

**Table of Contents**

- [Section One](#)
- [Section Two](#)
- [Section Three](#)
- [Section Four](#)

## Section One—Welcome to the jungle: the journey begins with this first step

---

### Action items

- Read [Ralph Waldo Emerson's essay on self-reliance](#)
- Research Tony's mastermind group—[Platinum Partners](#)—which supports his foundation.

### Overview

I'm including Marc Benioff's intro here because it's better than most of section one. At Oracle, Marc was the youngest VP at 25 years old making over \$1M a year and driving a Ferrari. But he still felt empty. His life changed when he attended Tony's weekend seminar: *Unleash the Power Within*. Then, he founded Salesforce. The "V2MOM" framework he created at Salesforce was built on Tony's questions:

1. What do I really want? (**V**ision)
2. What is important about it? (**V**alues)
3. How will I get it? (**M**ethods)
4. What is preventing me from having it? (**O**bstacles)
5. How will I know I am successful (**M**easurements)

After the intro, Tony writes about how most Americans are fucked because we don't save or invest enough, and the whole reason we work so hard is to obtain a set of feelings that are underpinned by one or more of six human needs.

### Quotes

- "The future has many names. For the weak, it's unattainable. For the fearful, it's unknown. For the bold, it's ideal." —[Victor Hugo](#)
- "To avoid criticism, say nothing, do nothing, be nothing." —[Aristotle](#)
- "The real joy in life comes from finding your true purpose and aligning it with what you do every single day."
- "Money is a good servant but a bad master." —[Sir Francis Bacon](#)
- "A moment's insight is sometimes worth a life's experience." —[Oliver Wendell Holmes, Sr.](#)
- "There is no friend as loyal as a book." —[Ernest Hemingway](#)
- "There is a time in every man's education when he arrives at the conviction that envy is ignorance; that imitation is suicide; that he must take himself for better, for worse, as his portion." —[Ralph Waldo Emerson](#)
- "Remember this: anticipation is the ultimate power."
- "Complexity is the enemy of execution."
- "Repetition is the mother of skill." —[Jim Rohn!](#)
- "I don't believe that people are looking for the meaning of life as much as they are looking for the experience of being alive." —[Joseph Campbell](#) (the guy who coined "*Follow your bliss*")
- "Before you speak, listen. Before you write, think. Before you spend, earn. Before you invest, investigate. Before you criticize, wait. Before you pray, forgive. Before you quit, try. Before you retire, save. Before you die, give." —[William A Ward](#)
- "Execution will trump knowledge every day of the week."

### Notes

- Benioff considers creating the Salesforce Foundation the “best decision I ever made”.
- Tony has a nonprofit called [Swipeout](#) aimed to 1) provide meals, 2) provide clean water, and 3) free children and adults from slavery (he also references: [FeedingAmerica.org](#))
- Humans often sacrifice things more important than money, to get money: health, time, family, integrity, self-worth.
- The secret to wealth is simple: find a way to do more for others than anyone else does. Become more valuable. Do more. Give more. Be more. Serve more.
- Success leaves clues. People who success at the highest level are not lucky: **they’re doing something differently than everyone else does.**
- What’s Tony’s passion/desire? Helping people create real breakthroughs in their relationships, their emotions, their health, their careers, and their finances.
- **Tony’s self-education:** “Over seven years I read more than 700 books to find the answers to help myself and others. Books on psychology, time management, history, philosophy, physiology.”
- Tony credits Napoleon Hill’s *Think and Grow Rich* as one of his favorite books.
- Ray Dalio, founder of Bridgewater Associates—world’s largest hedge fund at \$160B—yielded 21% per year since 1991 (before fees)
  - Ray is constantly trying to figure out *What don’t I know?*
- Tony plugs Portfolio Checkup for free diagnostics: [www.portfoliocheckup.com](http://www.portfoliocheckup.com)
- Tony’s nonprofit feeds 4M/year and 42M all-time
  - Giving—especially when you have nothing—teaches your brain that there is more than enough. You can leave scarcity behind and move toward a world of abundance.
- On longevity and needing your money to last: there’s a 50% chance at least one spouse will live to the age of 92, and a 25% chance that one of you will live to 97. This is a fuckton of time.
  - 50 years ago, retirement was 12 years. Today its 20-30 years, or 2-3x longer.
- **On Americans being fucked:**
  - 1) Their #1 fear is outliving their savings (Mass Mutual survey)
  - 2) 75% of Americans can expect to see their assets disappear before they die (E&Y)
  - 3) Average social security benefit is \$1,294 per month
  - 4) 48% of working Americans haven’t even calculated how much they’ll need (EBRI)
  - 5) 53% of Americans are “at-risk” of retirement \$ not supporting their standard of living
  - 6) 60% of working Americans have less than \$25k saved up for retirement
  - 7) The average American household spends \$1,000 a year on lotteries.
- The more money you earn, the more likely you are to keep working: nearly 50% of individuals earning \$750k or greater say they will never retire
- Today 60 million Americans have 401(k) plans totaling over \$3.5 trillion
- Interesting thought exercise from **Dan Ariely**: “I think that if we understood our cognitive limitations in the same way that we understand our physical limitations, even though they don’t stare us in the face the same way, we could design a better world.”
- **Compound interest** is such a powerful tool that Albert Einstein once called it the most important invention in all human history.
- **In other words:** If you aren’t saving—every year—in interest/growth-bearing investments, you are literally robbing your future self of millions by neglecting compound interest.

