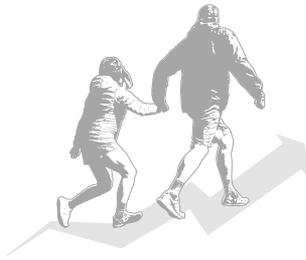


CHAPTER 1
CLIMB HIGH



*If anyone ever tells you your dreams are silly,
remember there's a millionaire
walking around who invented the pool noodle.*

I admit, I was scared. Nobody tells you how big the Himalayas really are. Actually, that's not true. They'll tell you they soar to the heavens, but until you experience them firsthand you just can't believe how colossal they are. My goal was to reach the summit of Thorong La at 5,416 meters, or nearly 18,000 feet in elevation. Although I would not be entering the death zone, let's face it, that's higher than Mont Blanc, Europe's highest mountain. What the heck was I doing here?

Yes, I had wanted to challenge myself. But did I really need to put myself through the most mentally and physically demanding trudge of my life? I guess the answer was yes.

Previous explorations had been limited to four or five days in the Southern Alps of New Zealand or overnight trips in the Rockies and Adirondacks. Compared to that, this was bona fide crazy. It felt as daunting as going head to head with Kevin O’Leary on “Shark Tank.”

LEARNING THE BASICS

It took nine arduous days to reach the high base camp of Thorong Phedi at 14,924 feet. As soon as I walked into the rudimentary structure we were staying in, I noticed a sign that read:

Richard James Allen died from altitude sickness near the top of Thorong La. 24th Feb 1991—Aged 27 Years.

TRAVELERS BEWARE!

This did not do much to raise my confidence level. One obviously did not need to enter the official death zone to face demise on a mountain.

It was cold, far too cold. I could hear the wind howling. I had hoped my personal cocoon of polyester and down was going to shield me from the most frigid temperatures I have ever experienced. I could see and hear wisps of icy breath emerging from the sleeping bags of fellow climbers I had befriended from Poland, Germany and England. I was informed that waking up in the middle of the night with your heart racing at 120 beats per minute as you gasp for air is just a normal sign of acclimatization. Although I wasn’t convinced I would

get any shut-eye, I eventually did fall asleep for a brief period despite a feeling of excited confidence and pumping adrenaline, as well as an uneasy stomach of nerves—just like you may be feeling about your financial future.

It was a 5:30 a.m. start, well before the first rays of the sun had crested over the dramatic, rocky creations of plate tectonic forces. The stars were putting on a show for free as I switched on my Petzl headlamp and marched into the darkness, my leather Merrell hiking boots stomping across the hard-packed granular snow.

Yes, I was scared. Scared for the first time in years. My head was pounding as I fought for breath and ascended into the thin air. The more I panted to get oxygen in my lungs, the more my head shrieked. This persistent headache felt like a terrible hangover that would not respond to painkillers. I gulped at the air, feeling as though I were a swimmer barely surfacing. I felt unbalanced, not from the effects of microbrews but from the lack of air pressure. The most effective treatment is always a rapid descent, but I was determined to remain aware of my symptoms and keep climbing. Each step was labored, and those steps quickly got smaller as I concentrated on placing one foot ahead of the other. I stopped after only 30 or 40 paces to catch my breath, then mustered what seemed like my last bit of energy to continue on.



Ashley from England (sitting) and me (standing)

So much of my body's resources were preoccupied with the basic necessities of life that it was difficult to hold a conversation with the other climbers. Each of us remained in our

own private world. It was just me and the mountain. Slowly, surely, I continued upward.

My Tibetan llama wool sweater with its Yin and Yang symbol, which I had purchased in Kathmandu, proved to be a good investment. Eventually the air warmed up considerably as the sun rose, painting the rocky outcrops towering above in pink and gold. I couldn't look up as much as I would have liked as the trail had become perilously steep and I was focused on my feet.

I was now being cursed by false peaks that teased us from afar, leading us to believe that the actual peak was close because nothing seemed to be higher. Every time we approached the area we thought was the summit, we were confronted with the fact that the actual peak was still nowhere in sight. In addition to the physical challenge, this expedition was also testing my emotional reserves.

By mid-afternoon, and not a minute too soon, my international group and I reached what felt like the top of the world as the mountain split away from me on all sides. I had succeeded where so many others had failed. Never before had I been this proud of myself.

