

Introduction

Name: \_\_\_\_\_

***The Millionaire Next Door:  
The Surprising Secrets of America's Wealthy***

<b>Directions:</b> As you read the book, respond to the questions below.
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Introduction:

1. Many people who live in expensive homes and drive luxury cars do do not have much of what?
2. Many people who have a great deal of wealth do not live where?
3. Wealth and income are not the same. What's the difference?
4. Most millionaires become wealthy by doing what?
5. Nearly HALF of the wealth in America is owned by who?
6. The surprising thing about "good earners" (those making \$100,000 or more per year) is what?

7. If you inherited or won \$1 million, what is the first thing you would do with your new money?
8. The average American household could survive economically without a monthly paycheck from an employer for how long?
9. Without Social Security benefits, almost 50% of Americans over the age of 65 would live where?
10. How long has it taken more than 80% of ordinary people to accumulate their wealth?
11. What is the "profile" of a typical millionaire?
12. What are the 7 common denominators among those who successfully build wealth?
  - (1)
  - (2)
  - (3)
  - (4)
  - (5)
  - (6)
  - (7)

***The Millionaire Next Door:  
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**Directions:** As you read the book, respond to the questions below.

Chapter 1: Meet the Millionaire Next Door

1. After reading the start of Chapter 1, what do you think the quote "Big Hat No Cattle" means in regards to financial success?
2. Self-employed people make up less than 20% of the workers in America but account for how many millionaires?
3. Many millionaires work jobs that are classified as "dull-normal". What types of jobs do they consider these to be? Which of the jobs would YOU enjoy doing and why?
4. What is the #1 job of millionaire's wives?
5. The average "Millionaire Next Door" salary is how much?
6. What is the average household net worth of the "Millionaire Next Door"?
7. How many millionaires are homeowners?

8. Do most millionaires buy or lease their cars? American or foreign?
9. What educational levels do most millionaires possess?
10. What's a typical work week (hours) like for a millionaire?
11. What fields of work do they recommend for their kids? Do **YOU** think you would enjoy working in these fields? Why or why not?
12. What is the formula for computing one's expected net worth?
13. What's the difference between a PAW, UAW and a AAW?
14. Are most millionaires born rich, inherited it or make it themselves?

**(skip pages 17-22)**

15. What routes do millionaires like Victor teach their children to do, follow their parents routes or go a different route?

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Chapter 2: Frugal...Frugal...Frugal...

1. When the authors hired gourmet food designers to plan the luncheon for the millionaire interviews, what did they do wrong?
2. What 3 words best describe the affluent?
3. How does Webster's dictionary define frugal?
4. The opposite of frugal is what?
5. How do the authors define wasteful?
6. What is the cornerstone of wealth-building?

7. The quotes young people often hear and believe are "those who have money spend lavishly" and "if you don't show it, you don't have it". Do the millionaires in this book live by these beliefs?

8. If a reality TV show was made about typical millionaire in the USA versus what is shown in the media (TV, movies, magazines, etc), how would they differ?

9. What's the most a millionaire has spend on the following items?

Suit:

Shoes:

Watch:

10. How does the spending on suits differ from those who made their own (aka self-made) millionaires versus those who inherited it?

11. How does Johnny, who owns a janitorial contracting firm, impress his staff of janitors?

12. What is the meaning of bespoke and why do most millionaires buy bespoke?

13. What are some ways that you try to impress others?

14. What department store do over 30% of millionaires hold a credit card?

15. Youth are told in the media (music videos, TV, movies, magazines) that buying expensive items is normal behavior for affluent people, that the wealthy have a high-consumption lifestyle, and that hyperspending is the main reward for becoming affluent in America. Is this the truth according to the millionaires you're reading about?
16. Explain what is meant when the book says millionaires play a good game of both offense and defense.
17. Why would a millionaire need to budget?
18. What is the "pay yourself first" strategy?
19. What types of credit cards do most millionaires possess?
20. Are frugal millionaires happy?
21. What is the goal of millionaires?
22. Which areas do millionaires, such as Mrs. Rule, invest?
23. What is the lesson/message UAW's get from their parents?

24. How much money would the friends have if they had invested the money spent on cigarettes in the stock market during their lifetime?

**(skip pages 55-66)**

25. Being a well-educated, high income earner does not automatically translate into what?
26. What should be your plan if your goal is to become financially independent?
27. Every dollar you earn to spend is first discounted by who?
28. It's easier to accumulate wealth if you do not live where?
29. If you're not wealthy but want to be someday, the authors suggest that you never purchase a home that requires a mortgage that is how many times your household's total annual realized income?
30. What's the advantages of living in a less costly area?



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**Directions:** As you read the book, respond to the questions below.

