AN EXECUTIVE SUMMARY OF

MONEY: MASTER THE GAME
– 7 SIMPLE STEPS TO FINANCIAL FREEDOM

by Anthony Robbins

Who is Anthony Robbins
Anthony J. Mahavorick, fondly known as Tony Robbins, is an American mentor, life coach and author of self-help books. As a life coach, Anthony has helped millions of people shape their lives, but he truly states that money, an abstract thing, can help you change your dreams into reality. He adds that if we don’t use money, then money will definitely use us. Therefore, we need to master money or it will gain an edge and master us.

In his quest to help people learn more about the rules of money, Tony has crafted this book that contains unusual, but simple ways of making money for an average investor. The book is easy to understand and with the number of highly successful people interviewed, you will soon find out why Tony is so successful. Most importantly, he is successful because he cares.

Tony discloses many other financial secrets including the power of compounding interest, retirement plans, security buckets, risk buckets, dream buckets and a lot more in the book: Money: Master the Game – 7 Simple Steps to Financial Freedom

Preston and Stig’s General Thoughts on the Book
We have always thought that when Tony Robbins’ speaks everyone should listen. This roadmap to financial freedom does not alter our original opinion, but there were a few areas in the book that could have been presented a little better. The best section in the book is undoubtedly Robbins’ in-depth interviews with billionaires and highly successful people. In this section, near the end, he gets high-powered investors to share their wisdom and philosophy. Throughout the book Robbins continuously provides insights how money follows simple rules. In short, it’s about maximizing the gap between how much you earn and how much you spend and investing the difference wisely. For the more sophisticated investor, the book might seem a bit off target. Rather than maximizing the investor’s return, the book has a strong focus on lowering portfolio volatility – something we don’t care that much about.

Chapter 1: WELCOME TO THE JUNGLE: THE JOURNEY BEGINS WITH THIS FIRST STEP
Apart from revealing trade secrets that could help us make money, Tony doesn’t hesitate to point out the crucial mistakes we make while we are overwhelmed in the race to make money. Long ago, people didn’t have to worry about saving for their retirement since they could lean back on their pension and enjoy the fruits of their labor; however, since pension plans are becoming extinct nowadays, Tony warns people to understand the power of saving money in order to lead a life that’s financially independent. He compares the concept of money with politics and

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religion. Everyone seems to have a very passionate opinion, and for that reason it can be really hard to find good objective advice.

Among several billionaires he interviewed, Ray Dalio, the founder of a hedge fund company with a staggering $160 billion, drives the point home by stating that investment is a zero-sum game. Interestingly, he compares investing to playing poker, where an average investor loses money since he plays with high rollers with unlimited resources and skills.

Ray Dalio also insists that it’s never a great idea to put all your eggs into one basket. Interestingly, he views the investment system as a jungle—a jungle that could crush a common man if he isn’t enlightened about the rules of the game. To win in the investment world, which is infested with sharks today, one must have the ability to anticipate—an important factor according to Ray Dalio—and predict how the market plays.

While making money, it’s easy to believe that we are knowledgeable about everything, but Ray points out that the power lies in recognizing our weaknesses and shedding ignorance. Tony says that in order to gain true mastery over money, we must pass three levels: cognitive understanding, physical mastery, and repetition. It’s about training your mind to do something automatically—a method of repeating something consistently, enabling you to become a skilled master.

Chapter 2: BECOME THE INSIDER: KNOW THE RULES BEFORE YOU GET IN THE GAME

Our life consists of two phases namely the accumulation phase—where we save up and try to strive ahead to reach our goals, and the decumulation phase—where it’s time to reap the rewards of our harvest and enjoy life. Most of us disregard simple tactics in the accumulation phase and in this section, Tony breaks down the myths that have taken over the world of investment. For decades, people have followed these myths, believing them to be true; however, their hopes crash down along with the market if they don’t take precautionary measures.

**Myth 1 – THE $13T LIE: “INVEST WITH US. WE’LL BEAT THE MARKET!”**

The first rule of money is to not get into the game if you aren’t familiar with the rules. Thanks to the marketing gimmicks used by several companies, many of us fall into the trap and invest money before we’re even aware of the rules. For instance, people who invest in active funds need to be prepared about the risks they take because selecting a good fund can be similar to casino like odds. Active funds comprise a $13T industry where the house always wins. No matter if the fund returns a profit or not for the investor, the fund will charge high fees. Robbins argues that it’s easier and beneficial to invest in index funds that offer minimum risk.

