

KILLING **SACRED** COWS

OVERCOMING *the* FINANCIAL MYTHS
that are DESTROYING *your* PROSPERITY

GARRETT B. GUNDERSON

WITH STEPHEN PALMER

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No actual cows were killed or harmed during the creation of this book.

Introduction

Find the sacred cows, slaughter them, sell the meat, make a profit.

—Dan Sullivan

Why do so many of us struggle financially when we live in the most free and prosperous country in the history of the world? Why do we continue to struggle when we are bombarded daily with information on how to become wealthy? I believe that most of us are kept from our potential because we labor under false ideas and perceptions about money, wealth, and prosperity.

The dictionary defines a “sacred cow” as an individual, organization, institution, teaching, or belief often considered exempt from criticism or questioning. In the financial world, sacred cows are the myths and traditions that distort our thinking about money, wealth, success, and prosperity. These myths are widespread and constantly reinforced through advice from friends and relatives, financial institutions, and the financial media. Because these financial sacred cows are so pervasive, they are rarely questioned and even less often defeated. But learning and applying the fundamental truths that counter the myths is the most direct path to the prosperity we’re all capable of.

The purpose of this book is to help you kill these sacred cows—to identify and overcome the subtle and destructive myths, lies, and fallacies about money that are perpetuated through social programming and unquestioned traditions. These myths are crippling us—individually and societally. They limit and destroy our potential. They drastically and negatively influence our

decisions on a daily basis, and most of us aren't even aware that they exist or how destructive they are.

What if everything you thought you knew to be true about money and finances was actually completely false? How soon would you want to find out, and what would you do about it?

Throughout the course of this book, we will explore the most common financial fallacies. Upon close scrutiny, you'll see that these myths are at odds with common sense at best, and at worst, destructive of our potential as creative beings.

Much of the material covered herein will undoubtedly be controversial, because it will challenge some of your most cherished beliefs and core assumptions. But it will also be enlightening. It will expand your thinking. It will help you to question things that most people never question. And with that critical analysis will come deeper understanding and more empowering perceptions and beliefs.



Enslavement by illusion is comfortable; it is the liberation by truth that people fear. —David Hawkins

Origins of the Myths

The question arises, “If much of what we’re taught about money is false, then why are these myths so prevalent, and where do they originate?” I believe that most of the myths about money that we are taught today originated during major economic or cultural developments (such as the Great Depression), are solidified by financial institutions that have a vested interest in maintaining the status quo, and are spread through the misguided advice of well-intentioned family members and friends.

A myth is a fixed way of looking at the world which cannot be destroyed because, looked at through the myth, all evidence supports that myth.

—Edward de Bono



We rarely think to question the financial concepts we believe in and follow. Seldom do we consider that these “tried-and-true” strategies might in fact be false. This happens because we are trained in our perceptions of money from a young age. Our parents pass along to us their own ideas about money. Even if their ideas are not explicitly stated, we absorb them through observation of our parents’ use of money. If they were careless spenders, we will likely spend our money carelessly. If they were cautious and suspicious of others, we will hold tight to our money in like manner and miss opportunities to grow our wealth. Or we will adopt the polar opposites of their behavior about money and get ourselves into entirely different trouble. Without even knowing the source of our feelings about money, we will behave in ways that perpetuate financial mismanagement through our lifetimes and those of our children.

The members of our families and communities contribute to our miseducation through their own buying habits, through employment and investment advice, and through other motivating behaviors. Most people have good intentions, but their advice relies on the same myths they were taught or information that may be pertinent to their situations but does not relate to our own.

The myths we absorb from our parents and community are supported by society as a whole. Our culture offers “wisdom of the ages” in the form of clichés about money that we rarely question. These clichés are often rooted in historical events that have little to do with our current economy or our personal financial situations. For example, the Great Depression resulted in hoarding and a scarcity mindset that permeated American culture and heavily influenced succeeding generations. And the post–World War II boom led to the belief that financial security came from tying oneself to a corporation. These beliefs are perpetuated by institutions within our society because they support their goals or because the people within the institutions don’t know any better either.



Nothing is more difficult than competing with a myth. —Françoise Giroud

Financial services companies sell their products by promoting perspectives and methods with fancy names such as “The Miracle of Compounding Interest.” These marketing messages have been used for so long that we have come to accept them as viable and trustworthy financial strategies. But financial institutions have always practiced and continue to practice the very things that we are either told to avoid or are completely unaware of. The ideas they promote are good for them, but not necessarily good for us.

Conventional retirement planners are usually no more helpful in the quest for true financial freedom. Not only do retirement planners receive their training from financial institutions, but they often work directly for these companies as well. Even if a retirement planner is knowledgeable in correct economic principles, he usually has an underlying incentive to sell suboptimal products.

This does not mean that financial institutions are inherently evil because they pursue their own interests. It does mean, however, that we must be aware that institutions are in business for a reason: to increase their revenues and their bottom line. My goal is not to tell you to completely avoid financial institutions; it is simply to point out that they have their own distinct interests and those interests may not coincide with yours. The better we understand the agendas of financial institutions, the more wisely we can utilize their policies for our benefit.

Educational institutions aren't effective at combating the myths that financial institutions propagate. American schools fail at educating students in correct principles of personal finance. A very different approach to money management is taught to students in personal finance courses as opposed to those in corporate finance courses. Personal finance directs learners to accumulate net worth, pay off debt, invest for the long term, and protect their possessions with term insurance. The corporate finance course teaches velocity of money, cash flow, risk management, and permanent insurance strategies. These principles and methods are far superior to and less risky than the personal finance techniques. In fact, corporate finance strategies are intended to take advantage of the investment dollars tucked away by people using personal finance methods. What isn't taught to the average American is that

corporate finance strategies can be employed on a personal level and used to achieve far greater wealth with equal or better security.

To combat the compounded influence of family, community, experts, education, and society—a daunting task—we must realize that popularity and the majority’s opinions don’t necessarily point to the truth. In other words, fifty million people saying a dumb thing doesn’t make it any less dumb. The herd mentality is destructive. Consider this question: If only a minority of people are wealthy, why do we follow what the majority of people do financially? True principles of personal finance exist that can lead to prosperity for anyone in almost any circumstance. But succeeding with these principles requires the courage to step away from the crowd and to choose “the road not taken.”

The Destructive Nature of Financial Myths

Buying into myths about money and finances destroys our prosperity and limits our productivity. It prevents us from seeing empowering and enlightening truths. It makes us stumble in ways that we never would have had we known the truth. For example, my friend Garrett White routinely does the following exercise at seminars: He asks a person to walk from the front of the room to the back, get a glass of water, and bring it back to the front. He promises that if they do it correctly, they will receive a prize. Each time, when the volunteers return to the front of the room with a glass of water in hand, he informs them that they did it all wrong—they were supposed to turn around three times, walk a certain way, and go around a few chairs. His exercise shows that we can’t succeed at anything unless we know the rules. Myths and false information keep us from learning the natural rules of wealth and prosperity.

When we accept financial myths, we accept untold opportunity costs. Every single thing that we do comes at a cost, the cost being everything we could have done instead of what we actually did. For example, every time we decide to accumulate money in a bank account because it’s “safe,” it comes at the cost of the returns we could have earned had we found a more productive use for the money. Every time we choose to follow the myth that developing

our passion is risky and that finding an unattractive career is safe, it comes at the cost of achieving our full potential and influencing people for good.

When people are confronted with myths, they commonly experience mental dilemmas. In fact, this phenomenon is one way to detect an underlying myth impacting a decision. Dilemmas come about when false beliefs leave us paralyzed, caught in a catch-22 where we see no way to win no matter what we do. For example, many people desire to be highly successful and wealthy but believe (often subconsciously) that achieving success would mean acting against their moral principles. They believe they are forced to choose between their principles and their prosperity.

What can you do in a situation like this? Instead of just taking action and feeling guilty with any choice, those who understand that myths are prevalent in our financial thoughts question the basic assumptions that they are facing and see past the myth. This helps resolve the dilemma and grants new access to power and the ability to take action in a way that promotes a feeling of prosperity and certainty, rather than frustration and confusion. The difficulty is in finding the myth that is crippling your progress among the many subtle beliefs about money and productivity you've absorbed over a lifetime of learning about them.

Why We Can't Let Go



Education is the slow process of learning our ignorance. —Will Durant

It's human nature to relate things that we are unfamiliar with back to the things that we are already familiar with, or with the things that we *think* we know. But what if the things we think we know are false, or at least misguided? How can we make sense of new things when our frame of reference is distorted or not founded in truth? One of the most critical steps we can take toward financial freedom is to accept the possibility that what we thought to be true may be completely false, and that there are infinite truths we have yet to learn.

I believe that the financial sacred cows give us distorted views of money and prosperity that we are rarely able to defeat because these fallacies appear

to be self-evident. Because modern life is complicated and we have to make decisions about so many different kinds of issues, we often depend on the opinions of specialists and experts in a field instead of learning about it ourselves. We've become used to accepting assumptions and handed-down advice and often choose not to make the time and effort to question them. We are too busy (or so we think) to learn the world anew, from its very foundations on up. We take the word of experts, or we trust in the advice of those we love and who love us. I certainly started out well indoctrinated into the myths, and it was only through trial and error, a willingness to experiment, and the guidance of wise mentors that I managed to shake free of their grasp and create the life I want to live.

However, when I teach people about financial myths and how to overcome them, there are three statements or sentiments that I routinely hear: "It sounds too good to be true," "Why haven't I heard of this before?" and "You have to be a financial genius and learn the secrets to be really successful or wealthy."

When I hear people say "It sounds too good to be true," my answer is that we only believe this about things with which we have no experience. All great human achievements sounded too good to be true at one time. Can you imagine teaching a nineteenth-century pioneer living in a dirt-floor, one-room cabin about how cell phones and computers work? When we say "It sounds too good to be true," what we really mean is that we don't know how to do it, so we are skeptical. This attitude limits our potential by giving us negative and suspicious lenses through which we view the world.

Granted, a healthy tendency to critical analysis can save us a lot of headaches, and I am not saying that we should be naïve and blindly accept whatever we're told. But it is much more healthy and conducive to happiness and creativity to remain open to learning how and why things work, even if we don't initially understand. Casually discarding everything that sounds "too good to be true" will lead to a life of poverty even if we are surrounded by success and prosperity.

Likewise, when people demand why they haven't heard my strategies before, the implication is that they have a monopoly on all truth and find it hard to accept that there are things that they don't know.

In reality, there are four realms of knowledge relating to all of us: the things we know that we know; the things that we think we know; the things that we know we don't know; and the things that we don't know that we don't know. Obviously, the last realm—the things that we don't know we don't know—is infinitely larger than all of the other realms combined. It's human nature to relate things that we are unfamiliar with back to the things that we are already familiar with, or with the things that we *think* we know.



Those who say it can't be done are usually interrupted by others doing it.

—Joel Barker

On the other hand, believing that financial success is a product of genius or secret strategies is a recipe for irresponsibility and inaction. Those who believe this tend to think that their lack of success is a result of market and societal forces beyond their control. This group fails to realize that universal principles of wealth creation are available to all of us equally. These people don't realize their full potentials because they believe—consciously or subconsciously—that success comes from sources outside of themselves, and that if they aren't lucky enough to have been born into the circles of the wealthy who know the “secrets,” then the quest for wealth is a futile search.

Financial success is the product of finding and applying universal principles. It is available to every one of us. It is achievable. It is integral to our progress and development as creative beings with infinite potential. If we can train ourselves to question and attack the myths that are limiting our potentials, we can be infinitely prosperous.

There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction.

—John F. Kennedy



Replacing the Subtle Lies with the Elusive Obvious

This book is primarily concerned with exposing elusively obvious ideas that combat the subtle lies we labor under. Blatant lies are easy to recognize and avoid; the subtle lies can ultimately be more destructive because they are much more difficult to detect and uproot.

Subtle lies seem to make sense and to carry a certain air of credibility. They are often supported by supposed proof and factual evidence that spread and perpetuate them. Many times they appear in the form of half-truths, or truths taken out of context. As these myths gain hold in society, they seem obviously sound—so obviously so that we don't question them. They are sometimes indications of good intentions, but they carry unintended and often unseen negative consequences.

Myths which are believed in tend to become true. —George Orwell



Subtle lies also take root in times of chaos and conflict; they can appear as saviors in times of extreme circumstances. They find fertile ground in atmospheres of fear and greed. They appeal to the baser side of human nature. They make destructive paths seem better by focusing on short-term rewards while disguising long-term consequences; by their very nature they encourage shortsightedness. They make us forget the big picture and lure us into focusing on unimportant, trivial matters. In the words of Stephen Covey, they get us into the “thick of thin things.”

When we begin to strip the myths bare, we quickly find that declaring them false takes nothing but common sense. We have all had experiences where, after a significant change in our mindset, the new truth that we have discovered seems so obvious that we wonder why we haven't seen it before. So it is with these myths—as soon as we turn our full attention to evaluating their worth, it becomes clear that they are nonsensical at best, and at worst, actively destructive.



Men occasionally stumble over the truth, but most of them pick themselves up and hurry off as if nothing had happened.

—Winston Churchill

The “elusive obvious” is the truth that lies just under the surface of the hype, rhetoric, and propaganda that distracts us from seeing it. For instance, many of us are taught to go to school, get good grades, choose a traditional career, and aim for jobs at a stable corporation with good benefits—even if all of this means that we spend our lives stuck in a situation that doesn’t bring real joy. We’re taught that it’s “risky” to pursue our passions—especially if those giving the advice can’t see a way for us to make money by doing so.

