your future:** To build financial security and growth.

4. **Giving:** To charities, tithing, those in need...

Harvard research confirms that spending money on others creates significantly higher happiness levels than spending on ourselves—across all income groups.

Let me show you how this plays out in real life.



Over the years, I've stumbled upon some remarkable ways to connect with and support those who are struggling. I break them down into four distinct avenues of giving:

**1. A Charity We Find Important:** My wife, Mary, has an uncanny knack for finding hidden gems. She discovered this small, local charity dedicated to helping children facing serious illnesses and other critical needs. I remember the excitement and genuine concern in her voice as she described their work. She spent weeks researching them, talking

to their volunteers, digging into their mission. Her belief in their cause became infectious. Now, whenever we contribute, I see this special, quiet joy wash over her. It's about knowing we're directly helping those children, and seeing Mary's joy is a gift in itself.

**2. One-on-One Assistance:** One of our favorite traditions is "adopting" one or two families in need around Christmas. We do it anonymously, which adds a layer of fun and mystery. Mary becomes this determined detective, gathering all the details—little Bobby's obsession with dinosaurs, Tina's desperate need for a warm winter coat. The shopping trips become adventures, filled with us imagining their faces on Christmas morning. It brings back fond memories of making Christmas magical for our own son. The feeling we get from giving in this personalized way is so much more thrilling than any gift we could ever receive.

**3. Tithing:** I didn't grow up paying tithing. It wasn't until my mid-twenties that I learned about and started tithing—giving 10% of one's income to support their place of worship. For me, making the decision to tithe was about obedience to what I knew was the right thing to do. And what I've experienced over the decades has been wonderful. Regardless of whether I was financially struggling or comfortable, that tithe never really felt like a sacrifice. Looking back through all the financial ups and downs, we've always been blessed to have what we really needed. I'm not suggesting it's a financial guarantee, but for me, tithing has been a quiet source of stability and gratitude. It seems more like a privilege than a responsibility.

**4. Giving of Time:** My son, Adam, and I found this local organization that provides after-school snack bags for underprivileged kids. Our first Saturday morning there was surprisingly fun. The energy of the other volunteers, the simple act of putting together something that would help a child, was really uplifting. Another favorite is the huge St Mary's Food Bank—the sheer scale of need they address is staggering. I invited my brother to come with me, and now it's become our monthly thing, a chance to connect and contribute together.

I'm not trying to come across as some model do-gooder—I'm far from that. But these experiences have brought a unique and lasting joy

to my life. It's a different kind of return than any financial return on investment could offer—one that feeds something deeper than your bank account.

Most books on personal finance would never discuss this. The reason I do is simple: what's the point of reaching your wealth goal if the more important areas of your life get destroyed in the process?

The principles in this book are about money, but they're really about something much deeper: building a life and legacy that matter. Patrick understood this. Kent didn't. The choice between their paths starts with how you act as a steward of your money, guided by your values.

Patrick and Kent both died millionaires. Only one died rich.

## **A Small Favor With a Big Impact**

If this book helped you, even a little, would you consider helping someone who's still trying to find their way?

Many people turn to places like Amazon for guidance, and your quick rating or review can point them toward a solution that actually works. **This simple act of kindness costs nothing to do, but it can make a major difference in the direction of someone's life.**

If the *One-Page Wealth Compass* made a meaningful difference for you, please consider sharing it with a friend or family member who could use a financial reset.

*"If you light a lamp for someone else, it will also brighten your own path."*  
—**Buddha**

Thank you for helping the next person begin their journey.

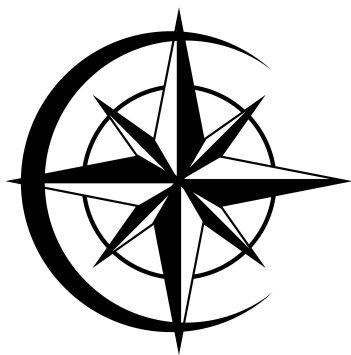
## **Your North Star**

How you handle wealth, not just having it, can determine whether it enhances you and your family's life or potentially damages it.

**Your Next Step**

Identify one person or cause you can support with a financial gift or an act of service and do it.

**"Clear direction beats misdirected speed every time"**



## Chapter 20

# The Wealth Compass

*Your 2-minute course check: To hit your number on your timeline.*

### **Inside a small wooden box...**

Kimberly was helping her elderly neighbor, Mrs. Chen, prepare for her move to assisted living. In the back of a bedroom closet, behind old coats and forgotten belongings, Kimberly found a small wooden box. Inside was a brass compass, tarnished with age.