**Myth 2 –“OUR FEES? THEY’RE A SMALL PRICE TO PAY!”**

No matter what you buy, whether it’s a beautiful car or a house, you end up paying more than you initially bargained for, and the investment world is no different. Most companies charge hidden fees and before we even realize where we went wrong, our money is gone, leaving us with a sense of betrayal. Several companies use terminology like trading costs, asset management fees, redemption fees, soft-dollar costs and a lot more to confuse people. But here’s an important statistic from the book:

Three funds all start with $1,000. Each fund has different fees, 1%, 2% and 3%. If the money grows at an 8% growth rate for 30 years, this is how much money you would have in the end:
1% fees — $7,612
2% fees — $5,743
3% fees — $4,322

Myth 3 — “OUR RETURNS? WHAT YOU SEE IS WHAT YOU GET”

This is a myth that works just like the second myth with the hidden fee structures. The problem lies in the fact that we don’t get the returns as advertised by the companies. Why, you ask? Some companies would advertise a 25% return even though the return has been flat! Imagine that you invested $100 that turned onto $200 the following year (100%) and fell back to $100 (50%). This simple calculation can be marketed as (100%-50%)/2 = 25% average annual return.

Myth 4: “I’M YOUR BROKER, AND I’M HERE TO HELP”

We are constantly influenced by brokers who promise higher returns on our investment, but shockingly, a study created by Morningstar in 2009 proclaimed that about 49% of brokers didn’t invest in the funds they managed! This just goes to show that they don’t believe in the product they advertise and therefore, customers must only take the advice of a fiduciary that is legally certified to do so. In another statistic from the book, Tony uncovers that 96% of actively managed mutual funds, fail to beat the S&P 500’s performance.

Myth 5: “YOUR RETIREMENT IS JUST A 401(K) AWAY”

The 401(k) plan can be a great source of income for millions of Americans only if they are used in the right way. It’s becoming increasingly arduous to use this plan and obtain great returns. Thanks to hidden fees such as the base fee, loans registration, communication expenses fee, loans maintenance fee and so on, it seems like it’s the fastest way to burn your money. Tony advises people to take up ‘America’s Best 401(k) plan’ and since he has tested the same with the employees of his company, he can attest to the fact that it’s the best available plan.

Myth 6: TARGET-DATE FUNDS: “JUST SET IT AND FORGET IT”

Although TDFs are touted as one of the best ways to gain great returns, many fail to make good on their promises. Tony found that 62% of people thought they would be able to retire when the year, or “target date,” of the fund arrives. Unfortunately, this false perception is false and the date you set is your retirement year “goal”. TDFs are not a plan to get you to your goals, but rather just an asset allocation that should become less risky as you get closer to retirement. Tony provides numerous examples why TDFs aren’t everything people think they are.

Myth 7: “I HATE ANNUITIES, AND YOU SHOULD TOO”

Tony talks about an online ad that stated how annuities are horrible investments. However, Tony isn’t saying that annuities are amazing, but he’s simply stating that the returns depend on the type of annuity you invest in, specifically through the fees you pay. In addition, while he asserts that variable annuities are bad, it is imperative for an investor to get his annuities reviewed every year by a specialist. Again, Tony recommends using a financial fiduciary.

Myth 8: “YOU GOTTA TAKE HUGE RISKS TO GET BIG REWARDS!”

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We hear so called ‘experts’ telling us that it’s essential to risk more if you want to win big; however, this is another myth that’s cooked up by the investment world. Tony dispels all myths by talking about Structured Notes, Market-Linked CDs and Fixed Indexed Annuities that not only give you big returns, but also help you lower your risk when compared to active funds.

**MYTH 9: “THE LIES WE TELL OURSELVES”**

It’s only possible to achieve success and financial freedom if we stop lying to ourselves and embrace the truth. No matter what investment we turn to, it’s vital to divorce our own limitations and marry the truth to derive a positive outcome. Thus, it’s time we take charge of our life and do what’s best for us and our family.

