

Dollars & Sense

Rich Grandpa, Poor Grandpa

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Unlike Robert Kiyosaki, I only have one Dad. I did have two grandfathers though, and one died a few months ago. The other died a few years ago.

One was rich, and one was poor. Well, he might not have been poor, but he was poorer than the one that died most recently. What did they teach me?

My Poor(er) Grandpa

My poor(er) grandpa worked odd jobs his whole life. He never owned a business that I was aware of. I don't think investing was his thing because he never had all that much money. He had a portfolio in the low six figures and Social Security.

Frankly, all he wanted to do was bowl, and he had a perfect 300 game once, which I think was his crowning achievement in life.

Despite his lack of financial acumen or success, he never really wanted for anything. After his wife (my grandmother) developed dementia and moved into a nursing home, he lived independently right up until the end of his life in a small apartment that was near his children and the bowling alley.

He drove a perfectly fine car.

He went out for meals when he wanted, his favorite meal being well done steak at any local diner.

He had Medicare for his health insurance.

What's the lesson here?

Poor Grandpa Lesson #1 — A modest lifestyle and low spending will make up for a less than impressive nest egg.

He lived into his nineties despite having severe heart and vascular disease, prostate cancer, and smoking nearly his whole life. He stayed mentally intact the entire time, and was bowling right up until the end. What was his secret? As he told me many times...

Poor Grandpa Lesson #2 — "Never drink anything but beer or coffee. Water will rust your insides."

My Rich Grandpa

He died a few months ago, and there are many things you can learn from his financial life.

He lived in a small town in Pennsylvania that had a population of 2,069 in the 2010 census. In that town, he ran a small business selling furniture and running a funeral parlor. As he once told me, the furniture makers made the coffins, so the businesses were linked in the old days. He and

his brother worked for his father, who ran the business before them.

Running this small business allowed him to build a significant net worth by anyone's definition.

Rich Grandpa Lesson #1 — The easiest way to become wealthy is to own a business.

He never owned more than one car while I knew him, although his business owned delivery trucks he could use.

He lived in the same house the entire time, which was a modest brick house on Main Street of his town. It was 2,300 square feet, four bedrooms, two baths, and sold for \$185,000 in 2015 when he moved into a nursing home. According to Zillow it is now worth \$197,639.

He had the same spouse, my grandmother, and never divorced.

Rich Grandpa Lesson #2 — The path to wealth = one spouse, one house.

During his life, he made periodic investments by purchasing stock in a local bank. Over the years and after twenty or so bank mergers, that local bank was now a subsidiary of a large international bank. Along came the 2008-2009 financial crisis ... and that investment was worth only a small fraction of what it once was. A very small fraction.

Rich Grandpa Lesson #3 — Diversify to reduce your risk. Don't put all your financial eggs in one basket.

There is one final lesson that I learned from my rich grandfather that I'll never forget.

Rich Grandpa Lesson #4 — If you are a young boy and you want to see nudity for the first time, go on a furniture delivery with your grandpa who owns a furniture store. There just might be a Playboy calendar hanging above the kitchen table.

If you'd like to contact me, please email me at jschofer@gmail.com or check out the two blogs I write for, MCCareer.org and MilitaryMillions.com.

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Department of the Navy, Department of Defense or the United States Government.

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