Start Late, Finish Rich
A No-Fail Plan for Achieving Financial Freedom at Any Age

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About the Author

DAVID BACH is the author of the National Bestsellers Smart Women Finish Rich, Smart Couples Finish Rich, and The Finish Rich Workbook, and the host of his own PBS Special, "Smart Women Finish Rich". Bach's FinishRich seminars are now the leading financial seminars in North America, having been taught in over 1,700 cities by thousands of financial adviser. He is a money coach on America Online and the host of his own nationally syndicated radio show Live Rich with David Bach.


The Big Idea

Do you feel like it's too late for you to get rich? Did you procrastinate, save too little and borrow too much? Don't worry. Whether you're in your thirties or even sixties, it's never too late for you. With the right plan, you can start late and still finish rich.

David Bach, America's leading money coach and bestselling author of The Automatic Millionaire, provides you with an inspiring and easy-to-follow plan that can help you achieve financial security at any age.
Part One: It’s Time to Get It

Chapter One: So You Started Late - Give Yourself a Break Already!

Have you ever heard yourself say that you wished you had started saving when you were younger? The first step in finishing rich is to give yourself a break and cut yourself some slack. Instead of worrying about what happened in the past, ask yourself what you are going to do about it now.

Thinking about mistakes you have committed in the past is a waste of your energy, spirit and time. Remember that the past will continue to be your future if you drag it along with you. You must learn to let it go.

Chapter Two: It’s About Your Money, It’s About Your Freedom

Money buys you freedom. Without financial security and independence, you will not be able to live a life as free as you want. Although money can not buy you happiness, you will find that the lack of money can make you miserable.

By finishing rich, you are able to regain control of your life. When you are financially independent, you are able to focus on living more. Sad to say, but most people nowadays don’t have a life. It is time for you to learn, plan and take action to get a better life.

Part Two: Spend Less

Chapter Three: Find Your Double Latte Factor™

It’s Not How Much We Earn, It’s How Much We Spend
Believe it or not, your wealth does not depend on your income. In fact, one of the most important things you must learn is that how much you earn has almost no bearing on whether or not you can and will build wealth. Rather, your wealth depends on what you do with your money once you get it.

The Latte Factor
The Latte Factor is a concept that asks you to look into the small things you spend your money on every day. Believe it or not, you are spending your money on luxuries that you can very well live without. These extravagances include premium cable channels, designer coffee, fancy mobile phones, cab fare and massages. By limiting the amount of money you spend on these extravagances and instead investing the cash properly, the $1,100 a month you save can add up to nearly $2.7 million dollars in 30 years.

The Double Latte Factor™
If you’re starting late, the Latte Factor might not be enough. You’re going to need to double up your savings. To do so, you must use the Double Latte Factor™.
The Double Latte Factor is those fixed, recurring expenses you incur by buying or signing up for services that are now considered essential and yet you were able to survive without five to ten years ago. These things include health club memberships, satellite TV, SUVs, bottled water, high-speed Internet connection, cigarettes, and extra cars.

**Documenting Your Latte Factor**

The best way to motivate you into making changes in your spending habits is to document your double latte factor. Make a copy of the sample form and track your expenses for one day. Make sure you write down every single cent that you spend.

<table>
<thead>
<tr>
<th>Item or Service</th>
<th>Cost</th>
<th>Wasted Money?</th>
<th>Amount Saved</th>
<th>Amount Saved Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What I bought</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bagel and coffee</td>
<td>$3.50</td>
<td>x</td>
<td>$60</td>
<td></td>
</tr>
<tr>
<td><strong>Service Example</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two cell phones</td>
<td>$200/mo</td>
<td>x</td>
<td>$50</td>
<td></td>
</tr>
</tbody>
</table>

My Double Latte Factor (Total Amount I Can Save Monthly) $

Once you've added your daily expenses, add all your fixed monthly expenses that can either be eliminated or reduced. In other words, you must try to find out which of your expenses are not essential. Remember, learning how to bring your Double Latte Factor under control is an important step to finishing rich. All you need to do is to decide that you can live on a little less and start to save right now.

