

RECOMMIT TO WEALTH

IS IT POSSIBLE TO FINISH RICH ANYMORE?

Early in the summer of 2009, I was walking down Greenwich Street in Manhattan when a woman I didn't know stepped in front of me.

“You're David Bach, aren't you?” she said.

When I admitted I was, she told me her name was Georgia and that she had read nearly all my books, starting with *Smart Women Finish Rich* more than a decade ago.

I grinned and, as I always do when I meet a reader, I asked her, “Have my books helped you?”

“Yes,” she said, “a ton.” But then she stopped.

“You know,” she said. “I was doing great. I felt like I was finally on track and was doing everything right. But now it’s all falling apart.”

I asked Georgia to explain what had happened. Slowly at first, Georgia began to tell me her story. “You see, about five years ago I had nothing and I was looking to get my financial life on track. So I read your books and got going. I started ‘paying myself first.’ I signed up for my 401(k) plan at work. I saved 10% of my income just like you said, and I set up a college savings account for my daughter. I was really building up a nest egg, and it felt GREAT. I had nearly \$70,000 in savings, plus six months’ worth of expenses set aside in an emergency account. And I had *finally* paid off my credit cards. Even better, I bought a house, then rented it out and bought a second home that I live in today. And I put it all on ‘automatic pilot,’ like you suggested in *The Automatic Millionaire*.

“The thing is,” she said, “now it feels like it was all for nothing!”

Georgia then proceeded to share a brutal list of financial woes.

As a result of the stock market slump, her 401(k) account had dropped by more than a third, along with the balance in the 529 plan she had started for her daughter’s education.

At the same time, her house had declined so much in value that it was not only worth less than she had paid for it, it was barely worth what she owed on her mortgage.

To make matters worse, the guy who was renting her other house had lost his job and was way behind on the rent.

And she herself had suffered a pay cut, which forced her to dip into her security account, the balance of which was rapidly dwindling.

“I got so sick of watching my 401(k) and 529 plans lose money that I stopped saving,” she added.

She shook her head sadly. “I just don’t get it,” she said. “Was I wrong to have saved diligently and done all those other things you advised people like me to do? I mean, where has it gotten me?”

Georgia looked up at me and sighed. “*What do I do now, David?*” she asked me. “Is it even worth it to try and start over? I’ve lost my motivation—and my courage.”

THE SECRET TO FINISHING RICH IS, YOU CAN’T GIVE UP!

Georgia’s story hit me at my core. That’s because her story, or some variation of it, is shared by millions of Americans—maybe including you. Maybe you are like Georgia and you did everything right. Or maybe

you never got started on the right financial road in the first place and now you're not sure if there is a point in trying. Either way, you are probably wondering if it is still possible in today's economy for someone like you—even if you don't know a lot about money, even if you don't make a lot of money—to become financially secure.

Well, I'll tell you what I told Georgia.

THE ANSWER IS YES!

Yes, you can start over (or get started in the first place!) and, yes, you can still finish rich, even in this economy. BUT you can't start over and finish rich if you give up. You have to get back up off the ground, dust yourself off, and keep going.

Recessions like the one we have just experienced are not fun. They are gut shattering, and they take a long time to recover from. But we do recover. *What's more, the aftermath of a recession is the ideal environment in which to lay the foundation for a secure, financially independent future.* Although the economy has already come a long way back from where it was in the winter of 2008–09, both real estate values and stock prices are still way below the peaks they hit in 2006 and 2007. In other words, there are bargains—in some cases, *phenomenal* bargains—to be had. More important, recessions can be a great time to reset your financial life, your goals, and your values.

DON'T GIVE UP—GET GOING! THIS IS YOUR YEAR

As I told Georgia, this is not the time to quit. This is the time to get started again. Georgia was on the right track, and the worst thing she could do would be to give up. The same goes for you. So please, for the next few hours, let's set aside the doom and gloom. Instead, let's focus on what we can do to get you back on track financially. Yes, the economy did have the equivalent of a heart attack. But don't think that means the rules for the steady, lifelong accumulation of wealth have somehow changed. They haven't. Indeed, not only do they still apply as much as they ever did, but there has never been a better time to recommit yourself to them than right now.

I'm serious about this. I believe that the post-recession period we're in now offers a once-in-a-lifetime opportunity to build wealth and start over. That's why I'm willing to make this promise: If you are willing to take the 10 action steps I am going to share with you in this book—starting with this first step of regaining your belief in yourself and your future—you *will* be able to start over and you *will* finish rich.

The truth is, you really don't have a choice. Like everyone else, you need to get going again. And together we can.

SOMETIMES LIFE REQUIRES YOU TO HIT THE RESET BUTTON

So listen to a little more of what I told Georgia.

I assured her that the course she had been on was the right one and that to stop saving now would be a huge mistake.

I said that when the stock market is down, you have the opportunity to buy good stocks at “fire sale” prices, and that the stocks or shares in mutual funds that she bought today could easily turn out to be the most profitable investments she ever made.

