

# Chapter 1

## Meet the Vivas

**W**hat now?” Rich glanced at his reflection in the rearview mirror of his silver SUV as he backed out of the parking garage at his attorney’s office. He had just inked the deal of a lifetime: the sale of his company—the fruit of his years of hard work—to a competitor. His profit: \$12 million after tax. “Who’d have thought a mechanical engineer with a knack for building air compressors could have pulled this off?” Rich was on top of the world, but also felt a sense of doubt about whether he was making the right decision.

Richard Viva, 58, was a true success by almost any measure. He’d prospered in business, raised a healthy family, and built a strong reputation in the community. But on this day, the person he saw in the rearview mirror almost startled him.

He stepped on the brake and scanned his face. For some reason, for perhaps the first time in years, he took a hard look at himself. “I had no idea my hair had turned so gray,” he almost said out loud. “And those creases on my forehead and face—when did they dig in?”

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The fact that he had visibly grown older concerned him, and the fact that he had done so without noticing bothered him even more. After all, this transformation didn't exactly occur overnight.

"Man, if I didn't even recognize my own physical appearance changing in front of me, what else did I miss out on over the last 20 years?" Rich pondered. Interesting the things we focus on when we no longer have to worry about the day-to-day responsibilities of life's routines.

"Perhaps old Maslow had it right with his hierarchy of needs theory," Rich thought. Things were beginning to enter Rich's mind that he hadn't contemplated in the past. He'd been constantly preoccupied with business over the years, and besides, who had time to think about things such as this in today's hectic and fast-paced world?

Rich was at one of life's crossroads, leaving behind something comfortable and known for something unknown and uncertain. He knew one thing for sure: Life would be different from now on. He just hoped it would be different in a good way, not bad.

Rich had not lived without a paycheck since he left his parents' house. There had been lean times during his career, especially in the early days, but he could still count on regular income. That would be different now. The thought scared Rich. Twelve million dollars was a lot of money, but not an infinite supply. Could his family outlive their money? He realized he had a lot to learn about financial investing, and he didn't really know where to start.

For anyone aiming to invest wisely, the key to getting started would be to develop an investment plan. Rich would be well equipped to plan confidently for his family's future by identifying his goals and objectives, recognizing the level of risk he was comfortable with taking in his investments, determining his future cash flow needs, and setting a time frame for his plan. But as the magnitude of the business sale sunk in, Rich had not yet begun the journey of learning the principles of an investment plan and the comfort it would bring.

Rich was a self-made man when it came to business. He knew it would be up to him to define what would lie ahead. Much of life's outcome is based upon outlook. He needed a realistic and positive outlook to help shape and determine his future. Unbeknown to him, an investment plan would guide his path to investing success.

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Rich recognized that so many years had passed so quickly—just disappeared. It seemed like just yesterday that he had opened Apex Compression Services, Inc. (ACS) in a metal-sided building on the outskirts of Houston. But in reality it was 22 years before, and life had flown by since then.

When he first left corporate America to pursue his entrepreneurial calling, it hadn't been by his own design. In fact, he had been part of a restructuring of a major public company. The “downsizing,” as they now call it, was quite a blow. Rich had worked hard for the company, and he had never failed at anything in his life. But there he was at the age of 36 being asked to leave.

It seemed devastating at first, but it ended up being the push he needed to launch his own company. He tapped into his positive attitude and get-it-done spirit, which made it easier. And he was excited about being his own boss. He liked the idea of eating what he killed, and he knew he was hungrier than anyone he knew. Besides, he had a pregnant wife and a 3-year-old daughter at home, and it was up to him to support his family and to make ACS a success. The consequences for his family were too high to accept any other outcome. He would be a success, for he had no other choice but to make it work.

