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RICH

DAVID BACH

9-TIME *NEW YORK TIMES* BESTSELLING AUTHOR

PRAISE FOR DAVID BACH AND SMART WOMEN FINISH RICH

"There's a reason why Smart Women Finish Rich has sold over a million copies—it works! David Bach has helped millions of women for over two decades be smarter with their money. His no-nonsense approach will inspire you to take action to live your best life."

— Jean Chatzky,
financial editor of NBC's *Today*
and host of the HerMoney podcast

"David Bach is the one financial expert to listen to when you're intimidated by your finances. His powerful and easy-to-use program will show you how to spend, save and invest your money to afford your dreams."

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New York Times bestselling author of
Money: *Master the Game*

"David Bach knows how to teach when it comes to money and getting people to take action because he's done it now for over two decades. I watched him change tens of millions of peoples lives when I produced a half dozen *Oprah* shows with him and his message. I also saw firsthand how his books helped our audience members and Harpo's staff (my friends and myself) take charge of our financial lives. *Smart Women Finish Rich* is my favorite guide when it comes to women and money because I know it works."

— Candi Carter,
executive producer of *The View*
and former producer of *Oprah*

"*Smart Women Finish Rich* is simply a remarkable book that is even more relevant now than when it was first published. Twenty years later, this Anniversary Edition will help a new generation of women achieve financial security and live lives of independence and purpose."

—Richard Bradley, editor in chief of *Worth* magazine

"In *Smart Women Finish Rich,* David Bach empowers us to take control of our finances and become better investors. This book is a must read for any woman who wants to make sure her money is working as hard for her as she worked to earn it."

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Pick Three and Dot Complicated

"When I first started my career, I was deep in debt and full of shame, fear, and embarrassment about money. *Smart Women Finish Rich* helped me turn that around and create what I'd always dreamed of: real financial freedom. I've recommended this book to millions of our fans and will continue to do so. Because when women are economically empowered, the whole world wins."

— Marie Forleo,
author of *Everything Is Figureoutable*
and host of the award- winning show *MarieTV*

"*Smart Women Finish Rich* is THE definitive guide for all women seeking financial independence and a prosperous life. Seriously—get this book, read it and use it. Your older self will thank you."

— Farnoosh Torabi,
bestselling author of *When She Makes More*
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"Straight- shooting, action- oriented tips for getting a handle on your spending and savings habits . . . presented in a straightforward, non-intimidating manner perfect for the finance newbie."

— ABCNews.com

"[David] Bach gets across complicated stuff: how to organize a portfolio, keep the taxman at bay, invest in yourself, and earn more, all of which makes this book one of the best overall."

— *Working Woman*

"The best financial writers keep it simple, and David Bach is absolutely one of the best. Bach makes it clear that financial security is a matter of understanding a few simple rules and applying them consistently. When you absorb the lessons of *Smart Women Finish Rich,* you will retire secure and in command of your retirement."

— Eric Schurenberg,
former editor of *Money* and *CBS MoneyWatch,*
and CEO of Mansueto Ventures

"David Bach set a new standard 20 years ago with *Smart Women Finish Rich*—and now the expanded and updated edition raises the bar once again. Bach takes out the intimidating jargon and speaks candidly to women about what we care about: how to earn financial freedom and live the life we choose."

— Bobbi Rebell CFP®,
former Reuters columnist, author of
How to Be a Financial Grownup,
and host of the Financial Grownup podcast

"This book will help any woman take control of her financial future and live rich. David offers sound, easy-to-follow advice for saving, investing and earning more. His book helps women create a purpose- focused financial plan that takes into account both their finances and their values."

— Jennifer Barrett,
chief education officer at Acorns
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"Inspires women to start planning today for a secure financial future. Every woman can benefit from this book. . . . Bach is an excellent money coach."

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Debt Free For Life

Fight for Your Money

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SMART WOMEN FINISH RICH®

8 STEPS TO ACHIEVING FINANCIAL SECURITY AND FUNDING YOUR DREAMS

DAVID BACH

CURRENCY
NEW YORK

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To my beloved grandmother Rose Bach, who taught me the importance of living life to its fullest. You will forever be with me in thought and spirit. I miss you.

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PREFACE TO THE 20TH-ANNIVERSARY EDITION

A PERSONAL MESSAGE FROM DAVID BACH

THANK YOU for being here. If you're a returning reader, welcome back! If you're a new reader, welcome home, as I always like to say.

You're now holding in your hand (or reading on your device) the completely revised and updated edition of *Smart Women Finish Rich*. The original edition first appeared in print some twenty years ago. Looking back, with over seven million copies of my books now in print, it's hard for me to believe that the book that started it all—this book—might easily have never happened. Not everyone believed in this book.

In fact, many agents and publishers passed on *Smart Women Finish Rich* when I first set out to try to find a home for it back in 1997. And even the ones who didn't pass didn't have much faith in it. One publisher told me that even though he was willing to put out the book, he thought it would never sell more than 10,000 copies. "David," she said, "women don't buy investment books." Needless to say, I didn't sell the book to that publisher.

Thinking back on that, I have to laugh. Fortunately, I found a publisher who did believe. The team thought the book could sell 30,000 copies and ultimately become what they called an "evergreen." Being a new author, I had no idea what that meant, but I loved that they believed in my mission. "I don't care what they offer, sell it to them," I told my agent. Then I asked her what exactly does "evergreen" mean? My agent explained that an evergreen was a book that could sell for years, sometimes for as long as a decade. Wow, I thought, a decade! Seriously? That would be amazing.

In retrospect, we all underestimated what this book could do and how many people it would help.

So here we are, two decades down the road, and I'm thrilled to welcome you to the 20th-Anniverary Edition of *Smart Women Finish Rich*. To date, this book has sold more than one million copies. More important, it's helped millions of women around the world take control of their financial futures—and it has been shared from generation to generation, friend to friend.

What accounts for this success? To be honest, I think a lot of the credit has to go to my grandma Rose Bach. My Grandma Rose helped me buy my first stock when I was seven years old, and she inspired me not just to be an investor but to dream big. She had this wonderful saying: "If you can dream it, you can see it, and if you believe it, you can achieve it." I'm not sure she invented the saying, but the way she always said it made it stick with me. And so, more than 20 years ago, inspired by Grandma Rose Bach—a woman who started with nothing and became a self- made millionaire—I set out to write my very first book, *Smart Women Finish Rich*.

My goal was to help a million women take charge of their financial futures quickly and easily. At the time, I thought this was an extremely challenging goal, but I had a big dream. So, excitedly, with the support of an enthusiastic publisher, I set out to do it. It started slowly.

Smart Women Finish Rich came out in 1998. It got zero national media attention. That was disappointing, but I was determined to spread the book's message by myself, if necessary, and that's exactly what I did. In those first weeks and months, I drove myself to dozens of bookstores throughout Northern California to do readings and book signings. At the beginning, I could often count on the fingers of one hand the number of people who showed up to hearme. But over time the audiences started to grow. And then one day I looked up and *Smart Women Finish Rich* was a regional bestseller in Northern California. I kept on pushing and about a year later the book had made the national bestseller lists not only in *The New York Times* and *The Wall Street Journal* but also in *Bus nessWeek, USA Today, the San Francisco Chronicle, The Boston Globe,* and *The Washington Post*.

And I kept pushing. Bookstore after bookstore. City after city. Speech after speech—I toured the entire country with the message of *Smart Women Finish Rich*. Eventually, I did a PBS special called *Smart Women Finish Rich* and we launched our *Smart Women Finish Rich®* seminars throughout North America.

Now millions of women were hearing about the book, reading it, and sharing it with their friends.

By 2004, I was appearing regularly on *Oprah,* talking about how women could and should take control of their financial lives, and then *BusinessWeek* ranked *Smart Women Finish Rich* as the #2 business book of the year—five years after it was first published.

As word of the book and its message spread, I began to receive what would ultimately amount to thousands of e-mails and social media posts from readers around the world letting me know how *Smart Women Finish Rich* had helped them take charge of their financial lives. Truly, the book has had an amazing impact. So why update it? The reason is simple. Learning about money is a neverending process. The world is constantly changing, and for women the changes over the past two decades have been especially dramatic. When I first wrote this book, I had to champion the idea that women should take charge of their financial lives. Today, for women, taking charge of their financial lives is a given! And the #MeToo movement will continue to accelerate women's desire to control their financial destinies.The only real question is, what's the best way to go about it?

Answering this question—providing you with a road map to financial security-is the mission of *Smart Women Finish Rich*. To accomplish this, the book has been painsta ingly refreshed and updated from beginning to end. The timeless principles I have taught for 25 years have remained, because they continue to work. With that said pretty much everything else in the book has been revised to take into account how much the entire world of investing has changed over the last 20 years (not to mention what's happened to technology). From retirement a counts and insurance to financial apps and resources, to health care and entr preneurship, even teaching your kids about money— it's all been revised to r flect the latest developments in these areas. The good news about everything that has happened in the world is that investing has become easier than ever—to the point where most of you today can manage your finances from your phones.

Finally, one of the most important changes in our financial lives that this new edition covers is the impact of the big tax reform bill passed by Congress in 2017. The Tax Cut and Jobs Act of 2017 is the most sweeping tax and pension reform in decades, and I have included in this Anniversary Edition the changes you need to know about everything it has changed, from retirement accounts to mortgage deductions.

I have also included a new bonus chapter at the back of the book called "8 New Tax Changes You Need to Know About for 2018 and Beyond." The fact is, these new tax- law changes are a big deal. If you intend to live smart and finish rich, you've got to keep abreast of them.

One thing has not changed in this updated edition; the book's primary goal r mains the same. *Smart Women Finish Rich* is still about the simple idea that if you take the right kind of action now, you can truly live and finish rich. Living rich to me is the most important message in this book, This book shares the simple idea that any woman—regardless of income, age, race, or marital status—has the power to experience a future of fulfillment, independence, and true financial security and freedom based on her values. If I've learned one thing about women and money over the past 20 years, it's this: *Once a woman learns how to take charge of her finances, there is no stopping her*. There is no stopping you. Today there are more women college graduates, business owners, CEOs, congresswomen and senators, entrepreneurs, and homeowners than ever before. Clearly, the growing financial empowerment of women is the new reality in the households of America, and it is going to change our destiny as a nation.