Chapter 3: Time, Energy, and Money

1. PAWs allocated (spend) nearly twice the number of hours per month to planning their financial investments as UAWs do. There is a strong positive correlation between investment planning and what?
2. Surprisingly, what kind of relationship is there for high-income earners (those earning at least \$100,000 annually) between education and wealth accumulation?
3. Experts agree that what happens the earlier one starts investing?
4. (True/False) Wealth is blind. It does not care if you are educated, were at the top of your high school class or where you work.
5. Many people who live in luxury have what after funding their high-consumption lifestyles?
6. Drs. North and South each earned more than \$700,000 last year. How do they differ with their expenditures and savings?
7. More than half of the millionaires interviewed never spent more than how much for a motor vehicle (car)?
8. What percentage of millionaires drive the current year's model car?
9. Explain the difference in how Drs. North and South went about in their foreign car buying purchase.

10. What types of children do UAWs and PAWs tend to produce?
11. It's not unusual for "rich kids" to get what from their parents well into their late forties or even early fifties?
12. High income earners in American – both PAWs and UAWs – are greatly concerned about the actions of the federal government. What are these 4 concerns?
  - 1.
  - 2.
  - 3.
  - 4.
13. Politicians target high-income earners while failing to understand that these high-income earners are not always those with high levels of wealth. Who is more at risk when the government imposes new actions (such as raising taxes), the high-income earners or those with high levels of wealth?
14. Planning and wealth accumulation are significant correlates. About how many hours per week do PAWs spend planning their wealth?
15. Where do PAWs and UAWs tend to invest most of their money?

PAWs –

UAWs –
16. 95% of millionaires own stock. Do they trade them a lot?
17. Are most stockbrokers wealthy?
18. What types of companies do most millionaires invest?
19. Are you better investing on your own or with a financial advisor?
20. How should you go about finding a financial advisor?

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**Directions:** As you read the book, respond to the questions below.

Chapter 4: You Aren't What You Drive

1. Millionaires believe financial independence is more important than what (which so many NON-millionaires seem to think IS important)?
2. Mr. Alan feels products change people and once you get one status product, you likely have to do what?
3. What did Mr. Alan say when he discovered an upcoming present was a Rolls-Royce?
4. What type of price range do millionaires spend on cars?
5. What type of cars (US or foreign) do most millionaires purchase?
6. What segment is the real growth in the millionaire market coming from?
7. How do millionaires go about buying cars?
8. What is alive and well among the affluent in the USA?
9. Mr. Stuart went about car buying in a unique way so as to avoid spending countless hours visiting dealers. What did he do?
10. Why do millionaires with annual incomes of \$300,000 and net worth of \$4 million still buy used cars?

11. Once used vehicle-prone shopping millionaire claims the best time of the year to buy a car is when?
12. What type of cars does this used vehicle-prone millionaire typically acquire/purchase?
13. Car-buying behavior helps explain why some people are wealthy while most are not and never will be. Who tends to be less likely to shop, haggle and negotiate?
14. Once millionaire said his farmer dad used to say seeds are a lot like dollars. You can eat the seeds or sow (plant/grow) them. What happens when you sow them?
15. What does this "sowing" of dollars mean to you?
16. Millionaires believe it is easier to earn a lot than to accumulate wealth. How do they say to do it?
17. Who ended up buying author Tom Stanley's Acura Legend?
18. Most people in this country are not the entrepreneurial type. Does this mean that they can't become millionaires?
19. Great offense and poor defense translate into what?
20. Which group, the UAWs or the PAWs, tend to believe they have more wealth than their neighbors, people drive the best they can afford and that people who buy used cars are not as financially fit?

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Chapter 5: Economic Outpatient Care (EOC)

1. What is Economic Outpatient Care (EOC)?
2. Most distributors (givers) of EOC are frugal in their own lives but not in whose?
3. What happens to the parents who provide certain forms of EOC?
4. One simple rule regarding EOC is that it's much easier to spend other people's money versus doing what?
5. EOC is widespread. Nearly 46% of affluent give at least how much to adult kids?
6. How much more will the American affluent (defined as a net worth of \$1 million or more) population increase versus the household population in general?
7. Mary and Lamar's kids received third generational educational enhancement. What does this mean?
8. What percentage of the United State's millionaires pay their adult kids graduate school tuition?

9. What percentage of affluent parents with adult children have provided them with "financial assistance in purchasing a home"?
10. What percentage of millionaire's make their kids mortgage (house) payments?
11. What percentage of affluent give "forgiveness loans" to their kids?
12. How do 30% of households that have incomes of \$60,000 or less in American afford to live in homes valued at \$300,000 or more (normally, the "rule of thumb" is to multiply your income by 2.5 to compute a realistic home purchase value)?
13. How do Mary and Lamar afford new luxury cars every 3 years on such a tight budget?
14. What percentage of America's affluent give stocks to their kids?
15. Adults who sit around waiting for the next dose of EOC are not what?
16. What's the single most significant factor explaining lack of productivity among the adult children of the affluent?
17. What are the Top 10 occupation the adult children of the affluent?
18. In a majority of the ten occupational categories, gift receivers have smaller or greater levels of net worth (wealth) than those who do not receive gifts?