- Stories of people who had \$50-100M+ net worth and went bankrupt: Curt Shilling, Kim Basinger, Francis Ford Coppola, Michael Jackson, Mike Tyson
- To save effectively, it must be automatic.
- Sir John Templeton shares that **you find [investing] bargains at the point of maximum pessimism**. On the onset of WWII, Templeton bought 100 shares of every company trading under \$1 on the NYSE in 1939 which totaled \$10,000. After WWII ended in 1945 his shares exploded into a multibillion-dollar portfolio.
- When Tony was 17 he saved his money working nights as a janitor and went out on Thanksgiving and fed two families. It was one of the most moving experiences of my life. The next year, he fed four families. Today his foundation feeds 2 million people every year in 36 countries through his International Basket Brigades.
- What you're really after is what you think money is going to give you. Ultimately, it's a set of feelings. And beneath feelings are needs.
- Interesting take on Maslow: "Whatever emotion you're after, whatever vehicle you pursue—building a business, getting married, raising a family, traveling the world—whatever you think your nirvana is, I have found it's only an attempt by your brain to meet one or more of six human needs:
  - 1) Certainty/Comfort
  - 2) Uncertainty/Variety
  - 3) Significance
  - 4) Love and Connection
  - 5) Growth
  - 6) Contribution
- Life is really about creating meaning. And meaning does not come from what you get, it comes from what you give. Ultimately, what you get will never make you happy long term. But who you become and what you contribute will.

## Section Two—Become the insider: know the rules before you get in the game

---

### Action items

- Watch Keith Cunningham video on [entrepreneurship](#) (Tony reps this guy hard)
- Research structured notes in Canadian banks

### Overview

The entire financial industry is the bogeyman out to get you. High fees, conflicted interests, and poor performance are rampant throughout this complex, immoral shit show.

### Quotes

- "Remember the golden rule: he who has the gold makes the rules."
- "You have to learn the rules of the game, and then you have to play better than anyone else."  
—Albert Einstein
- "Risk comes from not knowing what you're doing." —Warren Buffett

- “To have unconventional success, you can’t be guided by conventional wisdom.” —[David Swensen](#) (elite institutional investor in charge of Yale’s \$25B endowment)

## Notes

- There are 7,707 different mutual funds in the US, but only 4,900 individual stocks. Ridiculous.
- **96% of mutual funds will fail to match or beat the market** over time. Also ridiculous.
- From 1993 to 2013, the S&P returned 9.28% annually, while mutual funds returned 2.54%.
- Jack Bogle: “Maximum diversification, minimal cost, maximum tax efficiency, low turnover, no sales load” = what he built Vanguard upon. Also, “Don’t do something, just stand there.”
- The average cost of owning a mutual fund in 3.17% per year. Absurdly expensive.
  - Excessive fees can **ERODE YOUR NEST EGG by 50-70%** over 20-30 years.
  - Expense ratio: 1.31%
  - Transaction fees: 1.44%
  - Plan admin fees: 1.13%
  - Cash drag: 0.83%
- Robert Hiltonsmith’s report *The Retirement Savings Dream: The Hidden and Excessive Costs of 401(k)s* reveals that the average worker will lose \$154k in 401k fees over their lifetime (based on a \$30k income which is unrealistically low). At \$90k wages, you’d lose \$277k. FUCK.
- Tony plugs: [www.personalfund.com](http://www.personalfund.com) to figure out what you’re really paying in your mutual fund portfolio
- 401k plan administrators charge 1.3-1.5% per year on average. What?!
- Fuck brokers. They are a dying breed. Try to find a fiduciary and pay 1% or less. The fee can also be tax deductible.
- “Average returns” are bullshit. Take the 4-year example: up 50%, down 50%, up 50%, down 50%. The real return is -43.75%, but the “average” is 0%. Numbers lie.
- Dollar-weighted returns: what you actually get
- Time-weighted returns: what fuels their bullshit marketing (subtract 3%)
- Tony plugs Moneychimp: [www.moneychimp.com/calculator/discount\\_rate\\_calculator.htm](http://www.moneychimp.com/calculator/discount_rate_calculator.htm) as a resource to show you what the actual return is



- 49% of manager owned **NO SHARES IN THE FUND THEY MANAGE.**
- Reference: In 1940 former trader Fred Schwed Jr. wrote *Where are the customers' yachts? A good hard look at Wall Street.*
- "Your broker is not your friend," David Swensen reminds us.
- The gold standard: a FIDUCIARY relationship. "Butcher vs. dietician" metaphor.
- 46% of financial advisors have no retirement plan. This is shocking.
- Tony plugs Peter Mallouk's firm, Creative Planning aimed to create a "family office for all"
- Tony plugs [www.PortfolioCheckUp.com](http://www.PortfolioCheckUp.com) for free analysis on fees and risk. This is likely a massive lead gen source for the company. It's worth mentioning that Tony is financially incentivized to push people to Creative Planning so he's breaking his own impartiality rule re: brokers.
- Question to assess/find a fiduciary: **Are you affiliated with a broker dealer?**
  - Make sure they have a 3rd party custodian like Schwab, TD, Fidelity, etc.
- Tony mentions [Keith Cunningham](#) as a "dear friend and business mastermind".
- John Shoven, professor of economics at Stanford offers sobering advice, "Tony, you can't save 3% of your income for 30 years and expect to live another 30 in retirement with the same income you had when you were working."
- 67% of 401k participants think there are no fees
- Tony plugs: [www.ShowMeTheFees.com](http://www.ShowMeTheFees.com) to compare 401k plan fees
- Roth is likely the way to go, unless you expect taxes to decrease during your lifetime which is quite hard to envision given rampant government spending. Maybe Trump will change that.
- P.154 - Tony plugs: [www.LoansQuickly.com](http://www.LoansQuickly.com) for a fair and quick capital source.
- Taxes are likely going up given the current level of government spending. Therefore, roth 401k makes even more sense
- "Target date funds" are a joke. Avoid them. Like the plague.
- The lobbying arm for the mutual fund industry is called the **Investment Company Institute.**
- **Asset allocation is the single most important skill of a successful investor.**
- Annuities have a bad rap. Variable annuities are invariably bad. You can 1035 exchange your way out of a bad annuity, but you may risk the surrender fees and losing the death benefit.

