

# The 3 Secret Pillars of Wealth

How to Crack Your Wealth Code  
Using the Tools of Self-made Billionaires

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## PREFACE

### Are You Really Prepared for Retirement?

You cannot teach a man anything. You can only help him discover it within himself.

—Galileo

Hope is not an investment strategy.

If you're like most people, you hope for a comfortable retirement doing what you like to do, free from financial worry. But have you asked yourself the tough questions that need answering before you can begin attaining your retirement goals? Do you even know, in specific detail, what your goals are? Do you want to live in the lap of luxury or merely continue living the lifestyle you currently enjoy? And do you know what it's going to take to be able to do those things?

Most people have never really taken a hard look at where they are financially and what it would take to reach their goals. That's because financial decisions are emotional and difficult, and change often involves risk. But change is what's needed if you want to start thinking and acting like someone in control of his or her finances. Investors think differently than non-investors and I need you start thinking like an investor if we're going to get your money to start working for you.

Before we get started, though, I want you to understand a few things about my approach to wealth building. While I believe that you can amass great wealth by sticking to these pillars of wealth, I don't want you thinking that this is a get-rich-quick book or that I

expect you to immediately understand everything about wealth building just because you've read my book. This is going to take work and patience and planning, and maybe even help from a financial professional.

I believe in planning for the entire length of your lifetime, and that your plan will need updating and adjustment to survive as long as you do. Financially successful people understand that amassing wealth isn't about gimmicks or following the crowd. In order to create wealth you have to take a serious look at what's best for you and your family. There is no one-size-fits-all financial plan.

I'm going to ask you to think like a corporation and honestly look at your personal cash flow. Would you buy your family business as it is today, based on your personal balance sheet? Are you running the family finances to the best of your abilities, and are you using the Three Secret Pillars of Wealth? Recently, three of the richest men in the world were asked by *Forbes* magazine what the best investment advice that they'd ever heard was. Together, these three men identified the three pillars of wealth, and I want you to learn how to use them to the same great effect as these billionaires.

Similar to the many corporations that are now drafting vision statements, you need to have a clear vision of where you want to be, with goals that match that vision, before you can start implementing the three pillars.

Having a vision will be important to you as you plot your financial course. I think that its importance was best summed up by Helen Keller, who said, "It is a terrible thing to see and have no vision." That statement is powerful—it establishes the importance of using your vision of your future as a compass in order to reach your destination.

In addition to asking you to think about your vision, I'm also going to ask you to think in realistic terms about what you want to accomplish. When you set a financial goal it should be something you can achieve. Many people confuse having a goal with having an ideal. They have pictures in their minds of what the perfect world would be for them if they were multimillionaires. These ideals seem

to change with time, place and circumstances. So, if you want to manifest a retirement with, say, \$3 million, you're going to have to get clear about what it takes to get there, and support that goal with intention and work—not just hope.

I'm not saying that you shouldn't dream big or have lofty goals. I'm just saying that you need to be deliberate in the actions you take—and then, you can have what you want.

At first blush, running your home like a business may sound too intense, and taking a hard look at your finances may be too frightening. But no one is going to care more about your financial future than you are. The guy managing your company's 401(k) isn't going to sit down and plan your future for you. Following in the footsteps of a giant corporation and investing blindly in the stock market isn't going to make you rich, either. You need to invest in a way that's catered to your situation.

And you don't have to move blindly forward, either. You can adopt successful, proven strategies that have worked for billionaires and adapt them to your own businesses and personal finances. Just remember that running your business is not the same as running your family's ledger. When I tried running my family as I did my business, it became evident that I couldn't become the accountability officer in both places; I couldn't come down on my wife for overspending or otherwise mismanaging our cash flow, as I could with my employees. However, I found that I could absorb what was useful about accountability and use some of its guidelines to help my family stay on course with our financial vision.

Besides that, my wife has tempered my view on how much I can run my family like a corporation and still sleep with her, and not on the couch. I think we've found a happy medium that we are comfortable with; hopefully, you too will end up exploring your own limits.

### *You Have to Make Decisions*

Investment decisions are hard and emotional because like any other decisions, they deal with change that could have consequences. The

stakes are high in investing, and many people are fearful that a wrong step may place them so far in the red as to force bankruptcy. I hope to alleviate some of your worries through education, and with the recommendation that you make tiny steps toward your financial goals. I also want you to seriously consider seeking assistance from high-quality planners and investment coaches. As you achieve certain goals, you'll build your self-esteem and confidence, which increase your ability to make bigger and bolder decisions that lead to bigger and better results.

I wish I could tell you that you could achieve the kind of financial security you seek just by getting motivated and pumping yourself up, but the truth is that most people, especially successful investors, are highly motivated by some things and less motivated by others. Dan Sullivan of the Strategic Coach™ program suggests that rather than trying to get more motivated in general, it makes more sense to pay attention to what motivates you and then try to do more of it.

For example, if getting wealthy and living the lifestyle of your dreams motivates you, then go for it. If providing for your family and changing its economic tree for future generations motivates you, then let that drive you. On the other hand, if you are compelled by having an early and long retirement, and doing what you want to do while you're still vibrant and healthy, then make that your motivation.

Remember, this book is a tool—one of many you will need to use to plan successfully for yourself and your family. But, it also provides a fresh approach to investing that many people aren't yet aware exists. I believe in the use of tax-advantaged investment tools and a realistic approach to calculating your true earnings, and I'll show you which investment vehicles beat the traditional mutual fund when it comes to real return to the investor. Hopefully, along the way, you'll experience a real shift in thinking that will help you become a savvy investor for yourself and your family.

