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PROFESSIONAL • AMBITION

Don't Waste Life

Stay hungry, stay foolish.

by Steve Jobs

I NEVER GRADUATED FROM COLLEGE. I DROPPED out of Reed College after the first six months, but then stayed around as a drop-in for another 18 months. Why did I drop out?

Connecting the Dots

It started before I was born. My biological mother was a young, unwed college graduate student, and she put me up for adoption. She felt strongly that I should be adopted by college graduates, so everything was all set for me to be adopted at birth by a lawyer and his wife. Except that when I popped out, they decided that they wanted a girl. So my parents, who were on a waiting list, got a call asking: We have a baby boy; do you want him?" They said, "Of course."

When my biological mother learned that my mother had never graduated from college and my father had never graduated from High School, she refused to sign the adoption papers. She only relented when my parents promised that I would go to college.

Seventeen years later, I did go to college. But I naively chose an expensive college, and all of my working-class parents' savings were spent on my tuition. After six months, I couldn't see the value in it. I had no idea what I wanted to do with my life and no idea how college could help me figure it out. And here I was spending all the money. So I decided to drop out and trust that it would all work out okay. It was scary at the time, but looking back, it was the best decision I ever made. The minute I dropped out, I could stop taking the required classes and begin dropping in on the ones that looked interesting.

It wasn't all romantic. I didn't have a dorm room, so I slept on the floor in friends' rooms. I returned Coke bottles to buy food with, and I would walk across town every Sunday night for one good meal at the Hare Krishna temple. I loved it. Much of what I stumbled into by following my curiosity and intuition turned out to be priceless.

For example, at the time Reed College offered the best calligraphy instruction in the country. Because I had dropped out, I decided to take a calligraphy class. I learned about serif and sans serif typefaces, about spacing between different letter combinations, about what makes great typography great. None of this had any practical application then, but 10 years later, when we were designing the first Macintosh computer, it all came back to me. We designed it all into the Mac, the first computer with beautiful typography. If I had never taken that course in college, the Mac would have never had multiple typefaces or proportionally spaced fonts. And, since Windows copied the Mac, it's likely that no personal computers would have the wonderful typography that they do.

It was impossible to connect the dots then, but it's clear now. You can't connect the dots

INSIDE

FINANCIAL • FAMILY

Home-Court Advantage

Make it count.

by Monroe "Roey" M. Diefendorf, Jr.

MORE TEAMS WIN AT HOME than on the road. Why? Simply, home court advantage.

We know what home-court advantage looks like in sports, but do we know what this looks like in our families?

As a financial planner, I was trained to analyze the financial wealth of a family or business. We developed plans that we thought would work. But after seeing the fruits of our labors, I saw planning that in many cases did more harm than good. Our fixation on financial wealth alone made us part of the problem. In fact, 70 percent of the transition plans that we created failed to last two generations. How does one avoid being part of the 70 percent whose lifetime of achievement and planning failed to yield their desired results?

Total wealth planning provides the total solution. Your total wealth includes your tangible and intangible assets. So, do what the successful 30 percent have learned to do—build a home-court advantage by using five strategies:

1. Involve the entire family (including heirs and spouses). In the "typical" planning process, the financial advisors along with the parents create the estate transition plans. Little interaction exists with the future heirs. Think about the team that never talks to its coach. Open communications will help the family function smoothly and obtain a home-court advantage.

2. Agree on a long-term mission for the family wealth. In a relay, the race is not won or lost in the running of the race but in the passing of the baton. The passing of the baton in family transitions is just as important. This begins with understanding what the race is about or establishing a family mission statement. Home-court advantage requires a strategy for how the race is to be run.

3. Establish post-transition roles prior to the time of the estate transfer. Preparation is the key to building home-court advantage. Unfortunately, most heirs never find out what their duties are until after someone dies. Executors and trustees are named without knowing what is expected or required. When are these future responsibilities best addressed? Before the event begins. Each member must be ready to perform their tasks before being asked to enter the game.

4. Prepare heirs for their ultimate roles by teaching practical skills. Would a coach send a player out on the field without providing them with the knowledge and skills they need? Not if they wanted to win. Yet we do this to our heirs. Is this fair? Is it prudent? Home-court advantage requires family leadership that instructs in practical ways skills that will be needed in the future.

5. Create a sense of family identity for the heirs. A family without roots or a sense of purpose will have a difficult time withstanding the trials and tribulations that go along with generational transitions. Alexander Hamilton said, "Those who stand for nothing may fall for anything." A family who has identified who they are and what they are about will provide the framework to which future generations can adhere.

By addressing your total wealth—including your personal, financial and social wealth—you can establish your family's own home-court advantage where it counts—at home. PE

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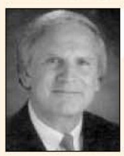
ACTION: Look at every aspect of estate planning.

FINANCIAL • INDEPENDENCE

Buckets of Wealth

Enjoy your financial assets.



by Denis Waitley

WITH A LITTLE DISCIPLINE and patience, you can make your journey to abundance and personal fulfillment a downhill flow instead of an uphill struggle. The key is to use "overflowing buckets" to create financial independence.

Picture your life as a five-step stairway, with you standing at the top and fulfillment waiting for you at the bottom. At each step, there lies a bucket. Your objective is to fill each bucket with dollars as you progress down the stairway, so that when one bucket overflows, it begins to fill the next bucket.

• ***The Survival bucket*** is how you can pay for your basic needs of food and shelter. Once you've taken care of these, any extra money flows into the second bucket, Financial Stability.

• ***Financial Stability*** is the ability to keep solvent in the event of sudden, unforeseen changes and emergencies. You must have an emergency fund in a savings account equal to a minimum of three months' income, adequate permanent and transferable medical insurance that remains in force, regardless of your employment status, as well as life insurance, including some whole life, in addition to term, that accumulates cash value and has a level premium

Another component of financial stability is non-cancelable, individual permanent disability income insurance, equal to at least 70 percent of your monthly pay. The possibility of loss of income resulting from an injury or illness is much greater than that of loss of life. Not only are you without income when you are sick or injured, you also do need to be cared for during that period, and the expenses continue even though you're not able to work.

• When bucket two is filled with contingency dollars for your financial stability, you can sit down with your inner circle and determine what standard of living will give you the ***quality of life*** you want. These considerations should be budgeted with a monthly savings, however small.

• ***Financial Security*** is the amount of assets that will give you the amount of after-tax income you need to maintain the standard of living necessary to have the quality of life you want, at some predetermined point into the future, without having to depend upon day-to-day employment. Many individuals in the top income brackets never reach financial security. Many middle-income people do. To get in the top 10 percent, you need to put 10 percent of your spendable income into an appreciating investment fund every month, just like a mortgage payment.

• ***Financial Independence*** is achieved when you beat the target date you set for retirement. The object of creating personal assets is to be financially independent of having to work, while you still have your health and are still young enough to enjoy those assets. PE

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Action: Fill your five buckets.