

THE MONEY RIDE

A Passenger's Guide to Money, Investing & Wealth

WILLIAM K. BUSCH, CFP

What Others Are Saying...

“A wonderful financial tutorial which toggles nicely between a roller coaster metaphor and some cold, hard facts. Everyone should take the Money Ride.”

—Joseph Engelberg, Ph.D.
Assistant Professor of Finance
University of North Carolina

“A compelling explanation of how, throughout life, one can make better decisions about money... Without insulting our intelligence he makes certain that even the most elementary issues are understood... A most enjoyable and illuminating ride!”

—Richard Farson, author, psychologist
President, Western Behavioral Sciences Institute

“As economic cycles come and go this book will hold up as a primer for anyone who wants to understand the basics of wealth accumulation and preservation. *The Money Ride* enhances money intelligence and money behavior.”

—Vaughn Woods, CFP, MBA

“Much more than a how-to-balance-a-checkbook book, *The Money Ride* provides an excellent road map for developing a clear perspective on the key factors of life including, but not limited to, money.”

—Ed Blitz, CPA, author
The 10% Solution—Your Key to Financial Security

The Money Ride



A Passenger's Guide to Money & Wealth

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2010

KALA PUBLISHING
LA JOLLA, CALIFORNIA

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Printed in the United States of America

ISBN 978-0-9826393-0-6

Type design by Studio E Books, Santa Barbara, Calif.
www.studio-e-books.com

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Published by Kala Publishing
Post Office Box 1152
La Jolla, CA 92038
www.moneyride.com

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2. The Rules



The Grabbing Rules

From the time you enter through the \$tart door to the time you exit through the Fini\$h door you get to use and enjoy all the money you grab—“Grabbing Dollars.” How much you grab will depend upon these rules.

1. **If you don't graduate from high school.** You must keep your hands in your pockets and use only your teeth, elbows and knees to grab dollars.
2. **If you graduate from high school.** You are allowed to take your hands out of your pockets to grab more dollars.
3. **If you earn an AA degree or learn a marketable skill/trade.** You are given a small butterfly net to grab more dollars.
4. **If you earn a BA/BS degree.** You are given a medium-size butterfly net to grab still more dollars.
5. **If you earn a MA/MS degree.** You are given a large butterfly net to grab still more dollars.
6. **If you earn a PhD, MD or JD.** You are given a giant butterfly net to grab still more dollars.
7. **If you are a business owner.** You are given a giant butterfly net. You're also allowed to bring your employees on the ride with you and you get a bonus dollar for every dollar your employees grab.

As you study these Grabbing Rules you can see a connection between your opportunity to grab dollars and your level of formal education. It's as if you actually get paid to go to school.

"Can't be true," you say? Well it is true and there is data to prove it. Each year, the government keeps track of what everybody in the U.S. earns and spends...how they earn it and how they spend it.

The government data examine earning and spending in different ways, looking for trends and connections between the two. One of the connections is the relationship between a person's education level and their earnings. So, let's look at what the data tells us about the connection between earnings and education.

**U.S. Census Bureau
2007 American Community Survey
Median Earnings by Educational Attainment**

Education Level	Annual Wages	Career Total¹	Increase²
HS Dropout	\$18,402	\$736,080	
HS Diploma	\$26,827	\$1,073,080	\$337,000
AA Degree	\$34,041	\$1,361,640	\$288,560
BA/BS Degree	\$48,013	\$1,920,520	\$588,880
MA/PhD/JD/MD	\$64,078	\$2,563,120	\$642,600

¹ Career time span, 40 years

² Earnings increase over prior education level

Now that you've seen the data supporting the connection between education and income, let's go back to the question, Do you actually get paid to go to school?

We essentially get paid for the time we are in school the same way that professional athletes and CEOs of large corporations receive some of their pay...it's called "*deferred income*."

Deferred income is pay you receive at some point in the future after you have done the work according to some acceptable standard. The government data simply verifies that you really do get paid at some point in the future for every minute you spend educating yourself.



