Put Yourself In A Position To Get Lucky

I have had a lot of financial success in life. There are plenty of people who make more than me and have more than me, but I enjoy more income than I ever expected and am rapidly approaching “enough” with regards to net worth. I’ve had a lot of people comment “how fortunate” I’ve been in life. That’s true, I have been fortunate. But only a portion of my success comes from good fortune. A certain amount of it was essentially guaranteed by decisions I made. There is also a third portion that comes from simply putting myself into a position where I was waiting with open arms when fortune smiled upon me. Let me try to explain.

Luck

First, let’s talk about the luck I had that had little to do with anything I ever did. I was born into a slightly richer than average middle class family in the greatest economic powerhouse the world has ever seen to two parents who stayed together, valued education, and wanted their children to have a better life than they had. I was taught to work, be thrifty, and avoid debt from a young age. In a society filled with
sexism and racism, I hit the jackpot—both white and male. I have a relatively quick mind and a relatively health body. All that is pure luck (or a blessing, depending on your religious persuasion.)

**Good Decisions**

Second, let’s talk about the decisions I made that resulted in financial success that had very little to do with luck.

- I decided to get good grades in junior high and high school.
- I chose to go to college.
- I chose to go to the cheapest college I was accepted into (and the cost was further lowered with an academic scholarship.)
- I chose to go into medicine. I learned early in my college career what it took to get into medical school and I did all that stuff, from spending extra time on the classes that mattered most, to spending time and money doing MCAT prep, to ensuring I had adequate service, leadership, health care, and research experience, to applying to schools that were actually likely to take me and was accepted into enough that getting in really was not a matter of luck.
- I spent time getting to know myself and what was important to me such that I chose the perfect specialty for me, with a combination of interesting work, a lifestyle compatible with my desired life, and a great income, at least on an hourly basis.
- I learned about personal finance and investing early in my career, when it could do the most good.
- I saved a large percentage of my income by choosing to spend dramatically less than my peers.
- I fully utilized every tax-advantaged account available to me, including accounts considered by many at the time to be creative—Backdoor Roth IRAs, spousal Roth IRAs,
Stealth IRAs, Individual 401(k)s, Defined Benefit/Cash Balance Plans, Health Savings Accounts, Multiple 401(k)s etc, and took advantage of the best ways to use a taxable account (using capital losses against my regular income and flushing capital gains out through charitable giving.)

We put off having children until we could afford to pay for them without borrowing money aside from a mortgage.

None of that required any sort of luck and a large percentage of my success can be attributed to it. Lots of people say, “Oh, he got lucky with WCI.” Remember we were millionaires before WCI ever made any money. That first million was almost all brute savings carved out of a below average doctor income.

**Letting Fortune Smile Upon You**

Finally, let’s talk about the subject of this post- the stuff I consciously did hoping that fortune would smile upon me, but which I didn't really have full control over.

- I married a great woman. She works hard, is thriftier than I am, and isn’t nuts. I’m not really sure what she sees in me, but a great deal of my success came from being smart about choosing a life partner. Now, a lot of that is obviously not fully in my control, but I did and continue to do what I can to ensure success.
- I invested in risky assets. If all you ever invest in is
CDs, savings accounts, bonds, and whole life insurance, there is little opportunity to get lucky. At the beginning of 2016, nobody would have predicted that small value stocks would have gained 25% that year. But I invested in them. And that risk paid off. I’ve invested in real estate. Sometimes it has worked out poorly, but other times I have done quite well with it. Overall, I’ve done much better by putting myself in a position to get lucky.

Fortune Favors The Bold! The author’s wife high on Pingora, Wind River Range, Wyoming

- I started a business. I did all I could to make it successful. I poured a lot of time and effort into it. I had set parameters that dictated when I would leave it and move on to something else if it wasn’t working out. I paid attention to what was working and what wasn’t, and did more of the stuff that worked and less of the stuff that didn’t. Was I lucky that I was really the first into the niche? Sure. Was I lucky that what I was passionate about happened to monetize well? Absolutely. Was I lucky that revenue sources that didn’t exist when I started the blog later popped up allowing me to incorporate them into the business? Of course. But I put
myself in fortune’s way.

- We bought our “big doctor house” in 2010. It turned out that was a pretty good time to buy a house. Appreciation over the last six years has been 48%, or about 6.7% a year, way more than the historical rate of appreciation of housing. More than a couple hundred thousand of our net worth can be attributed to that decision. Was it lucky that was the year that buying a house made sense for us? Of course. At the time, it didn’t feel like real estate was going to start going up any time soon, and would probably go down further before going up. But we could afford it, so we put ourselves in a position to get lucky and it paid off.

- I joined a democratic emergency medicine group, paid my sweat equity, and was made a partner. Our partnership faces lots of business challenges, and sometimes things don’t work out well. But when they do, it can mean large sums of money are delivered straight to my bank account. If I had chosen “the safe road” of being an employee, I would get what the contract stated—no more and no less.

### How To Get Lucky

Now let’s turn to you. What you can do to put yourself in a position to get financially lucky? Here are 10 suggestions:

1. **Get yourself a financial education.** Not only will you quit doing the dumb things, but you’ll better recognize opportunity when it knocks.

2. **Own your home.** That doesn’t mean to buy a home before you’re ready, but when the time is right in your life, get yourself into the position where you get the equity. Think about someone who chose to be a life-long renter in San Francisco 30 years ago and what they might have had.

3. **One House, One Spouse, One Job.** This obviously represents an ideal, but changing any of those three
things is very expensive, so do it as seldom as you can.

4. **Own your job.** Sometimes it does make more sense for you to be an employee. But keep your eyes open for those times when it makes more sense to be an owner.

5. **Own your side gig.** What? No side gig? See number six.

6. **Get a side gig.** The more passive the better. Write a book. Buy an income property down the street. Write some software. Blog. Design a medical device. Go on the lecture circuit. Whatever. It might springboard you into a second career, but if nothing else, should provide a little bit of extra income. And you never know, you might get lucky like I did.

7. **Own stocks.** Yes, stocks might be overvalued. Of course, I can’t remember a year during my investing career, aside from 2009, when there wasn’t someone saying stocks were overvalued. But owning shares of legitimate, profitable businesses puts you in the position to get lucky when they do well.

8. **Own real estate.** Real estate is a business too, just like the stocks of publicly traded companies. Don’t over-leverage yourself, but recognize that 90% of the people out there who are “really rich” (we’ll call that having more than the typical doctor retires with) did so through the ownership of investment real estate.

9. **Marry smart.** I’m not saying marry for money, but for most of us, who you marry is entirely within your control. You don’t have to marry someone that is lazy, or crazy, or seriously ill, or a spendthrift. You don’t have to marry a low earner, someone with a lot of debt, or someone with a lot of family members who will be depending on them (and thus you.) I’d rather be happy than financially successful, but it is a lot easier to be happy when you are financially successful. Wouldn’t it be great if you can find someone that can help you to be both?

10. **Keep your lifestyle set such that debt is not a big part**
of your life. If you have big debts (think a dentist with $500K in student loans, a $500K mortgage, and a $500K practice loans), get them under control as soon as possible. Don’t underestimate the behavioral effects of debt in favor of the mathematical effects of leverage. While you don’t want to be an extremist, those with little debt generally have better cash flow and more cash with which to get lucky.

What do you think? What have you done to put yourself into a position to get lucky? How much of your success has come from luck, how much from good decisions, and how much from a combination of the two? Comment below!