But when we carefully analyze such traditional advice, we begin to see how ridiculous it is. When we study the lives of the ultrasuccessful, we find a common thread: all of them pursued their passions instead of ignoring or stifling them for the sake of security. Where would the world be if Walt Disney, Warren Buffett, and Bill Gates had followed this terrible advice?

How can it be risky to wake up each morning and do what we love doing, provided it is moral, principle based, and creates value in the world? Sacrificing the things that bring us the most joy for an imaginary security, and therefore not living up to our potential, is actually the more risky thing to do. This, then, is the elusive obvious behind the advice to sacrifice passion for security.



Do what you love in the service of people who love what you do.

—Steve Farber

Redefining Prosperity

One of the most important subtle lies we must combat—one that lies at the root of so many other myths—is that prosperity is nothing more than the accumulation of material wealth. The elusive obvious is that true prosperity is different for every person and rarely has much to do with how much money she has in the bank or how many cars he has in the garage. Prosper-

ity and happiness are closely related (as we'll discuss throughout the book). They are both dependent upon two key elements: Soul Purpose and human life value.

Each of us was born for greatness, and every one of us has what I call "Soul Purpose." Soul Purpose is your unique set of talents, abilities, and passions applied productively and effectively, making tremendous impact upon the world and bringing the highest levels of joy and fulfillment for you and everyone you touch. It's the mission that you were born for; it's what you would do every day even if you didn't get paid for it. When you've truly found your Soul Purpose, you create so much value for others that you're almost inevitably paid very well indeed. My friend and colleague Steve D'Annunzio says of Soul Purpose, "Living your Soul Purpose does not mean that you have to own your own business or be famous. It means that you are doing what you are naturally passionate about doing every day, whether working for yourself or as an employee. Many people know their Soul Purpose but refuse to acknowledge it because doing so may require uncomfortable decisions. The real pain and suffering from human existence come from not making these decisions."

The mass of men lead lives of quiet desperation and go to the grave with the song still in them.



—Attributed to **Henry David Thoreau**

Human life value is our own particular combination of knowledge, skills, and abilities—everything that we are when we take away all of our material resources. It is our character and integrity, our ability to think creatively and uniquely, our relationships, our faith—or the lack of each of these things. It is our knowledge and ability to shape materials and information in new ways that are valued and utilized by others and ourselves. Every material thing we enjoy today came from the utilization of individual human life value. The materials in our homes already existed in the earth, but until human life value was applied to natural resources, that matter was nothing but potential value. When human life value is applied to physical matter, it becomes shaped and manipulated into something valuable to us.

If we think of prosperity in terms of achieving and applying our greatest human life value in order to live our Soul Purpose, many of the myths that we labor under instantly come into question. If our new goal is to create value in the world, not simply build our net worth, then how we go about becoming prosperous changes forever.



Try not to become a man of success, but rather try to become a man of value.

—Albert Einstein

The Purpose of *Killing Sacred Cows*

The most important factors in economics that directly affect your wealth and prosperity are the factors that initially go unseen, the forces at play beyond the myths perpetuated by people and institutions that have a vested interest in your belief of the myths. The purpose of this book is to train your mind and help you to cultivate the ability to be able to see through the myths that limit wealth creation. If this is accomplished, you may well experience a productivity breakthrough on an unprecedented scale.

Specifically, here are some of the things you will learn from reading this book:

- > **How the scarcity paradigm, which is at the root of so much common financial advice, limits our financial success**
- > **How the “accumulation theory” of wealth that most of us subscribe to destroys our potential**
- > **Why “investing” in the stock market for most people is little better than buying lottery tickets—and how you can create real wealth instead**
- > **How most people are in a security dilemma caused by avoiding things they fear, which actually decreases their security—and how to find true security yourself**

- > **Why money doesn't equal power**
- > **Why the most lucrative investments are by nature the lowest risk**
- > **Why the best way to reduce the cost of insurance is to buy the most you possibly can**
- > **How false beliefs about "getting out of debt" may be keeping you from financial freedom**
- > **Why value is infinitely more important than price**

After reading this book, the next time your brother-in-law advises you to maximize your 401(k) contribution, you won't blindly accept the fallacy that there will be an automatic "100 percent rate of return" because of the employer match. The next time your parents tell you to get a fifteen-year mortgage and to pay it off as quickly as possible, you'll stop and think about it, analyze it from every angle, and be able to see the unseen falsehoods behind the myth that this practice is safe. If you do contribute to a 401(k) or pay off your mortgage quickly, it will be because it is part of a macroeconomic plan with other moving parts that will actually bring you the best return, not because of a false perception of the employer match and tax deferral. And instead of questioning if you will have enough money to retire, you'll question the concept of retirement itself.

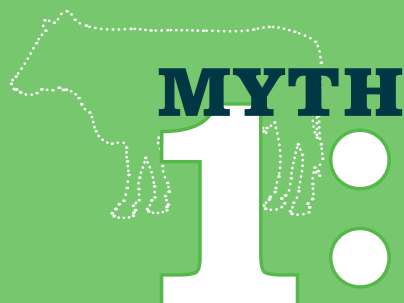
You will, in short, be better prepared to think like a wise economist instead of like a confused consumer. You will find that what you see on the surface is often, if not always, deceptive, and that real truths lie under the surface of what is obvious. Becoming empowered financially will help you unleash your creative genius and reach your full potential. We cannot become financially successful until we learn to recognize myths and then overcome them with truth and principles.

My purpose isn't so much to identify and answer every myth for every reader as it is to just get readers thinking about the rhetoric, propaganda, and traditional "logic" that we're fed through the financial media. If after you are finished reading this book, you are still depending on me or anyone else to

give you answers on how to recognize and see through financial myths, I have failed my purpose. Many more myths exist than we'll cover here, and this book is not meant to be an exhaustive study of each one; it's meant to be a catalyst to set you on your own path to true financial freedom.

Immerse yourself in the real facts and begin to break through the barriers that the myths about money have created in the minds of so many people. As you read this book, you will get beneath the surface to the root of money matters. You will see that the invisible chains holding you back are merely illusions that you accept from other people, the media, and financial institutions. Unlock the genius within by educating and investing in yourself.

My challenge to you is to take this book personally. As you read, think about how you can apply these concepts and how they would be useful for you. When you feel compelled to have a conversation about what you are learning, engage in one. If at any time you question what you're reading, think it through and apply the concept in your life. Keep reading, learning, and questioning the assumptions and beliefs you face every day. Live extraordinarily; this may not be easy, but it is more than worth it.



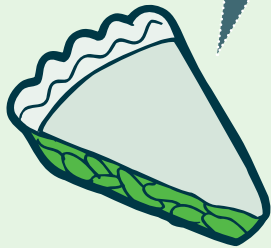
{ **The Finite Pie** }

The number of mouths to be fed will have no limit; but the food that is to supply them cannot keep pace with the demand for it; we must come to a stop somewhere . . . In this state of things there will be no remedy . . . famine, distress, havoc and dismay will spread around; hatred, violence, war and bloodshed will be the infallible consequence; and from the pinnacle of happiness, peace, refinement and social advantage we shall be hurled once more into a profounder abyss of misery, want, and barbarism than ever by the sole operation of the principle of population!

—Thomas Malthus (1766–1834)

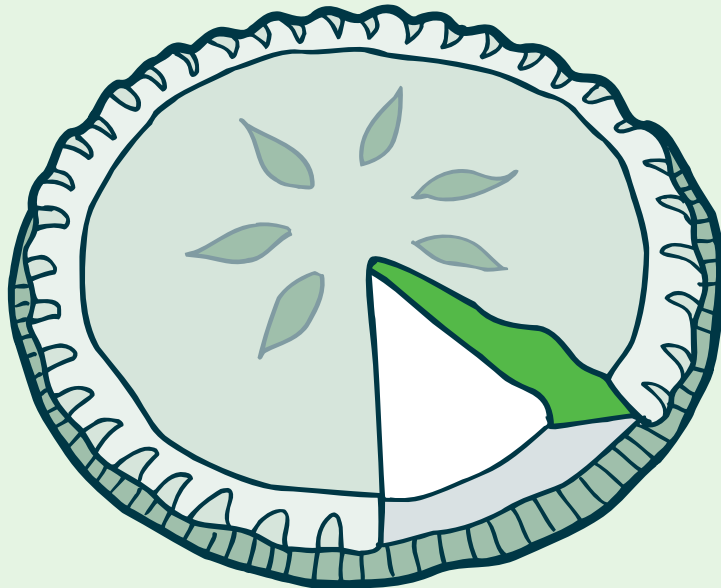
Myth:

All resources are scarce and limited. If you want something for yourself, you'll have to take it from someone else.



Reality:

There's enough for everyone, and we can always create more. We can prosper with others, not just at their expense.



The way we think is costing us money—and more than money, our quality of life. Without knowing it, we’re missing opportunities, wasting our potential, and letting our dollars and destinies stagnate.

But all of this comes from one pernicious root belief: Most of us believe that there is a finite resource “pie” from which we all share and that the more we have, the less others have, and vice versa. We believe that all resources are scarce. It’s not unusual that so many of us believe this, though. From birth a mindset of scarcity is ingrained in us. In school we’re taught that economics is the science of allocating scarce resources. On television, in magazines, in newspapers, on the Internet, and in virtually every other form of media, we are bombarded with claims that there isn’t enough to go around. The theories and strategies of intellectuals like Thomas Malthus articulate such a convincing case for scarcity that it becomes difficult to see the deeper truths beyond what the data seems to suggest on the surface.

In the scarcity mindset, we take it for granted that our society does not have enough resources or productive capacity to fulfill everyone’s needs and desires. Consequently, we believe that our material gains come only as a loss to others, and that when others possess more it means less for us. It’s easy to see how a culture that accepts the notion of scarcity quickly becomes ultra-competitive and selfish.

But the scarcity mindset is predicated on false beliefs, misinformation, outdated ideas, and fear. While scarcity may be a valid concern at times in the physical world, I will show how human innovation and the principle of

scarcity:
The belief that resources are limited, and the world is a stage for a zero-sum game of accumulation. In a zero-sum game, anything that another wins is no longer available to all others playing the game.

exchange render those facts obsolete and add much deeper context to the surface realities, and how we can overcome scarcity and its ill effects in both our minds and our finances.

Scarcity is the belief that resources are limited, and the world is a stage for a zero-sum game of accumulation. In a zero-sum game, anything that another wins is no longer available to all others playing the game. Further, these winnings are not replaced or transformed into anything of equivalent or greater value that remains in the game, available to other players. In scarcity, ownership by another means the loss of opportunity for oneself.

The opposite of scarcity is abundance. The concept of abundance is that there are more than enough resources to fulfill the desires of all the people within a society, a far more inspiring and productive way to look at the world and well supported by the facts, as I'll show you. This is the approach that many successful people and organizations take to their financial decisions, and for obvious reasons. This mindset sets a positive, clear path to achieving your financial potential and your purpose.

The Destructive Nature of Scarcity Thinking

At some point or another in their lives, most people experience scarcity as a reality on a personal scale. But to extrapolate this beyond its true importance and adopt the belief that scarcity represents the nature of our economy, our culture, our environment, or even our universe is destructive and limiting in every aspect of our lives.

When our actions are based on a scarcity mindset, we are acting on fear: fear that we won't get our fair share, that somebody else will reap rewards that we won't, or that we'll have to fight tooth and nail against others to achieve the level of success or prosperity we desire. And this fear causes us to make irrational decisions (especially when it comes to our finances) that limit our potential rather than enhance it.

Nevertheless, the scarcity paradigm dominates our culture today. Consider an example from the media:

Of all the impulses in humanity's behavioral portfolio, ambition—that need to grab an ever bigger piece of the resource pie before someone else gets it—ought to be one of the most democratically distributed. *Nature is a zero-sum game, after all.* Every buffalo you kill for your family is one less for somebody else's; every acre of land you occupy elbows out somebody else. (Jeffrey Kluger, "Ambition: Why Some People Are Most Likely To Succeed," *Time*, November 14, 2005, vol. 166, no. 20.)

Note the author's assumption that scarcity is the nature of the universe, and how he perceives that human behavior should flow from that assumption. That philosophy justifies hostile, destructively competitive action and the perception that all economic transactions are win-lose, and unapologetically so. After all, if we do not "[elbow] out somebody else," according to Kluger, we are left with nothing ourselves.

Here is another example about Wal-Mart, the company that zero-sum thinkers love to hate:

Wal-Mart's ascent . . . has already placed it in the exclusive club of companies whose raw power makes them the most feared corporate animals of their time. Wal-Mart has killed or wounded competitor after competitor . . . there's little doubt that Wal-Mart is among history's premier practitioners of Darwinian capitalism, red of tooth and claw. (Matthew Maier, "How to Beat Wal-Mart," *CNN Money.com*, May 1, 2005.)

Notice the words "feared," "killed," "wounded," "Darwinian," and the references to Wal-Mart as a corporate beast "red of tooth and claw." The

underlying assumption here is that Wal-Mart's gains are painful wounds or losses to every other retail store.