So let's get started.

I hope you enjoy this 20th Anniversary Edition. If you have any suggestions for a future edition—whether they concern something I may have missed or something I didn't explain fully enough—please let me know. Since the original Smart Women Finish Rich came out, I've published eleven other books. All of them were written as a result of your questions and suggestions. So take the time to browse the back pages and visit our website at **www.davidbach.com** to learn more.

Once again, to all of you who helped make the original *Smart Women Finish Rich* the success it's been, THANK YOU.

If you are a returning reader, welcome back. If you're here for the first time—welcome and enjoy.
Your journey begins today.

David Bach
New York
May 2018

INTRODUCTION

WHY SMART WOMEN ARE TAKING CONTROL OF THEIR FINANCIAL FUTURES

I'll never forget the moment I asked my mom, "What really makes the world go round—money or love?" I was only about five at the time. She looked me straight in the eyes and said, "David, love is what makes life special . . . but without money you are in deep trouble!" Actually, "deep trouble" are my words. What my mom really said can't be repeated. I had never heard my mom use an "adult" swear word before, so even at age five I knew then and there that not having money could be really painful. The obvious next question that came to my five- year- old mind was "Are we rich, Mom?" That question took a little longer for her to answer (I think she eventually made me go play with my toys), but the thought of money has stayed with me ever since. If not having money is so bad, why don't more people figure out how to get and keep it? It can't be that hard. Or can it?

More than 45 years later, I feel privileged to have personally taught thousands of people—mostly women—how to invest and manage their money and then to have gone on to coach millions more through my bestselling books, coaching program, and media appearances. And I'm happy to report that when you strip away all the baloney, learning how to handle your own finances turns out to be relatively easy. Indeed, through my Smart Women Finish Rich® seminars alone I've helped hundreds of thousands of women travel the same road to financial independence you are going to take in this book. They have learned—as you will—the three keys to smart money management that enable a woman to gain control over her own financial destiny . . . and, yes, finish rich:

- How to use both your head and your heart in making financial decisions.
- How what I call "the Latte Factor®" can transform even the most modest wage earner into a significant investor.
- How my "three- basket" approach to financial planning can assure you of not only long- term security but the ability to realize your lifelong dreams.

As you will discover, my approach to personal money management involves some powerful and exciting techniques. And all of them are pretty easy to master. Before we get started, however, it might be a good idea for me to address a question that often comes up at this point—namely . . .

WHO AM I TO HELP YOU FINISH RICH?

One way to answer this question is to tell you that for more than 25 years, I have spent my career dedicated to women's financial empowerment. My experience started as a financial advisor at Morgan Stanley, where in my twenties I was a partner in The Bach Group, which managed more than a half billion dollars of people's money. Most of my hundreds of clients were women who came to me after attending one of my investment seminars or through referrals from other women. Today, I am a co- founder and Director of Investor Education of AE Wealth Management, one of the country's fastestgrowing Registered Investment Advisors (RIAs).

But what you probably really want to know is why a man (and, yes, I admit it— I can't hide the fact that I am a man) is so driven to teach and empower women in particular to take control of their finances.

Well, the answer has mainly to do with my grandmother. Her name was Rose Bach, and she was unlike any other grandmother I ever met.

MY GRANDMA, THE INVESTOR

The head buyer for wigs at Gimbel's (back when Gimbel's was one of America's leading department stores), Grandma Bach was a working woman at a time when most women weren't. Now, my grandparents were never wealthy; in fact, they never even owned their own home. Nonetheless, my grandmother decided at a very early age that she wanted to be an investor. Acting on her own, she took her earnings and put as much as she could afford into stocks and bonds. Over time, and without any advice from her husband, she built up a high- quality portfolio. When she passed away in 1997, at the age of 86, her investments were worth close to $1 million— this, from a woman whose first job paid only $10 a week!

There were many things my Grandma Bach taught me, but for our purposes, there's one lesson that deserves to be singled out:

You don't have to be rich to be an investor!

Of course, by becoming an investor, if you do it wisely like my Grandma Bach, you will almost certainly get rich!

It was Grandma Bach who helped me make my first stock purchase. I was seven years old, and my favorite restaurant in the world was McDonald's. So whenever I spent time with my grandmother, she would take me there for lunch. One day, at her prompting, instead of asking for catsup for my fries when I marched up to the counter, I looked at the woman on the other side and asked, "Is this company public?"

The counter lady looked back at me as if I were nuts, then called over the manager. Yes, he told me, McDonald's was a publicly traded company. After a little persuasion from Grandma Bach (and a lot of vacuuming and dishwashing), I saved my allowance for three months and managed to accumulate enough money to buy three shares of McDonald's Inc.

That was more than 45 years ago. Since then, McDonald's stock has gone up in value and split so many times that those original three shares of mine have multiplied into more than 360 shares. If I'd had enough money to purchase 100 shares of the company back then (an investment of around $10,000 at the time), my McDon ald's holdings today would be worth more than $2 million! (I often give my parents a hard time for not having loaned me the additional money.) And all I had done was go out to lunch with my grandmother when I was a little kid and put my allowance into a company whose hamburgers I liked.

EVERY WOMAN CAN BE WEALTHY

Because Grandma Bach was my biggest inspiration as a child, I grew up thinking every woman was like her—aware of the importance of investing and pretty darn good at it too. So it came as something of a shock to me, when I followed my father into the investment business, to discover that, if anything, the opposite was true. Most women never receive even a basic education in finance until it's too late—which is to say, after they get divorced or are widowed and suddenly find themselves forced to deal with everything at the worst possible moment. The result, all too often, is financial devastation.

I wanted to help. I wanted every woman to have the information, the education, and the tools to take care of herself financially no matter what the circumstances. So I designed an investment seminar called "Smart Women Finish Rich!" in which I did two important things. One, I addressed the heart as well as the head, recognizing that financial planning is as much an emotional issue as it is an intellectual one. And two, I laid out a simple but effective pathway that any woman could follow to achieve financial security and freedom.

The response was immediate and incredible. First dozens, then hundreds of women signed up for my classes, and over the years I've personally given speeches for rooms of hundreds of women to as many as 5,000. Additionally, thousands of financial advisors in more than 1,500 cities have taught Smart Women Finish Rich® seminars from coast to coast with thousands of women attending every month. Why the huge response? In a word, necessity. As one student told me, "Growing up, no one taught me about money, not my father, not my mother, not my school—so I realized it was time to teach myself." Explained another student: "Nobody is going to take care of me. I have to take the responsibility myself." Added a third: "We'd be in deep trouble if we left everything up to our husbands. We need to know about our finances so we can be independent and take care of ourselves."

Though my students come from all walks of life—rich, poor, old, young, married, single—virtually all of them believe in the empowering importance of education. As a working mother of two from Walnut Creek, California, put it after taking my course, "Understanding your own finances is as important as knowing about your health. You can't make financial decisions if you're not educated."

What I've learned from my seminars is that women want to be responsible for their financial futures. The problem is, most of them just don't know how to get started. Or if they've taken steps in certain areas, they've neglected others. I can't tell you how gratifying it's been for me to see the thousands of women who've been through my seminars taking control of their financial destinies, making better decisions about their financial futures, and feeling great about their financial well- being as a result.

WELCOME TO THE CLUB!

And now you are going to join their ranks.

Congratulations are in order, for you've just taken a very important step toward achieving financial security and independence. The fact that you've picked up this book shows that you've decided to take control of your financial future. You may not believe it, but in making that decision and acting on it, you've just completed the hardest part of the process.

Congratulations, too, because this is your time. There is more wealth in women's hands today than ever before. Much more! According to the Boston Consulting Group, $39.6 trillion of the world's wealth is now controlled by women. Fidelity estimates that women now control 30 percent of global private wealth. This is up 25 percent in just five years. Furthermore, it is estimated that women's wealth will grow by 7 percent annually, to reach $72 trillion globally by 2020. Why is this happening? The answer is that women are earning more; they are acquiring more wealth through inheritance, death of a spouse, and divorce; and, most important, they are becoming entrepreneurs.

Today's entrepreneur is, in fact, a woman. Women are now opening businesses at a rate three times that of male entrepreneurs. According to the American Express annual report "State of Women-Owned Businesses," as of 2017 there are an estimated 11.6 million women-owned businesses in the United States. What's more, between 1997 and 2017, the number of women-owned firms grew by 114 percent compared to a 44 percent increase in all businesses—a growth rate more than 2.5 times the national average. These womenowned businesses now employ nearly 9 million people and generate more than $1.7 trillion in revenue.

According to the Bureau of Labor Statistics, there are now 73.5 million women in the U.S. workforce compared to just 18.4 million working women in 1950.

What all this is leading to today is record levels of wealth for women. The percentage of women who have at least $1 million in their 401(k) accounts has doubled in the past decade, climbing from 10 percent of female 401(k) holders in 2005 to 20 percent as of 2017, according to Fidelity. In addition according to the American College of Financial Services, women make up 45 percent of all American millionaires. Finally, it is estimated that women will inherit 70 percent of all assets that are passed down during the next 20 years.

SOMETHING MEN MAY NOT WANT TO HEAR . . .

Having worked as a financial planner and advisor with literally thousands of women over the years, there's something else I can tell you about women and money: As a rule, women make better investors than men. When women become investors, they generally devise a plan, and then they stick to it. In a word, they "commit." Men, on the other hand . . . well, we've all heard that dreaded phrase "fear of commitment," haven't we? Rather than stay with a great, solid investment, men often get bored and start looking around for the next "hot thing."

My experience is that women simply do not do this. As a rule, women who invest tend to be wary of so- called hot tips. Not many men. Time after time I have had male clients phone me with orders to buy 1,000 shares of stock merely because they heard a "hot tip" at the gym or on the golf course. Often these requests to make a stock purchase involve no research, just brazen bravado.