- Billionaires find asymmetric risk/reward opportunities. Example: Richard Branson essentially borrowing his first 5 planes that he'd return if business didn't do well, i.e. he capped his downside, but had nearly unlimited upside.
- Hedge fund manager (and friend of Tony's) Kyle Bass turned \$30M into \$2B in two years by shorting the housing bubble. It's unclear how he did it, but he only risked 3 cents for every dollar of upside. Conversely, swinging for the fences with now downside protection spells disaster.
- Interesting securities:
  - Structured notes with a strong bank are one of the best financial instruments there are.
  - Market-linked CDs: FDIC insured, upside potential, downside protection
  - Fixed Indexed Annuities: 100% principal protection. All gains are tax deferred.
- Tony believes that you can have you cake and eat it too. Sometimes people get jaded by the choppy waters. This tendency is called "learned helplessness". You get what you tolerate.
- Recap
  - Nobody beats the market
  - Stock-picking mutual funds charge over 3% on average!
  - Fiduciaries are the way to go if you want a financial advisor
  -

## Section Three—What's the price of your dreams? Make the game winnable.

---

### Action items

- Download app: [tonyrobbins.com/masterthegame](http://tonyrobbins.com/masterthegame)
- Calculate your income needed for all 5 levels, starting with security (which is around \$80k/yr)
- Emergency fund: Put 6 months of cash in a safety deposit box (~\$18k)
- Start a Roth IRA or Roth 401k
- Mortgage: Prepay the next month's principle (a 2nd check) to accelerate pay down and reduce interest expense
- Save \$ through [Upromise.com](http://Upromise.com) for cash back on spending?
- Identify 3 expenses to cut or reduce + dollars saved and add to Q3 goals
- Research a proper fiduciary and accountant for the tax year 2017

### Quotes

- "The truth is, you'll never make it happen until it sinks into your subconscious—the part of your mind so powerful that it makes your heart beat 100,000 times a day without your ever having to think about it."
- "And always remember the ultimate truth: life is not about money, it's about emotion. The real goal is to have the lifestyle you want, not the things."
- "What makes most people just dreamers versus those who live the dream is that dreamers have never figured out the price of their dreams."
- "The day you stop racing is the day you win the race." - Bob Marley
- "The only person you should try to be better than is the person you were yesterday."
- "Kites rise highest against the wind, not with it." - Winston Churchill
- "If you wish to become great, learn to become the servant of many." - Bible

- “Life is like a bicycle. To keep your balance, you must keep moving.” - Albert Einstein

## Notes

- How much will you need to be financially secure, independent or free?
  - 35: \$5M, 40: \$50M, 45: \$100M, 55: \$250M
- Refresher on 6 basic needs (Maslow-esque): Certainty, Uncertainty/Variety, Significance, Connection/Love, Growth, and Contribution
  - If want the money to satisfy your need for “Significance” you will never have enough because “Significance” is always comparing yourself with someone else, i.e. **if you make Significance your #1 need you will never be fulfilled**
- Uncertainty with regards to financials is a curse because we default to doing nothing or procrastinating
- Dream Bucket: Tony bought a piece of a little backpacker resort with 125 acres on the island. Over time he built it into “Namale” the #1 resort in Fiji with 3 miles of coastline and 500 acres of land. This is his Shangri-La.
- The cost of your wildest dreams is often way LOWER than you think, i.e. probably around \$10M.
- People talk a “million” and a “billion” in the same breath, but they are worlds apart. For example, a million seconds ago = 12 days. A *billion* seconds ago = 32 years.
- More than 50% of Americans haven’t calculated how much money they’ll need to retire because they are afraid to know
- There are 5 levels of attainment for your Financial Dreams:

Financial Dream Level	Annual Cost	Total Cost (x 20)
Financial security	\$36,000	\$720,000
Financial vitality	\$45,000	\$900,000
Financial independence	\$80,000	\$1,600,000
Financial freedom	\$200,000	\$4,000,000
Absolute financial freedom	\$600,000	\$12,000,000

- 40% of Americans couldn’t come up with \$2,000 if they needed to (hence: create emergency fund)
- Based on tens of thousands of interviews, achieving your wildest dreams comes down to 3 steps:
  - 1) Obsession: Unleash your hunger and desire, and awaken laser-like focus
  - 2) Action: You take massive and effective action
  - 3) Grace: The acknowledgement that there’s more in this world than just ourselves
- Be honest with yourself. When it comes to money, the only one you fool is yourself if you're not brutally honest with reality.
- Remember it's not conditions but DECISIONS that determine our lives. Disappointment can drive us, or defeat us.