ACS made compressors that pushed oil and gas through gathering lines and pipelines to refineries. The business had grown steadily and managed to keep busy through the various booms and busts of the energy business. It almost seemed funny that today, ACS had higher revenues in one week than they had in the first two full years of business combined. Opportunity comes to those in the right place at the right time—and who are willing to sacrifice virtually everything to make it work. Rich enjoyed his work and thought of the business almost as a member of his family. For all intents and purpose, it was.

“Oil and gas companies are always going to need compressors to move their product,” Rich liked to say. New wells call for new compressors to move the product to market; old wells call for compressors to compensate for a loss of natural pressure.

Rich was always looking for new business, and that served him well. Regardless of his success, he was driven to improve the company,

its products, and its services. This drive afforded him and his family the lifestyle that they had come to know and enjoy.

As he drove along, Rich's mind wandered to a recent business meeting and a potential customer who would surely benefit from the products and services of ACS. Then it hit him: "I don't have to think about this anymore," Richard thought. ACS, pipeline compressors, and all that stuff were now the problem of those Oklahoma boys who had just written him a check—a 10-digit check.

"That chapter of life is over," he thought, "and now it's on to bigger and better things."

He thought about his family. The kids were grown and off to their own pursuits, worrying about their own problems. He questioned if he had been the dad he had hoped and planned to be. Those 22 years sure did fly by.

The kids had grown up with the company. When they were younger, they craved spending more time with him. The feeling was mutual, but the business put food on the table. Rich's choices seemed logical at the time. What was good for business was good for the family. So, when it came between time with the family and time making the company operate at its maximum capacity, Rich focused his attention on the company.

As the children grew older, he yearned to spend time with them, but they had grown conditioned to his schedule and his preoccupation with work. They knew their dad as the busy business owner. The dad who worked tirelessly, traveling frequently and always on the phone putting out fires at work. "They can't say I didn't work hard for them," Rich thought, "and I can't wait to reap the rewards with them."

Rich thought about his wife, Peg. She had worked really hard as well and had been part of the business since the beginning. She worked for ACS in the early days and occasionally still helped out around the office. Richard could always count on Peg to support him, the kids, and the business. Importantly, she served as a voice of reason and logic during times of uncertainty. She understood Rich's strengths and weaknesses and was a wonderful sounding board.

Peg had embraced her husband's life as a small business owner, and she accepted the toll it took on his time. There were sacrifices.

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Vacations were rare. And on the occasions when they did get away to the mountains or the beach, Rich was frequently distracted by work issues back in Houston. With this came a lifestyle that few others would be able to afford. The Vivas enjoyed the finer things of life, but few with lesser means would understand the price paid to get to this level.

Rich thought about his success and the toll it had taken on his family—the long hours and constant distractions. “Thank goodness those days are over.”

Rich looked forward to “doing right” by Peg—spending time with her, pursuing her interests, and making time for the travel plans that they had always put on the backburner.

He also wanted to spend more quality time with his kids. They were always a priority to Rich, but if measured by time, they may not realize it. Had it not been for Peg, the kids would not be who they are today. While Rich was busy building his company into a success, Peg was nurturing and guiding the children to successful, productive adulthoods. Peg had chaired virtually every school group one can imagine, and then some. She was mother extraordinaire and smart enough to serve as a senior vice president of any public company. When ACS first began, she knew Rich had no option but to work day and night to make it a success. As years went by, and the kids started school, she began volunteering at school and on various charity boards that made a difference to women and children in need.

The pattern became routine: Peg would volunteer, and soon her efforts would be recognized. The reward for service was greater responsibility. Ultimately, Peg chaired most organizations to which she dedicated her time and efforts.

Peg and Rich had a good relationship. Their comfort level with one another was high, as each recognized the other’s strengths. They enjoyed one another’s company and they complemented one another nicely. Over the years, they had lived through a lot together, and their love seemed stronger today than when they first met back in college.

Peg was kind, smart, and pretty. Her friends often described her as being as pretty on the inside as she was on the outside. In her 50s she still turned heads, and Rich enjoyed complimenting

her college-like figure. They were good together and it was doubtful either would have gone as far in life without the other. Rich recognized that he was more successful at business because he knew matters at home were being cared for over the years, especially when the kids were younger. He felt comfort in knowing they were getting the best upbringing that any could have.

