

# The Spender's Guide to Becoming a Millionaire

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# Table of Contents

Acknowledgements .....	vi
Preface: From \$10 and a Suitcase to \$1 Million.....	7
Part I: Myths about Money .....	14
Myth: Wealth is Determined by Income Level.....	15
Myth: Wealth is a Matter of Luck or Circumstance.....	17
Myth: To Improve Tomorrow, You Must Sacrifice Today .....	19
Myth: Only Entrepreneurs Become Millionaires .....	21
Myth: Wealth is Determined by Birth .....	26
Myth: Building Wealth Requires Discipline and Hard Work.....	29
Part II: The Meaning of Money .....	33
How We Invent Meaning for Money .....	34
The Invention of Money Itself .....	35
What Do You Make Money Mean? .....	37
The Money Taboo .....	38
Part III: Create Your Dream Now .....	43
Design Your Shopping Experience .....	48
Design Your Desired Experience of Life .....	52
Fulfill Your Dream Each Day .....	56
Part IV: Making Sound Financial Decisions .....	60
Rational and Emotional Decision Making.....	62
Evaluate the Possible Outcomes .....	64
Uncover Your Hidden Assumptions .....	67
The Final Test: Value vs. Cost.....	70
Summary: Making Sound Financial Decisions.....	72
Money, Wealth and Financial Well-Being .....	73
Now What? .....	75

## **Preface: From \$10 and a Suitcase to \$1 Million**

*How I Got Where I Am, and Why You Can Get There*

I was born and raised in Poland, and I came to the United States at age 23. When I arrived in this country, I had nothing except \$10 and a suitcase. I didn't speak English. I had set a goal for myself: to graduate from college and attain a net worth of \$1 million by the time I reached the age of 55. I attained these goals by the time I was 44. I did this using simple practices that anyone can replicate. There is nothing extraordinary about how I achieved my goals.

There are many other millionaires who achieved what I did; we just don't know about them. In my 15-year career in investment management, I discovered how many millionaires there are. There are more than you may think. As I got to know some of my clients, I saw many similarities between how those clients achieved their net worth and what I was doing. Two years ago, I started to ask myself why everybody doesn't achieve the wealth they desire. Now, I am writing this book to crack open what's holding us back. So, I will now share my story of how I accomplished what I did, to show you how you can accomplish the same thing.

I was born in Poland in 1962, in a small town called Nysa, in the southwestern part of the country. Poland was a communist country then. At age 14, I felt that I was living in prison. The borders of our country were our prison. I wanted to travel to see the world, but the government did not allow travel outside the Eastern Bloc countries to non-members of the Workers Party who already had family living abroad. So, I decided I would one day be a citizen of the United States. As the years progressed, I found more reasons why I didn't want to live in Poland. I wanted to be rewarded for my contribution. I did not want my wealth predetermined by a party ideology. I wanted to be able to help my mom financially, and that was something unlikely to happen on a salary set by the government.

I knew I could not become a member of the Workers Party. I just did not believe in what it represented, and I didn't want to lie or bribe to have nice things in life. During my years living under communism, there were few entrepreneurs. They had to cheat on taxes to keep their businesses alive. Taxes at the time were structured to consume almost the entire profit of a business, no matter how you managed it. If you were a high ranking person in the Workers Party, you had privileges beyond what was available to others. This included things like higher wages, nicer things for the home, better food, and imported clothing. Almost everyone else used bribery or stole from their government employer to better their life. They stole things to trade for other things they needed or desired, things you just couldn't buy in a store. It was so prevalent that no one called it stealing anymore; everyone assumed that

everyone else was stealing too. I just hated how stealing and lying were such an integral part of everyday life.

In the 1950's, many Polish entrepreneurs just disappeared. My grandfather was an entrepreneur. Somehow, he managed to continue running a successful business without disappearing. He provided more for his family than most others did in our city at the time. I don't recall any conversations about how he managed to do that. It was not something we talked about. I am not sure his children really knew what he had, but they lived better than most. They had the first TV set in the city and one of the first phones, for example. I learned from my grandfather, Jan, that it was okay to want more for myself, and that just wasn't the "in" thing to do under communism.