- Moment: at 30 years old Tony's eyes were opened to unlimited possibilities on Peter Guber's yacht.
- Create Failure Inc?
  - There are SO many people emulating and analyzing Success. How many people are reporting on failure - both tactically and emotionally?
- Be an architect of your life's experiences
- Interest expenses account for 34% of Americans' take home pay
- Unnecessary expenses: example of buying water (\$1,800/yr) which equates to \$503k over 40 years at 8%
- Power of compounding

## MONEY: MASTER THE GAME

259

### THE EARLIER YOUR START, THE BIGGER YOUR NEST EGG

(Assumes 10% Annual Rate of Return)

DAILY INVESTMENT	MONTHLY INVESTMENT	10 YEARS	20 YEARS	30 YEARS	40 YEARS	50 YEARS
\$5	\$150	\$30,727	\$113,905	\$339,073	\$948,612	\$2,598,659
\$10	\$300	\$61,453	\$227,811	\$678,146	\$1,897,224	\$5,197,317
\$15	\$450	\$92,180	\$341,716	\$1,017,220	\$2,845,836	\$7,795,976
\$20	\$600	\$122,907	\$455,621	\$1,356,293	\$3,794,448	\$10,394,634
\$30	\$900	\$184,360	\$683,432	\$2,034,439	\$5,691,672	\$15,591,952
\$40	\$1,200	\$245,814	\$911,243	\$2,712,586	\$7,588,895	\$20,789,269
\$50	\$1,500	\$307,267	\$1,139,053	\$3,390,732	\$9,486,119	\$25,986,586

- Identify 3 expenses to cut or reduce
- The power of pain to motivate. Anger channeled into effort and optimism.

- Life defining moment: Tony helps real estate family friend Jim Hannah move stuff. Asks him about life improvement: Jim tells him about Jim Rohn seminar (\$35)
- Learn to work harder on yourself than you do on your job. How are you INVESTING in yourself... time? Money?
- Tony made his first real estate investment in 1980 (mortgage rate was 18%!). He would have been around 20 years old, so quite young
- A shocking 72% of lifetime income is going to 1) taxes, and 2) interest payments.
  - Taxes alone will take 54% of your life's income
- David Swensen - 3 things that matter:
  - 1) asset allocation
  - 2) Diversification
  - 3) tax efficiency
- Focus on tax free (Roth) and tax deferred investments (401k, IRA)
- Asymmetric returns: Kyle Bass shorter credit default swaps in 2008 (risked 3 cents to make a dollar)
  - Paul Tudor Jones looks for 5x return on risk
- 15% return will double every 4.8 years
- p.287 - interesting senior living investment that sounds like it's structured like a preferred partnership
- Also: REITs are good for RE exposure and also First Trust Deed Loan
- Do you have the courage to explore a better lifestyle in Bali, Fiji, Uruguay, or Costa Rica where you can have a tremendous lifestyle and spend 60-80% less money?

## Section Four—Make the most important investment decision of your life.

---

### Action items

- Invest 10% of your portfolio in market-linked CDs (Ch. 2.8 for recap on mechanics) for the “Security” portion of portfolio
- In addition to your quarterly goals and 1, 3, 5 and 10 year goals, **you need to write out WHY you must achieve them or experience them**
- Gratitude: how can you incorporate gratitude into your recurring activities? It's important to realize how lucky you are and all the wealth you already possess: family, love, joy, opportunities, health, and friends.
- Schedule an annual calendar invite to rebalance your portfolio.

### Quotes

- “Diversification is the only free lunch.” - David Swensen quoting [Harry Markowitz](#)
- “When you cease to dream, you cease to live.” - Malcolm Forbes
- “If you want to take the island, you have to burn your boats.”
- “The secret to wealth is gratitude.” - Sir John Templeton

## Notes

- p. 311 - “structured notes” are a fantastic investment, e.g. JP Morgan has a 7-year structured note with 100% downside protection, plus it gives you 90% of the upside gain of the S&P500
  - The Canadian banks, like the Royal Bank of Canada, also come highly recommended due to safety, i.e. during the Great Depression and Recession not a single bank failed
- p. 322 - the conventional wisdom of today suggests interest rates are at all time lows and will likely rise and hurt bonds. . . but everyone knows this already, so consider adding a low cost, low-fee Vanguard bond index fund to your portfolio
- If you feel inclined to play the market and day-trade, cap it at 5% of your overall portfolio
- **David Swensen’s Recommended Allocation (all in index funds)**
  - Domestic stocks: 20% (buy: Wilshire 5000 Total Mkt TR USD)
  - International stocks: 20% (buy: MSCI ACWI Ex USA GR USD)
  - REITs: 20% (buy: FTSE NARIET All REITs TR)
  - Long-term US treasuries: 15% (buy: Barclays US Long Credit TR USD)
  - TIPS: 15% (buy: Barclays US Treasury US TIPS TR USD)
  - Emerging stock markets: 10% (buy: MSCI EM PR USD)
- A Dream Bucket is a pocket of money designed for today, not tomorrow. You can think of this money for use on *Strategic Splurges*, e.g. two new suits! Hawaii vacation, etc.
- Tony bought his mom a house in Huntington Beach
- He also committed to ~100 5th graders in houston that he would pay for college if they kept good grades, didn’t get pregnant and stayed out of jail.
- Grace comes when you commit to doing something that will serve more than just yourself. When you give your all, the rewards are infinite.
- The key to creating wealth is to **unleash your creativity** and find a way to do more for others than anyone else is doing.
- Tony has created a Mastermind Group called **Platinum Partners**, an exclusive group of his clients who he works with 3-4 times a year in intimate, intensive sessions to transform their relationships, businesses, and finances. “Anticipation is the ultimate power.”
  - Paul Tudor Jones tipped Tony off about the 2008 financial crisis. The best opportunities come in times of maximum pessimism.
  - Tony actually tweeted about the market bottoming on 3/2/09 and the market bottomed on 3/9/09. Ridiculously powerful information obtained through his access the best at what they do.
- 

