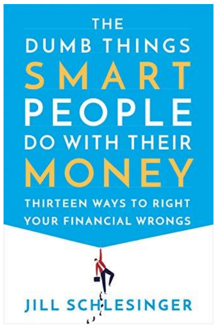

kindle

YOUR KINDLE NOTES FOR:

The Dumb Things Smart People Do with Their Money: Thirteen Ways to Right Your Financial Wrongs

by Jill Schlesinger

Free Kindle instant preview: http://a.co/eZtIB9V

46 Highlights

Highlight (Yellow) | Location 150

> I've had a lot of time to think about why I made this particular mistake, and why many other smart people continue to make similar ones as well. As I now realize, I fell prey to my emotions and, in particular, my aversion to risk. I'm a conservative investor, always have been. I owe it to a childhood experience I had watching my dad lose a ton of money. He was an options trader on the floor of the American Stock Exchange (AMEX), and he liked to place some crazy bets. In 1982, when U.S. Steel bought Marathon Oil, one such bet came to bite him, and my dad's entire trading account was wiped out—and then some. I'll never forget looking through the crack in my parents' bedroom door and watching my father cry as he recounted to my mother what had happened. When they emerged from the bedroom, Dad announced to my sister and me, "Girls, we're going to California with the last $5,000 in my account." And we did. Fittingly, it rained for the entire ten days we drove down the Pacific Coast Highway.

Highlight (Yellow) | Location 163

> In most cases, two emotions in particular hamstring us when it comes to money: fear and greed. We're afraid of losing what we have, and we're eager to have much more. Further, we have any number of built-in cognitive biases that cloud our judgment, convincing us that down is up and left is right. There is confirmation bias—our tendency to seek out information that bears out what we already believe; or restraint bias, our inclination to think we can resist a temptation, when really we can't; or optimism bias, our tendency to engage in wishful thinking. Such biases can lead us to make a whole slew of bonehead decisions that seem innocuous at the time but that cost us dearly. I've seen people do it—again and again and again.

Highlight (Yellow) | Location 249

> On a number of levels, gold is just so wrong. Unlike stocks or bonds, gold doesn't create income by paying interest or a dividend (nor do other precious metals, like copper and silver). On that basis alone, most investment pros steer clients away from it. If you want to protect against market instability, you're better off buying an exchange-traded fund (ETF) that places bets against the stock market, so that when it falls, you make money. Wealthy investors with large portfolios can also buy options to protect against dangerous markets. If inflation is your concern, any of us can buy inflation-protected bonds, like I Bonds or Treasury Inflation-Protected Securities (TIPS). There just isn't any need to invest in gold.

Highlight (Yellow) | Location 301

Before taking out a reverse mortgage, slow down and do your homework. To avoid a situation like Bonnie's, Sandy recommends talking to a qualified estate attorney lawyer about whether or not you need a trust for your home and other assets. She also recommends creating a detailed financial plan for yourself, seeking counsel from an adviser you trust, and exploring other options, like selling or leasing your home or refinancing your current mortgage (see her website, www.elderfinancialterrorism.com). Reverse mortgages are complex—pages and pages of small print. Make sure you understand fully what you're getting into, and why it makes sense—or doesn't.

Highlight (Yellow) | Location 326

Despite their aura of sophistication, hedge funds just aren't that great. Only about 10 percent of hedge funds significantly outperform the S&P 500. The rest do about as well or worse. And try getting into that golden 10 percent. You can't—they're usually restricted to billionaires and institutional investors. Even if you happen to own a hedge fund that generates income, the IRS might treat a portion of the income as ordinary income rather than capital gains, taxing it at a higher rate. In addition, hedge funds levy high fees that eat into their returns. They charge "two and twenty"—2 percent a year just to own the fund, plus 20 percent of any returns the fund earns. Nice work if you can get it, right? Hedge funds are like guys and gals on Tinder: Their profile pics look totally hot, but spend five minutes with them, and they fail to impress. Warren Buffett issued a famous challenge to hedge fund managers back in 2007, offering to bet each one $1 million that his or her portfolio of hedge funds couldn't outperform the S&P 500 over ten years, with the winner donating the $1 million to charity.2 Guess how many hedge fund managers took the bet? One guy, from a firm called Protégé Partners. When the bet concluded at the end of 2017, the hedge fund portfolio had delivered a dismal 2.2 percent compounded annual return. The S&P 500? A 7.1 percent annual gain over ten years. That was great news for Girls Inc. of Omaha, Nebraska, the recipient of the $1 million proceeds.

