Foreword Review ♥♥♥♥♥ BUSINESS & ECONOMICS

Millionaire: You Can Become One on Your Lunch Money

Al Winnikoff
Wayne Wagner
Renaissance Media (Jan 13, 2001)
Unknown $14.95 (128pp)
978-1-58063-193-8

"Steady, consistent, regular and planned purchases of a slice of America are what will make you rich." Going against the current financial wisdom, which today seems to recommend either a complete lifestyle overhaul as the key to riches or a devil-may-care, get-it-while-it's-hot gambler's touch, the authors argue for a return of the "save early, save often and spend as little as possible" approach.

Wagner and Winnikoff are themselves financially set because they practice what they preach. As a young man, Wagner invested in the California real estate market, purchasing his first property thirty years ago in exclusive Malibu for $64,000; today, the lowest-priced house in the neighborhood sells for $2.5 million. His vocation is real estate sales, his avocation is buying properties and holding them. Winnikoff is the founder of a financial advisory firm, the Plexus Group, which manages $1.5 trillion in assets for their worldwide clients. Though they have taken different paths to financial security, they recommend neither path in this book. Rather, from their years of experience, they are touting the easiest, most sure-fire strategy to riches: investing in index funds.

Like mutual funds, which today get most of the press, index funds are a selection of a large number of stocks grouped together to be bought and sold as a unit. Unlike mutual funds, the purpose of an index fund is not to beat the market, but "to replicate the daily ups and downs of a given index, such as the Standard and Poor's 500 or the Dow Jones Industrial average." With the market rising and falling faster than a rollercoaster, this may not appear to be the sane and sober choice the authors claim, but they do present a compelling case. The authors show that, going back to 1980, index funds have consistently outperformed mutual funds, even though index funds are not actively managed by a financial professional. That, say the authors, is another advantage to investing in index funds: because they are not actively managed by professionals, they don't come with the often hefty fees incurred with mutual fund investing.

While the authors' promise of accumulating millions just by saving lunch money isn't quite borne out in the book (unless the reader really is spending an average of $300 a month on lunch), they do present their case in clear, concise, and amusing prose. With plentiful examples and easy-to-interpret charts and graphs, it is possible to see how a relatively small amount of money can grow to a very large amount over time, without a major lifestyle change or a winning lottery ticket required.

VICKI GERVICKAS (January / February 2001)