**Section Five**—Upside without the downside: Create a lifetime income plan

---

## Action items

- Make a point to read some of Ray Dalio’s [Daily Observations](#) for insights.
- Video: Ray Dalio & Charlie Rose on 60 minutes, and [How the Economic Machine Works—In Thirty Minutes](#)
- DONE. Watch Video: Ray Dalio’s [How the Economic Machine Works—In Thirty Minutes](#)

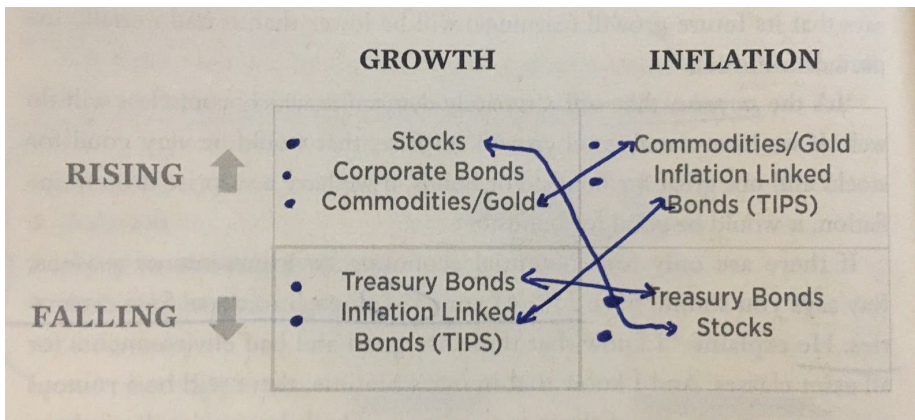
- Research [www.LifetimeIncome.com](http://www.LifetimeIncome.com) (annuity education, compliments of Advisors Excel)
- Bookmark and research [www.tiaa-cref.org/public](http://www.tiaa-cref.org/public) to understand what they offer in terms of a PPLI for non-accredited.
- You also need to eventually create a living revocable trust (so assets avoid probate)
  - It's easy: visit //getyourshittogether.com
  - Or, us LegalZoom to create a living trust

## Quotes

- “The secret of all victory lies in the organization of the nonobvious.” - Marcus Aurelius

## Notes

- The story of Ray Dalio and his obsession to prepare for anything, especially after Nixon took the USD off the gold standard in 1971 (which set the stage for the oil shock and inflation).
- Ray Dalio's approach requires “radical openness, radical truth, and radical transparency.”
- The **Power of Questions**: Are you aware of what you focus on most? Your primary question in life? Whatever it is, it will shape, mold and direct your life.
- Ray Dalio: stocks are three times more risky (aka volatile) than bonds. By having a 50-50 portfolio, you really have more like 95% of your risk in stocks.
  - I.e. this conventional approach to diversifying investments isn't diversifying at all
  - There is a season for every investment in which it flourishes (very Jim Rohn)
- In the six years leading up to 2007, more home loans were issued than in the entire history of home loans.
- Ray Dalio on *The Only 4 Things that Move the Price of Assets*
  - Inflation
  - Deflation
  - Rising economic growth
  - Declining economic growth
  - Take all of these and compare reality to *expectations*
- So Dalio's approach is to have 25% of your risk in each of these four categories



- Ray Dalio All Seasons Portfolio
  - 40% long-term bonds (20-25yr treasuries)
  - 30% stocks (S&P index)
  - 15% intermediate bonds (7-10yr treasuries)

- 7.5% in gold
- 7.5% in commodities
- For folks who are skeptical about the current low-rate environment, remember that **the Fed kept long rates below 3% for 22 years from 1934 to 1956!**
- What is the #1 outcome after a life of successful investing: **INCOME, INCOME, INCOME**
- Life expectancy: Male - 79, Female - 81. A married couple has a 25% chance that one spouse will live until 97 years old.
- On knowing market returns: the market doesn't give you *average* returns, it gives you *actual* returns that work out to an average. These two things are very different.
- Wharton professor Dr. David Babbel (also at Berkeley) bucks the trend: annuities are good!?
- David Stone, founder of disruptive annuity solution ARIA Retire One.
  - ARIA requires a fiduciary like Creative Planning
- 3 types of deferred annuities
  - Deferred income annuity = good option for income later in life
  - Fixed indexed annuity (FIA)
    - i. **Tax deferred growth**
    - ii. Can't lose money
    - iii. Can be linked to multiple indices, even commodity indices
    - iv. Buy one at age 40
    - v. Income you get is determined by 1) \$ you contribute, 2) length of time before you draw, 3) your age at the time of income draw
    - vi. Income is taxed as ordinary income upon withdrawal. . . **unless you own the FIA within a Roth IRA in which case there will be no tax on either the gains or the lifetime income stream**
  - Hybrid "Contingent" Annuity
- Avoid at all costs: VARIABLE ANNUITIES = garbage
- Tony does an annual financial event in Sun Valley, Idaho = you should go.
- Advisors Excel: innovative annuity products served to top-tier financial advisors
  - Built: [www.LifetimeIncome.com](http://www.LifetimeIncome.com)
- The "Rich Man's Roth" is known as a **Private Placement Life Insurance (PPLI)**:
  - Unlimited deposit amounts (w/ no income limitations)
  - No tax on the growth of investments
  - No tax when accessed (if structured correctly)
  - Any money left over for your heirs cannot be taxed
- TIAA-CREF has attempted to reproduce the PPLI for the non-accredited. You can research more about it at [www.tiaa-cref.org/public](http://www.tiaa-cref.org/public)
- You also need to eventually create a living revocable trust (so assets avoid probate)
  - It's easy: visit //getyourshitttogether.com
  - Or, LegalZoom: create a living trust

## Section Six—Invest like the .001%: the billionaire's playbook

---

### Overview

- In this jaw-dropping chapter, Tony interviews 11 billionaires to understand how they think and how they approach investing.