It's clear that the scarcity mindset pervades our media and culture, but how does it practically affect us in our daily lives? Reacting out of fear of loss causes us to accept false theories on how to succeed, to neglect the opportunities that would lead us to true prosperity, and to suffer in bad jobs and unfulfilling lifestyles working for nothing but an illusion of security. And perhaps most important, scarcity negatively affects the way we interact with others because it's characterized by an adversarial, win-lose perspective of the world and relationships. When we compete in scarcity, we try to do so at the expense of others—we believe that we can only win if someone else loses. We view others as competition, as roadblocks in the way of our getting what we want. The destruction this attitude wreaks on our prosperity and our contributions to the world is wide-reaching and hard to see at first, but much of this book will be focused on uncovering it and helping to restore a more natural worldview.

In the thrall of scarcity thinking, we make faulty financial decisions. We buy things we don't need because we can never have enough, and we also postpone appropriate purchases, even when we have the money, because we can't let go of our precious dollars. We pull money out of investments when we should be buying more, and we buy investments at their peak when we should be selling. We're naïve when we should be cautious, and skeptical when we should be optimistic. When we encounter challenges, our minds automatically focus on all the reasons why we can't succeed. We feel jealous and envious of others when we perceive that they are more intelligent or beautiful, make more money, have more friends, or have more opportunities than us. We feel superior to those who have less than us. We sue and are sued at the slightest grievances, and for trivial amounts of money, then complain when insurance rates raise. Scarcity even leads some to lie, cheat, and steal to get what is wanted, at the expense of others and our own integrity.

In the commission-based financial services industry, scarcity leads to a focus on making a sale instead of what our clients really want, which hurts both parties. My friend Dean, who is also in the financial services industry, told me about a realization he had as he was working with a client. His client came to him seeking advice on a new job. The client had to make a decision between two pay structures, and was also trying to weigh his children's school

and his own work situation, which would be changing, into the equation. As the client bared his deepest concerns and hopes for the future, Dean found that he wasn't really listening or trying to meet the client's needs; rather, his thoughts were focused on how he could sell the client a life insurance product to generate a commission. After he made his presentation and the client shared more information, it became clear that the life insurance policy was completely unnecessary and Dean lost the sale. As he tried to figure out what had gone wrong, it became clear to Dean that he had acted with a scarcity mindset, and hadn't met the client's actual objectives, nor had he created real value for fear of losing a commission. Instead he lost the client altogether—after realizing Dean was only in it for the commission, the man never came back again.



THE MYTHS IN REALITY:

Cash in Coffee Cans

My own great-aunt destroyed her relationships with her siblings because of her struggles with the scarcity mentality. A first-generation immigrant, she came to America from Italy with her brother, sister, and parents when she was young, and all the family scrimped and saved for years to build up a nest egg, which they put in the bank in her name. As she got older, my great-aunt told everyone how poor she was, and she applied to every government program that might offer her assistance. My grandfather was always over at her twenty-five-thousand-dollar house fixing her faulty appliances, and she continued to economize on every possible purchase.

Then she got very sick and was expected to die soon. That's when my grandfather pulled me aside and explained that the siblings' money was all in her name, and probably about to be lost to medical expenses or taxes—and they had accumulated over half a million dollars. As my aunt lay on her deathbed, she asked that we move the money to a safe place.

Against the odds, my aunt recovered and we moved the money to a high-yield investment. Instead of being pleased that we'd found a way to turn their nest egg into usable cash, she

was furious and accused my grandfather of stealing from her. He took the money out of the high-yield investment and gave it back. My aunt took some and buried it in her backyard, sealed some more in coffee cans in her cellar, and returned to living a life of poverty—but this time, without my grandfather's help and support. The two siblings still don't speak to each other, despite the seventy-five years of closeness that came before.

When we live in scarcity, greed can blind us to common sense. My friend Cory lost fifty thousand dollars in a scam because he became overwhelmed with the prospect of high returns and thought that if he didn't act immediately, he would lose out. He was approached by a company who asked him to invest in a debt-restructuring and -assistance program and promised him a 10 percent per month return. Without doing any due diligence, he quickly wrote them a check for twenty-five-thousand dollars, and a couple days later gave them another twenty-five thousand because he was so excited about the potential returns. The next month Cory and the other "investors" were told that the company was still working through some issues and would be unable to pay. Each month after that brought another excuse, and several months later, with no returns ever paid, Cory found out that the company was a scam. The founder went to prison. Cory discovered that this person had already been convicted of similar activity and was on probation at the time Cory gave him money. A simple Internet search would have uncovered the fraud, but the lure of high returns prevented him from acting wisely.

Scarcity is about so much more than money and material resources. It's a mindset, a way of viewing and interacting with the world, and it permeates everything we think and do. In large part, it determines who we are and how we act. It robs us of hope, steals our dreams, presents us with supposed evidence for living small and treating others badly, and renders us impotent, despite our infinite potential to create and make the world a better place. In a world of possible freedom, joy, abundance, and service, a scarcity mindset cripples us and aids us in seeing not much more than limitations, suffering, poverty, and selfishness.



The scarcity mindset can also limit the potential of the people around us, our community, our economy, and our society. This is because the scarcity mentality is characterized by adversarial, win-lose relationships. When we compete in scarcity, we try to do so at the expense of others—we believe that we can only win if someone else loses.

Some people might argue that adversarial competition is a critical element of free enterprise, that it's impossible to have a free market economy without it. However, it's clear that a free market economy is more productive when everybody adopts an attitude of cooperative competition and fosters win-win relationships. That sounds a lot better than “for every winner there must be a loser,” doesn't it? The myth of scarcity destroys our potential because it pits us *against* each other rather than helping us work *with* each other.



More than simply derailing individual financial success and human potential, scarcity thinking tears apart communities, relationships, and families. Under the scarcity paradigm, money and goods aren't the only finite resources—*everything* is grounds for competition and resentment, from jobs to abstract qualities like beauty and intelligence. Everything someone else possesses represents something that you cannot have.

Even people who consciously reject the idea of scarcity can be *subconsciously* subject to the negative effects of the myth, whether because they copy behaviors their parents and family members have modeled, because scarcity simply feels safer, or for some other unexamined reason. Most of us

operate with unconscious paradigms of scarcity that we don't verbalize or try to express. If we did, we might recognize their destructive nature and seek out a better ideology that wouldn't cripple our ability to think and act creatively or productively. This is exactly what the concept of abundance can do for us.

YOU KNOW YOU'RE IN SCARCITY WHEN...

Your friend at work gets a promotion and you find yourself feeling jealous, rather than happy for him.

You see a person driving an expensive car and find yourself feeling resentful or judging her.

You make purchases on credit and live beyond your means; you're dissatisfied with what you have.

You postpone important purchases that would add dramatic value to your life, even when you have the money to make them, because you can't stand to part with your cash.

When your spouse or child asks you to buy something, more often than not your immediate response is that you can't afford it.

You find yourself frequently wishing for a better life, yet you think that it would be futile to strive for something better; there's never enough time or money to do the things you want to do.

You have ideas about how to make your life better, like switching careers or starting your own business, but are afraid to put them into action.

You keep your money in "safe" investments like CDs and money market accounts because you fear losing it.

You pick the riskiest investments, cross your fingers, and hope for high returns, thinking that gambling and luck is your best path to wealth.

Replacing Scarcity with Abundance

Scarcity thinking is holding us back, individually and as a society. Because of this, we must find a way to replace scarcity thinking with a mentality of abundance. Scarcity thinking says, “I can’t afford it,” or “I just don’t have any options,” or “I never have enough time to pursue my ideal life.” Abundant thinking says, “How can I afford this?” or “I know I have unlimited options; I just have to find a way to realize them,” or “How can I *create* more space so I have time to pursue my passions?” Scarcity is limited; abundance is limitless.

We can consciously choose to view life abundantly, to think and act abundantly, and to eliminate our fear of loss. The path to overcoming the myth of scarcity requires us to recognize and accept the abundant nature of our environments and of our potential as creative beings. When we face hardships that seem to reveal that life is harsh and the nature of our existence is combating scarcity, we need to take a broader view and realize that what has happened is that principles of abundance have been violated. If more people live with an abundance mindset, we will all experience less hardship.

QUIZ: What Is Your Mindset?

Rank the following statements on a scale of 1–10, with 10 being “true” and 1 being “false”:

1. You are living something close to your ideal life today.
2. You feel confident, assured, and in control of every place you invest your money.
3. All of your financial components are working together and you have the right team in place to see them through.
4. You feel energized and empowered by your finances right now.
5. You do what you want to do on a daily basis, without fear over money.
6. There are no money worries you could remove from your life to improve it.

Add your answers together and divide by 60. What’s your grade? A+? C-?



Take, for example, people who have lost money through investments in mutual funds or the stock market. With a scarcity mindset, they will believe they have learned that investing is risky and that profits from investments are scarce. But the true lesson could be that a person or group of people involved with the investment—the investor, the fund manager, the CEO of a business in which the money was invested—made choices that limited or destroyed the potential return of the investment. Investors could also learn lessons from the experience that will propel them to greater success with investments in the future—such as better ways to select fund managers or businesses to invest in. They might examine their investment options more closely in the future to ensure that they are aligned with the principles of abundance, or think of a new way to earn returns from their money. Through abundance, they can view their mistakes as positive lessons that can be applied to minimize risk, and continue to invest, becoming wiser with each investment, each success, and each mistake.

Overcoming the myth of scarcity and replacing it with an abundance mindset is achieved by understanding the following truths, which I'll explore throughout the rest of this chapter.

- > People, not material things, have intrinsic value, and people make individual, personal determinations of the value of material things.
- > The principle that exchange creates individual and community wealth implies that by continuously exchanging goods and services we can create infinite value from those goods and services. Even if resources are finite, scarce resources plus human ingenuity, individual ideas of value, and continual exchange can create infinite productivity from the available resources.
- > The quality of our lives is not determined by the quantity of our stuff.
- > Adversarial competition is not conducive to a healthy free market. Enlightened, cooperative competition helps us transcend win-lose relationships and serve one another more effectively and efficiently.

Intrinsic Value and Infinite Value Determinations

One of the key fallacies that helps propagate scarcity thinking is the belief that material things, rather than people, have intrinsic value. Valuing material

things in themselves, instead of for their worth to people, inevitably leads to a scarcity mindset, because if material things have intrinsic value, the only way to increase your wealth is to hoard these things. Then, when you lose material things, even in an agreeable trade, you have reduced your wealth. But this is illogical thinking.

How much is your home worth? You probably have a specific dollar amount in mind and would staunchly defend that estimate. But consider this: Would the value of your home change if it were moved to a different city? To a different state? To a different climate? To a different country? Will your home be worth the same amount a year from now? Five years from now? The value of any home depends on many factors and can fluctuate depending on market conditions. But if a home has intrinsic, or inherent, value, how could its market value change?

The first answer to the question, “How much is your home worth?” is always another question: “To whom?” Material things only have value and utility because people value and use them, and people *do* have intrinsic value. People determine what a particular thing is worth to them individually, and each one of us will value any given material resource differently from every other person. This is why the value of any material good or resource can be infinite—because it exists only in our minds and perceptions. A home worth \$1 million to you could be completely worthless to me. I might pay \$100,000 for a car that you would never consider driving. The intrinsic value lies in the people living in homes and driving cars, not in the homes and cars themselves.

More gold has been mined from the thoughts of men than has ever been taken from the earth.

—Napoleon Hill



None of us value material things equally. This means that resources are infinite according to our individual perceptions of value. There’s no productive reason to hoard material things, because since we all have different desires, we can fulfill those desires through efficient, free-market distribution of material resources. When we operate in abundance instead of hoarding



If I have a book and you have \$20, and we mutually decide to exchange my book for your \$20, what was the book worth to you? What was the book worth to me?

everything for ourselves, resources go into the hands of those who value them the most, and, in most cases, who use them the most effectively.

Our individuality makes for infinite value perceptions and determinations. Why worry that there aren't enough BMWs to go around? Not everyone wants a BMW. Even if it appears that we are going to run out of something, those who value that thing the most will continue to use it, and those who value it the least will create other resources to fulfill the desires previously fulfilled by that resource. This ingenuity will create more markets and more products, and it will ultimately satisfy more wants and needs than ever before.

Consider the example of currency: Even though the amount of currency in circulation is finite, we can use every dollar bill in infinite transactions to create infinite value. One dollar bill can literally become millions—a concept that will be discussed more in chapter 3. I can buy something from you for a dollar, you can take that dollar and buy something from someone else, who can then use it to buy something else, and so on. There are finite dollars, yet infinite value can be exchanged with that finite currency.

Value Exchange Facilitates Wealth

If I have a book and you have \$20, and we mutually decide to exchange my book for your \$20, what were the book and the \$20 worth to you? What were the book and the \$20 worth to me? Most people answer that the book was worth \$20 to both you and me. This is wrong. *We only give up something in an exchange when we value what we're receiving more than we value what we're giving up.* Hence, there is no way to quantify an exact amount that the book or the \$20 was worth to you or me. All we can conclusively say is that to you, the book was worth *more* than \$20 and the \$20 was worth *less* than the book; to me the book was worth *less* than \$20 and the \$20 was worth *more* than the book. We both walk away wealthier than before the transaction because we both have something that is worth more to us than what we had before.

We only exchange when others have something that we value more than what we currently have. We never trade like value for like value, because we have no incentive to do so. We trade what we have for what we actually want more. Therefore, hoarding of goods, money, or resources for their own sake—which often comes about as a result of scarcity thinking—limits our personal wealth and precludes personal joy and fulfillment. When we refuse to spend or exchange, we eliminate the joy that comes from activities and possessions that cost money and the increased satisfaction that comes from exchanging something we value for something we value more.

