

# THE MONEY RIDE

*A Passenger's Guide to Money & Wealth*



**WILLIAM K. BUSCH**

**FIFTH EDITION**

***“The Money Ride is the ride of a lifetime and we’re all on it!”***

*The Money Ride* is an easy-to-read, easy-to-learn guide to the fundamentals of money and wealth, designed for financial novices of all ages. It is intended to help you live a happier life by making smart money decisions and managing your personal finances with confidence and clarity.

***The Money Ride offers:***

- » A simple and efficient structure for organizing your finances
- » A monthly budget system
- » Tips & Tools for managing finances and related money behavior
- » Criteria to distinguish “Good Debt” from “Bad Debt”
- » Investment ideas for creating wealth and income

---

**“Loved *The Money Ride* - in a more enlightened society, it would be compulsory reading in every classroom in the country. This guide simplifies a rather complex subject so that the underlying message is very easy to follow and remember. This is a good read for ‘kids’ of all ages.”**

– John Cotter, *The 20% Solution*

**“*The Money Ride* book and presentation were the most relevant and applicable lesson I have ever had in school. I learned more about managing my own finances in three days than I had my entire life.”**

– Dion S., 12th Grade

**“...Everything you said really stuck and was so easily understood.... And as for the book, it’s great! It’s short and to the point which is perfect for a student and someone who gets easily confused, especially about money.... I’m honestly keeping this thing forever! As soon as I’m finished reading it, I’m going to give it to my parents.”**

– Charlotte R., 12th Grade

**“What a great resource for teaching financial literacy! This is a book that will have a lasting impact on students and teachers long after class has ended.”**

– Rita Escher, Director, Academic & Opportunity Support Programs,  
University of Nevada, Reno

---

**William K. Busch**, is a financial author, educator and speaker. *The Money Ride* is the product of thirty-five years of experience as a financial advisor helping people make smart money decisions to address a variety of financial issues and concerns.



# The Money Ride



**A Passenger's Guide to Money & Wealth**

**William K. Busch**

illustrations by Dennis L. Busch

2022

KALA PUBLISHING  
LA JOLLA, CALIFORNIA

# Contents

## Introduction / 9

### 1. The Ride / 13

Welcome!

Making the Most of Your Turn

### 2. The Rules / 19

The Grabbing Rules

Your Work I.Q.

Your Money I.Q.

### 3. Money Dynamics / 27

Money Behavior

The Rules of Money

PAW and MAW

Money Growth

Money Decay

### 4. Stashing Your Cash / 41

The Opportunity Vest

Vest Dynamics

### 5. The Spend Pocket / 47

PAW at Work

Your Friend Bud

Budget =  $D^2$

Building Your Budget

Your Budget System in Action

Managing Your Bank Account

### 6. The Save Pocket / 61

Here Comes MAW

Save = Safe

How Much?

How Soon/How Long?

Where?

## **7. The Invest Pocket / 73**

MAW Goes to Work  
Wealth  
Invest = Risk  
The Three Levels of Risk  
Risk = Emotion  
Invest = Reward  
Invest = Growth  
Invest = Income  
Investing Process  
How Much?  
How Soon/How Long?  
Where?

## **8. The Protect Pocket / 101**

Expect the Unexpected  
Health, Income, Property & Life  
Full Replacement Value

## **9. The Borrow Pocket / 109**

Borrowing: From  $D^2$  to  $-S^2$   
OPM Mechanics  
Good Debt & Bad Debt  
Your Borrowing Score

## **10. Time to Buckle Up! / 121**

## **Glossary of Money Ride Terms / 123**

## **Making the Most of Your Turn**

The Money Ride is called “The Ride of a Lifetime” because your pursuit of financial success is a lifelong adventure.

This passenger guide provides you with information on the fundamentals of money and wealth. Because the basic fundamentals of money and wealth do not change, they serve as a reliable foundation for making smart money decisions and achieving financial success.

Each passenger on the Money Ride, including you, has his or her own personal definition of what it means to be financially successful. Their definitions are unique, but they all describe a particular quality of life.

Here’s something you should try: What’s your definition of financial success from the perspective of what you want your life to look like ten years from now? Imagine your lifestyle in terms of health, family, home, work, leisure and any other aspects you feel are important to you.

Regardless of how you define financial success, your success will be determined by what you know about money and how you behave with money—knowing and doing. There are tips and tools throughout this guide that cover what you need to know and do to make the most of your turn on the Money Ride.

The interplay between knowing and doing influences your financial decisions, and if you want to realize its benefits you must do two things: Learn the simple time-tested fundamentals of money described in this guide; and apply the fundamentals to build and sustain sound money habits. Sound money habits are routines you use to deploy your money in ways that help you live a happier, more successful life—like “routine money.”

The key is not just to read the money principles, tips and tools in this guide, but to use them to guide your money behavior with sound money habits. You’ll find an example of how to create sound money habits amongst the tips and tools in this guide. Though the example applies to the money behavior of spending, it can be used to create sound money habits related to other money behaviors such as saving, borrowing and investing.

---

**Think About It...**

1. The Money Ride is not a real amusement park ride, but is it, in a way, real?
2. Your “Financial Success”—describe your lifestyle in 10 years.
3. What do you need to know and do to become financially successful?

## 2. The Rules

---





## **Money Behavior**

You're getting really close now! So close that you can hear the roar of the roller coaster, feel the wind escaping from under the \$TART door and you can even smell the money! There's not much time, so you need to carefully read these next few pages in your passenger's guide, because it's important that you learn "Money Dynamics" before you start your turn.