Neither the political ideology nor the conditions in Poland were acceptable to me. I did not anticipate that either would change in my lifetime (thus, I did not set out to abolish them). I was only interested in the quality of my own life and that of the people I loved and cared about. I wanted to be able to achieve things earnestly. Writing about it, even now, is surreal. My childhood in Poland seems such a distant past, a history which most living today have forgotten (if indeed they ever knew about it).

My father left Poland when I was six years old. Within a year, he was in the United States and later became a citizen. Some of what I knew about the United States was from him, some from other sources (most of it was probably imagined). But based on everything I knew, the United States was the best country for people like me. It offered freedom and opportunity. It was and is the country of choice for me. On July 6<sup>th</sup>, 1985, I arrived in Miami, not by boat, but by airplane. I came to visit my father. By that time, my aunt, her family, and my uncle had also immigrated here. They left just before Martial Law started in 1981. I didn't know they were planning to leave Poland permanently; I thought they were just going to Austria on vacation. They didn't tell me because they didn't want to expose me to any risk. That summer, I was taking entrance exams for Medical School. They told me about immigrating to the U.S. once they had applied for political asylum. I stayed in Poland studying to be a doctor. In 1985, after the Martial Law ended, I had my first opportunity to visit any Western country; my dad sent me an invitation to visit.

Two of my cousins worked for the *milicja* (the police), and they helped me get a passport so that I could leave Poland. Under communism, we did not just apply for passports and get them. The government strictly controlled who went where. A passport was a permit, of sorts, to leave the country for a specific destination. You had to turn in the passport when you came back. When asked about the purpose of my trip, I said that I would visit my dad and come back to Poland in two months, as that was my original intention. Who would want to leave medical school three quarters of the way through the program?

But, as the weeks progressed after my arrival in the U.S., I was no longer confident that my father would send me another invitation to visit him after I graduated. Without his help, it would be next to impossible to get an American visa. After assessing the situation, I decided to stay in the U.S. even though my father wanted me to return to Poland and finish medical school. He didn't support me after I made my decision.

Within a year, I moved to Georgia. At first, I worked as a medical assistant, but I wasn't making enough money to go to college. So I went to a vocational school and became a dental technician. I worked while I earned my undergraduate degree. I was 31 when I graduated with a Bachelor's Degree in Business Administration; my son was 3 years old at the time. I fell in love with investments. After graduation, I started a career in investment management at a local bank. I had the goal of having a \$1 million dollar net worth when I was 55. The day I accepted the job offer, a job which would pay me \$25,000 per year, I sat down to calculate how much money I would have to put away each month to reach my goal. Well, the calculations showed that I would have to put half of my pay away. "That's just not going to happen," I thought. "Maybe I will not be able to attain my goal." I started by putting 15% of my gross income away.

I continued my education. I went to graduate school at night while working full time, raising my son and running a household. I also studied for a professional investment designation and became a Chartered Financial Analyst (CFA). This designation required a minimum 3-year commitment, three consecutive tests, all given once per year, on the same day in the entire world. It took me 5 years to complete it. It all paid off; with a Master's Degree and CFA, my career progressed. Through the years, I never put away and invested any less than 15% of my gross pay. I invested in mutual funds. No great investment ideas, no day trading or picking "hot" stocks, just diversified mutual funds available to anyone. I accumulated a net worth of \$1.2 million by the time I was 44 years old.

At some point, I started to ask myself, "Why doesn't everyone build wealth over time?" For as long as I can remember, I have always believed that anyone could achieve what I did. But it wasn't until I took a personal development course with Landmark Education that I saw two things. First, I saw that I had taken for granted what was required to accomplish what I did (while everybody could achieve what I achieved, not everybody did). Secondly, I learned that it was my *concerns* about speaking about money that kept me from making a real difference in the lives of the people I most cared about: my son and my family.

Talking about money is a taboo.