19. What happens to children of the affluent who are helped buy expensive homes and/or given expensive gifts (for example, \$9,000 rugs)?
20. What's one of the main reasons gift receivers typically think of themselves as being financially well off?
21. Who tends to borrow more for investment purposes, gift receivers or non-receivers of gifts?
22. Gift receivers reported investing how much less than non-receivers invest?
23. Who are the exceptions to this rule, who appear to remain as frugal or even more so than those who receive no gifts?
24. Millionaires are more likely to give birth to whom?
25. Do children of affluent parents automatically perform as well as their parents in terms of accumulating wealth?
26. What are the chances children of affluent have of accumulating wealth versus the average child whose parents are not millionaires?
27. What is the fundamental rule regarding wealth building?

28. **Why** is one of the brothers Henry (a teacher with a \$71K household income) and Josh (an attorney with a \$123K household income) worth more?
29. The more dollars adult children receive the more or fewer dollars they accumulate while those who are given fewer dollars accumulate more or less?
30. Was the business of Ms. BPF a success? Why or why not?
31. How does the Webster dictionary define courage?
32. Can courage be developed?
33. Most affluent people have what?
34. Most affluent people in America are normally employed in what types of jobs?
35. Describe Laura, the woman of great courage.



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Chapter 6: Affirmative Action, Family Style

1. Why do affluent parents want to reduce the size of their estate before they pass away?
2. What's the difference between the affluent daughters of Type A & B?
3. Affluent parents feel strongly that women must have what?
4. In 20 out of 20 of the highest income-producing occupations, who earns significantly more – men or women?
5. Women own approximately what percentage of businesses in USA?
6. Affluent couples have a divorce rate that is what percentage LESS than the norm?
7. Which sister, Ana or Beth, allows her parents to treat her husband with disrespect and controls issues in their lives?
8. Which sister, Sarah or Alice, is a millionaire?
9. What were the qualities of Sarah's dad that allowed her to become affluent?
10. Underemployment during the early stages of adulthood is related to unemployment when?

11. If you are wealthy and want your children to become happy and independent adults, you should minimize what?
12. The millionaire taking part in the interviews suggest that WHO, which many PAW's have long-term close relationships with, should also be included in their estate planning?
13. The affluent who are successful adult children offer ten guidelines. What is rule #1?
14. What's rule #2?
15. What was one of the rules Dr. North's 12 year-old daughter made that she learned from him.
16. What is rule #3?
17. The typical first-generation affluent American is a business owner who has a high net worth but a low what?
18. If you are the best in your field, what will follow?
19. what are one of the things with the affluent say is more valuable than money?
20. You'll never exist in business if you do what?

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Chapter 7: Find Your Niche

1. The affluent are proficient in targeting market opportunities. If you wish to become affluent, which are significant areas to target?
2. People who receive wealth from the estate of affluent parents have a significantly higher propensity to do what?
3. Gift giving is tax-free up to what dollar amount?
4. Are gifts of tuition and medical expenses included in computations of gift tax liability?
5. What's the #1 income-consuming category among the affluent?
6. The affluent in the \$200,000 and more annual realized income category account for only 1% of U.S. households but pay how much of the tax on personal income?
7. What type of attorneys (lawyers) are in demand to help the affluent?
8. The affluent often pay WHO directly to avoid the possibility of paying gift tax?
9. Over 1/2 of the affluent spend how much on vacations?
10. Which state has the largest millionaire household population?



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Chapter 8: Millionaires versus Heirs

1. Most of the affluent in America are business owners. These self-employed people are how many times more likely to be millionaires than those who work for others?
2. Can you predict if someone is a millionaire by the type of business he is in?
3. It takes what to generate profits and ultimate wealth?
4. What influences the profitability of industries and firms?
5. The authors state people have no business ever working for themselves. The average income for more than 15 million sole proprietorships (those owning a business by themselves) in America is how much?
6. About 25% of sole proprietorships make how much in a typical year?
7. 42% of partnerships (businesses owned by 2 or more people), make how much profit in a year?
8. What percentage of corporations (owned by stockholders) have taxable income during a typical 12-month (year) period?

9. Fewer than 1 in 5 millionaire business owners do what with their business?
10. What do millionaires advise their children to do?
11. The affluent business owner who fled Europe because of the Holocaust said, "they can take your business, but they can't take your what"?
12. What type of companies make the best investments over the long term?
13. Give an example of a dull-norm industry.
14. What is risk?
15. List one of the beliefs owners have.
16. The one characteristic most successful business owners have is what?
17. A millionaire said the successful man is a guy who does what?
18. How do they define courage?
19. Mr. W. invests in luxury real estate. What is luxury real estate?
20. Why has Mr. W. sold many condos?