Highlight (Yellow) | Location 358

So many smart people hesitate to ask questions of financial salespeople and advisers, even though they behave quite aggressively in other areas of their life. Fear plays a role here, too. Many smart people are quite accomplished in their careers. They're used to being the experts, and when it comes to a subject about which they know little, they can fear looking ignorant or foolish. It's psychically easier for them to nod their heads and pretend they understand rather than risk embarrassment.

Highlight (Yellow) | Location 372

During my career as a financial planner, I often wished clients would ask me more questions, not fewer. By asking questions, clients weren't disrespecting me. Rather, they were implicitly accepting a portion of the responsibility for the decision-making. I wanted clients to feel good about the decisions we were making together, and if they didn't ask questions, I had a harder time addressing their fears or correcting their misconceptions. As Wall Street Journal columnist Jason Zweig explains, "There's no reason to be afraid of asking a lot of questions. Good financial advisers have nothing to hide and welcome the opportunity to tell you everything you want to know. Dozens of advisers have told me over the years that they wish clients would ask more questions, not fewer, before signing on."5

Highlight (Yellow) | Location 407

THE BIG FIVE There are five questions you absolutely must ask anyone who is trying to sell you a financial product, including yourself: Question #1: How much will this financial product cost me?

Highlight (Yellow) | Location 415

Question #2: What are the alternatives to this financial product?

Highlight (Yellow) | Location 422

Question #3: How easy is it to get my money out of this investment? And if I have to do so, what fees or penalties would I pay?

Highlight (Yellow) | Location 427

Question #4: What tax consequences will this financial product carry for me?

Highlight (Yellow) | Location 434

Question #5: What's the worst-case scenario I face with this financial product?

Highlight (Yellow) | Location 471

Mike ignored my advice. In his mind, acknowledging that his adviser was screwing him would also mean acknowledging that he himself was making a dumb mistake. So, rather than acknowledge this misstep and take steps to remedy it, Mike felt better pretending it didn't exist.

Highlight (Yellow) | Location 501

When we visit a car dealership, we assume that the person selling us a car is trying to earn a commission, and we factor that information in when evaluating the advice we receive. When we visit a doctor's office, by contrast, we assume that this medical professional is acting first and foremost in our interests, not those of pharmaceutical companies, say, or insurers. That's because doctors work according to professional standards mandated by law. If your doctor isn't acting in your best interests, she could lose her license. The good news is that there are tens of thousands of advisers out there who have to put your interests first. When we seek out financial advice, it's on us to determine which kind of adviser we're speaking with, and what we'll have to pay for their help.

Highlight (Yellow) | Location 554

Is your prospective adviser legally obliged to put your interests first at all times? Ask him or her this point-blank. If the answer is yes, get that in writing, and be prepared to pay a fee of some sort for the advice. Be sure to inquire how he or she earns that fee. Do you pay hourly, is the advice part of an annual management fee, or does he or she receive a commission?

Highlight (Yellow) | Location 567

You might feel squeamish asking pointed questions like this, but as we saw in the last chapter, you have to lose that hang-up. This is your future at stake here. A good, upstanding financial adviser will understand your concern, and happily clarify his or her level of responsibility and professional certification. If your prospective adviser does take offense, that's a big warning sign. Stay away.

Highlight (Yellow) | Location 602

In general, you don't need a customized plan if any one of the following holds true: You have consumer debt, including credit card debt, student loans, and auto loans. You aren't maxing out your retirement contributions (presuming that you are in a high enough tax bracket for that to make sense). You don't have an emergency account with enough money in it to cover six to twelve months of expenses. I can't tell you how many times people at work ask me for a referral to a financial adviser. I offer to sit down with them over a cup of coffee to hear what's going on. Nine times out of ten, they don't need to pay a financial adviser, because they haven't ticked off these Big Three, and I'm able to answer their questions within fifteen minutes. You need to take care of these three big-ticket items before you worry about doing anything fancy with your money. You can easily do each of these three on your own.

