

SURFING FOR DOLLARS

A hundred years ago the average person lived off the money he earned working with his hands. The life expectancy of our grandparents was about 47. Today, most people live to be over 75, with many more living well into their 80s and 90s.

If you haven't accumulated enough money to live 25 years after you retire, you could be poor for a very long time.

In the following example you can see how the habit of using credit can consume the money you could have had to invest. Let's say you purchased a new flatscreen hi-def TV for \$2,500 with a credit card at 15% interest. Later you refinance your house to reduce the interest rate on your credit card debt with a mortgage at 6.5% for 30 years. Your new house payment will include the remaining balance on that TV. Over the next 30 years you will pay \$17,500 for that TV!

If your income isn't growing faster than inflation you are going backward. The comforts you think you need in the early part of your life keep you from becoming rich. Every time you shell out \$3.00 for a pack of cigarettes, a latte, or beer, you are also giving up the amount that money could grow. (If you had put that \$3.00 in the stocks of the New York Stock Exchange 45 years ago, you would have \$66.00 today).

For those who are afraid to invest, what could be scarier than to be old and not have enough to live on?

Living a full and ambitious life usually calls for more money than most people can earn from their employer. If you want to live an enhanced life, you will

have to figure out how you will get and invest more money. Because compounding grows your investments, the earlier you save, the less money you need to invest to produce the income you will need later.

Become a person who collects interest, not pays interest.

Pay cash for everything but your house, car, and investments that will generate enough income to make their own payments. Live on less than you earn, invest the difference, stick to the program, and learn while your money grows. The earnings on your investments can double every 10 years at 7%.

To become knowledgeable about investing, work in the field in which you plan to invest your money. With some basic knowledge, you can learn how to use the strengths and avoid the weaknesses in the economy to increase your wealth.

There are forces that roll through the economy like waves. They have far more power to make you wealthy than you have yourself, if you can learn how to surf them.

Learn to sell before the wave breaks. Learn to save and shop while you are waiting for the next wave. All it takes is ordinary intelligence and a lot of homework.

“Downers”

- Depreciation — Goods wear out and lose value.
- Inflation — In 1900 the average wage was \$0.22 per hour (or under \$400 per year). A dozen eggs or a pound of coffee cost less than \$0.15 cents. A lot more people started competing for the same assets which drove the cost up.

- Innovation — The introduction of new products, making old products obsolete.
- The U.S. dollar — Its purchasing power in other countries has been declining.
- Fads/styles — Trends and demands for products and services are always changing which can devalue some of your assets.
- Job skills — Today's competitive market demands new, updated job skills.
- Divorce — Alimony, child support, etc.
- Time — The amount of years you have left to get your finances in order.

Be prepared to buy when the economy starts to grow. The harder you look (shop) the luckier you get.

“Uppers”

- Compounding interest.
- Appreciation of real estate, collectibles, stocks, gold (sometimes), classic cars, art, rare articles, and the value of your time (if you are becoming more capable or productive).

What are you willing to give up now to be able to have wealth in the future?"
 Will you start to learn about investing so that when you have money to invest, you will know how to protect it and make it grow?
 Do you realize that every dollar you spend at age 20 can grow to \$27 dollars or more in your old age; if it's been invested wisely?

Skillful Thoughts

Underlined statement holds me back. Arrowed statement will empower me.

All this is too complicated for me; I can't think about it!

- Almost everything a person learns seems complicated at first.
- Learning happens by just reading or listening to financial reports.

- I will read a few basic books and the rest will come easily over time.