

## The Millionaire Next Door Questions

After reading **The Millionaire Next Door**, answer the following five (5) questions:

1. Explain the following four (4) concepts addressed in **The Millionaire Next Door**:

“Big Hat, No Cattle”	People who appear wealthy, but really have small amounts of actual wealth.
“Go to Hell Fund”	Enough money saved to live without working and be comfortable for 10 + years.
PAW	Prodigious accumulator of wealth- if you are in the top quartile for wealth.
UAW	Under accumulator of wealth- in the bottom of the quartile for wealth.

2. In the example of Theodore “Teddy” J. Friend:

- ▶ Provide three (3) reasons why Teddy is considered a UAW.
- ▶ What was the message Teddy’s parents sent him about consumer behavior?

Reason #1	He was a consumer and didn’t save. He would buy the best of the best in clothes accessories, automobiles, etc.
Reason #2	His motivation was run by debt fear. Not by being wealthy. He believed if he was wealthy he wouldn’t generate top income.
Reason #3	He was a hard worker and had success that he felt he had to prove. He was using “things” to show he was successful.
Parent’s Message	Teddy’s parents spent what they had when they had it. “one earns to spend”.

3. In the example of Mr. W.W. Allan, a self-made multimillionaire:

- ▶ He never extended credit to people who exhibited the “Big Hat, No Cattle” philosophy. Why?
- ▶ Why did he decline the gift of a Rolls-Royce?

Text

Philosophy	He was of the opinion that people who spend all of their money aren’t going to make it. Those people who choose to save money to become financially secure “will likely attain it”.
Rolls-Royce	It didn’t represent anything important in his life. He was concerned about his image while going to the “crummy restaurants” in a Rolls-Royce. It wasn’t something that would change his life

4. Regarding Economic Outpatient Care (EOC):

- ▶ Answer the four (4) EOC questions below.

Define Economic Outpatient Care (EOC).	Giving money “economic gifts” to your adult children and grandchildren.
Like the example of James, many EOC receivers (inaccurately) view themselves as _____.	“self-made”
As illustrated in the example of Henry & Josh, what is the fundamental rule regarding wealth building? Be specific.	Live below your means no matter what your income is. Spend less than you make. invest wisely.
Why did Laura succeed?	Laura was frugal. She needed to succeed, so there was no other option for her. She was determined to make it on her own.

5. Now that you have finished reading **The Millionaire Next Door**, give your thoughts

- ▶ What are the two (2) concepts you found most useful?
- ▶ How will you apply them into your life?
- ▶ In your own words, give your thoughts in a minimum of three (3) paragraphs.

The two concepts I found most useful would be: No matter what my income was, to always live below it. I want to be an AAW or a PAW someday. It was very inspiring and has changed our budgeting! Also, I feel like I need to pull a Laura, and just be frugal. I feel like there are some areas I do well, and others I fail. I love looking at things that I “need” and have no problem challenging anyone who wants to say otherwise. It’s got to change... Pull a Laura. Keep my wealth! “Pay yourself first!”

I will apply them into my life by trying to pose the question: “Is this necessary?” “can I pull a Laura?” I get caught up in the newest greatest oh I need this things and it’s not necessary. I will (and have) started applying this already to my life.

Thoughts:  
I was very surprised and excited that this book didn’t turn into a “how to get rich quick” book. I was glad there was more everyday learning that was for us UAW’s that would like to learn how to create wealth for ourselves. I come from a background of UAW’s, and I want to be better than that. I want to be successful and achieve personal wealth on more levels than “earning to spend”.  
I think that it’s great that the book showcases that is not a BAD thing to be frugal. I always feel so weird about clipping coupons, and trying to get a deal. It’s nice to see that not only are there other people out there doing the same things, but some of them are millionaires.  
I loved all of the references to statistics. It makes it sink in to have actual numbers to what is being said and not just here-say. I don’t think that I would like to become a millionaire necessarily, but I do want to set myself up for my retirement and more. Starting out young and being ahead of the game has never been something I have been good at so it is nice to take these tools and be able to apply them in my very “common” life.

**Reflective Writing**

Compose 2-3 paragraphs explaining how reading **The Millionaire Next Door** helped you achieve at least 2 of the [SLCC Learning Outcomes](#):

The Millionaire Next Door helped me Acquire Substantive Knowledge by realizing not everyone (Not even Teddy!) wants to take on the “Millionaire Next Door” status. Sometimes people are much more content living paycheck to paycheck to live life and work to play. I have acquired so much information on planning, saving, investing and much more than I was expecting to come out of this book.

To think critically also means to skillfully analyze. I think that this book shows the importance of skillfully analyzing your money, what you think it’s worth to you now vs. your future, and how to create that future retirement for yourself. Paying yourself first isn’t an easy thing to think about in this “American way of living” we have all around us. If you can’t afford it, you put it on a card. Don’t have a card? Get one! It is so easy to get side tracked with everything you want, and not remember what your future will need. I am a planner, but not of my long distance future. This book helped me analyze and put that into perspective.