And this is not just my opinion. The statistics bear me out. According to a 2016 Fidelity analysis of more than 8 million clients, women generated investment returns that were higher by 40 basis points, or about half a percent. Just a fluke? Hardly. According to a 1995 study by the National Association of Investors Corporation (now known as **BetterInvesting.org**), women's investment clubs outperformed men's clubs by 11 percent per year and coed clubs by 5 percent . . . and did so for 10 of the 12 years included in the study! In fact, the lifetime earning rate for women's groups was significantly better than for men—10.5 percent to 9.7 percent.

Do you find that surprising? Many of us do. That's because we've unthinkingly accepted the stereotype that money management is a man's "game"—one that women simply aren't suited to play. Why? It may have something to do with the fact that most of us grew up watching our fathers manage the family money. Certainly, many women have told me that was the reason it never dawned on them to take an active role in shaping their financial futures. Whatever the cause, however, far too many women decide early on that when it comes to money, they'd prefer to stay on the sidelines. They say things like, "Well, I'm not good with money," or "I'm not driven by money," or "I'm not materialistic," or "Money doesn't make you happy," or "Why bother—the more you make, the more the government will take," and on and on, trying to justify their fear of dealing with their financial situation.

A "GAME" YOU CAN'T AFFORD TO SIT OUT

I think that is a mistake. As a woman today, you've got to stop watching and start participating. Even more important, you've got to start calling the shots for yourself. There's no getting around it: This so- called money game (a misnomer if ever there was one) has very real, very serious consequences for all of us. People who say they've decided not to play the money game are only fooling themselves. After all, how we handle our money colors every aspect of our lives—the education of our children, the sort of home we provide our families, the type of contribution we make to our communities (not to mention all those mundane things like the kind of food we eat, the clothing we wear, and the vacations we take).

The fact is, none of us really has a choice: We are all playing the money game whether we want to or not. The only question is: Are we winning?

Most people, unfortunately, are not. Why? Because no one ever taught them the rules. Think about it. How could you possibly ever win a game—or even do well at it—ifyou didn't know the rules? You couldn't. Maybe every once in a while you'd luck out—but that's all it would be: luck. You couldn't depend on it; you certainly wouldn't want to risk your bank account, your retirement income, or your dream of homeownership on it.

So what we need in order to take control of our financial destiny is a copy of the rules. An instruction manual. A road map.

MORE GOOD NEWS FOR WOMEN

That's what this book is: It's a financial road map that will show you how to get from where you are right now to where you want to be. The good news here is that women tend to be pretty good about using road maps. Certainly they're better than most men. Men generally prefer to drive around aimlessly, hoping to spot a familiar landmark, rather than admit they're lost and ask someone for directions. You know what I'm talking about. I'm sure you were once out on a date, or maybe you were in the car with your husband or your father, and suddenly you realized you had been driv ing for what seemed like an awfully long time with no sign of the Wayne's Kountry Kitchen you were looking for. The conversation probably went something like this.

YOU: Honey, I think we're lost. Maybe we should stop in a gas station or something . . .
HIM: No, we're fine. I know exactly where we are.
YOU: But . . .
HIM: I said we're fine. It's just a ways up here—I'm sure of it.

Of course, what each of you was thinking at the time was something else again.

YOU: He doesn't have a clue where we are. If he'd just pull over and get some directions, we could figure this out and get there!
HIM: I can't believe we're lost! I thought I knew the way. Jeez, where are we? I probably should stop and ask for directions, but if I do that, she'll know I don't know where we are, and so will some stranger. How much of a loser would that make me!

The same thing tends to happen with our money. As a rule, men feel they are supposed to know what they're doing when it comes to personal finance, so even when they don't, they often pretend that they do and resist asking for help. As a result, many men wind up making wrong turns onto bumpy back roads that strand them (and you) 100 miles from Wayne's Kountry Kitchen.

Women, on the other hand, have relatively few hang- ups about admitting it when they don't know something. That's why they can make better investors than men. It's because they don't have any trouble with the idea that they have to have an education in order to be successful. Women are comfortable not only learning and course, they learn more. I see this in my investment seminars all the time. When women take the classes, they study, read, and ask questions. Their goal is to become educated—to learn the techniques of managing their own finances. It's not to prove to everyone else in the class that they're smarter than the instructor. (That role invariably goes to some guy sitting in the back of the room who thinks he has all the answers—but whose money is still sitting in a savings account earning a measly 0.1 percent interest.)

IT'S TIME FOR YOU TO TAKE CHARGE

The basic premise of this book is simple. I believe in my heart and soul that no matter what your age, status, or situation—whether you're in your twenties or your eighties; whether you're single, married, divorced, or widowed; whether you're a career woman or a homemaker—you are more than capable of taking charge of your finances and your financial future, and you should. All that's required is that you be given the right tools—which is where this book comes in. The fact is, you already have a great deal of financial power—specifically over spending decisions. It is estimated that women currently control 70 to 80 percent of all purchasing decisions in America. It's now time for you to control your investment power too.

A JOURNEY THAT WILL CHANGE YOUR LIFE

In the pages that follow, what we are going to do is embark on a journey—an eight-step journey that begins with education and ends with your taking action. By the time it's done, you will have learned the fundamental principles of personal financial management—principles you can use to turn your dreams of freedom, security, and independence into concrete realities.

As you will see, the eight steps that make up our journey to financial security and independence cover a considerable amount of ground. At the same time, however, they are individually quite easy. They are so easy, in fact, that not only will you be able to use them to change your life, you also will be in a position to teach them to the people you care about so they can achieve the same kind of success you have.

Specifically, each of our eight steps consists of a series of easyto-understand, practical strategies for taking control of your financial future—specific strategies you can begin implementing before you've even finished reading. As you make your way through them, you'll learn not only what your options are, but which options might be best for you— and how to design a customized course of action tailored to your own particular situation.

In the first leg of our journey, you'll find out what you don't know—but should- about your own personal and family financial situation. After that, you'll learn how to identify your own deepseated attitudes toward money, how to define the personal values those attitudes reflect, and how to create realistic financial goals based on those values. Once you know where you want to go, you'll be shown exactly what you need to do to get organized and how you can start building a nest egg on even the most modest income (just like my grandma Bach did). This last point is especially important, since so many women seem to think that investing and financial planning make sense only for people with high incomes and lots of money. As you'll see by the time we're finished, it's not how much you make that counts, it's how much you keep!

Finally, our program will lay out a series of simple yet powerful strategies designed to provide you with: (1) an effective plan for long- term security, (2) financial protection against the unexpected, and (3) the ability to build the kind of life you've always dreamed about. Along the way, it will explain everything you need to know about tax planning, wills, insurance, the stock market (including the ten big mistakes most investors make), retirement planning, how to buy a house, and how to hire a financial advisor.

In the end, whether you earn $25,000 a year or $25,000 a month, our eight- step journey will dramatically change the way you think about money—and by doing that, it will change your life.

BECOME ONE OF THE FINANCIAL ELITE

Individually, each of the eight steps in our journey is as powerful as it is simple. Indeed, as I suggest to the women who attend my seminars, if you manage to learn and apply just two or three of the eight steps, I am confident you will wind up in better financial shape than 90 percent of the people in the country. If you do four or five of the steps, I believe you will find yourself in the top 5 percent of the population—financially better off than 95 percent of Americans. And if you do all eight of the steps, I believe you can elevate yourself to the nation's financial elite—the top 1 percent of the population. What's more, you'll be able to bring your family and loved ones along with you.

And as you acquire the tools you'll need to control your economic destiny, our eight- step program also will help you learn to become comfortable with the idea of taking financial responsibility for yourself. This is a key point, for the psychological and emotional aspects of financial planning are enormously important. Yet, for some reason, most approaches to the subject ignore them.

The fact is, of course, that nothing brings out emotion like the topic of money. (According to marriage counselors, it is the leading cause of divorce.) Needless to say, everyone attaches different emotions to the issues of saving and investing. Some people save to create security and provide for their families; others spend to feel free or experience adventure. Whatever the case may be, the emotions we attach to money often determine whether we will live our lives in comfort or poverty. Yet people rarely know what is truly driv ing them emotionally when it comes to money.

THE BAG-LADY SYNDROME

Among women, the impact of emotion on their financial lives shows up clearly in what experts call "the bag-lady syndrome," in which women who are materially well off still find themselves living in daily fear of going broke and being forced to live on the street. According to a 2006 survey by Allianz Life Insurance Company, 48 percent of women who earn more than $100,000 per year are afraid they will become bag ladies. I can't tell you the number of female clients of mine with investment portfolios worth literally millions of dollars who have sat in my office and asked me, "David, if the market goes down, will I be a bag lady?" This sort of worry may be baseless, but it is real, and it can't just be dismissed. In fact, the Allianz survey found that bag- lady fears stem from a lack of confidence, as well as a perceived dependence on others.

By showing you how to understand the emotional and psychological needs that affect the way we all think about money, the program in this book will teach you how to overcome the fears that often lead to financial paralysis and, worse, shortsighted decision making and help you gain confidence in your own financial abilities. Equally important, you'll learn how to create a meaningful agenda from which you can design a long-term financial plan that will truly reflect what you are looking for in life.

HOW BEST TO USE THIS BOOK

Before we begin in earnest, I want to give you some tips on how to read this book. First, please think of this book as a tool. As I put it earlier, it's a kind of road map—your personal road map to a successful financial future. At the same time, I'd like you to think of me as your "money coach," a new friend who can offer some helpful advice on how you can get to where you want to go.

You also should understand that each of the eight steps that make up this book can be followed separately or in conjunction with the others. My recommendation is that you go through them in order, reading each chapter at least twice before you move on to the next one. Why? Because repetition is the secret of all skill, and when we read something for the first time, we don't always catch it all or retain as much as we may like.

Another suggestion: As we progress on our journey together, and as you learn lots of new things about handling money, don't get bogged down by all the stuff you suddenly feel you should have done years ago but didn't. If I bring up something you didn't know or wish you had known sooner, don't get down about it. What you are not doing right now is not the issue. The issue is what you will be doing with your newfound knowledge once you finish reading this book.

With that in mind, I'd like to share a quick story with you about a young woman who attended one of my seminars.

