# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>xv</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>xvii</td>
</tr>
<tr>
<td>Introduction</td>
<td>xxi</td>
</tr>
</tbody>
</table>

## Part I: Basic Ideas and Core Concepts

### Chapter 1: A Better Path

- A Successful but Controversial Debut | 3
- The Fifth Indebted Strength | 4
- Who Can Benefit from This Book? Not Only Millionaires! (But They Can, Too) | 7
- Everyday Example #1: Immediately Better Credit Card Debt | 9
- Getting beyond the ABLF and Focusing on Retirement | 11
- Notes | 12

### Chapter 2: Debt in Retirement: Conventional Wisdom, Right and Wrong

- What Some Popular Retirement Books Get Right—and Wrong—about Debt | 17

vii
The “Good versus Bad” Debt Camp 19
Bach Where We Started: The Irresolutely “Against Debt” Camp 20
The (Very Small) “Sometimes It’s Okay to Have Debt” Camp 21
Everyday Example #2: A Bridge Loan over Troubled Quarters 22
Notes 24

Chapter 3: Why and Whether to Adopt a Holistic Debt-Inclusive Approach in Retirement 27
A First Look at the Three Main Types of Debt:
- Oppressive, Working, and Enriching 28
Seven Rules for Being a Better Debtor 30
In the Company of Longer Life Spans 31
Winging Your Way to a Successful Retirement:
- The “Whole Chicken” Approach 33
Everyday Example #3: A Holistic Business Recipe for Success 35
Notes 37

Part II: The Power of Debt in Reducing Taxes, Increasing Return, and Reducing Risk

Chapter 4: Returning to the Return You Need 43
Cash Flow and Incoming Money: The Ultimate Key to Resource Management 45
You Have to Get Your Numbers Right! 46
Regardless of Your Net Worth, Distributions Are Rarely Constant over Time in Retirement 49
How Much Can You Safely Take Out? 52
How You May Be Able to Increase Your Rate of Return 54
How Is This Possible? A Big-Picture Overview 56
Risks and Problems 57
Everyday Example #4: Retiring the “Loan” Survivor 58
Notes 60
Chapter 5: The Power of Debt Meets Our Ridiculous Tax Code: $5.5 Million Net Worth, $240,000 Income, and $4,000 in Taxes! 61
Some Brief Preliminaries: Income versus Incoming Money 63
The Websters: A Tale That Taxes the Imagination 64
Your De Facto Tax Advisor 76
An Inconvenient Truth 77
How to Pay Almost No Taxes in Retirement:
    A Few More Examples 78
Everyday Example #5: “Auto” You Not Be Sure You Are Getting the Best Loan? 81
Notes 84

Chapter 6: Risk Matters More Than Return 87
Why Your Personal Risk Tolerance May Not Matter 88
A Simple Understanding of Risk 91
An Overview: “What Time Is It?” 95
A Detailed Understanding: “How the Watch Works” 97
Proof That Debt Can Reduce Your Risk in Retirement 105
Everyday Example #6: A Lot to Think About? Not Really 107
Notes 109

Part III: How to Get There: A Glide Path

Chapter 7: The World Is Full of Risk—Especially Now 113
Not Your Usual Serious Caution 114
Learning from What Companies Do—Value Liquidity! 114
What about Interest Rate Risk? Fixed versus Floating Rate Debt 117
Investment Risks: It Isn’t the Debt That Matters, It Is the Quality of Your Investment Decisions! 119
<table>
<thead>
<tr>
<th>Chapter 8: The Sooner the Better: Moving from Oppressive to Working to Enriching Debt</th>
<th>133</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding the Implications of These Ideas for Your Life Plans</td>
<td>138</td>
</tr>
<tr>
<td>Getting a Handle on Whether You Should Adopt a Strategic Debt Approach</td>
<td>138</td>
</tr>
<tr>
<td>The Need-Want-Have Matrix</td>
<td>139</td>
</tr>
<tr>
<td>Watch Those Ratios! A First Glide Path into Retirement</td>
<td>144</td>
</tr>
<tr>
<td>What If You Are Not Optimal Today?</td>
<td>147</td>
</tr>
<tr>
<td>Dying with Debt?</td>
<td>147</td>
</tr>
<tr>
<td>Final Mortgage Considerations</td>
<td>148</td>
</tr>
<tr>
<td>Notes</td>
<td>150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 9: Conclusion: Lots of Tricks and Tools</th>
<th>151</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Checklist Review</td>
<td>153</td>
</tr>
<tr>
<td>Bringing It All Together: A Strategic Debt Strategy in Action</td>
<td>156</td>
</tr>
<tr>
<td>A Last Word: The Value of Debt in Retirement</td>
<td>159</td>
</tr>
<tr>
<td>Notes</td>
<td>160</td>
</tr>
</tbody>
</table>