Mrs. Chen's weathered hands trembled as she lifted the compass, tears pooling in her eyes. "Oh my," she whispered, her voice breaking. "My husband carried this compass through a war and countless hiking adventures. I thought I'd lost this important piece of him forever."

"He always said the most dangerous thing wasn't getting knocked down by storms—it was wandering aimlessly without knowing which direction would take you home."

She held the compass gently, watching the needle settle. "He used to tell our grandson, 'You can have all the energy in the world, but if you're walking in the wrong direction, you'll never reach your destination. Find your true north first, then move forward with purpose.'"

### **Crystal Clear Direction**

Just like that brass compass saved travelers from walking aimlessly for decades, I learned the hard way that financial success requires the same kind of crystal clear direction. Without it, even smart, hardworking people can spend their entire careers making money moves that feel productive but ultimately lead nowhere—or worse, backward into deeper financial trouble.

For years, I was one of those people walking aimlessly when it came to our finances.

That all changed when I discovered the power of creating my own wealth compass—not just any plan, but a simple, one-page guide that would keep me pointed toward "true north" no matter what financial storms I encountered.

### **When Success Breeds Failure: The Power of Aligned Strategy**

Before we review my compass, let me tell you about a business lesson that taught me why having a compass with both principles of truth AND strategy matters. As I mentioned earlier, I learned some powerful lessons when I worked for People Express Airlines.

In the 1980s, they became the fastest-growing airline in aviation history with six precepts they committed to follow: service commitment, best provider of air transportation, highest quality management, role model for others, simplicity, and maximization of profits.

Initially, these precepts worked brilliantly. But in the end, they failed spectacularly. The problem wasn't their precepts—it was abandoning their winning strategies.

**Precept** - a principle that guides behavior, often with moral or ethical value.

**Strategy** - a course of action to achieve a goal, involving tactics and resource allocation.

### **Strategies that won big in the beginning:**

- **Market strategy:** Flew to smaller, underserved markets with

little competition, ensuring full flights and profitable routes.

- **Employee strategy:** Created unique culture with outstanding customer service and effective manageable growth.
- **Operations strategy:** No first class, no free food or free checked bags—customers paid only for what they wanted, keeping prices low and competitive advantage strong.

#### **Strategic changes that led to their demise:**

- **Market strategy:** Started flying into major markets competing head-to-head with airlines that had bigger cash reserves to win expensive price wars.
- **Employee strategy:** Expanded at uncontrollable speed, destroying their entrepreneurial culture and customer service.
- **Operations strategy:** Added first class, free food, and free bags—driving up prices and losing their critical low-cost advantage.

When they took their eyes off their winning strategies, it destroyed both their business and their treasured precepts. Management was passionate about their principles but lost their way by focusing on competitors way more than what made them successful.

Watching People Express collapse taught me a devastating truth: even brilliant precepts fail when you lose sight of what made you successful. They had everything—vision, execution, momentum—but they abandoned their winning “strategic” formula to chase their major competitors. I was going to make a similar mistake with my own finances.

Maybe if People Express management had recognized their need to align their highly prized precepts to their initially highly successful strategies things might have been different.

That's why my one-page wealth compass includes both.



### **Profitable oil company**

Earlier in my career, I worked for a profitable oil company in Houston Texas that showed me the flip side of People Express's mistake. They focused exclusively on their successful strategies and systems but had written principles somewhere in a company report that they ignored. When the market changed, their strategies became outdated, but they felt they knew what worked and refused to adapt. Eventually, their profitable operation started losing money and eventually closed because they had no guiding principles to help them see the bigger picture and navigate change.

Both of their examples made an impression on me that principles/precepts are critical to give you that 30,000 foot view of things. Also, supporting strategies/techniques are critical to give you the boots on the ground action steps. When the two levels are in sync, that can bring important protection and success to an organization when they need it most.

### **A Long-Distance Champion**

Florence Chadwick was a champion long-distance swimmer who held records for crossing the English Channel. In 1952, she attempted to become the first woman to swim the 26 miles from Catalina Island to the California mainland.

The weather was foggy and cold. After swimming for 15 hours, she became exhausted and asked to be pulled from the water. Only then did she learn she had quit just half a mile from shore.

At the news conference, she said, "All I could see was the fog. I think if I could have seen the shore, I would have made it."

Two months later, she attempted the same swim in similar foggy conditions. This time, she kept a clear mental image of the shoreline in her mind throughout the swim. She successfully completed it, becoming the first woman to do so and beating the men's record by two hours.

## **The Power of Clear Vision: Your Financial Destination**

Florence's breakthrough wasn't just about having better swimming technique—it was about maintaining a crystal-clear mental picture of her destination.