**Chapter Four: How to Transform Your Debt Into Wealth**

Most people owe money on their credit cards. Even worse, a huge percentage of these people only pay the minimum amount due every month. If you are heavily into credit card debt, you are not alone.

**It's the Interest that's Killing You**

Credit card debt holds a lot of people back financially. Few realize that it isn't the money they spent on stuff that is killing them but the interest they are paying on that debt. In other words, you must get your interest rate lowered. Only by cutting the interest rate can your debt become manageable.
How to Swap High Interest Charges for Zero Interest Charges

There are things you must remember:

1. Credit card companies are desperate for customers.
2. Interest charges are not the only way credit card companies make money.
3. Credit card companies increase their profits if you only make minimum payments.
4. Credit card companies want you to be late in paying because they charge high collecting late fees.

You must realize, however, that you can't get out of debt by paying the minimum amount due. Unfortunately, you can't finish rich if you have credit card debt. The best way to deal with this is to follow the old saying: “If you don’t have cash, don’t buy it.”

However, if you are like millions of Americans out there, you are already deep in credit card debt. If this is the case, you are already in a hole and the best advice to give you is to stop digging. Don’t use your credit card on bills you can’t pay in full every month. Better yet, use cash for all your purchases.

Chapter Five: Manipulate the Credit Card Companies - Legally

You Can Talk Your Way Out of Debt

Your credit card companies can lower your interest rates and waive your annual fees or late fees. To get them to do these things, however, you must know what to say and how to say it.

Here’s how you can get your credit card company to lower the interest rate it charges you:

1. **Find out how much interest you are currently paying.** Read the fine print on your latest credit card statement. Usually, the interest rate is called finance charges or rate summary.
2. **Find out what the competition is offering.** Visit online websites such as www.bankrate.com, www.cardweb.com, and www.lowermybills.com to find out what the prevailing rates are. You will also find credit card offers with introductory rates. Your junk mail is also a good place to look.
3. **Talk to someone who can make a difference.** Call your credit card company's customer service department and ask to speak with a supervisor. Inform the supervisor that a competing bank is offering a much lower interest rate and that unless he matches or beats the competitor’s rate, you are transferring your balance. Tell the supervisor the name of the competitor and the interest rate. Be polite and reasonable.
4. **Get the fees waived.** You can also have your late fees and annual fees waived. Just call the company immediately and ask, “Can you please waive this late fee? I am not normally late and I would appreciate it.”
Chapter Six: DOLP® Your Debt Out of Existence

Through DOLP® (Dead on Last Payment), your goal is to eliminate your credit card debt. The best way to start is by consolidating all your credit card balance on a single card - negotiating the best rate possible. After you have done so, it is time for you to consider how much of your resources you should spend on managing your credit card debt.

The Magic Formula for Paying Off Credit Card Debt
The formula is very simple. You must be able to pay more than the minimum amount due every month. By paying at least $10 a day more than the minimum payment, you can be out of debt in five years.

DOLP® Your Debt Out of Existence
If you are unable to consolidate all your credit card balances in one account, it would be best if you would DOLP your way out of debt. This means that your credit cards are going to be Dead on Last Payment.

Here is the DOLP system:

1. Make a list of the current outstanding balances on your credit card accounts.
2. Divide each balance by the minimum payment that a particular company demands. That is your DOLP number.
3. Rank your accounts according to their DOLP number in reverse order. You can follow the sample table below:

<table>
<thead>
<tr>
<th>Account</th>
<th>Outstanding Balance</th>
<th>Monthly Minimum Payment</th>
<th>DOLP Number (Balance / Min Payment)</th>
<th>DOLP Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visa</td>
<td>$500</td>
<td>$50</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Mastercard</td>
<td>$775</td>
<td>$65</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Sears Card</td>
<td>$1,150</td>
<td>$35</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>

Now, take half of your Latte Factor savings and use it to reduce the balance on the card with the lowest DOLP ranking. In this case, it is the Visa card. As for the other cards, make the minimum payment on each. Once you have finished paying off your Visa card, close it down and start paying off the next-lowest DOLP ranked credit card. Follow this religiously and you will become debt-free.