## Quotes

- “The most important thing for me is that defense is ten times more important than offense.” - Paul Tudor Jones
- “To whom much is given, much is expected.”
- “History may not repeat itself, but it rhymes.” - Mark Twain
- “You don’t need to go to business school; you’ve only got to remember two things. This first is, you always want to be with whatever the predominant trend is.” - Paul Tudor Jones
- “One of my [life] goals is to give away \$1 billion before I die.” - T. Boone Pickens
- “To overcome fear, the best thing is to be overwhelmingly grateful. If you wake up each morning and think of five new things for which you’re grateful, you’re not likely to be fearful, you’re likely to radiate optimism.”

## Notes

- Tony introduced Carl Icahn and Jack Bogle. . . so awesome
- The most successful investors are
  - 1) laser focused on protecting their downside
  - 2) Look for to risk a little to make a lot (asymmetric risk/reward opportunities)
  - 3) Diversify; be confident enough to make decisions based on limited information
  - 4) You’re never done learning, earning, growing, giving
    - i. The best never lose their hunger—the force that unleashes human genius
- **Carl Icahn: “Master of the Universe”**
  - He’s achieved 31% over 45 years (1968-2013); his net worth is \$23B+
  - His tweet that Apple was undervalued sent the stock soaring 19 points (\$17B)
  - His obsession: stop of the abuse of shareholders by improving corporate governance and accountability
  - Carl has taken on Coca-Cola, US Steel, Clorox, eBay, Dell and Yahoo - and many more
  - Segment mentions **David Winters** (Wintergreen Advisors) who was leading the charge against Coke’s mgmt
  - Carl owns 88% of his company, Icahn Enterprise (public company)
  - He grew up “in the streets” of [Far Rockaway, New York](#) in Queens near JFK
  - Majored in philosophy at Princeton, funded by poker winnings
  - Wife: Gail, of 18 years
  - When he was a beach boy at a club in the Rockaways, he read 3 books on poker and used to win \$2,000 a summer (like \$50k today)
  - Market crashed in 1962 and he lost everything
  - Borrowed money to buy a seat on the stock exchange; started making \$1.5-2M/yr
  - Suggestions for reform: 1) get rid of poison pills, 2) get rid of staggered board elections
  - At his son Brett’s suggestions he went BIG into Netflix (10%) and made \$2B in 2 years
  - Great story about Carl and [Reed Hastings](#) (Netflix Co-Founder, CEO) avoiding a proxy fight because of the “Icahn rule”: anybody who makes me \$800M in 3 months, I don’t punch them in the mouth.”

- Philanthropy: signed the Giving Pledge, and also donated \$30M to charter schools because he likes that the principal and teachers are accountable
- **David Swensen: “A \$23.9 billion labor of love”**
  - Not a great interview—very vanilla. His asset allocation, previously listed, is amazing.
- **John Bogle: “The vanguard of investing”**
  - At first his index funds were mocked as “Bogle’s Folly” and a competitor called the idea un-American; US index funds now represent more than 1/3 of all equity mutual fund investments
  - Active management will typically cost you 2% for the average mutual fund
    - i. Over 50 years that will cost you 70% of the reward
  - His biggest concern: government debt, i.e. \$4 trillion in reserves, with about \$3 trillion having been acquired in the last 7 years. This has to be unwound, but it's not clear to anybody exactly how that's going to happen
  - Bogle reads books on staying the course when the market is down to calm his emotions
  - Jack's obsession: “my mission is to give investors a fair shake.”
  - Jack's portfolio
    - i. 60% stocks (index funds)
    - ii. 20% bonds (Vanguard's Total Bond Market Index Fund)
    - iii. 20% muni bonds (14% Vanguard Intermediate-Term Tax-Exempt Fund, 7% Vanguard Limited-Term Tax-Exempt Fund)
    - iv. This portfolio was down only 17% in 2008 (S&P was down 37%+)
- **Warren Buffett: “The Oracle of Omaha”**
  - Buffett is also a fan of index funds
  - This wasn't much of an interview
- **Paul Tudor Jones: “A modern day Robin Hood”**
  - “You don't need to go to business school; you've only got to remember two things. This first is, you always want to be with whatever the predominant trend is.” - Paul Tudor Jones
  - My metric for everything I look at is the 200-day moving average for closing prices.
    - i. Get out of anything that falls below the 200-day moving average
  - PTJ looks for asymmetric risk/return opportunities with a 5:1 ratio, e.g. risk \$1 to make \$5
  - You have to be able to “withstand the pain of gain”
- **Mary Callahan Erdoes: “The trillion dollar woman”**
  - CEO of JP Morgan Asset Mgmt Division: \$2.5 trillion; she might succeed Jamie Dimon
    - i. 47 years old; her group has 260,000 employees
  - Her colleagues describe her as loyal, team-oriented, and caring.
    - i. “She saw more in me than I saw in myself”
  - Mary focused on: “ensuring that you're doing as much as you can every day and giving it your all. You can never be out of balance in taking care of yourself as a person, your work, your family, your friends, your mind, your body.”
    - i. “It's okay for things to get out of whack every once in awhile, but they can't stay out of whack.”
  - My work life and family life are all one thing, and I'm always determined to get the most out of both of them.
- **T. Boone Pickens: “Made to be rich, made to give”**