Passenger Tips & Tools #2

Do you know someone who is thinking about dropping out of high school or who actually has dropped out of high school? Well, if you do, go to that person and tell them you that you know someone who will pay them \$300,000 if they will just hang in there and get their high school diploma.

U.S. Government data show that assuming a 40-year working career, a person with a high school diploma will earn an average of approximately \$300,000 more than a high school dropout.

Your Work I.Q.

From the government data, you can see the direct relationship between formal education and income in our society. On the Money Ride this is called your “Work I.Q.”

Your Work I.Q. is all of the education, job skills and personal skills you acquire that enable you to earn an income.

Be aware that the government data are based on averages, which can be deceiving. This means that on the Money Ride, your level of formal education is not an accurate predictor of income, unless you are content to just be average. The passengers who maximize their education/income potential on the Money Ride know that you don't really get paid the big dollars for just showing up at school.

You really get paid to acquire knowledge and skills which are marketable—knowledge and skills which employers and customers need or want and will pay for. This means that your Work I.Q. is really your *work product*, consisting of your education, technical skills and personal attributes which enable you to be a productive worker.

Education and technical skills, as they relate to a particular job, are easy to define. Personal skills, on the other hand, are more general in their application and are important in all types of work. Personal skills consist of two basic aspects: people skills and work ethic.

Your people skills enable you to interact with your superiors,

fellow workers and customers in a positive manner. On the Money Ride, no matter how smart or well trained you are, you will never reach your full grabbing potential without people skills.

Your work ethic defines what kind of worker you are—it is your attitude and approach to your work. The stronger your work ethic is, the more reliable and productive a worker you will be.

How much you can sell your work product for depends upon the demand for it and your competition. The better paying the job, the more competition you will face.

You will compete for jobs against your fellow passengers, initially based upon your education, technical skills and work experience. When these fail to give you a competitive advantage, your personal attributes may mean the difference. In these cases, your work ethic will help set you apart from your competition.



Passenger Tips & Tools #3

What kind of worker are you?

Business owners know that when it comes to hiring workers...“Good people are hard to find.”

If you want to be a worker in demand, be the kind of worker you would hire if you were a business owner.

Here are three simple but important things you need to do to make the most of your value to a business:

1. Be on time
2. Do what you say you are going to do.
3. Communicate clearly in spoken and written word.

As a passenger, you can only optimize your grabbing opportunity if your Work I.Q. has purpose and focus. To find your purpose and focus, explore different possibilities to discover what you're interested in, what's important to you, what you like or dislike and what you're good at.

Like most passengers on the Money Ride, you will likely have many different jobs during your turn. It may take a lot of job sam-

pling before you find the field or job that best suits you. Don't be afraid to try new job experiences—they are an important part of developing your Work I.Q.

Thanks to technology, you will have many job and career opportunities to choose from on the Money Ride. New industries emerge every year, needing educated workers with versatile skills. Be bold, conscientious, enthusiastic, determined and persistent in your pursuit.

As your Work I.Q. and productivity continue to grow, you will always be in demand. Remember that if you have purpose and focus, the more you learn...the more you earn.



Your Money I.Q.

No matter how developed your Work I.Q. is, it will only take you so far on the Money Ride.

If you really want to enjoy a successful financial life, you need to realize that your income is only the raw material of financial success.

The key to making the most of your turn on the Money Ride will be your ability to create wealth by dynamically deploying the income that you grab. This will require a type of intelligence which is different from your Work I.Q.—your “Money I.Q.”

While there is a direct connection between Work I.Q. and income, there is no such connection between Work I.Q. and wealth.

The amount of wealth you acquire during your turn on the Money Ride will therefore be determined by your Money I.Q., rather than by your Work I.Q.

Your Money I.Q. consists of two basic parts:

1. Your knowledge and understanding of how money works.
2. Your ability to successfully apply that knowledge to a lifetime of money choices and decisions.

Both of these important parts are covered in the sections which follow. Keep reading and by the time your turn on the Money Ride begins, you'll have a strong foundation of money knowledge to help you make the most of the opportunities to turn your Grabbing Dollars into wealth.

3. Money Dynamics