IT'S NEVER TOO LATE . . . OR TOO EARLY!

Lauren stood up in the class looking a little depressed. "David," she said, "I think I'm the youngest woman here and I'm not sure I belong here, but I know I need to get started planning for retirement and I don't know what to do."

As I scanned the class, I realized Lauren was right about one thing. She probably was the youngest of 100 or so women in the room. I smiled at her, then turned to her classmates and asked, "How many of you ladies here wish now that you had taken a class like this 20 years ago?"

Every hand in the room went up. I looked back at Lauren. "It looks to me," I said, "like you're in the right room at the right time." A few weeks later Lauren came into my office. It turned out she was 28, college- educated, and was pursuing a career in management consulting. Like many women her age, however, Lauren was not taking advantage of her retirement plan. In fact, even though she was earning more than $50,000 a year, she was living paycheck to paycheck. Employing the same techniques that I will show you in this book, I showed Lauren how she could get her spending under control immediately and start "maxing out" her contributions to her retirement plan. As a result, less than three years later, Lauren now has more than $20,000 in her retirement account, and at the rate she is saving, she could easily have $2 million to her name by the time she reaches her late fifties! Even more exciting, by using the tools you will learn in this book, Lauren got herself a new job and has doubled her income! Today, at age 31, she is totally in charge of her money and has a brilliant new career that pays her what she is worth.

Now, I'm not going to take credit for all of this. Lauren deserves most of the credit. She attended the class, took the advice, and (most important) acted on it.

And you can too.

Remember, this book is about moving forward and taking control of your life, not giving yourself a hard time for what you didn't know before you picked it up.

Finally, this book is meant to be fun. Enjoy yourself. You are about to embark on an exciting journey to the new "you"— a woman in control of her destiny who has learned how to take charge of her own financial future.

Let's get started!

STEP ONE

LEARN THE FACTS—AND MYTHS—ABOUT YOUR MONEY

Wendy sat in my office, perched on the edge of her chair, alert, inquisitive, and a little bit embarrassed. An experienced and highly successful real estate agent, she had come to me for a financial consultation—and the facts of her situation were hardly reassuring. Although she earned well over $250,000 a year and was able to put two kids through private school at an annual cost of $15,000 each, her personal finances were a mess. A self-employed single parent, she had less than $25,000 saved for retirement, no life or disability insurance, and never bothered to write a will.

In short, this intelligent, ambitious businesswoman was completely unprotected from the unexpected and utterly unprepared for the future. When I asked Wendy why she had never done any financial planning, she shrugged and offered a response I'd heard countless times before: "I've always been too busy working to focus on what to do with the money I make."

Looking across the restaurant table, I could see the sadness in my mother's eyes. A good friend of hers had just gone through a bitter divorce. Suddenly, after more than three decades of marriage to a wealthy surgeon, the friend now found herself living in a tiny apartment, struggling to make ends meet as a $25,000- a- year secretary. Like many formerly well- off women, she had never paid much attention to her family's finances, and as a result her estranged husband was able to run rings around her in the settlement talks. It was a terrible thing— all the more so because it could have been prevented so easily— and it made me wonder if my mother was similarly in the dark. So I asked her. "Mom," I said, "do you know where the family money is?"

I thought it would be an easy question. After all, my father was a successful financial consultant and stockbroker who taught investment classes three nights a week. My mother had to be up to speed on the family finances.

At first, however, she didn't reply. Then she squirmed slightly in her chair. "Of course I know where our money is," she finally said. "Your father manages it."

"But where is it? Do you know where he's got it invested?"

"Well, no, I don't. Your father handles all that."

"But don't you have your own accounts, your own line of credit?"

My mother laughed. "David," she said, "what do I need a line of credit for? I have the best bank in the world—your father."

The reason I've started our journey with these two stories is that I know you are a very special woman—the kind of woman who believes in herself. Specifically, you believe that you possess the abilities and the intelligence to have the kind of life you feel you deserve. (If you didn't, you would have never picked up this book in the first place.) You also believe—correctly—that money is important and that you need to learn more about accumulating and protecting it. Finally, I know that you are someone who recognizes that it takes more than a single burst of enthusiasm to improve yourself and develop new skills; it also takes commitment and education.

That is why the first step of our journey is all about getting motivated to educate yourself now and on an ongoing basis about your money and the role it plays in your life. I believe that no matter what your current situation is—whether you are already wealthy or living paycheck to paycheck—a little education combined with motivated action can go a long, long way.

I also know from working with thousands of women that, sadly, neither Wendy the real-estate agent nor my mother is at all unusual. Yes, women own a huge portion of all the financial assets in the world. Yes, most American women work and nearly half of them are their family's main income earner. Yes, the statistics about divorce and widowhood are appalling. Yet, despite all this, the sad fact is that shockingly few women know even a fraction of what they should about the state of their own personal and family finances.

By the same token, very few people know all of the fundamental principles about money that you are about to learn. And, most important, even when they think they do, they rarely follow the principles on a consistent basis. This last point is a key one, for as you will discover in the course of our journey, it is not what we learn that makes a difference in our lives but what we do with what we learn.

THE FACTS AND MYTHS ABOUT YOU AND YOUR MONEY

What we're going to do in this chapter is familiarize you with what I call the financial facts of life. By the time you have taken in all the facts, you will understand fully why it's essential that you take charge of your own financial future. Moreover, you will be totally motivated to get started learning how to do it.

The first fact of financial life to understand is that while planning ahead is important for everyone, it's more important for women. Indeed, though in many ways we live in an age of equality, there is no question that . . .

Fair or not, women need to do more financial planning than men.

As I said in the introduction, women in the twenty- first century have more opportunities and resources available to them than their mothers, grandmothers, and great- grandmothers did, which makes this an excellent time for you to begin a journey to a secure financial future. And it's more than just a matter of economics. Because of advances in both technology and public attitudes, women are not only living longer than ever before, they are active longer. In my seminars, I often joke that today's 80- year- old women are drinking "green juice" and doing aerobics every morning. I know my grandma Bach was like that. Up to the age of 86, she hiked five miles a day and went dancing three nights a week! In her mid- eighties, my grandmother enjoyed a life that was more active, socially and physically, than mine was at 30!

But if the good news is that we live in an age in which the barriers that held women back for so long seem finally to be falling, the bad news is that there are still many obstacles to be overcome. For one thing . . .

Women still typically earn just 80 percent what men do.

And that's just the *average* pay gap between men and women. Black and Latina women earn 63 percent and 54 percent, respectively, of what men earn.

In addition, women are less likely to have a steady income stream over the course of their lifetimes. In some cases, that's due to discrimination, but it's also due to the fact that responsibilities such as child rearing and caring for elderly parents cause women to move in and out of the workforce a lot more than men do. In all, over their working lifetimes, women spend a total of 11½ years off the job on average, versus only 16 months for men.

What's more, according to a recent study by the U.S. Department of Labor . . .

Women are the ones hurt most by corporate downsizing.

That's because it takes women longer to find new work, and the replacement jobs women get are often part-time posts that offer less pay and fewer benefits.

As a result of all this, you have less money available to put away in a 401(k) or other retirement account,—which is why Vanguard reports that . . .

On average, women have accumulated 34 percent less money in their retirement accounts than men.

But it's not simply that, as a woman, you'll have a smaller retirement income to look forward to. It's also that, as a woman, you'll have to make that income go further. Specifically, you probably are going to live longer than most of your male counterparts (by an average of about seven years, according to the National Center for Health), which means that you are going to need even more retirement resources than they will. And not just for yourself. Because of your longer life expectancy, chances are that the financial burden of caring for elderly parents will fall on your shoulders.

WHAT ALL THIS ADDS UP TO IS ONE BIG OUCH!

This, in a nutshell, is why long-term financial planning is more important for women. Compared to men, you've got to be more farsighted, start saving earlier, and stick to your plans with more discipline. Fortunately, doing all this is not only possible, it's actually relatively easy. The trick is simply recognizing that it needs to be done— which leads us to the other basic fact of financial life: Ignorance is not bliss. Quite the contrary . . .

It's what you don't know that can hurt you!

A wise woman once said, "It's not what you know that can hurt you but rather what you don't know." I'd like to extend that thought a bit and suggest that what generally causes the most suffering and pain is what you don't know that you don't know.

Think about that for a minute. In our everyday lives, there are really only a few categories of knowledge.

- What you know you know (e.g., how much money you earn each month).
- What you know you don't know (e.g., what the stock market will do next year).
- What you know you should know (e.g., how much it will take for you to be able to retire comfortably).
- What you don't know you don't know (e.g., that the 1097- page 2017 Tax Cuts and Jobs Act made sweeping changes to the federal tax code. Many of these changes to the tax code could directly affect how much you will be able to afford to spend on child care, college tuition, medical expenses, and your own retirement).

It's this last category, by the way, that causes the most problems in our lives. Think about it. When you find yourself in a real jam, doesn't it always seem to be the result of something you didn't know that you didn't know? (Consider the "prime" Florida real estate you bought that actually was in the middle of an alligator swamp.) That's the way life is—especially when it comes to money. Indeed, the reason most people fail financially—and, as a result, never have the kind of life they want—is almost always because of stuff they didn't know that they didn't know.

This concept is incredibly simple, but it's also tremendously powerful. Among other things, it means that if we can reduce what you don't know that you don't know about money, your chances of becoming financially successful—and, most important, staying financially successful— can be significantly increased. (It also means that the more you realize you don't know as you read this book, the happier you should be, because it shows you are already proactively learning!) So how do we apply this concept? Well, I think the best way to reduce what you don't know that you don't know about money is to learn what you need to unlearn. That is, you need to discover what you may have come to believe about money that isn't really true. Or, as I like to put it.

Don't fall for the most common myths about money.

Whenever I conduct one of my Smart Women Finish Rich® seminars, I generally begin the class by suggesting that the reason most people—not just women—fail financially is that they have fallen for a bunch of money myths that are simply not true. As we're learning the facts, I think it's important to spend a little time exploring these myths and learning to recognize them for what they are. The reason is simple: By doing this, you lessen the chances that you'll ever be taken in by them.