- Made his first billion *after* turning 70, increased it to \$4B, lost \$2B, then gave \$1B away.
- Boone says our dependence on foreign oil is the single greatest threat not only to national security but also to our economic well-being.
- TBP feels lucky (born as a C-section in 1928!); gratitude is deeply ingrained in his psyche
- Deep sense of HONESTY (and story of returning a lost wallet and receiving a finder's fee which his grandmother made him return)
- Always live your life on your own terms (be a LEADER)
- **The secret to leadership is being decision.**
- "I knew I was wealthy when I had 12 bird dogs." [quail hunter]
- He's given over **\$500M to Oklahoma State University**
- TBP is bullish on natural gas and says we're sitting on 4 trillion barrels of oil equivalent
- He seems like an eternal optimist, "the next day is going to be a home run"
- **Kyle Bass: "Master of Risk"**
  - Founder of Hayman Capital Management in Dallas, TX
  - Best investment idea? Buying nickels. He's big on asymmetric risk/reward, and nickels offer just that. \$2M in nickels would have a 25% return on day one.
  - Big trades: 1) housing market in 2008, 2) european debt crisis in 2008
  - "Hunger and pain."
    - i. **The hunger comes from the pain. You don't get really hungry when it's been easy.**
  - His best current idea: Japan. "Tony, there has never been a more mispriced option that's existed in the world's history."
    - i. It seems that Kyle is buying some sort of fixed income call options (or puts) betting that rates will at one point explode upwards
      - He's allocated 3 to 4 basis points to Japan (.03% to .04%)
- **Marc Faber: "the billionaire they call Dr. Doom"**
  - No notes
- **Charles Schwab: "the people's broker"**
  - Net worth: \$6.4B
  - His firm manages \$2.5 trillion in assets
  - Challenges with dyslexia growing up
  - Chairman of the SF MOMA
  - Daughter: Carrie
  - "I'm totally passionate about the necessity for people to earn and save and grow because of the responsibility we all have for our own retirement."
    - i. It's going to be a LONG TIME for most folks in retirement living into their 90s
- **Sir John Templeton: "the greatest investor of the 20th century"**
  - RIP (1913 to 2008)
  - His life motto is: "How little we know, how eager to learn."
  - Famous trade: **In 1939 he decided to take all the money he had saved and borrow some additional money and buy \$100 worth of every stock valued at \$1 or less (104 companies in total).**
    - i. He made a profit on 100 of the 104, and lost money of 4
  - Established the Templeton Prize, the largest annual award given to an individual honoring spiritual achievements



- The more you help others the more prosperous you will be personally
- “Bull markets start on the time of pessimism. They rise on the time of skepticism. They mature on the time of optimism, and they end on the time of euphoria.”
- When is the right time to sell? **When you find an opportunity that’s a 50% better bargain.**
- Usually twice every 12 years there’s a severe bear market in a major nation, but they don’t occur at the same time
- “Don’t try to be a go-getter, Try to be a go-giver.”
- **An attitude of gratitude will prevent a life of fear.**
- God expects us to grow spiritually. All the trials & tribulations in life are just like exams in school. They help you grow into a greater soul.

## Section Seven—Just do it, enjoy it, and share it!

---

### Action items

- Consider going to a Maker Faire (looks like you just missed the local 2017 edition - [see highlights](#))
- Research [Ray Kurzweil](#) and his philosophy, what he thinks about. Really, really cool dude. He has also [written a book on living super long by being really healthy](#)
- Buy Carnegie’s book, The Gospel of Wealth
- Research Chuck Feeney. Apparently he gave away \$7.5 billion. Modern day Carnegie.
- Sign up for Swipeout.com? This would address the giving challenges you’ve had. Sir John Templeton encourages you.

### Quotes

- “The point of living is to believe the best is yet to come.” - Peter Ustinov
- “3D printing is how this internet will be transformed and expanded beyond our craziest dreams.”
- “Whatever the mind of man can conceive and believe, it can achieve.” - Napoleon Hill
- “We’ll be moving from mobile phones, to wearables, to implantables over the next 20 years.”
- “Those who have a *why* to live, can bear with almost any *how*.” -Victor Frankl
- “Happiness is not something ready-made. It comes from your own actions.” - Dalai Lama XIV
- “Success without fulfillment is the ultimate failure.” - TR
- “We make a living by what we get. We make a life by what we give.” - Winston Churchill
- “The secret to living is giving.”

