

# **7 1/2 Lies That Keep You From Being Rich**

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## **Introduction**

### **Dispelling the Lies**

There are many lies associated with wealth and wealth-building concepts and principles. In fact, there may be more misconceptions circulating out there about money than just about any other subject. In my work as a financial advisor, I hear these lies on a daily basis that people have bought into.

In this book, I intend to get down to the root of 7½ lies that could actually stand in the way of your ever becoming truly wealthy. Once you get set free from these 7½ lies, you will create the most favorable conditions for becoming rich.

## **Lie #1 Accumulating Assets = Wealth**

In the early years of my career I read many investing books that zeroed in on asset building. *Buy assets and that will make you rich*, they proclaimed. This is a lie. A person can have a lot of assets and be broke. You can have a lot of assets and have absolutely no cash flow.

There is a saying, "cash is king." I changed that saying. **The real truth is "cash flow is king."** Look at it this way. The person who has \$50,000 coming in a month and \$60,000 going out is poorer than the one who has \$4,000 coming in a month and \$2,000 going out. At least there is a positive cash flow in place in the latter scenario. You can then sustain your assets and you are in a position to grow, build, and save.

One of the first things I do when working with a client is to create an income statement (find out what's coming in and what's going out), and create a balance sheet (listing assets and liabilities).

I do this because most people have no idea where they are with regard to their finances. (I was surprised to learn that most financial advisors don't do this with their own finances!)

I will admit at the outset, that this is tedious and many personality types detest this kind of detail work. If you do not like this kind of work, then by all means outsource it. You can find a great book keeper to update your financial statements monthly for a very modest cost.

In order to know where you're going in your financial journey, you must first know where you are. When you go to the mall, there is a directory map with a little red **X** that says: "You are here." Knowing where you are is the first step to get where you want to go!

The same is true when you take a road trip. In order to plan the trip you need both a starting point and a destination. With regard to financial planning most individuals and business owners have a vague idea of where they want to go, but have no idea what their present situation is. Within that vacuum many bad decisions are made that can ultimately lead to failing to reach your goals and objectives.

Making a lot of money in a highly successful business can create a false sense of euphoria, and all the while the business owner has no clue that the monthly figures are running in the red. This happens simply because they are not clear on the numbers. **You must know your numbers!**

This is why when someone first approaches me to assist them in investing I help them to understand that first of all there must be a positive cash flow in place. Only then can investments be made.

The focus then is not on accumulating, but rather focusing on what is coming in and utilizing it to create the most favorable conditions to take you toward your financial objectives. **Bottom line, focus on creating a healthy cashflow, rather than only focusing on asset accumulation.**

## Lie #2 High Risk = High Returns

This saying: *high risk equals high returns* has been taught for so long, we accept it as truth almost without question. However, we are going to shed some light on this myth.

Picture this: You set up an appointment with a financial advisor and at some point in the conversation you are questioned about your *risk tolerance*. Additionally you are asked how long it will be before you need to access your money. The underlying point is to find out how much risk you are willing to take.

No one thinks much about this line of questioning, because most everyone has bought into this lie that the more risk you are willing to take on, the better the return you are going to enjoy! And the later you need for the money, the more risk you can take on in the meantime.

**The problem with this line of thinking is that it's built on the premise that in order to increase our chance of winning, we must increase our chance of losing.** And we blindly accept this as truth.

My view on this is if you are investing with the expectation to lose, that's not investing, it's gambling.

What needs to be done here is to **replace *high risk* with *wise risk***. Such thinking often requires a mind shift. It's not about the best historical return. On the contrary, our rewards are tied to how well we transfer risk. If you continue to increase the potential for loss where is the gain in that?

Financial institutions know all about making wise risk. When a person goes to the bank to get a mortgage loan, consider the great lengths that a bank will go to in order to make a wise risk. Your income is verified and your background is checked, a down payment is required, the property is in place as collateral, the interest rate and terms are set, and insurance is often required. The bank's transfer risk (reduce) to increase the chance of making a profit. It was only when financial institutions went against their own rules (extending loans to those unable to repay and requiring nothing down) that the entire system began to crumble.

Large financial institutions understand and use wise risk, and we can apply the same strategies to our financial lives. **The key is to take wise risks, and create the most favorable conditions for success.**

The truth is, no investment is inherently risky or secure in and of itself. There can be a real estate deal, a stock, a business IPO, (or whatever) and one investor will use it and make money while another uses the same thing and goes bankrupt. **It's not about the investment itself, but rather the focus should be on the investor.**

Essentially, what makes the difference between a high risk and a wise risk is whether or not you know what you are investing in. Have you done your due diligence? Have you done the needed research? Are you working with a team of people who have your best interest at heart? **Are you**



**continually raising your financial IQ?** The higher your financial IQ, the broader the spectrum of investments that you can work with as wise risks.