Exchange can only occur in an atmosphere of disagreement. In a free market, the final sale price of any object is always an amount that the seller and the buyer both disagree that the object is worth. This principle is vital to overcoming the myth of scarcity, because one way we create infinite value is through the process of exchange. Just as we can exchange the same dollars an infinite number of times, so we can exchange any and every form of material wealth. The value is not in the things—it is in the minds of people.

Human Ingenuity

Even if we are unable to accept that material resources are essentially infinite, the fact remains that human beings are creative by nature and able to apply their creativity and ingenuity to scarce resources in ways that make those resources abundantly productive. Take, for instance, the case of oil, which is available only in limited quantity. The same ingenuity that gave us the products and resources that have diminished the supply of oil can provide a way to stretch what is left and discover new sources of energy. Oil was used very little until we invented automobiles; then it became one of our biggest sources of energy. The free market is now seeking to replace oil with other, more viable and sustainable sources of energy. How many resources are yet to be discovered, awaiting our creativity to find a use for them?



The book was worth more than \$20 to you, and the book was worth less than \$20 to me.

In *The Ultimate Resource 2*, economist Julian Simon provides empirical data to support the idea that resources can be made abundant by intelligent people working to solve their problems and the problems of their communities. He argues that through economic and political freedom, human ingenuity (which is the “ultimate resource”) can manipulate scarce resources to create a prosperous future for the world. For instance, as he explains,

Agricultural land is not a fixed resource. Rather, the amount of agricultural land has been increasing substantially . . . In the countries that are best supplied with food, such as the United States, the quantity of land under cultivation has been decreasing because it is more economical to raise larger yields on less land than to increase the total amount of farmland. For this reason, among others, the amount of land used for forests, recreation, and wildlife has been increasing rapidly in the United States.

Simon also gives highly optimistic evidence on pollution, natural resources, human fertility, immigration, and the unhealthy effects of population density, among other things.

Fear of innovation and “disruptive” technology has always been a fact of civilization, despite the progress that it actually inspires. For example, even Gutenberg’s printing press, which completely revolutionized the world for the better, was initially feared and criticized. Historian Will Durant wrote that when the printing press was introduced, “not all welcomed it. Copyists protested that printing would destroy their means of livelihood; aristocrats opposed it as a mechanical vulgarization, and feared that it would lower the value of their manuscript libraries; statesmen and clergy distrusted it as a possible vehicle of subversive ideas” (*The Reformation*, 159).

In spite of protests that it would destroy livelihoods, with the printing press came countless new jobs and industries including printing and publishing, journalism, ink production, and increased paper production. Furthermore, the indirect benefits of the press contributed to more widespread and democratic education, which in turn led to even more jobs and industries. It may have put a handful of copyists out of work, but the net effect was a dramatic increase in production, jobs, industries, and outlets for human creativity and ingenuity.

In our society, there is a similar outcry against jobs lost to outsourcing and innovation. What many who bewail these trends fail to realize is that *precisely because of innovation* outsourcing can create more and better jobs than those that are lost. Russell Roberts, an economics professor at George Mason University and a research fellow at Stanford University's Hoover Institute, confirms that

. . . imports don't destroy jobs. They destroy jobs in certain industries. But because trade allows us to buy goods [and services] more cheaply than we otherwise could, resources are freed up to expand existing opportunities and to create new ones. That's why we trade—to leverage the skills of others who can produce things more effectively than we can, freeing us to make things we otherwise wouldn't be able to afford. The United States has run a merchandise trade deficit every year since 1976. It has also added more than 50 million jobs during that time. (“Why We Trade,” November 2007, www.foreignpolicy.com)

On the level of our day-to-day lives, the inexhaustible supply of human ingenuity means that we're never truly trapped in a problematic situation, only that we haven't yet found the best solution. It means we can always find a way to make the money we need to make to be happy and prosperous, and that the resources and material goods we already have can probably provide more value to us than we may expect at first. At the heart of abundance is a belief in human ingenuity and human value, and a dedication to applying as much of our own value and ingenuity as we can to improve our societies and reap the rewards.

Regardless of the changing availability of any other service or substance, human ingenuity remains the one most important resource. Ideas are not and will never be scarce—and ideas lead to innovation, which leads to increased efficiency and the ability to use resources in ways that were previously unimaginable, as well as the creation of new and better resources. Human ingenuity is like a piano: although there are a finite number of keys on a piano, there are infinite ways to combine the notes they play to create music. While many scientists observe the seemingly finite nature of material resources, they fail to realize the infinite abundance that arises when human creativity is applied to scarce resources.

Quality of Life vs. Quantity of Stuff

When we understand that people, not things, are the real assets, we naturally stop placing so much value on material goods. We diminish the tendency to base our sense of self-worth on how much stuff we have. We find more happiness in relationships than we do in homes, cars, and boats. We realize that prosperity is more a state of mind than it is columns of numbers on paper.



What you leave behind is not what is engraved in stone monuments, but what is woven into the lives of others.

—Pericles

Our quality of life is closely tied to our level of financial freedom. I define financial freedom as the choice that money will no longer be the primary factor in our decision-making processes. This doesn't mean that it's not *a* factor—it's just not the main factor. This is the point at which we scrub phrases like, "I can't afford it" from our vocabulary. This is where we commit to no longer let our money rule us, but rather, to govern our money. According to this definition, every person reading this book can become financially free immediately. What it takes is commitment—not interest, but a committed choice.

When we become mentally free, this internal freedom is reflected in our external, physical world. Our material wealth becomes a mere reflection of our abundance perspective.

What I'm talking about is a three-part formula: our beliefs determine our behavior, and our behavior determines our results. Another way to state this is "Be-Do-Have." Most people put these in the exact opposite order, as in "Have-Do-Be." People think that if they could just *have* more, then they would *do* the right things, and then they would *be* who they want to be. But abundance works in the opposite order: If we want to *have* more, then we should start by *being* better people; in order to be better, we start *doing* better things, which leads to having more of what we want. When we become who we were born to be—or, in other words, start living our Soul Purpose—every resource imaginable becomes available to fulfill our mission.

If we want to prosper, we must learn that happiness does not come from material things. We must become aware that happiness comes from inside



If I **had** what I needed,
I could **do** what I want to,
and then I would **be** happy
and productive.

ourselves; nothing external can dictate our lasting happiness. Taking responsibility for and shaping our beliefs and habits is the first step toward happiness and prosperity. The irony is that the healthier our beliefs are, the more material and spiritual prosperity we will experience.

All external changes in the forms of life, not having a change of consciousness at their base, do not improve the condition of the people, but generally make it worse . . . A better life can only come when the consciousness of men is altered for the better; and therefore all the efforts of those who wish to improve life should be directed to changing their own and other people's consciousness.



—Leo Tolstoy

Competition + Cooperation

Scarcity results in a competitive approach to economics and personal finances. If resources are limited, if there's only so much wealth to go around, and another's gain results in my loss, then I must compete with that person for all available resources. Adversarial competition results in hoarding and mismanagement of resources. If another's gain represents my loss, then I must strive to be the winner in every transaction. I must view every other person as a threat to my prosperity.

This type of thinking limits our financial potential because we frequently miss or reject the opportunities that could result from cooperation and sharing with others. The opposite of competition is, of course, cooperation and interdependence. When individuals bring unique skills and talents to a combined project, the total value of that project increases at a greater rate than the individual value each of those people contributed. Through the synergy created by sharing and exchanging our full human potential, everyone benefits and becomes far wealthier than if they were to hoard their talents and energy to themselves. (This energy, talent, and potential is what I call *human life value*, and I'll explain more about it throughout the book.) This is the type of thinking Dr. Ivan Misner has used to create Business Networking International (bni.com), the largest business networking organization in the world. BNI creates an abundant-minded atmosphere where individuals understand that cooperation and exchange are prerequisites for success.

When we are in scarcity mode, we are faced with many dilemmas, one of them being that if resources are scarce and material things have static, intrinsic value, then every transaction is a win for one person and a loss for another. By definition, according to the scarcity paradigm, no person can ever engage in a win-win transaction. If resources are so scarce, the dilemma becomes, "If I want to be happy, I must do it at the expense of the happiness of other people, and if I want to be moral, I must sacrifice my own happiness to do so."

The abundance paradigm helps us to see the possibility of and the value in win-win exchanges and transactions. People who are operating in abundance know that by serving the wants and needs of others, and thus creating happiness in the lives of others, they actually bring more happiness to themselves. The goal is to serve others, not to exploit or dominate them. They are able to serve wholeheartedly and completely because they know that by so doing, they aren't in any way diminishing their own happiness; in fact, they are generating *more* happiness and success in their own lives.

In an abundance paradigm, we fulfill our needs and wants by helping others fulfill their own; transactions are always win-win. In abundance, all of our thoughts, words, emotions, and actions are motivated by contributing to our personal success and the success of others. In abundance, no one

is jealous or envious of another's money; there is infinite wealth to be created and put to use.

People who are committed to free enterprise, entrepreneurs who deeply understand abundance, don't operate a business in order to put another institution out of business and give their customers no alternative. They bring products and services to the market in order to serve others. They understand that it is in their best interest to serve others. They believe in efficient and effective service. They know that there are limitless opportunities to serve and to create wealth. They know that through abundance *everyone* can win and that each of us can have our individual desires satisfied without harming other people. Free enterprise is about excellence and unique offerings, not about destroying competition (although there are certainly many misguided individuals out there who have given free markets a bad name). The more people who understand this and become true creators of free enterprise, the easier it becomes for free-market businesses to succeed through cooperation.

I learned the value of cooperation early on in my career. I moved from a small town in Utah to Salt Lake City to expand my financial services practice, but I was worried about how I was going to build a career and make it work because I didn't know anyone there. Fortunately, Dee Randall, an insurance agent, had heard about the many financial courses I had been taking, and asked me if I would come and present to his agency. I did, and after the event three agents asked me to help them with clients. This led to a lot of joint work with other agents (the year after I graduated from college I made \$133,000), and an idea.

My idea was to start a regular training course for agents. I immediately had several people tell me that it was a big mistake, that I was training my competition. But I knew it was right so I persisted. I started teaching about a hundred agents on a regular basis in what I called the "Mission-Driven Forum." Although I was brand new to the area, my business exploded, and I started receiving more referrals than I could handle. I went from making \$133,000 one year to \$450,000 the next, all because I did what many people thought didn't make sense: I cooperated with my competition, and the result was more business for all of us.

The free market inherently tends toward abundance, not scarcity. This is due to the principles of exchange, cooperation, and innovation, among oth-

ers. Abundance creates opportunities; it doesn't destroy them. If a business fails in a free market it is because customers are being served more efficiently and effectively elsewhere, not because the business somehow "lost." This actually becomes an opportunity for a business to learn how to serve others better, which is exactly how successful people and businesses handle temporary failure. Successful entrepreneurs view temporary setbacks as steppingstones to success, allowing for increased knowledge and thus greater ability to succeed; in other words, temporary failures are part of the market research process.

YOU KNOW YOU'RE IN ABUNDANCE WHEN . . .

Your primary focus in life is to lift, serve, and bless the lives of others.

You feel happy when others succeed—even those who may be viewed as your competition—and you never feel threatened by others.

You feel satisfied, complete, joyful, and calm.

The purchases you make align with your core values.

Your investments are wise; you're not naïve, nor are you overly skeptical.
You perform wise, patient research and make an educated decision.

Rather than saying "I can't afford it," you ask, "How can I afford it?"

You consistently overcome fear, through faith and courage, to pursue your dreams and a career that aligns with your passion and purpose.

You're able to work with others to achieve things that you couldn't do alone.

You take full responsibility for your life and your work and use your internal strength to overcome all challenges and transcend external circumstances.

Throughout my career, I've had the benefit of witnessing firsthand the hold that scarcity can have on people's lives, and then the empowering

change that occurs when they make the transition to thinking abundantly. One couple that I've had the privilege of working with, Ben and Heather Corrales, told me of their struggles with scarcity. They always felt paranoid about finances and were always focused on worrying about the lack of money in their lives. They thought that no opportunities would come their way, and that opportunities were a product of luck, rather than factors that they had control over. Even when they found opportunities, they analyzed them through the eyes of scarcity, and so they developed a "too good to be true" mentality and were afraid to act.

When they started educating and investing in themselves, I watched a significant transition occur. They experienced the paradigm shift, embraced abundance, and began viewing the world through entirely new eyes. Where all they saw was lack before, now they were seeing multiple opportunities. More important, they realized that they had the ability to control the productivity of their opportunities through their own education. They started reading and studying more. They found and began utilizing resources that were previously unavailable to them. Now when they choose to engage in an opportunity, they do it not because of how much money it will make, but because it aligns with their purposes and unique abilities. The time spent worrying when they were in scarcity is now time that they spend increasing their knowledge and productivity; they've learned to reduce their fear through education and the abundance mindset. In just a short time, they felt liberated. Money no longer dictates their lives or provides the primary motivation for their actions, and yet they make more money in safer ways.

Though it is perhaps easiest to see the financial and relationship benefits of an abundance mindset, the power of this way of thinking extends to all aspects of life. I also have the privilege of working with some spectacular individuals who have overcome challenges by embracing the freedom of abundance. One associate in particular, Anthony Andelin, discovered abundance after an agonizing car accident when he was twenty-one. On the way to a movie with friends, the car he was in was broadsided, leaving Anthony with a broken sternum, a broken pelvis, two broken ribs, and a separated shoulder. In the hospital, he was told that he might not walk again.

