

Chapter One: Know Thy Wealth

“Know thyself.”

—Inscribed on the forecourt of the Temple of Apollo at Delphi

Legend has it that the seven sages of ancient Greece—the philosophers, statesmen, and lawgivers who laid the foundation for Western culture—gathered in Delphi to inscribe “Know thyself” at the entry to its sacred oracle. The adage subsequently became a touchstone for Western philosophers and gained even further acceptance as the influence of Greek philosophy expanded through the ages.

The ancient Greek philosophers believed that self-knowledge is a prerequisite to all other forms of knowledge. This ancient wisdom also applies to wealth optimization. That is, before you can optimize your wealth, you must first know thyself *and* thy wealth! No matter your wealth or position in life now, knowing more about both thyself and thy wealth can help you optimize your wealth.

Knowing thyself is important because experiences dating back to childhood materially impact our ability to accumulate and preserve wealth. Knowing thy wealth means knowing the nature and the drivers of your wealth as well as your perception of wealth. A diverse array of factors can significantly affect wealth in positive and negative ways. As wealth advisors, we have found that most people, even those who have accumulated significant wealth, know themselves and their wealth at a very superficial level.

For this reason, I begin every new relationship with a series of conversations that help me understand how well my clients know themselves and how well they know their wealth. In the case of generational wealth—wealth that will survive multiple generations—I also encourage my clients to include family members in these conversations. As you will learn in Chapter 7, it is never too early to instill the notion of *stewardship* in the hearts and minds of those who will be influencing or inheriting your hard-earned wealth.

Presented below is a series of questions that will guide you in getting to know yourself and your wealth better. Take your time with these questions and revisit your answers a few times over the next several weeks. As with anything in life, the benefits you derive from this exercise will be based on the amount of effort you put into it.

Getting to Know Thyself

What Did You Learn about Money as a Child? (More Than You May Think!)

Perceptions of money developed in our formative years may remain with us throughout our lives. So understanding the drivers of your early perceptions of money will help you to understand your current view of money. Reflect on the answers to these questions:

1. What were your earliest experiences with money?
2. Were those experiences positive or negative?
3. If they were negative, when were your first positive memories?

4. Who were the most influential people in your life when you were growing up?
5. What did they teach you about money?
6. What did you learn from them just by observing what they did with their money?
7. What do you think you learned from those experiences with money?
8. How do you think they have influenced your feelings about money, and do those experiences still influence you when you make decisions about money?
9. Do they influence you in a positive or negative way?
10. If you were to take one major lesson about money learned earlier in life that really had an effect on you, what lesson would it be?
11. What could you learn from your early experiences that you could use today to enhance your wealth?
12. Do any of these experiences pose a risk to your wealth?

How Financially Literate Are You?

Not only should you gain an understanding of your early experiences with money, it is also important to gain an understanding of how financially literate you are. How solid is your grasp of the fundamental principles of sound financial management? How proficient are you in managing your finances?

To help you assess your financial literacy, we are providing you with the test below. The fact that you are willing to take a test shows that you are open to honestly assessing your level of financial knowledge—and taking the steps necessary to improve it.

The test was designed by the National Financial Educators Council (NFEC), a full-service education company that provides financial literacy material, promotes advocacy campaigns, sets

Through the Lens of Experience: Insights on Wealth

Optimizing Your Wealth:

You can be successful and not wealthy, and you can be wealthy and not successful. On one hand, I think wealth speaks of money. On the other, I feel wealthy because I have a beautiful wife who loves me very much.

Omar Ashmawi:

I work day to day in an office where I'm surrounded by intelligent people who make me a better person and make sure that I work harder. In those senses I would use *wealthy* to describe those feelings. I would use *wealthy* to describe those characteristics of my life.

The best definition of wealth is the set of benefits that we have earned and that we have been blessed with in life. That can be in the form of money. But I suppose it can be in the form of luck or friends.

It is something that you can convey to others too. Something that can be inherited, something that can be shared, something that can be used to benefit those around you... I think it probably comes down to some old proverb about being rich in money and poor in spirit.

...Wealth is some combination, difficult to define, of money and the various unique blessings that we all have as individuals.

—Omar Ashmawi, *entrepreneur*

standards, conducts research, and shares best practices. To access a wide array of resources, visit the NFEC's Financial Literacy Testing and Survey Center, which provides more than 20 free online tests and survey tools. I am proud to have been asked to be a member of their advisory council and a member of the Personal Finance Speakers Association.

The Advanced Financial Literacy Test can be accessed via this link:

<http://www.financialeducatorscouncil.org/financial-literacy-test/>

Once you have completed the test, the website will provide you with a score and an explanation of your level of financial literacy.

Getting to Know Thy Wealth

You now have a clearer sense of yourself—your history, your childhood influences, and your concept of wealth—so you can now develop a clearer sense of your wealth. Begin by answering these two questions. Again, take your time and think carefully about your answers.

At what level of net worth would (did) you consider yourself to be wealthy? Why?

What does “wealth” mean to you?

I have been asking those two questions of my clients for over 20 years and have yet to hear the same answer. Some people whose net worth exceeds \$10 million do not consider themselves to be wealthy. Others with far fewer *financial* resources consider themselves to be supremely wealthy.

How can smart people have such divergent views about a seemingly simple concept? The short answer is that the concepts of wealth and of what it means to be wealthy are anything but simple. Wealth is one of the most personal subjects anyone can discuss. For this reason, many people have a strong aversion to thinking and talking about their wealth. However, avoiding the topic of wealth can lead to adverse and unintended consequences for the entire family.

In addition to being highly personal, I have found that people tend to define *wealth* very differently. Many equate wealth with net worth (assets minus liabilities). While easy to measure, this purely financial perspective of wealth can cause a person to overlook some very important *intangible* aspects of wealth, such as their health, their values, and their legacy. Although these intangible aspects of wealth are more difficult to measure, they are in many ways just as important to consider, if not more so. As a wealth advisor, it is crucial for me to truly understand my clients' definitions of intangible wealth. I can then understand the essence of my clients, their goals, and the passion behind their desires.

This book is about helping you to live a more fulfilling life—and to leave a more meaningful legacy. Developing a strong concept of wealth will serve as a guide for you in setting your goals and developing your legacy.

To help you explore your own concept of wealth, reflect on these definitions:

Concepts of Wealth

- **Wealth is my money working for me rather than me working for money.**
- **Wealth is having control of my time.**
- **Wealth is the ability to have a significant impact on the world—even if I live modestly.**
- **Being wealthy is having an income or assets above _____ (insert number).**
- **Wealth to me is _____ (insert definition).**

As discussed earlier, there are many factors that can affect a family's wealth, both in positive and negative ways. In this chapter, we have dealt with the early influences that have shaped you and your concept of wealth. We have equipped you to "know thyself" and "know thy wealth." For some of you, this may be a review. But do not underestimate the importance of review, as it may enable you to pick up at least one more idea that can add value to the rest of your life and your legacy.

In Chapter 2, we explore another vitally important set of factors that influence how you make financial decisions and manage your wealth: your mind and your emotions. Exploring the "psychology of money" is another important step in the process of optimizing your wealth.

