

Die Broke

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The four points of this book are on the cover. It's not clear why you would need to read much of what's inside, in fact I recommend against reading all of it. The four points are:

Quit Today,
Pay Cash,
Don't Retire, and
Die Broke

A little elaboration is in fact needed; you don't just learn it all by standing in the bookstore looking at the cover. These are the basics.

Pollan, a financial advisor who I'm not in the income class to be able to afford, works with clients who want to maximize their lifetime resource potential. In the 1980s and 1990s, he noticed some things. The assumptions made about the way money and the world of personal finance work, and the advice and procedures recommended to live within them, were out of date. They weren't working.

The Post World War II era saw enormous growth in value around America. Only a couple of decades before that, the concept of retirement had been invented to move some older workers out of the way and make room for some younger ones. Means of managing wealth were developed to support these ideas: pensions, personal investments, and the like. Property values rose tremendously making a certain generation of Americans comparatively wealthy during their working careers. People were retiring with small fortunes, owning second and third homes, driving RVs all over the continent, and expecting their children to pay their dues and earn the same sort of late-life rewards as they had.

None of this was working anymore, indeed, it was all an historical anomaly. People in that generation had it good and they thought it was all due to the greatness of America but really, nearly no one in the history of the world, nor in its future, would be able to afford to "retire." My instincts had told me thirty years ago that that none of the old ways were actually working. I said things like, "I don't plan on ever retiring; I better do things now while I can."

Watching client after client come and go and not have the old ways work for them, Pollan figured it out too, and he wrote this book.

The four basic ideas are:

Quit Today

That is, quit working for anything but money, today. Your purpose in work is to maximize your income for what you put into it. You need fulfillment, but don't go looking for it at work. You need purpose, but that's not what work is for. Go work for money, be in the process of changing jobs as necessary all the time to maximize your income, and don't get tied down anywhere or to anything

Pay Cash

Pollan isn't the only author who gives this kind of advice. Debt kills. Spending needs to be thoughtful and necessary. He's a "cut up your credit cards" type of guy.

Don't Retire

Retirement is an anachronism. Don't plan on ever doing it. Why act like a lemming and follow everybody over that huge cliff just because you have reached a certain age? It's true that you might not work as much, as your needs are less and your investments provide income. It's true that you might not be able to work as much, but don't plan on totally quitting, ever.

Die Broke

The money you earn during your life is for you. There is no point in leaving anything to any children or others. They have their own lives and their own incomes. Plan to die broke. Put your money in annuities that pay a return as long as you live. Use a reverse mortgage if you have to to maintain yourself. Don't even think in terms of leaving the house to heirs. It's your house and it's about you. They have their own lives and places. If they break even selling off the house when you are gone, that was the goal.

You want to give someone a gift? Do it now, not in your will. Know the rules about gifting.

Life Insurance? The pitch on life insurance is that those left behind will be able to invest that money and the interest will replace the deceased person's income and things will go on as they were. Get real! Things will *not* go on as they were. The death has already changed everything. Save for burial expenses, don't let them rip you off with a big funeral, and just don't even have life insurance maybe.

The first hundred pages or so outline these basic principles. The rest of the book is an alphabetical list of specific topics on which you might need specific advice or help, ranging from "Accountants" to "Wills", and this is where it gets a little nutty and perhaps dated. In fact, it is instructive to look at all of the alphabetized chapter titles:

Accountants, Annuities, Asset Allocation, Automated Teller Machines and Cards, Automobile Insurance, Automobile Loans, Banks, Bonds, Certificates of Deposit, Charge Cards, Charitable Remainder Trusts, Checking Accounts, Credit Cards, Debit Cards, Debt Consolidation Loans, Disability Insurance, Divorce and Mediation, Domestic Partners, Durable Powers of Attorney for Health Care, Earthquake Insurance, Estate Planning, Financial Planners, Flood Insurance, Funerals, Gifting, Health Insurance, Home Equity Loans, Home Improvements, Renovations, and Additions, Homeowners' Insurance, Home Ownership, Income Taxes, Insurance Salesmen, Job Hunting, Job Interviews, Leasing versus Buying an Automobile, Life Insurance, Living Trusts, Living Wills, Long-Term Care Insurance Medicaid, Medicare, Medigap Insurance, Money Market Accounts, Mortgage Loans, Mutual Funds, Pensions, Pre- and Postnuptial Agreements, Probate, Real Estate Investment Trusts, Renter's Insurance, Resumes, Retirement Homes, Reverse Mortgages, Savings Accounts, Second-to-Die Insurance, Social Security, Stockbrokers, Stocks, Summer, Weekend, and Vacation Homes, Treasury Bills, Bonds, and Notes, Trip Insurance, Umbrella Liability Insurance, and Wills.

The author doesn't believe in ATMs, and he doesn't believe in online banking. The former is bad because it ought to be hard, it ought to be a barrier to get cash. You ought to have to go into a bank during business hours and write a check to "cash" to do something like that, like the people in the Bible did. Just paying with plastic or getting money out of a machine at any hour of the night makes cashflow too fluid for personal discipline. Don't spend money you don't have with you. Online banking was bad when the book was written because it costed \$.60 a month.

So he's also a "don't spend \$.60 a month if you can do a lot of extra work and avoid it!" type of guy too.

Aside from life insurance, Pollan is a big proponent of covering all your other risks with insurance. To be ruined by some catastrophe and have your assets wiped out destroys the plan, even the "die broke" part of it. He spends a lot of time lamenting the high cost of some kinds of insurance, like lifetime disability insurance. It's like he's not even thinking about the fact that long term disability is expensive and life itself is risky. That, I suppose, would be the vendor's problem, but from this author's point of view one should just be able to allocate one's assets to protect against all risk.

In many of the itemized chapters, he gives actual phone numbers of places to go, insurance brokerages and the like, and detailed instructions on how to bargain and haggle with them. It began to remind me of the Atkins book. "Counting calories is too hard; forget that; now count carotin and proteins and learn all this new material instead." At that point I gave up on Atkins. Rare for me to give up on a book but I could have done the same here. I should have just read the chapters out of Section Two that had some applicability to me. That's what the author himself recommends, in fact.

All this irritation with the author's biases notwithstanding, I like the idea that he was able to go in the face of the conventions that are clearly wrong and destructive to people's lives, families, and society. Conventions like leaving a big estate behind like the queen would and thinking that you're going to live to be 95 and not work at all the last 30 years. And it was useful for me to understand that life insurance is not a guaranteed death benefit for life, it is meant to cover specific eventualities and to give a buffer for survivors to get settled into their changed lives, not to preserve everything as it was, or leave a big inheritance.

We live in a changed world that will never be perfect. It would be nice if there were more authors who would confront that status quo assumptions and give us guidance on how to live in the current real world.