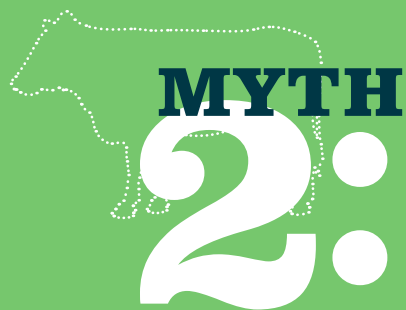
Anthony says that he quickly fell into scarcity, overwhelmed with thoughts and feelings about all the things he would miss out on in life, all the

things he wouldn't be able to do. Then, at 3 A.M., as he lay wallowing in his perceived limitations, a thought entered his mind that completely changed his focus and outlook. He realized that his ability to walk again was dependent upon him, not on any doctor or other external factor. In the quiet hours of the night, Anthony made a decision that changed the course of his life. He decided that he would walk again, that he was responsible, and that he would live a productive life despite anything that happened to him.

Now, in spite of all evidence to the contrary, and after a formidable rehabilitation process, Anthony is able to do everything as before, with no limitations. He attests that it all came down to that one decision between scarcity and abundance, victimhood and heroism, that determined the outcome. Scarcity thinking told him to stop trying, to wallow in the pain, misery, and deprivation. But he knew that he was born for something greater. He understood his power as a creator, and he used that understanding to create his ideal life. Now he finds fulfillment in teaching others the same empowering truths: that abundance is the true nature of the universe and of human beings, and that we can be and do what we choose to be and do.

* * *

We were born to be creators and to make our lives extraordinary with the gifts we're given. By becoming consciously aware of our own nature, we can begin to let go of scarcity and fear and begin to accept and express abundance. As we begin to think abundantly, the changes in our thoughts and behavior are manifested externally. As James Allen wrote, "Men do not attract that which they *want*, but that which they *are*."



**{ You're in It for
the Long Haul }**

Remember, if you are able to save just \$100 a month and you faithfully transfer it to your nest egg, in forty years (compounded at the average S&P 500 rate of 10.2 percent) that little extra saving will be worth close to \$700,000!

—Richard Paul Evans



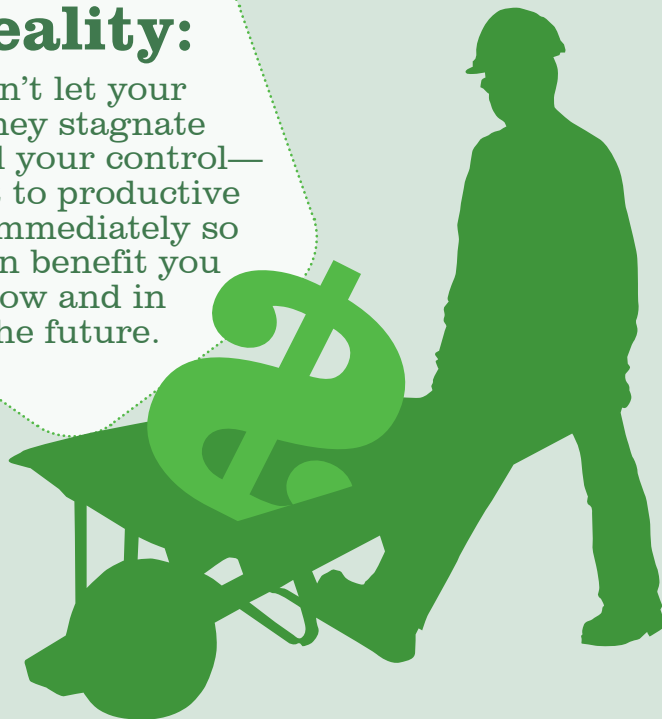
Myth:

Put all your money in a 401(k) and forget about it. Retirement is going to cost you everything you can possibly save and maybe a little more.

401(k)

Reality:

Don't let your money stagnate beyond your control—Put it to productive use immediately so it can benefit you now and in the future.



In our society, there is a strongly held belief that wealth is determined by how much money we have accumulated in the bank, in investments, and in retirement accounts, regardless of any other factor. This is one of the most ridiculous myths that I confront on a regular basis. It's ridiculous because it's so easy to demonstrate its fundamental flaws, and yet the myth dominates our thinking and our conversations on personal finance—we accept it unquestioningly.

According to the mainstream financial media, the road to wealth is to save and accumulate money, with a pie-in-the-sky dream of living off the interest of all of the money we've saved and invested. We're taught to reduce our expenses at all costs, put money away in 401(k)s and IRAs, never touch our principal, and find our risk tolerance and develop an appropriate asset allocation model.

Risk tolerance is “the degree of uncertainty that an investor can handle in regard to a negative change in the value of his or her portfolio. An investor's risk tolerance varies according to age, income requirements, financial goals, etc. For example, a seventy-year-old retired widow will generally have a lower risk tolerance than a single thirty-year-old executive, who generally has a longer time frame to make up for any losses she may incur on her portfolio” (www.investopedia.com).

An asset allocation model is in its simplest terms, “the practice of dividing resources among different categories such as stocks, bonds, mutual funds, investment partnerships, real estate, cash equivalents and private equity. The

risk tolerance:

The degree of uncertainty that an investor can handle in regard to a negative change in the value of his or her portfolio.

asset allocation:

A strategy to reduce risk by dividing one's investment portfolio among different categories such as stocks, bonds, mutual funds, investment partnerships, real estate, cash equivalents, and private equity.

theory is that the investor can lessen risk because each asset class has a different correlation to the others; when stocks rise, for example, bonds often fall. At a time when the stock market begins to fall, real estate may begin generating above-average returns. The amount of an investor's total portfolio placed into each class is determined by an asset allocation model" (Joshua Kennon, <http://beginnersinvest.about.com/od/assetallocation1/a/aa102404.htm>).

The financial pundits teach us to "invest" in mutual funds, that net worth is the best indicator of wealth, and that we need to sacrifice our current desires and potential to achieve some far-off, imagined goal. In theory, we are saving so that we can actually enjoy our assets, but often the impulse to hoard money takes over, and we don't even think about why we are stashing our resources away. A big bank balance gives us an erroneous feeling of security, as though nothing can touch us, even though the money is just sitting there and not actually benefiting us in any way.

The accumulation theory poses a dilemma, as do all myths. It tells us to accumulate as much money as possible and let it sit stagnant in a 401(k) or mutual fund for years, increasing at a glacial pace if at all. But why are we accumulating money, if not to use it? We put off the moment at which we dip into our rainy-day fund for as long as possible, afraid it will run out and we'll be left with nothing. Even when we finally want to use it, we're afraid to—afraid to risk our nest egg, our net worth, our security. The irony is that if we don't use the money, we have hoarded it all these years for nothing. We end up feeling like we're damned if we do and damned if we don't. Although myths create

dilemmas, these dilemmas are easy to work through once we educate ourselves to see the truth of the situation and realize that we have infinitely more options than we've been told.

What good is money if we don't use it? Utilizing money—that is, putting it to work and using it to provide services to ourselves and others, rather than simply accumulating it and putting it into so-called safe investment vehicles—is the most direct way to achieve our goals, increase our happiness, provide value to others, and realize all of the options we have to increase our true wealth. Rather than believing in the myth of throwing money into investment accounts and hoping that it will realize a return after a long waiting period, we can utilize our assets to immediately provide as much value for as many people as possible. Utilization means we stop waiting for financial freedom to come to us and instead become proactive in creating it ourselves, right now. Utilization is also about our own immediate enjoyment of life, as well as creating favorable conditions for long-term enjoyment, rather than locking up our assets for fear of losing them.

In this chapter, we'll explore how the theory of accumulation has been propagated, why the myth is so destructive, and powerful ways to transcend this myth, including learning the differences between utilization and accumulation, understanding the velocity of money, and learning how to turn net worth into cash flow.

The Destructive Nature of Accumulation

Why is the accumulation approach so wrong and so destructive to living our Soul Purpose or building our human life value? In short, because the “wisdom” that is taught is, more often than not, at direct odds with what is actually in our best interest. The fear the accumulation theory perpetuates keeps us from putting our own resources to use and keeps us chained to financial institutions.

The theory of accumulation is dominant in the financial industry and is based on the assertion that wealth can be measured as the monetary value of investments, so the more investments you accumulate—as stocks, bonds, mutual funds, basic savings, or other financial instruments—the wealthier you are. This theory is rooted in the business realm and the accumulation

of capital, which is usually defined as assets invested for profit. While capital accumulation is a beneficial business concept that can help analysts determine the value of an enterprise, analysts value it because the assumption is that the business is utilizing the capital in the most efficient way to produce the greatest profit. Business capital is productive, not stagnant, as is most of the wealth accumulated by individuals. While accumulating capital can be beneficial to us as individuals and enhance our wealth, it will only do so if we utilize the capital in the most efficient and productive ways possible, and that is not what most financial institutions and retirement planners teach us to do.

Just as you usually have your own interests in mind when you take action, so do financial institutions. Robert Castiglione, the founder of the LEAP (Lifetime Economic Acceleration Process) system of financial engineering, teaches that financial institutions operate under four rules:

1. Financial institutions want our money.
2. They want it on a regular, systematic basis (preferably through automatic withdrawal).
3. Once they have our money, they want to hold on to it for as long as possible (hence early withdrawal restrictions).
4. If they have to give it back, they want to give back as little as possible.

Does this make the business practices of financial institutions unethical? No. The point isn't to criticize them for operating this way, but to clarify that their operations are based on their *own* interests—which often do not coincide with ours.

The fallacies of the accumulation theory are exposed when we understand what the financial institutions do with the money that we give them—the precise things that we're taught are “risky” and/or too “complicated” to do as individuals. We are told to invest regularly, as much as we can afford to; to never touch what we've put away before retirement; to expect single-digit or at best 10-percent rates of return; and to understand that any investment that might give us higher returns is likely to put our principal at risk. Do you think that a bank views a 10-percent annual return as a good, safe, sustainable rate? Not on your life. They convince us that we're lucky to get 10 percent through a mutual fund, and that it's safer to put money in CDs, savings, and

money market accounts, earning at best 5 percent per year—then they turn around and lend out that same money at much higher rates than they are paying us. This is how banks make money using our money.

Banks operate under completely opposite rules than do most individuals, and they rely on that fact to stay profitable. While individuals are accumulating and hoarding, banks are utilizing the money we give them in far more productive and profitable ways. While individuals are hoping for a 10 percent annual return, banks are mitigating their risk to near zero and guaranteeing themselves healthy double- and sometimes even triple-digit returns. For example, if I buy a hammer for \$3 and sell it for \$6 at a yard sale, I've just made a 100 percent rate of return. Banks do this daily by paying us 3 percent on the money we give them and then lending it out at 6 percent. While individuals are more than happy to use their own money for their investments, banks use other people's money. While individuals think it is wise to lock up money for thirty years or more, banks keep their money liquid and in constant motion.

It's clear why financial institutions try to access our money: for their own profit. But why do retirement planners continue to propagate the myth of accumulation? If you were to meet with a retirement planner today, chances are that the "planning" process would generally go as follows: The planner would find out what monetary assets you currently have, ask you how much money you would like to have at retirement age (or make an arbitrary recommendation about what they think you should have), and make some assumptions. She might even use a snazzy questionnaire to determine your tolerance for risk—or how much of your nest egg you can stomach losing if it offers you a possibility for higher returns. Then, using mostly mathematical guesses and opinions, the planner would calculate the numbers with planning software that would tell you how much you "need" to save per month, and for how many years, and at what interest rate, and using what tax advantages. The advice seems authoritative and credible, so you take it.

The magic pill that the entire financial planning industry is built on—and that most of us are swallowing whole—is that financial success comes from investing in the right products, employing the right strategies, and basing calculations on countless unknown variables. This, despite the fact that it's not working for anyone. The dismal statistics speak for themselves. A

75%

of workers want
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age 60.

**only
25%**

think they
actually will.

Gallup survey showed that 75 percent of workers want to retire before age sixty, yet only 25 percent actually think that they will. According to a study conducted by the U.S. Department of Commerce, only 5 percent of all Americans are financially independent at age sixty-five. This study further indicated that 75 percent of all retirees are forced to depend on family, friends, and Social Security as their only sources of income. An article in *USA Today* showed that the number-one concern for American retirees is the fear of running out of money. Fifty-one percent of retirees today have incomes below \$10,000 per year. In a world filled with financial advice, few actually enjoy financial success.

I was able to see past the surface of the conventional industry because for the first few years of my career, I bought into it, believed it, and lived it until the limitations and flaws began to be very apparent in my own life. I was saving most of my income, I lived in an apartment when I could afford a home, and I based my feelings of success not on whether or not I was living up to who I was, but rather on external factors such as how much money I had in the bank, what rates of return I was getting, and how my products were performing. I was doing everything right according to the accumulation theory, yet I felt unfulfilled, and I knew that there had to be something more, something deeper to prosperity than numbers on paper, products, and investment returns.

Here's what I've discovered that the accumulation theory never takes into account: It's far more productive to base our investment and planning for the future on our Soul Purpose and human life value than our minimum requirements or our tolerance

for risk. These two concepts are the foundation of true success, as measured in our prosperity and the fulfillment we get out of life.