I noticed colorful prayer flags flapping in the wind, strung from mounds of rocks, followed by the imposing beauty of the majestic peaks Annapurna III, Gangapurna and the Dhaulagiri range. My fellow climbers and I embraced and snapped a couple of quick pics before realizing that nightfall

was approaching and our stamina was diminishing. Now we just had to get down safely. The celebration would have to wait. Sometimes—as with saving for our financial future—we must put the good stuff off for a while in order to have the opportunity to truly celebrate later.

Getting to the top of a towering mountain or financial summit takes a great deal of work. Heck, just getting started is an arduous undertaking. Before I began my Himalayan adventure, it was imperative that I have the right mindset. I had to prepare physically, learn the basics of climbing and get my head straight, just as you will need to learn investment basics and have the right mental framework to achieve your financial success.

Despite all my preparation, I was certainly humbled by my climb to the top of Thorong La. However, I was way more humbled in Nepal before the climb even started. Having my intestines surrender on the bus to Besisahar where our trek would begin was, without a doubt, my most embarrassing moment to date, but you'll have to read *Failure Is Not an Option* for the uncomfortable details. For now, just keep in mind that if you're worried about embarking on this financial journey with me, there's no way you will feel any more out of your element than that, especially since I'll be here to guide you through the monetary basics.

MONEY SMARTS

Every climb, no matter how big or small, starts with a single step. In the world of finance, it starts with some core basics.

I was fortunate to learn indispensable lessons early in life before I even began climbing my own financial mountain.

I'm about to pass down a few of these very important principles to you. With this information, I am confident that you'll be equipped with the financial rope, crampons and ice axe you need to navigate your own way to the summit of your financial mountain. Your journey may seem daunting, but over time that sense of intimidation or uncertainty will transform into enthusiasm, because with knowledge comes confidence and clarity.

Are you ready for me to share some of the financial wisdom I learned early on?

There are people in one's life who act as our guides and impact our destiny. My grandma and father have been those mentors to me. To this day, I continue to pass along the financial principles they instilled in me at an early age.

I will never forget the day my Grandma Ruth changed the way I thought about money by informing me that I was now the partial owner of the country's second-largest telephone company. *How could I possibly own a portion of any company?* I thought. It was my 13th birthday, a rite of passage into my teenage years, and Grandma had handed me a gift. I opened the manila envelope to find a document titled *MCI Communications Corporation*. It looked official and even had an identification number, a corporate seal and several signatures.

Today, records of ownership are kept in electronic form, but back then, stock certificates were printed on paper. I was quite proud of my new stock certificate—proof of my ownership of 100 shares in this corporation that I'd never even heard of. My interest in the stock market peaked when I learned that everyday people could purchase shares of any public company and even have voting rights and earn profits as the company grew. I thought this was too good to be true. You will probably feel the same after you hear the rest of this story.

Coincidentally, or more likely due to Grandma's intuitive knack for the market, just months after taking ownership of my MCI shares, a jury awarded the company \$1.8 billion—the largest award in U.S. history at that time. This led to the breakup of the enormous AT&T monopoly and the beginning of the competitive long-distance telephone industry. One of the immediate effects was that MCI's stock price practically doubled over night. I felt I was on the road to riches.

“Your money is working for you rather than you working for money,” Grandma proudly told me. Even while I was in class at Shenendehowa Middle School or playing baseball after school with Tim Stack, a close friend since the age of 3, my money was still working for me. I had to reflect upon this notion for a moment. Once it sank in, I realized this had to be one of the most brilliant concepts ever created.

“Does anyone else know about this, Grandma?” I asked.

She informed me that many people, including my father, had found ways to leverage their time, including investing in the stock market. I was excited and intrigued.

This was just the beginning of my education about money. In fact, Grandma and Dad were about to share with me two financial lessons that would change my life and financial future forever. Few people knew these principles back then and unfortunately most still are not familiar with them today. Are you curious? Would you like to know what they are? How about a penny for Grandma and Dad's thoughts?

