



**AL PETERSON**

apeterson@radioandrecords.com

**NEWS/TALK/SPORTS**

# Live Now, Pay Later

It's finishing rich that really matters

**M**oney is one of those subjects that nearly everybody needs to know more about. However, it's always been tough to take this complicated subject to radio and present it in a way that makes it interesting, relevant and, most important, entertaining — especially to those younger-demographic listeners so coveted by Talk radio and most advertisers.

Recently, a new player arrived on the financial Talk radio scene. His name is **David Bach**, and he's the bestselling author of *Smart Women Finish Rich*, *Smart Couples Finish Rich* and *The Finish Rich Workbook*. A familiar face to many from his many network TV appearances on such shows as *The View*, NBC's *Weekend Today*, CBS's *Early Show*, Fox News' *O'Reilly Factor* and more, Bach is also well-known in cyberspace as the money coach for America Online. His *Finish Rich* seminars, based on his books, have been given in over 1,500 cities across North America.

Prior to founding FinishRich Inc., Bach was a Sr. VP at Morgan Stanley and a partner in the Bach Group, which, during his tenure, managed more than half a billion dollars for individual investors.

His new weekly radio talk show, launched by Sabo Shows, a division



**David Bach**

of New York City-based Sabo Media, and syndicated by Wilbur Entertainment, debuted last month on Sirius satellite radio and on a select group of terrestrial radio stations across the country. This week I talk to Bach about the show and the secrets of financial success.

**R&R:** Where did your interest in finance come from?

**DB:** My life was really changed by my grandmother. She was my mentor. She was a woman who, at the age of 30, decided she was tired of sewing wigs for Gimbels department store in Milwaukee and being poor. She began saving her money and taught herself how to invest. To make a long story short, she became a self-made millionaire and went on to teach the rest of my family what she had learned. She helped me buy my first stock when I was just 7 years old.

**R&R:** How does Grandma sell a 7-

year-old on the idea that investing in the stock market is a good idea?

**DB:** One day we were eating at McDonald's — as a 7-year-old, it was my absolute favorite restaurant — and she told me to go ask the manager if McDonald's was publicly traded. I had no idea what that meant, and you can only imagine the look on the manager's face when he was called out to answer this 7-year-old kid's question about whether his company was publicly traded.

I went back to the table and told her that it was, indeed, a publicly traded company. She explained to me what that meant and then said, "Now I'm going to teach you how you can own this place."

Back at home she showed me the *Wall Street Journal* and told me that if I saved up my birthday and other holiday money, she would help me buy a share of stock in McDonald's. She explained that if I owned stock in McDonald's, that meant that when my friends went there to eat, I would be making money off them.

I thought that was just too cool. I bought that first share of McDonald's stock and then bought my second stock — Disney — at the age of 9. That's a true story, and it's really how I got started with all this.

**R&R:** When did you first realize you had a knack for managing money?

**DB:** My father was a financial



**BASKING IN THAT AWARDS GLOW** *That's KXNT/Las Vegas hosts (l-r) Heidi Harris and Alan Stock accepting the 2003 Electronic Media Award for Best Local Radio Talk Show in southern Nevada during a ceremony held recently in Sin City.*

adviser who taught investment classes. One night a week my mom would get the night off, and I'd get dragged to my father's class and have to sit quietly in the back. I guess, over time, I absorbed a lot of what he was teaching.

I discovered that I had a talent and a passion for financial planning at a pretty young age, probably just because I was brought up with it. It was stuff we actually talked about around the dinner table.

I guess I was about 12 years old when I was over at a friend's house one day and overheard his parents arguing about a certificate of deposit they'd bought and whether or not they'd gotten a good rate on it.

Without even knowing what I was doing, I just blurted out, "I don't understand why you would even buy a CD when everybody knows that, in your tax bracket, you can't possibly come out ahead. You'd be much better off with a triple-A-rated California municipal bond." Needless to say, they just stood there staring at me.

**R&R:** *What was your first real professional experience in finance?*

**DB:** I never planned to go into financial planning. I really wanted to be in real estate, and that's what I was doing when I got out of college. I was always giving my friends advice on how to manage their money, and one day my father said to me, "You're nuts. Why don't you just get into the business?" I listened to him and became a financial planner and went into partnership with him.

The Bach Group's whole business at the time was really built through teaching people about finances. We'd teach seminars on it three or four times a week in our community. What I learned from that was that when you make financial planning entertaining, easy to understand and actionable, you can change people's lives.

**R&R:** *What led you to speak directly to women about money with your first book, Smart Women Finish Rich?*

**DB:** I think almost everybody is interested in learning about money, but most people are afraid, because they really don't know what to do

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## Live Now, Pay Later

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and they don't know where to go to get good answers.

Early in my career I started teaching seminars specifically for women because I saw there was a huge opportunity to help them. Frankly, most women are not like my grandmother, and even in the early 1990s I found that many women were in almost complete financial denial and were still delegating most of their financial issues to the men in their lives.

I created the Smart Women Finish Rich seminar, which started out in a room full of about 100 women. Eventually, we trained over 1,000 financial advisers who taught my seminars, and today the book has become the No. 1 financial planning book for women in the world. It's now printed in seven languages and sold in 20 countries around the globe.

**R&R:** *How did you make the move to radio show host?*

**DB:** When I began promoting the book and the seminars, I started doing a lot of radio and TV. The more radio I did, the more I loved it, and the more I realized what an incredibly effective way it is to reach a lot of people.

