

**Life's Cheat Sheet:
Crucial Success Habits School Never Taught You**

Sign up for Jeff's e-zine at www.lifesheetsheets.com to get free materials to apply these concepts and to get advance notice on the follow-up *financial habits* book as soon as it's available.

Company and Group Partnership Opportunities

This is my long-term anti-bailout solution for young adults, but obviously everyone can benefit from these success habits. I am partnering with several organizations to get this information out so it spreads quickly and helps turn the country around. If you act now, you can be one of my key partners in teaching these critical skills.

If your company, school, association, or non-profit partners with me, I will coordinate with you to print a customized *Special Edition* of this book that will allow you to replace this page with highlights of your organization and its brand in each copy produced for your organization. We can also partner concurrently with a charity of your choice, donating a part of the proceeds to it while benefiting your organization from the associated goodwill and spreading your brand to all of the charity's subscribers. You can feature our partnership in your marketing materials, which will demonstrate your concern for educating and equipping people with the skills to succeed in life, and I will prominently list you as a key partner in my marketing materials.

There are many great ways you can offer your customers extra value and make an impact on them with this book. You can give the customized book as a premium, as an added bonus with a purchase, with a mail-in coupon after a purchase, as a free gift for making a

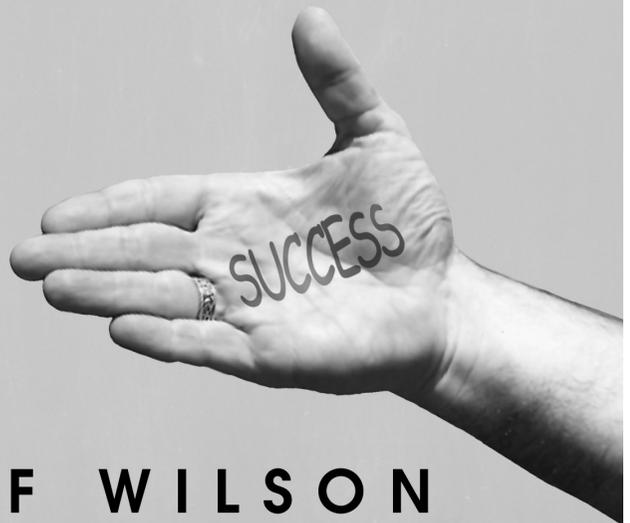
phone call in response to a solicitation. Or you can give it to your customers as a free gift without making a purchase, or at a reduced price with a purchase or contact to your organization. Use your creativity. Alternatively, you could give it to your staff for staff development or give it to your key clients. If you're in a role like financial advisor, banker, or relationship marketer, you could give it to any clients who are parents as a gift to their kids. This way, you can develop younger, multi-generational clients. Why not use the book to motivate subordinates or relationship marketers in your down-line?

I will also speak to your organization and participate in conferences that you sponsor. In addition, I can help key partners design contests with challenges to departments, small groups, or individuals to see who can best apply the skills and gain the most disposable income. You can give out prizes and incentives to further encourage them to implement this knowledge and teach others.

As you can see, there are countless ways to use this book to help grow and strengthen your organization. I have negotiated affordable volume pricing that can dramatically reduce your cost per unit in order to fit your budget. Help your organization expand its exposure to a much larger audience, help adults learn crucial success skills, and help the country turn around. Give me a call at 1-866-475-4675 or send me an e-mail at jv@prestigemediagroupllc.com today to take advantage of this opportunity.

LIFE'S CHEAT SHEET

Crucial Success Habits
School Never Taught You



J E F F W I L S O N

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Throughout this book, you will need to consider all of the other factors in your life at that time to make the best decision for your particular situation. The author has given suggestions based on typical circumstances, but if your situation is different, change your decisions accordingly. Use this information as you see fit and at your own risk. Readers are urged to consult a variety of sources and educate themselves about these areas before taking any risks. The advice and strategies contained herein may not be suitable for every case.

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If you do not agree with these terms, return the book. Finally, use your head. Nothing in this book is intended to replace common sense.

Advance Praise for *Life's Cheat Sheet*

Anyone with high personal aspirations will benefit from and appreciate Jeff's common sense "cheat sheet" that flies in the face of the pervasive "entitlement mentality" that so many of us have fallen victim to. Life won't hand you success, but you can and should hand this book to anyone that is seeking it.

—**Jim Cockrum**, International Internet Business Expert,
Author of *The Silent Sales Machine* (www.SilentJim.com)

This guide to real-world life skills should be a "must read" for all high school and college students and graduates. Written in easy-to-understand language with humor, relevant examples, and lots of references, this book constitutes a "handbook for success" that can be used by readers for years to come. If you want to guide your life in a positive direction, rather than simply react to the events of the day, this book is for you!

—**Thomas G. Gutteridge**, Dean, College of Business Administration,
The University of Toledo

Crucial success habits is a great start for this series. After reading this one, we can't wait for the next one on financial habits.

—**Lillian Miller, MD** and **Robert Miller, PhD**
Physician/Practice Partner and Research Scientist

As much as I like to see the 100s of investors in our audience each month, some seem paralyzed in the education mode unable to take the next step and actually invest in properties. Jeff's book can make you finally 'take action,' jump-start your life, and get ahead in your investing career now. Can't wait for MORE.

—**Anna Mills**, Realtor and Real Estate Investor
President, Toledo Real Estate Investors Association (REIA)
Past President, Ohio and National REIA

Life's success skills is a great topic to lead this series. It challenges young adults to think without limitations and expand their goals, outline a plan to accomplish them, and accelerate their completion by taking action to get ahead of the crowd.

—**Tom Schmidt**, President and CEO,
Ed Schmidt Auto Group

I applaud Jeff's purpose, which is to keep young adults from entering the rat race many adults find themselves in by showing them how to avoid the paycheck to paycheck trap. His book and teachings should be a part of our primary education in this country. I will be buying three copies, one for each of my children to use as their roadmap to success.

—**Scott Meyers** (www.selfstorageinvesting.com)
President, Alcatraz Storage and Real Estate Investor
Author of a complete guide to buying self storage facilities

Jeff's book shows young adults how to broaden their thinking to achieve bigger goals than they thought possible, map out a strategy for achieving them, then kick start their life by completing steps on the path toward finishing their most important goals right away.

—**Pamela Rose** (www.pamelaroseauction.com)
AARE, CAI and International Auctioneer Champion
President of Pamela Rose Auction Company, LLC

Jeff has been an entrepreneur since high school; in his "What Would Jeff Do" chapter endings, he gives some great practical step-by-step actions you can take to apply these habits on your journey to success.

—**Teresa Knisely**, Independent Consultant
Executive Regional Vice President, Arbonne International

Foreword

*L*ife's Cheat Sheet inspires young adults to learn real-life street-smart skills, showing them how to control their mind, think big, and take daily action to achieve results beyond their dreams. It's amazing to realize that these skills are not required subjects for multiple years in all schools before graduating. Jeff's book fills these critical gaps in curriculum.

It shows young adults, and really all adults, how to streamline their success by steering their life toward their dreams. It's filled with long-term foundational skills everyone needs to master and continuously improve. It's also designed to have parents partner with their children to help them hone these skills, which will allow them to bond and support their children as they experience new, challenging situations.

I see why he calls it the long-term, anti-bailout plan the country needs since it teaches young adults to "grab the bull by the horns" by learning and applying these key life skills. This can be a new solution to one of our country's biggest problems. These techniques show young adults (possibly your children and grandchildren) to not count on others but to help themselves, which will help the country come out of one of the worst recessions we have experienced in decades.

With his business and charity partnering options, everyone should pick up a copy.

Some of the book's features I like include:

- written in simple, common language
- sprinkles in humor to keep readers' attention
- provides many additional resources
- includes actual experiences to easily apply the concepts
- ends chapters with "What Would Jeff Do" action steps
- challenges readers to pay-it-forward by teaching others
- features a Frequently Asked Question (FAQ) format
- set up as a series to continue to build more skills

Jeff gives simple techniques for mind control, outlines key skills to accelerate success, and concludes with essential life planning for everyone. It gives readers a daily routine for a healthy and focused mind so they can maintain clarity and achieve their life's goals. He encourages them to get out of their comfort zone regularly so they can grow daily. Everything he teaches helps convert dreams to reality. It's a pocket guide to reference throughout life and a brilliant start for the series.

With all of Jeff's decades of experience running businesses and his lengthy list of degrees and licenses, I don't think anyone can question his qualifications for providing great habits for achieving your success. Start learning and applying as many of these techniques as you can. *Life's Cheat Sheet* is a great template for success. I'm anxious to see what financial habits he shares in the next book in the series.

—**Mark Matteson** (www.MattesonAvenue.com)

Best-selling Author of *Freedom From Fear*
International Speaker and Management Consultant
President and Chief Excitement Officer
Pinnacle Service Group, Edmonds, WA

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About the Author



Jeff was born a poor, Russian immigrant girl from the old country GOTCHA! Now that I have your attention... Jeff grew up in Fayette, Ohio, a small town with just one stoplight 35 miles west of Toledo, Ohio. He was and continues to be a very driven person, letting little stop him once he sets his mind to something. Having bought his first rental home at a sheriff's auction as a 17-year old high school senior in 1981, Jeff rarely does the “normal” thing.

For over 25 years since high school (15 of those while in college at night, during the day, and on weekends), Jeff ran and owned companies, filling roles of CFO, COO, CEO, In-House Counsel, and turnaround specialist, helping those companies reach record sales and profits several years. He also provided financial planning services, served on multiple boards, and volunteered and did pro bono work for over 25 entities. Jeff has also taught at three colleges and gave estate and financial planning seminars. Having consulted with a number of companies, led and assisted with start-ups, company

growth, and business turnarounds, he now wants to share some of the wisdom gained from all of his unique experiences.

Jeff has an ever-growing list of credentials that no longer fit on a business card, including JD (attorney licensed in Ohio and Michigan), MBA, MHCA, CMA, CBM, BS, and AA in management, marketing, computer science, finance, and law; he has also completed advanced training in real estate investing and obtained licenses in insurance/financial investing. As a real estate investor, he remains active in foreclosure/bank-owned, bankruptcy, and probate properties, residential homes, self-storage facilities, and mobile home parks. Jeff still plays competitive volleyball and golf, emcees and sings at local events, and regularly spends time with his family.

Preface

Why could reading this book change my life forever? (Glad you asked)

As we find ourselves in a financial and housing crisis as well as a recession (“mortgage meltdown,” “foreclosure boom,” “bankruptcy nightmare” among other headlines), the subjects in this book, and the follow-up *financial habits* book, could not be more fitting. I didn’t realize when I started writing this that these skills would become even more obviously critical to everyone.

Let me help paint the picture we are facing:

Foreclosures = 1 out of 8 houses in a stage of foreclosure

Bankruptcies filed up 30–50% for the last 3 years

Housing values declined up to 50% in many areas

Unemployment = 10–15% in most states

Jobs eliminated = over 4 million in 2009

Social Security depleted by 2037; Medicare depleted by 2017

Baby Boomers retiring and starting to draw retirement

College costs rising 5–10% per year

Inflation = 3–5% vs. savings rates = 1–2% (before tax)

Gas prices rising, Income tax increasing... OH MY!

Regardless of the true values, we’re in deep doo-doo.

Sorry, that was not meant to depress you (so don't go jump off anything; it takes too long to clean up), but understand that you need to step up and start planning if you ever want to have some freedom from a job and do the things you dream about. If you don't have a wealthy family or a "sugar daddy," you need to become proficient at these success and financial skills to have a chance at a decent life. Also realize that the average life spans for both men and women continue to increase, so you will need to have more investments available to fund your retirement. The point is that you need to start preparing now.

The government is not going to be able to take care of you because it is running out of money taking care of too many people already. People are living longer and fewer are paying into the retirement program. Medical costs are escalating at double digits per year, significantly outpacing inflation and salary increases. Unions have become so powerful that they have made some U.S. businesses uncompetitive, forcing them to cut jobs. Many other companies will file bankruptcy because they cannot afford to compete. And many pensions are gone because when companies file bankruptcy protection, their first move is to cut pension benefits.

After nearly 15 years of full- and part-time college, and having finished a full doctoral program in business, finance, and law, I recognized that the life lessons in this book are not taught much in school. I want you to benefit from my street skills and experiences. Without these lessons, you will have to figure them out on your own, struggle, and may make costly mistakes.

One of the many reasons I decided to write this was that when my oldest nephew graduated high school I recognized that it would be helpful for him and other young adults to know what I had learned, at his age. I want young adults to have this reference which shows them the shortest path to understanding all of these challenges. This is a huge void in our school system and may be the most important area in each student's life.