**Your Personal Financial Vision** is a clear, specific picture of your destination, what financial freedom looks like for you.

Most people have vague money goals: "I want to be comfortable" or "I want enough to retire someday." That's like telling Florence to "swim somewhere toward shore." Without a specific target, even the best strategies leave you swimming off course.

Your financial vision must be specific enough to see clearly:

- Your exact Financial Freedom Number
- The lifestyle that number provides
- The age when you want to achieve it

When I created my compass, I could now see us with enough passive income to cover all our needs and important wants, being able to support causes we cared about, and having the choice to work because we loved it, and to stop working whenever we wanted.

That clear vision became my "mental shoreline." When conflicting advice tried to pull me off course or market downturns created fear—I could always see exactly where I was swimming toward and the most direct way to get there.

## **When all three elements are in sync**

The last company I worked for in Arizona had all three elements in sync. Senior management continually spoke of their clear vision, and big picture principles, and day-to-day strategies, showing how they worked hand in hand. When challenging times hit during the 2008 great reces-

sion, they not only survived but thrived, eventually leading to a multi-billion dollar acquisition.

Observing them inspired me to include vision, precepts, and strategies in my one page financial freedom compass.

### **The Psychology Behind Why This Compass Works**

There's a phenomenon called "target fixation", you steer toward whatever you're staring at, even when trying to avoid it. Race car drivers fixating on the side wall are more likely to run into it.

For years, I'd been practicing financial target fixation. Every month, I'd obsess over our problems—the bills, the pathetic savings, the fear of never having enough. Like that race car driver, I kept steering toward more financial stress because that's where my attention lived.

**Then I discovered how to flip the target fixation script.** Instead of staring at my problems, I focused on my destination—using the "Look-Where-You-Want-to-Go" principle.

That's what my compass does—it keeps my eyes on financial freedom, not financial fear, while giving me specific steps and principles to reach that destination. Wherever your attention goes, you naturally follow.

### **From Pain to Progress**

I've had my share of financial pain. Suffering is typically the result of wrong thought and actions. My wealth compass helped move away from painful mistakes and make progress toward goals.

Taking a couple minutes to read my compass once a week keeps my attention focused on the right principles and destination, ensuring I naturally steer toward financial success rather than away from it.

### **My Personal One Page Wealth Compass**

Creating this compass transformed my approach to money—setting me on a different path that helped not just with material needs, but spiritually as well.

I'd always felt the weight of responsibility to provide for my family, and sometimes that burden was stressful. My compass brought peace, and joy, to fulfilling this sacred responsibility. It also enabled more generous giving.

### **Your reality, for better or for worse**

Now that we've reviewed the power of clear vision and how target fixation works, let me show you my actual compass.

**Your Personal Financial Vision** is your crystal-clear destination—just like Florence's mental image of the California shoreline. Trail Marker #9 helps you define this precisely.

**Trail Markers** (left column) are your 9 sequential action steps. Complete them in order—each builds the foundation for the next.

**North Star Principles** (right column) are your 5 unchanging truths that keep you on course when you face confusing advice or difficult decisions.

These three elements created my 'Time Compression' method: achieving in 6 years what takes most people 30 years or more. I reached financial freedom at an age when everyone said it was too late.

### **Multiple Compass Power**

While this book focuses on your financial journey, I've discovered that true freedom requires more than just a healthy bank account. I've witnessed many situations where you cannot fix a broken life with a bank account alone.

Just as a handyman knows that a hammer is great for nails but useless for a leaky pipe, I realized that a wealth strategy alone isn't enough to navigate to real freedom in life. If you have the perfect financial plan but

your health fails or your spirit is broken, you'll never truly arrive at your real desired destination.

To reach the life I wanted, I found it extremely helpful to develop a **simple set of "One-Page" tools** for the important areas of life that I was facing a challenge in. They have led me to real freedom:

**My one-page wealth compass** helped get me from nearly broke at 63 to a seven-figure portfolio by 69 and true financial freedom. But it **wouldn't** have worked to the fullest extent in isolation.

**My one-page sales agency compass** helped me get from unemployed at 63 to a thriving agency that I own that generates significant income for me to also help build my wealth. It even enabled my son to join my company which was a true blessing in several ways.

**My one-page health compass** helped me when I was 55 and the doctor wanted me to go on statins for high cholesterol in the dangerous range of 235. Instead of prescription drugs I researched diet and exercise and did a 180-degree change and in 90 days got my cholesterol down to 175 in the very safe range. Today it's even lower at 165. I truly feel 10 to 15 years younger than my actual age. My health compass contributed significantly to building my wealth and my agency.