MYTH NO.1
MAKE MORE MONEY AND YOU'LL BE RICH!

The most commonly held myth about personal finances is that the most important factor in determining whether you will ever be rich is how much money you make. To put it another way, ask most women what it takes to be well off, and they will invariably say, "More money."

It seems logical, right? Make more money and you'll be rich. Now, you may be thinking, "What's wrong with that? How can it be a myth?"

Well, to me, the sentence "Make more money and you'll be rich" brings to mind certain late- night TV infomercials, with their enthusiastic pitchmen and slick get- rich- quick schemes. My current favorite is the one in which a guy wearing a gold necklace smiles into the camera and says you can earn a fortune while lying on the sofa watching television. Without getting into the question of whether his particular scheme makes any business sense, let me suggest to you that the basic premise of his pitch—namely, that the key to wealth is finding some quick and easy way to boost your income—is simply not true. In fact, what determines your wealth is not how much you make but how much you keep of what you make.

I'll take that even further. I believe that most Americans who think they have an income problem actually don't. You may not believe that. It's possible you feel you have an income problem yourself.

Perhaps you're thinking right now, David, I'm sorry. I don't care what you *say—with my bills and expenses, I'm telling you I have an income problem*.

Well, I'm not saying that you might not be facing some financial challenges. But I would be willing to bet that if we were to take isn't the size of your income Indeed, if you're at all typical, over the course of your working life you will likely earn a phenomenal amount of money. If you find that hard to believe, take a look at the Earnings Outlook chart (see page 26).

The numbers don't lie. Over the course of their lifetimes, most Americans will earn between $1 million and $3 million!

Based on your monthly income, how much money does it look like you will earn in your lifetime? It's well into seven figures, isn't it? Don't you think you deserve to keep some of that money? I do— and I bet you do too! Unfortunately, most of us don't keep any. In fact, the average American works a total of some 90,000 hours in his or her life— and has nothing to show for it at the end! According to a recent report by GoBankingRates, 42 percent of Americans have less than $10,000 saved for retirement!

How do we explain that? It's simple, really.

The problem is not our income, it's what we spend!

We'll go into detail on this concept in Step Four. For now, just trust me on this one. It's not the size of your income that will determine your financial well-being over the next 20 or 30 years; it's how you handle the money you earn.

I know that sounds hard to believe, but it's true. Consider the findings in a bestselling book that I highly recommend to my students. It's called *The Millionaire Next Door,* and it was written by a man named Tom Stanley, who interviewed hundreds of millionaires and came up with some findings that surprised me and probably will surprise you.

There's a phrase Texans use to describe someone who is all show and no substance: "Big hat, no cattle." What Stanley found was that most millionaires are just the opposite. In other words . . .

EARNINGS OUTLOOK

How much money will pass through your hands during your lifetime and what will you do with it?

Monthly Income	10 Years	20 Years	30 Years	40 Years
$1,000	$120,000	$240,000	$360,000	$480,000
$1,500	180,000	360,000	540,000	720,000
$2,000	240,000	480,000	720,000	960,000
$2,500	300,000	600,000	900,000	1,200,000
$3,000	360,000	720,000	1,080,000	1,440,000
$3,500	420,000	840,000	1,260,000	1,680,000
$4,000	480,000	960,000	1,440,000	1,920,000
$4,500	540,000	1,080,000	1,620,000	2,160,000
$5,000	600,000	1,200,000	1,800,000	2,400,000
$5,500	660,000	1,320,000	1,980,000	2,640,000
$6,000	720,000	1,440,000	2,160,000	2,880,000
$6,500	780,000	1,560,000	2,340,000	3,120,000
$7,000	840,000	1,680,000	2,520,000	3,360,000
$7,500	900,000	1,800,000	2,700,000	3,600,000
$8,000	960,000	1,920,000	2,880,000	3,840,000
$8,500	1,020,000	2,040,000	3,060,000	4,080,000
$9,000	1,080,000	2,160,000	3,240,000	4,320,000
$9,500	1,140,000	2,280,000	3,420,000	4,560,000
$10,000	1,200,000	2,400,000	3,600,000	4,800,000

Source: Janet Lowe, *The Super Saver: Fundamental Strategies for Building Wealth* (Longman Financial Services Publishing, United States, 1990).

SMALL HAT, LOTS OF CATTLE

Here are some of Stanley's findings:

- The average net worth of a millionaire is $3.7 million.
- The average millionaire lives in a house that cost $320,000.
- The average millionaire's taxable income is $131,000 a year.
- For the most part, millionaires describe themselves as "tightwads" who believe that charity begins at home.
- Most millionaires drive older, American- made cars. Only a minority drive new cars or ever lease their cars.
- Fully half of the millionaires Stanley surveyed never paid more than $399 for a suit.
- Millionaires are dedicated investors— on average, investing nearly 20 percent of their total household income each year.

What amazes me about these facts is that a family with a net worth of nearly $4 million (the average net worth that Stanley surveyed) is, by most people's standards, very wealthy. I certainly feel $4 million is a rather comfortable amount to have accumulated, and I'd be willing to guess that you do too. Yet the income these people earn (an average of $131,000 a year) is really not all that high. It's certainly above average, but it is definitely not of the extraordinary magnitude we tend to associate with people who have amassed great wealth.

The fact is, what has allowed most of these people to become millionaires is not how much they've made but how little (relatively speaking) they've spent. To use a sports metaphor, while their offense was probably pretty good, the defense they've played with their money has been nothing short of brilliant.

Unfortunately, most people handle their finances in the opposite way. They are great on offense and lousy on defense. As a financial advisor, I've personally met in my office with many people who make over $100,000 a year and feel wealthy and live wealthy but in fact are not wealthy.

Here's a case in point.

BIG HAT, NO CATTLE

Nora first came to see me after attending a retirement-planning course I taught at the University of California–Berkeley Extension. The moment she entered my office it was clear I was dealing with a very successful woman. Her clothes were the current year's top of the line, she was wearing a gold Rolex watch worth at least $10,000, and I had seen her drive up in a brand-new $82,000 Mercedes- Benz (which, it turned out, she leased).

A fit and attractive 48-year-old, Nora owned and ran a company that employed ten people and grossed more than $5 million a year. But though her personal income was more than $200,000 a year and she had been pulling down a six- figure income for well over a decade, her net worth was almost zero! Nora didn't even have a retirement account started. She did have about $50,000 in equity in her home, but she also had two mortgages on the house, on which she owed a total of $400,000. To make matters worse, Nora had run up more than $35,000 in credit- card debt!

After she filled me in on her situation, I shook my head and said, "Nora, are you planning on working forever?"

She looked at me, confused. "What do you mean?" she asked. "Well," I said, "were you planning on working for the rest of your life?"

"No," she replied. "I hope to retire by the time I turn fifty- five."

" Really?" I said. "With what?"

Nora blinked at me, not seeing what I was getting at.

"Is your business salable?" I continued.

Nora bit her lip. Her business, she explained, was built mainly on a few good relationships that probably couldn't be transferred to anyone else.

"I see," I said. "Then I suppose you have a wealthy relative who is planning to die in time for you to inherit this money when you turn fifty- five?"

Once again, Nora looked perplexed. “No,” she said slowly, “I don’t have any inheritance coming.”

“Then I’m confused,” I said. “How are you going to retire? You don’t have any savings. You can’t sell your business. The equity in your house is minimal.”

Nora shrugged. “I make so much money,” she said, “that I thought I could play catch- up.”

SPEND MORE THAN YOU MAKE, AND YOU’LL HAVE A SERIOUS PROBLEM!

I’d like to tell you there was a quick fix for Nora, but there wasn’t. First of all, Nora had some really bad habits—the worst of which was that she simply spent more than she made, all the time! Second, she didn’t really believe me when I told her that she needed to change her ways and change them fast.

It took Nora 18 months to get around to opening a retirement account and making her first contribution. That, however, was four years ago, and these days, fortunately, Nora is a completely different person. Every two weeks now, like clockwork, she sends in a contribution to her retirement fund. Not only is she fully funding her retirement account, but she is putting away even more money in some additional tax- deferred accounts (which we will cover in Step Five). So far Nora has managed to save close to $90,000, and by slightly increasing her monthly mortgage payments, she will have her house fully paid off in 15 years instead of 30, which will save her close to $285,000! (You’ll learn how you can do this for yourself in Step Six.) Equally important, she has stopped leasing brand- new luxury cars (instead, she bought a used one), and she has paid off all her credit- card debt.

Nora isn’t bringing home any more money than she was before. Yet now, for the first time, she is building real wealth. What changed? The answer is her spending habits— and, most important of all, her investment habits. That’s the key. Like Tom Stanley’s millionaires, she saw through the income myth and learned that it’s not how much you make, it’s how much you keep.

One important advantage Nora did have going for her was that she realized early on that she had to take care of herself, which is one reason she started her own business. Instinctively, she understood that one of the most fundamental principles of smart money management is self-reliance—or, as I like to tell my clients . . .

Don't ever put your entire financial fate in someone else's hands.

This brings us to the second biggest myth I see women falling prey to—what I call the Cinderella myth, otherwise known as the "My husband will take care of me" myth (or, even worse, the "Find and marry a wealthy spouse and everything will be fine" myth).

MYTH NO.2
MY HUSBAND (OR SOME OTHER MAN/WOMAN/ FILL IN THE BLANK) WILL TAKE CARE OF ME.

Now, before I go into detail on this subject, let me say that I know it is entirely possible that you are happily married or that you have chosen to be happily single. Nonetheless, I have found from experience that this myth is worth spending a little time on, for some version of it affects nearly every woman. Indeed, over the years, hundreds of women have shared with me their painful personal stories of how their lives were nearly destroyed by the belief that some man or someone—if not a husband or spouse, then a parent, or a grown child, or an employer, or a financial advisor—would take care of them. And when I started to write this book, many more women implored me not to pass over this issue lightly. So here goes.

It's neither safe nor practical to assume that the man in your life can be counted on to take care of your finances.

Why do I say this? Let's look at the facts. If men generally have been in charge of their families' money for the past century or so, then clearly they have not been doing a very good job. Consider this sobering statistic . . .