China requires their children to take a minimum of eight to ten years of the English language because they see that it is that valuable to their future. Even though these success and financial skills are

clearly as important, we don't require schools to teach (or students to take) these subjects for even one year. This must become a multi-year requirement.

I challenge parents, grandparents, and others to give this book to their kids, grandkids, other young adults. Follow up with them to see if they are working through it. See if they have questions you can answer or send me an e-mail and we can get you an answer. The point is that everyone needs to get involved in developing success and financial literacy skills for young people. Older adults can also benefit from these additional skills. Based on our economy, there is an enormous need right now.

You'll find that life is a big set of choices. I am giving you the Cliff Notes version for making good choices before you are faced with them and have to wing it like most people do. The key is to take immediate action once you've covered a chapter. I can't make you; you have to make a conscious choice to do it. Any one of the hundreds of hints in this book can save you the price of the book quickly. So, what are you waiting for? Take action and starting reading right now.

Acknowledgements

Thanks to those who have supported me including:

My grandma **Maxine Powers**, who left us too early, but taught me to do what I know I should even when others don't think so, and also my Grandpa **Ralph Powers** who, along with Maxine, supported my loony thought of buying my first house in high school with encouragement and a mortgage.

My parents, **Joe** and **Bonnie**, for hanging in there when I zigged even though they thought I should have zagged like everyone else, and for all of the support my whole life growing up, especially when I really needed to have the drapes open to see outside. Congratulations on your 50th wedding anniversary on August 27, 2010. That is a real feat in today's world. Stop and savor the moment. This is one of my gifts to you.

Diane Rowe, my mother-in-law, for regularly checking in to chart my progress on this project, even while undergoing cancer treatments, and encouraging me along the way. You always thought I could do it.

My sisters, **Angie Abraham** and **Suzy Sommers** (not from *Three's Company*), and their families for staying close and supporting me over the years through lots of challenges and for the frank input that is exchanged regularly.

Aaron Abraham, my nephew, and his friend, **Jake Carlson**, for their input on chapters and Aaron's idea for the book cover.

Morgan Allen and **Mike Miller** for being good friends that check in every so often and help keep our friendship alive.

Everyone who helped with my survey to name the books: **Sylvania Southview** teachers and administration: **Dave Minard**, **Paul Moffitt**, **Shelley Bielak**, and **Samantha Stevens**. **Owens Community College**, **Assistant Professor Susan Wannemacher**, and other instructors. **The University of Toledo**, **Susan Shultz**, and other instructors. Everyone who answered my online **Survey Monkey** questions.

Competitive volleyball and golf leagues and my other sports that helped me get some of my pent up frustrations out before going all postal on someone.

All of the contracted professionals, fellow authors, marketers, publishers, and promoters that taught me the ropes and provided their services to make this whole project come together.

The many books and courses that taught me all of my disciplines. Also, all of the teleseminars, webinars, boot camps, etc. that filled me with the knowledge to do what I want.

Richard Dickson, the President at my first real "corporate" job who took a big risk and put the wet-behind-the-ears kid in charge by naming me Financial and Information Systems Director at the ripe old age of 21 because he "had an instinct that kid can do it."

Yoga/meditation music and James Taylor music DVDs that gave me a "Calgon, take me away" break when I needed it. Some people can't tell the difference between Jim (that's what he asked me to call him) and me when I sing his songs.

People in all those daily grind jobs who taught me what I don't want to do or feel like for the rest of my life. What you do with your life is your decision, not your employer's.

Jerks (and more racy synonyms) for building my resolve, increasing my stamina, boosting my ability to stand up and fight whoever and whatever for what's right, and enhancing my "Robin Hood" complex (help those who have been dealt a bad hand). The crap that I have been through has toned me into a lean, mean, fighting machine.

Dedication

Beth Wilson, my wife, closest friend for over 15 years, and Editor-in-Chief, where do I begin? For tireless, laser-sharp editing (still has the record for the most corrections in one chapter); for brainstorming along the way; for supporting this project and our household while I spent tons of time on this; for boosting me when I was feeling down; for being flexible; for hanging in there while I faced countless struggles after law school; for working through her challenges and personal growth to become partner, shareholder, and board member at the law firm of Cooper and Walinski; for always knowing I would figure it out and complete this project; for being the Ying to my Yang; for reeling me in when my ideas were “a little too out there”; and for being the one there daily as I worked through the speed bumps to make this a reality.

Also, my little buddies and closest canine friends, **Katie** and **Lexi** (our Bichon-Maltese sisters), who were sleeping, playing, eating, singing, and barking in my office and throughout the house each day as I put this together. Their company helps improve my demeanor when I miss the lunch breaks with coworkers and other interactions I used to get at a “regular” job.

Things are looking up; can't wait for what's in store next.

I've sprinkled quotes like those below throughout the book to share some of those that have inspired me. I hope they do the same for you.

“Whether you think you can or think you can’t, you’re right.”

—Eleanor Roosevelt

“Be willing to be different.”

—Warren Buffet

3

BUILD AND MAINTAIN A POSITIVE ATTITUDE

Q. Why should I start the day with positive thoughts?

“Control Your Mind; Control Your Future” was one possible title for this book. If you’ve experienced any situation where you have told yourself something repeatedly and then you made it come true, you realize just how powerful your mind is. For example, let’s say you have been getting Cs on algebra tests and you really want to get an A. You put in extra time to study and do the practice problems and say to yourself repeatedly “I am going to get an A on the next test” while you are prepping for it. It’s much more likely you will get that A on the next test because you prepared your mind to get it and took steps to ensure it would happen.

If you feed your mind positive thoughts right when you get up, your mind will start the day working for you rather than against you with constant worrying. You’ll be less likely to waste mental energy dwelling on negative thoughts and less affected by all of the discouraging messages and images in the media—especially the news. It is harder to override negative thoughts with positive thoughts later in the day after your mind has been filled with negativity than it is to prevent the negative input in the first place.

For the next month, read and listen to the news less often. See if limiting your daily exposure to negative reports of crime, the economy, accidents, political squabbling, and other dire predictions of doom improves your attitude about the world. For this month, replace the time you used to spend listening to or reading the news with reading your list of goals and affirmations, looking at pictures of what you desire, and using the other motivational materials you'll learn about in the next few chapters. See how much better you feel. See whether it gives you more energy to get things done. It worked for me. You don't have to live in a bubble and completely ignore the world's problems, but news media are more focused on sensationalizing bad news than reporting good and bad.

Q. Are you sure I can control my mind?

Convincing evidence that you control your mind can be seen through a simple exercise I have seen and used in a number of settings.

TRY THIS EXERCISE WITH A FRIEND:

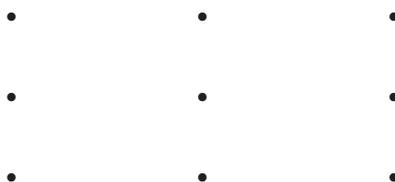
1. Start by having your friend make a fist and put her arm out in front of her, parallel to the floor, then have her resist your attempt to push her arm down. Most likely, it will be difficult for you to easily move her arm down.
2. Now with her arm down and eyes closed, have her clear her mind of everything, pause, and then have her repeat out loud "I am a weak and pathetic person" ten times, telling her to really listen as she says it.
3. Now have her open her eyes and make a fist, put her arm back out in front of her, and resist your attempt to push it down. This time, her arm will be weaker and you will be able to push it down more.
4. What happened? She won't be able to explain it, but it's obvious. Feed your mind that you are weak, and your mind believes it is true. Your demeanor will be that of a weak person and people will treat you as if you are weak.

5. Continue the exercise by having her go through the same steps as before, but this time replace the phrase in #2 with "I am a strong and successful person."

6. Now when you try to push her arm down, it will be much more difficult. She'll seem to have become suddenly much stronger. The only thing that changed is what she fed her mind for just a couple of minutes. It demonstrates how easily you control your mind and your actions.

Obviously if you feed your mind uplifting messages regularly, you will feel more confident, project a more confident image, and will be treated as a stronger person.

Another exercise demonstrates how many people think within their own predefined boundaries. These boundaries are based on past experiences and limitations you have been fed and accepted. It stunts the capacity for brainstorming and creativity that exists within you. Stop here, do the exercise, and see if you can figure it out.



Without lifting your pencil from the paper, draw four straight, connected lines that go through all 9 dots, but just once through each dot.

If you have trouble figuring it out, think about what would allow you to do it and what is restricting you from accomplishing this task. Question the boundaries that you perceive. The answer is provided in the Appendix. This exercise shows how limited thinking stifles original, creative thinking. The same reasoning applies to other challenges that you face in life. Open your mind and increase your problem solving ability by considering new possibilities you didn't allow yourself to see.

Q. How do I improve my attitude daily?

Surround yourself with positive things every day, and you will become a more positive person. Watch happy shows. Listen to happy music. Hang out with positive people. Read uplifting books and

articles. Keep a success journal (explained later) to recall positive experiences. Keep a gratitude journal (explained later) to record things that you are thankful for. Post positive pictures in your home and office. Do things that make you happy. Can it really be that simple? Actually, yes. You may not be ecstatic all day every day, but it will help.

Read the book *Happy for No Reason* by Marci Shimoff with Carol Kline. She interviewed lots of people to find her Happy 100 group of people that exude happiness daily. If you read some of the extreme stories of the lives of those people on the list, you will find it easier to be happy with your life, regardless of your struggles. Do some of the exercises. They can be very helpful.

Keep materials that connect with you best and go back through them multiple times. Specific books, chapters, articles, digital recordings, video recordings, pictures, quotes, interviews, etc. can connect with you and really stimulate you into action. Copy and highlight the parts that motivate you the most. Post any physical materials where you can refer back to them many times to continue to take action that will further your goals. When you determine which sources you like best, get additional materials from the same sources to increase your progress.

Post your goals, affirmations, and pictures of your completed desires where you will see them multiple times a day. Do the same with motivational quotes. Put these types of materials on bathroom mirrors, your cupboards, the night stand, the ceiling over your bed, kitchen counters, the refrigerator, your desk or cubicle wall, your briefcase, the dashboard of your car, etc. Your mind will focus on the positive thoughts and work toward finding ways to achieve your goals.

Q. How can I fit motivational materials into my busy day?

If you have a commute, run errands, or drive somewhere regularly, you have a great opportunity to increase your exposure to more positive materials. Treat your vehicle as your traveling school and listen to tapes, CDs, and mp3s with positive, motivating messages. Utilize what would otherwise be a waste of time to enhance your life.

I carry a handheld digital recorder that I record goals and affirmations on to listen to if I am waiting or driving. You can plug in a small set of ear buds and make it your private lesson for the day. Smart phones, iPods, and mp3 players can usually do the same, and you can slip them in your pocket to carry them with you.

Q. Can laughter help my attitude?

Watching a funny movie, comedian, or a program like *America's Funniest Home Videos* (except when they pick a lame video as the winner), can leave you feeling happy, uplifted, and more easygoing. These programs relieve tension and help you release negative energy. They convert your attitude to positive and make you easier to get along with.

Studies have proven that laughter reduces stressors on the body, which improves your overall health and makes life more enjoyable. Loosening up with laughter also allows the creative juices to flow and can help with problem solving. Being tense and under pressure can stunt these abilities. Watching something funny is a much better way to relax than watching a show or news about murder, divorce, tragedy, disease, etc.

Q. What other things can improve my attitude toward life?

Pictures and videos of baby animals just melt me into a sentimental, big ole softy. I would do most anything for them. I would take the place of their mother and take care of them if needed to. Looking at them enhances my attitude and makes me feel good. When they are in real life and not just pictures, the feelings are that much stronger and I forget about other worries. I become a nurturer. One summer at a festival I took care of a baby pygmy goat for its owner for a short time. You couldn't get me to put it down. I have pictures of it with me and really enjoyed the little time I had with it. I still look at the pictures and smile.

Baby animals run, jump, and play around without any worries or cares at all. They don't care about what others think of them. They live in the moment and have unconditional love for their family. What a great feeling to have. I have many pictures of baby animals

on my hard drive that I look at to get a positive jolt, and I also use them in e-cards I send.

I have two little Bichon-Maltese mixes lying next to me in my office as I write this, and I have lots of pictures of them around me to make me smile through the day. Many other animal lovers feel the same attitude improvement when they see animals or their images. I have a friend that comes over to get some “animal therapy” by playing with my dogs. If you haven’t tried it, you don’t know what a positive feeling you are missing.

