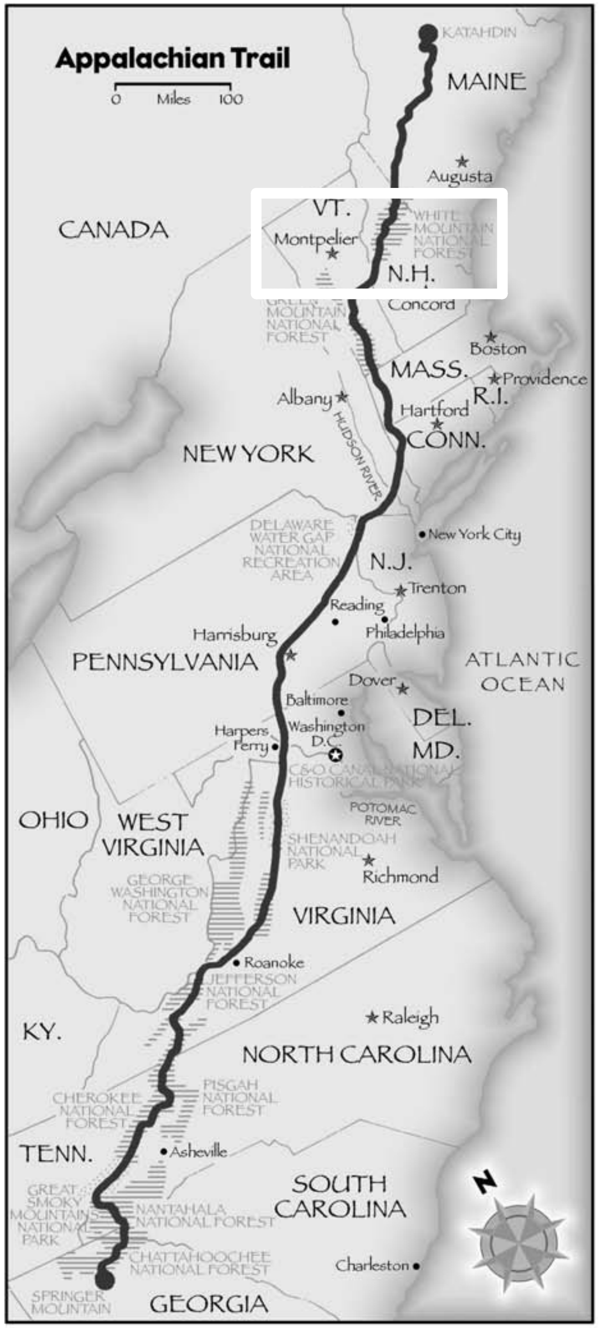

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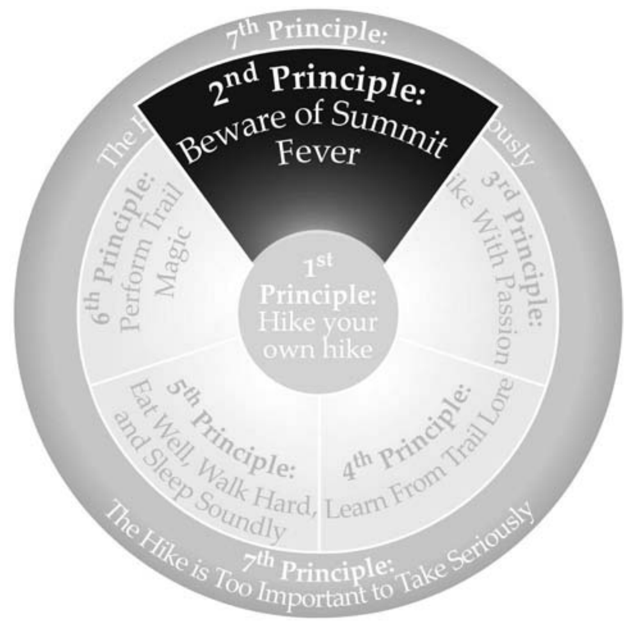
Chapter 2:
Beware of Summit Fever



About 10 percent of would be thru-hikers quit because they run out of money. Lisa met two such hikers. Their experience would teach me the Second Principle on getting the most out of life. *This Principle is about managing your money.* Unfortunately, I never got to meet these two hikers because I was lost at the time.

It is hard to lose yourself on the AT, but somehow I managed to do just that. Lisa and I usually walked within eyesight of each other, but occasionally we would hike just a bit beyond the visual range. Although we appreciated each other's company, we also appreciated occasional solitude. This time we would get a bit more solitude than we had bargained for.