Compare this to the person who steps out and makes an investment simply because an acquaintance or a family member told them it was a good deal. In that case, the focus is on the investment rather than the investor. No two investment plans should be the same, because every individual is different with different goals, dreams and objectives.

**The lie that *high risk equals high returns* could lead to a person's financial downfall. But not for you, because now you know differently.**

### **Lie #3 A Great Investment is the Key to Becoming Rich**

This lie is somewhat related to Lie #2. Someone might come to me because they have received an e-mail, or heard something on the news about a great investment opportunity. It might be gold, or a certain stock,

or bond, real estate, or a private offering. They are gung-ho and ready to jump in and make millions.

I try to slow them down. Before giving any type of advice, I want to know if that person has a foundation in place. It's not about investment first, but is your risk transfer system in place. **Because it is not about how much you make, but how much you keep.**

There are *Four Thieves* that can come into play and wipe out a person's wealth in a moment of time. These thieves can steal your *rich life*. Over the years, I have seen this happen way too many times.

You can have all the money accumulated that you will ever need for the rest of your life, you can be following the perfect plan, but if one of these thieves comes into your life, and you are not prepared, it can totally wipe you out. Here are the *Four Thieves*

### **Thief #1 Premature Death**

I have a personal experience with this thief because my own father died when he was only 49 years old. When you're 49, you're not thinking about dying. There's still time to plan; still time to get life insurance; still time to set things in order.

The ultimate question to ask is what would your family situation look like if something happened to you tomorrow? No one knows.

You can have a lot of money put aside and the best plan laid out, but then the unexpected happens. That's what you want to prepare for. In such cases, I refer my clients to those on my team who are insurance advisors. Before any investments are made, this step needs to be taken.

### **Thief #2 Disability**

Closely related to Thief #1, is disability. Another unexpected happening which, if not prepared for, can wipe out any cash reserves or investments that have been put away. This is another insurance answer.

Especially in today's economy where there are mostly two-income families – if one income is taken away how will that affect your day-to-day life?

Before setting up an investment plan, the wise step would be to prepare for this worse case scenario, then move forward.

### **Thief #3 Lawsuits**

I know of an instance where an individual owned two successful businesses and had sold them for a lot of money. He was completely set up for retirement. His son, who was in college, became involved in a hazing incident where another student died. The family of the victim sued and this man lost everything.

The protective step to take against lawsuits is to take out an umbrella policy for a small monthly premium cost. Such a policy in place would have prevented this immense loss from ever happening.

#### **Thief #4 Erosion Factors**

Many things can fall into this category such as taxes, inflation, penalties, unnecessary fees. The answer here is to raise your financial IQ and become a better investor. Research to learn your best options so you will make wise decisions. Put together the right team of professionals who have your best interest in mind. No one likes to think about these types of scenarios. That's just human nature. However, once they are faced and the foundation is all in place, there comes peace of mind. And, peace of mind is a priceless asset.

If the foundation is not in place, you are putting yourself right back into a high risk situation. **It doesn't matter how big or beautiful a house is, if it has a faulty or weak foundation, it's going to come crashing down. The same is true with your financial life.** The strong foundation must be in place. All of my advisors are trained to begin with the foundation and we feel we would be doing a disservice if we started elsewhere. **The key to becoming rich is not a great investment. The key is to become a great investor and to transfer as much risk as possible.**

## **Lie #4 Money is Good; or Money is Bad**

As I stated at the beginning of this book, there are countless misconceptions about money. Depending on who you talk to, it would seem that money is either the answer to every problem, or it is the root of all the evil in the world. Which is true? Neither one.

**Money is completely neutral. It is neither good nor bad.**

**However, it's amazing how powerful one's concept of money can be.**

Those concepts are highly influential in how they shape someone's life, their future, how they run a business, and how they handle finances and whether or not they will become successful. Oftentimes a person may hold an inner limiting belief about money and not even realize it.

Money itself is neutral; it's the context that determines if it's good or bad. Do you think a million dollars is good or bad? Ok, say you use that million dollars to purchase drugs to sell to kids, in that context that money would be bad. Now say you use your million to find a cure for childhood cancer, then in that context the money is good. The million dollars is the same million dollars, what defines it is the context.

We are sold the idea – through our culture and via the media – that the accumulation of money is good, and most people would be happy if they only had enough of it. It is often presented as *the* definition of success.

**On the other hand there may be deep-seated beliefs that money and success may make a person bad.** Some are convinced if

they gain wealth they will only turn around and lose it again. Others fear that wealth will cause negative behavior changes. Wealthy people may have been viewed as mean, unfair, and even unscrupulous. Who wants to be like that?