Go to a pet store nearby where you can play with the animals that are kept in their cages all day and would love some human interaction. Visit your local humane society and spend time with the dogs and cats while they await a new home. Everybody wins. If animals don’t connect with you like that, consciously pay attention to those things that do make you feel good and forget life for awhile, then use those to improve your attitude.

Q. How do my past experiences help my attitude today?

Just stop for a minute and think back to the 10 most positive experiences and successes you have had in your life. Jot them down quickly. Really picture each of them one at a time in vivid detail. Stop as you picture each one and feel the feelings you felt when you lived it.

Remember all of the compliments and support you received. Recall the adrenaline rush that ran through your body when you achieved these successes. Maybe it was a sporting event where you scored the winning point. Maybe it was a project that you worked really hard on and nailed the presentation. Maybe it was a test you were worried about but aced. Maybe it was a graduation ceremony celebrating years of hard work. Maybe you took the lead in the school play and remembered all of your lines, getting a standing ovation.

Remembering your successes improves your attitude and demeanor quickly and dramatically and gives you more confidence, even though you are not actually experiencing those events at the time. This

exercise only takes a few minutes, but it brings those strong feelings back up and gives you a confidence boost right away. Use this process regularly as you take on new challenges.

Q. Why should I use a success journal to boost my attitude?

A success journal is a record of successes you have had in life. They don't need to be big successes, just times you grew as a person that could also include situations that did not go well but you still learned from. For example, when you learned to ride a two-wheeler bike, got your first job, went on your first date, got all As or a certain GPA, bought your first car, etc. As you get older, your successes will be a little bigger and may include earning a college degree, getting married, or buying a house. When you get to your next challenge where your confidence is being tested, read several entries in your success journal. As you read each entry, picture each setting and stop to feel the way you felt when you succeeded. Once you have read several of them, you will feel your confidence building and will be ready to take on that challenge with a fresh boost of confidence.

A Vice President of a Fortune 500 company I knew had a success journal that he regularly updated for many years. He would refer to the journal whenever he was getting ready to make a proposal to his board or to shareholders and in other situations that made him uncomfortable.

To enhance your experience with the success journal, touch your thumb and forefinger together to form a circle when you initially write and mentally re-experience the success. Then when you are in a situation that is testing you, stop, touch your thumb and forefinger together, close your eyes, and picture in detail a few of your prior successes one at a time. The physical sensation will help you remember the experience, boosting your confidence on the spot.

Q. Should I pay attention to the people I spend time with?

Pay attention to who you are around most, how you feel when you are with them, and how you feel once they have left. Do you feel

better or worse? Are they upbeat and positive or downers? Do you realize you will be like the five to ten people you are around the most? You may not realize how much they influence you. Do you want to be like them? If you find you are around a negative person, strongly consider spending less time around them and more time around positive thinkers. Positive breeds positive and vice versa.

Positive people will challenge you to be better, help you reach for your goals, and support you to get past obstacles. Several people I know have become more negative as they have gotten older, so I have had to recognize this and screen out their negative comments. Be around people who are “doers,” because they take action and are driven toward their goals no matter what gets in the way. They carry a never-give-up attitude that will rub off on you.

Reduce time around naysayers, slackers, and entitlement thinkers (people who have been getting something for so long that they believe they don't need to earn it but are entitled to it). I know several union workers that have become entitlement thinkers. Now their jobs are getting eliminated and they have become very negative. Don't become part of the pity party. As businesses close and downsize, eliminating thousands of jobs, many more people's attitudes will turn negative like a wave across the whole country. Be aware of this and don't let it affect you.

Q. How do I reduce the negative chatterbox in my head?

Consciously monitor the thoughts that race through your head and catch the negative thoughts right when they start to occur. Replace the negative thought with a positive one, effectively shutting down that negative thought. Get in the habit of monitoring your thoughts for several weeks to start building a new, positive habit. Write down those thoughts as they come to you along with the emotion it brings out. The more you do it, the more positive you will become. People respond better to those who have a good attitude, so you will attract positive things by eliminating negative thoughts.

Q. How do I forgive someone (or myself) for past acts?

Past experiences may continue to make you feel bad or angry when they come to mind, and they take up valuable space in your conscious mind. Your conscious mind can only juggle six to seven items at once, so you don't want a past negative event taking up one of these slots.

Verbal forgiveness is a way to release negative past clutter from your mind. Accept the fact that no one can go back and undo the past. Consider that everyone, even you, makes mistakes. Consider that there may be circumstances you don't know that could help to explain, not excuse, their behavior. Consider whether it benefits you to let go of resentment and anger for what they did.

If you begin to focus on a negative event, verbally say to yourself "I forgive X for what he did to me." The person doesn't have to be present for this to work, but you have to consciously agree to forgive and forget. This doesn't mean you were not wronged or what happened was OK, but it gets the anger and resentment out of your mind. You may need to repeat these steps several times to get it completely cleared.

Hal Dworkin developed The Sedona Method (www.sedona.com) which is a simple set of steps that you repeat to release the things that are cluttering your mind and get them out of your head for good. Getting rid of this mind clutter opens it up to be used for empowering thoughts.

Negative memories cause friction and slow down the achievement of your goals. Getting rid of this mental baggage will lighten your mental load. Cleaning out negative thoughts lets you put all of your energy toward furthering yourself rather than wasting energy on the past.

Q. Why should I use a gratitude journal?

A gratitude (or appreciation) journal is another tool to help you become more positive and thankful. Writing in your journal before going to bed each night is a good habit. I'm a morning person so I do it in the morning if I'm too tired the night before. List the things in your life that you are thankful for and appreciate. When you really step back and look at everything you have, there is a lot to be thankful

for. I am not just talking about physical goods, but everything that you want to remain in your life.

Many people take things for granted. For example, my father came from the mountains in Athol, Kentucky, (don't say it with a lisp). They had a very reasonable house on the mountainside, but it had an outhouse as a bathroom, which was normal in that area. Many years ago, when he came to Ohio for his job, indoor plumbing and a typical indoor bath was a luxury that everyone there took for granted—except for him.

I used go from one want to the next before I realized “things” don't make you happy for very long. I bought and sold a nice, extra vehicle every year or two, thinking the next one was really what I wanted. I ultimately realized after doing this for more than 15 years that I get bored with material things quickly, so there is no real lasting positive effect.

The point is that many people are very fortunate, yet they always want more. Journaling about what you are grateful for will make you appreciate what you have now, leave you wanting less, and help you be more thankful. This is a great attitude enhancer that will let you enjoy each day more. The more appreciation and gratitude you show, the more that will come back to you.

EXAMPLES OF MY JOURNAL ENTRIES NOTE THAT I AM THANKFUL FOR:

- A loving, thoughtful wife
- My two little dogs (aka: Jeff's little buddies)
- Unlimited, clean, running water to drink
- A great, warm house during winter in Ohio
- A solid roof over my family during the tornados
- The Toledo Blade getting delivered to my home
- The mail getting delivered to my house each day
- The calming music playing while I am writing

- My computer and its vast abilities
- My little thumb drive and its amazing ability to save so much of my work, etc.

As you can see from my small list, if you list five to ten items each day in your journal, you will start to see abundance in your life right now. Gain an attitude of gratitude. It will reduce your desire to have more things in your life and change your scarcity mentality. This will influence your demeanor and make you more positive. You can also go back and read over your lists when you are at a low point, as with the success journal mentioned previously, and you'll come away with a more positive outlook.

You can further this process by actually telling people, every day, how much you appreciate them. You will be surprised how positively people will react and how good it will make you feel.

FOR EXAMPLE:

- Thank the bagger at the grocery store
- Let the teller at your bank know you appreciate her for being pleasant
- Compliment the coffee shop cashier on her hair style (but guys, no touching, pervs!)
- Thank your co-worker for helping you figure out a problem
- Tell your friend you appreciate her support during your recent break-up
- Give the elderly lady your seat on the bus

It is helpful to do this with your spouse or significant other too. At the end of the day, first write down and then tell them five things you appreciate them for and have them do the same. This can really strengthen your relationships and force you to not take them for granted.

Q. Can my attitude really change the events in my life?

Having a positive attitude will make your day better even if nothing really seems to change at first, and over time you will begin to see positive changes in your life as a result of your attitude. Feeding your mind with positive thoughts regularly will give you a positive attitude and change your behavior for the better. You will approach each new situation differently and handle it with an I-can-do-anything attitude rather than letting it bring you down and defeat you. Even if things don't go as you would like them to, you will respond better and move forward to make the best of it. You will decide to learn from the experience and grow from it. Recall that positive vibrations attract positive and vice versa.

WHAT WOULD JEFF DO?

(Fun action steps to try this stuff out)

1. Read and listen to less news for the next month (get only the headlines if you must) and keep reading positive materials daily. Watch your attitude improve.
2. Pick a small goal of yours, like getting an "A" on your next quiz, and really focus on doing just that. Put in the prep work and practice time. Make an affirmation, believe it, and recite it multiple times a day for several days before the quiz and see how it makes a difference.
3. Try the mind control exercise, making a fist with your arm out, with several different people. See how words and thoughts control your mind and body. Now recognize how you do that to your mind daily. Begin to replace negative comments with positive statements.
4. Take the mind boundary exercise (connecting the dots). Did you solve it before peeking at the answer? Open your mind to possibilities outside of the norm and you will grow your analytical ability dramatically.
5. During your next "down" time, take in something fun, funny, utilize animals like I do, or find what provides a happy feeling for you. Watch your attitude improve.

6 Write out your 10 most positive, uplifting experiences to date. Add enough details so you can really picture and feel each experience fully. Walk through them and take several seconds to truly re-experience each one. How do you feel now? Start your success journal with these and add as many other positive experiences as you can think of from your life to date. Add to the journal weekly as you have positive experiences.

7 Pay attention to the people you are around and note how you feel while they are present and just after they leave. If the feeling is not good, set a plan to reduce the time you are around them. When you are around them, avoid negative subjects and redirect the subject to something positive to improve your time with them.

8 Start a gratitude journal by looking around at everything you have (health, family, friends, work, skills, etc...) and start appreciating them right now. Write in your journal daily at bed time to give you a great feeling to sleep on. Take this a step further by complimenting or thanking those people you encounter daily who interact with you. Let them know they are appreciated. Don't skip doing this step with your spouse/significant other—take action to build your relationship.

Once you've finished these steps, write me to let me know what happened and what you learned at stories@lifescheatsheets.com.

Now, think like Nike and Just Do It!

“Helping someone up won’t pull you down.”

“People wrapped up in themselves make pretty small packages.”

“Praise, like sunlight, helps all things grow.”

12

HONE YOUR ABILITY TO NEGOTIATE AND BARTER EVERYTHING

Q. Why should I negotiate everything?

Negotiating is a learned skill that can really enhance your life. It is one of my most valuable skills. I have been hired to negotiate for others because people have seen the success I have had in my negotiations. Kids start early, negotiating with their parents on:

- Getting a new toy or new clothes
- Not eating their supper
- Getting an allowance or a raise in allowance
- Choosing what they wear to school
- Staying out later than curfew
- Dating a certain boy or girl, etc.

They don't formally call it a negotiation, but that is what is taking place. Usually there is some give and take, using leverage and concessions to ultimately end up at some agreement. Each side may not like the terms, but the negotiation ultimately ends in an agreement at some point. The more you pay attention to others, and read about and practice negotiating, the better you will get.

In *Gain the Edge* (www.negotiationinstitute.com, www.GaintheEdge.com) Martin Latz lays out his strategic negotiation process. He and I recognize that the best negotiators are those who use a calculated strategy rather than on-the-spot instinct, commonly known as “wingin’ it.” I have used a process very similar to his for years so we are in agreement on these five components of the process which are:

1. Research everything about the negotiation to gain whatever information you can before talking with the other party(s).
2. Maximize your leverage (where your case is stronger than the opposition) and determine your Best Alternatives to a Negotiated Agreement (BATNA’s; these are your best options or back-up plans if your negotiation ends without an agreement), arranging them in a hierarchy from best to worst.
3. Use objective standards from other sources, not your own, to support your points (find charts, studies, statistics and so on to support your points).
4. Design your offer-concession strategy, including several offers (in order from the best you could get to the worst you would accept), counteroffers and concessions (things you would give up in the negotiation to get something you valued higher).
5. Control the agenda as well as the environment to get the “home field” advantage.

This process is solid and will lead you to the best outcome. Realize that this process is for more formal, relatively important negotiations, so you wouldn’t necessarily take the time to follow each step for simple negotiations like convincing your parents or roommate what fast food place they should pick up your supper from. But, practicing this process on anything will build it in your subconscious mind which will get you in the habit of regularly using it.