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Preface:

1. What is the #1 brand watch of millionaires? Seiko
2. What is the current home value of most millionaires? \$275K
3. Most millionaires live below their means to accomplish what goal?  
To be financially independent.
4. What percentage of millionaires are self-made (meaning nobody "gave" them money [inheritance] or they won the lottery)? 85%

Introduction:

5. Many people who live in expensive homes and drive luxury cars do do not have much of what? Wealth
6. Many people who have a great deal of wealth do not live where?  
In upscale neighborhoods
7. Wealth and income are not the same. What's the difference?  
Wealth is what you accumulate, not what you spend. Income is what you bring in each year but if you spend it all, you're not getting wealthier.
8. Most millionaires become wealthy by doing what? Hard work, perseverance, planning, sacrifice and self-discipline.
9. Nearly HALF of the wealth in America is owned by who?  
3.5% of households

10. The surprising thing about "good earners" (those making \$100,000 or more per year) is what? They have small levels of accumulated wealth and live paycheck to paycheck.
11. The average American household could survive economically without a monthly paycheck from an employer for how long? 1-2 months
12. Without Social Security benefits, almost 50% of Americans over the age of 65 would live where? In poverty.
13. How long has it taken more than 80% of ordinary people to accumulate their wealth? One generation.
14. What is the "profile" of a typical millionaire? Businessman who has lived in the same town for his adult life, owns a business, married once and remains married, lives next door to folks with a fraction of his money, compulsive saver and investor, made all money on own.
15. Seven common denominators among those who successfully build wealth: (1) live below their means, (2) allocate their time, energy and money efficiently, in ways conducive to building wealth, (3), believe financial independence is more important than displaying high social status, (4) their parents did not provide economic outpatient care, (5) their adult children are economically self-sufficient, (6) proficient in targeting market opportunities, (7) chose the right occupation.



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Chapter 1: Meet the Millionaire Next Door

1. After reading the start of Chapter 1, what do you think the quote "Big Hat No Cattle" means in regards to financial success? (OPEN)
2. Self-employed people make up less than 20% of the workers in America but account for how many millionaires? 2/3
3. Many millionaires work jobs that are classified as "dull-normal". What types of jobs do they consider these to be? Welding contractors, auctioneers, rice farmers, owners of mobile-home parks, pest controllers, coin and stamp dealers and paving contractors.
4. What is the #1 job of millionaire's wives? Teachers
5. The average "Millionaire Next Door" salary is how much? \$247K
6. What is the average household net worth of the "Millionaire Next Door"? \$3.7 million.
7. How many millionaires are homeowners? 97%
8. Do most millionaires buy or lease their cars? American or foreign?  
Buy American
9. What educational levels do most millionaires possess? 80% college.
10. What's a typical work week (hours) like for a millionaire? 45-55 hr/wk
11. What fields of work do they recommend for their kids? Law/acct'g

12. What is the formula for computing one's expected net worth?  
Multiply your age times your realized pretax annual household income from all sources except inheritances. Divide by ten. This, less any inherited wealth, is what your net worth should be.
13. What's the difference between a PAW, UAW and a AAW?  
Prodigious accumulator of wealth; under; average
14. Are most millionaires born rich, inherited it or make it themselves?  
First generation.

**(skip pages 17-22)**

15. What routes do millionaires like Victor teach their children to do, follow their parents routes or go a different route? College.

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Chapter 2: Frugal Frugal Frugal

1. When the authors hired gourmet food designers to plan the luncheon for the millionaire interviews, what did they do wrong?  
(served 3 kinds caviar, 4 pates, wine vs. club sandwiches/soda etc)
2. What 3 words best describe the affluent? FRUGAL FRUGAL FRUGAL!
3. How does Webster's dictionary define frugal? Behavior characterized by or reflecting economy in the use of resources.
4. The opposite of frugal is what? Wealth building
5. How do the authors define wasteful? As a lifestyle marked by lavish spending and hyper-consumption.
6. What is the cornerstone of wealth-building? Being frugal
7. The quotes young people often hear and believe are "those who have money spend lavishly" and "if you don't show it, you don't have it". Do the millionaires in this book live by these beliefs? NO
8. If a reality TV show was made about typical millionaire in the USA versus what is shown in the media (TV, movies, magazines, etc), how would they differ? NOT flashy!
9. What's the most a millionaire has spend on the following items?  
    Suit:         \$399  
    Shoes:        \$140  
    Watch:        \$235