I said that real estate values go up and down and back up again, and that as long as she was able to pay her mortgage, she would continue to build wealth and independence. And if she couldn’t pay her mortgage, she would still have options.

Furthermore, I pointed out that the whole point of having an emergency fund is to draw on it in an emergency, so the fact that she was doing that wasn’t a bad thing. To the contrary, it meant that her financial plan was working exactly as it was intended to.

And I suggested that she was way more in control of her future than she realized.

Perhaps most important, I told her that there are as many, if not more, opportunities to build wealth during recessions and the recoveries that follow them as there are during the boom times. But you won’t get anywhere if you are too scared—or feel too

defeated—to do anything. *You have to have a plan based on action!*

DOING NOTHING IS THE WORST CHOICE YOU CAN MAKE

You have to hit the reset button and START OVER.

The truth is that hitting the reset button is what recessions are all about. When we go through a recession, we are all forced to “reset” how we live—what we think we want, need, and hope for. And that is often a good thing. Much of the last great boom of wealth building was built on an illusion. There was this crazy idea that it was okay to spend more than we made because our homes would always go up in value. In fact, the idea that we could always borrow on the equity in our homes to pay for stuff we didn’t really need was a fantasy—a fantasy that eventually turned into a nightmare.

Now it is time to wake up and deal with the new reality. The real world is a place where we save before we spend. Where we build up our emergency accounts. Where we plan to fund our own retirement (instead of counting on the government). Where we pay down what we owe on our credit cards and our home mortgages.

It may sound boring, but when it comes to money, boring is good. In fact, it’s more than good. It’s ROCK SOLID, and it works.

The good news, I assured Georgia, is that despite how she might feel, she was still in charge of her life. How she handled the next few years would determine how quickly she overcame the challenges that life had thrown at her, and whether she would ultimately be stronger and smarter and richer for it.

It's in difficult times that we learn what we are made of. This is true for us both as a country and, more important, as individuals. It is always the difficult times that make us who we really are and show us who we ultimately want to be.

So I gave Georgia a hug and reminded her that her future was in her hands. She thanked me for the pep talk and promised that she would start saving again and learn to look at her house not just as a piggy bank but as a place to live and enjoy.

As I watched her walk away, I realized Georgia wasn't the only one with a new mission. I had one too. I needed to get the message out. This is *not* the time to give up.

You *can* start over. You *can* finish rich. And the time is now!

THE PROBLEM ISN'T JUST MONEY— IT'S FEAR

Standing on that Manhattan sidewalk in 2009, listening to Georgia's confusion and anxiety, I realized something very important. The biggest problem most

of us are facing isn't the economy or the state of our finances. It's fear. Fear of the unknown. Fear of the future. Fear of what might happen.

True, the last few years have been a time of great economic turmoil—and that's putting it mildly. Over the course of 2008 and 2009, one of the greatest economic booms in history suddenly slammed into reverse, with disastrous results for virtually everyone. Almost before anyone knew what was happening, credit was drying up, home values were tanking, and the stock market was in a nosedive. "Not since the Great Depression" became an all-too-familiar phrase as business ground to a halt, companies laid off millions of workers, banks foreclosed on millions of homes, and much of the wealth that Americans had built up over the previous decade seemed to disappear overnight.

Their savings shrunk, their futures suddenly in doubt, tens of millions of Americans found themselves asking the same questions that Georgia was asking me. What now? Did I do it all wrong? Has the game changed? Do I keep going with my plan or do I throw in the towel? Do I wait for the market to recover and then invest again? Will real estate ever come back? Should I forget about owning a home and just rent? What about my credit cards and skyrocketing interest rates? Can I ever trust the financial companies again? Do I simply cut my spending and hope everything someday will get better?

Will I ever be able to sleep through the night again without being awakened by worries about money?

Amid all this fear and anxiety, it was easy to forget one of the most basic and important facts of economic history: Nothing goes straight up—or straight down—forever. All booms are followed by recessions, and all recessions eventually end in recoveries, often MASSIVE recoveries. We lived through an unprecedented boom time and then experienced a very difficult correction. Sure, what some people have labeled the Great Recession of 2008–09 was deeper than most, but it's behind us now and we will recover. In fact, we are already recovering. More quickly than many experts expected. As Franklin Roosevelt said back in the 1930s, the only thing we really have to fear is fear itself—fear that makes us want to pull the blankets over our heads instead of confronting the situation head-on and making sensible decisions for our future, fear that keeps us from focusing on the basics, recommitting to our financial plan, and staying positive.

ALL RECESSIONS END—ALL BUSTS LEAD TO BOOMS

If history teaches us anything, it is that all recessions end. And all busts ultimately lead to booms. Take the horrendous recession of 1981–82. That recession

dragged on for 16 months, with the unemployment rate nearly reaching 11%, but it finally ended—and when it did, what followed was the longest and strongest peacetime economic expansion in the history of the United States. And the biggest rally of all followed the biggest collapse of all. In the four years following the infamous 1929 crash, Standard & Poor’s 500 index fell by 83%. But after it touched bottom in June 1932, the S&P 500 soared by 132% over the next 12 months.