**My one-page spiritual compass** helps give me spiritual, emotional and mental strength to overcome whatever challenges come my way any area of my life. This is something that no amount of money can buy and is my greatest treasure of all.

Each of my highly simple one-page compasses quietly work in unison to help me achieve goals at levels I never thought possible. Now you can take my wealth compass and use it as a template or inspiration to create a simple one-page compass in any area of your life.



# WEALTH COMPASS

*Your Two-Minute Course Check*

| 9 Trail Markers<br>To Financial Freedom                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 5 North Star Principles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. CAREER &amp; INCOME SUCCESS</b> (Chapters 1-2)<br/>ACTION: Grow your marketable skills and income in work you enjoy.<br/>NEXT: Once started, move to Trail Marker 2</p> <p><b>2. THE 3% PROTECTION FUND &amp; INSURANCE CHECK</b> (Chapter 5)<br/>ACTION: Save 3% of your annual income for emergencies and review your Insurance Protection Check<br/>COMPLETE Before moving to Trail Marker 3</p> <p><b>3. DEBT FREEDOM STRATEGY</b> (Chapters 4 &amp; 16)<br/>ACTION: Eliminate all consumer debt with your choice of plans. Begin required pre-funds for future expenses<br/>COMPLETE Before moving to Trail Marker 4</p> <p><b>4. WEALTH ACCUMULATION</b> (Chapters 6, 8-10)<br/>ACTION: Invest 15% of your income following the 7-Step Wealth Accelerator to grow wealth safely and efficiently<br/>NEXT: Once started, move to Trail Marker 5</p> <p><b>5. SMART PROTECTION FUND</b> (Chapter 5)<br/>ACTION: Maintain your 3% Protection Fund and begin adding to your Smart Protection Fund for next level of protection.<br/>COMPLETE Before moving to Trail Marker 6</p> <p><b>6. PRE-FUND RESERVES</b> (Chapters 13-16)<br/>ACTION: Start elective pre-funds for major goals and non-monthly expenses<br/>NEXT: When ready, move to Trail Marker 7</p> <p><b>7. MORTGAGE FREEDOM</b> (Chapters 13 &amp; 17)<br/>ACTION: Make extra mortgage payments to achieve complete debt freedom<br/>COMPLETE Before moving to Trail Marker 8</p> <p><b>8. EVERGREEN PORTFOLIO</b> (Chapters 11 &amp; 17)<br/>ACTION: Grow your Evergreen Portfolio. 3 to 5 years before retirement, rebalance to prepare for withdrawal years as you keep growing<br/>NEXT: Once started, move to Trail Marker 9</p> <p><b>9. FINANCIAL FREEDOM NUMBER</b> (Chapter 18)<br/>ACTION: Define your specific Financial Freedom Number. Draft this early in any step for direction, refine as needed.<br/>COMPLETED When portfolio reaches your target</p> | <p><b>1. Live On Less Than You Earn</b> (Chapter 3, 19)<br/>• Pay yourself first and spend what remains<br/>• First step in building wealth at any income level</p> <p><b>2. Debt Freedom</b> (Chapter 4)<br/>• Get and stay debt-free<br/>• Earning interest rather than paying it is wisdom</p> <p><b>3. 3D Investment Success</b> (Chapters 6, 8, 9,11, 20)<br/>• <b>Dimension 1: Gain Knowledge:</b> "An investment in knowledge pays the best interest." (Benjamin Franklin)<br/>• <b>Dimension 2: Simplify the Strategy:</b> Invest in one or two low-cost index funds to eliminate complexity and high fees.<br/>• <b>Dimension 3: Invest Consistently:</b> Keep your wealth engine running in all market conditions.</p> <p><b>4. Simply Set It and Forget It</b> (Chapter 9, 20)<br/>• Automate bill pay and investing and forget it<br/>• Ignore market noise and stay the course</p> <p><b>5. Verify Before Trust</b> (Chapter 7, 12)<br/>• Follow the money— Know who benefits from financial advice<br/>• Identify the 3 C's of conflicts<br/>• Only invest in what you fully understand</p> |

*Clear focus beats misdirected speed every time.*

**For a FREE one page PDF of this One-Page Wealth Compass go to [www.onepagewealthcompass.com](http://www.onepagewealthcompass.com)**

“Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.” — Steve Jobs

This one-page compass helped me move a mountain I couldn’t budge for decades.

**But wait—what about the specific details?**

You might be asking, “How do I know what to do for each Trail Marker?”

