



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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Life Lessons

I greatly value wisdom, which I think is highly underrated compared to intelligence. I think you can be highly intelligent and still be a complete failure, but if you are wise, it's hard to fail even if you're not that bright. Wisdom is like secret knowledge that you can only get from experience or by heeding the counsel of older people who have gone before you. One of my favorite quotes is by Isaac Newton: "If I have seen a little further it is by standing on the shoulders of Giants." Wisdom can help you avoid massive amounts of grief, trouble, expense and wasted time. As Benjamin Franklin wrote, "Experience keeps a dear school, yet fools will learn in no other."

With Father's Day approaching, I'm reminded that my father taught me a number of pearls of wisdom while I was growing up (see below). When I became a father, I wanted to pass on my accumulated wisdom to my son in an intentional, structured and permanent way, so years ago we started a daily ritual that we call "Life Lessons With Daddy & Gunnar" (Gunnar is our dog, who usually jumps up in my lap when I sit down for LL). I read to my son from a book that I think will help prepare him to become a responsible and fulfilled adult who reaches his full potential, and I have him write down any important life lessons in a book that he'll always have no matter what happens to me, sort of like an

intergenerational [commonplace book](#).

I just finished reading The Last Lecture by Randy Pausch to my son as part of “LL With G&D.” Pausch was a professor at Carnegie Mellon who died from pancreatic cancer at age 47. We're doing double daily sessions of LL this Summer while my son is out of school. Coincidentally, we also recently started reading Tuesdays With Morrie, which is also about a dying professor (and earlier this year we read When Breath Becomes Air), so I joked with him that I would try to find another book from the “dying professor” genre. Pausch wrote the book to serve as a collection of life lessons for his three young children. Here are some of my favorites:

My father describes people who were born into unfortunate circumstances as “having been dealt a low hand.” Pausch writes, “We cannot change the cards we are dealt, just how we play the hand.”

“The brick walls [obstacles in life] are there to give us a chance to show how badly we want something....Tenacity got me over the brick wall.”

“Not everything needs to be fixed.”

“Time must be explicitly managed, like money. Ask yourself: Are you spending your time on the right things?”

“Luck is where preparation meets opportunity.”

“Earnestness is highly underestimated.”

“Experience is what you get when you didn't get what you wanted.”

“The person who failed often knows how to avoid future failures.”

“You're only as good as your word.”

“There is more than one way to measure profits and losses.”

“Another way to be prepared is to think negatively. Yes, I'm a great optimist. But when trying to make a decision, I often think of the worst-case scenario. I call it 'The Eaten By Wolves Factor.' If I do something, what's the most terrible thing that could happen? Would I be eaten by wolves? One thing that makes it possible to be an optimist is if you have a contingency plan for when all hell breaks loose. There are a lot of things I don't worry about because I have a plan in place if they do. I've often told my students, 'When you go into the wilderness, the only thing you can count on is what you take with you.' And essentially, the wilderness is anywhere but your home or office. So take money. Bring your repair kit. Imagine the wolves....Be prepared.”

We also recently finished reading 50 Rules Kids Won't Learn in School by Charles Sykes. I loved the “get real/tough love” tone of this book, which sounded like it was written by a

GenXer (but was not). If every Millennial had been exposed to this book, so many of our current and future problems could have been avoided. Among my favorite rules:

- #1: Life is not fair. Get used to it.
- #2: The real world won't care as much as your school does about your self-esteem. It'll expect you to accomplish something before you feel good about yourself.
- #9: Your school may have done away with winners and losers. Life hasn't.
- #15: Flipping burgers is not beneath your dignity. Your grandparents had a different word for burger flipping. They called it opportunity.
- #21: You're offended? So what? No, really. So what?
- #40: Despite the billion-dollar campaign to turn your brain into tapioca pudding, try to learn to think clearly and logically.
- #42: Change the oil.
- #49: Don't forget to say thank you.

I now want to share with you the life lessons that my son has recorded in his LL book, which are surrounded by strange and funny stick figures and doodles that he drew. Lessons my father taught me are in italics.

1. *The truth will set you free.*
2. Everything in moderation. (My mother-in-law says this.)
3. *When you work hard, you can play hard.*
4. Your attitude determines your altitude.
5. *Life is all about risk management.*
6. Bloom where you're planted.
7. *When you run with dogs, you get fleas.*
8. Pay yourself first.
9. Do what you love and the money will follow.
10. There but for the grace of God go I. (My mother says this.)
11. *If you take care of your equipment, your equipment will take care of you.*
12. One of life's most painful moments comes when we must admit that we haven't done our homework, that we are not prepared. (Merlin Olsen)
13. If it sounds too good to be true, it probably is.
14. Time heals all wounds.
15. You cannot judge a book by its cover.
16. If a man does not know to what port he is steering, no wind is favorable. (Seneca)
17. Don't burn your bridges.
18. *Don't mess in your mess kit.*
19. It's a funny thing about life; if you refuse to accept anything but the very best, you will often get it. (W. Somerset Maugham)
20. Give me a stock clerk with a goal, and I will give you a man who will make history. Give me a man without a goal, and I will give you a stock clerk. (J.C. Penney)
21. Always be on time.
22. Your life is made up of two dates and a dash. Make the most of the dash.
23. Be the master of your own destiny.
24. Things gather dust.
25. Tend your own garden.

