

# Start Late, Finish Rich

by David Bach (2006)

It's never too late to start. Everyone makes mistakes, smart people learn from them. It's not how much you earn, it's how much you spend. Disciplined savings x compound interest x time = great results. Look at spending habits to find wasted money [going out to eat] & save it instead [\$3 coffee/ day x 365 x 10 yrs = \$10,000].

Credit card interest can destroy you with high interest rates. By only paying the minimum payment, you become their slave. **Wealthy people don't carry high interest debt.** If you're in debt, stop going deeper in debt [cut up credit cards]. Always pay on time [avoid late fees & increased rates]. Tell bank you will transfer balance if they don't match lower interest rate. Consolidate, pay off & close acct. Be aware of credit counselors.

Pay yourself first [auto-pay] by starting an IRA. If you work for an employer see if they have matching funds 401 plan. If self-employed max out [25%] SEP IRA. Portfolio should have real estate, stocks & bonds [1/3 of each]. Between 1980-2005 real estate had a 15% return; stocks 13% & bonds 10%. You can get diversity from index funds [DIA, SPY QQQ]; mutual funds [Fidelity, Vanguard]; REIT funds [ICF, IYR, PHRAX]; bonds [SHY, IEF, TYP]; balanced funds [BRUFC, VCTR, SGENX].

**Buy your own home!** In 2004 the average renter's net worth was \$4000, but the average home owner's worth was \$184,000. Save extra money [2<sup>nd</sup> job, bonus, raise, tax return, revised budget]. Try a lease-to-purchase with part of rent applied to purchase price. Get an assignable right [to transfer to another if needed]. Get a 30-yr fixed mortgage & pay it off early. Bi-weekly payments will pay it off 20% faster. Buy your home, live in it for 2+yrs then rent it out & buy another [no capital gains tax] ...repeat [use 1031 exchange].

Be great at what you do & ask for more. How can I serve others better? Use Ebay to buy & sell items for a profit. Start your own business [many tax advantages]. Buy the bldg your business is in.

Nothing happens until you make a decision & act on it. Make decision, make it a priority, then do what it takes to get there. Write down goals. Be aware of market cycles [real estate & stocks]. When was the last time you experienced joy? Ask better questions, get better answers [be positive]. What makes me happy? What works in my life? What doesn't work? Teach your kids to start early.

Quotes: "If I'm going to bet on a business, let me be the one to own it." (DB)  
"The more you give, the more you receive."

Books: Automatic Millionaire (DB)

Links: [www.bankrates.com](http://www.bankrates.com) [www.cardweb.com](http://www.cardweb.com) [www.lowermybills.com](http://www.lowermybills.com)  
[www.morningstar.com](http://www.morningstar.com) [www.vauleline.com](http://www.vauleline.com) [www.finance.yahoo.com](http://www.finance.yahoo.com) [www.score.org](http://www.score.org)  
[www.entrepreneur.com](http://www.entrepreneur.com) [www.hud.gov](http://www.hud.gov) [www.give.org](http://www.give.org) [www.justgive.org](http://www.justgive.org) [www.guidestar.org](http://www.guidestar.org)  
[www.volunteermatch.org](http://www.volunteermatch.org) [www.salesforce.com](http://www.salesforce.com) [www.finshrich.com](http://www.finshrich.com)