Chapter Seven: Beware of the “Nonprofit” Promise of Debt Counselors

Some people are so deep into debt that they need professional help. For this reason, credit counseling agencies are available for you to turn to. Unfortunately, a growing number of unscrupulous individuals are forming companies that try to take advantage of people with debt problems. To avoid falling into this trap, you must be able to distinguish between legitimate credit counseling agencies and the bogus ones.
Here are some illegal practices of corrupt credit counseling agencies:

- Misrepresenting fees or tricking clients into giving “voluntary contributions.”
- Promising results that can’t be delivered.
- “One size fits all” counseling.
- Failure to pay creditors quickly - or at all.

**How to Find a Credit Counselor You Can Trust**

The best way to find a legitimate credit counseling agency is through referrals. You must, however, still double-check with the Business Bureau before signing up with anyone.

You can also try a referral service. The best one so far is the Consumer Credit Counseling Services, an offshoot of the National Foundation for Credit Counseling. You can get in touch with them by visiting [http://www.nfcc.org](http://www.nfcc.org).

Here are other steps you should undergo to ensure that your credit card counselor is trustworthy:

- Read through any written agreements carefully.
- Make sure your creditors are willing to work with the agency.
- Check with state agencies and the local Better Business Bureau to find out about the agency's record.

**Part Three: So You Started Late - Give Yourself a Break Already!**

**Chapter Eight: Pay Yourself First... Faster!**

The only way to finish rich is to Pay Yourself First. If you are starting late, you have to Pay Yourself First at a faster rate. Here are four questions you should ask yourself to find out if you are ready to become rich:

1. Do you know how much you should Pay Yourself First?
2. Do you know where to put the money you Pay Yourself First?
3. Are you actually doing it?
4. Is your Pay Yourself First plan automatic?

Only when you can answer yes to the questions above are you doing everything you can to attain financial independence.

**Save at Least an Hour a Day of Your Income**

You should Pay Yourself First at least an hour’s worth of income every day. Put the money you save into a tax-deferred retirement account. If you do this at the age of 30, you can end up with almost 2 million dollars by the time you retire.

If you are, however, in your 40s, this might not be enough. It is best that you save two hours’ worth of income every day. This might sound like a difficult thing but this is something you must do to ensure a good life when you retire. To make it easier for you to do this, have the money taken out of your paycheck automatically before you
Chapter Nine: Toss Out the Budget and Make It Automatic

In the real world, budgets just don’t work. In fact, they are time-consuming and often counter-productive. Instead of budgeting, you must devise a brilliant plan where you Pay Yourself First without fail every month. The most effective way to do this is to imitate the government and automate the process.

Where Your Money Should Go

Enroll into a self-directed retirement account. The 401(k) plan is probably the retirement account you have heard of the most. If you work for a nonprofit organization, the account used is a 403(b) plan.

If you are eligible for a 401(k) plan, there is no reason why you should not avail of it. If your company offers the plan, make sure that you are signed up for it. Your employer will automatically deduct money from your paycheck to fund your retirement.

If you are starting late, it is best that you ask your employer to deduct 25% of your gross pay to fund your retirement account. If you can't afford to have that much deducted, start on a smaller scale and increase it as time goes by. Your goal should be to “max out the plan.” In other words, you should strive to make the maximum contribution your company allows. Remember, we are talking about your future.

If you are not eligible for a 401(k) plan, get yourself an Individual Retirement Account (IRA). Like the 401(k), you get to choose how much money you put in and how to invest it. The IRA is also tax-deferred.

Chapter Ten: Your Life Should Be Interesting - Your Investments Should be Boring

The truth about investing is that timing the market rarely works. The best solution is to create a totally straightforward investment plan. The author recommends the Perfect Pie Approach™ where you divide your investments equally between stocks, real estate and bonds.

Here is how to do it:

1. **Buy Real Estate.** Consider investing in Real Estate Investment Trust (REIT). You might be surprised to discover that REITs have outperformed stocks for 25 years.
2. **Buy Stocks.** Instead of individual stocks or bonds, invest in mutual funds. Mutual funds provide you with instant diversification, professional money management, efficiency, and liquidity.
Chapter Eleven: Why Renters Stay Poor and Homeowners Get Rich

Unless you own your own home, you will never be able to finish rich. If you start late, you need to own someone else’s home too. If you are renting the place you live in, you must realize that this is a financially self-destructive practice.