Maine destroyed our feet. Its 281 miles of brutal trail and nonstop rain tested our toes. At the end of the 100-mile Wilderness I had twisted my right ankle, creating a permanent bump on my right foot (see far right foot). By the time we entered New Hampshire we had been hammered with four days of incessant rain which helped Lisa develop blisters all over her toes. Bandages would barely stick to her wet feet. Her ankles were covered in mosquito bites. She covered her heel with duct tape to prevent a blister from getting worse. She also had a painful bump on the top of her right foot. At Pinham Notch we concluded that we deserved a day off.

We had left Maine behind and were hiking the rigorous White Mountains of New Hampshire. For me, it was the most spectacular section of the AT. In the Presidential Range the AT crosses well above the tree line, offering panoramic vistas everywhere. On the other hand, clouds frequently form in the Whites because three weather systems converge in that small area. Park rangers brag that the fiercest winds ever measured were on top of Mount Washington—an insane 231 miles per hour. Try setting up a tarp in that weather!

Our climb to Mount Washington, the tallest mountain in New England, was intense. The Outdoor Life Network put Mt. Washington on the list of the Top 25 Most Dangerous Places on Earth. We got a hint of its danger as we approached the summit via Mount Madison. It began to rain, but climbing 3,000 feet makes you work up a sweat. Backpackers wear layers to help regulate their body temperature, but in this case even my thin shirt was making me hot. On the other hand, being wet would make me too cold. Therefore, I took my shirt off and hiked up in shorts and with an umbrella. A group of school kids wearing heavy duty storm gear stared at me with their mouths open, incredulous that a nearly naked man was walking right into a rainstorm; the teacher joked, "Expecting sunshine up there?"

They had stopped at the tree line because the sounds of thunder meant lightning was near, and hiking on an exposed mountaintop is not the smartest thing to do. I smiled at the school kids and pressed on into the thunderstorm.

The rain made us particularly cautious as we walked over the wet boulders on our way to the summit. We heard the rumble of thunder to our left, and then about a minute later we heard another roar on our right. I had to tilt my umbrella at a sharp angle to block the horizontal rain. Even though Lisa was wearing waterproof tops and bottoms, the wind and rain started making her shiver.

"This can't be good," I mumbled under my breath.

I began to question if we were ready to summit this mountain. We were experienced hikers, but this could be pushing it. Throughout the climb up Mount Madison I had been scanning around to make sure that there was a quick way to get down the ridge in case the thunder moved over us. Knowing that hypothermia kills far more hikers than lightning, I focused on keeping Lisa warm rather than dodging lightning bolts.

Hiking with an Umbrella

I didn't bring a rain jacket on the AT because I find that there is no rain jacket that offers as much rain protection and *ventilation* as an umbrella. The ventilation is important because it postpones overheating.

For example, Lisa wore a rain jacket but by the time she would get to the top of a mountain, she would be soaked—in sweat, not rain. Either one would help take her down the path of hypothermia because of the cold winds at the summit.

An umbrella helps regulate your temperature because it lets the heat that your body generates while hiking evaporate quickly. Even "breathable" rain jackets trap a significant amount of heat. Near the top of a mountain, you can add a layer of clothing before your body starts to cool during the descent.

At nine ounces, a GoLite umbrella weighs about nearly half as much as a "breathable" rain jacket. Thru-hikers are fanatical about minimizing their pack weight, so this is yet another good reason to use an umbrella for rain protection. Moreover, since I wear glasses, I like how an umbrella does a much better job at protecting my lenses from getting wet than a simple hood.

Finally, when you're exposed to a scorching sun, umbrellas provide excellent protection and don't trap heat like a sunhat.

Lisa discovered that I was staying drier than she was, so after New Hampshire she sent her rain jacket home and used a GoLite umbrella for the 12 remaining states.

On the other hand, most hikers think I'm nuts. Although I encourage you try using an umbrella, what's more important is that you hike your own hike and use whatever rain protection makes you happiest.

As long as the sound of thunder was still in the distance and there was a quick way down, I figured it was safe to continue climbing—after all, one of the best ways to warm your body up is to hike uphill. I encouraged Lisa to hike vigorously, while I continued to make sure that an escape route was near and the thunder was not.

Fortunately, the thunder eventually grew more distant and the rain subsided. Lisa warmed up and stopped shivering. We hit the summit of Mount Madison in a swirl of mystical clouds. Park rangers warn that the weather in the Whites can change rapidly. They weren't kidding. By the time we reached the summit of nearby Mount Washington, we were basking in the sun enjoying the 50-mile visibility and the brisk winds. We breathed a sigh of relief and celebrated on the summit of the tallest mountain in New England.