Getting to Yes by Roger Fisher and William Ury is an older book with strong principles on this topic. Writings by Zig Ziglar such as *Secrets of Closing the Sale* are strong on sales and negotiation as well as maintaining motivation despite rejection.

Always have your BATNA's in mind before entering any negotiation so you don't have to bluff and then regret it later. Having a plan before entering into a negotiation gives you more confidence that usually leads to a better outcome. Also, have fun with it and don't put pressure on yourself since most of the time the monetary value of what you are negotiating for is relatively minimal in the big picture. Every time I get someone to reduce a price, include more items in purchase, add features at no cost, or include a warranty with the product or service, I get a little sense of satisfaction. I feel I have won, knowing that my efforts have gained me more value just by asking and negotiating a little.

Since I am a challenge-junkie, I use negotiating situations as little challenges just to see what I can achieve. Many people wouldn't even think of trying or would talk themselves out of it if they did think of it. If you don't ask, you'll never know. You will potentially spend more than you needed to or end up leaving cash on the table if you are not assertive and fail to ask for what you want. You talk yourself out of it with excuses like:

- They will get mad if you ask. (So? You didn't do anything wrong.)
- It will be awkward or embarrassing. (Not once you get used to it.)
- No one should ask that. (Why? It's just prior programming—get over it.)
- It's not polite to want so much. (How do you know it's too much?)
- I'll never get that. (Wimp! Defeatist!—not a good attitude.)
- There's no way they will say yes, etc. (Don't need to repeat myself.)

Most of your thoughts will stem from prior programming that you must overcome and change if you are going to make progress.

Jack Canfield and Mark Victor Hansen's *The Aladdin Factor* is all about asking for what you want in life. The whole concept is that you only have something to gain by asking, you haven't lost anything. For example, if you apply to Harvard and get rejected, you were not

currently attending so you haven't lost anything. If you ask for a lower price on a car and your request is rejected, you can still buy it for the current negotiated price, so you haven't lost anything. If you ask a girl on a date and she turns you down, you weren't going out with her to begin with, so you haven't lost anything by asking.

Asking for what you want (with this concept in mind) will give you the confidence to go ahead and take risks. If you talk yourself out of it with "what ifs," you'll never know if you could have gotten what you wanted. Why not start finding out rather than wondering what if? You typically get only one chance to ask before moving on, so think like Nike and "Just Do It" now.

For the remainder of this section, I am going to be more focused on negotiating on items for purchase (expense items) rather than gaining more income, but these principles also apply to income items as well. Use these principles to ask for raises, bonuses, promotions, price increases, new fees, and so on. For example, let's say you are the CFO at a car dealership and you don't get paid what you are worth in salary and bonuses. Research comparable positions and pay, then take that information to the CEO/owner to request a pay increase, supporting it with a list of all of the projects you have completed, money you have saved them, return on investment, and similar performance measures that you have exceeded. If they still can't increase your pay, ask for a car that you can use while employed there and have it included in your compensation at no cost to you. Don't limit your thinking when it comes to ways you can gain more value than you are currently getting. Doing your homework, then strategically asking for what you want with appropriate support, will get you further ahead.

Q. What is bartering and how would I use it?

Bartering is exchanging one good or service for another and many times does not include any cash payment by either party. This is a great technique when you have something of value to offer others and want to get something of value from them without exchanging cash. Most of the time it can be done without incurring any taxes.

For example, my sister does small business accounting from her home office so that she can multi-task and take care of her family while “at work.” Let’s say she gets three new small businesses to pay her \$25 per hour. She believes she can get more value for her services with all of her years of experience, but can’t get an increase in the out-of-pocket pay so she brainstorms to see what else she might get.

She talks with Client one who is a dry cleaner and negotiates unlimited, free dry cleaning that she normally would have paid for, saving \$25/week or \$100/month. Client two is a local family restaurant, and she gets them to include up to five carry-out meals per week that she would normally have paid for in groceries and time, saving her a minimum of \$75/week or \$300/month. Client three is a local gym where her family works out, and she gets them to include her family membership for no cost. She saves \$125/month. In this example she has in effect added income for her home business by eliminating \$525/month in expenses. Her net profit increase is \$6,300/year, and all it took was a little creativity and assertiveness in negotiating these additional services. She bartered her service for pay plus her client’s services, and with creativity she may not have to pay taxes that she would have otherwise paid.

A more complex method of bartering may include multiple parties. For example, Sauder Woodworking near me in Archbold, Ohio, makes excellent Ready-to-Assemble (RTA) furniture. I really like many of their lines and the furniture lasts for years. Several years ago, I was talking with their CEO at the time, Maynard Sauder, when they had just started selling their furniture to an additional foreign country (Customer). The transaction generally went like this. To get paid:

1. Sauder needed to sell furniture through an International Broker (IB)
2. IB took control of the furniture temporarily
3. IB matched the furniture value to steel that Customer had to sell
4. Customer exchanged steel through the IB and got furniture
5. IB sold Broker’s Buyer (BB) steel it wanted for US dollars
6. Sauder got US dollars for the furniture it wanted
7. Everyone sat around the fire singing “Kum Ba Yah”

Ultimately, all parties got what they wanted. The point is that you may be able to barter with a third party to get the first party's goods or services, but you need to assess values and coordinate the whole transaction. This is obviously more complex, but possible.

In this type of exchange, you or the other parties may need to provide "boot" (some cash) in addition to the exchanged items. If one has a clear value difference from the other, it may be worth it. For example, if your item is valued at \$100 and what you are receiving is valued at \$75, you would ask for a \$25 payment in addition to their item. Whether sales tax is due and on what amount can be a gray area so you will need to check with your tax advisor for the states and/or countries involved to understand your tax options. If barter transactions recur many times or grow in dollar value, it may become more questionable as it relates to sales or use tax. Planning ahead for taxes and maintaining your documentation may avoid some tax problems.

These transactions are a great way to get what you want, possibly get rid of what you don't want that someone else can use, and not have any out-of-pocket costs. I have seen several online sale and barter sites gaining in popularity. Some have not had staying power and have gone out of business, but a quick search can return several options. Do a little due diligence before getting too involved with them so you are confident they will be there when you need them. eBay and Craigslist have been around for years and have a lot of satisfied users.

Q. How much could I save?

You may be wondering if it is actually worthwhile to learn these skills. Negotiating builds confidence, saves you money, gains you goods and services that you want at great values, and may get you more income, so how could it not be worth it? Like any sport, practice continues to make you better. The less you spend, the less you have to earn to meet your goals.

Many people don't realize that negotiation is a strategic skill rather than an instinct. As a result, they are not nearly as prepared or skilled at it. Fortunately, that makes it easier for those of us who

do practice and prepare to succeed at getting what we want. At times I wasn't thinking big enough about what I might get, but I made a big request anyhow and got more than I wanted in the first place. I have talked myself into going for what I want by just asking for it, even when doing so seemed crazy, given the situation. I have used these skills to get several houses, cars, business purchases, longer-term agreements, groceries, electronics, furniture, jewelry, appliances, etc. As you might imagine, the savings are in the tens of thousands over a number of years.

A couple of years ago on the last week of the calendar year, I was negotiating for a vehicle. I had shopped around and was looking at several lightly-used vehicles. I came across a deal on a sharp-looking, new, loaded black SUV with a V-8 Hemi engine (gotta have a Hemi) that the dealership wanted to move by the end of the year. I used my techniques over a few days, getting down to the last sales day of the year, and when I was done I had that \$42,000-plus sticker price discounted more than \$15,000 (36%) to \$27,000. You need to know what is driving the other party's motivation to sell and satisfy those needs.

As competition increases and technologies get better, prices go down and savings can go up if you use these techniques. I recently read that Circuit City (which went out of business) and Best Buy-type stores are starting to negotiate prices since we are in such a bad economy. Don't convince yourself that retail stores won't negotiate. Use this mental formula when haggling: [SW⁴]—Some Will, Some Won't, So What, Someone's Waiting.

If you get other services and goods included into package deals, your savings can be multiplied by saving on each of the items in the package. For example, during law school, my wife and I were able to get oil and filter changes included in a great incentive car lease after we locked in a price. While purchasing housing materials in a big-box store, I was able to get installation of flooring included at a substantial discount even though the materials were already at wholesale price. Another time, I got local padding/installation and home delivery included at a substantial discount while buying stock carpet wholesale, by the roll, direct from Dalton, Georgia manufacturers.

Let your imagination flow and craft some great deals most people wouldn't think about. The closer in the distribution chain you get to the manufacturer, the better your deal can be.

Q. Why should I consider negotiating, regardless of value?

Even if the item you would like seems inexpensive, practice your skills on these lower-priced items so that you will be prepared when you are working on higher-priced items like cars and properties. Make negotiating a habit so that it becomes automatic. You will regularly save money. My wife practices at flea/craft markets we go to. Most of the prices are low enough that you really can't hurt yourself by making a mistake, but you can learn from it.

Remember, every dollar not spent is a dollar that works toward your goals. If a five dollar bill was lying on the sidewalk in front of you, would you bend down and pick it up? Assuming you said yes, then save five dollars or more on your next purchase, and you will gain by not spending more money than you needed to. If your income stays the same and you save by spending less using these techniques, the resulting higher net income (income received less expenses paid) goes to work for you right away because you don't need to work harder or longer or get a raise to attain greater wealth.

Q. Why bother using coupons, sales, close-outs, etc.?

Even though I don't need to at this point in life, I still like to use coupons for regular purchases, get items free by mailing in a certificate, and find close-outs, blow-outs, good flea markets, wholesalers, warehouses, estate sales, high-end neighborhood garage sales, etc. I make it a little game to see what I can find at an unheard of price. It allows me to buy things I regularly use, and also buy a few things that I like, but won't normally pay the asking price for.

Over the last couple of years, I found spectacular deals at two nice neighborhood garage sales (I only go to a couple a year and choose higher-end neighborhood sales). I found a new, insulated, black leather baseball-style jacket that fit me great. It's a Detroit Red Wing signature coat that the homeowner, who was a salesman for a

car parts manufacturer, was given when his company gave them to their best vendors that year, and he never wore it. It is at least a \$400 coat that I got for \$10. Yes, \$10. The second item is a matching suit, coat and slacks, not hemmed, in a nice blue color with pinstripes from Macy's. It was never worn by the homeowner, who had outgrown it. It was a \$300-plus suit that fit me well and I got it for \$10. Yes, \$10. As you can see, you can save some real bucks.

I also like to find distributors, inventory clearances, inventory liquidations, going-out-of-business sales, foreclosures, bankruptcies, and self-storage auctions, as well as online auctions. Pay attention to newspaper ads and get on their e-mail lists. These places will alert you when they have sales. During back-to-school season, office supply and discount drugstores offer both rebates and buy-one-get-one-free deals. Black Friday (day after Thanksgiving) has all kinds of deals if you can endure the crowds. For vehicles, as well as other goods, the end of the month and, even more so, the end of the year are great times to negotiate the best deals.

Conversely, convert your unwanted belongings to cash by selling them at an online auction or an in-person, local auction. View all of these transactions as little victories. Doing so will spur you on to bigger things. You can also talk with others at these venues and learn of other related venues that may allow you to pick up other deals.

Years ago, I would go to a multi-acre outdoor market in Shipshewana, Indiana (Amish country) and I would always negotiate with one of the largest vendors there for high-end, full-grain soft leather attaché bags. A number of these were Kenneth Cole (or sometimes one peg lower on the fashion scale) but sold for \$200 to \$300 at the leather shops in the mall. For a few years I had been negotiating deals on these with the vendor for \$25 to \$50. One day, the owner said to me, "Why don't you just wholesale with me since you are basically getting these near my cost." Through that interaction, I opened a side business where I bought several bags from him and sold them through shows and my personal network. I did the same thing with an Alpaca artwork wholesaler in Cherokee, North Carolina.