# CHAPTER ONE

## Danger Ahead: Why Tradition Is No Longer Enough

You're thirty-five years old and you earn \$60,000 per year. If you want to retire in thirty years with the same lifestyle you're accustomed to now, you will need a \$3,000,000 nest egg. Many people believe that this dollar figure is intimidating—a seemingly impossible mountain to scale. Others know that the three-million mark holds no other alternative. If you want to preserve your way of life, your American dream, you must focus; you must be responsible and you must be unrelenting in controlling your retirement's outcome.

A hundred years ago, only one in four Americans lived past the age of sixty-five. Today, three in four people surpass it. We expect to live longer now, and with the tremendous advances being made in medical science, life expectancies seem to be ever-increasing. Because of this, emerging generations are going to need more effective financial strategies—and because costs are rising while the value of the dollar is shrinking worldwide.

The last two generations in America—the immigrants and the baby boomers—had a different way of looking at life. They were taught four principals that were supposed to create success and happiness if followed correctly:

1. Get a college education
2. Get a job

3. Get married and start a family
4. Buy a house and pay it off as soon as you can, so you can be secure in your retirement

But the evidence is now clear that this formula no longer works in creating the kind of wealth the current generation of workers will need in retirement. The US Department of Health and Human Services says that thirty-six percent of sixty-five-year-olds are still working; fifty-four percent are dependent, requiring their family's or the government's assistance; five percent are deceased; and four percent are financially dependent with at least \$3,000 per month to live on. One percent are wealthy.

With just a quick examination of the numbers, we can learn something from what that one percent is doing. Only ten percent of them are doctors and lawyers; another ten percent are CEOs and presidents. Five percent are top sales performers and one percent are lottery winners or people with nice inheritances. So, what do the other seventy-four percent of the successful one percent do for a living? They are business owners and real estate investors.

Success certainly leaves clues, but they are no longer found in the four-pronged advice of the traditional model. This is exemplified in the fact that ninety-nine percent of those who retire are not succeeding when it comes to their finances.

Wealth can translate into freedom and my hope is that through a better understanding of your options in our current economy, you'll be able to give yourselves more options in retirement. Our financial world is constantly changing and the old wisdom, valid in its time, is not enough in today's economy.

If the old path of education, job, marriage and home purchasing is the one you're on, and you believe that this formula is a sufficient economic strategy to acquire your \$3,000,000 nest egg, I can assure you that as you read on, the facts will convince you otherwise. If you are open to examining the pitfalls of this traditional road to wealth and are willing to come to your own conclusion about its obsolescence, you will begin to be both a prudent investor

and a retirement survivor. With disciplined practice, you can get into the one-percent club before retirement, or just in time for retirement.

### *The New Face of the Economy*

People today switch jobs four times or more during their working years, to pursue higher salaries and better working conditions. Many people relocate five times or more in a career, perhaps even entirely across the country. Many are strapped with student loans or children to support, or saddled with high costs of living. Many live paycheck to paycheck. Some have two or more jobs to make ends meet, and have large personal debt. And the cost of a college education continues to escalate, putting more and more pressure on the household.

As a result of these various factors, many of us have trouble putting money away for retirement. Add to that the fact that job security is tenuous as technology changes the marketplace by the minute, and pressure builds from every angle. Let's face it: It's getting harder to keep up with the students who are vaulting from college armed with new and valuable information about computers and other technology.

And then, of course, there is the generally accepted notion that Social Security will be a dried-up dinosaur by the time we will be relying on it. The government is not planning for you; you have to plan for yourself. You, as an individual, need to manage your personal finances in a more creative, more aggressive manner or be faced with a future that is full of unknowns.

Many of you are either letting your available dollars sit around and gather dust or using your home equity like an ATM when you should be harvesting those equity dollars and putting them to work for your future. You are not fully optimized financially unless you're putting those lazy dollars to work.

In this book, I will teach you how to identify opportunities for better growth. But to do so, you and I have to accomplish a few things. First, we have to change the way you've been taught to think about making money. Second, we need to make sure that you know

the difference between investing and speculating. Third, we need to make sure that you can understand why certain “investment” tools, like mutual funds, are just high finance’s version of a street-side shell game.

Last, you need to understand why institutional models that are designed to protect the assets of large corporate entities do not make sense for individual investors. From there, I’ll show you how to build a solid theory for your investment portfolio. This is based upon a theory of a close friend of mine—she calls it the Fortuna Triangle model of cash-flow dynamics.

When you have a good grasp of that, I will take you through the Three Secret Pillars of Wealth. These principals are not secret scrolls hidden in some ancient tomb. The Three Secret Pillars of Wealth are sound principals. They are the tools of self-made billionaires, who have used them to create wealth. Once you understand how the pillars connect and interact, you will be on your way to creating vast amounts of wealth for you and your children. I am pleased to be able to reveal these hidden pillars, to help you achieve the life and retirement you wish for.

### *What We Learned*

1. We have to change the way you’ve been taught to think about making money.
2. We need to make sure that you know the difference between investing and speculating.
3. We need to make sure that you can understand why some common investment vehicles are not what they appear to be.
4. Seventy-four percent of the one percent who become wealthy in retirement are business owners and real estate investors.
5. Success leaves clues.