

Introduction

“Okay, what did the old goat give me?”

In *The Ultimate Gift*, billionaire Red Stevens’s stratospheric financial success had created a generation of greed and sloth in his family. He had created an enormous estate, but no legacy of character that would be passed on. He hoped to make it right from the grave by putting his youngest relative, grandnephew Jason Stevens, through a grueling 12 months of life lessons to upend his view of money and life. The only way Jason would receive his inheritance was to comply.

Who is the main character in *The Ultimate Gift*? The billionaire, Red Stevens, or perhaps the playboy spendthrift, Jason Stevens? No, it’s MONEY. Or, at least, that’s what Jason thought. After all, who among us can claim that money is not a main character in our lives? We rarely escape a day in which it is not spent, moved, invested, swindled, wasted, or earned, and even if we sought to eliminate its influence in our lives, we’d be sure to fail at that task. And that’s okay, because while it is not an adequate love, passion, or muse, it is also not irrelevant, unimportant, or evil. Money must not be the hero in our story, but it is an excellent supporting cast member.

Much like Jason Stevens, we need to allow our minds to be reprogrammed (regularly) to put money in its place—or places, really. Those places often include tangible “buckets” like checking accounts, savings accounts, 401ks, IRAs, Roth IRAs, education savings plans, and real estate as well as home, auto, business, health, disability, and long-term care insurance. But other less tangible places are investments in our knowledge, understanding, and wisdom, which lead to purpose-filled careers, sleep-at-night security,

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artistic endeavors, creative philanthropy, fulfilled retirements, and meaningful legacies.

The ultimate gift is “life lived to its fullest,” so the ultimate financial plan is the deliberate application of the tangible and intangible resources at your disposal for the purpose of living your life to the fullest.

The word *ultimate* carries a great deal of weight. It must not be used lightly, lest it be considered a hopeful embellishment. How, then, can we be sure that a title as deep and wide as *Financial Plan* is deserving of such an adjective as *Ultimate*? Is it because this volume houses all of the objective facts known to exist on this vast topic? No, that’s impossible, and quite frankly, you’d never buy that book because of its ridiculous page count and tendency to cure insomnia. Is it because it has the backing and endorsement of the financial industry establishment? Again, no; while many industry experts and third-party outsiders have lent credibility to this project through the inclusion of their thoughts and affirming words, this book is certainly more independently minded than (if not counter to) the mainline thought processes in the financial industry.

The reason we can be so sure that this is the *ultimate* financial plan is because it is strenuously focused on YOU. The most brilliantly crafted financial plans often go unimplemented because they are more about defending the mainline industry thought processes and the financial planner rendering the recommendations than they are about YOU. We highlight the most important financial planning facts and we explain the industry’s presumptions (even as we often dispute them), but we always do so as your advocate first and foremost. And there could be no more important time to do so.

An Economic Pearl Harbor

“It really is an economic Pearl Harbor,” said Warren Buffett, speaking of our most recent, and arguably current, economic crisis. What brought us to this point? There is certainly no shortage of blame being spread around. Opportunistic, self-serving companies deserve their fair share of the blame. Their dedication to profit over service led them to create and sell products that were destined to hurt consumers in the future. Additional blame cast on us, as consumers, is also justifiable. Corporate greed would not have gained a foothold had we not cast aside the financial wisdom of generations past,

instead seeking to have more sooner and save less, or never, while suckling off of our overinflated home equity. Much has been said, and more will be, of the actions (and inaction) of companies and consumers that led to this historic economic demise.

However, our actions are only symptomatic of our thought processes. A thought precedes every action, yet we rarely even recognize our thoughts about money. Indeed, talk of money and things financial is pervasive in our society, yet we address money as though it is purely objective, dollars and cents—an end, not a means. How then can we alter our money behavior without examining what we believe about money? What you believe about money will determine what you will do for and with it.

What would it look like to apply the money and life lessons learned by Red and Jason Stevens in your present and future?

This is a personal financial planning book exploring the intersection of money and life. We explore the connection between our actions as well as our thoughts and feelings regarding things financial. You may not be quite the cynic Red was or the spendthrift Jason was, but you needn't go through a rock-bottom epiphany to learn how to better integrate money into your life. We'll reintroduce timeless financial truths, many of which were forgotten in the run-up to our current economic crisis, and offer the timely practical application of these truths that can improve your life today. We'll offer you an insider's look into the recently humbled "Big Three"—the banks, brokerage firms, and insurance companies—and the inner workings that often set their proprietary goals and objectives over our own. These findings are not speculative but based on my experience working as a financial advisor in each of them.

Economic Bias Alerts

We'll examine the role of the various financial salespeople, advisors, planners, and consultants and educate you on the economic bias of each to make you a better consumer of their product and service offerings. *Economic bias* is a term we'll use throughout the book to point out a conflict of interest in which one party may have the motivation to alter its behavior for the reason that it will benefit financially based on the action or nonaction of another. Some economic biases are obvious; when we purchase a new or used car, we understand that the selling agent (a) wants us to purchase a car

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and(b) would prefer that we purchase it for a higher, rather than lower, price. When we purchase life insurance, we expect that the agent wants to sell us more so that he or she can make a larger commission. But many economic biases are not so easy to spot. Did you know that the economic bias of a home and auto insurance agent is actually to sell you *less* insurance?

