


# Being vs. Becoming a Millionaire

Most want to be  
millionaires. Few want to  
become millionaires.

A stylized silhouette of a mountain range in shades of teal, located in the bottom right corner of the slide.

# What do millionaires look like?



How can one become a  
millionaire?

The image features a solid teal background. In the bottom right corner, there is a stylized, dark teal silhouette of a mountain range with jagged peaks and ridges.

# Marry Into \$\$\$



# “True” Love



# Be Born into Wealth



# Fraud



# And the Associated Perp Walk



# The Texas Lottery

- ◆ Game No. 548 - Happy Anniversary



# Work For It




# Class Take Home Points

- ◆ Rationalists mistakenly assert that you and all other investors are “rational.” (Many investors being nonrational does not preclude market efficiency.)
- ◆ Create and capture windfalls.
- ◆ Maintain good mental accounts (but include one or two “pamper me” accounts.
- ◆ Manage spending “triggers.”
- ◆ Be “mindful” with money. Spend with precise attention.

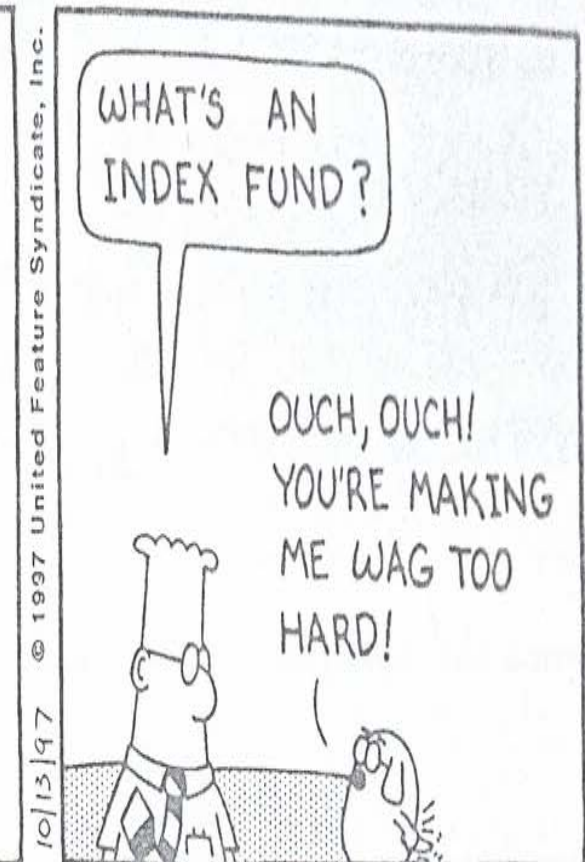
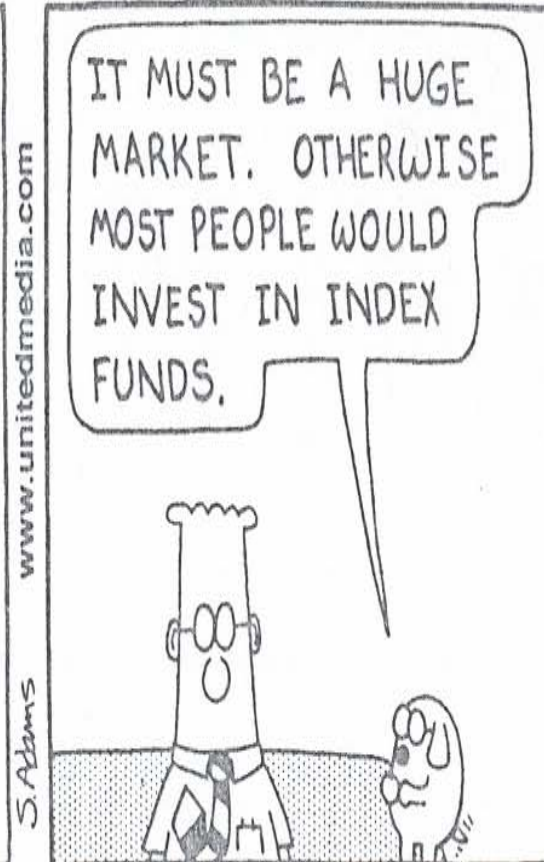
# Take Home Points Continued

- ◆ Play the game-invest in the stock market.
- ◆  $p(1+r)$  to the  $n$  power.
- ◆  $r$  is largely set by the market-for a given risk level, you can do worse than  $r$  but it is hard to exceed it.
- ◆ You control  $p$  (amount invested) and  $n$  (the amount of time it is invested).

# Take Home Points Continued

- ◆ Expect losses and manage them well (i.e., do not take excessive losses but also do not do anything stupid).
  - ◆ Bubbles.
  - ◆ Index investing
  - ◆ Rebalance.
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- A stylized, teal-colored silhouette of a mountain range is located in the bottom right corner of the slide. The mountains are jagged and layered, creating a sense of depth. The background of the slide is a solid teal color.