Money Dynamics consist of two important aspects of money which you must understand if you want to make the most of your ride: Money Behavior and the Rules of Money. How much success you enjoy on the Money Ride will depend on your ability to align your money behavior with the ride's money rules and your financial goals and objectives through your Money I.Q.

Your money behavior reflects how money is important to you and your ability to establish and sustain sound money habits. It is important to be self-aware of how money is important to you including and beyond just buying things and your self-awareness should include a healthy respect for money.

While money itself is essentially a neutral piece of paper that you can use to buy things, it is actually much more than just a negotiable piece of paper. Every PAW dollar you earn deserves your attention and respect because it represents a piece of your life measured in units of the effort and sacrifice it takes to earn it and the opportunity it can create in your life.

Think about the effort and time it takes to acquire the knowledge, skill and experience to earn a dollar. Also consider the sacrifice of not being able to take time for yourself family and friends or having to uproot you life to move for a job or career. Try to use your respect for the effort and sacrifice as incentive to sustain sound

## **Here Comes MAW**

The SAVE pocket is the first stop for the MAW dollars created by Smart Spending (+S<sup>2</sup>) in your SPEND pocket. Spending less of your PAW dollars than you earn generates excess PAW dollars which you can use as MAW dollars for saving and investing. This effectively converts excess PAW dollars to MAW dollars. These MAW dollars are your reward for sticking to your budget.

Once your MAW dollars are safely across the chasm, they serve their first two important purposes in your SAVE pocket.

The first purpose is to provide a lifestyle safety net for unexpected expenses such as a car repair or health emergency. These MAW dollars are called “emergency reserves.”

Emergency reserves differ from expense reserves. Expense reserves are stored in a checking account to pay upcoming expenses which you know are not paid monthly, but are instead due every 60 or 90 days such as media subscriptions or utility bills. Emergency reserves are stored in a savings account and used to pay unexpected living expenses such as a car repair or health emergency.

The second purpose is funding short-term financial goals. These are goals with a duration of less than five years, such as education, travel and special projects. The MAW dollars used to fund them are simply called “savings.”

Once you have fully funded these two savings purposes, any of your additional MAW dollars can be put to work in the INVEST pocket.

## **Save = Safe**

This is the basic SAVE pocket formula, and like the budget formula from the SPEND pocket, it is obviously not math. Since the money

## **Expect the Unexpected**

There are plenty of potential bumps, bruises and accidents lurking around every corner on the Money Ride—if you're not prepared, they can cost you.

That's why the PROTECT pocket can be the most important pocket on your vest. It's the pocket that "has your back"...that "has you covered." It's the pocket that assures that everything you are trying to achieve financially on the Money Ride won't be derailed by some unexpected loss.

Protection against the risk of unexpected loss is called "insurance," but it really should be called "assurance" because that's what it really provides—the assurance that the wealth-building flow of MAW dollars throughout the pockets on your Opportunity Vest will continue, no matter what unexpected things might happen in your life.

The idea of assurance is important because a loss suffered can generate a negative financial ripple effect throughout the other four vest pockets. Any loss may cause either a direct outflow of SPEND pocket dollars or the ripple effect of having to use SAVE pocket, INVEST pocket—or worse yet—BORROW pocket dollars to cover the loss.

This ripple effect can be as minor as a small additional expense in the SPEND pocket or as serious as entirely stopping the flow of PAW dollars to your vest. Regardless of the degree of loss, an unprotected loss essentially steals MAW dollars from the vest pockets and disrupts the wealth building process.

Regardless of what type of insurance is involved, in the PROTECT pocket, your decisions will be guided by three basic principles: risk transfer, cost sharing and full replacement value.

## **Glossary of Money Ride Terms**

**Bad Debt** Any debt that is unaffordable in terms of the payments and/or the repayment.

**Borrowing Score** Also known as FICO score. Scoring system used to determine a person's credit worthiness based upon their borrowing activity.

**Cash Flow** Money flowing into the Opportunity Vest as income and out as expenses.

**Chasm of Financial Despair** The chasm separating PAW and MAW representing the unhappiness caused by the failure to spend less than one earns.

**Compounding** The accumulation of money created by the continual crediting of interest on principal and on the interest earned in the prior periods.

**Financing** Borrowing money either to purchase goods and services or to acquire assets.

**Fixed Expenses** Expenses which reoccur for the same amount each month.

**Good Debt** Debt which is affordable and which creates a financial advantage.

**MAW** Money at Work. Excess earnings invested to generate growth and/or income as part of the wealth-building process.

**Money Dynamics** The roles and rules of money which govern the efficient use of money.

**Money I.Q.** Knowledge and understanding of how money works and the ability to successfully apply that knowledge to a lifetime of money choices and decisions.

## **About the Author**

William K. Busch is a personal finance educator and public speaker.

Bill has spent the past 30 years as a financial advisor helping clients make smart money decisions to address a variety of financial issues and concerns.

He has utilized the diversity of his professional expertise and his background as a business educator to present educational outreach workshops on personal finance for community groups, companies and schools.

This book is the culmination of his professional experiences working with clients and his years of developing techniques for teaching the fundamentals of money and wealth.

For more information on *The Money Ride*,  
and to order additional copies of this book,  
please visit

**[www.TheMoneyRide.com](http://www.TheMoneyRide.com)**