Highlight (Yellow) | Location 619

No matter where you are financially, be sure to seek out advice when you're confronting a complex and extraordinary situation in which you truly do lack expertise. When a taxing authority contacts you, for instance, get advice immediately. If you're negotiating your compensation with a new employer and the company gives you a choice between more stock or more cash, get advice. If you're inheriting a large sum of money and aren't sure what to do with it, get advice. If you're hounded by creditors or you're risking foreclosure on your house, get advice, preferably legal advice. As much as you think you might know how to handle these kinds of situations, you really don't. You've never done the relevant calculations. You don't know all of the legal, tax, or financial nuances. And most important, your emotions are likely to seep into the process, clouding your thinking. Overcome your ego or embarrassment or whatever other emotional wackiness might be hindering you, and get on the phone with a fiduciary.

Highlight (Yellow) | Location 706

Money just isn't as important as many smart people think it is. Sure, life is tough when you can't afford the basic necessities of life, and having more money can make it easier. But once you provide for your basic necessities, accumulating more money can weigh you down in new ways. You might enjoy nice cars, expensive dinners out, and other luxuries, but you also start to compare yourselves against others, and you feel compelled to buy more just to keep up. You become plagued by that nagging feeling that you don't have enough. You become attached to your lifestyle, and the thought of not having enough or of losing what you have stresses you out. You might wind up working too much in order to earn more, neglecting your relationships and other important parts of your life. So many of my former clients used to lament that they felt wealthier when they were making $100,000 than when they were making three times as much. I know it seems hard to believe—maybe you're even rolling your eyes. But I heard this complaint over and over again.

Highlight (Yellow) | Location 855

> Here are my Top Five Warning Signs that you might be giving money a much more important place in your life than it deserves: You're keeping secrets around money from your spouse. You're losing sleep on a regular basis because of money issues (i.e., once a week or more). Other people whom you respect tell you time and again that you've got issues around money. (What do they know, right?) You adopt a perfectionist stance in regard to your financial affairs. For instance, you can't invest until you know every last detail, have talked to every last expert, and so on. You are constantly and unhelpfully comparing your financial affairs with those of others. Does it really help you to know whether your neighbors are getting laid more than you? Ditto for whether they make more money than you.

Highlight (Yellow) | Location 1013

> And yet, education costs have skyrocketed over the past few decades, so that the overall value of higher education for individuals has eroded. That means you have to work harder to make sure that the degree you seek makes sense for you, given your financial circumstances and career aspirations. Many smart people fail to do that work. They assume that any undergraduate or professional degree is worth it at any price, which simply isn't true. In so many instances, people take on debt that closes off the very opportunities they're striving to create.

Highlight (Yellow) | Location 1073

> Here's the dirty little secret we rarely admit: Most smart, successful parents already have networks their kids can access, so it would behoove them to spend time selecting colleges that are affordable. Consider, too, that the job market has changed in recent decades. Back when John F. Kennedy was President and Bob Dylan was releasing his eponymous debut album, having a degree might have gone a long way toward helping you snare a job, simply by virtue of the school's brand name. That doesn't happen so much in our era of Donald Trump and Bruno Mars. Actual work experience matters much more than it used to, as well as your ability to demonstrate the "soft skills" employers seek, like problem-solving talents, the ability to collaborate, or creativity. Survey data has documented the relative importance of work experience over academic pedigree. The National Association of Colleges and Employers (NACE) releases an annual survey that asks employers what they're most seeking in new hires. When employers choose between two candidates with similar profiles, what makes the difference? The top answer in 2018 wasn't an applicant's alma mater, but whether an applicant had worked an internship with the employer. Coming in second was whether an applicant had completed an internship in the wider industry. An applicant's alma mater was actually the ninth most important factor in the survey. In most cases, employers want some indication that you have the skills to actually do the job.8 The much-lauded "brand name" of schools has become less compelling. So why pay big bucks for it?

Highlight (Yellow) | Location 1145

> Please listen close to Aunt Jill: You simply must fully fund retirement before attending to your kids' college. Take care of the Big Three first, including retirement, and if you have money left over, then save for college or help your kids out with their tuition bills. You know how when you're on an airplane you hear messages telling you that if something bad happens, you should place an oxygen mask on yourself before you place it on your

small children? Well, something similar holds true for retirement savings. You can take out parental loans or help your kids pay off loans that they assume to help pay for college. But there are no loans, other than the thorny reverse mortgages that we've already discussed, to fund retirement. Retirement comes first.