10. How does the spending on suits differ from those who made their own (aka self-made) millionaires versus those who inherited it? Self-made spend less on suits and other high-status items
11. How does Johnny, who owns a janitorial contracting firm, impress his staff of janitors? By never giving them the impression that is making so much money he can afford to have a tailor fit him for a suit priced in the low- to mid-four figures.
12. What is the meaning of bespoke? Custom-made
13. Do most millionaires buy bespoke? NO
14. What department store do over 30% of millionaires hold a credit card? J.C. Penny's – moths, cigar ashes, and other hazards do not care how much you paid for your wool suit.
15. Youth are told in the media (music videos, TV, movies, magazines) that buying expensive items is normal behavior for affluent people, that the wealthy have a high-consumption lifestyle, and that hyperspending is the main reward for becoming affluent in America. Is this the truth according to the millionaires you're reading about? NO, just the opposite. Only 1% paid more than \$667 for shoes.
16. Explain what is meant when the book says millionaires play a good game of both offense and defense. Make a lot/frugal when spend \$
17. Why would a millionaire need to budget? That's HOW they became a millionaire – by budgeting and controlling expenses; and they maintain their affluent status the same way. Same way folks who jog don't LOOK like they need to jog – same philosophy!
18. What is the "pay yourself first" strategy? They invest their money first and then spend the balance of their income.
19. What types of credit cards do most millionaires possess? VISA/MC, Sears and Penny versus higher end department stores.

20. Are frugal millionaires happy? YES – usually happier (\$ indep!).
21. What is the goal of millionaires? Never financially dependent.
22. Which areas do millionaires, such as Mrs. Rule, invest? Areas in which they have considerable expertise.
23. What is the lesson/message UAW's get from their parents? Not to save, spend all they make, not to invest, etc. "One earns to spend. When you need to spend more, you need to earn more".
24. How much money would the Friends have if they had invested the money spent on cigarettes in the stock market during their lifetime? Over \$2 million.

**(skip pages 55-66)**

25. Being a well-educated, high income earner does not automatically translate into what? Financial independence. Takes plan/sacrifice
26. What should be your plan if your goal is to become financially independent? Sacrifice high consumption today for financial independence tomorrow.
27. Every dollar you earn to spend is first discounted by who? Tax man! (earning \$100K is required to purchase a \$68K boat, for example).
28. It's easier to accumulate wealth if you do not live where? High status neighborhood
29. If you're not wealthy but want to be someday, the authors suggest that you never purchase a home that requires a mortgage that is how many times your household's total annual realized income? 2x
30. What's the advantages of living in a less costly area? You spend less and invest more of your income. Pay less for your home and less in property taxes.



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Chapter 3: Time, Energy, and Money

1. PAWs allocated (spend) nearly twice the number of hours per month to planning their financial investments as UAWs do. There is a strong positive correlation between investment planning and what? Wealth accumulation.
2. Surprisingly, what kind of relationship is there for high-income earners (those earning at least \$100,000 annually) between education and wealth accumulation? Negative (PAWs are LESS likely than UAWs to hold grad, law, med degrees)
3. Most experts agree that what happens the earlier one starts investing their income? The greater the opportunity to accumulate wealth.
4. (True/False) Wealth is blind. It does not care if you are well educated, were at the top of your high school graduating class or what you do for a living. TRUE
5. Many people who live in luxury have what after funding their high-consumption lifestyles? Little money left over
6. Drs. North and South each earned more than \$700,000 last year. How do they differ with their expenditures and savings? Dr. North saves, buys used cars, etc. Dr. South spends and doesn't save well.
7. More than half of the millionaires interviewed never spent more than how much for a motor vehicle (car)? \$30,000
8. What percentage of America's millionaires are driving the current year's model car? 25%

9. Explain the difference in how Drs. North and South went about in their foreign car buying purchase. One bought brand new, after spending 60+ hours researching different dealers. The other bought a 3 year old used one to save \$20K, which was not worth the "pride" of a new car ownership (that's ALL it is – "PRIDE" – owning new car).
10. What types of children do UAWs and PAWs tend to produce? Just like them!
11. It's not unusual for "rich kids" to get what from their parents well into their late forties or even early fifties? Substantial cash and other financial gifts (since they cannot maintain anywhere near the lifestyle they had while living with Mom and Dad)
12. High income earners in American – both PAWs and UAWs – are greatly concerned about the actions of the federal government. What are these 4 concerns?
  1. paying increasingly high federal income taxes
  2. increased govt spending and the federal deficit
  3. a high rate of inflation
  4. increased govt regulation of business and industry
13. Politicians target high-income earners while failing to understand that these high-income earners are not always those with high levels of wealth. Who is more at risk when the government imposes new actions (such as raising taxes), the high-income earners or those with high levels of wealth? High-income earners since they use most of their income to support their lifestyles.
14. Planning and wealth accumulation are significant correlates. About how many hours per week do PAWs spend planning their wealth? 2.1
15. Where do PAWs and UAWs tend to invest most of their money?  
PAWs – privately held companies, real estate, tax deferred invests  
UAWs – cash, liquidity, savings, money market accounts, FDIC, etc



16. Nearly all (95%) of millionaires own stock. Do they trade them a lot?  
NO!
17. Are most stockbrokers wealthy? NO – they sell them too often!
18. What types of companies do most millionaires invest? Ones they know about/their field, etc
19. Would folks do better investing on their own or with a financial advisor? FA because they're more knowledgeable about investing than most UAW.
20. How should you go about finding a financial advisor? One endorsed by an accountant.