# Dilbert on Index Investing



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S. Adams

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# Scott Burns Couch Potato Portfolio

- 50% Vanguard 500 Index Fund (VFINX)
- 50% Vanguard Total Bond Market Fund (VBMFX)

# Dilbert's Anti-weasel Defense Portfolio

- 70% Vanguard Total Stock Market Index Fund (VTSMX)
- 30% Vanguard Total Bond Market Fund (VBMFX)

# Useful Books

- ◆ The Lazy Person's Guide to Investing by Paul Farrell
  - ◆ The Random Walk Guide to Investing: Ten Rules for Financial Success by Burton G. Malkiel
  - ◆ The Index Fund Solution by Richard Evans & Burton Malkiel
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# Useful Websites

◆ [www.indexfunds.com](http://www.indexfunds.com)

# Getting Started--Exchange Traded Funds (ETFs)

- ◆ Purchase through a brokerage service (e.g., ScotTrade, AmeriTrade)
- ◆ Some options--
- ◆ VTI Vanguard Total Stock Mkt VIPER \$113
- ◆ VV Vanguard Large CAP VIPER \$50.95
- ◆ VB Vanguard Small CAP Viper \$52.68
- ◆ SPY Standard & Poors Dep Rec (SPYDR) \$116.08

# Rank order the following in terms of importance.

- ◆ Things (possessions)
- ◆ People (friends, family members)
- ◆ Money (savings, investments)

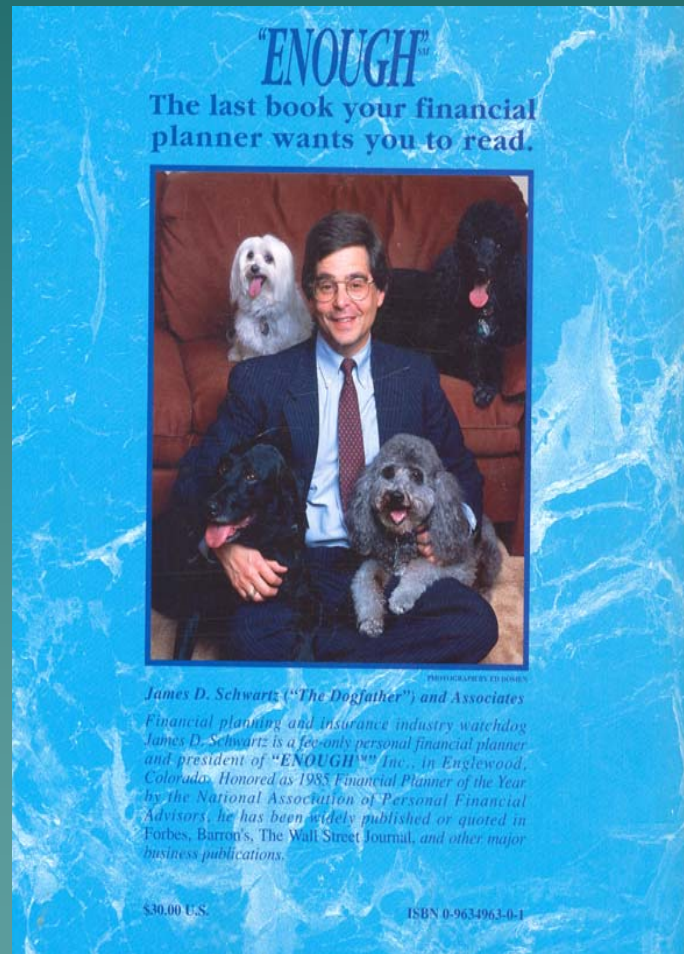
Suze Orman is a noted financial planner, author and TV host.




# Suze Orman's rank order is:

- ◆ 1) People
- ◆ 2) Money
- ◆ 3) Things

# James Schwartz is a noted financial planner and author.




# Some Relevant Quotes from James Schwartz's Enough

- ◆ *If some is good, more is better.*  
--Anonymous
  - ◆ More is never enough.  
--Anonymous
  - ◆ *more, more, more. what the hell are we  
all, morticians?*  
--e. e. cummings
- 


# Additional Quotes

- ◆ *Rich is knowing you have enough.*  
--Kruger, *Emotional Business*
- ◆ *You ask, 'What is the proper limit to a person's wealth?' First, having what is essential. Then, having what is enough.* --Lucilius, *Letters*, tr. Robert Campbell

# The Take Home Points

- ◆ A 'more' attitude toward things will tend to dissipate wealth.
  - ◆ An 'enough' attitude will conserve wealth.
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# In the Future

- ◆ Please let me know when you become the millionaire next door.
  - ◆
  - ◆ (As you do so, send a picture or remind me of when you took this class and who your friends were in the class.)
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