These different views can cause internal conflict and may, in the long term, repel any real wealth building. It's amazing but true that things we learned (or assimilated) in childhood can affect behavior into the adult years. There are faulty definitions – especially regarding money – that are still within us simply because we have not addressed them nor have we challenged them. Have you ever heard any of these? money doesn't grow on trees, all rich people made their money screwing others, or money is the root of all evil. Hearing these things effects our relationship with money.

One of the ways to get a better handle on money is to give it a clear definition. **Money is simply a measure of our ability to create value. Currency on the other hand, is the tool we use to facilitate an exchange**, whether that is shells, an IOU, a dollar bill, or a check. Our forebears often used the barter system where they traded goods. The farmer brought the eggs to town to the store to purchase groceries. There's not so much bartering going on today; instead, we use currency.

Keeping these definitions well in mind, and always remembering that money is simply dead presidents on paper, will help dispel the lie that money is either bad or good.

## **Lie #5 Making Money Means I am Taking Care of My Family**

This lie is especially prevalent in our society today. It's the belief that "if I'm out there working hard and climbing the corporate ladder, then I'm taking care of my family." I've seen far too many marriages fall apart and even grown children who do not really know their parent as a result of this distorted thinking. The very things that are your reason for living are lost somewhere in the process.

**Money is important (and necessary), and taking care of your family is important, but there must be a balance.** You can rationalize that you are spending all this time and energy to create a great life for your family *later on*, but when you get there (wherever and whenever that is) there's no family there! Then what was the point?

Children can grow up in a wealthy setting with all the fancy trappings that money can buy; but what they long for, and what they may miss, is a close relationship with their parent(s). There's no relationship; no connection. And no amount of money can create it or replace it. I hear them saying, "My dad didn't attend any of my sporting events." "My mom had no idea who my friends were." "I felt I had no connections." "No one even cared about what I liked or wanted."

**Making money will never equal taking care of your family if there are emotional casualties along the way.**



I mentioned earlier in the book that my father died at an early age, but he left me with many wonderful memories. From the time I was five years old until highschool, he was my football coach. This is a man who was running a business almost seven days a week and yet somehow he made time for me. This cost him no money, it only cost an investment of time. And he was willing to invest that. I'm so grateful that he did.

I like to encourage business owners to **create a business that supports the lifestyle you want to lead, instead of trying to fit your lifestyle and your values into the business.**

There must be a balance. And in order to have balance one must become a good steward. There can be what I like to call a *stewardship term insurance policy* for a rich life. TERM is an acronym for:

**T – Time** If we invest our time in things we really don't care about, or things that aren't taking us toward our goals, that time is wasted.

**E – Energy** The same is true with investments of energy. Our energy should be invested in the areas that bring us closer to our *rich life*.

**R – Relationships** Be a good steward of your relationships. The last thing you want is to make the mistake of bankrupting your personal bank account with the people you really care about. If you do that, all the money in the world will not help. There are a lot of rich, lonely, and miserable people out there.

**M – Money** Being a good steward of your money in the simplest terms means living below your means, paying yourself first, and giving back.

When it comes to money is it worth it to make a little less money this year and make time to invest in your family relationships? As one who has lived it, my answer would be *absolutely*!

## **Lie #6 Banks are a Safe Place for my Money**

This lie exposes people to one of the worst money risks possible. Consider this: the banks are run by a board of directors. That board of directors works for the shareholders who own shares of the bank. The shareholders care nothing about the interest rates you might get; their eyes are on the bottom line – the profits. The bank then, is not concerned about your financial future but about their business.

Especially in this day and time, with regard to checking accounts, savings accounts and CDs, the investor is actually going backward. This is because the rates of these vehicles are not even keeping up with inflation. Going backward, in my opinion, isn't a wise investment, and highly increases the chance that you will outlive your money.

The better plan would be to raise your own financial IQ and work with wise investments as we pointed out earlier in the book.

While this may seem like common knowledge, still I talk with people who have several hundreds of thousands of dollars sitting in a checking account. As a result they are backwards on average 3% to 4% yearly to inflation.

If you are not researching, doing your due diligence, raising your financial IQ, and working to put together a team of professionals who will help you, then you are slipping backward. If you are not raising your own awareness, then you are left to believe all the lies that are out there. Keep in

mind that **those who perpetuate the lies are most often those who are looking out after their own interests; and who care nothing about yours.**

For instance, financial institutions don't want you to be savvy enough to know that the key to high returns is to reduce every bit of risk you can. They don't want you to grasp the concept that if you defer risk, you will probably come out better than if you focus on finding this year's best mutual fund.

Many in the financial industry is out to promote what will sell (make profits), not particularly to sell what will actually help the investor. It takes a higher level of commitment and awareness on the part of the investor to see through the lies.