We are well-served to recognize that economic bias exists in every service or transaction, corporation, or nonprofit. Car salesmen and insurance agents exhibit it, but so do financial advisors, lawyers, universities, authors, pastors, and doctors. Economic bias in and of itself is not bad, and it is not our objective to make you paranoid or judgmental of every interaction involving money. But you are a better-educated consumer if you know how to spot it, bring it to the forefront of your business dealings, and minimize it to the greatest degree possible. Throughout this book, we'll offer economic bias alerts to point out examples of economic bias in the financial services realm.

Timeless Truths

In *The Ultimate Gift*, Red teaches Jason 12 life lessons in the form of gifts, like The Gift of Work, The Gift of Problems, Dreams and Laughter. These aren't chic or trendy, but instead wisdom that has stood the test of time. Even while laws, governments, rules, regulations, and cultures change, there remain timeless financial truths. These truths are recognizable, but they're shrouded among a host of equally timeless falsehoods. These falsehoods are reincarnated in each generation, like Gordon Gekko's proud mantra in Oliver Stone's movie, *Wall Street*, "Greed . . . is good," and the entertaining but preposterous bumper sticker proclaiming, "Whoever dies with the most toys wins." Throughout this book, Jim Stovall will represent the foundational truths upon which a successful financial plan is built.

Jim also has a unique ability to offer his helpful directives and have us receive them. We all have a unique history that we bring into our decision-making, but we often rely on our uniqueness to offer justification for our actions. "Yeah, that may have worked for you, but my situation's different . . . it's harder . . . it's worse." Few of us can say that when Jim asks us to consider an alternative course of action, because virtually all of his success has come despite incomprehensible odds.

When Jim, a promising college athlete with aspirations to play professional football, went to the doctor for a routine physical, he was told that he had a degenerative condition that would rob him of his sight completely. He's human, so be assured he was extremely disappointed, but he took that disappointment and redirected it at a new competitive endeavor, becoming an Olympic weightlifter. He couldn't read with his eyes, so he began listening to books. Though he wasn't a big reader prior to his loss of sight, he now reads one book each day with the aid of a high-speed listening device. When told that blind people had nothing to gain from television, he responded by starting the Narrative Television Network, an Emmy Award-winning network serving the nation's visually impaired.

Jim's deep level of understanding regarding money issues isn't superficial, it's experiential. His first job was as a stockbroker, and although his message has broadened over the years, he has always lived the fundamental financial disciplines and inspired others to do the same. Jim doesn't recognize *can't* or *hard* or even *impossible*, and I hope that the confluence of his wisdom and his story will make it easier for you to find freedom in the Timeless Truths he shares.

Timely Application

Timeless truths may be simple, but they're not easy to apply. All the education and motivation in the world will do very little unless you know how, where, and when to apply it. It took Jason Stevens a full year and series of lightbulb moments to benefit from real change in his life, but then again, he had to be blackmailed to even begin his process of transformation! Your ownership of this book shows that you're a willing participant and have already built some momentum, and the Timely Applications contained herein will allow you the opportunity to put your motivation to work immediately.

I'll offer concrete steps designed to help you accomplish your financial goals. But before you start implementing actions, you have to know what the goals are. I'll give you an outline designed to help you create your goals. And before you can set goals, you must have a foundation upon which those goals are built. Let's call that foundation your values, or simply the stuff in life that you want to be about—your Personal Principles. I'll help you articulate them. The book's web site, www.ultimatefinancialplan.com, has resources you

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can download for each chapter's Timely Application to complete your own personal exercise.

Most financial plans speak of goals and occasionally values, but the recommendations often focus only on the final phase of your plan—the implementation—and most of the goals and values are dictated to you, instead of drawn from you. I'll help you understand how to save for retirement, but before you do that, I'll help you understand how to define retirement in your own terms, and whether or not a traditional retirement is even a goal consistent with your values. I'll show you how to determine how much insurance you should purchase—if any—but I'll also teach you to become a risk manager, instead of simply a consumer of insurance. I'll tell you which essential estate-planning documents you should consider having drafted, and I will also explain how to spot signs that an attorney is giving you a sales pitch to buy an expensive document that you don't need.

I will act as your buffer to and from the financial services industry, drawing on my experience working with clients and teaching the financial planners of tomorrow, as well as the experiences of my mentors and the thought leaders of the personal financial planning profession. I'll also share eye-opening stories from the training I received growing up professionally in each of the aforementioned “Big Three,” exposing the sales techniques the industry uses that you need to know in order to effectively manage your cash, invest, and insure in the way that is best for you.

Our financial lives are embedded in our everyday lives. We're not educating for the sake of philosophizing—all the information contained here is held to the standard of practical application. The following pages are designed to help you reframe the way you look at money and then build a foundation of education upon which a specific, personal plan of action can be created and implemented.

The Ultimate Gift begins by reminding us that “A journey may be long or short, but it must start at the very spot one finds oneself.” We're pleased to meet you at that spot and have the privilege to take these steps of your journey with you.

TIM MAURER