In short, Soul Purpose is the mission that you were born to fulfill, and every individual was born with a unique and powerful Soul Purpose. You can recognize yours by identifying what you would do all day long whether or not you got paid to do it. When you find something this fulfilling that you can deliver as value to others, then you are living Soul Purpose. Not only will you get to do what you love, but you'll get paid for it, and you'll be very successful. You'll be doing something that only you can do to that level, which makes your services and products valuable indeed.

Human life value is the knowledge, skills, abilities, ideas, and relationships that you have, the qualities that let you produce value for others and the most important source of wealth. Applied human life value is the source of all money, prosperity, and progress. The more you increase your human life value, the more value you will provide for others and receive in return.

These two principles are the foundation of all wealth and happiness. Without these principles behind our actions, we'll remain stuck in the grip of accumulation and consumerism.

As long as we buy into the deceptions of the accumulation theory, the financial institutions have our money; they have it on a regular, systematic basis; they get to keep it for as long as possible; and they can give as little back as possible. In short, our money builds profits for banks, fund managers, and the government instead of for ourselves.

Meanwhile, our production is decimated through the faulty theory because accumulation is based on a construct of scarcity and is a recipe for fear-based hoarding. I have yet to meet anyone who teaches or practices the accumulation theory of wealth who does not live his life in scarcity. The advice we hear coming from the accumulation camp sends the message that spending and utilizing money is bad and that the highest ideal is for us to have a large "nest egg," so we can sleep at night knowing that we are "secure."

The underlying tenet of both scarcity and accumulation is fear of loss and a misplaced sense of security. Accumulation theory teaches us to hoard our money rather than to be immediately productive with it. We're even taught that if we save enough money, we will generate enough interest income to cover our expenses. Of course, in order for the 5 to 10 percent

“safe” rate of return to serve as our main source of income, we need a massive amount of principal, which according to accumulation theory we can never touch. What I’ve found in my financial services practices is that the (very few) people who actually do accumulate such large amounts of cash spend their retirement years living like they are broke, in scarcity, suffering from the constant fear of loss. It took them so long to accumulate their nest eggs that their constant thought is to preserve it at all costs. Ironically, even when people “succeed” using the accumulation theory, the scarcity that led them to gain a lot of money is perpetuated as they hoard and preserve it. Sadly, many strategies exist that allow people to fully utilize their assets during retirement, live much fuller and happier lives, and eliminate virtually all risk of losing their retirement assets and income, but relatively few know about them (see chapter 8).



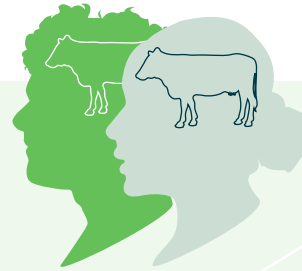
Our doubts are traitors, and make us lose the good we oft might win, by fearing to attempt. —William Shakespeare

The accumulation theory often creates the proverbial “broke millionaire,” a person who has millions of dollars and yet lives like a pauper because of fear of loss. Where did the belief arise that the purpose of our existence is to scrimp and save for thirty years, then spend the next twenty in scarcity, afraid that we’re going to lose all that we accumulated or just outlive our resources? Why do we buy into this kind of thinking? Why do we think that this is financial freedom? Truthfully, it is the opposite of freedom; it is a subtle yet powerful form of bondage. It causes us to be constantly worried about interest rates, inflation, and taxes because we’re so worried about protecting our hoarded money.

The accumulation mindset severely limits productivity by making us believe that we can’t afford to enjoy life before retirement; it is based on the misguided hope of futurism rather than maximizing the present, creating a dilemma that leads to inaction, or at least limited action. The belief that the purpose of our lives is to work hard and save until we turn sixty or sixty-five and *then* start enjoying life ends up destroying our potential. The irony of the theory is that it’s designed to provide for our retirement—and yet what do

most people do when they reach retirement age, when they are completely dependent on their accumulated money? They refuse to utilize and enjoy it because their worst fear is that they will lose the nest egg they worked thirty years to accumulate. How could we spend so many years in scarcity and hoarding mode, and then suddenly go against ideas that have been ingrained into our thoughts and habits throughout decades? It's highly unlikely that after spending our whole lives being cheap and frugal we could break out of that mindset overnight. And at the 70 percent of our former earnings retirement planners advise us to allot per year of retirement and lack of any other income, we wouldn't truly be able to break free of scarcity in any case. Of course, some of us won't live long enough to try.

THE MYTHS IN REALITY: Postponing Your Dreams



With the right knowledge, approach, process, and tools, people can unlock the productive potential of all their resources, have greater enjoyment immediately, and still be much more prepared for retirement. One couple I worked with had a lot of money: both the husband and the wife made six-figure incomes. Yet they couldn't decide how to plan and what to do with their money. When I met them, they were meeting with five different retirement planners, and all five of them were telling them the same things: buy these products, save this much for retirement, use these strategies, etc. They were presenting the couple with illustrations and selling them on products and potential returns, rather than ascertaining what their lives were really about, and getting to the heart of what they wanted their money to accomplish for them.

I took a different approach: I simply asked questions. I dug deep to figure out who these people were, what their dreams and aspirations were, what their life purposes were. I knew that I couldn't prescribe products and strategies until I knew what they wanted from life. One thing that came out of the interview was that they had always wanted to buy a motor

home. When I asked them why they hadn't done it yet, despite the fact that they had plenty of money, they replied that it all came down to money, that they didn't want to reduce their net worth.

After discovering this, I was able to help them with a series of strategies that unlocked the potential of their existing resources and helped them to immediately purchase a motor home so that even after the purchase they were still in a much better position financially. They took multiple trips in the motor home with their family and created cherished memories that they had been putting off for later. A couple short years later, the husband, then in his early fifties, unexpectedly died. Because of the steps we had taken together, they were able to enjoy their family like they had envisioned before the husband's death. But even so, the wife is doing incredibly well financially, her cash flow has increased, her money is even more liquid than it was before. This couple planned for the best and prepared for the worst and were able to live life to the fullest as a result. They were able to realize that they didn't have to wait to achieve their dreams, and that living their dreams didn't have to come at the expense of their financial future.



For more information and examples, go to killingsacredcows.com

As long as we're waiting for some magic number to appear on an investment account, we're not focusing on how we can develop our human life value in the now. Accumulation puts too much emphasis on cutting expenses to build our nest egg as opposed to increasing productivity and creating value in the present—for ourselves and others. In other words, it magnifies *frugality* to the exclusion of and at the expense of *productivity*.

The accumulation mindset distracts us from any effort to produce and create value. It replaces the critical values of education and individual responsibility with misguided faith in financial institutions, corporations, or the government. Those who live according to the accumulation theory routinely hand over their money to so-called experts, then cross their fingers and hope and pray that everything will turn out well. They fail to take responsibility for their own productivity and their human life value. They neglect the crucial discipline of stewardship, which means taking ultimate responsibility for the care and maintenance of all their resources. By doing so they significantly diminish their productivity and fail to find and realize their Soul Purpose.

The accumulation theory fundamentally requires an abdication of responsibility. It requires people to stop thinking, to accept social norms and clichés unquestioningly, and to quietly consent to their lot in life while allowing external circumstances to dictate their success, all in the name of achieving financial security. Yet the way to provide for security is to cultivate the ability to produce value in the world under any set of circumstances. The way for you to get what you want is to give others what they want; to make yourself valuable to others. When you create value for others, and they find it more beneficial to live life with you than without you, you create a true sense of security based on personal production, rather than on external, uncontrollable factors. Now many look to the government and corporations to provide security for them instead of turning inward to find and develop Soul Purpose.

Even worse than the blind trust the accumulation theory requires, though, are the effects of the fear and greed it inspires. Under the influence of the accumulation theory, we jump into markets at their peak because of greed, then when they drop we jump out because of fear. We chase markets because we have no understanding of how we are creating value, and so don't know what will increase our prosperity and what will decrease it. This is just a form of gambling, not investing.

Most people who place money in the stock market have no idea what their money is doing, no idea what kinds of returns they can expect, no mechanisms for reducing risks, and no idea of how they are creating value in the world. The way most people “invest” is like someone who, after playing craps at a casino, makes bets based on how he has seen other players win. Yet the financial pundits continue to refer to these people as “investors”—and the “investors” continue to feel good because they're doing what everyone else is doing and don't have to think much about it.

Anything that involves such a high degree of risk and uncertainty is nothing more than gambling. I define investing as anything we do that we can control, of which we have intimate knowledge such that risk can be mitigated to near zero, and which will safely yield a profit. When we invest by developing our Soul Purpose, we are in no danger of simply following trends, because we understand where the value comes from and what to do to create more. The stock market and mutual funds are not inherently wrong, and for some they do offer true paths to success, as long as those people possess an intimate

knowledge of how they work, who is operating and benefiting from them, and how they are creating value in the world. But is the average consumer who has money in mutual funds investing or gambling? I believe the answer to that is unequivocally gambling.



The darkest hour of any man's life is when he sits down to plan how to get money without earning it. —Horace Greeley

Unless we understand and practice the principles that underlie economic prosperity (developing our Soul Purpose and maximizing our human life value), there is no escape from the mental trap of accumulation. Even those with a lot of money fear the loss of their hard-earned stash. Fear, doubt, and worry are mental viruses that originate from a scarcity paradigm, which itself arises from an ignorance of prosperity principles. Fear evaporates when we alter our perspective and begin to consider what other people want and how we can create value for them. Ironically, this shift in focus away from self results in the greatest personal rewards, both in terms of wealth and happiness.

Replacing Accumulation with Utilization

It's time that the accumulation theory of wealth be questioned, challenged, and replaced. It is destructive to human life value because it limits our happiness and utility. It blinds us from seeing the unlimited possibilities that surround us—we do not engage our natural creativity due to this blindness. It is a recipe for mediocrity.

If we want to maximize our potential human life value and live our Soul Purpose, we must learn to see through the deceptions that hoarding our money will help us achieve true wealth; that security can be found by denying our passions; and that financial institutions can take better care of our money than we can. We have to take responsibility and utilize our assets now to create value for ourselves and others. Achieving true financial freedom requires courage and boldness. It requires that we see through destructive and limiting social norms. It requires that we follow our passion instead of following

the crowd. But it's worth it. It's worth it to realize our potential, to live our Soul Purpose, and create a legacy with the gifts that we have been given. It's worth becoming who we were meant to become.

The way to overcome the accumulation myth and start utilizing our assets to their fullest advantage is to understand the following:

- > How to seek value creation rather than practice frugality
- > The difference between producing in the present and deferring life to the future
- > The velocity of money
- > Cash flow versus net worth

Value Creation

One of the key problems associated with following the accumulation theory is that it leads us to believe that money is power, and that we should place our faith in money, rather than in the things that create money. But in a world of cause and effect, value creation is a cause, and money is an effect. Money is not power; it is merely a representation of value. Money is never manifested and exchanged until value is created, and thus is an *expression* of value creation.

The accumulation theory teaches us to focus on the *byproduct* of value creation (money) and not the *source* (human life value applied in the service of others). I define value as something of worth or service that, when provided to another, creates joy for both parties. Value can come in many forms. Some value physical gifts, others value kind words, while still others may value acts of service more than anything else.

value:
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Focusing on accumulating money is like wanting to harvest the fruits of a tree while ignoring the roots. As we accept the accumulation theory, most of us become frustrated with the lack of fruit on our tree—or the lack of money in our bank accounts. And what do we do to solve this problem? We focus on the fruit *only*, rather than tracing the fruit to the branches, then to the roots. The real solution is to nourish the roots; then the fruit will naturally follow. This is the principle-based, rather than strategy-driven, approach. Value and dollars follow value creation. Dollars are the effect; value creation is the cause.

Because we are so focused on money as the end goal and not on value creation, we use illogical approaches to increase our hoarded dollars, with the worst being an excessive emphasis on decreasing expenses, living within our means, and having just enough to fulfill our needs. This is what I refer to as the “Ebenezer Scrooge” method of finances. It seems so illogical to me that the road to wealth could ever be to reduce expenses. Is not the concept of wealth itself all about what we use money for, rather than just having the money?

Now, I am not saying that cutting expenses is inherently bad, or that it isn't useful in the proper context. For some people there are principled reasons to reduce expenses. For example, people who consistently spend more than they make, and therefore borrow to consume, should realign their spending habits. But to enjoy better results in the present, instead of asking “How can I cut my expenses,” we should ask “How can I create more value in this moment?” Almost universally, we can focus on creating value and increase our income and productivity rather than reducing expenses. In fact, there are even times when borrowing money can be the most productive thing a person can do (see chapter 8).

One oft-heard piece of advice is to “live within your means.” Most of us automatically assume that this should translate into cutting expenses. But what about increasing our “means” instead? Why is this so rarely considered? Are expenses inherently bad? No. In fact, there are many expenses that, when understood and properly applied, can actually increase income (more on this in chapter 9). Don't misunderstand me: I'm not saying that we should become overly consumptive or do everything we can to consume more. What I am saying is that we should produce more than we consume.

For example, what if instead of spending thought, time, and energy on finding ways to cut monthly expenses by a hundred dollars we chose to redirect

that focus toward figuring out ways to increase our monthly incomes? Time and energy spent focusing on cutting expenses can never be retrieved. But time spent focusing on productivity rather than on cutting expenses increases our value to the world, which ultimately impacts our personal wealth.