Peg could relate to Rich's uncertainty over the sale of the company. Rich had been too busy running the company to recognize it, but she had felt the same when the kids had left for college and they became empty-nesters. With the sale of ACS, Rich's baby had left him and he, too, would experience similar questions of self-worth and his own significance. There would be moments of regret. Rich was fortunate to have a woman like Peg in his life. She would be there to help sort out the next leg of life's journey.

Rich noticed a billboard advertisement for Southwest Airlines and began to think of traveling for pleasure. "Maybe we'll get a cabin in the Colorado mountains," Rich daydreamed, "or a beach house in Florida, or maybe even both. The sky's the limit."

Rich was a dreamer, and he dreamt about the possibilities. The idea of a vacation home seemed pretty extravagant. But then again, he knew several people who had second and third homes, and they didn't have the net worth of the Vivas. Maybe this time it wasn't a grandiose dream, but simply the reality of their financial success.

Goosebumps tickled Rich's arm. It wasn't the air-conditioning; it was pure, unbridled optimism. Rich flipped the radio to one of the country stations and sang along. Ironically, Kenny Rogers's classic "The Gambler" was playing.

The song was particularly relevant to Rich on this day. He knew that when something was in high demand, it was time to sell, and when something was in low demand, it was probably time to buy. With the shale gas boom sweeping the country, his company was in high demand. The timing was right.

Rich drove down the oak-lined streets of Houston, soaking it all in. He stopped at a red light at San Felipe, the same corner where his financial advisor had an office. Rich's longtime friend and financial advisor, Greg Webber, had died of a heart attack a few months earlier. It was a tough loss, personally and professionally. Rich had complete

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trust in Greg and had been counting on his help in updating his investment plan after the ACS sale went through.

“I wish Greg was still alive,” Rich thought to himself. Greg was a good guy, but like Rich, he worked more hours than he probably should have. Greg knew he was managing his clients’ life savings, and he was there during important times in their lives. Financial advisors and their clients often develop friendships and mutual respect.

Rich could recall many of the times Greg had provided truly good advice. He was not clairvoyant, but like Peg, he served as the voice of reason during emotional, perhaps even turbulent times in the market and in Rich’s professional and personal life. The two of them knew one another well. Not only had Greg assisted Rich with key insights and investment advice, but they had also worked together on the finance committee at Houston’s Grace Methodist Church, where they both were members. It seemed like just yesterday when the two of them had last met at one such meeting, only to be followed by a memorial service for Greg a week later.

While Rich and Greg were good friends, Greg had actually worked more frequently with Peg on the Vivas’ finances. Rich was so busy running ACS that Peg had long ago taken over the personal finances at home. This worked well for the Vivas. Peg’s investment acumen was strong, and Rich was able to focus on his business. Rich realized that in today’s busy world, he could accomplish so much more in business with Peg running interference at home and with the family’s finances.

Greg’s death had made a big impact on Rich. Other than working long hours, Greg lived a relatively healthy lifestyle in today’s busy world. The death of a peer caused Rich to think about his own mortality. Greg’s death had actually provided another motivation for Rich to sell ACS: He only had one life to live, and he’d spent most of it on business. Maybe it was time for him to focus on the family and himself.

Rich’s memories of Greg gave way to thoughts about financial planning. Rich was smart with money, but he wasn’t an investment expert. Greg had constantly preached the virtues of financial planning, and thankfully, Peg adhered to much of it. Rich had grown his

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business through hard work, combined with a little bit of financial savvy and the good graces of luck. Mostly it was persistence and hard work.