Q. Why do I need to understand markups and distribution?

You only need to understand the general process of how a product gets from a manufacturer to the retail store and ultimately to you as the retail customer. Some have more steps, and some have fewer, so I will lay out the basic, typical process and explain it as if we are talking about Sony as they manufacture one of their DVD writers:

- Sony buys components that go into the final product from component manufacturers (companies that make the plastic case, cardboard box, packaging, instruction book, etc.) that all have markup (3rd markup level) on each of the components that they sell to Sony.
- Component manufacturers have part manufacturers (2nd markup level—companies that supply the tray drawer, circuit boards, buttons, LED screen, etc.) that they buy parts from to assemble and manufacture the component.
- Part manufacturers usually have other smaller part/material manufacturers (screws, springs for tray door, gears for tray, resistors and solder for circuit boards, brackets, etc.) they buy from to assemble their parts (1st markup level). I am not going back in the process any further, but there are other markups before this stage with some products.
- Once Sony produces a complete product, it adds its markup (4th markup level) and sells to distributors (only companies that commit to buy very large quantities from Sony).
- Distributors add their markup (5th markup level) and sell to wholesalers (a few specific companies that will buy large quantities from distributors at low prices that they can disperse to retailers through their network).
- Wholesalers add their markup (6th markup level) and sell to retailers (places like Best Buy, Radio Shack, and other audio-type stores we normally buy DVD writers from).
- Retailers add their markup (7th markup level) and place them in their stores to sell to retail customers like you and me.

The amount of markup per level is not limited except by the competitors at their same level in the manufacturing and distribution process explained above. By the time a product gets to the retail store, it has been marked up several times. The fewer competitors at each level of the distribution chain, the higher the markups can be. It is common to see products like furniture, jewelry, leather goods and others marked up 400 to 500% over the manufacturer's price (4th level) to a retailer.

A number of years ago, I learned from a very well known cola distributor that a fountain cola drink in a typical restaurant had an actual material cost of five cents for the syrup and water, but they charged around \$1.59 (now that's a markup). That is why they try to get everyone who comes to the restaurant to have a drink (other than water) and give free refills.

The point is to recognize that there is a huge markup on many goods by each of the handlers in the chain of manufacture and distribution to the retail customer. As you can see, the earlier you can get access to the product in the distribution chain, the better. It has much less cost added to it at the earlier stages so they can sell it much cheaper. How do you think I could buy those leather attachés at that price? Because of the cost of labor, U.S. products are often much more expensive than goods imported from Asia and other countries, despite the added cost to ship them by barge. Work to buy back in the chain as close to the manufacturer as you can and you can get substantial discounts. This is how many eBay platinum power sellers can sell for the prices they do and still profit.

Q. How do I build my case to avoid paying retail price?

You need to realize that retailers will lose money on goods just to get rid of them at times. They make money on moving inventory as quickly as possible. If an item doesn't move quickly enough, they will reduce the price to get rid of it, so it can be replaced with a more profitable item. End of season, out of style, last year's model, closeouts, excess quantities on hand, and post holiday goods all make for great deals. I have bought goods discounted 75 to 80% just by

being patient and buying at the right time. Good targets are places that primarily want high traffic and sell a lot of goods (e.g.: Sam's, Kohl's, Wal-Mart, Kmart, Costco, Home Depot, Lowe's) rather than specific items like jewelry. Talk to the department or store manager if you want to make a particular offer that is unique.

Think of reasons it would be good for the vendor to get rid of the item. Examples might be:

- Build a loyal, new customer
- Increase sales
- Cutoff for monthly or quarterly reports is approaching
- There is too much inventory
- A new model has just been released
- Remaining inventory includes strange sizes or colors
- They need space for upcoming holiday goods
- They will pay personal property tax on it at year-end
- Bad time of the year for that item
- Declining popularity
- Demand has dropped
- Supply is high everywhere
- Good is not unique anymore and has become a commodity

Use these reasons as leverage when negotiating for price reductions, extra goods, amenities, features, warranties, service, and similar advantages. You can also use the “this is as much as I have in my budget; otherwise, I can't buy” approach and see what happens. Realize you shouldn't be wearing expensive clothes or jewelry when you use this angle. Remember to truly have your BATNA's (see negotiation rules at the beginning of the chapter) in place before negotiating so you know what to do if the deal doesn't go your way.

As it relates to your personal negotiating style, don't be combative, aggressive, or disrespectful. Be confident, calm, use a quiet enough voice so others don't overhear what you are trying to do, and build some rapport. Be upbeat and willing to help them move their inventory. Express some interest, but not at the terms they have listed

(price, style, interest, warranty, etc.). Give the reasons that you are not willing to buy as they have proposed and make them an offer, letting them know you will buy now. Be sure to state your case in a way that shows how this will help them, not you. This needs to be a win-win type scenario in their mind. Word things as if you assume they are going to accept your offer and complete the transaction because it is a fair offer and will allow them to get rid of inventory.

If they say no, ask to talk with the manager-supervisor who has the authority to accept your offer. You may have some additional reasons you've saved for your manager talk, or hybrids of the reasons you've already used, to try to negotiate the purchase. Work through the terms right at the time and get their signed approval once they agree to the terms so you don't have to revisit it later. You don't want to give them the chance to change their mind and have to go through the whole process again. If the initial contact is not helpful and shuts you down, leave their area quietly. Go find the manager for that area or for the whole store if you really want to get what you are working toward. Approach this person in the same direct manner, wording things as if she will accept your offer based on the reasons you have provided.

Be polite but assertive. If they appear uncertain about approving your request, talk them into doing what you want by suggesting what they should do next. (Maybe you need to talk with your manager now. I will go with you if you want.) Walk them down the path you want to go, and they may become an advocate for you in reaching your objective. Don't talk in a passive or uncertain manner. Be confident that they want to sell you what you want. Reverse the logic if you are trying to sell something and utilize these tactics to convince them to buy.

I'll share a couple of examples from one store I'm not going to name (hint: largest retailer in the world) that my wife, family, and friends all told me was not even an option. A few days after Christmas a few years ago, we went to this store to see what they were clearing out after the holidays. We have an 18' vaulted ceiling in our great room. I had said it would be neat to have one of the big 12' Christmas

trees in that room. They were normally \$300 to more than \$500, but we didn't want to spend that much for a few weeks of use, so we had decided against buying one. I happened to see six 12', pre-lit Christmas trees (with hinged metal branches) on clearance for 60% off their reduced price, or \$120 off the previously discounted price of \$300. We already had five trees in our house that I had gotten in different deals over the years, and I had decided we wouldn't spend more than \$50 on any tree, even one that big.

I knew they did not want to store them for a year since they have limited storage space above the typical shelves to store extra stock. Also, very few homes could accommodate such a tree, and very few people shopping there would spend that much. On top of that, the tree weighed more than 100 pounds so very few people would be able to handle that much tree. So I said I was going to find the manager and plead my case. I also called some family and friends who might want one to see if I could work a bulk deal and provide additional incentive to the manager to sell multiple big trees now. Two friends wanted them if I could get a deal, so I pleaded my case to the manager who took it to the store manager and came back with a change order slip approving the sale of as many as I wanted for \$50 each. My wife's mouth fell open, I thanked the supervisor, and the employees started loading trees for me. We tell people that story and they still don't believe us because they don't think it's possible with such a huge company. They talk themselves out of negotiating before even trying.

Interestingly enough, I did the same thing at the same store a few months later with a digital, mini-DVD camcorder and got it for the lowest price listed online from a refurbished vendor even though this one was new and just on clearance. I used the same process, printed a number of pages from the online site to build my case, presented it in a cordial, convincing manner, got the manager to sign off, and bought it. The clerk originally turned it down, so I asked if the manager was there and talked with her when she returned. The manager finally accepted my offer. My wife didn't question me as much this time; she just watched and took mental notes. She has been a litigator in a law firm for more than 12 years and regularly

resolves issues with her cases using my techniques. She has seen me do this so many times that she continues to expand her abilities based on my success.

Practice will make you better and you will quickly see progress. Each time you do it, you get a little more confident. A lot of it is dependent upon mindset and presentation, as well as the guts to take action and accept no or a rude reaction, which I have gotten a few times.

Q. How can I have fun and not get stressed out?

You get the courage to move forward by convincing yourself that you only stand to gain from the experience and that you are doing nothing wrong. Be yourself. If you are stressing out about it, take a few long, deep breaths before you begin, letting each breath out slowly. This will relax you and calm you down. Don't try to be me or someone else you believe is really good at this. If you are worried that someone will think you're a jerk for asking, or if you fear looking "stupid," practice negotiating when you are on vacation or on business in another town. Tell yourself, "They don't know me anyway! Who cares if they think I'm stupid. I'm not. What does it matter if this person I will never see again thinks I'm a jerk?" This may alleviate much of your anxiety.

Jack Canfield, in a teleseminar, told of a bright student that he put through an exercise to break him of feeling stupid and being unsuccessful in this type of situation. He had the student walk into a 7/11, go to the counter, and ask the clerk where he could find a 7/11 close by. The clerk responded nicely saying, "You are in a 7/11. What can I get for you?" They could have made fun of him, ridiculed him, or thought he had lost it, but the key is that he did it anyhow. The experience helped to build his courage to ask for what he wanted regardless of the perceived outcome.

Being willing to walk away from the negotiation is another way to alleviate stress. Remember, in my Christmas tree example, I didn't have the tree to begin with and didn't need it. So my first BATNA was to accept a slightly higher price than my offer because it was still a deal and my second BATNA was to walk away and keep looking

until I found the deal I wanted. Therefore, I was confident that I knew what I would do if they turned me down. I would have listened to a counteroffer, but it would have had to have been close to my offer for me to accept it. Also understand that I satisfied the retailer's need and we were satisfied with our purchase so it was a win-win. Having that confidence is very helpful, especially when working with a huge retailer. It makes it easier each time you practice the skill.

You could make it a friendly, competitive game with family and friends. Each member could include others in their deals, like I did with the Christmas tree. Maybe have a little trophy that passes around to the person who got the best deal most recently to keep the spirit of the game. This could get you deals you wouldn't normally know about as you build a network of people looking for deals.

Obviously, this approach is not one that sales clerks are used to, so you will need to politely persist and lead them where you need them to go. You will need to get to a manager many times, especially if you are getting shut down and you want to make it happen. It will not work all the time, but you won't know until you try it, and it works more often than not for me.

An example of a time it didn't work for me was at a Kenneth Cole (KC) outlet store in Orlando, Florida, a couple of years ago. I saw a soft leather attaché I liked and had not carried when I had my side business. It was on clearance, but still cost more than I really wanted to pay. I went to the manager and told him I wholesaled these very same bags in Ohio, but didn't carry this one. I said I bought bags like this for \$25 (I was bluffing because I usually bought KC's for \$40 to \$50 and cheaper models for \$25) and would like this one to add to my collection. Would he accept \$25? He was very curt, said we don't reduce clearance bags any further, and walked away.

For a retail manager at a small outlet store, that was a poor way to handle it. He came across as demeaning and snooty, which doesn't match the role, but I brushed it off (after I called him names under my breath) and moved forward. I ultimately paid the \$40 because I

really liked the bag and knew I paid \$50 at wholesale prices for some of my KC bags so it was worth it. But, I would not have known unless I tried. So the moral here is that I didn't lose anything by asking, and I could have saved an additional \$15 had he accepted my offer. The only thing it really cost me was the few minutes it took to make my case. Your response to a negative interaction, like this one, needs to be "NEXT" and move on to the next deal (which I ultimately got on a killer Fossil watch a few stores down, yay me).

Realize that throughout your life you will encounter thousands of events and interactions, and your response to these interactions is what determines the outcome. Don't let others' actions determine your response or your demeanor. You control your feelings and emotions, so you control your responses. Remember the equation from an earlier chapter: $\text{Event} + \text{Response} = \text{Outcome}$. With the manager in the last example, I could have let him hear my thoughts (loudly) about his response and treatment of me as a customer, as I have seen others do. I could have threatened to talk to the District Manager to let her know, potentially causing him problems, but I decided he was not worth any more of my time, and I purchased the item without his assistance.

Q. How else can I network to find deals?

You could modify the game concept described above and form a network of people interested in working deals. You can assemble an informal group that meets to share the deals they have found, how they found them, and what they did to get the deals. You could also share items that other group members are looking for and have them be on the lookout to help everyone reach their goals. Since e-mail, blogs, forums, text messages, and cell phones are so popular and simple to use now, you could set up your group online, instead of meeting, and stay in touch with very little effort. You can teach your spouse or kids these skills and they can practice on the lower-value options while letting you negotiate more expensive deals once you are comfortable with the process.

Q. Should I not spend time on lower priced items?

As you gain more skills, experience, and responsibility, you will begin to value each hour of your day more highly. You will want to start comparing the amount of time you have devoted to some of these negotiations with the value you will receive, if it goes well. You will also want to assess probability of success beforehand, so you don't waste much time on long-shots. Some things will take too much time to be worth it, so give it your best try quickly and move on.