Here are the 7 things you need to know about homeownership:

1. You can't afford not to buy.
2. Buying can be cheaper than renting.
3. Homes make great investments.
4. The government wants you to become a homeowner.
5. You don't need a huge down payment to buy a house.
6. You don't need perfect credit or a big income to get a mortgage.
7. It's never too late.

Chapter Twelve: How to Buy a Home, Pay It Off Early - and Save $71,000

The most important part of the home-buying process is to learn how to pay off your home and become debt-free automatically. You must get the right kind of mortgage. The best way to do this is to study each kind of mortgage and the advantages and disadvantages of each.

The author recommends 30-year, fixed rate mortgages because they are easy to understand and manage. Some people, however, may balk at the thought of committing themselves to a debt that can take 30 years to pay off. Indeed, you shouldn't take 30 years to pay off your loan. There is a simple system you can use to pay off a 30-year mortgage 8 years early.

All you need to do is to take the 30-year mortgage you have and instead of making a monthly payment, pay half every two weeks. At the end of the year, you will discover that you have paid 13 monthly payments instead of 12.

To set up your biweekly mortgage plan, contact your mortgage lender today and arrange to set up an automatic payment plan.

Part Four: Make More

Chapter Thirteen: Who Says You Can’t Make More

If you are starting late, a good way to jumpstart your savings is to increase your earnings while you are paying yourself first. Here are some tips on how to jumpstart your income:

- Get rich by working smarter and not harder. Exploit your ideas instead of your muscles.
- Acquire new knowledge and take action.
Chapter Fourteen: A Four-Week Action Plan to Get a Raise

Getting a raise is not as impossible as you think. You must realize that the market pays you what you are willing to accept. If you want that raise, here is a four-week action plan that you can follow:

1. **Decide that you want.** Write down what you want to achieve, how you are going to do it and when.
2. **Ask yourself the seven magic questions.**
   a. What is the most important thing I do for my boss?
   b. What does my boss think I’m uniquely talented at?
   c. What would my boss be afraid to tell me about my job or how I do it?
   d. What would my boss say I could do to add more value to my job?
   e. What could I do to be my boss’ “dream team” employee?
   f. Would my boss hire me today?
   g. What would my boss say it would take for me to get a raise in the next six months?
3. **Learn the 20/60/20 principle™.** 20% of employees have no clue, 60% want a clue and only the top 20% have a clue.
4. **Ask for the raise.**

Chapter Fifteen: Becoming Your Own Boss - Without Quitting Your Day Job

A second stream of income can change your life drastically for the better. If you develop a new source of income, you can finish rich even if you started late in life. Ignore the myths about starting your own business. Here are some of those myths:

- You need a lot of money to start.
- You need a lot of time and experience.
- Nine out of ten businesses fail.

Instead, follow the four rules to start your own home-based business:

1. Make a decision.
2. Pick a field.
4. Make it legal.

Chapter Sixteen: Make More... On eBay

The auction site called eBay might be the best and easiest way to start a business at home. More and more people have realized that eBay is a reliable and effective tool that you can use to make more money.
Use eBay to offer some product or service that you already have to potential customers. You can also use eBay to find some products that you can buy low and sell high. eBay is so easy to use that even newcomers will find it easy to get started. Visit http://www.ebay.com for more information.

Chapter Seventeen: Make More... In Direct Selling

Direct selling is called by many names - network marketing, multilevel marketing, etc. Direct selling is merely the person to person sale of a product or service by one person to another. Aside from selling your products, you can also recruit others to sell these products for you allowing you to earn a percentage of their sales income as well.

Before you consider direct selling, you must first realize that it is not a get-rich-quick business and that it is not for the lazy. Still, direct selling might be a good idea for you because you don’t have to do it all yourself. Furthermore, you will find mentors and experts to help you along the way, create passive income, and make new friends. Furthermore, you make your own hours, get tax incentives and direct selling is inexpensive.

