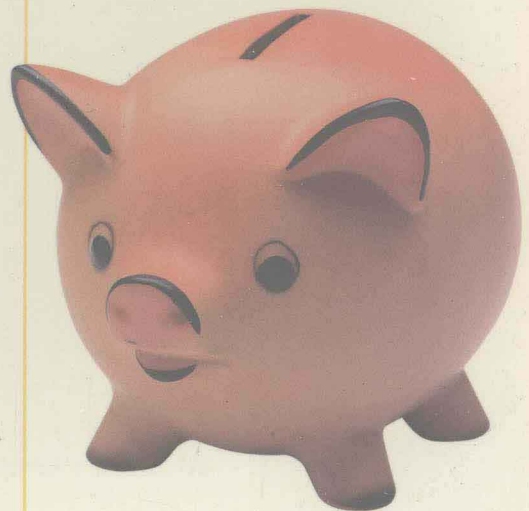


The **COMPLETE**  
**IDIOT'S**  
Guide to

"Read this book.  
More importantly,  
experience it ...  
Remember, no one  
cares more about your  
financial success  
than you do."  
Ray Martin  
Vice President,  
The Ayco Company  
L.P., financial  
advisor for NBC's  
"Today Show"

# Getting Rich

- ◆ Clear strategies for defining and building wealth
- ◆ Idiot-proof steps for managing your investments
- ◆ Valuable tips to help you save and earn more



Larry Waschka

alpha  
books

The **COMPLETE**  
**IDIOT'S**  
GUIDE TO  
**Getting Rich**

*by Larry Waschka*

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# Foreword

When I was asked to write the foreword for *The Complete Idiot's Guide to Getting Rich*, I gladly agreed. As an author, financial contributor for NBC's *Today Show*, and financial advisor to corporate executives, I've experienced firsthand what it takes to be financially successful.

For those who have gone from rags to riches, getting rich was neither the journey nor the destination they intended. Rather, their wealth was the result of putting a plan into action and sticking to it. While there is clearly no certain path to financial success, you will see a common thread throughout this book as you read it. To achieve financial success, you must take charge of your finances and get involved. All too often people rely on others: an employer, the government, a broker, a financial planner, or family members, in hopes that someone else will take care of the financial planning. Things might work out, but if you want to be financially successful, you must become involved. For individuals who take charge, get involved, and follow their instincts, the results are much different.

This book is not a plan or a scheme for getting rich quick. Making true wealth is not easy to do. If it was, everyone who wants to be rich would be. However, the real-life stories you'll read in this book are the experiences of people like you and me, some with very modest beginnings. Some of the people who became rich possessed unsurpassed drive, dedication, and perseverance. Others had a plan, worked hard, and never gave up. But all followed the advice and techniques outlined in this book.

Read *The Complete Idiot's Guide to Getting Rich*. More importantly, experience it. Think about your situation and start to take control today. Remember, no one cares about your financial success more than you do. If you don't do your own financial planning, no one else will do it for you!

Ray Martin

Vice President, The Ayco Company L.P.

September 1996

# Introduction

I first learned about wealth at the age of four when my mother persuaded me to go down the street to meet another child my age. Quickly, I noticed that the other family's house was much larger than mine and they had many wonderful things such as beautiful furniture, fancy cars, and above all else, an incredible selection of toys! Of course, what really excited me was their trampoline. They even had a tree-house in the backyard that a carpenter had built. Until this time, I had never seen a lifestyle like this.

My friend always had a nice new bicycle, and gosh did I want a bike like his. It was a Schwinn Orange Krate that had three gears. At that time I didn't even know what a gear was, but I sure didn't let him know that.

For nearly four years, I spent almost every afternoon with my best friend at this wonderful home. Don't think that I had a poor childhood, I lived in a comfortable home with the most wonderful family. My mother and father loved me and gave me everything I needed. Even my brother loved me in spite of all the noogies, wet willies, and other harassment I gave him. My childhood was wonderful and for that, I'm grateful. It was just obvious as I grew older that my friend's family was much wealthier than mine.

I knew my friend's father was a doctor, and back then, my other young friends told me that if you were a doctor, you were rich. Once I realized this, I certainly wanted to be a doctor. Then maybe I could live in a big house with wonderful things. This dream of wanting to be a doctor was only temporary. Occasionally, I would spend the night at my friend's house and almost every time, I would hear my friend's father take a call at 3:00 in the morning. I decided that being a doctor was just a little too difficult.