An example of something that was not worth it to me was signing up for a gas card that offered a discount of ten cents per gallon during the month you signed up. The discount did not continue past the first month. So if I bought 20 gallons of gas each week of that month, I would only save \$2 per week for four weeks, or \$8 for the month. The following month, the price reverted to regular price. There were no points or rebates if you used the card after that first month so there were minimal savings. That was not worth it to me because I would have another credit card to track that is only usable at one gas station chain, and I would only save a total of \$8. I didn't take the time to complete the application.

Another example was at a nearby big-box superstore where they had writing pads on sale for five cents, regularly 99 cents. Since my wife and I write a lot, I wanted the limit of 20 of them, but missed the sale by one day. I asked the clerk if I could still get the sale, but was turned down. I ultimately asked for the manager, who knew me by sight, to see if she would honor the prior day sale price since I am there so frequently and just ran late getting home the night before. She did honor it, but as I was picking them out I found the five-cent sale sign from the day before mixed in some pads. So they would have had to give them to me for that price anyhow because they typically honor a sign they have out.

The point is that I spent \$1 rather than \$5 (they were still on sale for .25) yet I spent a decent chunk of time messing with it to get the deal. On the other hand, for someone just starting out, the

experience of saving \$4 and only spending \$1 on 20 pads would be a positive experience that helps to build skills and confidence.

Q. How else can these skills benefit me?

When you are negotiating with different parties, give some thought to the nature of their business. You may spot needs in their business that you could fill and create a little side business that may lead to a bigger business opportunity. Depending upon your professional background and goals, this may get you a consulting assignment to assist the company in becoming more efficient or effective in some area. You can also get a great contact within the company to use for another job or company you work for or own. You might even be able to utilize the contact for a referral to another business that might need your assistance or fill your need for specific goods or services. You may also be doing some fundraising for your kid's school or another non-profit you work with and be able to utilize the contact to get a donation. The point is to not limit the potential benefits to each party from an interaction.

Overall, the skills needed to negotiate and barter can be invaluable for many reasons. They keep your mind active and creative. They teach you how to deal with many different kinds of interactions that can be stressful for many people. They enable you to be able to deal with many types of people and to be able to think on your feet. You will learn more about many different businesses that can assist you in future interactions.

If you think in terms of a win-win solution, you can eliminate any guilt that may creep up if you start to see yourself as a penny pincher or cheapskate. Thank people for calling you a cheapskate; it can be seen as a compliment if you use it properly and truly understand it. When my family or friends have teased me about this, knowing I have accumulated some wealth, I just smile and realize that what they don't know or won't do just lets me continue to get more deals. In that situation I win and they lose, but they just don't understand it. You must be willing to step outside of your comfort zone to learn and grow each day.

WHAT WOULD JEFF DO?

(Fun action steps to try this stuff out)

1. Ask for something each day from here forward that you would not have asked for before reading this book. Use the negotiation process to get the strategic pattern down so you can do it without thinking. Start with smaller items and move up in value as you get more confident and comfortable.
2. Think of something you can barter for each week for the next month and complete the exchange. Use the abbreviated negotiation process mentioned above before contacting the other party. During the second month, modify your approach and process with actions that worked best and eliminate those that didn't. Increase the value and frequency of your bartering each month moving forward.
3. Go to one higher-end neighborhood or estate sale each week this month and practice your negotiation skills to get at least one good deal. It will build your confidence.
4. Sell something online this week, making a profit, and continue this process for several weeks.
5. Look at something you are buying regularly or want to buy and research a way to buy from some party earlier in the chain so you can get a much better price. Once you do this, you will not want to buy retail again.
6. Think of family and friends you could share this with then work together to look for deals each of you would like. Be the group coordinator and stay in contact by e-mail or text message. More people looking will multiply your opportunities.
7. Do this enough to be called a penny pincher or cheapskate, then just smile and thank them. You just joined the deal makers, which is a great club to be in.

Show your family and friends these skills because you've learned something that can help them. Once you've finished these steps, write me to let me know what happened and what you learned at stories@lifescheatsheets.com.

Now, think like Nike and Just Do It!

18

DETERMINE WHO GETS YOUR STUFF WHEN YOU KICK IT (ESTATE PLANNING 101)

Q. When should I do basic estate planning?

Every legal adult (18 years old; fortunately for some not gauged on maturity) needs to do basic estate planning that complies with his state's laws. It's unpleasant to think about, but accidents happen and you simply never know if you will be incapacitated, unconscious, in a terminal state, or dead by the end of the day (don't get paranoid). You can't predict when your time on earth will end. An estate plan is like insurance: it's better to be prepared and not need it than to need it and not have it. Estate plans can also help you protect your assets from creditors and lawsuits, take care of your charitable interests, reduce taxes, and get nursing home assistance through Medicaid and Medicare while retaining some of your assets.

The key to this whole area is to follow Nike's theme and Just Do It, NOW (I'm not kidding; put this on your schedule). You need to get these forms properly completed and do it before you run your next errand, watch a sports event, go to sleep tonight, do any additional travel, or take your next vacation. You never know when something unexpected will happen to you. Your number may be up today and

you won't have any notice to plan ahead, which is why you need to step up to the plate and Just Do It, NOW.

The Terry Schiavo case in Florida highlights the importance of planning for your eventual death or a potential disability now, while you still can. Terry was a young lady who suddenly found herself with a severe health issue that put her in a vegetative state with no prior warning. Conflicts between her husband and her parents about whether to end life support turned into a long, publicized court battle. She stayed in a terminal state for many years while the battle continued in court, causing trauma to the whole family. Had she completed these documents according to Florida law, they would have spelled out her wishes and avoided the dispute. No one would have incurred millions of dollars in medical and legal expenses. Don't put your family through that. Let them grieve and follow your wishes when your time comes.

I got rid of my motorcycle because of the dangers caused by others on the road. I couldn't justify taking the chance of having my 850 pound GL1800 Honda Gold Wing come crashing down on me while skidding down the pavement. Someone's apology just doesn't cut it at that stage.

Within a span of just a couple of months, I had three close calls that convinced me to listen to my family and friends and sell the bike. First, a young girl (we'll call her "doufuss") on a cell phone nearly cut directly into me because she wasn't paying attention. Then a big Labrador Retriever darted into the road from the side of a house, nearly running into the side of my front wheel. The last straw was when I drove by some kids playing baseball at a park near the road and narrowly dodged two baseballs laying on the road.

I've had a lot of hair-raising (or hair-losing) experiences involving motorcycles. Any one of those incidents could have left me severely injured and possibly in need of my estate plan documents. Obviously I wasn't planning on that when I left for a ride. Most people don't wake up and think, "Gee, today would be a good day for a devastating head injury leaving me in a permanently vegetative state." But sadly, it can happen.

Even though I sold my bike, I continue to encounter risks daily in my SUV. Did you know driving or riding in a vehicle is more dangerous than most daily activities? Your chances of being severely hurt or killed in a car are many times greater than while flying. Yet many people have a fear of flying and think nothing of riding in a car. You never know when someone else is not paying attention because their kids are fighting, they spilled something, they are on a call or text message... and they cause an accident. You might just be the victim of a freak accident; have you ever seen the *Final Destination* movies? The point is, even if you aren't skydiving, racing motorcycles, swimming with sharks, or participating in other risky activities, you should still plan ahead in case you are seriously injured, or worse, you bite it.

Q. Can I do an estate plan if I'm not yet 18 years old?

You can do a basic estate plan before you even turn 18. There may be some conflicts with parental rights and guardians for minors, so you should consult with an estate planning or family law attorney in your state if you need to know those details and are concerned your parents might not follow your wishes. Even if a minor's estate plans (not implying it's a minor estate) can be overruled by parents, it is important for your loved ones to know your desires. Get them written on paper, signed, dated, and witnessed so your intention is known in the case of your unexpected death. For example, if you and your brother had a great baseball card collection and you were killed in a bicycle accident, you might want to make certain your brother got it. Make sure you get your intentions on paper and filed in a place where your loved ones can find the documents.

Q. Who should do this basic estate planning?

This applies to anyone who wants to determine how his property will be handled if he unexpectedly passes away or becomes incapacitated. A Last Will and Testament (Will) is one basic estate planning document that you should complete now (see details later). Decide who gets what rather than allowing the state to make that

determination in the absence of a directive from you. Regardless of what you have, you should be the one deciding what to do with your stuff. You also don't want the court to name a guardian for you, if you are incapacitated. You name your guardian in your will. The court-appointed guardian may not act as you would want him to, or may disagree with your significant other or family on your care. So all adults should complete the forms described in this chapter now.

Q. What is probate?

No, it's not what really skilled fisherman put on their hooks to catch lots of big fish (get it?). Probate means to prove the validity of a Will. The probate court determines whether your Will was executed properly and, if it is valid, uses it to distribute your assets after death in the manner you have outlined in the document. As a general rule, try to keep as much from the probate process as possible. This will reduce costs, expedite the transfer of your assets to beneficiaries, and keep most of your affairs private. Many items can be transferred directly at your death if you make arrangements in specific documents while you are of sound mind (before anything occurs that would make you legally incompetent). While you are living, assets such as real property, bank accounts, investment accounts, retirement accounts, and insurance policies can all be set up to transfer to your beneficiary immediately upon your death, outside of probate.

Q. Does my estate have to go through probate court?

In Ohio, each county has a division of the common pleas court called the probate division (check your government website for your specific one). This court has a probate judge. Larger counties also have magistrates who handle many of the tasks that don't require the judge. The court oversees each case to make certain the Will is authentic and followed properly. The probate court also confirms that all debts, taxes, and other financial affairs are paid, and then the remaining assets are distributed to those who are legally entitled to them.

Technically, if you have no probate assets, you would not have to go through probate. But virtually everyone has personal property, accounts, or other items that have not been held in a trust (explained later), are not already in someone else's name, or have not been directly transferred via one of the methods explained earlier. Accordingly, most estates have to go through the probate process for at least a portion of their assets. In Ohio, if your estate is \$35,000 or less, you can take an expedited route (since you ain't got squat they put you on the fast train out). If your surviving spouse is getting all of your assets, this amount increases to \$100,000.

The probate process can easily take six to nine months or more since creditors' claims can be submitted up to six months after your death, and federal tax returns are not due for nine months. It is common to experience delays along the way, and your beneficiaries need to follow the court's timeline. Attorney costs can be 4 to 5% of the estate value in Ohio. The Executor (person you appoint in your Will to work with the probate court, oversees getting your bills paid, gets your heirs what you left them, and completes any remaining loose ends) can also get up to a 4% payment for their services. The process is open to the public and your beneficiaries lose control of the timeline by having to go through the court system. This can elongate the grieving process and can get annoying since there are a lot of forms to be filed to get through the whole process.

Q. Does my family need a lawyer for this process?

It is not necessary to have an attorney to file in probate, but it is highly recommended since it is a detailed, paper-intensive process. There are a lot of interim deadlines, forms, and fees to work through. My grandmother's process took more than two years with additional tax payments being made to finally resolve it, and we aren't the Rockefellers or Kennedys (super rich dudes). The more wealth and complexity, the longer it can take, even with complex estate planning. Thus, you should try to keep as much of your property from going through probate as you can so you reduce costs and hassle.

Q. What estate documents should I complete?

The basic documents are a living will (LW), healthcare power of attorney (HPOA), financial power of attorney (FPOA), and a written Will. A more detailed explanation of each of these follows. You will also want to consider trusts once you have some assets so that you can avoid probate, keep more of your affairs private, and do more complex planning.

Q. What does a Living Will cover?

An LW allows you to pre-determine your wishes as they relate to life support treatment (a.k.a. “pulling the plug”), artificial feeding and fluids, cardiopulmonary resuscitation (CPR, a.k.a. “the paddles”), a do not resuscitate (DNR) order, and anatomical donations (giving away body parts).

This document only applies when you are terminally ill or permanently unconscious and cannot make or communicate healthcare treatment decisions for yourself. If you are expected to recover from your illness, this document does not apply and the HPOA usually applies (see below). Therefore, it is wise to complete both documents at the same time. In many states, the LW trumps the HPOA; therefore, your wishes in the LW are followed prior to those in the HPOA if you have executed both and they are in conflict.

An LW allows you to designate a person to make certain decisions for you if you are unable to do so. You can, and should, name multiple alternates in case the first person you designate is unable or unwilling to accept this responsibility. You need to completely trust these individuals to follow your treatment wishes, regardless of their opinions. They step into your shoes to assure that what you have authorized occurs if you are unable to make those decisions for yourself. You are the only one who can change this document, but you can make changes at any time while you are still competent. Many states have an accepted LW available online. In Ohio, you can get one at www.ohpco.org (Ohio Hospice and Palliative Care Organization).

