

## The Game of Life

In the 1997 movie, *The Game*, Michael Douglas played the role of a wealthy investment banker who receives a mysterious gift that is woven into his life in a strange, sometimes disturbing, and rather unique way. The movie was interesting in the way events unfolded as he and the viewers struggled to understand what the rules were in this game of his life.

**When you stop and think about it, we all live under the “rules” of a variety of games that play out throughout our lives.** Sometimes we know we are playing them - other times, we don't.

We start off with games in relationship-building as toddlers. We move on to schoolyard games filled with bullies and good guys, often resulting in a tussle or two. We then progress to the mating game, this often confusing yet simultaneously fascinating game where we flirt, cavort, position, and generally do whatever is necessary to land a mate, while hopefully being socially acceptable. The world of business can be a game that comes with climbing the corporate ladder, punching our ticket, and chasing benefits like a carrot on a stick. We play at the game of being a child, grandchild, sibling, parent, grandparent, friend, colleague, acquaintance, and so forth.

There are a lot of unwritten, socially acceptable rules in the game of life.

Just look at the game of driving. The famous comedian, George Carlin, once quipped, “Have you ever noticed that anybody driving slower than you is an idiot, and anyone going faster than you is a maniac?” Many times, even if we are playing the same game as someone else, we can have different interpretations of the rules.

There are a lot of rules, written and unwritten, in this game of life. Happily, we live in a country that affords us the freedom to make up the rules to our own games. This pursuit is made much simpler if you have the ability to use your money, time, and resources to pursue what is most important to you.

But games are tricky.

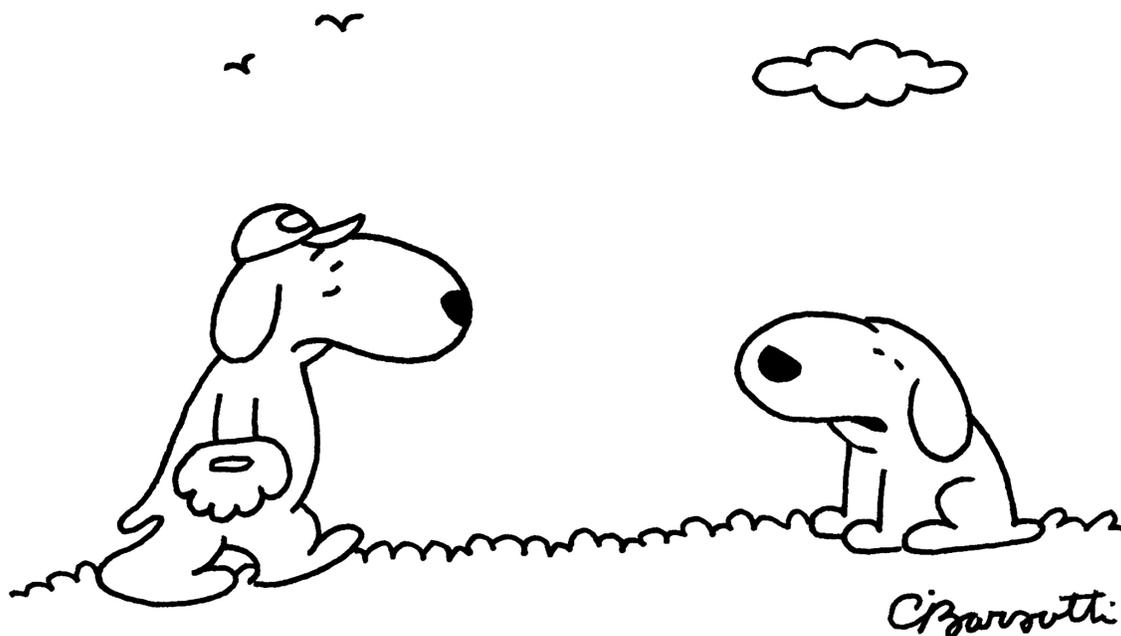
It is simpler to follow the tried and true games that have stood the test of time. We certainly want our surgeons and pilots to follow the same set of rules, or else catastrophe would ensue.