Highlight (Yellow) | Location 1216

You simply must do your research if you want to win the college financing game. You should also do what very few students do, and negotiate when possible. Not long ago, a young colleague of mine decided to ditch network news and attend law school. She gained admission to Georgetown, which would have cost her $60,000 a year. She also got into a lower-ranked school, Fordham, which had awarded her $35,000 in grants (that's TAX-FREE money, people), bringing the yearly cost down to only $25,000. As a bonus, she could attend law school right next to Lincoln Center! Despite the cost differential, she really wanted to go to Georgetown. At my urging, she called up Georgetown and told them she wanted to attend, but had received an offer of $35,000 a year from Fordham. Guess what? Georgetown came back and awarded her $25,000 per year, slicing her tuition down to $35,000 a year. She wound up choosing Georgetown. That one phone call, which she almost neglected to make, saved her $75,000 over three years, plus the interest she would have had to pay had she borrowed that money.

Highlight (Yellow) | Location 1229

College experts I've interviewed for my radio show have suggested an easy benchmark to keep in mind. It's a good idea, they say, to borrow no more than what you anticipate your first year of salary will be when you eventually hit the job market.

Highlight (Yellow) | Location 1435

But many smart people—especially those who complain about "throwing all of their money out the window" as renters—underestimate the headaches that come with home ownership. Appliances break. Basements flood. Roofs leak. A hundred other things go wrong that aren't covered on your homeowner's insurance policy. It's on you, the owner, to fix it yourself, or to hire someone else to do it. Maintenance and renovation experts on my radio show have told me that the typical homeowners should expect to pay 1 to 3 percent of the purchase price every single year in upkeep.

Highlight (Yellow) | Location 1464

How exactly should you determine what you can afford? You might have heard somewhere that your total housing expenses should account for 30 percent of your income, give or take. For some, that rule might serve as a useful yardstick, but depending on where you live, it might not. If you make $200,000 and live in Nebraska, where real estate prices are below the national average, you would be an idiot to spend $75,000 on housing; it simply isn't necessary to spend that much. If you earned that same $200,000, lived in a high-cost area, and knew with reasonable certainty that your income would rise (for instance, you're an associate at a law firm and in two years you're up for partner), then you would be safe going a bit past the 30 percent threshold, and you very well might need to. The 30 percent rule is about as useful as the rule in nutritional science that a healthy adult should consume 2,000 calories a day. For many people, that might be a good rough estimate, but factor in your own circumstances. A tall marathon runner putting in forty miles a week might need 4,000 calories a day—and then some. A sedentary gal topping out at all of five foot one might need only 1,500. Take the 30 percent rule as a starting point, and adapt it thoughtfully to your circumstances.

Highlight (Yellow) | Location 1640

As research has found, active investors trying to match the performance of the S&P 500 lag it by 2.8 percent per year over a twenty-year period.7 The smartest investing is passive investing.

Highlight (Yellow) | Location 1656

People also take on too much risk because they're overcome by feelings of jealousy and inadequacy. We tend to measure our own self-worth according to what others have, and some of us make risky investment moves in a foolish attempt to measure up, with little thought to our own goals and risk tolerance.

Highlight (Yellow) | Location 1669

If you want to build toward a healthy financial future, try to ignore external factors. Just because your best friend made $100,000 in Bitcoin doesn't mean you have to take your small nest egg and go all in on the next hot virtual currency to come along. Just because your wealthy sister is putting her money into some obscure biotech stock doesn't mean that's a good investment for you. The secret to sound investing is to know yourself well and to play your own game.

Highlight (Yellow) | Location 1833

As Jason and his client learned, it is never a good idea to send wiring instructions or any other sensitive information via email. Since the hackers had his bank account number, Jason had to close his account and open another. His client lost her money—her bank refused to reimburse her. Since then, Jason has become far more careful about his email usage. "Whenever I'm writing anything, I operate on the assumption that a scammer will potentially read it," he said. "I'm sending fewer emails and making more phone calls these days. I never used to think much about identity theft. Now, I obsess over it."