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<b>Directions:</b> As you read the book, respond to the questions below.
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Chapter 4: You Aren't What You Drive

1. Millionaires believe financial independence is more important than what (which so many NON-millionaires seem to think IS important)? Social status. They believe in benefits of being financially independent that that being frugal is key to achieving independence. Folks with high status artifacts normally have little wealth.
2. Mr. Alan feels products change people and once you get one status product, you likely have to do what? Purchase others.
3. What did Mr. Alan say when he discovered an upcoming present was a Rolls-Royce? He didn't want it – couldn't fish in it, etc.
4. What type of price range do millionaires spend on cars?  
Around \$20-25K
5. What type of cars (US or foreign) do most millionaires purchase?  
American
6. What segment is the real growth in the millionaire market coming from? Entrepreneurs
7. How do millionaires go about buying cars? Research it and sometimes buy it from their clients.
8. What is alive and well among the affluent in the USA? Networking and reciprocity business
9. Mr. Stuart went about car buying in a unique way so as to avoid spending countless hours visiting dealers. What did he do? Sent FAX

10. Why do millionaires with annual incomes of \$300,000+ and net worth of \$4 million + still buy used cars? + satisfaction - depreciation bargaining = waste of time
11. Once used vehicle-prone shopping millionaire claims the best time of the year to buy a car is when? Last 2 weeks Dec into Feb (Christmas expenses – lots of sale folks competing for your business)
12. What type of cars does this used vehicle-prone millionaire typically acquire/purchase? 2-4 year old low mileage vehicles
13. Car-buying behavior helps explain why some people are wealthy while most are not and never will be. Who tends to be less likely to shop, haggle and negotiate? Those who are not wealthy.
14. Once millionaire said his farmer dad used to say seeds are a lot like dollars. You can eat the seeds or sow (plant/grow) them. What happens when you sow them? Turn into 10-foot high corn you don't want to waste! Consume or plant them – kick out of watching them grow.
15. What does this "sowing" of dollars mean to you? OPEN
16. Millionaires believe it is easier to earn a lot than to accumulate wealth. How do they say to do it? Defensively.
17. Who ended up buying author Tom Stanley's Acura Legend? Shopper #4 – the teacher from the country.
18. Most people in this country are not the entrepreneurial type. Does this mean that they can't become millionaires? NO
19. Great offense and poor defense translate into what? Under accumulating of wealth
20. Which group, the UAWs or the PAWs, tend to believe they have more wealth than their neighbors, people drive the best they can afford and that people who buy used cars are not as financially fit? UAWs

***The Millionaire Next Door:  
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**Directions:** As you read the book, respond to the questions below.

Chapter 5: Economic Outpatient Care (EOC)

1. What is Economic Outpatient Care (EOC)? The substantial economic gifts and "acts of kindness" some parents give their adult children and grandchildren.
2. Most distributors (givers) of EOC are frugal in their own lives but not in whose? Children/grandchildren
3. What happens to the parents who provide certain forms of EOC? Have significantly less wealth than those with independent kids.
4. One simple rule regarding EOC is that it's much easier to spend other people's money versus doing what? Self-generating money.
5. EOC is widespread. Nearly 46% of affluent give at least how much to adult kids? \$15K
6. How much more will the American affluent (defined as a net worth of \$1 million or more) population increase versus the household population in general? 5-7x
7. Mary and Lamar's kids received third generational educational enhancement. What does this mean? 43% of millionaires pay all or part of their grandkids private school tuition.
8. What percentage of the United State's millionaires pay their adult kids graduate school tuition? 32%
9. What percentage of affluent parents with adult children have provided them with "financial assistance in purchasing a home"? 59%
10. What percentage of millionaire's make their kids mortgage (house) payments? 17%