**Chapter 3: WHAT’S THE PRICE OF YOUR DREAMS? MAKE THE GAME WINNABLE**

In this chapter, Tony talks about the importance of determining the amount of money you need to amass in order to retire. Interestingly, Tony also maintains that your number could be a lot less than we actually perceive in the beginning! It’s not really impossible to achieve that number; however, it depends upon several factors you adapt when you invest your money. You’re finding your numbers by asking yourself which lifestyle you want to have and what the associated cost of that lifestyle is. Say you want to have $100,000 a year in retirement to sustain your lifestyle. The way of thinking is very simple. Assuming you can achieve a 6% return, that means you will need to accumulate $100,000 * (1/6%) = $1.67 Million. This is a very general rule of thumb, and it also assumes your house and other properties will need to be paid-off. In short, this is a very important discussion because it puts a target up for the reader.

While your number could include your dreams that could be as simple as owning a small home, he affirms that your big dreams such as owning a yacht can definitely be possible too. Even if you’re a tad late to the party, you can speed it up and win the game if you adopt the right strategies. Tony dissects every possible strategy that includes saving more and earning more to invest the difference, thereby enabling you to achieve your goals faster than you ever dreamed of.

**Chapter 4: MAKE THE MOST IMPORTANT INVESTMNT DECISION OF YOUR LIFE**

After you’ve made the decision of investing in index funds and other plans that compound your capital, you have officially started playing the game. Now it’s time to start focusing on your asset allocation. Asset allocation is arguably the most important decision of your life because once you become wealthy (or you’re on that path), the trick lies in maintaining your wealth.

By planning a simple distribution of your assets, you can divide them among the Security/Peace bucket, Risk bucket and the Dream bucket. While the Security/Peace bucket is an allocation for investment plans you simply can’t afford to lose, it gives you a cushion to help live comfortably. The Risk bucket is all about investing in plans that might give higher returns with higher risk; however, you will have to be prepared to take losses in your stride if you invest in this bucket. Apart from that, the Dream bucket is about making your dreams come true and setting apart a separate amount to enjoy vacations and other luxuries, this will keep your motivation high.

But, before you dive in, Tony implores you to be cautious and rebalance your asset allocations at least once every year.

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Chapter 5: UPSIDE WITHOUT THE DOWNSIDE: CREATE A LIFETIME INCOME PLAN
In this chapter, Tony talks about the importance of protecting your principal and developing a way to have upside potential without all the risk of losing your money. In an interview with Billionaire, Ray Dalio, Tony collects the percentages of Dalio’s asset allocation for his all weather fund. The “All Weather portfolio” is meant to protect the investor from the four financial seasons namely; Inflation, deflation, economic growth, and economic recession. According to Ray, it’s a great idea to invest at least 30% of your money in stocks such as the S&P 500 and other low fee index funds. Apart from that, about 15% of your money can be invested in intermediate government bonds, 40% in long-term government bonds, 7.5% in gold, and 7.5% in commodities.

Tony argues that the ‘All Weather portfolio’ not only helps you make money, but it also prevents you from making poor decisions that could be catastrophic for your future. The key here is not to predict or beat the market but it’s a simple method to be protected against the surprises thrown by the market. In our podcast discussion of the book, we (Preston and Stig) discuss this recommendation and provide our guidance about asset allocation and the importance of implementing a dynamic shift with interest rates and market conditions.

Chapter 6: INVEST LIKE THE .001%: THE BILLIONAIRE’S PLAYBOOK
Driven with a passion to dispel myths and uncover the truth about the investment system, Tony began a journey about four years ago to help the common man investor uncover the truth. Over the course of these four years, Tony managed to interview about 50 billionaires who shared their secrets. These billionaires include authors, financial moguls, Wall Street titans, professors and legends that have made a substantial contribution to the world.

Carl Icahn – titled the “Master of the Universe” by Time magazine. He enjoyed success in Netflix and other firms, but his obsession is to prevent the abuse of common shareholders by improving the accountability of corporate governance, thereby making several companies and the economy stronger.

David Swensen – David Swensen, the man who turned $1 billion into $23.9 billion, says that it’s a bad idea to invest in mutual funds since the fees are often in conflict with the returns, thereby making the investor lose large amounts of money over time. Since he understands the benefits of fiduciaries, he advocates firms like TIAA-CREF and Vanguard because they operate on a system that takes care of an investor’s interests.