Only 45 percent of Americans have enough savings to cover at least their essential living expenses in retirement!

But wait, the bad news gets worse. The median retirement income for Americans between the ages of 65 and 74 is just $34,285 per year—and this means that half of all Americans have incomes lower than that amount. I'm sure I don't have to tell you that in many places, $34,000 a year won't even cover basic living expenses. Would it cover yours?

The cherry on top of this bad news sundae is your expected longevity. As I noted earlier, women live longer yet tend to earn fewer pensions and other retirement benefits than men do. Thus, you are likely to be forced to make do with even less.

What all this adds up to at retirement— or, more accurately, does not add up to—is another scary statistic . . .

The average income for a woman over 65 is just over $18,000 a year.

You can't live on that—not these days, not in any semblance of comfort. And quite frankly, I wouldn't want you to have to try!

But, you may ask, what about Social Security? That will help, won't it? Maybe—assuming the system will deliver on all the benefits that are currently promised to you by the time you reach retirement age. The fact is, Social Security was never intended to be a retirement plan. At most, it was designed to provide an income supplement.

Look at the numbers. In 2016, the latest year for which figures are available, the average retired woman's Social Security benefits totaled just $14,424 a year, or just $1,202 a month. That's not to say you should forget about Social Security. It's just that you shouldn't count on it to provide more than a small fraction of your retirement income. As it happens, there's a very simple way to find out now what your Social Security benefit ultimately will look like—and I can't emphasize enough the importance of taking advantage of it right away. This is especially crucial for women, since, as I mentioned before, women tend to work less consistently throughout their lifetimes than men—and, as a result, often their Social Security benefits turn out to be much smaller than they had been expecting.

What you want to do in order to avoid any unpleasant surprises down the road is to sign up for a "my Social Security" account at **www.ssa.gov/myaccount/**. This account portal shows you all of your Social Security earnings history and estimates your future benefits. It has all but replaced the paper "Personal Earnings and Benefit Estimate Statements" that the Social Security Administration used to provide, and offers you the flexibility and convenience of online access to your Social Security benefit information.

This is something you should do immediately. Today. *This very minute*. It's really quite easy, and the Social Security Administration uses multifactor authentication to make sure your information always remains secure. If, however, you prefer to receive a paper statement for any reason, you can still request one online, by visiting the Social Security Administration's website at https://www.ssa.gov/ and filling out Form SSA-7004. It will take four to six weeks to receive your paper Social Security Statement in the mail.

When it comes to divorce, women still end up with the short end of the stick.

Yes, we all want to believe that we can count on our spouses. Unfortunately, the statistics tell a very different story. About 50 percent of all marriages end in divorce. What about alimony and child support and community property? The bleak truth is, once her husband is gone, the average divorcée sees her standard of living plummet. According to a 2009 study by Stephen Jenkins, a professor at the London School of Economics, women who worked before, during, or after their marriages see a 20 percent decline in income after a divorce. At the same time, to add insult to injury, men see their incomes rise more than 30 percent after a divorce!

These statistics are hardly news. But despite all the attention they've received over the years, apparently many women remain convinced that they will be the exception to the rule—and they are shocked when they're not. I can't tell you the number of women who've come to me for advice after being absolutely blindsided by the spouses in whose hands they'd trustingly placed their futures. Unfortunately, by then it's usually too late to do more than try to pick up the pieces.

To be fair, there are many good men out there. But even if you're fortunate enough to have wound up with one of them, that's still no guarantee of a happy and secure future. Why? Because no matter how good the man in your life is, sooner or later he is going to die—and whether it's sooner or later, it probably will be before you do. *According to WISER, 80 percent of women die widowed—versus 80 percent of men who die married*. Let that sink in for a second. Remember, the average woman lives seven years longer than the average man. Of course, no one likes to think about this. Indeed, it's terrible how many well- intentioned men who sincerely love their wives and families simply refuse to face up to this inescapable truth. The worst thing about this sort of denial is that it leads otherwise good spouses to put off dealing with disagreeable reminders of their mortality such as life insurance and wills. And that's a prescription for disaster. For try as we might to ignore it . . .

The average age of widowhood today is just 59!

Because of our unwillingness to accept this unpleasant reality, we tend to be woefully unprepared to cope with it when it comes to pass. That's why, for a woman, losing a husband is generally as devastating economically as it is emotionally. Indeed, it has been estimated that as of 2008 widows accounted for nearly half (46 percent) of all poor women over the age of 60, and 65 percent of poor women over the age of 75, according to the Census Bureau. How did they get that way? Inadequate—or, more likely, nonexistent—planning.

When I shared this notion in one of my investment seminars, a woman named Sarah stood up in tears. "David," she told the room, "everything you're saying is true. I'm 57, and my husband was a successful lawyer who owned his own practice. He passed away six months ago and now I'm almost bankrupt."

I asked Sarah how this could have happened. It turned out that though her husband specialized in trusts and wills, he had never bothered to do one for himself!

The entire group was aghast. I could see the question on everyone's face: *You mean a lawyer who wrote wills for a living didn't have a will himself*? But when I asked the class, "How many of you have a will?" less than half the people in the room answered in the affirmative. And when I asked further, "How many of you have reviewed your will in the last five years?" less than 10 percent of them raised their hands. So maybe Sarah's story shouldn't have been surprising after all.

Then I asked Sarah, "If your husband was so successful, why are you almost broke?" She replied that when her husband died she discovered that the $2 million home in which they lived carried a $1.5 million mortgage. With her husband gone and no income of her own, the massive mortgage payments were now way beyond her means. As a result, Sarah found herself forced to put the house up for sale. Unfortunately, this was at a time when the California real estate market was badly depressed, and she couldn't find a buyer. To make matters worse, not only had her husband neglected to make a will, he had never taken out life insurance. And as if that wasn't bad enough, he had used their home as collateral on loans for his law practice—which was now defunct, because his former partners had elected to start a new firm without the obligation of her husband's debts! Sarah was in big trouble, all because she had assumed her husband would take care of her, and he had not prepared for the unforeseen.

Sarah's case was extreme, but it was by no means unusual. In any case, there is an important lesson to be learned from her experience: Don't ever let the "some man will take care of you" myth become your reality. It's a recipe for disaster. There's one more myth I want to share with you.

MYTH NO.3
THE GOVERNMENT FINALLY HAS GOTTEN INFLATION UNDER CONTROL.

There seems to be an increasingly widespread notion that we no longer need to worry about inflation. This is a particularly dangerous myth not simply because it's untrue, but because it breeds complacency. Indeed, I can't think of anything more financially self- destructive than the idea that we don't need to worry so much about the future because the government finally has gotten inflation under control.

It certainly would be nice if that were true. Unfortunately, it's not. To the contrary . . .

Inflation is still Public Enemy Number One.

Sometimes when I teach a class, someone will raise a hand and actually try to debate this issue. "But, David," she will say, "it sure looks as if the government has control over inflation. After all, I don't see things costing a lot more today than they used to."

Well, that's not what the statistics say. What the numbers tell us is that over the past 20 years, the annual increase in the cost of living has averaged about 2.1 percent; over the past 10 years, it's averaged about 1.6 percent. The Federal Open Market Committee forecasts that inflation will run between 2 percent and 3 percent per year between 2018 and 2060.

Now, that may not sound like very much, but it is. Just remember that based on these levels of inflation, something that cost $100 in 1997 would set you back $155 in 2017, according to the Bureau of Labor Statistics. In addition, don't forget that when most people retire, they do so on a fixed income. Unfortunately, if you retire on a fixed income and inflation continues at 3 percent a year, you are going to be in deep trouble. Why? Because, at that rate, your purchasing power will be cut nearly in half within 20 years. In other words, the dollar sitting in your purse today will be worth only about 55 cents 20 years from now. In 30 years, it will be worth only about 40 cents.

There's nothing new about this phenomenon. When I talk about inflation in my seminars, one of the biggest laughs I always get is when I ask, "How many of you drove here tonight in a car that cost more than your first home?" What's amazing is that usually a third of the people in the class raise their hand. That's the power of inflation. Here's another example: The car I drive today cost more than twice what my parents paid for their first home in Oakland, California, and it was a nice five- bedroom house with three bathrooms. If you think I'm exaggerating, take a look at this chart.

CONSUMER PRICES: STICKER SHOCK SINCE 2000

Typical Projected Prices	2000	2010	Today	in 20 Years
House	$167,000	$221,000	$384,000	$608,682
Automobile	$21,047	$24,899	$35,870	$41,569
Gasoline (10 gal.)	$15.10	$27.90	$25.95	$46.60
Stamp	$0.33	$0.44	$0.49	$0.89
Day in Hospital	$1,148	$1,910	$2,271	$7,436

Sources: (1) U.S. Department of Housing and Urban Development— average price of new homes, 4th quarter 2016; (2) Kelley Blue Book— November 2017 average new vehicle transaction price; (3) AAA National Average Gas Prices, accessed February 1, 2018; (4) U.S. Postal Service; (5) The Henry J. Kaiser Family Foundation, report: "Hospital Adjusted Expenses per Inpatient Day, 2015."

There is no denying the lesson these numbers teach us.

The future is going to be expensive.

That's why, despite all the recent talk about how inflation is no longer a problem, I still consider it to be Public Enemy Number One. Just healthcare costs and college education costs alone are reasons to worry about inflation, as each is going up at about double the current rate of inflation, according to CNN Money and USA Today. The good news here is that learning how to keep your nest egg growing faster than inflation isn't all that hard. But if you don't recognize inflation as a problem in the first place, chances are you won't bother to try to do anything about it—and if you don't try to do anything about it, you are going to find yourself in a world of hurt one day. So don't believe the myth about inflation being under control.

SHOW ME THE MONEY

Now that we have exposed these money myths for what they are and looked at the external realities of what we can expect in our financial futures, let's examine the facts. The place to begin is close to home, with information about your own personal financial situation. Why here? By way of explanation, let me share a personal story with you.

