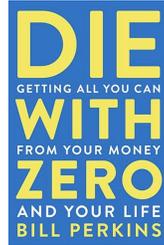


Your Kindle Notes For:



Die With Zero: Getting All You Can from Your Money and Your Life

Bill Perkins

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Living as if your life were infinite is the opposite of taking the long view: It's terribly shortsighted.

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the core question is the same for all of us: What's the best way to allocate our life energy before we die?

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What I am an advocate for is deciding what makes you happy and then converting your money into the experiences you choose.

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They just keep earning and earning, trying to maximize their wealth without giving nearly as much thought to maximizing what they get out of that wealth—including what they can give to their children, their friends, and the larger society now, instead of waiting until they die.

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Your Life Is the Sum of Your Experiences

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Instead, I'm a big believer in the value of experiences. Experiences don't have to cost a lot of money, and they can even be free, but worthwhile experiences do usually cost some money.

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Many psychological studies have shown that spending money on experiences makes us happier than spending money on things. Unlike material possessions, which seem exciting at the beginning but then often depreciate quickly, experiences actually gain in value over time:

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The main idea here is that your life is the sum of your experiences.

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“The business of life is the acquisition of memories.

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That was when I realized that you retire on your memories.

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Experiences yield dividends because we humans have memory. We don't start every day with a blank brain, like characters in so many sci-fi movies. We wake up every morning preloaded with a bunch of memories that we can access at any time—mainly

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So buying an experience doesn't just buy you the experience itself—it also buys you the sum of all the dividends that experience will bring for the rest of your life.

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Paulie was thinking only about return on equity—not about return on experience. To me that's just another version of the same mistake I'm always harping about: earning and earning while forgetting that your whole point in earning money is to be able to spend it on the experiences that make your life what it is.

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Why go through all that when you can just invest directly in experiences—and get a return on experiences? Not only that, but the number of actual experiences available to you diminishes as you age. Yes, you need money to survive in retirement, but the main thing you'll be retiring on will be your memories—so make sure you invest enough in those.

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Once you're in the habit of working for money to live, the thrill of making money exceeds the thrill of actually living.

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I've already said that you can think of this money as forgone experiences—whatever the \$130,000 could have bought for Elizabeth.

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maybe it's why I chose to study engineering in the first place, but I love efficiency and I hate waste. And I can't think of any worse form of waste than squandering your life energy. So to me it makes perfect sense to want to die with zero. Not to reach zero before you die, which would leave you high and dry, but to have as little as possible left unused for all the time and energy you spent working to earn that money.

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Optimizing across your whole life takes a lot of thought and planning; it's easier to live for short-term rewards (myopia) and to stay on autopilot (inertia) than to do what will be good for you in the long term.

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First of all, yes, you can certainly leave money to the people and causes you care about—but the truth is that those people and causes would be better off getting your wealth sooner rather than later. Why wait until after you die?

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Experts in retirement planning even have some lingo for this consumption pattern: go-go years, slow-go years, and no-go years. The idea is that when you're first retired, you're raring to have all those experiences you've been putting off until retirement, and you still (for the most part) have the health and energy to pursue those experiences.

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You are not a good insurance agent.

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But you first have to tell them clearly what your goal is, what problem you are trying to solve. If you've got a roofing problem, don't call the plumber. The best plumber in the world won't fix your leaky roof.

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Let me say that again: We are solving for your total life enjoyment.

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the premise of this book is that you should be focusing on maximizing your life enjoyment rather than on maximizing your wealth. Those are two very different goals. Money is just a means to an end: Having money helps you to achieve the more important goal of enjoying your life.

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Think about it: That's money that they spent years or decades working hard for. They gave up years of their life while healthy and vibrant to buy a few extra weeks of life when they are sick and immobile. If that's not irrational, I don't know what is!

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What I'm saying is that dying with zero is not only about money: It's also about time. Start thinking more about how you use your limited time, your life energy, and you'll be well on your way to living the fullest life you possibly can.

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Rule No. 5: Give money to your children or to charity when it has the most impact.

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That is, give your children whatever you have allocated for them before you die. Why wait until you're gone?

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dead people can't give money away—they

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Being okay with leaving all these outcomes to chance means you evidently don't care if you spend years of your life working for future random people, and it means you may not care how much the people closest to you will actually get, or when.

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late, after all, is better than never—but age 60 is worse than 50, and 50 is worse than 40. Why? Because a person's ability to extract real enjoyment out of the gift declines with their age.

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The 26-to-35 age range combines the best of all these considerations—old enough to be trusted with money, yet young enough to fully enjoy its benefits.

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Whatever you give your heirs past their optimal age of receiving has less value to them.