Rich had always told his kids: There's not a problem that can't be solved by putting in a few more hours. He knew firsthand what hard work could bring, and he was always proud when his children's teachers commented on their work habits over the years. He had one consistent demand of his children, and that was that they work hard at whatever it was that they were doing. Although unorthodox, he didn't concern himself so much over the grades they received as long as they had worked hard. He also believed that good grades were the byproduct of hard work, so he figured that if they worked hard enough, it was likely to be reflected in their marks at school. Most of the time it was.

Rich practiced what he preached. No one could find fault with Rich's work ethic. Well, at least no one at the office. Even Horatio Alger would be proud. His grade for 22 years of hard work was a healthy income over the years, a lifestyle for his family that few could afford, and now the sale of his work accompanied by a wire of \$12 million after tax! Now Rich was more convinced than ever of the link between hard work and success.

Rich thought investing was a different story, however. The markets answered to nobody. A guy from Houston with a portfolio of a few million bucks can basically only hope for the best and watch what happens, Rich thought. Although Rich knew this was not exactly accurate, and Greg and Peg had conveyed this to him time and time again, he still couldn't help feeling like he had very little control. Regardless of how hard he worked it, with passive investments he couldn't roll up his sleeves and drive out to the job site to fix the problem, like he could while running things at ACS.

Rich pulled onto the freeway and pointed his Mercedes SUV toward home. He and Peg had built a very comfortable lifestyle in the Memorial Villages of Houston. This enclave of six small, contiguous villages within the city limits of Houston offered everything a family could desire, with big lots, beautiful homes, and restaurants and shopping nearby. The Villages are small towns within the fourth-largest city in the nation. In the Villages, in many ways it feels as if



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one is located in the countryside, with all the conveniences of a major city within a few minutes' drive. En route to home he passed the defining features of much of Houston: the low-slung barbecue and seafood restaurants, the strip joints, the gleaming mega-churches, and the immaculate high-rise condo complexes. They all lined up next to one another in odd formation, like the characters in an awkward photo in the *Houston Chronicle's* society pages. It could only happen in a big city with no zoning restrictions.

Rich believed in personal freedom and liberty like many of his fellow Texans, especially Houstonians, and that included the freedom to do what you want with your own property. But with most good things there are limits. The occasional skyscraper in the middle of a residential area raised the question: Could Houston have benefitted from better planning?

Those words bounced around in Rich's head: *better planning, better planning, better planning*. A nagging feeling emerged from Rich's stomach, climbed up his chest, and sat firmly on his shoulders.

Rich's bravado about the business sale had given some ground to the nagging questions and concerns that he had been trying to block out of his mind. For three decades, he had defined himself through his work in the energy business. He was the compression expert and owner of ACS Inc. Rich had few regrets about the way he conducted his business. His business associates admired him, and so did his competitors, so much so that he had served as the president of the Texas Association of Independent Oilfield Service Companies, and one of his competitors just bought the business.

"Now what?" Rich thought to himself. "Who's going to give a flip about a has-been businessman and irrelevant retiree?"

He had never felt this way about other retirees, so it was an illogical notion. But that didn't block the feeling. He had always been his harshest critic. "How can I prove myself by walking the dog around the neighborhood and occasionally playing bad golf? Besides, my part in the family is to be the provider. Peg has been the best wife a guy could ask for. Now what do I bring to the table?"

Rich's mood darkened. Retirement sounded nice, but how is it relaxing to feel directionless? All those years building the business, working from "can't to can't"—an old expression for working from

dawn to dusk before the sun is out until after it has set. At what cost? Rich knew he was fortunate and, by almost any standard, he was successful. Relative to others, he had friends galore, a beautiful family, and a decent net worth. But he didn't have very many close friends, only one or two he really felt close to. His kids had moved away to start their own lives. Peg was endlessly supportive, but she had found ways to make friends and broaden her life over the years while Rich was working all the time. To some extent, Peg had built her own life while Rich was always working. Just because he was facing major changes in his day-to-day activities, it didn't mean she was ready to do the same.