My dad and his siblings are entrepreneurs. My dad repeatedly went through a cycle: he would make a lot of money, lose it, make it again, and lose it again. He spent more than he made, and he had some incredibly stressful periods in his life. My son would save money just

to spend it. He had an “easy come, easy go” attitude about money, and I had everything to do with that. I saw a vicious cycle, and that I had an opportunity to break it. But first, I had to give up my concerns about speaking about what I had and what I did with my money.

Some of the concerns had to do with what other people would think about me if they knew what I had. Would it change our relationship? Would they think I was better than they were, or maybe worse? Do I have enough? Did I do the right things with money? Once I gave this up, I started telling people what I had and how I made it. My friends (and their friends) started coming to me for advice. As I worked with them, I began to see what was stopping them from achieving what they wanted in life. The same patterns began to appear again and again. What I discovered, over time, was that there are some key differences between people who build and retain their wealth and people who do not. This book discusses these differences and a practical approach to money that results in having a sound financial foundation for the life one desires.

I discovered that helping people build wealth over time while they live the life they desire is my passion. This discovery was only possible when I chose to act in spite of the fears and concerns I had. When I was afraid to tell people how much money I had, I kept it to myself, and my passion remained undiscovered. I was blind to the fact that this passion even existed. Every one of us may have that kind of passion. We may have unconscious fears that conceal our true purpose. It is always beneficial to recognize our fears. Who knows, but maybe by recognizing your fears, you will also uncover your passion and purpose in life. Maybe you are one of those who have known it all along; I know I “walked” through life wondering what my purpose was. Now I know, and it is great to pursue it.

I have done some extraordinary things, and I am an ordinary person. Many others achieve what I achieved financially, in the same basic way that I achieved it. I had some very wealthy clients at the bank who achieved a net worth similar to mine, and some of them didn’t have the kind of career that I had. One of my first clients was a retired secretary, and she had worked as a secretary throughout her entire career. There are many millionaires walking among us, and you would never know it. (This is partly because we don’t talk openly about money; a person’s wealth is often a secret). Many clients did not become wealthy in a glamorous way. It was not “instantaneous” wealth. They did not become wealthy because of some particular set of circumstances or luck. They did not have brilliant ideas that “turned into gold.” They did it systematically and predictably, saving and investing small amounts over a long time.

On the other hand, I also saw many people who had a lot of money and clearly did not experience being well. Some would make a lot of money, but could not hold on to it. There were others who did manage to make and hold onto their money, but they stressed over it. There isn’t some specific amount of money that gives people the experience of being well,



## **Part I: Myths about Money**

*Misconceptions that keep people poor or stressed about money.*

We mostly don't relate to money for what it is. We are raised with pre-conceived notions, which we inherit, about what money is and about how it works. We take them for granted; that is to say, we don't necessarily think these thoughts "out loud." We don't necessarily articulate the thoughts explicitly, but they still influence the decisions we make about money and about our lives. These notions about money mostly run in the background of our minds. It's important that we begin to identify these notions and bring them to the foreground.

I will list here, in this section, the most common notions we have when it comes to money. Some of these I learned from my mother and the people around me growing up. Others I picked up later in life. It is amazing how universal these notions are. I've seen both myself and others making decisions driven by these notions.

As you read this section, you may notice that your underlying beliefs about money are slightly different, or you may notice yourself having thoughts about money that I have not mentioned here. You may want to write them down and explore them on your own.

### ***Myth: Wealth is Determined by Income Level***

Many people believe that you have to make a lot of money to become wealthy. How do you know that someone makes a lot of money? We tell by looking at what they possess. This is the common way that we keep ourselves in the proverbial “rat race,” continually striving to make more and more money, needing more than what they have today. We are raised in a world where status symbols like big houses and flashy cars serve as symbols of wealth. This often leads to equating the purchase of expensive luxury with wealth. So, we continue to pursue having more and bigger things. This is simply not true wealth.

#### ***Common Symptoms***

- Someone earns a six-figure salary, but lives paycheck to paycheck
- Someone holds a high-paying job, loses that job, and immediately has to leave their home (or their car gets repossessed)
- Someone struggles to pay their bills, yet still spends money on luxuries

Wealth has very little to do with income level. This myth is a double-edged sword that manifests in different ways, but you can see evidence of it anywhere you look. You may have read stories of TV and movie actors or athletes who made millions of dollars, only to end up broke after their lucrative careers ended. On the flip side, many don't take actions that could produce wealth because they think that they just don't make enough money.

There are millionaires all around us who don't look like “millionaires.” Not all millionaires live in mansions, drive expensive cars and wear jewelry. Being wealthy does not necessarily mean being flashy. Being flashy doesn't indicate a high net worth, but it does mean high spending. Being a millionaire simply means having a net worth of one million dollars. Millionaires come in “all shapes and sizes” and all income levels.

If you buy into the “income” myth, it will lead you to take the wrong actions (or no action at all).

You can earn a modest income and increase your wealth at a steady pace. The only thing you need to become a millionaire is a strategy. You can begin taking action to advance yourself to millionaire status regardless of your income level today. It all begins with understanding the fundamentals of playing a winning game. The key to building sustainable wealth: manage what you earn to have consistent net positive cash flow and manage your net worth. I will not cover this now; later chapters will cover this subject in detail.

Last but not least, your true wealth, financial well-being, is about your experience of life. If you spend your waking hours preoccupied with thoughts about how to make more money,

you are not wealthy. If you have a lot of money and you continually stress and worry about losing it, do you experience well-being? If you are content to have what you have, and you have fun playing to increase or maintain your wealth one day at a time, you are playing a winning game, regardless of your income level.

***New Perspective:***

- Financial success is built on positive net cash flow, not high income
- Wealth is more than money, possessions or net worth; it is about your experience of life



## Part IV: Making Sound Financial Decisions

We make decisions all the time, even when we avoid deciding. When we come to a fork in the road, we can decide to go right or left. We can avoid making a decision and stand at the fork of the road. Since there is only one path we can travel at a time, each decision determines what path we are taking now. Even when we decide to stand still, we travel through time. The scenery changes as we stand still. This is just the nature of decisions and the nature of life.

When do we make decisions? We either make a decision in reaction to something that just happened or proactively, to move toward the future we desire. In fulfilling the life we want to have, our dreams become the destination we are moving toward with each decision we make. The dreams become the background from which we make our decisions.

Most decisions do not require a great deal of consideration, but some do. “What cereal am I going to eat this morning?” does not require the same consideration we would give a decision about purchasing a car. In this chapter, we will focus on the more significant financial decisions, such as purchasing a car or a home.

We typically judge a decision as “good” or “bad” based on its *outcome*. I call this the “post mortem approach.”

When I decided to retire from Bank of America in June 2008, I had some unexercised stock options, which had been issued to me as compensation during prior years. The value of the

stock options had dropped since November 2007. I knew that I was going to start my business after I retired from the bank. I was counting on that money to pay my personal expenses until the business started to generate revenue. Since I am a widow, there wasn't another salary to cover my living expenses during the startup. Clearly, the more money I had in these options, the more time I would have to get the business going.

My retirement was effective on October 1, 2008. I found out that some of the options were going to expire on December 30 of the same year. I thought that the stock would recover before year end, which would leave me with a bit more money. As it turned out, the stock price declined again, and my options were now worth nothing. "Ouch" is the right word for that.

Let's suppose you buy stock in a company expecting it to go up, and it does just that. You would likely consider this to be a good decision. On the other hand, if that stock declined in value and you lost money on your investment, you would most likely call this a bad decision. It is very interesting that we judge our decisions in this manner, when, in fact, this kind of assessment provides little value. Mostly, it has us feel good about ourselves when we make a good decision, and feel bad about ourselves when we make a bad decision.

When we make "bad decisions," we most often avoid making similar decisions in the future. We don't want to repeat the same mistake. The limited value of this approach stems from the fact that it is based solely on the outcome of the decision. While having a desired outcome of our decisions is what we are ultimately after, the art of making sound financial decisions does not focus on the outcomes. It focuses on the process of making the decision. That's where the juice is, and that's what makes the biggest difference in the results we produce in life. So, let's delve into that process.