26. You own yourself.
27. Other people are not your property.
28. Read like a maniac.
29. Without your health, you can't do much.
30. Prior planning prevents piss-poor performance.
31. Laughter is the best medicine.
32. There will be time enough for sleep in the grave.
33. The world does not revolve around you.
34. Question authority.
35. Sleep on it.
36. The greatest victory is the victory over self.
37. A wise man learns by the mistakes of others, a fool by his own.
38. Cultivate your friends.
39. Count your blessings.
40. *Most people have sh*t for brains.*
41. Have fun exercising.
42. Dependable people are rare. Be one of them.
43. No one has the right to use force or fraud against peaceful people.
44. Seek first to understand, then to be understood. (Stephen Covey)
45. Buy things that are built to last.
46. Have respect for things that have stood the test of time.
47. Your word is your bond.
48. Patience is the best virtue you can have as an investor.
49. The State promises Santa Claus but delivers Big Brother.
50. Don't put all your eggs into one basket.
51. When it comes to investing, you're either a contrarian or you're roadkill. (Doug Casey)
52. When investing, minimize your costs and taxes.
53. When investing, the first question to ask is "What are the risks?"
54. When investing, rely primarily on dividends for your return.
55. When investing, a good company is not necessarily a good investment.
56. When investing, when others are greedy, be fearful, and when others are fearful, be greedy.
57. Be the change you seek.
58. Security prices can go far higher and far lower than you can ever imagine. (Jim Rogers)
59. Put your money into appreciating assets, not depreciating assets.
60. Email carries no tone.
61. Pay off your credit cards in full each month.
62. Get enough sleep.
63. There are two prices for every good or service.
64. Every day is a gift.
65. Listen to music.
66. Read not The Times. Read the Eternities. (Henry David Thoreau)
67. Don't speak ill of the dead.
68. Respect the time and work of others.
69. Choose where you want to live.

70. Take responsibility for your actions.
71. No one is perfect.
72. Spend some time alone.
73. Learn how to be patient.
74. When buying a car, safety should be your #1 concern.
75. Invest with your eyes wide open.
76. Spend some time with good friends.
77. Put good things into your body.
78. Try to be nice to your neighbors.
79. The Internet is permanent, so be very careful about what you write online.
80. *If they can muck it up, they will muck it up.*
81. Listen to your parents.
82. If it ain't broke, don't fix it.
83. When life involves beards, hard work and the right gear, there are no losers.
84. Always be prepared.
85. Some things are worth fighting for.
86. Live within your means.
87. Take time to savor beauty.
88. Fight for what is right, even against long odds.
89. The mass of men lead lives of quiet desperation. (Thoreau)
90. Genius is 1% inspiration and 99% perspiration.
91. Whenever you hear someone [a vendor] mention their [alleged] religion as a virtue, run.
92. Trust takes years to earn but can be lost in an instant.
93. If you do the crime, you do the time.
94. The best apology is changed behavior.
95. Hug and kiss the ones you love because tomorrow isn't guaranteed.
96. Always take the high road.
97. In general, short sellers are Smart Money.
98. You need the right tools for the job.
99. Even when the light is green, look both ways.
100. The brain rewards us with more dopamine for the act of seeking a reward than for the act of receiving one.
101. No one wants to hear that their sh*t stinks.
102. Don't lie to your parents.
103. Be willing to walk away from anything.
104. Cash = options.
105. You attract what you are.
106. Always secure your property.
107. Never turn off your computer while the hard drive is being backed up, and never update software while you are away from home.
108. To make better decisions, slow down and think.
109. Your network is your net worth.
110. Never get on the bus.

Finally, I also had him record these quotes in his book:

“Reading is to the mind what exercise is to the body.” ~ Joseph Addison

“The man who makes no mistakes does not usually make anything.” ~ Edward Phelps

“Be kind; everyone you meet is fighting a hard battle.” ~ John Watson

“Life is a shipwreck, but we must not forget to sing in the lifeboats.” ~ Voltaire

“What you do speaks so loud that I cannot hear what you say.” ~ Ralph Waldo Emerson

What You Should Be Doing Now

I plan to cover the why and how of these in future issues (if I haven't already), but here are some actions I recommend you take (or at least start thinking about) now:

1. If you have a child or grandchild, consider implementing a formal, periodic Life Lessons program so you can help them become a responsible adult and reach their full potential by passing along a permanent record of your wisdom.
2. Books to read: See above.

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