11. What percentage of affluent give "forgiveness loans" to their kids? 61%
12. How do 30% of households that have incomes of \$60,000 or less in American afford to live in homes valued at \$300,000 or more (normally, the "rule of thumb" is to multiply your income by 2.5 to compute a realistic home purchase value)? UAW's on EOC
13. How do Mary and Lamar afford new luxury cars every 3 years on such a tight budget? Sell off moms gifts of stocks (vs hold them)
14. What percentage of America's affluent give stocks to their kids? 17%
15. Adults who sit around waiting for the next dose of EOC are not what? Very productive
16. What's the single most significant factor explaining lack of productivity among the adult children of the affluent? Giving of gifts
17. What are the Top 10 occupation the adult children of the affluent? Entrepreneurs, executives, managers, doctor, ad/marketing/sales, attorney, engineer/scientist, accountant, professor, teacher.
18. In a majority of the ten occupational categories, gift receivers have smaller or greater levels of net worth (wealth) than those who do not receive gifts? Smaller
19. What happens to children of the affluent who are helped buy expensive homes and/or given expensive gifts (for example, \$9,000 rugs)? They feel compelled to look the part/buy more to match.
20. What's one of the main reasons gift receivers typically think of themselves as being financially well off? They receive parental subsidies.
21. Who tends to borrow more for investment purposes, gift receivers or non-receivers of gifts? Non-receivers
22. Gift receivers reported investing how much less than non-receivers invest? 65%

23. Who are the exceptions to this rule, who appear to remain as frugal or even more so than those who receive no gifts? Educators
24. Millionaires are more likely to give birth to whom? Millionaires
25. Do children of affluent parents automatically perform as well as their parents in terms of accumulating wealth? NO
26. What are the chances children of affluent have of accumulating wealth versus the average child whose parents are not millionaires?  
Affluent = 1 in 5      Non = 1 in 30
27. What is the fundamental rule regarding wealth building? Whatever your income, always live below your means
28. Of the brothers Henry (a teacher with a \$71K household income) and Josh (an attorney with a \$123K household income), who is worth more? Henry (\$834K) is frugal versus spender Josh (\$553K)
29. The more dollars adult children receive, the more or fewer dollars they accumulate while those who are given fewer dollars accumulate more or less? Receivers accumulate fewer/non receivers accumulate more
30. Was the business of Ms. BPF a success? Why or why not? No – only made \$50K. Parents gave her \$60K to live on. Paid off the business.
31. How does the Webster dictionary define courage? Mental or moral strength to resist opposition, danger or hardship.
32. Can courage be developed? Yes, but not in an environment that eliminates all risks, all difficulty and all dangers.
33. Most affluent people have what? Courage
34. Most affluent people in America are normally employed in what types of jobs? Business owners or paid on an incentive basis (commission)
35. Describe Laura, the woman of great courage. Divorced, real estate, frugal.





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Chapter 6: Affirmative Action, Family Style

1. Why do affluent parents want to reduce the size of their estate before they pass away? Reduces a significant estate tax liability.
2. What's the difference between the affluent daughters of Type A & B?  
A = ed/smart, "care for"                      B = adult kids needing "cared FOR"
3. Affluent parents feel strongly that women must have what? \$ of own
4. In 20 out of 20 of the highest income-producing occupations, who earns significantly more – men or women? Men
5. Women own approximately what percentage of businesses in USA?  
1/3
6. Affluent couples have a divorce rate that is what percentage LESS than the norm? less than half
7. Which sister, Ana or Beth, allows her parents to treat her husband with disrespect and controls issues in their lives? Beth
8. Which sister, Sarah or Alice, is a millionaire? Sarah
9. What were the qualities of Sarah's dad that allowed her to become affluent? Willingness and ability to work hard/took risks/sacrifice
10. Underemployment during the early stages of adulthood is related to unemployment when? Later stages in life
11. If you are wealthy and want your children to become happy and independent adults, you should minimize what? Discussions and behavior that center on the topic of receiving other people's money.

12. The millionaire taking part in the interviews suggest that WHO, which many PAW's have long-term close relationships with, should also be included in their estate planning? Lawyers and accountants
13. The affluent who are successful adult children offer ten guidelines. What is rule #1? Never tell children you're wealthy
14. What's rule #2? No matter how wealthy you are, teach your children discipline and frugality.
15. What was one of the rules Dr. North's 12 year-old daughter made that she learned from him. (see book)
16. What is rule #3? Keep your affluent away from kids until they're established.
17. The typical first-generation affluent American is a business owner who has a high net worth but a low what? Self-esteem
18. If you are the best in your field, what will follow? Money
19. what are one of the things with the affluent say is more valuable than money? Health, friends, etc
20. You'll never exist in business if you do what? Rip people off.