What I continued to dream about, however, was being rich. I wanted to live in the house of my dreams and have enough money to buy whatever I wanted, which at that time was a Schwinn Orange Krate bicycle with three gears!

It has taken me 25 years to realize just how much this friendship affected my life. It was one of the catalysts that helped drive my desire for wealth. However, my family was the backbone of this drive. I was (and still am) the luckiest child in the world. My parents and step-parents raised me in an environment of love and support. Whether I deserved it or not, they supported my adventures as a child (and now that I'm an adult, they do the same). I knew that one day I would have enough money to buy whatever I wanted for myself and family, but I also knew that this was going to take a lot of work.

But soon I learned that building wealth would require even more than sweat. One day while in college, I learned from some classmates that there was a company called HBO that sold software to hospitals. This company was growing fast and their stock was going up. After researching the company in the library for hours, I called my father and told him about it. He agreed to buy 200 shares.

At first, the stock went up. My immediate thought was "Wow! Here's a way to make money with my brain doing what I love to do." This meant that I didn't have to necessarily work hard, I just had to work smart. I could use my brain power to build wealth. All this stupid research my professors had me doing really could help me.

When the stock fell back below our purchase price, my heart sank. I was embarrassed that I had talked my dad into buying the stock. His money was lost and I felt horrible. However, I learned some very valuable lessons about the market and about making money with my brain. That brief time the stock was up was just enough to make me realize that wealth was not just born of hard work, but of smart work. I knew that my mind was the key here and not my hands. From that moment on, I dedicated part of my life to studying the stock market. That one single experience changed my entire concept of work and the vision I had of building wealth. Thanks Dad! I love ya, but please don't ask me to pay you back for the HBO loss!

After college, my ultimate professional dream was to start my own fee-based money management company. Fee-based means that the company's income would be derived from a fee charged to the client, which would be based upon a percentage of assets in the account (1 percent). After interviewing with several firms, I realized that I had nothing to offer except a desire to learn. They all told me that Merrill Lynch had the best training program on Wall Street. However, working at Merrill Lynch meant that I would have to sell securities for a commission, which is completely different from my dream of managing money for a fee. Nonetheless, it would be a great place to start. When I interviewed with Merrill Lynch, the interviewers said they primarily cared about my ability to sell. In fact, the manager told me to go get a year's worth of sales training with a national company and he would hire me. So I got a job with Warner Lambert selling consumer goods to retail and wholesale stores. Exactly one year later, I returned to Merrill Lynch.

My plan was to spend 10 years at Merrill Lynch learning the business, and then start my own firm. However, some clients encouraged me to leave just prior to my five-year anniversary. In 1990, at the age of 28, I started my company with 13 clients and \$3 million under my company's management. By the middle of 1996, I had 350 clients and \$73 million under management. My company, Waschka Capital Investments, is a fee-only money management firm that specializes in global diversification using no-load mutual funds. I've also hosted a state-wide radio show for three years called "Waschka's Moneytalk" and have written a monthly column for several publications in Arkansas. I'm truly living my dream and grateful for it all.

I recently spoke to 400 high school sophomores about building wealth. One student asked me, "Are you rich?" This was a fair question to ask. If I can't claim some degree of wealth, what gives me the authority to speak on the matter? So I explained that I'm 34 years old and, according to my research, the fair market value of a money management firm is equal to approximately two times gross revenues. My gross revenue currently

annualizes over \$900,000, which gives my company a net worth of about \$1.8 million. Then I explained that, to some people, that makes me wealthy. Other people would say I'm far from it. So being wealthy also depends upon your definition of wealth.

It doesn't matter where your drive for wealth comes from. Having supportive parents like mine may increase your chances, but it's not necessary. I know of many wealthy people who were not quite as fortunate. Many of them used tough circumstances as a motivational factor. For some people I know, the desire to be wealthy came from being brought up in a terribly poor family. The simple challenge of making it completely on their own drove them forward. They wanted to prove that they could do it. Many never had a father around. The lesson is that *whatever* your circumstances are, *wealth is achievable*.