Highlight (Yellow) | Location 1889

Here's what you should do starting now to help prevent identity theft: Guard your personal information like your life depended on it: Give out your Social Security number? Maybe, but always ask whether it is necessary in order to complete the transaction. If the company you're dealing with doesn't require it, don't give it. And never give it to a total stranger. Be less social on social media: Your friends don't care if you just left for a ten-day jaunt to Machu Picchu, or if you love the new $10,000 home entertainment system that just got delivered. But thieves care. They're scouring social media, monitoring when you're away from home, and compiling profiles on you to sell to others or to use themselves in an upcoming scam. As Adam Levin says, "Facebook and other social media sites can be an identity thief's El Dorado."10 Warn the young'uns (and the old'uns): Children give up a lot of information on social media, and thieves know it. Warn them about the dangers. Your elderly parents and grandparents are likewise easy targets. Alert them to common scams involving technology, and remind them that when they become Facebook friends with their grandchildren, they, too, need to be careful not to overshare.

One easy hint: Never ever put your year of birth out there, and don't assume that social media instant or direct messages are secure. Ditch the 12345678: You need stronger passwords than that. And you should be changing them every month. I know, this sucks, but there is a reason your company is making you do this, too! If it helps, get yourself a password generator. Two-factor it, baby: Passwords aren't enough. When possible, protect your accounts with two-factor authorization. It's like having a double dead bolt on your front door. It's like wearing two condoms instead of one. Yikes, you get the idea. Whip out the credit card: If you get scammed on your debit card, you might have to eat the loss. Credit card companies usually do the eatin'. Fortify the WiFi: The next time you find yourself in an airport terminal logging into a public WiFi system in order to check your bank balance or pay your bills, know that you're being absolutely ridiculous. Two words: secured networks only. I know, that was three words. Read before paying: I'm asking you to do the unthinkable and spend three minutes actually perusing your credit card statement before you click "Pay full balance" on the website. It's so easy to do—and even easier to forget to do. But how else are you going to know your account has been compromised? Here's another way: Have your financial institution notify you if a payment over a fixed amount has been authorized. Most institutions offer this service. Go in for your twelve-month checkup: What does getting a physical exam have to do with identity theft? Nothing—I'm talking about checking on your credit scores once a year, just to make sure Dmitri in Vladivostok didn't take out a car loan in your name to buy his new Buick. Best of all, it's free on annualcreditreport.com. Look, listen, and learn: Stay abreast of the latest scams and frauds. Aside from just keeping an eye out as you get your daily news fix, you could set up a Google news alert on the topic. And be sure to consult the IRS's "Dirty Dozen," its annual list of tax scams.

Highlight (Yellow) | Location 1927

After the Equifax fiasco, I have become a huge fan of freezing credit. You'll have to contact each of the three big credit reporting agencies to do this, but it prevents anyone from taking out credit in your name. If you later wish to obtain credit, you must formally ask to have the freeze removed. That can take a few days, so factor it in if you plan to shop for a house or car or take on new credit cards. That lag time is a bit of a drag, but most people could stand to wait a few days before establishing credit anyway. If you're buying a house, you could use that time to contemplate whether you really should buy instead of rent (wink, wink—see Chapter 5).

Highlight (Yellow) | Location 2187

One reason people fall into retirement funks and wind up spending too much early on is they become ensnared in black-and-white thinking. We tend to draw a bright red line between "work" and "retirement," regarding the two as completely distinct from one another. Under that schema, "work" denotes the period of your life when you have an income, "retirement" the period when you no longer draw a salary. Look a bit closer, and you find that there are shades or gradations of retirement. If you're a doctor, lawyer, or other professional and no longer can stomach the idea of putting in full-time hours, could you take on a younger partner and work part-time? If you're a professor, could you continue to teach a course or two per semester as an adjunct? If you work for a company or nonprofit, could you stay on board part-time or as a consultant? Many organizations are willing to consider more creative arrangements—they benefit from your experience, and they don't need to provide you with health or retirement benefits any longer. You get to stay engaged with your work and draw a partial paycheck, which in turn allows you to improve your quality of life either now or in the future. You still have the time you want to take your grandkids to their soccer games, take those once-in-a-lifetime trips, and so on.