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applying this line of thinking, you will be taking money that is nonproductive in terms of life enjoyment and turning it into money that is maximally useful.

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In fact, the best things in life aren't actually free, because everything you do takes away from something else you could be doing. Spending time with your family usually means not spending that time earning money—and the other way around.

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Scientists have known for some time that young adults who as young children receive more affection from their parents come to enjoy better personal relationships in general and to also have lower rates of substance abuse and depression.

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I am making a big deal about quantifying the value of experiences with your children because doing so forces you to pause and think about what's really best for your kids: Sometimes it is earning more money, and sometimes it is spending more time with them.

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The purpose of money is to have experiences, and one of those experiences for your kids is time with you. Therefore, if you are earning money but not having experiences with your kids, you are actually depriving your kids. And yourself.

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Maximize your life experiences. So spend your money while you're alive—whether it's on yourself, your loved ones, or charity. And beyond that, find the optimal times to spend money.

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More and more philanthropists are taking this approach, which billionaire philanthropist Chuck Feeney calls "giving while living."

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So remember, when I say "die with zero," I don't mean die with the money that you're going to give to charity. If you plan to give, give while you're alive, and the earlier the better. Your charity can't wait.

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Consider at what ages you want to give money to your children, and how much you want to give. The same goes with giving money to charity. Discuss these issues with your spouse or partner. And do it today!

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In effect, I just went from autopilot-save to autopilot-spend. My spending also jeopardized my future. I wasn't just spending all my discretionary income; I was also cutting deep into my emergency safety stash. What if I lost my job? Besides unemployment insurance, I'd have no cushion to lean on—not even one month's salary. I'm still a big believer in taking risks when you're young enough to recover from the possible downside—but only if there's an upside, a reward that makes the risk pay off. It's

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No, the key takeaway, I now realize, is to strike the right balance between spending on the present (and only on what you value) and saving smartly for the future.

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When I say it makes sense to borrow money when you're young, I'm not saying you should be racking up credit card debt—such high-interest loans are a bad idea for almost everyone.

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A person's ability to extract enjoyment from their money begins to decline with age.

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This was my conclusion: The utility, or usefulness, of money declines with age.

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Money is nearly worthless at the very beginning and the very end of life.

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Making these kinds of conscious financial shifts essentially creates a lifetime spending plan that takes into account the changing utility of money.

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Too many people are making the mistake of investing in their future well past the point when those investments will ever pay off in ways that increase their overall lifetime fulfillment.

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Nothing has a greater effect on your ability to enjoy experiences—at any age—than your health. In fact, health is actually a lot more valuable than money, because no amount of money can ever make up for very poor health—whereas people in good health but with little money can still have many wonderful experiences.

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What I'm really trying to get across is that improved health improves everything in your life, makes every experience more enjoyable, at every age.

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People of all ages should be spending more time and money on their health.

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The more money you have, the more you should be using this tactic, because your time is a lot more scarce and finite than your cash.

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My point—and this is important—is that the day I die and the day I stop being able to enjoy certain experiences are two distinctly different dates. And this is true for everyone.

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Her patients' number one regret was wishing they'd had the courage to live a life true to themselves—as opposed to the life that others expected of them.

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What's the takeaway here? Being aware that your time is limited can clearly motivate you to make the most of the time you do have.

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If you have your nose to the grindstone too much every day, you run the risk of waking up one morning and realizing that you may have delayed too much. And, at the extreme, indefinitely delayed gratification means no gratification. So at what point is it better not to delay?

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Here's the bottom line: More money doesn't equal more experience points.

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“What, do you really expect me to quit a job I love just because I’ve hit some magical date?”
And my answer is no. If you want to keep working, be my guest. Just be sure to ramp up your spending accordingly so that you don’t end up dying with lots of money left over.

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Look, if all you want is to have a pile of money at the end, well, I guess that’s your choice. But bear in mind that I have never seen somebody’s total net worth posted on their tombstone.

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What Cuban is saying is that he was facing a situation of asymmetric risk: when the upside of possible success is much greater than the downside of possible failure. When you face asymmetric risk, it makes total sense to be bold, to grab the opportunity at hand. At the extreme, when the downside is very low (or nonexistent, as in the “nothing to lose” case) and the upside is really high, it’s actually riskier not to make the bold move.

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In general, this whole “I’ll wait to do this when I’m retired” is a massive blunder.

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what’s easy shouldn’t determine what you do. Don’t let difficulty dissuade you from living your best life!

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People are more afraid of running out of money than wasting their life, and that’s got to switch. Your biggest fear ought to be wasting your life and time, not Am I going to have x number of dollars when I’m 80?

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Remember: In the end, the business of life is the acquisition of memories.