When I was younger, I once asked my father why so many women seemed to be so devastated financially after a divorce or the death of a husband. "David," he said, "women are not typically involved with the family finances. So when it comes time to split up the pie, they don't know how much pie there is to split up, or even where to find it."

That's it? I thought. *Women don't know where the money is*? Could it really be that basic? I doubted it.

Out of curiosity, I took my mother to lunch to see if she agreed with my dad's assessment. What followed was the scene I described at the beginning of this chapter. As I mentioned, a good friend of my mom's had just gone through a brutal and costly divorce. Quite understandably, my mother was very upset about it—not least because her friend was now in financial trouble so serious that she had been forced to take a secretarial job and move to a tiny apartment.

"But, Mom," I said, "they were living in a million- dollar house. Where did all the money go?"

"It turned out her husband had used all the equity in their house to build up his medical practice," my mother explained with a sigh. "And now, with the HMO situation, his practice isn't doing so well." As much as I hated to admit it, it looked as if my dad was right. The terrible outcome was a result of the woman's lack of knowledge about her family's finances. She had signed papers allowing her husband to take out a second mortgage without knowing or even asking about what she was signing. The result was, for her, a financial disaster. It was scary.

With that in mind, I asked my mom the test question: "Do you know where our family's money is?"

As I said, though I thought this would be an easy one for her to answer, it turned out that she had no idea. All she could tell me about our money was that my dad took care of it. And when I pressed her about her ignorance, she simply laughed at me.

I couldn't believe it. This, from a woman who was president of a million-dollar nonprofit theater group, involved in numerous charity boards, and published two professional newsletters. This brilliant, beautiful woman was the same person who, when personal computers first appeared on the market, convinced the family that we needed one—and then single-handedly taught herself to master its intricacies so completely that she was able to computerize my father's entire business! Yet she hadn't a clue as to where our money was invested.

I was horrified. If a woman as sharp and successful as my mom could be so in the dark about money, what was happening to the millions of other women in this country who weren't married to men who managed money for a living? In the years since then, of course, I've seen firsthand how widespread this sort of ignorance is and how much damage it can do. So with that in mind, I ask you now the same question I asked my mother . . .

Do you know what's going on with your money and your family's money?

To help you answer this important question. I've prepared a short quiz. Take a few moments to complete it, answering true or false for each statement. The results should give you a good idea of how knowledgeable you are (or aren't) about your personal finances.

THE "SMART WOMEN FINISH RICH" FINANCIAL KNOWLEDGE QUIZ

TRUE OR FALSE:

☐ ☐ I know the current value of my home, including the size of the mortgage and the amount of equity I've built.

☐ ☐ I know the length of the mortgage- payment schedule and how much extra it would cost each month to pay down the mortgage in half the time. I also know the interest rate we are paying on the mortgage and if it is competitive in today's market.

☐ ☐ I know how much life insurance I [and my spouse, if applicable] carry. I know how much cash value there is in the policy, and I know the rate of return my cash value is earning.

☐ ☐ I know the details (including amount of coverage, cost, monthly or yearly payment, etc.) of all other insurance policies carried by myself [and my spouse, if applicable]. This includes health, disability, term life, and so on.

☐ ☐ I have reviewed my life insurance policy in the past 12 to 24 months to see if the price I am paying for it is still competitive in today's marketplace.

☐ ☐ If I own my own home, I know what kind of homeowner's coverage I have and what the deductibles are. If I rent, I know the amount of renter's insurance I have and what its deductible is. In either case, in the event of a fire or other catastrophic loss, I know whether my insurance will reimburse me for the actual cash value of my property or the cost of replacing it at today's current values.

☐ ☐ I have attempted to protect my family's nest egg from lawsuits by carrying an "umbrella" insurance policy that includes liability coverage.

☐ ☐ I either prepared my own tax return this year or reviewed my tax situation with the person who prepared my return.

☐ ☐ I know the location and amounts of all my or my family's investments, including

- cash in savings or money- market accounts
- CDs or savings bonds
- stocks and bonds
- mutual funds
- 529 college savings plans
- real estate investments (deeds, mortgages, rental agreements, etc.)
- collectibles (valuation and where items are)

☐ ☐ I know the annualized return generated by each of the above investments.

☐ ☐ If I or my family owns a business, I know the current valuation of the business, including how much debt it currently carries and the value of its liquid assets.

☐ ☐ I know the value, location, and performance of all my retirement accounts [and those of my spouse, if applicable], including IRAs, SEP- IRAs, Solo-401(k)s, and company pension plans.

☐ ☐ I know the percentage of income I am putting away for retirement and what it's being invested in [and, if applicable, how much my spouse is putting away andwhat he is investing in].

☐ ☐ I know if I [and my spouse, if applicable] am making the maximum allowable contribution to my retirement plan at work, whether my employer is making matching contributions, and what the vesting schedule is.

☐ ☐ I know how much money I [and my spouse, if applicable] will be getting from Social Security and what my [and, if applicable, his] pension benefits will be.

☐ ☐ I know whether my [and my spouse's, if applicable] income is protected should I [or my spouse] become disabled because I own disability insurance. In addition, I know what the exact coverage is, when the benefits would start, and whether the benefits would be taxable.

☐ ☐ I [or my family] maintain a safety deposit box, know how to gain access to it, and have reviewed its contents within the past 12 months. If I have the only key, other family members know where to find it if something should happen to me.

SCORING:

Give yourself 1 point for every time you answered "true" and 0 for every time you answered "false."

14 to 17 points: Excellent! You have a good grasp of where your money is.

9 to 13 points: You're not totally in the dark, but there are some areas in which your knowledge is less than adequate.

Under 9 points: Your chances of being hurt financially because of insufficient knowledge are enormous. You need to learn how to protect yourself from future financial disaster.

If you scored well on this test, congratulations! But don't go out and start celebrating just yet. Even among knowledgeable money managers, it's rare to find anyone, male or female, who has a handle on every aspect of their own finances and what they could and should be doing to assure themselves of a secure future. So even if you scored 12 or above, I guarantee you'll discover many secrets and ideas that will be of enormous value to you in the pages that follow.

WHAT IF I DIDN'T SCORE WELL?

If you didn't score so well, take heart—by the time you've finished this book, you'll know *exactly* what you need to take immediate charge of your financial health and invest wisely for your family's future security.

If you're like most people, you probably knew some of the answers but not all of them—and some of the questions may have struck you as awfully complicated. Trust me, none of it is really that difficult. Before long you'll be surprised by just how easy understanding your finances can be. Indeed, you'll probably wonder why you ever thought any of it was confusing. In the meantime, don't panic because you've just discovered there is all this information about your family finances that you don't know. We'll take care of it all soon enough.

At this point, what's important is simply that you realize that there's a lot you don't know—and, even more important, a lot that you now want to know. If that's how you feel, pat yourself on the back—you've completed Step One. You are motivated to educate yourself about how to take control of your financial future—which is what the "Smart Women Finish Rich!" journey is all about.

ENOUGH WITH THE BAD NEWS . . . LET'S GET TO THE GOOD STUFF!

It's possible that some of the myths about money that I've presented to you in this first step have struck you as being overly negative. If so, I apologize. As a rule, I make it a policy to avoid negative people, those dream stealers, as I call them, who seem to enjoy raining on other people's parades. But I started our journey this way for a reason: Because I know you purchased this book in order to make a positive change in your life, and sometimes change can be difficult.

In fact, many people live their lives going nowhere and doing nothing, not because they like where they are but simply because they are afraid of change. Overcoming this fear takes real motivation. It has to hurt so much that finally you can't take it anymore and you say, "Enough is enough! I want my life to be different!"

It's in this spirit that I've offered some cautionary tales and depressing statistics. I simply want you to come to grips with the fact that if you don't take care of your financial future, no one—not the government, not your employer, not your spouse—is going to do it for you. And it definitely won't take care of itself.

But don't let the negativity get you down. Remember: Those gloomy facts and figures don't have to be your reality!

I often repeat to clients what Grandmother Bach used to tell me. "You know, David," she would say, "when I was growing up, going to work, starting my career, many people asked me why was I worrying about retirement plans. 'You'll have Social Security,' they'd say. 'You'll have a pension from your company.' But even at a young age, I didn't think it was a good idea to depend on someone else to take care of me—not my employer, not the government, not even your grandfather."

That's why, unlike most of her friends, my grandmother always made a point each time she got a paycheck of putting some money aside and buying some high- quality stocks or bonds. It's also why, unlike most of her friends, when she reached retirement age, she was able to enjoy herself in worry- free comfort.

I hope now that you've accomplished Step One, you're motivated to take control of your financial future by getting educated about your money.

Now it's time to begin Step Two, in which we take a look at what's important to you about money.

GOALS

DESIGNING A PROACTIVE LIFE!

THERE ARE TWO PARTS TO THIS EXERCISE:

- Ten blanks for writing down your goals between now and three years from now
- A form in which you specify your five most important goals over the next three years

STEPS:

- On this page, below, fill in the ten blanks with as many goals as possible that you want to accomplish during the next three years.
- On the next page, specify:

1. **Five Most Important Goals**
2. **Make Specific, Measurable, and Provable (i.e.: How much will it cost?)**
3. **Immediate Action in the Next 48 Hours**
4. **Whom Will You Share Your Goals With?**
5. **What Values Does It Help You Accomplish?**
6. **What Challenges Will You Face?**
7. **Strategies to Overcome Anticipated Challenges**

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

	FIVE MOST IMPORTANT GOALS	MAKE SPECIFIC, MEASURABLE, AND PROVABLE	IMMEDIATE ACTION IN THE NEXT 48 HOURS	WHOM WILL YOU SHARE YOUR GOALS WITH?	WHAT VALUES DOES IT HELP YOU ACCOMPLISH?	WHAT CHALLENGES WILL YOU FACE?	STRATEGIES TO OVERCOME ANTICIPATED CHALLENGES
1.							
2.							
3.							
4.							
5.							

DREAMS

DESIGNING AND IMPLEMENTING THE FUN FACTOR!