Highlight (Yellow) | Location 2300

> How you behave around money with your kids matters. I am not a parent myself (which of course, makes me an expert!), but I frequently encounter smart people who emphasize financial matters too much in their parenting, saddling their kids with their own money issues. Some people, like Maria's dad, do it by counting pennies and making money part of even the smallest decisions. They lecture their kids about thrift, needle them, and cajole them. Others, like Maria, do it by spoiling their kids and failing to set reasonable limits around money. Still others fixate on what those around them have, constantly seeking to "keep up with the Joneses," expressing resentment when they don't, and pressuring their kids to succeed financially. In a variety of ways, parents grant money an unhealthy prominence in the household. They might think they're being good parents, but in truth they're spawning anxiety, insecurity, self-doubt, and other negative emotions in their children.

Highlight (Yellow) | Location 2390

> I was lucky as a child: Although my father had his ups and downs as a trader (including a pretty big down, as we've seen), he wasn't an especially anxious person, nor did he express anxiety about money around my sister and me. For years, he would return home at the end of each day and speak matter-of-factly about whether he'd made or lost money. He presented his financial performance like a sports score—up or down, win or lose. There was never much emotion of any kind attached to it. Moreover, my father was always clear about what we could or couldn't afford as a family, again without conveying emotions like fear, anger, resentment, or jealousy. The lesson I took away from all this was a healthy one: Sometimes you succeed with money, sometimes you don't. When you don't succeed, you might have to work hard to deal with the consequences, but you can do it. My dad didn't get everything right—not as a parent, and not as a manager of his own money. But he did model calmness and balance around financial affairs that positioned my sister and me to deal with money more rationally as adults. For that, I will always be grateful.

Highlight (Yellow) | Location 2458

> I never received an allowance, and the jury is out on whether or not it really matters. If you decide that you will provide allowances to your kids, start when they're six. Most experts agree that you shouldn't base an allowance on the performance of household chores, but rather on what you already spend on small, discretionary items your child likes but doesn't need (toys, treats, and so on). Make it clear that the amount you're giving replaces what you otherwise would have spent on such items. Encourage your kids to save 10 percent of their allowance by opening a savings account for them and explaining the concept of earning interest. To reinforce the savings habit, you might offer a "matching plan" for your child's savings: For every dollar your child saves, you'll put in twenty-five cents. Once your kids get into their teens, start to explain the concept of debt. In high school, talk about the cost of college, and about whether or how much the family plans to contribute toward it.3

Highlight (Yellow) | Location 2487

> The best approach when it comes to money (don't get me started about sex) is to discuss it in a thoughtful, measured, balanced way. Help your kids understand the basics, but don't disclose too much, don't allow your emotions to dictate what you say, and don't give money an outsized presence in the household so that it pops up in every conversation and influences every family decision. Control your speech and behavior around money,

> understanding tendencies of yours that might not be the healthiest, and correcting for them. Again, make sure to communicate in what you say and do that money isn't everything—that it's the means to an end, not the end itself.

Highlight (Yellow) | Location 2499

> As I tell people, the happiest clients I've had weren't the wealthiest. They were those who worked hard with an eye not toward accumulating wealth, but toward living meaningful, well-balanced lives. You can help your kids become happier by putting aside your issues and behaving mindfully around money.

Highlight (Yellow) | Location 2530

> Poor planning can cost you tens or even hundreds of thousands of dollars in unanticipated costs for your aging parents. If you haven't bothered to figure out how much care costs these days, you might be shocked. According to the Genworth 2017 Cost of Care Survey, assisted living residents pay a median cost of $3,750 a month, while private nursing home care costs $8,121 a month. If you need a home health aide, you're talking $21.50 an hour, or tens of thousands a year, not covered by health insurance. And these are median numbers—your actual costs might be higher.

Highlight (Yellow) | Location 3048

> Of all the off-the-hook stupid mistakes you can make with your money, failing to have a will is indisputably the worst. Not only can it result in massive financial losses for your loved ones, depending on the size of the estate, but it can also cause them any number of other hardships. Want to leave open the possibility that the people closest to you don't receive any money from your estate, while other, less deserving people do? Want to leave open the possibility that your minor children are improperly cared for after you're gone? Or that your loved ones have to sell heirloom property in order to pay estate taxes or settle other debts? Or that, like Eileen, they have to undergo terrible stress, anxiety, and hassle? Then by all means, don't get a will. Oh, and while you're at it, don't engage in any other form of end-of-life planning, either.

