



\$ Investing Basics \$

Evergreen Consulting Group Inc. - Richard A. Green, DDS, MBA

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Dear Reader: I would enjoy hearing from you. Spread the word about these articles. I think you and your friends will find them helpful.

– *Richard A Green DDS, MBA*

FINANCIAL FOUNDATIONS

Dr. Pankey always talked about money in the context of The Philosophy. The “Health Cross” contains both Practice Health and Financial Health. Through the years, Dr. Pankey would suggest to a dentist interested in pursuing an individualized, relationship-based practice, “Go home and develop a bank account.” Dr. Harold Wirth would say, “Learn to live on less than you make.” These two admonitions stand today as benchmarks for the professional. For if you have a bank account and have learned to live on less than you make, you have accomplished two things:

1. You have begun a “practice lifestyle,” which is consistent with choice.
2. As a professional who has positioned himself or herself for choice, you are “free” to lead and offer others choice. When the patient needs you more than you need the patient, it changes the dynamic in your relationship.

As we consider the basic financial foundations presented here, two definitions need to be clear in your mind:

1. FINANCIAL FREEDOM - That point

in your life where you have learned to live on less than you make.

2. FINANCIAL INDEPENDENCE - That point in your life where your invested assets return (earnings) has replaced your hands as an income stream.

Discovering the application of these financial foundations in your life becomes the starting point for getting comfortable with money. This, as Dr. Pankey often reflected, is an important task of a professional. His favorite definition of a professional was: “That quality of conduct which accompanies the use of superior knowledge, skill and judgment toward the benefit of another person or society, prior to any consideration of self-interest.

Use the “Pankey Crosses” and these financial foundations as tools in your own discovery, learning and growth.

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The Ten Financial Fundamentals of L.D. Pankey's Philosophy

- 1) Live on less than you make.
- 2) Pay yourself first – make it automatic.
- 3) Understand the value of money and compounding interest.
- 4) Know enough about money to make it work for you.
- 5) Measure and monitor (evaluate) your results.
- 6) Start tax-deferred accumulation early.
- 7) Keep the return on your money.
- 8) Use credit wisely – know the cost of capital.
- 9) No one cares for your money as you do.
- 10) Take a long-term perspective.

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