Through my experiences, I've learned that there is no real "get rich quick" method to achieve the wealth you want. My goal with this book is to teach you long-term techniques to build and maintain wealth. My hope is that this book does just that for you. With persistence, patience, and diligence, your work will pay off, enabling you to achieve the level of wealth that you want. Thank you for buying the book, and I hope you enjoy reading it.

## How to Use This Book

This book is carefully organized to present the tools and techniques you can use to set and reach your goals for wealth. I've defined five levels of wealth, to make it easier for you to plan your journey to wealth, and the book leads you through each level.

**Part 1, The Basics: Wealth Levels 1 and 2**, is all about the basics of getting rich. It breaks down the definition of wealth into five measurable levels and shows you how to design a plan to achieve the first two levels. This part covers the habits and characteristics of wealthy people, as well as how to get rich as an employee.

**Part 2, Achieving Wealth Level 3 by Taming the Portfolio Beast**, shows you how to become financially independent. It focuses on the investment tools and strategies you'll need to beat the market.

**Part 3, Achieving Wealth Levels 4 and 5 With Your Own Business**, will explain the basic details of starting, growing, and selling your own business. It will show you how to achieve the top two levels of wealth using your own business.

**Part 4, Rich People Have Rich Habits**, lists all the basic tax strategies, mental paradigms, and planning secrets you'll need to build your wealth. It will also teach you why so many people fail to achieve wealth.

You also get an appendix of wealth-related terms and definitions that will help you better understand the words of the wealthy. These terms will also help you keep up a conversation with any wealthy person.



## Extras

The text in each chapter provides full coverage of each topic. However, while I wrote each chapter, certain related topics would come to mind that were just too good not to include. I've placed these extras in four different types of informational boxes within each chapter:



### That Reminds Me...

It seems that every significant lesson I've learned about building wealth has been the result of my own experience or the experiences of others. These boxes explain such lessons for you in the form of a story or observation so that you will get a better understanding of the concepts within this book.



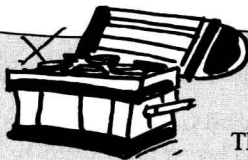
### Words of the Wealthy

These terms and definitions are part of the language of the wealthy. If you know and understand these words, you are well on your way to building wealth. These terms will also help you have more meaningful discussions with your financial advisors.



### Wealth Warning

If you know what to avoid in your financial life, you can significantly reduce your chances of experiencing problems. These warning boxes will help you do just that. Consider these the caution signs on your journey toward wealth. They are common errors or just things to be aware of.



### Treasure Tip

These are helpful little hints to make life easier. If you prefer the "path of least resistance," be sure to read them.

## Acknowledgments

My clients have been the single most influential source of information for this book. I am grateful for all you've taught me over the last 10 years. Thanks for sharing your lessons in wealth with me. I dedicate this book to all of you.

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Thank you, Debbie Englander at Macmillan Publishing, for giving me the opportunity to write this book. Special thanks to Lisa Bucki and Brian Robinson for your help in editing all my work.

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Many of my friends have been very instrumental in helping me with ideas for this book, especially Mary Ann Campbell, Shannan Ormond, Greg Hatcher, Steve Tucker, Stewart Welch III, Ron Yolles, Mike Hengehold, Bob Markman, Mike Brorman, Hank Neely, Barry Jewell, Ted Grace, Pete Maris, George Worthen, Don Munro, Stuart Bowles, Brandon Rogers and his family, and Brian Tracey. Thank you. I sincerely appreciate everything you've done for me.

## Special Thanks from the Publisher to the Technical Reviewer...

*The Complete Idiot's Guide to Getting Rich* was reviewed by an expert who checked the technical accuracy of what you'll learn and provided insights and guidance to help ensure that this book gives you everything that you need to understand about how to build wealth. We extend our special thanks to Dr. Jerald W. Mason, who, as President and CEO of Evergreen Enterprises, has over 20 years of experience as an internationally known lecturer and workshop leader on financial planning and financial counseling topics. He is a co-founder of the Association for Financial Counseling and Planning Education, and also developed and served as the first Director of the Accredited Financial Counselor certification program, among his other accomplishments. Dr. Mason has published

extensively, including his books *The Easy Family Budget Book* and *Debt Addiction: You Can Break the Habit*. In addition to holding an MBA from Stanford and a Ph.D. from the University of Missouri, Dr. Mason is a Certified Financial Planner (CFP), a Chartered Life Underwriter (CLU), and a Chartered Financial Consultant (ChFC).

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