Highlight (Yellow) | Location 3216

> Make sure to compile all of the information and documents your next of kin will need to settle your estate. I've run through the list of these documents and pieces of information on my blog, but for the sake of convenience, here it is again. Get out a big file box, and pile the following inside: A master list of all bank accounts. A list of all user names and passwords for your financial accounts, social media, email, and so on. A list of your automatic bill-paying accounts, complete with name and contact information. A list of all safe-deposit boxes you maintain. Information pertaining to your 401(k) accounts, IRAs, and Roth IRAs. Pension information (if you're one of the lucky few to have a pension). Any annuity contracts as well as insurance contracts you have (life, car, home, long-term care, etc.). A detailed list of savings bonds (as well as copies of those bonds, if they still exist in physical form). Contact information for any brokerage accounts you have. Deeds to your properties and cemetery plots. Vehicle titles. Marriage license (or divorce papers). Military discharge information. Documents pertaining to any businesses you own or operate. Tax returns for the previous three years. Contact information (including names, addresses, and Social Security numbers) of anyone named in your legal documents, as well as of the attorneys and CPAs handling your estate.

Highlight (Yellow) | Location 3241

What if it’s not you who needs to plan your aging parents’ estate, but them? How do you start the conversation? A few years ago, when estate attorney Virginia Hammerle appeared on my radio show,5 I asked her what to do when you try and start a conversation and your parents brush it off. She told me you should stand down and not escalate the situation if you encounter resistance. Let some time pass—a few days, a week—and then try again. This might be hard to do, I know, but it’s vital to keep cool and stay on point. If your parents have not actually updated their estate plan, you can remind them that tax laws have changed and it may make sense to revisit the old documents with an attorney. If the original attorney is still around, great, but if not, offer to contact another who works in the same office. If you can’t get your parents to agree to plan their estate, try pointing to a friend’s or relative’s situation as an example to be avoided: “Remember my high school friend Sally? She has had her hands full taking care of her mother’s affairs. I guess her parents hadn’t updated their wills in, like, forty years!” Hammerle also suggests focusing initially “on an isolated issue, like titling of a bank account or making a beneficiary designation,” using that as a springboard to a broader discussion on family finances and estate planning. If you’ve made multiple attempts and your parents still stubbornly refuse to engage, leave it alone. After all, you still have to get through holidays with them.

Highlight (Yellow) | Location 3308

Experts have long cautioned against trying to time the market. As the financial journalist Jane Bryant Quinn observed, “The market timer’s Hall of Fame is an empty room.”1 In his book The Devil’s Financial Dictionary, Jason Zweig, the Wall Street Journal columnist, defines market timing as: “The attempt to avoid losing money in bear markets. The most common result, however, is to avoid making money in bull markets.”2 Yes, Jason, I know—oh, how I know! The problem is that so many smart people still don’t know this. In fact, when I pitched this book, one editor asked me, “Do you really need a whole chapter on market timing? Doesn’t everyone know it doesn’t work?” Um, no, they don’t. If we all knew it, we wouldn’t keep on doing it.

Highlight (Yellow) | Location 3396

It’s a good rule not to take investment advice from friends, relatives, or colleagues, however well-intentioned they might be. Unless these individuals possess special training or expertise, they probably don’t know what they’re talking about. While you’re at it, try not to blindly trust people you know in any situation where significant amounts of money are at stake. I’ve made costly mistakes by relying excessively on others, whether for personal finance advice or in business matters. Years ago, one such mistake led to regulatory issues for me and my firm that took years to resolve. The lesson I learned was to trust, but verify. You are entitled to ask uncomfortable questions, even of people to whom you feel close. Doing so might test your relationship, but it will save you a lot of money and heartache in the long run.

Highlight (Yellow) | Location 3449

When I speak with large investors, people investing hundreds of millions or billions of dollars of other people’s money, they tell me that they invest their own savings in passive index funds. The Nobel Prize–winning economist Richard Thaler has likewise said that his “…lazy strategy of doing very little, buying mostly stocks and then not paying attention has served [him] well.”10 If it works for him, and if it works for Warren Buffett, and if it works for Charley Ellis, and if it works for large, professional investors, it will work for you, too.

Ready to accelerate your learning from great books?

Read and listen like I do with a free trial to Kindle Unlimited or Audible — and help support the future of Coaching for Leaders: