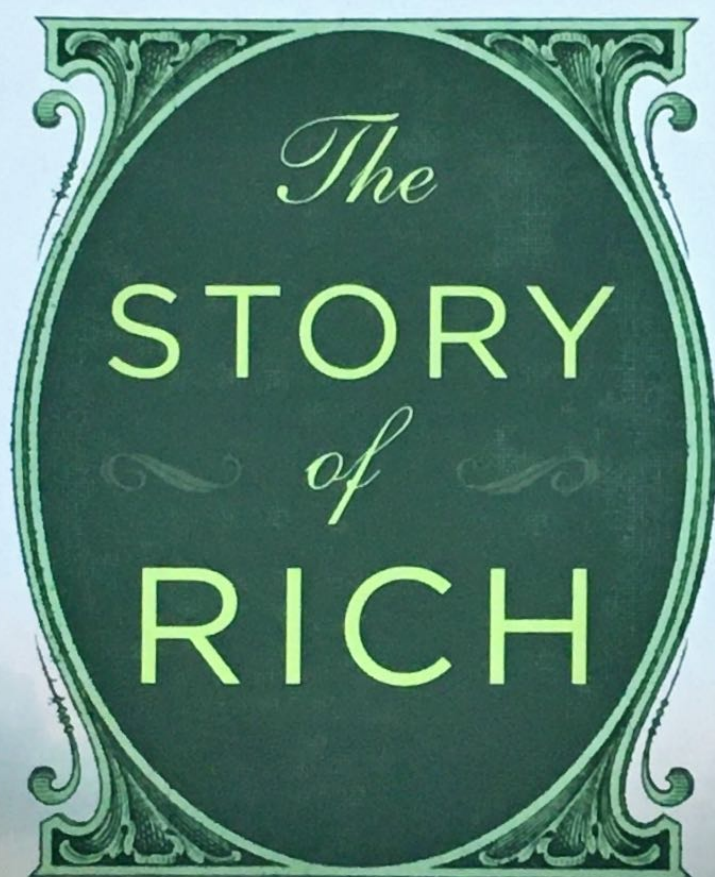


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FINANCIAL FABLE *of* WEALTH *and* REASON  
DURING UNCERTAIN TIMES



J.D. JOYCE

WITH MATT JOYCE

FOREWORD BY BRIAN WESBURY



# The Story of Rich

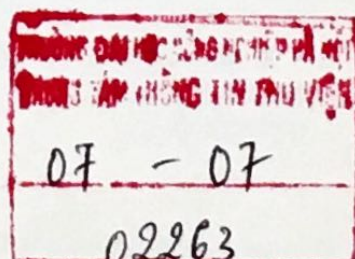
*A Financial Fable of  
Wealth and Reason during  
Uncertain Times*



J.D. Joyce  
with Matt Joyce



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# Foreword

**T**he business schools at Northwestern University and The University of Chicago have teamed up to calculate and publish a Financial Trust Index. In March 2009, just after the Index was started, only 13 percent of people surveyed had trust in the stock market. This wasn't a surprise—it was the rock-bottom of the financial crisis. Across the country and around the world, couples were sitting down, reviewing their financial statements, and saying “well, at least we have each other.” From a financial perspective, it seemed like there would soon be nothing else left.

At the other extreme, in 1999, at the height of the dot-com Nasdaq stock market boom, the Chicago/Northwestern Index did not exist. But if it had, the survey would probably have found that at least 75 percent of the country trusted the stock market. Remember those television commercials about “money coming out of the wazoo” and tow truck drivers buying their own personal islands? Real people were quitting their jobs to become day traders. Everyone could get rich trading stocks . . . or so many thought.

Isn't this interesting? The stock market crashed in early 2000, just when everyone thought getting rich was easy. And then, in March 2009, at the very bottom of the crisis, when no one thought stocks



were safe, the market stopped going down, turned around, and climbed by 100 percent in two years.

In other words, if you find yourself going with the flow and agreeing with the masses, you may be making a huge mistake. In my 30 years of forecasting, speaking, and writing about the economy, what I have learned is that most people "buy high" and "sell low." When people are left to their own devices, most go with the flow and allow their emotions to take over. This is obviously a huge mistake.

Markets go through cycles, and those cycles generate volatility in emotions. It is the volatility in emotions, not the volatility in markets, that makes successful investing so difficult. That's why a financial advisor is so important and why this book is essential. Not that any financial advisor has the magical power to know when the market is high and when the market is low, but because a well-grounded financial advisor who understands your specific needs can keep you from making major mistakes. Good financial advisors are worth their weight in gold, and this book, if you take time to understand its nuances, is worth its weight in platinum. I am so glad J.D. Joyce took the time to write it.

## **What Do You Have Time For?**

Successful doctors, contractors, and small business owners doing everything from baking great scones, to growing tasty strawberries, to making duck calls for hunters are all really, really good at what they do. If they weren't, they wouldn't be successful. Teachers, nurses, and landscapers are really, really good at what they do to. Nuances, tricks of the trade, and just plain old experience are things that cannot be taught easily and can't be bought. They come with hard work, thought, and just plain old time in the saddle. As we get older, we understand this more and more.

So if we understand this about carpentry, winemaking, and dentistry, why do so many people think that they can handle their financial needs without help? Isn't this like trying to perform surgery on yourself or program your own computer? I'm not saying it can't be done,



## Foreword

but removing your own gall bladder while under anesthesia seems like it would be very hard to do.

That's why the experience of a good financial advisor is so valuable. The advisor lives, breathes, and wrestles with the infinite complexity of financial markets 24 hours a day, seven days a week. While you are reading the latest research on the efficacy of thyroid medication or deciding whether to use a brand new insulation material, your financial advisor is studying how inflation affects the equity-based closed-end mutual fund. Adam Smith, the father of modern economics, taught all of us the benefit of the specialization of labor. The economy is much more efficient when people focus on what they do best.

But there's more to being a financial advisor than just knowing things about financial products and markets. Good financial advisors like J.D. Joyce are part-time psychologists, too. In other words, they have a much better chance of stopping you from "buying high" and "selling low" than you do. More importantly—and this is the main reason *The Story of Rich* is so important—the financial strategy you employ depends on your goals, personality, life history, and tolerance for risk. Everyone is different, and a good financial advisor will help design a financial plan that works for you.

Again, there are no clairvoyant financial advisors. But a good one will become your confidant and friend, the person who thinks about your future so that you can focus on what you do best, on your family, and on your legacy.

To paraphrase one of my favorite economists, Ludwig von Mises, government bonds were first invented by wealthy business owners who wanted to retire and stop worrying about the rough and tumble world of business. Wouldn't it be great if the ups and downs that we fight through in our working life could just go away when we retire? If we could just invest in one thing and not ever worry again? Wow . . . that would be relaxing. Unfortunately, it doesn't exist.

Imagine if you were a Greek citizen who bought Greek government debt and then the country defaulted. It wasn't so safe, now was it? But a default is not the only thing you have to worry about. Inflation erodes the value of debt, too. Gold works sometimes. It soared from 1973 to 1981, and again from 2001 to 2011. But it fell from



\$800/ounce in 1981 to \$255/ounce in 2001. What do the next 10 or 20 years hold?

This is the point: there are no perfectly safe, 100-percent guaranteed investments. You can't ever relax completely, but a good financial advisor can show you how to build a portfolio that fits your personality, minimizes your potential risk, and helps you achieve your goals.

## Information Overload

All of this has become hyper-important these days. Financial news is ubiquitous on television and in print. It's everywhere and all the time. It presents every different point of view imaginable, and after perusing it, we are left with nothing but jumbled emotions, possibly some fear, and no clear plan for the future.

One thing to remember about journalists is that they get rewarded (paid) for viewership or readership. The more people that tune in to or click on their stories, the more valuable they are to potential advertisers. As a result, they will always gravitate toward the extreme stories and reportage, not the benign.

The house that burned down last night or the person who had an auto accident on the way to work this morning are the lead stories, and if there are flames or wreckage to show, it's even better. What we don't hear about are the 99.9 percent of houses that didn't burn down or the fact that everyone else made it to work safely. If that was the news, we would be bored and turn it off. It's not the journalists' fault; it's human nature.

The same is true for business and financial news. The headlines are Bernie Madoff, Enron, and bankruptcies. But just as importantly, the financial news swings with the emotions of its viewers. Back in 1999 and 2000, there was little warning of eminent collapse. Day traders made up the viewership of financial news, and they didn't want to hear negativity. These days, the opposite is true. Negativity is so prevalent that anyone who speaks optimistically is considered a Pollyanna, or just a salesman.

Finally—and this is one of the underlying flaws of financial journalism—there are always two sides presented. Now, don't get me