Walter Sabo saw me on television and called me about a new radio show that the *Wall Street Journal* and *Smart Money* magazine were developing. I tried out, they decided they wanted me to host the show, and I got ready to move to New York. But in the midst of negotiating, Dow Jones laid off about 15% of its workforce, and the radio show got shelved.

Meanwhile, my wife and I were already psyched and ready to move from San Francisco to New York; so, even though things didn't work out, we decided to make the move anyway. I sold my brokerage business and moved to New York City. That

was two years ago, and since then I've written three more books and appeared on something like 100 national TV shows and hundreds of radio shows.

I called Walter one day and told him that I would still love to do radio and suggested that a three-hour, once-a-week show might be the right thing — something where I could answer the hundreds of questions I get via readers' letters and e-mails every week. He said, "Great, let's go do it," and here we are.

**R&R:** *What's different about your approach to money radio vs. other shows out there today?*

**DB:** When I first wrote *Smart Women Finish Rich*, I did it because I looked around and saw there was a market for it. I told the publishers that there were a lot of women out there who need this information and we were going to be the first-ever million-seller financial book for women.

They all sort of snickered, but guess what? That's exactly what happened. Because women are not only frequently the decisionmakers at home, they are also the educators. My whole mission has been to go out and reach women, who then turn around and teach their kids and families about money.

With this new radio project, I looked around and said to myself, "Gee, it doesn't seem like there's a radio show about this topic for anyone under the age of 65." I couldn't understand how there couldn't be a financial radio show for people my age. I want to reach that young professional woman who is making \$50,000 or more, buying expensive clothes, buying a house and carrying credit cards.

She's also got student loans to pay, she's the decisionmaker in her household, and she wants to know what to do with her money so she can finish rich. There are 100 million people in this country who make up Generation X and Generation Y, and

that's a gold-mine market when it comes to money and finance.

**R&R:** *What makes you believe that's true?*

**DB:** Because I have seen it for myself. When I originally began doing the seminars, we often got a lot of people over 50 — we've had women as old as 90 attend. The women and men who were attending those early seminars and buying my books began telling their kids about it, and we began to see our buyers — our "fans," if you will — get increasingly younger as time went by. We now get people who are in their 20s and even some teenagers buying the books and going to the seminars.

The traditional thought process has been that 20-year-olds aren't interested in money and financial planning, but that's the traditional thought process of someone in their 50s. Someone who is 50 today wasn't interested in financial issues when they were 20.

Today's 20- and 30-year-olds are totally different from what baby boomers were at that age. They've seen their parents fail financially and are now watching as a lot of boomers wake up to the cold, hard reality that they have not adequately planned for their financial future. These kids are looking at that and saying, "Teach me how to not end up like that." That's why I believe there is a huge market out there for this show.

**R&R:** *What's different about your approach to financial planning?*

**DB:** For openers, you can't listen to a financial advice show that doesn't tell you that the first thing you need is a budget to track all your money. It's advice that is so old, nobody listens to it any longer, because, for most people, it's just not practical. In the real world nobody lives by a budget.

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and ordering the appetizer is going to put you over budget that month, nobody is going to not order the appetizer. That's not how people think. This radio show is about real-world advice for real-world people who want to achieve real results.

In the real world, the only way that you'll be rich is to throw out your budget and pay yourself first. The idea of paying yourself first is not new advice, but most people don't really know what that means. It means that when you get your paycheck, you literally must pay yourself before you pay anyone else. Most people fail at it because they don't have an automatic plan, and that's critical.

Common sense will tell you that if the government has figured out that the only way that Americans will ever pay their taxes is to automatically take it out of their paycheck before they even see it, then you need to realize that the only way you'll ever be rich is to make paying yourself first automatic too. It's an action you need to take right now if you want to have any hope of finishing rich.

**R&R:** *What's another big mistake that you see most young people make that keeps them from finishing rich?*

**DB:** The 30-year mortgage. Most people have been programmed to buy a 30-year mortgage because they've been told it's a good tax deduction. That's a scam that benefits the banking industry and the government, and it's the worst way to pay for your home.

If you have a 30-year mortgage that, for example, is costing you \$1,000 a month, what you want to do is cut that in half and pay \$500 every two weeks. You'll pay a 30-year mortgage off in 22 years, and, for the average person who owns a \$250,000 home, that's going to save over \$150,000 in interest. More important, it's going to help you retire 10 years sooner.

**R&R:** *Finally, I have to ask you about what you call in your book the “latte factor” and how it's a barrier to finishing rich. What's that all about?*

**DB:** I tell people all the time that a latte spurned is a fortune earned. The reality is that people in the demographic for my show are Starbucks buyers. They're the hip, young, cool people who are picking themselves up a \$3.50 latte and \$1.50 fat-free muffin every day on their way to work. Meanwhile, they're also living paycheck to paycheck.

The latte thing is really just a metaphor. For you, it might be designer water or something else. What I'm saying is that the \$5 a day you spend on lattes is \$150 a month. Project that out over a year, and it's nearly \$2,000.

That's enough money to begin building a massive nest egg for your financial future. At a 10% rate of return, in 15 years you'll have over \$62,000 saved. Take it out over 40 years, and it's nearly a million bucks. So, you see, you really can become a millionaire just by cutting back on lattes!