



## Step Seven: Trains, Planes and Automobiles



*"Price is what you pay; value is what you get. Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down" – Warren Buffett*

Folks, there is so much money to be saved in big ticket items like cars, vacations, home improvement projects, and big boy and big girl toys. Want to make an immediate impact on your net worth? One that makes more than a mere dent in your bottom line.



America has a love affair with cars (which tend to depreciate rapidly rather than appreciate, like financial assets). New cars. Classic cars. Concept cars. Nothing wrong with that.

But consider this. According to [The Millionaire Next Door](#), the typical profile for a millionaire couple would include purchasing only two domestic cars (typically Fords) in the past ten years.

Wifey and I, we have a great main family car. It's a Honda Odyssey that wifey drives. And we saved and paid cash for it. Yep. That's right. Been saving the equivalent of a monthly payment for years as we have financed only one single car for a small amount right after we were married.

The Honda Odyssey was five years old when we bought it. It had low mileage and had all the bells and whistles wifey wanted, including an overhead DVD screen for the kids. Plus, since the owner was anxious to sell and he saw a fist full of cash, he took less than the asking price according to the Kelley Blue Book.

Me, sometimes I put less than 100 miles a week on my car. Doesn't make sense to spend \$40,000 plus interest and higher insurance for a car no one really sees me drive and I spend less than 30 minutes a day in. Often, my car sits in the driveway for days. Recently, the battery went dead because I was not using it. Yep, that AAA card paid for itself.

A couple years ago I bought a great looking used Volvo. Again, the owner was anxious to sell. I paid cash and got a heckuva great deal. Having a positive net worth allows you the ability to take your time and look for great deals, rather than purchasing a big-ticket item because you are suddenly thrust into a situation where you need to buy something like a car.

[Leasing vs. Buying](#) Leasing is a luxury. If your job and your family depend on you driving a BMW or Audi or you will go out of business, then go for it. These are tax write offs that can help benefit your net worth. And you will have that fresh car smell.

[Cost vs. Value](#) Yes, some people need a nice new car because in their field they can't be driving a used Ford Taurus or Toyota Corolla. Successful attorneys, stockbrokers and real estate agents are good examples.

Clients need to see they are in good hands. If they see you skimping on your personal needs, then you may very well compromise their hard-earned dollars and will shop elsewhere for professional help.

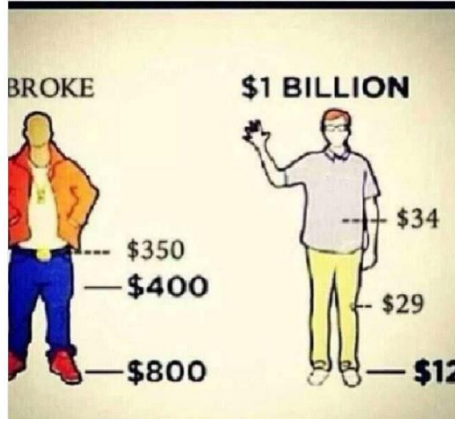
Or you could consider a new line of work if your net worth is not positively increased as a result of your career path. I know a lot of starving real estate agents driving a leased Mercedes Benz or a BMW.

Being broke never looked so marvelous.



The difference between poor and rich?

"It's not how much you make, but how much you save!" - Modern\_Rock



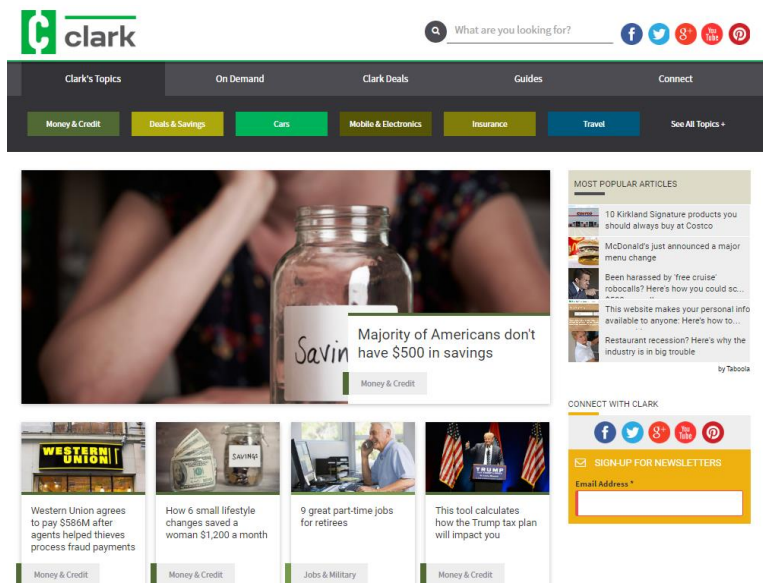
Look around. Your neighbors, the Jones's, might be jerks and not care one bit about you or your leased cars sitting your driveway. Let them suffer the consequences of trying to impress the world while their net worth goes to Hell in a handbasket.