The medical and bar (groups of drunks? Oh, you mean legal entities) associations worked together to create this one, so it is trustworthy in this state.

Q. What is a Healthcare Power of Attorney?

An HPOA states your wishes for healthcare when you are unable to do so, but unlike the LW, you do not have to be in a terminal condition to have this apply. If you have not written specific care instructions you want for a current health condition you have and you are incapacitated, the person you name to make these decisions for you (your attorney-in-fact) will need to make them, but they must be consistent with any previously expressed wishes they are aware of. So, if you have specific thoughts about how treatment should or should not occur in different scenarios, spell it out in this document so those wishes are known. This document becomes effective when you cannot make your own decisions regarding your treatment.

In Ohio, you can also get the HPOA online at www.ohhpc.org (Ohio Hospice and Palliative Care Organization). This is another trustworthy document put together by the medical and bar associations. Since October, 2003 in Ohio, there is an optional “Declaration of Mental Health Treatment” document that can accompany the HPOA to specifically address mental healthcare. The HPOA covers both physical and mental healthcare, but there may be specific issues you want to address in more detail. If you want more information on this, go to the Ohio Bar’s site at www.ohiobar.org then to “public” then “resources” then “law you can use” then scroll down to the article on declaring mental health treatment.

If you follow the instructions completely, you can complete both the LW and the HPOA on your own. If you are uncomfortable with that decision, get legal counsel to confirm you are doing it properly. Recall that if you have an LW and an HPOA, the LW trumps the HPOA, if care and decisions conflict. However, it is wise to have both because the HPOA covers many other situations that are not covered by the LW.

Q. What is a Financial Power of Attorney?

Once you have executed an LW and an HPOA, you should complete a Financial Power of Attorney (FPOA) authorizing an agent, who you name, to take care of your financial affairs if you are not able to on your own. I have seen many different versions of this so you will probably want one from an attorney. You can also institute an FPOA for a specific time or for a limited purpose.

For example, when my grandfather retired he would go to Florida for the winters. He would execute an FPOA giving my mom authority to handle his affairs while he was in Florida. She would pay utility bills, property taxes, and receive income from his sources during this time, essentially taking care of all of his local affairs while he was gone. I have used these when I was out of town and needed to bid on a property at auction or close on a property.

This document can be tricky and should be instituted with the assistance of legal counsel so it does specifically what you want it to do and nothing more. It can cause problems if you inadvertently give your agent more authority than you want. The Ohio law on this subject has been updated so it outlines normal actions and prohibits specific actions like gifting the principal's (what does my high school principal have to do with this? Oh you mean the owner of the assets) assets while acting as his agent. Make certain you check the laws in your area.

This document can be customized specifically to your needs. It should clarify the specific authority and powers granted, as well as any limitations. It should state when the authority starts, or what triggers it to start, and when it ends. It should give you, as the principal, the power to revoke it at any time. It should also specifically state whether the agent can act when the principal is incompetent or disabled.

Q. Who should I designate to handle my affairs?

When completing these documents, be very careful about naming your fiduciary (person you trust and name to take care of you and your affairs). This person is required to act in your best interest and should be held to that high standard. Make certain you can trust

this person to carry out your wishes, regardless of his opinion. If you can't, don't name him (kick him to the curb). His role is to follow your set of instructions when you are not able to act for yourself. You should also name an alternative person as a back-up in case the person you originally select is unable to serve in that capacity for any reason. Keep in mind that some decisions may require them to use their discretion. While you will provide instructions for a number of scenarios, you should name people who will use sound judgment (no "doufusses") when you are not available or are no longer capable of making decisions on your own, and your documents don't cover the particular situation.

In deciding who to name to make your decisions, you do not have to limit the thought process to your family. Neither your physician nor the administrator of the healthcare facility or their employees can be named. But others outside of your family can fill this role.

Q. What should be included in my Will?

Complete your written Will along with the LW, HPOA, and FPOA. A Will can be simple, or more complex provisions can be included. It should be comprehensive, so include typical sections even if they don't currently apply at the time you execute the document. Remember, you want to plan for the future, so consider potential scenarios and decide how those should be addressed. If you forget to update your Will and a section that didn't apply at the time you executed your Will suddenly becomes applicable by the time of your death, you can eliminate a potential conflict by specifying your desires and including that section in advance. For instance, you may not have any children at the time of execution, but you would want certain property to pass to your children at the time of your death, so include the section on children when you execute the Will.

You should also have legal assistance with your Will from a lawyer who does them regularly, not from someone who dabbles from time to time. For example, in Ohio there is a specific way to execute Wills to make them valid, so you must follow that closely or a disgruntled family member could contest it and have it declared invalid because

of a simple mistake. I recommend that each page of each original be initialed and numbered “1 of 10,” “2 of 10,” and so forth, so it is clear that all of the pages were seen and are there.

Your Will should include provisions that give particular items to specific people (a.k.a. specific devise). For some reason, many of those I have seen tend to leave out this important section. This section assures that property is allocated as the decedent (the person who dies) would want it. When this section is skipped, heirs (usually children of the decedent) have to decide who gets what, which can lead to bitter fights. I know of several cases where children have “raided” the house very soon after the last parent died to get what they want or believe is coming to them. Obviously, it really causes resentment, at a minimum, when the children who arrived at the house later discover that their siblings took cherished possessions.

So if you want any specific items to go to specific heirs—such as a particular watch to your oldest nephew [name], a certain vehicle to a specific sibling [name], etc.—have these bequests clearly written in the Will. If there is a chance the bequest can be interpreted differently, give serial numbers, model numbers, etc. to clear up any possible confusion. I have included in the Appendix an example of the form that I use for specific devises in my Will that you may want to adopt. Most Wills have a catch-all or “rest and residue” section worded something like “all the rest and residue remaining will be divided among...” that picks up anything that is not specifically mentioned and disposes of those items in a generic way.

I dealt with a case where a child had the locks changed on her parents’ home right after the last parent died and changed the alarm code so only she knew how to get in the house. She wanted first dibs on the valuable items of the estate. Her siblings got a Temporary Restraining Order (TRO) placed on the sister to try and stop her from taking anything from the home, and the feud took many months to resolve. The interesting part of the story is that there was not much to fight about, yet each sibling had her specific

thought as to who should get what and none would budge. The court and attorneys had to get involved to legally resolve the feud. This fight used up a good portion of the estate money on attorneys that would have been inherited by the siblings. If the parent just had a Will that laid out these things in detail, the entire problem might have been avoided.

Another case I dealt with involved a man who had an expensive watch that he was given upon retiring after 40 years from a Fortune 500 company. His only grandson loved the watch and collected watches, so the grandfather wanted to give it to him. He forgot to enter that specific devise in his Will, and the watch became part of the overall estate that was split among all four children, who had eight children among them (seven granddaughters and one grandson). They had a problem because not all of the children agreed to give the watch to the grandson.

To illustrate my point further, let's now assume it was a \$20,000 diamond-encrusted, gold Rolex watch. Are all four children going to give up the watch voluntarily realizing it is worth at least \$5,000 to each of them? Can the grandchild come up with \$15,000 to pay off the other three uncles/aunts? I think you can see how basic mistakes and omissions in Wills can easily cause family disputes that can create long-term problems among the heirs. I know of cases where siblings have not spoken for decades after similar situations.

Some Wills also omit wishes about the burial and cremation, funeral and visitation, cemetery plot, casket, etc. There are a lot of decisions to be made in a day or two when someone passes away. If all of these decisions are made previously by you and included in this written document with instructions, it dramatically reduces the pressure on your loved ones while they are grieving. It is a great gift to provide to your family and allows you to choose how things are handled after your death.

You should also look at including provisions such as:

- Naming the probate attorney (if needed)
- Naming an Executor and at least two successor Executors

- Naming two or three levels of beneficiaries, especially for specific devises (If a beneficiary has died before you, then the property will go to the next in line.)
- If married, details about how your spouse is involved
- If previously married, details about how your ex-spouse is involved and any involvement from children from the prior marriage
- Children and grandchildren and how they are going to be involved
- Simultaneous death (What happens if both parents are killed in one accident? Clarify who will be considered to have died first so the chain of title to each of their goods passes through both Wills as you wish and beneficiaries get what you want them to.)
- Debt forgiveness (If someone owes you money at your death, do you expect them to pay your estate or will you forgive the debt?)
- Disinheritance of specific people (Do you want to make certain someone specific does not get anything? If so, spell it out in the Will.)
- Nieces and nephews (How are they and more distant family included?)
- Any trusts (Refer to the specific trust document so it can be followed.)
- Devises to minors (Do you need a guardian or trustee to make certain the minors are taken care of properly? What are their duties and responsibilities? Who should that be? Also, name a successor to this person.)
- Organ donation (Which ones and to whom?)
- Charity donations (Which ones and how much?)
- Prenuptial agreements (These cover property that an individual owned prior to marriage that is not included in marital property. A prenuptial can trump Will bequests, so include a reference to the agreement.)

- Ability to reject devises (Occasionally, a beneficiary may want to decline to accept something given to him in a Will, particularly if there are costs associated with the property so it will go to the next beneficiary in line.)

Q. Can I change my Will once I have completed one?

You need to review your Will regularly (briefly each year) and revise it as your life changes so it reflects your current wishes. Additions or changes can be made to a current Will. These amendments are called codicils. Codicils leave the original Will in place with the sole exception of the newly adopted changes. Codicils still need to be executed in accordance with the specific guidelines of your state to be valid.

If the Will is available in a word processing document, it is more typical to create a whole new Will incorporating the new changes. This would be printed and executed according to state law. Language in the new Will outlines that it replaces all previous Wills and Codicils so it overrides the old one. A Will remains effective until it is formally revoked by the maker or it is purposely destroyed by the maker with the intent of revoking the Will.

Q. Should I tell people that I have a Will?

You should inform your Executor that you have named them to administer your estate. You may also wish to tell your beneficiaries who you have chosen as your Executor and make it clear that you expect them to comply with directions you have given to the Executor and with the terms of your Will. If you believe it is likely that someone will try to take certain items without authorization after your death, you may want to inform them that no one is to take anything before checking with the Executor and getting her direction.

The court and the probate attorney will provide direction to the selected Executor. The Executor typically has personal liability if she does not follow the court's decisions and Will properly, so the "t's" have to be crossed and the "i's" dotted before there is a final

distribution to the beneficiaries. This makes certain all liabilities of the estate have been paid before giving the remainder away.

Q. What happens if I die without a Will?

If you die without a will, you die “intestate” (no it’s not the organ your food travels through) and must follow the statute of descent and distribution (a.k.a. intestate succession) for your particular state. This is a state law that lays out how your estate will be distributed and who gets what, once all claims, debts, expenses, and taxes have been paid. You have no power to determine who gets what; state law takes over, as interpreted by the local probate court. As you can guess, you really don’t want to go this route because you give up your ability to distribute your possessions as you would like. If you die intestate, the court appoints an Administrator who takes the place of the Executor. This is usually a surviving spouse or one of the closest relatives, but may be a professional advisor to the decedent or family.

The law is reasonably logical and gives most assets to those people who are most closely related to the decedent. But that may not be the manner that you would have chosen. The spouse and children get most goods when this happens. When there are second and third marriages with kids mixed in, it gets messy, and there is a better chance your assets will not be distributed how you would have wanted.

This process involves the probate court much more heavily, and it may take longer for many different reasons. The heirs will need to follow the court’s schedule, and it may be more expensive because of costs to find relatives, find assets, get assets appraised, hire an Administrator, etc.

Non-probate assets (those that skip the probate process) are those that are directly transferred at death (see section below titled “...stay out of probate”) to a named beneficiary or are jointly owned with rights of survivorship. This survivorship titling means two or more people own and are listed on the title to a property and the decedent’s (person that died) ownership portion gets turned over to those that are still living and are on the title right when he dies, so

the remaining, living title holders now own it completely without the deceased person. Normally, both probate and non-probate assets will be listed in the inventory even though non-probate assets will not go through the probate process.

Q. How can I learn more about estate planning?

One way to get more knowledgeable in this area is to go to a few of the free estate planning seminars that are often held by estate attorneys. Some are held in conjunction with a financial planner. It is helpful to get opinions from both professionals. I've personally given a number of seminars on estate planning, trusts, Medicaid and financial planning, and my experience as an attorney and a financial planner allowed me to offer both perspectives on these planning techniques.