THERE ARE TWO PARTS TO THIS EXERCISE:

- Ten blanks for writing down your goals between now and three years from now
- A form in which you specify your five most important goals over the next three years

STEPS:

- On this page, below, fill in the ten blanks with as many goals as possible that you want to accomplish during the next three years.
- On the next page, specify:

1. **Five Most Important Goals**
2. **Make Specific, Measurable, and Provable (i.e.: How much will it cost?)**
3. **Immediate Action in the Next 48 Hours**
4. **Whom Will You Share Your Goals With?**
5. **What Values Does It Help You Accomplish?**
6. **What Challenges Will You Face?**
7. **Strategies to Overcome Anticipated Challenges**

1.	**6.**
2.	**7.**
3.	**8.**
4.	**9.**
5.	**10.**

	FIVE MOST IMPORTANT GOALS	MAKE SPECIFIC, MEASURABLE, AND PROVABLE	IMMEDIATE ACTION IN THE NEXT 48 HOURS	WHOM WILL YOU SHARE YOUR GOALS WITH?	WHAT VALUES DOES IT HELP YOU ACCOMPLISH?	WHAT CHALLENGES WILL YOU FACE?	STRATEGIES TO OVERCOME ANTICIPATED CHALLENGES
1.							
2.							
3.							
4.							
5.							

APPENDIX 1

WHERE DOES THE MONEY REALLY GO?

One of the most important parts of getting your financial life together is having a solid grasp on exactly what your current cash flow is. To do this, use the worksheet below.

FIRST, DETERMINE HOW MUCH YOU EARN . . .

Your Income

Wages, salary, tips, commissions, self-employment income	$ ________
Dividends from stocks, bonds, mutual funds, savings accounts, CDs, etc.	$ ________
Income from rental property	$ ________
Income from trust accounts (usually death benefits from an estate)	$ ________
Alimony, child support, Social Security widow's benefits	$ _________
Social Security benefits	$ _________
Other income	$ _________
TOTAL MONTHLY INCOME	$ _________

SECOND, DETERMINE WHAT YOU SPEND

Your Expenses

Taxes

Federal income taxes	$ ________
State income taxes	$ ________
FICA (Social Security taxes)	$ ________
Property taxes	$ ________
TOTAL TAXES	$ ________

Housing

Mortgage payments or rent on primary residence	$ ________
Mortgage payment on rental or income property	$ ________
Utilities	$ ________
Homeowners or renters insurance	$ ________
Repairs or home maintenance	$ ________
Cleaning service	$ ________
Television cable	$ ________
Home phone	$ ________
Landscaping and pool service	$ ________
Monthly Internet service	$ ________
Condo or association dues	$ ________
TOTAL HOUSING	$ ________

Auto	
Car loan or lease	$ ________
Gas	$ ________
Car insurance	$ ________
Car phone	$ ________
Repairs or service	$ ________
Parking	$ ________
Bridge tolls	$ ________
TOTAL AUTO	$ ________
Insurance	
Life insurance	$ ________
Disability insurance	$ ________
Long-term-care insurance	$ ________
Liability insurance (umbrella policy)	$ ________
TOTAL INSURANCE	$ ________
Food	
Groceries	$ ________
Food outside of home	$ ________
TOTAL FOOD	$ ________

Personal Care	
Clothing	$ ________
Cleaning/dry cleaning	$ ________
Cosmetics	$ ________
Health club dues and/or personal trainer	$ ________
Entertainment	$ ________
Country-club dues	$ ________
Association memberships	$ ________
Vacations	$ ________
Hobbies	$ ________
Education	$ ________
Magazines	$ ________
Gifts	$ ________
TOTAL PERSONAL CARE	$ ________
Medical	
Health-care insurance	$ ________
Prescriptions and monthly medicines	$ ________
Doctor or dentist expenses	$ ________
TOTAL MEDICAL	$ ________

Miscellaneous	
Credit-card expenses	$ ________
Loan payments	$ ________
Alimony or child support	$ ________
Anything you can think of that I missed!	$ ________
TOTAL MISCELLANEOUS EXPENSES	**$ ________**
TOTAL MONTHLY EXPENSES	**$ ________**
Murphy's Law Factor	
Take the total expenses and increase by 10 percent	$ ________
TOTAL INCOME	$ ________
Minus total monthly expenses	$ ________
Net cash flow (available for savings or investments)	$ ________

APPENDIX 2

FINISHRICH INVENTORY PLANNER™

STEP ONE: FAMILY INFORMATION

Client Name____

Date of Birth___________ Age______ Nickname____________________

Spouse's Name ____

Date of Birth___________ Age______ Nickname_____________________

Mailing Address____

City_______________________State___Zip______HomePhone ____________________

Work Phone ___________________Fax __________________ E-mail _______________

Spouse's Work Phone ___________________Fax _______________E-mail _____________

SS#___________________________ Spouse's SS#_________________________________

Employer____

Job Title____

Spouse's Employer____

Spouse's Job Title____

Are you retired? Yes ____Date Retired_________No____Planned Retirement Date_______

Is your spouse retired? Yes____Date Retired_______No___Planned Retirement Date_______

Marital Status: Single____Married____Divorced____Separated____ Widowed______

Children

Name Date of Birth SS#

1.____

2.____

3.____

4.____

5.____

Dependents

Do you have any family members that are financially dependent upon you or could be in the future?

(i.e. parents, grandparents, adult children, etc.) Yes ___ No___

Name 1. ___________________________________ Age _____
Relationship____

Name 2. ___________________________________ Age _____
Relationship____

Name 3. ___________________________________ Age _____
Relationship____

Name 4. ___________________________________ Age _____
Relationship____

Name 5. ___________________________________ Age _____
Relationship____

STEP TWO: PERSONAL INVESTMENTS (DO NOT INCLUDE RETIREMENT ACCOUNTS HERE)

Cash Reserves

List amount in banks, savings & loans, and credit unions

Name of Bank Institution	Type of Account	Current Balance	Interest Rate
Example: Bank of America	Checking/Savings/Money Market	$10,000.00	2%

1.____

2.____

3.____

4.____

5.____

Fixed Income

List fixed-income investments

Example: C.D., Treasury Bills, Notes, Bonds, Tax-Free Bonds, Series EE Savings Bonds	Dollar Amount	Current %	Maturity Date

1.____

2.____

3.____

4.____

5.____

Stocks

Name of Company	No. of Shares	Price Purchased	Approx. Market Value	Date Purchased

1.____

2.____

3.____

4.____

5.____

Do you have stock certificates in a security deposit box? Yes ____ No ___

Mutual Funds and/or Brokerage Accounts

Name of Brokerage Firm/ Mutual Fund	No. of Shares	Cost Basis	Approx. Market Value	Date Purchased

1.____

2.____

3.____

4.____

5.____

6.____

Annuities

Company	Annuitant/Owner	Interest Rate	Approx. Market Value	Date Purchased

1.____

2.____

3.____

Other Assets (i.e., business ownership, etc.) Approximate Market Value

1. ____ $ _________________________

2. ____ $ _________________________

3. ____ $ _________________________

STEP THREE: RETIREMENT ACCOUNTS

Are you participating in an Employer Sponsored Retirement Plan? (These include Tax-Deferred Retirement Plans such as 401(k) Plans and 457 Plans) Yes _____ No _____

Company where your money is Type of Plan Approximate Value % You Contribute

You:

1. ____ $ _______________________

2. ____ $ _______________________

3. ____ $ _______________________

Spouse:

1. ____ $ _______________________

2. ____ $ _______________________

3. ____ $ _______________________

Do you have money sitting in a company plan you no longer work for?

Yes_____No_____Balance______When did you leave the company?________

Spouse:

Yes_____No_____Balance______When did you leave the company?________

Self-Directed Retirement Plans

Are you participating in a retirement plan? (These include IRAs, Roth IRAs, SEP-IRAs, SAR-SEP IRAs, and SIMPLE plans)

Name of institution where your money is Type of Plan Approximate Value

You:

1.____

2.____

3.____

4.____

5.____

Spouse:

1.____

2.____

3.____

4.____

5.____

STEP FOUR: REAL ESTATE

Do you rent or own your own home?

Own___/Monthly mortgage is_________Rent_____/Monthly rent is _________

Approximate value of primary home $________Mortgage balance $ ___________

Equity in home________Length of loan_______Interest rate of loan_______
Is loan fixed or variable?________

Do you own a second home?

Approximate value of second home $ ________Mortgage balance $ ___________

Equity in home________Length of loan_______Interest rate of loan_______
Is loan fixed or variable?_______

Any other real estate owned?

Approximate value $________________Mortgage balance $___________

Equity in home________Length of loan_______Interest rate of loan_______
Is loan fixed or variable?_______

STEP FIVE: ESTATE PLANNING

Do you have a will or living trust in place? Yes__No__Date it was last reviewed___

Who helped you create it? Attorney's name____________________________

Address____

Phone___________________________Fax __________________________

Is your home held in the trust or is it held in joint or community property? __________

Risk Management/Insurance

Do you have a protection plan in place for your family? Yes _____ No _____

Life Insurance Company	Type of Insurance (i.e., Whole Life, Term, Variable, etc.)	Death Benefit	Cash Value	Annual Premium

1.____

2.____

3.____

Tax Planning

Do you have your taxes professionally prepared? Yes _____ No _____

Name of accountant/CPA ____

Address ____

Phone_____________________________Fax ________________________

What was your last year's taxable income?__________________Estimated tax bracket?__________________%

STEP SIX: CASH FLOW

Income

Your Est. Monthly Income___________Estimated Annual Income __________

Spouse's Est. Monthly Income________Estimated Annual Income __________

Rental Property Income: Monthly______________Annually________________

Other Income (i.e., partnerships, Social Security, pensions, dividend checks, etc.)

Type of Income Monthly Annually

1.____

2.____

3.____

Expenses

Monthly Estimated Expenses $_______Annual Estimated Expenses $________

What do you earn a month after taxes? $ _________________________

What do you estimate you spend? $ _________________________

Net Cash Flow $ _________________________

STEP SEVEN: NET WORTH

Total Assets $ _________________________

Total Liabilities $ _________________________

Estimated Net Worth $ _________________________

You can download a PDF of the FinishRich Inventory Planner™ at www.davidbach.com/scfr.