John C. Bogle – As the creator and founder of the Vanguard Group, John is often compared to Benjamin Franklin, thanks to his inventiveness. Many people believe that he has singlehandedly contributed more towards the interests of the average investor than any other company by inventing ETFs. The solution is simple: Invest in ETFs and get a market return at the lowest possible fee. John had a great quote that addresses the importance of avoiding high fee mutual funds, he said, “At 6.95%, you turn $1 into about $30 over a 50 year period. But at 5% (assuming a 1.95% fee), you get only $10 instead of $30. And what does that mean? It means you put 100% of the cash, assume 100% of the risk, and you get 30% of the rewards.”

Warren Buffett – Known as the titan and the greatest investors of the 20th century, Mr. Buffett doesn’t even need an introduction. Though he’s said almost everything about the investment topic, Mr. Buffet affirms that buying an ETF is definitely the best and most cost-effective way for an average investor to make money.

Paul Tudor Jones – If you ever need financial advice, it should be coming from Paul – a man who hasn’t lost money in the past 28 years! However, Paul is unlike greedy investors who just make money and hesitate to contribute. He is in fact, known as the ‘Modern day Robin Hood’ since he is driven by his philanthropic principles of giving back to the
community. His best advice is that an investor should concentrate on developing a portfolio that focuses on defense rather than building something that’s aggressive.

Mary Callahan Erdoes – Listed by Forbes as one of the 100 most powerful women, Mary comes from a family that was involved in the world of finance. Although investment moguls like Warren Buffett, Paul Tudor Jones, John C. Bogle and others warn the average investor against actively managed funds, Mary says that a manager with a brilliant mind, loyalty and research, is equally capable of helping people make money even in tough times.

T. Boone Pickens – Recognized as the “Oil Oracle” by the prestigious CNBC, Pickens made his billions after he was seventy years old! This goes to show that there’s no age limit to your brilliance. Pickens made money only because of the fact that he could predict the future in a way nobody else could. While other investors talk about plans to make money, Pickens states that America’s dependency on foreign nations for oil is the biggest threat to the economy and well being.

Kyle Bass – As the founder of Hayman Capital Management, Kyle has a lot of tricks up his sleeve, but he says that he made money because he was fortunate to understand the system of the asymmetric risk/reward, whereby allowing him to make billions of cash. While everybody tries to get into the race and beat the market, Kyle specializes in making big bets when his downside is very limited and his upside has a high probability for success.

Marc Faber – Famous for his newsletter that’s known as the Gloom, Boom & Doom report, Marc Faber doesn’t believe in following the herd. Unlike other investors who focus solely on the US market, Marc made money by concentrating on the Asian market. As a contrarian, Faber believes that you should accumulate cash, be patient, and heavily invest when great opportunities occur. He also states that you need to be extremely lucky to NOT lose money when you invest with portfolio managers.

Charles Schwab – As the founder of the Charles Schwab Corporation, Charles has been instrumental in providing a cost-effective investment method to millions of Americans. While other investment companies increased their fees, Charles slashed it, thereby ensuring the participation and success of the average investor. Known as the pioneer of the discount brokerage industry, Charles has been successful in changing the way businesses operate.

Sir John Templeton – Sir John Templeton is more famous for his philanthropic nature. In an effort to give back to the world, he launched the Templeton Prize – a prize that was bigger than even the Nobel Prize, to honor people for their great accomplishments. Here’s a great quote from John, “Bear Markets start on the time of pessimism, they rise on the time of skepticism, they mature on the time of optimism, and they end on the time of euphoria.

Chapter 7: JUST DO IT, ENJOY IT, AND SHARE IT!

In this section, Tony talks about the reason why we need wealth. In short, he says that we pursue wealth in hopes to gain a better quality of life. The common goal for all individuals is happiness. To many people, money appears to be the most obvious path to achieve that. Robbins sees money only as an indirect measure. If you have money you can give more away, and giving is what truly makes everyone happy – not simply accumulating it for yourself.

In this final section of his book, Tony proclaims that our decisions ultimately help us control our lives. To take it further, he adds that there are three decisions that are made every moment in our lives. The first decision is about focusing on our goals and on something we can control, rather than worrying about stuff we can’t control. While the second decision is to find wealth by pursuing an empowering meaning, the third decision is to create and plan a future for ourselves by thinking clearly.

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Conclusion: A book that focuses on life beyond money
This book is absolutely great for anyone who’s looking to make some money in financial investments, but unlike other books that dispel advice related only to the world of finance, Tony has taken great pains to help people change the way they lead their lives. After all, money is an abstract thing but we can find happiness by donating at least a portion of our money to the unfortunate ones.

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