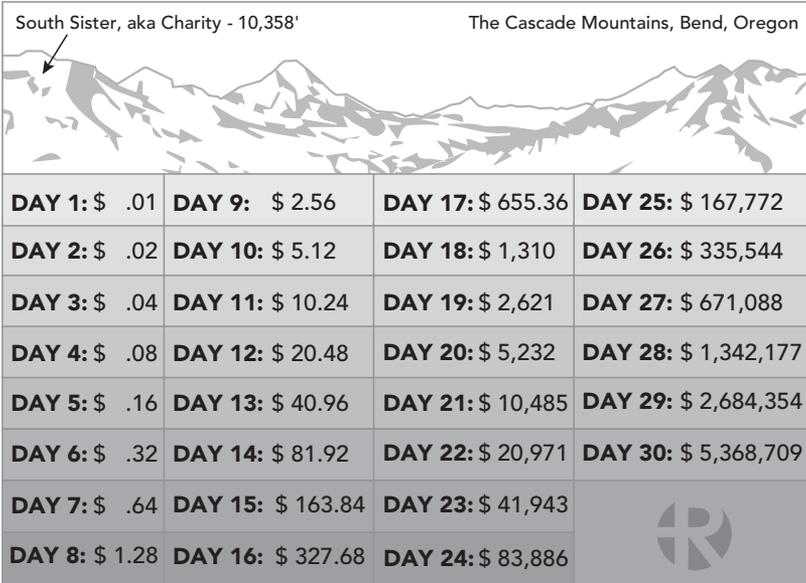
A PENNY SAVED IS A PENNY EARNED — BENJAMIN FRANKLIN

The next time I saw Grandma, she asked me a question that I thought was silly at the time.

“David, if you were given the choice of having a penny double every day for one month or a million dollars right now, what would you choose?”

As a young student and soon-to-be entrepreneur, it wasn't even a contest. “A million dollars for me, please!”

I quickly found out that in this case, ignorance was not bliss. Without wasting a second, Grandma shared the chart below, which continues to fascinate me and to captivate my clients and audiences when I share it. I think you, too, will be astonished by the results.



As you can see, one penny becomes two pennies, which become four pennies and so on. By Day 12, I was beyond convinced that I had made the right decision, as the original penny had only accumulated to \$20.48. By Day 18, I was still happy with my choice, as the penny had accumulated to only \$1,310 with just 12 days to go.

What happens during those last 12 days is something that you just have to see on paper to believe. Right before my eyes I witnessed that if you take a single penny and double it every day, in just 30 days you will not only surpass \$1 million, you end up with more than \$5 million.

Boy, had I made the wrong choice!

Although almost everyone I have ever approached with this question thinks it will take years for a penny to reach a million dollars, a penny doubling daily is like a rocket ship taking off into space. A rocket spends 80 percent of its fuel during takeoff; once it reaches a certain point, it flies smoothly with minimal consumption.

This was my first lesson in the power of compound interest. Albert Einstein developed countless theories and principles and yet he reportedly declared:

Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it.

That's exactly what you're doing with those looming credit card bills and student loans. And that's exactly why we're going to help you figure out how to pay those off so you can earn compound interest rather than pay it.

So, what exactly is compound interest?

Compound interest results when interest is added to your original contribution, known as the principal. From that moment on, the interest that has been added also earns interest. This eventually forms an avalanche effect.

Because the benefits of saving early in life are so greatly magnified by compounding, getting started with saving and investing now can make a big difference in whether you're able to enjoy your life without experiencing financial wor-

ries. Start now, and hopefully one day you might even be able to live independent of the paycheck. Can you imagine working in the future because you choose to—not because you must to cover everyday living expenses?

One of the challenges beginner mountaineers often face is they're so focused on the summit that they neglect to set small goals along their journey. This lack of goal-setting makes it too easy to return to base camp when bad weather sets in or a lack of oxygen makes their head begin to pound like the morning after Bonnaroo.

Similarly, people are typically overwhelmed when contemplating the financial journey that lies ahead. But like any goal worth achieving, it's all about having the end destination in mind and starting with incremental steps. As Ed Vies-turs puts it so eloquently in *No Shortcuts to the Top*:

Each stretch between a pair of mini-targets becomes its own private struggle. It's only by nibbling away at these immense distances that you achieve the whole.

It may seem easier to give up on your goals and wave a red Gore-Tex jacket in frustration while surrounded by lions (you'll find that story in Chapter 3). That's what most people would do. But you're not most people, and living a life of mediocrity is just not in your cards. As Henry Ford said:

Some people say they can and some people say they can't. They are both right.