You, you're smarter than that if you are trying to increase your net worth.

Personally, I'd rather buy than lease. Few people who really understand their net worth opt for leasing. Knowing your net worth and having the ability to

project increases and declines in the coming years is a real eye opener. You will look at making financial and life determinations differently.

I want to again mention consumer expert and host of the nationally syndicated Clark Howard Show. He posts incredible travel deals you won't find on Travelocity.com or any of the other online travel agencies.



[Clark Howard](#)

**Vacations** These can be tricky. For some families, a cabin in the woods, an RV, or a boat is a way to spend quality family time and build memories. Parents work hard and kids study hard. These three weeks of vacation and three-day weekends are not a luxury, they are a necessity.

Understood. But know these big-ticket items (you can debate if they are a necessity or a luxury, I'll opt for the latter) tend to be interest-rate sensitive. I've seen too many people buy such items and although the short-term gain is great the long-term scenario is a nightmare.

Kids grow into teen-agers, and sometimes would rather not go to the cabin in the woods. Or they want to be on their cell phones. RVs, boats and ATVs depreciate fast. Insurance and maintenance costs only go up.

Factor in the opportunity costs, or the potential gain from alternatives investments, and your getaway time might look like you're financing a Time Share.

**Time Shares** Speaking of, don't get me started on Time Shares. Sitting through a presentation is a great way of getting a free mini vacation, a \$100.00 gift card and a free meal.

But don't buy one.

The maintenance fees alone are not worth it. Before considering buying those high-ticket items, take a year and save that vacation money. Stay locally. Your kids will love you just the same.



Artist Rendition of Norwegian Bliss

[That's the Way to Do It](#) We love cruises and take two or three a year. Some are nice ones, like Disney Cruise and an upcoming Norwegian Bliss on its initial voyage in 2018. Others, like Carnival Cruises (we call the booze cruise because it attracts a particular crowd), are more affordable and are a great four-day getaway to Ensenada.

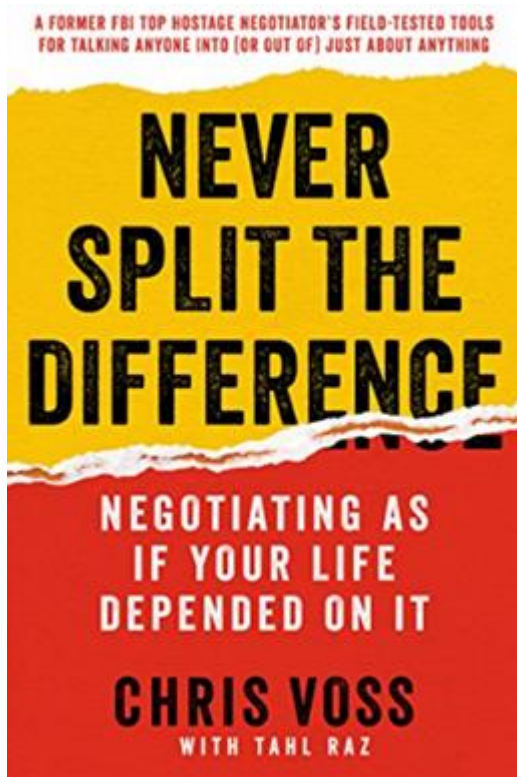
We are setting something aside every month and making payments directly to the cruise lines. Nothing is put on a credit card. Financing a vacation? Now that's a real money pit.



[Call to Action](#) Honestly assess your negotiating skills. Get a sheet of paper and draw a line down the center. What you're good at goes on the left. What you are not good at goes to the right. Then check out the following book recommendation.

## Book Recommendation

[\*Never Split the Difference: Negotiating as If Your Life Depended on It\*](#) (293 pages)



A former international hostage negotiator for the FBI offers a new, field-tested approach to high-stakes negotiations—whether in the boardroom or at home.

Life is a series of negotiations you should be prepared for: buying a car, negotiating a salary, buying a home, renegotiating rent, deliberating with your partner. Taking emotional intelligence and intuition to the next level, *Never Split the Difference* gives you the competitive edge in any discussion.