Compare the presentations, handouts, and other information given. Take detailed notes at the seminar and jot down any web sites they recommend. Many offer free consultations, which I would accept if you have any interest in working with that person. The consultation we offered included an examination of the individual's circumstances and showed him specific strategies that could be put in place at that time to save him money and hassle upon his death or incapacitation. For example, many clients wanted to save their house and vehicle as well as some personal goods for their family while still qualifying for nursing home assistance through Medicaid, if they had that need. We showed them a strategy to make this happen, and how it had to occur five years before the event under Medicaid guidelines.

You should also find out how long they have practiced in this area, their credentials, and whether they have partners for backup if they leave or cannot be available when you need them. Assess whether they seem to know what they are doing, and ask for a quote and a time frame for having them do your estate planning. Make certain you have a clear understanding of what they will be doing for their fee and clarify whether that charge includes any assistance in the case of your death or incapacitation.

Doing your own due diligence will make you more confident and prepare you to ask good questions that will fill in gaps in your knowledge. Become familiar with these documents and do your own research. Look at their sample documents to see if they appear comprehensive. Once you are comfortable with this area, decide how you are going to get the documents completed (by yourself or with an attorney) and do it. Overcome any procrastination.

Q. Can I use free forms that I find online?

Since these are very important documents, don't just search for forms online that you can get for free. You need to be confident they will hold up to court scrutiny if you need them. If you choose to use prewritten forms, make certain they are from a reputable source that knows your state laws and has a sound legal background. I don't recommend these types of forms from most sites, though state sites with these documents may be used to have something in place.

Otherwise, I recommend that you spend a small amount of money to get the basic documents completed and executed properly. For example, in Ohio, you have to be at least 18 years old to make a Will, then have two witnesses, not named as beneficiaries in your Will, see you sign your Will, then they have to sign your Will in your presence. They must believe you are of sound mind when doing so or it may be deemed invalid, if contested. You don't want to go through preparing a Will then screw this step up and have it thrown out after you pass away.

Q. What is a trust?

Another item to consider adding to your estate plan is a trust. Trusts, in general, avoid the probate system because the trust owns the assets, not an individual. The individual dies, not the trust, which is considered a separate entity (like a company). The trust lives on and won't die until it is revoked or terminated in some manner.

Trusts are private; therefore, the probate court is not involved. Trusts generally are not delayed by the death of the maker because they are established to hold assets and transfer them in a specific

manner. Many times, the death of a beneficiary doesn't change the trust and it continues to operate for a specific purpose.

Whether or not assets in the trust are counted as part of your estate and taxed depends upon the type of trust and how it is set up. You need to get an attorney who works in the estate planning area to give you guidance in this area.

There are a lot of special types of trusts for many purposes, and some can get very complicated, but two of the most common and less complex trusts are the revocable living trust (RLT) and the irrevocable life insurance trust (ILIT).

Q. What is a Revocable Living Trust?

With a Revocable Living Trust (RLT), you can be the maker of the trust (the person who starts the trust), the Trustee (the person who manages the trust for the beneficiaries), and the first-level beneficiary (the person who is going to get the contents of the trust first) at the same time. RLT assets are still considered the maker's assets for Medicaid qualification purposes; therefore, you would need to permanently transfer ownership before Medicaid would not consider them. But, once the assets have been transferred to a trust, they do not go through probate and are not public because the court does not consider them owned by the trust maker, but owned by the trust entity. This is one of the simplest and most common vehicles to put many of the assets that would otherwise be in your Will in, keep them all private, plus save all of the probate fees.

Q. What is an Irrevocable Life Insurance Trust (ILIT)?

Generally, in an Irrevocable Life Insurance Trust (ILIT), an irrevocable trust is established that owns a life insurance policy on the maker. The maker cannot change the trust, does not own the assets, and is not a beneficiary. The maker gifts enough assets to the trust to make the payments on the life insurance policy that the trust owns. The beneficiary is either the trust itself, or someone else. The maker must give up all ownership rights. This is usually used for tax benefits, avoiding estate tax, and increasing the size of the proceeds

that are distributed to beneficiaries of the maker. This is fairly simple also, but there are particular details that must be followed to set it up correctly, so see counsel if this concept seems to fit your need.

Q. How do I avoid trusts and stay out of probate?

The most common mechanisms for directly transferring your assets at death without a trust while avoiding probate include:

- Naming beneficiaries on life insurance policies, pensions, and retirement accounts
- Titling bank accounts and other similar ones “payable on death” to a beneficiary
- Deeding real estate, securities, and vehicles “transfer on death” to a beneficiary
- Owning property joint tenancy with rights of survivorship (surviving owners automatically own it fully after one owner dies)

These methods avoid probate entirely so if you can do this with all of your assets, you avoid the need for a trust. It is usually advisable to designate a bank account with some operating funds in it titled “payable on death” or joint tenancy with rights of survivorship to a surviving spouse or child who is going to be your Executor to be able to pay some bills before the estate account is opened and functional. You can read books or other materials to learn more about these methods, but you should at least be aware that you have many options for estate planning to accomplish your objectives.

Sometimes people want to do specific things with assets like give a life estate (which gives someone use of a property while they are living), providing an allowance to a child who can't handle money well, taking care of grandchildren in specific ways, paying for advanced schooling, etc. A Trust or a very detailed Will is typically necessary to accomplish those goals since the direct transfer methods above won't fill those needs.

Q. What should I do with these documents?

Once you have all of these documents finished, you need to get them to the right people and keep them in the right places so they are readily available when needed. With the HPOA and LW, I recommend that you make five copies and give them to your spouse, two trusted family members, your physician, and attorney. With the FPOA, make four copies and give a copy to the first and second agent named, a trusted family member, as well as your attorney.

With your Will, I generally recommend that you make three originals and two copies. You should keep one of the originals and give the others to the Executor and your attorney, while the copies would go to your spouse and a trusted family member. This is just my preference and can easily change based on your particular situation. All of your originals would go in your offsite safe deposit box or someplace similar, while copies would stay in your home, with you and your spouse knowing where they are kept. Mark the versions “Original” and “Copy” so it is clear. Make it very simple to find your copies and get to your originals upon your death.

You need to determine who you want to see your Will in part based on who is named as a beneficiary and who is getting what. Maybe it won't matter in your family, but it may cause some issues you don't want to deal with while you are living. Depending upon your family relationship, you may want to talk it out with your close family members so you and they know where you stand on your Will and distribution. It can alleviate problems if you explain why you are doing what you are doing, and you may be influenced to change your Will based on what comes out of this meeting.

Otherwise, you should at least let your family members know that you have a Will and inform them who they can contact after your death if you don't have a spouse, significant other, or child to handle this. This person may also be a lawyer. Or you may keep your Will in a bank that has a lock box or other secure location. In many states, the original Will is what really counts while copies are not official and

may or may not be deemed valid if the original cannot be located. If the original and copies are different, you have a legitimate Will contest that could get messy.

Q. What instructions should I leave to use upon my death?

Your spouse/significant other and Executor (depending upon your situation) need to understand where to find these key documents upon your death. Sit down and walk through this with them now so there is no procrastinating. They will be going through enough after your death. They don't need to panic and experience additional stress trying to locate these important items. They also need to know which attorney (if you've selected one) is going to do any needed probate work.

They should know where to find your bank documents, insurance policies, safe deposit box, copies and originals of all of your important documents, budget items (like income and expense files), pension and retirement files, and related items, so they can pick up the ball in case of an emergency. They should also have instructions on whom to contact if there are questions about any of these things and be able to get direction from the probate attorney on banking details during the probate process. It is best to draft a detailed instruction sheet, to go along with the Will, that outlines all of these details and contacts with phone numbers.

Funeral, funeral home, and visitation details are needed so scheduling can be accomplished quickly. It is important for your spouse or Executor, if no spouse, to quickly contact out of town family and friends you want notified. They need to write the obituary (but I recommend you write it yourself) and any other newspaper submissions and forward them for print. If you were still living in your home before passing, they may need to clean up the home or secure it, if there is no surviving spouse or others living in the home. They may also need to deal with bills or utilities so services continue during the transition. The more detailed the instructions, the easier life will be for those who will be picking up the pieces.

Q. What should I know about estate taxes?

One last area to be a little familiar with is estate taxes and how they affect estate planning. Through 2009, the federal tax exclusion value (amount of one's estate that does not get taxed by the federal government) of an estate has risen to \$3,500,000 while the top tax rate has decreased to 45% for federal estate tax (highest tax rate that could be charged on the portion of an estate above the \$3.5 million exemption). In 2010, the tax is repealed, so there is no federal tax on estates if you die during 2010 (so pick 2010 if you have a choice). But, as it is currently written, the exemption amount and tax rate will revert to their previous values of \$1,000,000 and 55%, respectively, in 2011. This proposal is under scrutiny by Congress.

I realize that many young adults may believe these levels are very high, but you need to remember that your estate includes everything that you have an ownership interest in. Proceeds from life insurance policies, retirement accounts, pensions, properties, personal property, etc. are all included, so it can add up quickly. Many estates have been exempt from federal estate tax with these increased amounts over the last several years, but will be taxed at very high rates in 2011, if nothing changes before then.

Earlier in this chapter I explained what a Revocable Living Trust (RLT) is. A common pair of RLTs known as an A-B trust (a.k.a. "marital trust") are two related trusts that allow a married couple to get double the federal estate tax exclusion amounts. If your estate is above the current exclusion amount, you can establish this pair of trusts that allows you to get the (\$3.5 million) exclusion twice for your combined estate. These trusts must be in place before the death of the first spouse to take advantage of them, but this is a great option for an estate that exceeds the exemption level.

In Ohio, there is also a state estate tax. Ohio estate tax exclusion is \$338,333 of the value, and then the remainder of your estate is taxed at approximately 6 to 7%. Many estates would still owe state estate tax, even if it is excluded from federal estate tax. In 2006, Ohio's

estate tax receipts were nearly \$273 million so you can see that this is a very important issue in most states and at the federal level because it generates so much income for the state and federal governments.

If you want to avoid this whole chapter, just decide not to die, right? I realize some of this may seem pretty advanced, but hopefully this information will prompt you to get these documents in place now. You can learn more about these topics in my *financial habits* follow-up book, which will outline crucial shortcuts to wealth.

WHAT WOULD JEFF DO?

(Fun action steps to try this stuff out)

1. Stop and give some thought to who or what agency you would like to get your stuff and jot down those details on paper. Let it drop for a couple of days and go back and revisit your list to make certain you still agree with your initial wishes. Also, make decisions about burial or cremation, viewing, writing your own obituary, guardian, etc. and write them down.
2. Find the standard Living Will for your state and complete it now, making the appropriate copies and distributing them as I suggest.
3. Find the standard Healthcare Power of Attorney for your state and complete it now, making the appropriate copies and distributing them as I suggest.
4. Locate a typical Financial Power of Attorney for your state from a trusted source and complete it now, making the appropriate copies and distributing them as I suggest. Make certain it does what you want it to and only when you want it to. If you are hurt seriously, you want someone set up to take care of your finances for the time being.
5. Give some serious thought to your fiduciary and his backups. Make certain you are very confident that he will take care of your wishes if it is really needed.
6. Spend some time and a little money to get a good, comprehensive Will completed and executed. If you don't want to use an attorney, although I suggest you do go to an estate attorney, get a recent edition of a "How to" book at the library

or bookstore and follow it to complete a Will now. Make certain it is a book written by an attorney recently and for your state. The more complex your life and financial situation gets, the stronger my recommendation is to get legal assistance.

7. It is your call as to whether you share the contents of your Will, but I would make certain the appropriate people (Executor, significant other, parents) know it exists and where to get the original as well as copies so they can be found in an emergency.

8. Don't die without a Will.
(or I will haunt you.)

9. Find a couple of estate planning seminars in your area, attend them, and go to a free consultation to learn more about the area and your options. You will also be able to decide if the person giving the seminar is someone you might want to work with. (No, I'm not doing them right now, but thanks for asking.)

10. Do a little research on the two trusts I outline and see if they apply to your personal situation. They may not right now, but may down the road. If they do apply, ask about them in your consultations to determine whether you should put one in place right now.

11. Use the techniques for avoiding probate that I outlined so applicable assets can directly transfer to the beneficiary upon your death. Complete the paperwork right now.

12. As you complete your Will, write the "instructions upon my death" document at the same time and let the appropriate parties know where it is.

Quiz your family and friends on these topics because you've learned something that can help them. Suggest they do the same. Once you've finished these steps, write me to let me know what happened and what you learned at stories@lifescheatsheets.com.

Now, think like Nike & Just Do It!