On the other hand, life is about living. Living comes with enjoying the journey. If the journey is rigid, laborious, boring, or rote, we tend to turn away to something more interesting and pleasant. Variety really is the spice of life, so having a good balance between the tried and true games and the more playful, fun, adventurous ones, is important to keep a healthy balance.

New games can be a lot of fun. Our family recently started playing a new board game, and I must say, it is very addicting. It has all those elements of a great game: excitement, challenge, unexpected turns, and the ability to win even when the chips are down. It's nice to play the old favorites, but the challenge and excitement of learning a new game has its own set of rewards and surprising outcomes.

One game that is very important to most of us is the **game of investing**. There's a whole set of rules, just like any of the other games of life. What is most important however, is to **know which of the various investment games you are currently playing**.

---



*“Give it up—Frisbee is your game.”*

Let’s make this simple.

Let’s establish there are two games in the investment world: **The Get Rich Game**, and the **Stay Rich Game**. These two different games can be likened to the game of Monopoly. In the Get Rich Game, it’s as if we are just starting a game of Monopoly where we attempt to collect properties quickly on each roll of the die and take trips around the board. Much later in the game, we have collected many properties with houses, hotels, and even railroads. This part of the game is The Stay Rich Game.

Staying with this analogy, **we are more aggressive, have less assets, and must jump on opportunities** based on the roll of the die in the **Get Rich Game**. Likewise, we are more **measured, cautious, and in the driver’s seat** when we’ve collected houses and hotels - the **Stay Rich** part of the game of Monopoly.

The point is that the Get Rich and the Stay Rich investment games do have a time element to them. When we are younger, we can take more chances to grasp opportunities, knowing that if we miss, there’s plenty of time to recover. As we

age, we have less time to make a major difference in our financial lives.

**Just like any of the games of life, we must first be aware of where we stand.** Once we are clear about our current financial status, we can then employ the successful, smart rules of either game: Get Rich, or Stay Rich.

I had a client couple come in to see me one day to discuss their future retirement plans. They were both currently working, and figured they had about 10 more years of work ahead of them before they could retire, but they wanted to crunch the numbers to make sure that 10 years was an accurate number. We looked over all their information, ran the numbers, and told them that they could actually retire today if they wanted to. The looks on their faces were ones of pure joy, surprise, and even bemusement. They couldn’t sit still in their seats. The most amazing thing to witness with them however, was the actual physiological reaction of their shoulders visibly relaxing, as if a massive weight had been lifted off them. This couple was not aware that they’d been playing the wrong game! They thought they were

still playing the Get Rich Game, when in reality, the rules had changed and they'd moved on to the Stay Rich Game.

This happens to people a lot more often than you'd think, especially when we are so used to playing the Get Rich Game of collecting and piling up money over the years and we don't stop to reassess our position on the board.

But what are the rules? Unlike Monopoly, there are no iron clad, written down, take-it-to-the-bank rules. We are a set of N=1. They broke the mold for each eight billion plus of us on the planet. So, we have guidelines, tenets, methodologies, processes, routines and SOPs. We just have to apply them to our circumstances.

Enough of the games. Let's get down to brass tacks.

When we start off in the world with our newly minted diploma(s), there are just a few rules to follow. The first is to be successful at the Get Rich Game. This starts with the rule of **saving first and spending second**. Yes, it is that simple...but it is also equally hard. I just graduated! How will I reward myself? With a new car, a great apartment, fancy furniture and cool clothes! Well, this is the first proverbial slippery money slope.

It's tough to have tasted some of the niceties of life and then have to place those experiences back in the box to opt for a more spartan lifestyle. Better not to have experienced the "champagne wishes and caviar dreams" made famous by Robin Leach in the 1980s television series, *Lifestyles of the Rich and Famous*.