And what about money? Twelve million dollars sounded like a lot, especially considering their total net worth closer to \$16 million, but would it really be enough for him and Peg to live on? He felt lucky to feel healthy at age 58, and he knew others such as Greg would change places with him in a heartbeat, but what if he and Peg lived another 30 years, or even 40? Investing is supposed to be the wise thing to do, but how would he and Peg live without regular income? Did they have enough to live on for the rest of their lives? What about the kids?

"What have I done?" echoed in his head. He had already signed the contract; there was no turning back. "What on earth was I thinking?" Rich was feeling pretty nasty by that point. It's funny how one can go from popping the celebratory Champagne to feeling distraught.

Rich was having true seller's remorse. His crummy feeling only got worse as he spotted a homeless man asking for change at the corner. "How can I feel so rotten with all I have when there are people in the world who can't even eat today?" His guilt was making it worse. He thought about an article he'd read a few weeks earlier about how the poorest Americans were relatively rich compared to much of the world. He almost felt ashamed, but it didn't make him feel any better about his current situation. If anything, he felt a combination of gratefulness, confusion, and guilt—and guilt never made anything better that he knew of.

As the traffic light turned green, Rich's cell phone rang and flashed Ernie's name. Rich was relieved. He could use a diversion.

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Ernie Troutman was Rich's college friend from Texas A&M. He was calling to check on the business sale meeting.

"What's up, buddy?" Ernie said. "Did you get it done?"

"Yeah," Rich said, his voice flat, "got it done."

"Congratulations! That's terrific!" Ernie said. "Why do you sound like your dog just got run over?"

"I don't know. I'm not sure what's wrong with me. I'm not a pessimist, Ernie, you know that, but I'm starting to question if this was a good idea," Rich said. "I now have no income and nothing to do."

Ernie chuckled. "Well, not to make you feel even worse, but I'm in a similar position and I couldn't be happier."

The irony of this was not lost on Rich. How could two people have very similar circumstances and yet see things so differently? "If only I could be more like Ernie," Rich thought, "at least when it comes to concern about financials and the future."

Ernie had a proposition: "You just need to get a new perspective and hopefully adjust to your new situation. I can't think of a better way to get a little perspective than spending a few days fly fishing with your old college buddy."

"Fly fishing?"

"Yeah, why don't we head to Jackson Hole this weekend and celebrate your newfound freedom with a few days of fly fishing in the mountains? Besides, I've seen you at times a lot worse than this. Remember during your sophomore year when—"

Rich interrupted Ernie's old war story. He didn't really want to be reminded of one of the many stupid things he had done in college, and secondly he was grasping for something that would help him relax and celebrate, so he jumped at the offer.

"Sounds like a plan," he said. "Sure, I can leave Saturday."

For the first time in decades his schedule was completely open. He hadn't been able to jump at a last-minute invitation like this since he was in college. Or, at least he always felt as if hadn't been able to do so.

Peg had plans to visit her sister in Austin for a few days, anyway. He would ask Peg to join him in Wyoming after the fishing trip with Ernie, and they could visit Yellowstone. Perhaps he could make up

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for the last time they visited the majestic area, the time he was holed up in a hotel room working on an ACS deal while the family went on with their daily activities without him. He recalled that wasn't the only "family vacation" that played out the same way, and he was determined to make up for all the lost time.

Besides, Ernie was a fun guy, and Rich could use some of his fun view of the world. This could be just what he needed. Fly fishing in the Tetons, one of the prettiest and most relaxing places on earth, with one of his oldest buddies would be fun.

"This trip may do the trick and get me thinking right," Rich thought.

Not only was Ernie fun to be around, he also knew a lot about investing.

"Now that I have all this cash lying around, I need to figure out what to do with it," Rich thought. "It needs to last a lifetime and with my trusted advisor six feet under, I feel a burden heavier than ever. Maybe I could learn a thing or two from Ernie."

Ernie's invitation was a welcome diversion, but Rich's concerns lurked in the back of his mind—concerns of identity, time, and money.