The compass includes chapter references to provide clear guidance. Trail Marker 3 points you to Chapters 4 and 16 for debt elimination and pre-fund strategies. Trail Marker 4 references Chapters 6, 8-10 for comprehensive investment principles including how to maximize tax-advantaged accounts like 401(k)s, IRAs, and Roth options. Each chapter provides a detailed roadmap for implementing that Trail Marker.

Think of the compass as your navigation tool, and the referenced chapters as your detailed maps. The compass keeps you pointed in the right direction, while the chapters provide turn-by-turn guidance for each financial milestone.

Because each Trail Marker builds on the last, following the sequence correctly allows your progress to compound safely and efficiently. Getting the order wrong, even just one step, can quietly erase years of potential growth.

**How Getting the 9 Trail Marker Sequence Wrong Can Cost You \$468,082.74**

Let’s examine how misunderstanding the order of financial steps can be staggeringly expensive. Even many finance experts get this wrong.

A popular myth says you should fully fund your 3–6 month emergency fund before investing.

That single mistake can quietly cost you nearly half a million dollars.

Let’s look at just how expensive getting the order wrong can be.

### **Ron's Story**

Ron, a 25-year-old accountant, had just paid off all his consumer debt, including student loans. With a clean slate, he started Trail Marker #4: Wealth Accumulation and began investing 15% of his \$6,000 monthly income (\$900 per month) into his Roth IRA and employer 401(k). Anything above his Roth IRA max and 401(k) match went into a taxable brokerage account holding a low-cost total market index fund.

Because he already had his Starter 3% Protection Fund (from Trail Marker 2), he simultaneously began his Smart Protection Fund, his up-graded safety reserve.

Here's what he did right:

He didn't wait to invest until he had a full emergency fund. He built both—his investments and his Smart Protection Fund—at the same time.

### **The Math**

If Ron had delayed investing for one year (or more) while saving a 3–6 month protection fund he would have missed an entire year of market growth.

**\$900 per month invested at a 10% annual return for 12 months = \$11,376.48**

**Left untouched for 40 years (age 25 to 65) = \$468,082.74**

That's almost half a million dollars lost—just by getting the sequence wrong.

And that's not the whole story. Ron's employer matched 6% of his 401(k), and he used the Roth option. That missed year of employer contributions and growth could have pushed the total loss well over half a million—and much of it tax-free in retirement.

### **The Bottom Line**

That's how much people unknowingly lose by following the steps out of order.



The Trail Marker sequence exists for a reason. Done right, it maximizes growth while keeping you well protected—so you build wealth faster and more securely.

**Clear direction beats misdirected speed every time.**

Think of this one page compass like **an actual navigation compass: it keeps you pointed in the right direction on your entire journey.** Your compass provides the bigger picture view and overall direction. But when you reach a specific point on your journey, you may need detailed maps with turn-by-turn directions.

That's where the chapters of this book come in. When you reach Trail Marker 6 (Pre-funds), and want to enable your child to go to college debt free you'll want to return to Chapter 14's education funding formula. When implementing Trail Marker 5 (Wealth Accumulation), you'll reference the investment strategies from Chapter 9. Each chapter is a detailed map designed to give you the specifics you need for important financial milestones. The compass stays clean and simple for a two minute weekly review, while the detailed maps provide the specific directions you need and can reference exactly when you require them.

If maps weren't needed, I could have just given you a single piece of paper with the one-page wealth compass and called it a day. But with something as important as your financial life, additional details are critical at certain times along your journey.

## **The Power of Thinking and Doing**

The most successful people connect thinking with doing. My one-page compass and maps connect these perfectly. The compass gives you the big-picture thinking, and the maps provide the detailed actions you need to get things done. That is where Financial Alignment comes in.

### **The Power of Financial Alignment**

Regularly reflecting on progress is crucial. I call these moments "Your Two Minute Weekly Course Check." This simple practice helps align

financial thoughts with actions. Every week, I take two minutes to read my one-page wealth compass. This quick review ensures I'm still headed in the right direction.

**Won't reading the same page every week get boring after a while?**

Not if you read it the way I do. Half the time I never make it through the whole page because I see something that I need to work on or a mistake I made during the past week, and I jump to the relevant chapter in this book to look at the specifics that would help me.

**What to Do When You Get Off Track**

If you occasionally get off track, that's where the power of "your two minute weekly course check" and related maps really shines. For example, if I made a mindless purchase that week, I'll review the concept of waiting 24 hours before making unplanned purchases. Or if I'm starting to actively work on paying down debt and feel overwhelmed, I'll turn to chapter 4, which covers simple step-by-step debt elimination strategies. Some weeks, I may dive into a related blog post or podcast, and other weeks, I simply do a quick review of the compass.

The compass helps prevent a simple mistake from taking you in the wrong direction.