I know how fruitless it is to focus excessively on decreasing expenses. I once went through a phase when I thought cutting expenses was the way to go, so I began to study my finances in depth. It took me ten hours to cut \$240 from my monthly expenses, a tiny fraction of my monthly income. Ironically, half of the expenses I cut ended up coming back a few months later anyway because they were things I really wanted. Afterward, I wondered how much income I could have produced in those ten hours had I focused on productivity instead.

It's much more effective for our financial success to spend the time that we would have spent thinking of ways to reduce expenses on thinking of ways that we can create more value. Many times sensibly and strategically increasing our expenses can be conducive to developing wealth and prosperity (see chapter 8). Because people fail to see themselves as their most important asset, they focus on sacrificing and cutting back as opposed to increasing productivity by investing in themselves.

To use the analogy of the goose that lays golden eggs, practicing the accumulation theory is like neglecting the goose and expecting to get more eggs. We're taught to feed the goose as little as possible, to get the "best deal" on food and shelter (translation: the cheapest) for the goose, and then to hoard the eggs when they emerge. The utilization approach teaches us to give our goose the best care, focus less on price and more on value in lodging, and immediately utilize the golden eggs as they emerge to produce value for ourselves and others. The lesson is that we are the geese that lay golden eggs, and if we want more golden eggs (or money), we must focus more on developing our human life value and our ability to create value for others and less on the actual dollars.

I often hear frugality referred to as a virtue and used as an excuse for not being wealthy. We hear people say things like, "I don't *need* a lot of money," or "I don't *need* to live in a big house," or "I'll retire when I have *enough* money." The fact that those who say these things are focused on their own needs alone is evidence enough that they don't understand their own Soul Purpose and the ultimate benefits of value creation.

Being prosperous and financially free isn't about whether or not *you* need a big home, a nice car, or a high income. Having enough money and resources to fulfill your desires is no excuse to stop creating value for others. As long as we're focused on our individual needs alone, we will never be able to contribute to the world in a meaningful way. Finding and living our Soul Purpose is the process of looking beyond our desires to see what people around us want and then providing it for them in such a way that it also provides us with the highest levels of joy and fulfillment.

What many people attempt to pass off as frugality and wisdom is actually selfishness or shortsightedness. It may be true that your desires are relatively basic, but what do other people desire that you can provide? How is your small thinking negatively affecting others? The fallacy of "enough" allows us to think small, limited thoughts and prevents us from thinking and dreaming big. When we are working to provide value for others and realize our potential, we're not driven by greed or consumption, and we can use greater resources to create more value.

The best way to overcome the accumulation theory's effects on our thoughts in terms of reducing expenses versus creating value for ourselves and others is to remember that what we focus on grows. When we focus mainly on cutting expenses, we nourish the roots of a scarcity/accumulation paradigm that will continue to grow until we uproot it and replace it with an abundance/utilization paradigm. We may build a bigger bank account over a long period of time, but we probably won't be living our Soul Purpose or maximizing our human life value, and our joy and happiness will be limited.

Productivity in the Present

Why is it almost universally considered to be a virtue to defer happiness and enjoyment? Is there any truth to the cliché "All good things come to those who wait?" Granted, patience is a virtue in the right context, but this is not what I see being taught in the financial arena. We're taught that we should spend thirty years in scarcity, deferring our happiness, working in jobs that we don't enjoy because we have an employer match on a 401(k), clipping coupons, and generally living lives of mediocrity. Rather than living in the now and maximizing our immediate happiness and value creation, many sit around waiting for good times to come. Why not have them now? Why not

ACCUMULATION THEORY

- > Tends toward **scarcity** in that those who practice it develop the scarcity mindset through years of **frugal saving**, always in fear of losing their accumulated money.
 - > **Compound interest** is the key.
 - > Wealth is determined by **net worth**.
 - > **Do-it-yourself**, reduce expenses, wait for the future.
 - > Invest in **material things**, products, and strategies.
 - > Security is derived from **accumulated money**.
 - > Investments are **unsecured and uncollateralized** (money in mutual funds and qualified plans can disappear with nothing to show for it).
 - > Higher risk equals higher returns.
 - > **Retirement**.
 - > **Diversify**.



or

UTILIZATION THEORY

- > Tends toward **abundance** in that practitioners learn to constantly be seeking ways to maximize their usefulness to the world, rather than waiting for retirement.
- > **Velocity** is the key.
- > Wealth is determined by **cash flow**.
- > Utilize the abilities of others interdependently, increase production, and act in the now.
- > Invest in the people behind products and strategies and in clear value propositions.
- > **Security** is derived from human life value, knowledge, experience, and practical application.
- > Some investments are secured and collateralized (if the cash flow stops, the physical asset can be sold and/or leveraged).
- > Mitigating risk to near zero equals higher returns.
- > **Soul Purpose**.
- > **Focus**.



break through the stifling, disempowering myths and create incredible legacies of our lives?

What is the value of a dollar unspent during a lifetime? What is the return on money that is never utilized to its fullest potential? People may feel good about passing money to heirs, but assets that go unutilized during a person's lifetime amount to the worst and most expensive kind of life insurance, particularly when you factor in the estate and income taxes that your heirs might have to pay upon your death.

The table below shows the tax rates used for estate taxes. Like income taxes, estate taxes are a graduated tax. As your estate's value increases, so does the tax for that portion of your estate.

Estate Tax Rates 2008		
Estate Amount Exceeding:	Up to:	Is taxed at a rate of:
\$1,000,000	\$1,250,000	41%
\$1,250,000	\$1,500,000	43%
\$1,500,000	\$2,000,000	45%
\$2,000,000	or more	45%

Please note that for 2008 there is an exemption of \$2,000,000 for estates (unless you have used a gift exemption). Under normal circumstances you will owe no taxes on estates of \$2,000,000 or less. The value of your estate over \$2,000,000 would be subject to a 45% tax.

In the movie *Dumb and Dumber*, the characters played by Jim Carrey and Jeff Daniels spend a bunch of money that they find in a briefcase and then replace it with a bunch of handwritten IOUs. The IOUs are worthless, of course, but the characters are pleased that they made sure each dollar was accounted for with a worthless piece of paper. This is what I liken 401(k)s to. Qualified plans seem like a tax savings, but they are deceiving; the only way they work is for you to give up a portion of your income in the here and now. In other words, it's not a tax savings—it's an income deferral. You pay less in taxes when you contribute to a 401(k) because you earned less money after the so-called deduction. Furthermore, if you never spend the money out of your 401(k) or only spend a fraction of it because you're concerned with

preserving your nest egg, what good does it do you? What good does it do your heirs if they have to pay hefty taxes on it after your death? And further still, what will it actually be worth after inflation erodes it? It might as well be a handwritten, never-collected IOU.

Of course, many people believe in 401(k)s and other income deferral plans because one of the ways that the myth of accumulation is marketed is by glorifying compound interest. Retirement planners like I once was show us graphs of what can happen if we just put our money into an account and watch it grow over thirty years (of course, it has to be that long, because compound interest doesn't look very exciting in five- or ten-year increments). Of course, there's no consideration at that point about downturns in the market or disappointing returns. And what the graphs don't show is that while we're accumulating and compounding, the financial institutions that hold our money are utilizing and velocitizing.

Compounding interest is used to convince people that the best thing they can do with their money is to put it away and let it sit for many years and grow on its own "automatically." This is a problem because it causes us to stop creating value directly, to shirk stewardship, and to depend on external factors for some indefinite future financial success. Even if a person does practice the theory of compounding interest and sets money aside to grow at a very young age, once she has conditioned herself to live in scarcity mode and sacrifice everything to "provide for the future," it will be extremely difficult to actually use the money she's accumulated. Under the accumulation paradigm, to stop saving and start using one's

To my knowledge no strategy exists to avoid taxation on unused qualified plans (e.g., 401(k), 403 (b), TSA, SEP IRA, etc.) at the time of a person's death. The investor's heirs are unable to access it without severe tax penalties.

money is tantamount to preparing for death—the only situation in which the “security” of the nest egg isn’t needed.

A more productive way of thinking begins by asking the questions, “What can I do *today, right now* to increase my productivity?” “How can I immediately be the most productive with my current resources?” “Where is there discontentment in the world that I have the ability to alleviate in this moment?” “How can I be the steward of my money instead of turning it over to someone else and abdicating my stewardship?” “How can I use my assets to live my Soul Purpose and increase my human life value?”

Escaping the 401(k) Trap

Suppose a person has \$100,000 in a 401(k) that has been accumulating for ten years. She has contributed \$50,000, her employer matched 50 percent (\$25,000), and the money has grown another \$25,000. There is plenty of financial advice that says to leave that money under lock and key, letting it sit and accumulate, until the contributor is at least age fifty-nine and a half. But let’s challenge this advice and offer an alternative.

Suppose that this person realizes that she isn’t being as productive with this resource as she can be and withdraws 100 percent of it. The penalty will be 10 percent immediately, for a cost of \$10,000, and assuming she is in a 25 percent tax bracket, she’ll also pay \$25,000 in taxes (in April), for a total cost at tax season of \$35,000. (Keep in mind that this is an example only and circumstances are different with every individual in real life). So she withdraws \$100,000 and ends up with \$65,000 that will not be going to the IRS, and she then puts it toward buying two real estate properties that together bring in \$1000/month in positive monthly cash flow. Was it worth it to take the hit on penalties? I would argue that it was an excellent move. She’s just converted an uncollateralized asset that was contributing nothing to her cash flow into a collateralized investment that has added \$1000/month to her monthly cash flow. Now she can use that \$1000 per month in other productive ways to further increase her cash flow and to continue to create greater value for herself and others.

This is how people think when they utilize rather than accumulate. This is why I believe that 401(k)s are the ultimate sacred cow. Plenty of advice leads us to believe that they are untouchable and so they sit in the form of

unrealized potential—they don't produce any value until the money is actually put to use.

At one of my speaking events, a woman presented her situation to me and asked for advice. She told me that she had an amazing gift for teaching children, and a brilliant business plan to use her gift with an educational system she had created, but that she couldn't implement her plan because she didn't have enough money to fund the project. Upon further questioning she told me she had \$200,000 sitting in a 401(k) that hadn't increased at all for a few years. I recommended that she withdraw that money and use it for her Soul Purpose. Her first reaction was, "But what about the 10 percent penalty?" I asked her if she thought she could make more than 10 percent with her business concept and educational system, and she immediately responded, "Yes, for sure."

Then why the concern about a relatively small penalty? Because we're trained to assume that qualified plan money is taboo, meant to fund a golden age of retirement when we can finally do what we want to do. But many of us give up the lives we want to live now because we are so concerned about building our retirement funds. To me it's all about the difference between price and cost. Sure, for this woman the *price* of withdrawing her money was 10 percent or more, but what was the *cost* of *not* doing it? More importantly, what value did she gain from doing it? To fail to embrace Soul Purpose because of a 10 percent penalty strikes me as senseless. (Granted, there are also taxes to consider, yet various strategies exist to offset them as well and every situation is different.)

What is the real penalty, 10 percent or living without Soul Purpose? There are many loans that cost more than 10 percent and yet people use them all the time. Furthermore, there are countless ways for people to earn greater than 10 percent on their money to more than compensate for any penalty. I think that the word *penalty* helps deepen our reluctance to touch a 401(k). If you viewed the 10 percent hit as a cost instead of a penalty, would it change your view?

The predictable criticisms of the utilization approach that we hear regarding 401(k)s are that it's risky and that it's downright stupid to willfully lose so much money in early withdrawal fines. Yet if we automatically discount

penalty:

the suffering or the sum to be forfeited to which a person agrees to be subjected in case of nonfulfillment of stipulations; disadvantage, loss, or hardship due to some action.

cost:

the amount or equivalent paid or charged for something; the outlay or expenditure (as of effort or sacrifice) made to achieve an object.

Source: Merriam-Webster's
11th Collegiate Dictionary

touching a 401(k) to avoid a 10 percent penalty, despite the potential to use the money more productively and in ways that will bring us greater joy, greater benefit, and greater prosperity, we risk denying our Soul Purpose and wasting our human life value. These are risks that aren't even considered by those who encourage us to contribute to a 401(k); the costs of this lost potential cannot be calculated.

Life is to be enjoyed and we were born to be happy. We don't have to wait years for happiness and financial freedom; we can achieve them now.



For more 401(k) info see killingsacredcows.com

Velocity of Money

The velocity of money is essentially how productive it is or how much benefit (profit, revenue, value) is produced with a given amount of investment. On a national macroeconomic scale, the mathematical equation to describe velocity is gross domestic product divided by the money supply. Applied individually to personal finance, the equation is simply output divided by input.

For example, suppose you have a lump sum of cash (\$100,000) earning 10 percent. If you take the interest earned and purchase a mortgage for a rental property, you would then have a stream of rental income as well as possible tax benefits. If you then used the rental income to invest in another account (e.g., permanent insurance), you could build future cash value. In this way, you are increasing your velocity by increasing the productivity of your money.

Simply put, velocity is increased by keeping input at a minimum while increasing output. The goal, then, is to put continually *less* time, effort, risk, and money into something (input) and have it bring continually *more* productivity and value (output). For example, in my financial services practice, I started out by meeting with one client at a time in my office. I have now put systems in place so I can meet with anyone at any time through remote videocast/web meetings. Furthermore, through similar technology I do online seminars where I can teach multiple people at the same time. For the same amount of effort (if not less) I can now impact far more people than ever before, and my personal cash flow has also risen substantially.

