

BOOK REVIEW



3 Dimensional Wealth: A Radically Sane Perspective on Wealth Management

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This is a review of Monroe M. Diefendorf and Robert Sterling Madden's new book – *3 Dimensional Wealth: A Radically Sane Perspective on Wealth Management*. I was struggling to find a way to introduce the book in this review. Then it occurred to me to provide some context for why this book is important. Let me start off by letting you know that I have just finished the book; almost literally closing the pages and placing the book on the table. The table on which the book sits is located in a café on 16th Street in Denver. The reason you need to know this background information is quite simple. As I write this review I am watching hundreds, maybe thousands, of people walk by on this unusually warm Friday afternoon. The 16th Street Mall in Denver is a place you either find irresistible or somewhat distressing. For me, I find that whenever I visit Denver and come downtown I am more distressed than anything else. Finishing Diefendorf and Madden's book has helped me pinpoint some of my distress.

The outdoor mall that comprises 16th Street offers a composite of the world. Almost every nationality and religion is represented. This multicultural perspective is stimulating. What is distressing is the contrast in apparent wealth among those that transverse the mall. Denver draws young people from around the world. The weather is usually pleasant. There is ample sun year-round, and who can deny the outdoor lifestyle that awaits. Skiing in the winter, hiking and mountain biking in the summer – this could certainly be an attractive life. The draw to leave one's home to live a life of outdoors adven-

ture is appealing, especially to young people. However, this lifestyle does not come cheap. It is very expensive to live an outdoors' lifestyle in Colorado.

The large number of relatively young homeless people that accumulate in downtown Denver on any weekday is alarming. What has drawn these people, who from the outside, appear physically able and vivacious, to live a life on the streets? One possible explanation is that young people in particular, but maybe all of us in some respect, have fallen prey to the marketing efforts of those who are paid to instill an attitude of maximum consumption among the public. We are told that creating a personal image of rugged outdoors living, filled with skiing, snowboarding, condominiums at Vail, \$2,500 mountain bikes, cell phones, and other 'necessities' is what constitutes success and wealth in the U.S. today. The marketing approach says that all of us can have this type of life. All it takes is money, and in today's world, money is easy to obtain. A few credit cards is all it takes in some cases. How many of these young people on 16th Street have bought into this marketing pitch? I suspect many. What the marketers fail to reveal, however, is that to live a life of unbridled consumption has significant costs. The costs are most apparent when a person's money or credit runs out.

And it is all of this that brings us to Monroe Diefendorf and Robert Madden's book. These two successful financial planners assert that what most people define as life success – accumulating financial assets, owning beautiful possessions, etc. – is not the true measure of wealth. In fact, the authors' claim that individuals who follow a life approach dedicated to maximizing financial wealth as a primary goal are following a path that ultimately leads to unhappiness. Evidence of the author's assertion can be found on any day on 16th Street and in the statistics of life, if divorce rates, bankruptcies, and health statistics can be believed.

It takes a bit of faith to pick up this book and believe that the authors' have a radically sane perspective on wealth accumulation, management, and preservation. I suspect that many practicing financial planners may have difficulty making the leap to read the book, but they should. While the book is definitely not written for the practitioner market, the wisdom provided can be incorporated into any advisor's practice. The book, as one might expect, is intended to be shared with clients. However, before sharing this book, a financial consultant would need to support the principles outlined in the text. Let's take a look at some of those principles.

The authors open their book with the following questions:

- Is the person with the most toys the most successful?
- Is net worth measured by the accumulation of money and "stuff" the hallmark of success?
- Can a person achieve success solely by acquiring goods and cash?

- Does a robust financial statement truly indicate success?
- Can someone who accumulates substantial financial assets actually be unsuccessful?