**Want a simple way to keep your financial compass sharp?**

I believe that **Always Be Learning** is a powerful success principle, but learning must be quick and actionable. That's why I also share simple wealth-building tips, case studies, and new discoveries directly with my community. It's a great, low-effort way to stay on course.

If you'd like a regular source of these simple reminders and practical tips delivered straight to your inbox, you are welcome to sign up for my **free newsletter at OnePageWealthCompass.com**.

I've learned two things that make my two-minute weekly course check effective:

**Schedule it:** Put "Your Two Minute Weekly Course Check" on your calendar. Doing it at the same day and time each week makes it a non-negotiable habit.

**Listen to yourself:** If you feel the need to look deeper into a topic, do it. If you don't feel that need, don't force it. The goal is to simply stay on track in the way you need that week.

The transformation was so noticeable that even my wife could see it. After I started using this compass, Mary mentioned, "You seem so much calmer about money now," she told me. "It seems like you know where you're going."

### **Why This Method Works**

It's critical to regularly check your direction from a 30,000-foot view. This keeps you from getting sidetracked. It's equally important to consult your more detailed "maps" when you approach a new trail marker or a major financial decision or challenge.

I developed this system through a simple principle: Always Be Learning. My days are pretty full so to find time for learning I multitask. I listen to podcasts while working out or driving, and read blogs while waiting for appointments. I also keep a daily journal to capture new insights.

When you're working toward your next trail marker, it may take months or even years to accomplish. It's easy to get sidetracked. You don't want to wake up one day and realize you've drifted far off course.

This became painfully clear to me when I was 63, unemployed, and facing the serious reality of being broke. I knew I had no more time to wander off track and make the same mistakes I had for 40 years. This system ensures I'll never go back there by using "target fixation" to my advantage—where my weekly attention goes, my financial life naturally follows.

### **A Personal Note on Principles**

I believe strongly that living by correct principles is a source of protection and blessing. Regardless of faith or background, when choosing to ignore universal principles of truth, there are consequences. I've seen this firsthand.

In this book I've shared the lives of people who, despite their sincere faith and prayers for financial blessings, suffered extreme financial pain. Their tragedy was caused by their failure to follow correct financial principles. True freedom comes from living by timeless principles of truth.

### It's Never Too Late to Start

This compass didn't appear out of thin air; it emerged from years of intense research and cutting through the three conflicts that plague financial advice. It's important to understand the meaning and evidence behind each compass item. Without understanding the "why," you'll easily get pulled off the path by conflicts trying to "help" you. That's why I wrote this book—to give you the depth of knowledge you need to succeed, especially during challenging times.

What spoke to me personally was the parable of the talents. It tells of a master who gives three servants money to manage: five talents to one, two to another, and one to the third. The first two invest wisely and double their money. The third, afraid, buries his talent and returns only the original amount. The master rewards the first two but condemns the third for his fear and laziness.

For many years, I was like that third servant—I buried my financial future instead of investing it wisely. But starting at age 63, I discovered it wasn't too late.

By 69, when I showed Mary our investment statement proving we were financially free, she whispered, "We actually did it." The relief was overwhelming.

I failed to follow correct financial principles for most of my life and suffered predictable consequences. But I also proved it's never too late to change course. I refused to accept that starting late meant failure. And I discovered the truth Mrs. Chen's husband knew: clear direction will always beat speed on the wrong path.

**He was right about something else too:** the most dangerous thing isn't getting knocked down by storms—it's wandering aimlessly without knowing which direction leads home. Your wealth compass is that direction. The question isn't whether you'll face financial storms; it's whether you'll have the tool to navigate through them safely to your destination.

You now have the Wealth Compass and the step-by-step guidance you need. By consistently applying these principles, your journey to Fi-

nancial Freedom will be like an Express Lane—avoiding the stop-and-go traffic for a smoother, faster, and safer timeline.

**Simplify the plan to accelerate the breakthrough.**

### **Your North Star**

Clear direction will always beat misdirected speed every time, even the most intelligent people wander in circles without a compass to guide them.

### **Your Next Steps**

Create your "Two Minute Course Check" habit. Schedule two minutes a week to read your one page wealth compass, assess your current trail marker progress, and align your actions with your destination.

**"Employee financial stress isn't an HR problem—it's a  
bottom line problem."**



# Employer Appendix

## *The Untapped ROI*

### **Employee Financial Wellness as a Strategic Advantage for Productivity and Retention**

When Sarah, a talented marketing director at a mid-sized tech company, was hit with an unexpected \$5,200 car repair bill, she thought she could handle it quietly. She'd always been reliable, never missed deadlines and consistently exceeded targets. But over the next month, colleagues noticed changes. She seemed distracted in meetings, made uncharacteristic errors in client presentations, and started arriving late. What they didn't know was that Sarah was spending hours each day at work researching payment plans, calling lenders about a personal loan, and recalculating her family's budget.