This book is yet another example of how I am increasing velocity. Much of this content comes from topics that I teach in my national seminars. But I have only so much time to do individual seminars, even though I may speak to hundreds of people at each one. By publishing this book I can essentially be in thousands of places at one time, using the same content that I have already been using. The output I receive is exponentially greater than the input in money, energy, and time of getting the book written and published. By increasing velocity I end up impacting far more people than I have ever been able to, and infinitely more value is created for both those I impact and for myself.

Through the use of technology, markets, and various distribution channels, and by building more and better relationships with people (thus tapping into and leveraging the Soul Purpose of others), anyone can increase output without dramatically increasing input. On their CD *Piranha Marketing*, Joe Polish and Tim Paulson tell a story of a couple who owned and operated a carpet-cleaning business. Using automated voicemail technology, they recorded a telephone message advertising

The Velocity of Money

On a national macroeconomic scale, the mathematical equation to describe velocity is gross domestic product divided by the money supply. Applied individually to personal finance, the equation is simply output divided by input.

$$\text{Velocity} = \frac{\text{GDP}}{\text{Money supply}}$$

$$\text{Velocity} = \frac{\text{Output}}{\text{Input}}$$

a 20 percent discount, then sent it to all of their customers. An investment of eighty dollars gave them about eight thousand dollars of income, and it only took them a short time to create the message and push a few buttons to send it out.

My friend Garrett White used to get people to his events the hard way: every member of his team would make personal phone calls to all of their clients to give the invitation. It took a lot of time and effort that could have been spent doing other things. He then connected with a company called Hello World (www.helloworld.com), which allowed him to film a three-minute video invitation to an event, which was then emailed to all of his clients. The event triggered the same response as before, but with dramatically reduced time and effort.

There are two ways in which the velocity of money can increase:

- > The more exchanges made with the same dollars, the more wealth is created.
- > The more simultaneous uses we find for each individual dollar, the wealthier we become.

Velocity Through Exchange

As described in the previous chapter, through the process of exchange, every individual dollar in an economy can be used infinitely. If I give you a dollar in exchange for something that I value more than the dollar, is that the end of the value of the dollar? Of course not. You can exchange it with others for something that you value more, and then they can exchange it, and so on. The more quickly the dollar is exchanged, the more velocity it has, and consequently the more productivity and profit are created in the economy.

Suppose I found risk-free, productive ways to lend money. If I lend \$10,000 at a 10 percent interest rate (in the mortgage industry we would call this ten “points”) but with the principal and interest being due thirty days from the time of the original loan, and then I repeat the process for every month out of the year, what is my actual interest rate? On every individual loan, the interest rate was 10 percent, but my actual annual return was 120 percent. Why? Because I increased the velocity of the money. I moved it

quickly and repeatedly. Every time I exchanged the same dollars, I created more wealth. This is what banks do—the same banks that tell us to put our money in one spot and sit on it for thirty years. (In fact, it's actually our money they're loaning out.)

To offer a more concrete example, I increased the velocity of the money invested in this book by pricing the book at \$21.95. If I were to charge \$100 for this book, there might be people who valued it that much and were willing to pay for it. Selling the book for \$100 would give me a high profit margin, or rate of return, but the turnover, or incidence of exchange, would be slow at best, which would greatly reduce my total profit and decrease the velocity of the money invested. Selling the book for \$21.95, the profit margin on each unit sold is lower, but the actual difference in returns is more than made up by the greater number of books I can sell. The more books I can sell the more my actual profit is impacted and the greater the velocity of the money invested in the book. This is how we have to examine every use we put our money toward.

Velocity Through Simultaneous Use

If I place money in a mutual fund for long-term growth, every dollar that goes into the fund serves one purpose (at least in terms of my personal goals)—to gain a return. But suppose I could find an investment where each dollar simultaneously served two or more of my goals for my money: control, flexibility, rate of return, risk mitigation, tax protection, liability protection, disability protection, and death protection. By investing my money in a way that helps me achieve more than one of these goals, I've automatically increased the value of every individual dollar that flows through my plan.

For instance, I have recently invested in a great office building in Sandy, Utah. I've immediately increased the velocity of each dollar that went into the project because each dollar now serves multiple purposes:

- > It increases my cash flow.
- > It decreases my risk (because now my investment is collateralized, meaning that I'm now the owner of a tangible, physical asset that can be utilized and leveraged if I lose money).

cash flow:

the combination of the amount of net income a person receives, how that income is produced, and how sustainable it is.

net worth:

assets minus liabilities. A person could have a net worth of \$1 million and have no income.

- > It can create tax deductions through various strategies.
- > It fosters a business environment for many of my companies.
- > It can appreciate.
- > It can provide liquidity (via a buy-sell in my business) upon my death and transfer equity to my heirs.

With an investment like this, my productivity is instantly increased—not because I have more money, but because I have increased the efficiency of money that was previously dormant or contributing to only one goal.

If we can devise financial strategies that help us unlock previously unused dollars, we can then use those dollars for other investments without sacrificing the first investment. This can be accomplished in a number of ways, including saving money on taxes through tax strategies, recovering lost insurance premiums (see chapter 7), or increasing the efficiency of current investments. Again, the goal is to increase our output without significantly increasing our input.



For more information and examples, go to killingsacredcows.com

Cash Flow vs. Net Worth

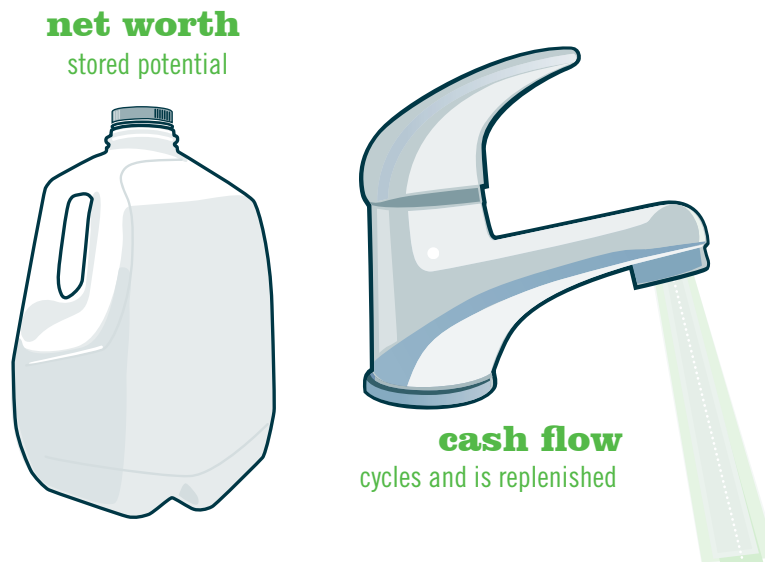
When it comes to monetary prosperity, cash flow, *not* net worth, is the single most important indicator of our financial health and success.

Cash Flow: the combination of the amount of net income a person receives, how that income is produced, and how sustainable it is. Healthy cash flows are created by investing in tangible assets such as real estate, or even more abstract assets such as

intellectual property, which produce high and sustainable income. This can be measured on an income statement.

Net Worth: assets minus liabilities. Net worth is removed from income in that a person could theoretically have a net worth of \$1 million and have no income. Net worth is a function of a person's balance sheet.

This doesn't necessarily mean that the more cash flow I create, the happier I become; it just means that I'm effectively utilizing my assets, and hopefully I'm utilizing them in a way that contributes to my overall happiness, my ability to live my Soul Purpose, and my achievement of my human life value.



We can think of net worth as potential energy, like a boulder perched on top of a hill. It can release a lot of energy when it is deployed, but only once before it's gone. Cash flow, on the other hand, is like a hydroelectric dam in which energy is constantly being generated without depleting the source.

Consider the case of someone of modest means who owns empty land in a developed area. The market value of his land may be \$1 million, but unless he utilizes it in some way, it doesn't contribute any value to him or his income. How useful is it to him? Property assets have zero utility until they provide cash flow or are physically utilized—in fact, they increase the taxes we have to pay. It might make the landowner feel good to see big numbers on a piece of paper, but that's the extent of the land's usefulness. In this scenario, the landowner is technically a millionaire, but a poor millionaire living in scarcity.

The trouble with unutilized assets is that they can increase our potential losses without providing us any more security than we would have without them in a pinch. I have seen situations where people have equity in a property—increasing their net worth—but due to financial problems, a disability, or the loss of a job, they are unable to tap into it or use it and in some cases even lose their homes. How valuable is net worth in that situation?

Financial institutions know this principle and apply it liberally. For example, I know a man who inherited a fair amount of land when his father died. The land was not being utilized, but the market value was approximately \$750,000. The man also owned half of a \$200,000 home he had purchased with his first wife, who was still living in the house. He and his new wife were trying to purchase a fixer-upper home for a fairly small amount (about \$100,000), but he could not get approved for a mortgage with a decent interest rate. The bank explained that although his net worth was high, his cash flow from his assets was limited or nonexistent, so they couldn't approve a low-interest mortgage. His wife, who had little net worth, but a good job and a decent credit history, had to apply for the mortgage as an individual in order for them to get a good interest rate on a small mortgage.

Best-selling author, speaker, and consultant, T. Harv Eker says, "Net worth is the ultimate measure of wealth because, if necessary, what you own can eventually be liquidated into cash." But I would argue that anyone with a cash flow that exceeds their expenses will never have need to liquidate assets. What they own will *already* be providing them with cash. When it comes to financial success, one of the most important things to understand—and one of the most overlooked by the financial industry—is that learning to convert net worth to cash flow can bring you more financial success than all of the books, magazines, and TV and radio shows on personal finance combined. It's that simple.

Converting net worth to cash flow requires that we use net worth assets to create value for others in such a way that people will pay us on a regular basis for the use of the asset. For example, if I own a piece of commercial land that isn't generating any income, I can lease the land to a development company who will put an office building there. They pay me when businesses rent the office spaces. If I just sell the land, I haven't yet converted the net worth asset into cash flow; all I've done is convert the form of the asset (from land to cash), but it's still just net worth and not cash flow. While the cash

may be more portable and useful in my particular situation, if I spend it, I'm spending down my net worth without creating a corresponding cash flow to replace it.

Real estate gives us a tangible example, yet it works for cash and other net worth resources as well. A friend and associate of mine, Philip Tirone, struggled with this concept, but when it clicked for him, his business and income exploded. Philip is the creator of 7 Steps to 720® Credit Score (www.7stepsto720.com), a business that helps people raise their credit scores. For a long time, he wanted to create an infomercial advertising his products. The problem was that it was going to cost him \$500,000 to produce it, and even though he had the money, he didn't want to reduce his net worth, for fear of losing his 'nest egg.' He finally made the choice and produced the infomercial, and it has paid off for him in many ways, and not just by selling products. Now that \$500,000 that previously sat dormant has been converted into an income-producing business, which has far exceeded the initial investment from his net worth. More clients now pay him for his services on a regular basis, he's gained access to many more speaking events, and he receives referrals constantly. In addition, he's also gained other side benefits such as high-profile clients contacting him for work. Had he not make the decision to convert his net worth asset into cash flow, his business would be much less viable, make less of an impact, make less money, and be much less sustainable in the long term.

Net worth is only potential value—it is worthless until realized, just as a person's potential is worthless until it is realized through serving and creating value for others. The way to bridge the gap between the potential of net worth and the productivity of cash flow is through creating value—finding ways to meet the perceived needs and wants of other people. To be financially successful, we must stop focusing on accumulating net worth and focus instead on providing goods and services that other people value.

When assessing our cash flow and opportunities to make productive use of our assets to create value, there are five things we must consider:

1. Whether or not we must be physically involved in making cash flow to us
2. How often money comes to us

3. In what amounts and what forms it comes
4. How long it will flow without our direct involvement
5. What steps or processes should be employed to monitor and contribute to the sustainability of the cash flow

Those who focus on these aspects of cash flow instead of on building net worth become wealthy. Those who focus on net worth might have an impressive number from their CPA to show off, but if they are unable to convert net worth to cash flow they will still live in scarcity and will still have to work to keep accumulating. They will limit their potential, their human life value, and the impact that they could have had on others.

The accumulation theory takes advantage of our innate desire to feel secure, but it promotes a false sense of security—a security that is at direct odds with freedom. Much of typical financial planning is based on the assumption that you and I don't have the time or the inclination to educate ourselves and become wise stewards of our own resources. Sadly, this is probably true. I would argue, however, that it has *become* true because so many of us labor under the false beliefs taught by the accumulation theory. Myths and neglect go hand in hand. However, in the following chapters, we'll learn how to shake off these myths and replace them with productive thinking.

* * *

One of the best ways to break through the stronghold of popular myths is to make our purpose bigger than what we think we are at that particular moment. We must start dreaming and thinking big again, the way we used to as children. We must spend time in the realm of possibility, then strive harder to bridge the gap between our vision and reality. Deep down, all of us know we were born to do so much more than accumulate a million dollars and retire after thirty years of an uninspired and uninspiring career. In the words of Marianne Williamson, “Our deepest fear is not that we are inadequate; our deepest fear is that we are powerful beyond measure. We ask ourselves who am I to be brilliant, gorgeous, talented, fabulous? Actually, who are you not to be? Your playing small does not serve the world. As we are liberated from our own fear, our presence automatically liberates others.”