### Notes

- Start with WHY. Why do most people pursue wealth? **It’s because they’re after a greater quality of life.**
- Without physical health, there is no wealth.
  - You must always prioritize health for this reason. It is the ultimately dealbreaker, regardless of success

- Humans will inevitably resist change. Even Queen Elizabeth I of England refused to patent a 16th century knitting machines because it would put her “poor subjects” out of work



- On scarcity: aluminum was the ultimate status symbol in 19th century France. At an imperial banquet, Napoleon III served the King of Siam with aluminum utensils instead of the usual gold. But by the end of the century, scientists figured out how to process aluminum at mass scale and cheap aluminum flooded the market.
  - Peter Diamandis likes to use this story to point out that scarcity is a function of our ability—r inability—to access resources.
- If we keep our current pace of growth, scientists estimate the population will be 9.6B by 2050
  - At this time you will be the ripe old age of 67
- On energy: in 2013 the US produced more domestic oil than it imported from the middle east
  - Ray Kurzweil, inventor and futurist, says all of the world’s energy needs can be met with 1/10,000th of the sunlight that falls on Earth *each day*
  - Ray predicts that the cost per watt of solar energy will be less than oil and coal in just a few years
  - Ray is also writing a book: [Transcend: Nine Steps to Living Well Forever](#).
- On innovation: Easton LaChapelle is a teenager who Tony has partnered with (financially) who has built a revolutionary prosthetic limb with no formal education
  - Learn more at [www.TheRoboArm.com](http://www.TheRoboArm.com)
- On inventing: every year there are 100+ “Maker Faires” - you should go to one! They are hosted by Maker Media.
- On 3-D printing: the printers can use at least 200 different liquefied or powdered materials, including plastic, glass, ceramic, titanium, nylon, chocolate—and even living cells. What can you make with them? A better question is what *can't* you make with them.
- On other innovations: nanotechnology, robotics, and tissue regeneration are three others to watch
- On grasping exponential growth:

- Take 30 linear steps: You do. It's about 30 meters away.
- Take 30 *exponential* steps: You do. It's about 1 billion meters, or 26 times around the planet. Exponential growth is crazy rapid fast and hard for our brains to grasp.
- On clean drinking water: Dean Kamen, famous inventor best known for Segway scooter, has partnered with Coca-Cola to bring the world an energy-efficient machine the size of a dorm room fridge **that vaporizes dirty water and makes it clean and safe.**
  - It's called the Slingshot—as in a David-sized solution to a Goliath of a problem
- On the smartphone: it has become an “outboard brain”. We'll be moving from mobile phones, to wearables, to implantables over the next 20 years.
  - **The Singularity:** when humans and machines will merge. Ray predicts this will happen in 2045. You will be 62 years old.
- On tech eliminating jobs: an Oxford study found that 47% of the current US labor market is at risk of being mechanized in the future
- **Really interesting question if technology empowers unprecedented prosperity:**

## Where will we find meaning in a world of abundance?

- Remember, knowledge is NOT power. ACTION is power. **Execution trumps knowledge every day of the week.**
- Tony worked in the Middle East where he brought young Israeli and Palestinian men in a leadership program on the West Bank. No big deal.
  - As a result the Dalai Lama visited Tony at his house in Sun Valley!
  - Later, he invited Tony to an interfaith peace conference at the Mark Hopkins in SF!
  - “Art of happiness” is what he teaches
- What's the key to a rich life then?
  - Enjoy it and share it!
  - But first: you must take action.
  - Convert your learnings into action
- On wealth
  - Humans tend to focus on mastering only one kind of wealth at the expense of all the rest
  - Emotional, relationships, intellectual, physical (energy, strength, vitality), and spiritual
- Story of the billionaire Canadian at the Cirque d Soleil show who weighed 400+ pounds and had completely neglected his health
- Idea of a “conscious heart” - we are only truly alive when our hearts are conscious of our treasure
  - This comes back to consciousness, awareness, and gratitude

---

### The 3 Decisions We Must Make Everyday

1. What are you going to focus on?
  2. What does this mean?
  3. What are you going to DO?
-

- FOCUS
  - Where focus goes, energy flows
  - Half of the world - 3 billion people - live on \$900 per YEAR. This is downright shocking.
  - Focus on APPRECIATION of what you already have. It will yield emotional well-being.
- MEANING
  - Quality of life is correlated with meaning assigned with optimism
  - Relationships: act as if it's always the beginning of a relationship - feed of their happiness.
  - Be a giver not an accountant

M L  
E M O T I O N  
A F  
N E  
I  
N  
G

### **Cool priming activity that Tony does:**

1. 3 minutes of gratitude: big & small
2. 3 minutes of asking for health and blessings for all those he loves and knows
3. 4 minutes on “Three to Thrive”: what are the 3 things I want to accomplish today? Envision the feeling of accomplishment.

JIM Rohn: the mind is a garden. You have to stand watch and keep the weeds out (frustration, anger, stress, loneliness).

How can you live more fearlessly, more passionately, and with boundless gratitude?

If Malala can do it, you can.

---

### **On Giving and Charity**

#### **How to spend money in a way that increases happiness:**

1. Investing in experiences: travel, new skill, taking some courses; “experiences over possessions”
2. Buying time for yourself: outsource your most dreaded tasks, spending more time on passions
3. Investing in others: giving our money away actually makes us really happy

The happiness from “charity” is most intense and long lasting when you connect with those they help and see how your actions have made a difference.

What inspired you to WANT to give? We all have something to give: labor

What matters to Steve Jobs is “we’be done something wonderful”

---

## **Swipe out hunger, disease slavery**

- Tony’s group is now donating 50 million meals - via Feeding America
  - He cares about this because he was touched when a stranger gave his family a Thanksgiving meal
  - “There’s nothing like the power of the human soul on fire.”
  - Also gives them a book: ‘Notes from a friend’
- 

## **End of the book**

### **“I wish for you an extraordinary life.”**

- Abundance
- Joy
- Passion
- Challenge
- Opportunity
- Growth
- Giving