Sarah's manager noticed her decline but chalked it up to "personal issues"—never realizing that her \$5,200 car repair bill was about to cost the company far more than her annual salary.

Sarah's story illustrates a hidden crisis affecting a majority of your workforce right now, a figure confirmed by Bank of America's 2024 Workplace Benefits Report. This isn't an HR problem, it's a strategic business challenge driven by personal financial stress, creating what

amounts to a hidden tax on your business, silently eroding productivity, driving up costs, and undermining competitive advantage.

## **The Silent Drain: Quantifying the Hidden Costs**

The data reveals the staggering scope: PwC confirms that one in three full-time employees say money worries have negatively impacted their work productivity, highlighting money as a leading cause of stress for employees.

Sarah represents this majority and her story becomes more concerning when you understand the full business impact.

For executives, this means your talent strategy is being undermined by an invisible force. This stress impacts critical cost centers:

### **Turnover and Recruitment**

Data consistently shows that financially stressed employees are twice as likely to seek new jobs. In other words, they are much more likely to be looking for a new role than their financially stable peers. Analysis by the Center for American Progress demonstrates that replacement costs range from 16% of salary for hourly workers to as high as 213% of salary for executive positions. The Society for Human Resource Management reports that replacing an employee typically costs six to nine months of their salary when all factors are considered. HR and benefits analyses that summarize SHRM's findings reach the same conclusion, noting that replacing an employee often costs roughly half to nearly a full year of their annual pay.

Three months later, Sarah accepted a position at a competitor. Her exit interview cited "better work-life balance," but the real driver was financial desperation. The company spent \$45,000 replacing her—nine times her original car repair bill.

### **Lost Productivity**



Ceridian's research reveals that 82% of American workers think about personal finances during work hours, with many employees spending about an hour or more of each workday dealing with money issues, leading to an annual productivity loss of \$664 billion for U.S. employers.

During Sarah's worst month, her campaign error cost the company a \$120,000 client. The mistake? A simple calculation error made while she was mentally juggling payment plans during a client presentation.

But Sarah's stress didn't stay contained to her cubicle. Studies document that stressed leaders and colleagues can reduce their entire team's productivity through what behavioral economists call 'stress contagion.' Research from Danish municipalities shows that managers' stress transmits to employees and remains detectable even a year later. Sarah's irritability during brainstorming sessions stifled creative input. Her distracted responses in team meetings forced colleagues to repeat information and second-guess decisions. Her poor judgment on vendor selections created extra work for others. Financial stress, it turns out, is viral spreading through collaborative work until entire departments operate below capacity.

### **Health and Absenteeism**

Willis Towers Watson found that high financial stress employees had 40% higher annual medical costs, adding \$1,100 per stressed employee per year. Studies consistently show that employees with poor mental health have about twice as many unplanned absences as those with good mental health each year.

Sarah's stress manifested as migraines and insomnia. Her three "sick days" that quarter weren't really about physical illness, they were about financial overwhelm. Her healthcare claims increased by \$800 that year.

These aren't abstract statistics—they're profit margins walking out your door.

**Illustrative Impact:** To put this in perspective for a real business: A 500-employee company with typical stress levels faces approximately \$2.1 million in annual hidden costs from turnover, productivity loss, and

healthcare increases. Sarah's single medical crisis ultimately cost her company over \$165,000 in replacement costs, lost client revenue, and increased healthcare claims.

These costs drive many companies toward an obvious solution: raise salaries. But the data reveals something surprising.

### **The Salary Paradox: Why Traditional Solutions Fall Short**

When Sarah's replacement started, HR preemptively offered a 15% salary bump "to prevent turnover." But the new hire, despite earning more than Sarah ever did, began showing identical stress patterns within six months. The cycle was repeating.

Here's what surprises most executives: companies that respond to financial stress by simply raising salaries often see minimal improvement in retention, productivity, or engagement metrics. Data consistently shows that financial stress isn't solely determined by income level, it's significantly influenced by **financial behavior and literacy**.

Even more surprising: financial stress persists across all income levels. Evidence indicates that around 47% of employees earning over \$100,000 annually still report financial stress, and many remain seriously concerned about their financial stability. Higher incomes often trigger lifestyle inflation, increased fixed costs, and greater tax burdens, creating financial fragility disguised as success.