By the time we got to the summit of Mt. Washington it was clear and windy. This is the tallest mountain in New England. The glory of climbing it is a bit diminished when you see that most people just drive (or a take a train) to the top. But who cares? We still felt like bad asses.

The next day I got lost. The Appalachian Trail is easy to follow—unless you're daydreaming. The day after walking over Mount Madison and Mount Washington, Lisa was hiking ahead of me at her normal swift pace and she got out of my visual range. I wasn't worried because this happened often—I found it hard to keep up with her brutal pace. So I merrily strolled across the ridges of the Presidential Range absorbing in the panoramic views and letting my thoughts wander.

Not until we are lost do we begin to understand ourselves. — Henry David Thoreau

Had I been paying attention I would have noticed the sign that showed that the AT took a sharp left. Instead I just continued going straight ahead, which was a completely different trail. I was in my own little world; it is easy to get "into a zone" on the AT. I walked over an hour and went down about 2,000 feet before it dawned on me that I hadn't seen a white blaze for a while. The AT is marked by these two by six inch white rectangles on trees or rocks to indicate where the trail went; we called these markers "white blazes." There are about 20,000 of these white blazes from Maine to Georgia, so only idiots get lost.

I finally ran into someone who confirmed that I was far off the AT and that I was, indeed, an idiot.

Fortunately, a road and a trailhead map was just another mile away. I certainly didn't want to walk up the steep mountain and attempt to catch up to Lisa. Who knows what she was trying to do. She was probably in that helicopter that kept circling over me.

We had about six hours of daylight left, so I felt we had plenty of time to run into each other somehow. However, we couldn't afford to get separated overnight. We hadn't equipped ourselves to get separated. We were 100 percent dependent on each other. For example, I carried our tarp, so Lisa had no shelter without me. Meanwhile, Lisa had our sleeping bag (which was effectively a

blanket), so I had no way to sleep comfortably at night without her. I started having visions of mimicking John Muir and constructing a warm bed in the woods using dry leaves as insulation. Lisa was fine as long as it didn't rain. On the other hand, she needed food—all she had was a couple of X-Terra energy bars, because I carried all the food. Little did I know that while I was worrying about Lisa's lack of food that she was in the Mizpah Spring Hut relaxing with her shoes off, chatting with two Nobos, and enjoying some warm and delicious minestrone soup.

I have never been lost, but I will admit to being confused for several weeks. — Daniel Boone

About every ten miles along the AT there is a shelter. These shelters usually have only three walls and rarely have running water. In the Whites, however, these shelters become deluxe accommodations called "Huts." For $70 a night, you get the pleasure of sleeping in a bunk bed in a room with a few other snoring individuals. No self-respecting thru-hiker would pay that kind of money for those kinds of accommodations; they would rather sleep on the dirt for free. But thru-hikers are an important source of labor in the huts. The huts employ thru-hikers for a couple of hours in exchange for leftovers and letting them sleep on the dining room floor.

Normally thru-hikers will do the dishes, help cook, clean up, or do any other odd job. Since it was still the early afternoon, the huts didn't need any help, so Lisa and the other hikers just relaxed in Mizpah Spring Hut. Lisa was hoping that I would catch up. There she learned the financial lesson of the AT from two Nobos named Hot Sauce and Non-Existent.

Hot Sauce and Non-Existent had spent money as if hiking the AT took only a week or two. They went to restaurants at every opportunity, stayed in nice hotels (instead of hostels), and bought the most expensive and fashionable gear on the market. They weren't particularly rich, but they hiked the AT as if they were. As a result, they were now short on cash and did not expect to

Lisa descended to the Lakes of the Clouds Hut, the highest, most popular, and biggest hut in the Presidential Range of New Hampshire. We showed up at 8:45 p.m., just in time to eat leftovers and help with the cleanup. Lisa is holding up three fingers to indicate that we had hiked exactly three weeks and 333 miles to get here.

make it to Katahdin. In fact, they already had to compromise their thru-hike—they had skipped several states on the way up to New Hampshire. Their finances were stretched, but they didn't want to cut back their way of life on the trail, so they hitchhiked over half the distance. Now, with their funds near zero, and having grown accustomed to a certain way of life on the trail, they felt they had no other choice but to quit.

Before Lisa could tell me their tale she had to find me. We had no cellular phones because of the extra weight they bring, the challenge of recharging them, and the lack of coverage in the wilderness. But we were lucky—if there were ever a place to get separated on the AT, it was in the Whites. The huts have radios to communicate with each other. Lisa asked the ranger to notify the other nearby huts to look for me so I could call her. She gave a description of me so that the next two huts could identify me.