Here are some tips you can use should you decide to go into direct selling:

1. Get into a business you are passionate about.
2. Sign up only with an established company.
3. Visit the company headquarters and meet the management.
4. Read the financials.
5. Consider only Direct Selling Association members.

Chapter Eighteen: Make More... In Franchising

With franchising, you get the opportunity to invest in a proven business system. Today, the franchising industry includes everything. Contrary to popular belief, franchising is not easy, boring or expensive.

You might consider franchising because it is easier to run a business rather than create one. It is also ideal if you are looking for a career change or have some money to invest. Here are some tips that can help you in your franchising business:

1. Read the Uniform Franchise Offering Circular.
2. Talk to people who are franchise holders.
3. Work at the franchise before you decide to buy.
4. Look into buying an existing franchise.
5. Catch the growth curve and prosper.
6. Know what to watch out for.

Chapter Nineteen: Get Rich Investing in Real Estate... On the Weekend

If you are starting late, investing in real estate is the easiest way to finish rich. A properly managed piece of property can give you as much as $1,000 a month in extra income. All you need to do is to buy a house that you can rent out for just enough money that can cover your mortgage payment, taxes and maintenance.
By investing in real estate, you make extra income without the hassle of hiring employees. Furthermore, after you've bought the property, it doesn't really entail much work. It is also a business you can sell without having to pay capital gains taxes.

**Buy a Home, Live in It, Rent It - Then Do It Again**

This is the best approach to investing in real estate. It is a get-rich slowly approach that is a hundred times more effective than get-rich-quick schemes. Here is the weekend warrior's approach to real estate investing:

1. Decide where you're going to work.
2. Get your credit act together.
3. Get pre-approved for a real estate loan.
4. Find a real estate broker.
5. Start going to “open houses.”
6. Buy a house and start making money.

**Chapter Twenty: Get Rich in Real Estate... The Advanced Course**

Here are more sophisticated strategies you can use when investing in real estate:

1. Look at new developments.
2. Look for properties that come with tax abatements.
3. Use “1031 exchanges” to defer taxes on rental properties.
4. If you own a business, buy a building for it.
5. Tie up a big deal with an inexpensive option.
6. Let the government help make you rich.
7. Look at lease-to-purchase deals.
8. Look at foreclosures.

**Part Five: Give More, Live More**

**Chapter Twenty-One: It’s Never Too Late to Give More**

Money makes your life easier but it can never buy happiness. True happiness comes from within. So even if you are rich, if you live a life without meaning, you might end up miserable.

Employ the philosophy of giving. Remember that the more you give, the more you really live. You must realize that the world needs your help and that you can make a difference.

**Tithing - the Greatest Gift You Will Ever Know**

When you are tithing, you are voluntarily giving a fixed percentage of your income to charity. The percentage is entirely up to you. The traditional tithing route is 10% of your gross income.
Chapter Twenty-Two: Start Late, Live Rich

Living rich means living a life where you spend more time being the person you want to be. When you live rich, you live according to your values. Choose to live a great life. This is a decision only you can make.

Living to retire is not good living. The truth is, you can only be a happy retiree if you have lived a full and meaningful life. Learn to experience joy today. Here are the four basic principles in creating your LIVE RICH Factor:

1. Become connected with your truth.
2. Stop judging yourself.
3. Stop judging others.
4. Pursue fun with a vengeance.

Chapter Twenty-Three: You Started Late... But Your Kids Don’t Have To

Here are eleven lessons to raise smart kids to live and finish rich:

1. Teach them to “own the place.” Teach your children to become owners.
2. Teach them to pay themselves first… automatically.
3. Teach them the miracle of compound interest.
4. Teach them to buy a home because you can’t get rich renting.
5. Teach them about credit cards and the peril of debt.
6. Teach them about the Latte Factor.
7. Teach that if they can’t pay cash for something, they shouldn’t buy it.
8. Teach them to tithe a percentage of what they earn.
9. Teach them what you did wrong with your money.
10. Teach them that they should control their own destiny or someone else will.
11. Teach them to dream big dreams.