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Chapter 7: Find Your Niche

1. The affluent are proficient in targeting market opportunities. If you wish to become affluent, which are significant areas to target?  
Affluent, children of the affluent, widows
2. People who receive wealth from the estate of affluent parents have a significantly higher propensity to do what? Spend it!
3. Gift giving is tax-free up to what dollar amount? \$10K
4. Are gifts of tuition and medical expenses included in computations of gift tax liability? NO
5. What's the #1 income-consuming category among the affluent?  
Income tax
6. The affluent in the \$200,000 and more annual realized income category account for only 1% of U.S. households but pay how much of the tax on personal income? 25%
7. What type of attorneys (lawyers) are in demand to help the affluent?  
Estate, tax and immigration
8. The affluent often pay WHO directly to avoid the possibility of paying gift tax? Health-care professionals
9. Over ½ of the affluent spend how much on vacations? \$5K-\$10K+
10. Which state has the largest millionaire household population? CA



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Chapter 8: Millionaires versus Heirs

1. Most of the affluent in America are business owners. These self-employed people are how many times more likely to be millionaires than those who work for others? 4x
2. Can you predict if someone is a millionaire by the type of business he is in? NO
3. It takes what to generate profits and ultimate wealth? Talent, discipline, high self-standards
4. What influences the profitability of industries and firms? External and often uncontrollable factors/changes in consumer preferences/government actions
5. The authors state people have no business ever working for themselves. The average income for more than 15 million sole proprietorships (those owning a business by themselves) in America is how much? \$6,200
6. About 25% of sole proprietorships make how much in a typical year? Not one cent!
7. 42% of partnerships (businesses owned by 2 or more people), make how much profit in a year? ZERO
8. What percentage of corporations (owned by stockholders) have taxable income during a typical 12-month (year) period? 55%
9. Fewer than 1 in 5 millionaire business owners do what with their business? Turn it over to their kids.

10. What do millionaires advise their children to do? Become self-employed professionals (doctors, accountants, etc)
11. The affluent business owner who fled Europe because of the Holocaust said, "they can take your business, but they can't take your what"? intellect
12. What type of companies make the best investments over the long term? Dull
13. Give an example of a dull-norm industry. Building, electronics, prefab housing
14. What is risk? Having one source of income
15. List one of the beliefs owners have. OPEN
16. The one characteristic most successful business owners have is what? All enjoy what they do. Take pride in "going it alone".
17. A millionaire said the successful man is a guy who does what? Likes his job. Looks forward to it.
18. How do they define courage? Behaving in a way that conjures up fear.
19. Mr. W. invests in luxury real estate. What is luxury real estate? OPEN
20. Why has Mr. W. sold many condos? Not allowed to keep his dog.

**Directions:** As you read each statement, circle T if you think the statement is true or F if you think the statement is false.

1.    T    F    Many millionaires work as doctors and lawyers.
2.    T    F    Most millionaire's wives are teachers.
3.    T    F    Most millionaires are homeowners.
4.    T    F    Most millionaires lease foreign cars.
5.    T    F    Very few millionaires graduated college.
6.    T    F    Millionaires typically work 20-40 hours a week.
7.    T    F    Millionaires recommend their kids to become business owners.
8.    T    F    Most millionaires are born rich or inherited their money.
9.    T    F    The word which best describe the affluent is lavish.
10.   T    F    The cornerstone of wealth-building is buying expensive items.
11.   T    F    "Those who have money spend lavishly" and "if you don't show it, you don't have it" are the beliefs millionaires live by.
12.   T    F    Most millionaires spend the following on these items:  
Suit: \$999            Shoes:\$340            Watch:        \$5,235
13.   T    F    Buying expensive items is normal behavior for affluent people.
14.   T    F    Millionaire have no need to maintain a budget.
15.   T    F    The goal of millionaires is to never be financially dependent.
16.   T    F    Millionaires typically invest in areas in which they have expertise.
17.   T    F    Millionaires suggest you sacrifice high consumption today for financial independence tomorrow.
18.   T    F    It's easier to accumulate wealth if you do not live in a high status neighborhood.
19.   T    F    The advantages of living in a less costly area is you spend less for your home and on property taxes, leaving you able to invest more of your income.

20. T F The earlier one starts investing their income the greater the opportunity to accumulate wealth.
21. T F Wealth is blind. It does not care if you are well educated, were at the top of your high school graduating class or what you do for a living.
22. T F Many people who live in luxury have little money left over after funding their high-consumption lifestyles.
23. T F Most millionaires spend over \$50,000 on a motor vehicle (car).
24. T F It's not unusual for "rich kids" to receive gifts of money from their parents well into their late twenties or even early thirties.
25. T F Nearly all millionaires own stock.
26. T F Most millionaires do NOT trade their stocks a lot.
27. T F Most stockbrokers are wealthy.
28. T F Folks do better investing on their own.
29. T F Millionaires believe financial independence is more important than social status.
30. T F Millionaires buys cars by researching them beforehand/first.
31. T F Millionaires with annual incomes of \$300,000+ and net worth of \$4 million + still buy used cars.
32. T F The best time of the year to buy a car is during the summer.
33. T F Children of affluent parents automatically perform as well as their parents in terms of accumulating wealth.
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37. T F If you are the best in your field, money will follow.
38. T F You will never exist in business if you rip people off.
39. T F Gift giving is tax-free up to \$20,000.
40. T F The state with the largest millionaire household population is Nevada.



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