The second rule for the Get Rich Game is **save and invest in a tax smart way**. You've seen the numbers. Over 30 years, taxes can eat away at your return resulting in one half of the money by not utilizing tax smart strategies. Tax planning and execution are more difficult because it generally requires education about the rules of investing, diversification, short, intermediate, and long-term investing, and a good understanding of those

parts of the tax code that are worth employing.

**The Get Rich Game is about time and effort.** As income goes up, the amount of saving goes up. The rule of thumb today is to **save about 15% of gross income**. The time element relates to both the ups and downs of the market so that you are buying low and selling high, and the compounding of earnings over a greater number of years.

Along the Get Rich Game road is the parallel road of life strewn with many obstacles as well as opportunities. Sometimes the weather is bright and sunny. At other times foggy, cold, and wet. Incremental disciplines applied along the way helps us weather these storms of life like we weather the storms in the economy, the markets, and our businesses.

The perspective of the Get Rich Game is long-term, even though we are more sighted in on the day-to-day activities. It can sometimes be confusing, frustrating, and tedious, possibly leaving us feeling powerless and adrift. That is why few make it to become successful investors. However, there are many other unforeseen events such as death, disability, and hardships that can derail our Get Rich Game process.

It's not easy.

*We cannot change the cards we are dealt, just how we play the game.*

- RANDY PAUSCH

There are those of us who do make it to some future inflection point, that point at which we shift gears and begin to play by the rules of the Stay Rich Game.

**The number one rule in this game has consistently been preservation of capital.** That is, not exposing ourselves to the possibility of an event that knocks our assets down so low that the only way to recover is to go back to square one.

Many of us know others who had saved, invested, and made their way into the Stay Rich Game only to return to the Get Rich Game due to bad circumstances or continuing to take Get Rich Game risks, resulting in a loss of a good portion of their capital.

Sometimes we can't help ourselves in trying to reach for that brass ring just one more time, or going for double or nothing. **Would we have taken these chances had we known we had reached critical mass and obtained the Stay Rich Game?**

Well, not everyone, but there are the exceptions.

For most of us, we spend too many years, too many late hours on the job delaying making purchases, and sacrificing to pay our bills, to invest our money, raise our children, and then we finally make it.

This is not about some exact amount of money. There are couples who live happily on \$40,000 per year doing everything they want to do, and there are others from the same socioeconomic background who can't live on anything less than a million dollars annually.

**It's all in the setup, the needs and the wants, that make up the board games of our life.**

Starting off with a salary of \$250,000 versus \$50,000 per year does make a difference, but not in happiness. Only in possibly buying happiness. Ed Coyle liked to say "We all have the same problems in life, some of us just have more zeros at the end of the day."

**This is your game, your rules, your money, your needs, your wants.**

That's what makes life exciting. You decide each and every day which rules you abide by and where those rules will take you. **The most important thing is knowing which game you are playing.** You can then put together your rules and pursue the fulfillment of what is most important to you.

We can't always get exactly what we want. We can certainly meet our needs, assuming we have the means, health, and ability to do so. But **making the mistake of playing the wrong game, Get Rich instead of Stay Rich, or Stay Rich instead of Get Rich, can be disastrous.**

Michael Douglas ultimately learned a valuable lesson by the end of *The Game*, but the experience of being thrust into a game with no understanding of its rules was excruciatingly difficult.

We know the game we want to play. Let's not cause ourselves senseless pain and misery by playing the wrong one.

We must first Get Rich to Stay Rich, but we can easily be forced to start over with one wrong move taken exactly at the wrong time.



Gary Klaben

*This newsletter is designed to provide our friends and clients with information regarding the various subject matters covered. It is not designed to take the place of legal, accounting, or other professional advice. If expert assistance is required, the services of a competent professional should be sought.*

© 2017 Coyle Financial Counsel, Inc