The human spirit—the force we all possess that drives us to live extraordinary lives, to overcome adversity and get back to having fun—is hard to deny. It is a time-tested universal truth that human beings bounce back. And when we do, we usually bounce back stronger and happier and more grounded than when we first fell down.

This happened in the Great Depression and it will happen again. We will learn once more the truth of the phrase “This too shall pass.”

But this doesn’t mean you can just sit back and wait for things to get better. The other great truth is that how fast you bounce back depends on how well you prepare yourself to bounce back.

This is your chance to start over and to start stronger. It is your ultimate opportunity to hit the reset button on your life, both personally and financially. Don’t let it pass you by.

YOU CAN'T AFFORD TO MISS THE NEXT GREAT RECOVERY

As I said, history has shown that deep recessions tend to be followed by historic rallies and powerful recoveries. Well, as I write this in the summer of 2009, an epic rally is roaring along like a freight train.

At the beginning of March of 2009, the stock market was in the tank. Since October 2007, when prices hit their peak, the Dow had fallen by nearly 50%, while both the S&P 500 and the NASDAQ Composite were in even worse shape (down 56% and 53%, respectively). There were real questions about the solvency of the U.S. banking system and fears that the big banks would fail, just as the giant Wall Street firm Lehman Brothers had in September 2008.

At the time, I felt strongly that the banks and financial stocks—and ultimately the market as a whole—would rally. I was right. Over the next several weeks, the banking system was fueled with government stimulus money, and the stock market and the financial-service sector staged their biggest rally in history. In less than two months (between March 9 and May 8, 2009), the Dow rose by more than 2,000 points, from 6,547 to 8,574. By the end of August, with corporate profits coming in stronger than expected and the real estate market finally showing some signs of life, the Dow had jumped to over

9,200—a 42% gain in just five months—the best six-month rally in the stock market since 1933.

Where will the market be when you read this? I don't know, but what I do believe is that by 2010 the stock market and the economy will be “resetting” and starting over. And we will all be looking at years of opportunity that none of us can afford to miss.

So the time to start over is now! With new information, updated investment strategies, and a new way of thinking and acting—all of which you will find in this book.

GO FROM SURVIVING TO THRIVING

I know you are busy, you are worried, and you want a plan that is simple. *Start Over, Finish Rich* is written with all that in mind. The START OVER ACTION PLAN to live and finish rich is designed to be read quickly and put right to work.

It is a plan designed to take you from surviving to thriving in the years to come. It is based on tried-and-true principles of building wealth based on today's market, today's economy, and our combined hope for a brighter future. It will get you back on track, it will confirm what you are doing right, and it will remind you of what you still need to do.

JOIN OUR COMMUNITY OF SMART PEOPLE STARTING OVER

My goal with this book is to help you help yourself and others. Over the years, I have received thousands and thousands of emails and letters from readers like you who have used my books to make huge positive changes in their lives.

You can find these inspirational stories—and join our FinishRich community for free—at www.finishrich.com. (You can also join us on my new Facebook fan page at www.facebook.com/DavidBach.)

My goal is to inspire you to act. This is not the time to hesitate. This is the time to take action. What you do now will determine the kind of life you will have for years to come. You deserve the strength and power that come with positive action, and I am here to help you along the way.

As I said before, despite all the pain and upset we've been through over the last few years, the fundamental rules haven't changed. It doesn't matter what kind of beating you've taken—it's not too late to turn your financial life around and finish rich. The challenge is simple. Are you ready to put aside your fears and recommit to wealth? That's all you really need to do—just believe in yourself and follow the easy-to-understand, easy-to-do action plan outlined in this book. Like my many other readers, I hope you'll share your Start Over Success Story with me and our whole

community. Send it to success@finishrich.com and let your story be an inspiration to others.

As we move from surviving to thriving in 2010 and beyond, I want you to know it is never too late to START OVER.

Live and finish rich,
David Bach

Take Your Start Over, Finish Rich journey to the Next Level!

MY GIFT TO YOU!

As a thank-you for reading Start Over, Finish Rich and to motivate you on your journey to recommitting to wealth, I've recorded a special Start Over video for you. Check it out at www.finishrich.com/startovervideo.

There are many ways to be part of our growing FinishRich community: Get my free newsletter, join my Facebook page, follow me on Twitter, and subscribe to my blog! Details at www.finishrich.com.

Hope to see you there!

TO DO IN 2010 ✓

- Recognize that the fundamental rules of money have not changed. Don't stop saving, don't stop investing, and don't give in to fear and despair.
- Commit to taking action on all ten Start Over steps, and start to believe again that you can live and finish rich.