"Francis goes by the trail name Mr. Magoo," she explained. "He's wearing black spandex shorts, no shirt, sneakers, and has an umbrella."

"Sounds like a winner," the ranger quipped.

Several hours later and 30 minutes before sunset, we finally reunited at the Zealand Falls Hut. Thus, I avoided testing my John Muir survival skills.

I don't panic when I get lost. I just change where I want to go. — Rita Rudner

Lisa eventually told me the story of Hot Sauce and Non-Existent. *Their tale taught me the second lesson of my pilgrimage: beware of summit fever.* In other words, don't upgrade your standard of living until you've got plenty of financial breathing room. It's important to explore how we can apply this lesson to our everyday life.

Don't summit before you're ready

Many mountaineers get *summit fever*—a burning desire to summit the mountain, no matter what the odds. When I was climbing Mount Madison, for example, I suffered from summit fever. I should have waited until the lightning storm passed before making my approach. Similarly, we can get summit fever in our financial lives too. We stretch ourselves financially and then we're caught in the open when a storm hits. The experience of Hot Sauce and Non-Existent taught me *the importance of living below your means*.

One of the most common questions people asked me was, "How can you afford to thru-hike?" They would say, "I'd love to go hiking for six months, but I can't afford that," or "What about your job?" or "You damn trust fund kids."

Most thru-hikers are not rich, nor are they poor. They have average incomes. Of course, we met people on the extremes, such as computer scientists, doctors, and lawyers on the one hand, and high school students, military officers, and Peace Corps volunteers on the other. However, the vast majority of the 300 or so who complete the AT thru-hike each year are regular people with average incomes. Observers find it amazing that those who have average incomes can take such an extraordinary "vacation." And yet thru-hikers return from the AT frequently aiming to do it again. They return changed. They look at all their "necessities" and realize that they are really not that necessary. The AT shows you the importance of adjusting money management to maximize your options.

> *He who is attached to things will suffer much.*
> *— The Tao Te Ching*

One of the big lessons from the last chapter is how little we need to enjoy life. Let's learn how to practice this. This chapter is not about living like a monk, or worse, living like a thru-hiker (hey, at least monks have four walls and a roof over their head—some thru-hikers just have a flimsy tarp!). *This chapter is about learning to have the discipline to resist the temptation to raise your standard of living the moment that it becomes possible to do so.* It's about holding back on upgrading your way of life until you know that it's nearly impossible to fall back down. It's about freedom.

The value of freedom

Freedom is about having options so you can do what you love, pursue happiness, and get the most out of life. Yet how many of us are truly free today? How many of us can take a six month vacation? How many of us can afford to not worry about being laid off? How many of us can change careers and start at an entry level position in another industry? How many of us have the freedom to easily pack up our bags and move to a new city or country?

Most of can't do any of this. What kind of freedom is that? Who has put these shackles on us to inhibit our options and possibilities? Who is impeding our ability to squeeze the most out of life?

We are.

We are not truly free because we have chosen to believe that we need certain things to be happy. We let peer pressure persuade us

that we will not enjoy life unless we have a certain standard of living. As a result, we kill ourselves chasing after these goals, hoping that they will make us happy. We waste our lives running after things that will supposedly make our life better while we wonder why we feel so empty even after we get them. In our rush to keep up with the Joneses, we don't stop and realize that the Joneses aren't that happy.

Are you climbing up too fast?

Here is a quick quiz to help you gauge how well you're following the Second Principle:

1. If all your income sources stopped today, how many months could you survive before you had to cut back your standard of living?
2. On a scale of 1-10, at what pace do you adopt new technology? (1 = "I get technology before NASA does!" and 10 = "I just bought a telephone!")
3. If you got a raise today, how much of it would you save vs. spend? (Rate it on a 1-10 scale where 1 = "spend it all" and 10 = "save it all")
4. On a 1-10 scale, how much do you worry about making ends meet? (1 = "It's hard to sleep at night" and 10 = "zzzzz")
5. On a 1-10 scale, how financially secure do you feel? (1 = "Bankruptcy courts know me well" and 10 = "I bathe in money")

Scoring: *If you scored less than 36, pay careful attention to this chapter.*

The trap of raising your standard of living

Do you remember the last time you raised your standard of living? Could you imagine going back to how you lived before? When you upgrade your standard of living, you become addicted to that standard of living. For instance, could you imagine living like you did when you were in your early 20s? You were probably crammed in a college dorm, or shacked up with three roommates in a small house, or dealing with your nagging parents. For those of us who have moved on to more comfortable situations, it's hard to imagine going back to that way of life. Most would rather endure weeks of Chinese water torture than return to our former standard of living.