The purpose of the book is to illustrate that the answer to the first four questions is no, while the answer to the last question is yes. The authors insist that the way in which people have been programmed to think about wealth and success has been defined by those interested in selling something, rather than those that have an desire in helping individuals achieve holistic life success. In effect, Diefendorf and Madden advocate the notion that fulfillment in life is based on managing three dimensions of life – financial wealth, social wealth, and personal wealth. Financial wealth includes what a person owns. Social wealth is how a person makes a difference in life. Personal wealth is comprised of attributes that make a person unique. Does this approach to wealth management sound familiar? Well, it should. What Diefendorf and Madden are explaining is a basic life planning approach to wealth management.

As is the case with most authors that are interested in life planning as a strategic resource management approach, Diefendorf and Madden emphasize the importance of leaving a legacy in the world. The book provides readers with useful templates to help define goals and resources as a way to determine the type of legacy one ought to strive for; however, the real strength of the book involves the ‘radical’ change in perspective the authors’ hope readers will make. As Diefendorf and Madden state,

“You will discover, as we have, that there is a seemingly unnatural order to events that must be followed to achieve 3 Dimensional success. Television ads tell us that a spending lifestyle is the secret to happiness. Our financial advisors tell us that we should save approximately 10-15 percent of our income in order to achieve financial independence later in life. What remains is discretionary income that can be used to spend save or be given away ... Time out! Remember the 3 Dimensional Wealth paradigm that states: give first, save second, and spend third” (pp. 85-86).

Give first, save second, and spend what is left ... now that is a relatively radical idea in today’s modern society. In order to make the shift from either saving or spending first and then giving, to a philosophy of giving first, saving second, and spending what is left requires a significant evaluation of one’s own values, beliefs and convictions. And it is at this point in the book when the concept of a “Godly” dimension is introduced. Readers who are looking for a secular perspective will not find it here. Diefendorf and Madden state clearly that “Knowing God exists and having him always present with you is critical to achieving 3 Dimensional Wealth. He [God] is the source of your strength.” The link between strong religious beliefs and a radical departure from the traditional earn, spend, and accumulate mentality is definitely apparent in the book. Readers who are agnostic or non-religious

will find the connection disturbing. Others may find support in the book for changing the way they manage their own and other's resources.

There are a few additions to the book that would strengthen the overall effectiveness of the text. First, given the radical idea of giving first, followed by saving and then spending, it would be very useful to have testimonials or 'real life' examples of how individuals and/or families have made the transition to the model. The first reaction most people will have to the concepts presented in the book is that while nice in theory, the practical application of the method is not possible. The authors really need to illustrate how a family can adjust their income, expense, asset, and liability situation in the short- and long-run to effect changes that will lead to 3 Dimensional Wealth. Second, some readers may assert that the method may work for families and individuals who already have accumulated financial wealth. After all, it is easier to change one's lifestyle when the new lifestyle can be afforded. How can the method work for low to moderate-income individuals? Finally, it would be useful for the authors to acknowledge that much of what they advocate will work for, at best, one-half of the population. The method is based strongly on the concept of locus of control. Only those with a high level of internal locus of control (i.e., the person believes that he or she controls his or her own destiny) will find the method and approach applicable in their lives. In other words, if a person believes that he or she has little or no control over their financial, emotional, and life satisfaction (i.e., external locus of control) then asking them to give first rather than spend first will most likely result in no action.

The last of the day's sunshine is reflecting off the glass covered building across the street onto my table in the café. I wonder to myself how many of the people who are walking by my table have ever seriously considered reordering their lives to giving first, saving second, and spending third? One wonders what the world would be like if more people used this 'radically sane perspective' to order their personal and financial lives? One thing is certain; 16th Street in Denver would be less distressing.

Purchase Information: Diefendorf, M. M., & Madden, R. S. (2005). *3 Dimensional Wealth: A Radically Sane Perspective on Wealth Management*. Austin, TX: Greenleaf Book Group. ISBN: 0-9769014-0-4; the book may be purchased online at amazon.com for \$13.59.

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