What you are looking for is a professional team of advisors that can repeat back to you what you are expressing about your goals, dreams and objectives. This is someone who truly cares and is seeking to understand you. While that *might* be a bank for short term and liquidity needs; the chances are very slim that it is.

## **Lie #7 Life's a B\$#%!, and Then You Die**

In my work as a financial advisor, I come in contact with scores of people on a weekly, if not daily, basis. It grieves me to hear people who have this attitude that life has dealt them a bad hand and that they are a victim of the circumstances.

"The world's against me." "If I try to invest money, I lose it." "Every business I start fails." "I never get the best jobs." "I always end up in the wrong relationships." "Everyone takes advantage of me."

And on and on. It doesn't really matter what they are talking about, the tone and attitude is still the same. It's the thought that the sole purpose of life is simply to grit our teeth and endure to the end.

Does it have to be this way? **What if we began to see life as a school rather than a battle field or a trap?** What if we began to see that life is here to help us and not hurt us?

Consider how the structure of the university is set up. Within each course of study are a number of core classes, but first there are prerequisites. You must pass the prerequisites to get to the core classes. And you must pass the core classes in order to get into your major classes, and you must complete your major classes to graduate.

Life is much like this. Viewing life in this manner can change attitudes and perceptions. **What if each struggle contained the exact lesson you**

**need to take the next step toward what we really want? This change of mindset can change everything.** It did for me.

I began to see that if I looked at life's problems, struggles and obstacles as a school, then I would be able to learn the exact lesson I need to gain the wisdom to move closer to what I want. This is not only in the financial world, but applies across the board to all areas of our lives.

Think of waking up every morning, things are going good and you get excited. Life is going great. Or you wake up in the morning and things are tough, but now your thought is, "Within these problems I'm facing are the exact lessons I need today in order to move closer to what I want." Now, either way, it's all *good*.

On the wall of my office is this sign to reminds me to remember that we live in this school called life.

- 1. You live in a school called life.**
- 2. There are no mistakes, only valuable lessons.**
- 3. You will repeat the same mistakes until you learn the lesson.**
- 4. The mistake will be more painful each time it has to be repeated**
- 5. The greatest lessons you can ever learn is to choose love over fear.**

## **Hard/Easy**

Another problem comes when we see people who are living like we want to live and it looks so easy. We then give it a try, but when the going gets tough, we throw in the towel and quit.

**What is hidden behind the scenes is the fact that that person we admire paid the price of doing the hard part.** Most of us just want the easy part, without having to pay the price. Only a few are willing to do the hard that's required to get to the easy. The truth is that most people practice Easy/Hard and will never reach their goals and dreams.

This applies to financial planning and will also apply across the board to almost any area of life. Many of these concepts are universal. Once you become successful in one area, you can transfer that success over into another area.

Life is not a B\$#%!, and then you die. **Life was created to help you and conspires to help you if you learn the valuable lessons presented and choose to practice hard/easy.**

### **Lie #7.5 – I Should Trust My Financial Advisor**

**(What? That's right, and I' m a financial advisor!)**

The reason this is only half a lie is this. You should have a team of professionals in whom you can trust and work with, but **you should not**

**trust people *blindly*.** I see that happen way too often. I see people trusting a professional simply because that person is in a certain position, or has a few initials behind their name. This should not qualify as earning your trust.

What you are looking for is a professional who can repeat back to you what you are saying is important to you. You are looking for the one who is more focused on you the investor than the investment itself, or himself.

There should be an atmosphere of *co-creating*. Rather than telling you what you should do, **that individual will equip you with the steps to work toward *your definition of a rich life*. Not their definition**; not what is working for the other guy; but *your definition of a rich life*.

These are filters for you to use to determine if that person is interested in helping you, or if they are interesting in selling you something that's going to primarily benefit them.

There are two ways in which financial advisors can conduct business. The first is to sell products; and the other is to provide peace of mind by creating the best strategy to accomplish the clients goals, objectives, and dreams. When you find the latter, chances are that you have found a RichLife Advisor who is interested in adding value throughout your life.



## Conclusion

I trust that as we knocked holes in these lies, your eyes were opened to new concepts, new ideas, and new ways at looking at life in your journey toward living *rich*.

A hundred million dollars without peace is worthless. You can accomplish great things, but if you don't have peace, or fulfillment, or you lose the things you were pursuing in the first place, then what's the point? You definitely will not be *rich*.

The definition of a *rich life* is

***doing what you want to do,  
when you want to do it,  
with who you want to do it with,  
without having to worry about money.***

My mission and desire is that you live a healthy, wealthy, fulfilled life on purpose. This is the best gift you can give yourself, those you love, and the world.

Much Love,

Beau Henderson