**Part IV: Guides**

<table>
<thead>
<tr>
<th>Guide 1: Leaving a Legacy</th>
<th>163</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Giving Philosophy</td>
<td>164</td>
</tr>
<tr>
<td>The Benefits of Giving While You’re Working</td>
<td>167</td>
</tr>
<tr>
<td>Giving to Create Income</td>
<td>168</td>
</tr>
<tr>
<td>Notes</td>
<td>172</td>
</tr>
</tbody>
</table>
### Guide 2: Managing the ROI of Retirement

Retirement “ROI”: Resources, Outer Pragmatics, and Inner Dynamics  
Retirement Is Coming: A Holistic Roadmap of the Territory before You Retire  
Meta-Management against a Background of Accelerating Change  
Staying Effective and Informed over Time  
Resource Management for the Long Haul  
Partial Retirement/Partial Income  
You Can Test-Run Retirement  
Real Estate, Small Business Ventures, and Personal Guarantees  
Medicare  
Long-Term Care Insurance  
Thoughts on Life Insurance  
Reverse Mortgages  
How You Should (or Should Not) Factor in Inheritance  
Outer Pragmatics: Real World Concerns, Issues, and Details  
Legal Planning  
Medical Planning  
Residency Planning  
Life Planning  
Inner Dynamics: Meaning, Purpose, and Pleasure in Retirement  
Sharpening the Saw  
Particular Considerations on Retirement and ROI for the LGBT Community  
Notes

### Guide 3: How to Help Your Family and Buy the Stuff You Want and Need: A Reference Guide

Act Like a Company/Think Like a CFO
Principles When Financing the Purchase of a Desired Item 204
Managing Credit Card Debt 208
Helping Your Kids with Their Credit Card Debt 208
Helping Your Parents 208
Buying a Luxury Car 209
Buying a Boat/Airplane/Art/Antiques/Jewelry, Paying for a Dream Vacation, Financing a Hobby (Horseback Riding, Car Racing) 210
Paying for Fractional Ownership (Home/Plane/Boat) 211
Helping Out Our Kids and Student Loans 212
Homes: Downsizing/Moving/Building 212
Purchasing a Second Home: Pluses and Minuses 213
Rent versus Buy a Second Home 217
One Hundred Percent Financing: The No-Down-Payment Real Estate Purchase Option 219
Notes 221

Part V: Appendices

Appendix A: About the Companion Website 225

Appendix B: Details for Chapter 4 227
Understanding the Ideas of Chapter 4, with Charts and Tables 227
Notes 234

Appendix C: Chapter 5 Detail 235
Understanding RMDs 235
The Liger at Work Again 237
Understanding Cost Basis and a Step-Up in Basis 244
Notes 246
## Contents

Appendix D: Details for Chapter 6—A Study of Withdrawal Rates in Retirement 249
  Background: How the 4 Percent Rule Came to Life 250
  Trinity Study Results 251
  Trinity Study: Unfortunate Timing 258
  Notes 260

Appendix E: A More Detailed Discussion on Risk, Return, and Correlation 263
  Notes 266

Appendix F: More Detail on ABLF, Risk Details, and Official Statement of Disclosure and Understanding 267
  More Detail on ABLF 267
  Statement of Disclosure and Understanding 268
  With Respect to ABLFs 270
  Additional Important Notes 272
  Notes 275

Glossary 277

Bibliography 283

About the Author 287

Index 289