This reveals a strategic opportunity: **addressing root causes of financial stress often costs significantly less than across-the-board salary increases while delivering superior operational results.**

### **The Strategic Advantage: What Success Looks Like**

The ROI data is compelling: multiple studies show that well-designed wellness programs, including financial wellness initiatives, can generate positive returns through lower healthcare costs and improved productivity.

Organizations addressing employee financial wellness report measurable improvements:

**Enhanced Focus and Innovation:** When employees aren't mentally managing financial crises during work hours, intellectual energy redirects to business objectives. Studies demonstrate significant productivity improvements when comprehensive wellness initiatives address the root causes of workplace distraction and financial pressure.

**Talent Retention and Attraction:** Bank of America's survey found that 84% of employers believe offering financial wellness tools increases retention. Employees are more likely to stay with organizations that demonstrate genuine support for their financial well-being, and this effect is especially strong for those who might otherwise feel pressure to look elsewhere for stability.

**Operational Efficiency:** Organizations document substantial reductions in absenteeism alongside lower healthcare claims and more predictable workforce stability when financial stress is addressed systematically.

**Goal Alignment:** Financially stable employees shift from working for paychecks to working toward personal financial objectives, creating alignment where employees want company success because their financial progress depends on organizational performance.

Had Sarah's company offered financial wellness support, her story might have ended differently. Instead of losing a top performer, they could have helped her navigate the crisis, retained her institutional knowledge, and avoided the replacement costs entirely.

## The Competitive Reality

Organizations addressing employee financial wellness gain measurable advantages while competitors continue absorbing hidden costs. Financial wellness programs reduce the viral spread of stress that diminishes entire team performance. When one team member's financial crisis is addressed quickly, it prevents the productivity decline that typically affects surrounding colleagues.

The mathematics are compelling: the cost of financial wellness programs can often be offset by preventing the departure of just one employee annually. Studies estimating replacement costs show that losing a single professional employee can cost an organization from roughly three-quarters to twice that employee's annual salary, which makes it realistic for one avoided resignation to cover a modest program's cost.

### **The Future of Competitive Advantage**

The most successful organizations understand that employee financial wellness isn't an optional benefit—it's strategic infrastructure that amplifies every other human capital investment.

Sarah now thrives at her new company, which happens to offer comprehensive financial wellness programs. Her former employer is still struggling with turnover in her department, having replaced her replacement twice in 18 months.

The lesson is clear: employee financial stress demonstrably affects operations; the debate is over. The greatest risk is not the cost of intervention, but the escalating hidden tax of inaction, which continues to erode productivity and competitive advantage one employee at a time.

# About the Author

David Nassief's journey to financial freedom began with devastating failure. After losing his corporate job at 63 with barely two years of savings, he faced the prospect of a ruined retirement. What happened next defied conventional wisdom about starting "too late."

Unlike financial advisors selling products or academics teaching theory, David built his system in the trenches. Over a focused six-year deep dive into personal finance, he read and summarized 21 books, followed 13 podcasts, and devoured dozens of blogs and newsletters, relentlessly testing ideas against real-world results.

David holds a Bachelor of Science in Accounting from the University of Denver. Early in his career, he realized he preferred creating the numbers through business growth rather than reporting them after the fact. That background gave him the tools to truly understand his agency's financials, evaluate risk, and spot what actually drives long-term wealth instead of short-term excitement.

Through this intensive research and hard-won experience, David created a simple one-page Wealth Compass that guided him from nearly broke and unemployed at 63 to financial freedom at 69. His transformation wasn't built on get-rich-quick schemes or market timing, but on boring, proven principles that work at almost any age and income level.

David's unconventional path includes surviving the collapse of People Express Airlines, enduring two failed businesses that taught him

what to do—and what not to do—and ultimately building a thriving sales agency in his mid-60s alongside a growing seven-figure investment portfolio. His approach pairs hard-earned battlefield experience with evidence-based strategies, creating a blueprint that is both practical and proven.

David lives in Arizona with his wife, Mary, who played an instrumental role in both their business success and his writing journey. When he is not helping clients grow their businesses, he enjoys snow skiing with their son, Adam, and exploring family history with Mary.

“I’m proof that it’s never too late to rewrite your financial story—if I can do it starting at 63, anyone can with the right direction.”

After experiencing the relief of financial freedom following decades of roller-coaster stress, David wrote this book to help others avoid the traps that nearly destroyed his retirement and discover the clear direction he wishes he’d known 40 years earlier.

Keep learning. Stay on course.

For additional support, you can join the free One-Page Wealth Compass newsletter for regular tips, case studies, and updates at **OnePageWealthCompass.com**.

If this book helped steady your course, consider sharing it with someone who’s still searching for direction.