Yet paradoxically many people fondly remember their early 20s as some of the happiest moments of their lives. Sure, you were cramped in a dorm, but you were enjoying life to the fullest. Sleeping in bunk beds in a New York City apartment was a minor annoyance compared to the joy you had during that period. Even putting up with your pestering parents was worth the good times you had. OK, never mind that last one.

The point is that even though we lived more humbly than we do now, we were just as happy, and perhaps more happy than today. This reminds us of the First Principle: happiness comes from within. However, few would be willing to return to that way of life and put up with those "meager living conditions" again. There is nothing wrong with feeling that way, it is a normal part of human nature—once we upgrade we never want to go back. Although we theoretically can go back, the pain and discomfort is monumental. *In essence, whenever we upgrade we pass a point of no return.* Therefore, it's vital to carefully think through each upgrade, lest we risk either diminished freedom or increased anguish. So the challenge is knowing when to upgrade. Luckily, the AT is a great teacher.

With limited funds to spend over four months on the AT, we faced decisions on when to give ourselves a treat. For example, sometimes we'd want to stay in a hostel to take a shower and do laundry. We also had to factor in our one big treat: going to Manhattan

The Chemist on the AT

Peter was a German chemist I met in Virginia along the AT. I asked him why he was hiking 1,000 miles.

He replied, "Because I want to remind myself how good I have it. I have a beautiful wife who is 25 years younger than me, a beach house in South Carolina, wonderful kids, a great job I enjoy that pays well. Coming out here to live a simple life will make me recall how good my life is."

Your life doesn't have to be as good as Peter's to appreciate such a perspective check. Most of us don't realize how good we have it. Putting yourself in an extremely humble environment can help you realize just how lucky you are.

to see some world class theatre and eat like monarchy. Since we would not have any income for at least four months, we had to budget carefully. The AT helped teach us to distinguish between One-Time Upgrades and Subscription Upgrades.

One-Time Upgrades vs. Subscription Upgrades

Upgrading costs money, and it comes in two flavors: One-Time Upgrades and Subscription Upgrades. A *One-Time Upgrade* is a purchase that you might do every few years. For example, a One-Time Upgrade might be a new DVD player, HDTV, backpack, laundry machine, car, kitchen appliance, business suit, or teddy bear. A *Subscription Upgrade*, on the other hand, is typically a small reoccurring incremental expense—perhaps only $3/day, or $50/month, or a couple hundred bucks a year. Examples include Internet access, cable TV, gourmet coffee, bridge tolls, monthly parking fees, car loans, gym fees, or an irritating timeshare.

Some upgrades are in a hybrid category. Buying a new house, for instance, is both a one-time expense (closing costs, commissions, down payment) and a subscription (mortgage payments and maintenance costs). Nevertheless, for simplicity's sake, we'll just focus on the two standard upgrades.

Both types of upgrades:

- Raise your standard of living.
- Cost money.
- Diminish your freedom.

Let's pick an extreme example to make the last point clear. Let's assume you live like the typical American: you have a decent place to live; you go out to restaurants occasionally; you go on a couple of vacations per year with your family; and you have a hobby that keeps you busy. In short, you have a decent amount of freedom. Then one day you decide to buy a Ferrari. The monthly car payments are so high that you can no longer afford to live in your house, so you must move into a small apartment. You stop eating out, you cancel your vacations, and you can no longer afford to pursue your hobby. You have become a *slave* to your car payments—now your purpose in life is to make money to pay for the car. Your freedom to change careers, to go to new places, and to enjoy life has vanished. In fact, your ability to enjoy the Ferrari may be restricted because filling up the tank costs so much and the repair costs are so high that you worry about driving it too hard. Besides, you don't want it to get scratched, because touching it up would be pricey. So you take the bus to work.

Perhaps it's an extreme example, but it illustrates the point: *every dollar you spend to raise your standard of living takes away a bit of your freedom.* If you raise your expenses dramatically, your options in life diminish dramatically. If you raise your standard of living slightly, your freedom diminishes slightly. Furthermore, the poorer you are, the more sensitive you are to nominal changes in your spending habits.

While most would agree that buying a Ferrari would diminish their freedom, it's hard to believe that an innocent $20 magazine subscription could possibly diminish one's freedom. On the other hand, most would agree that getting 400 magazine subscriptions would start to affect your ability to pay your rent. At what point does the process begin to erode your freedom? At 100 subscriptions? 20? The answer is the very first one. Of course, the impact is so subtle that it's nearly impossible to notice (unless your budget is hyper tight). Most people wouldn't even notice the impact of 10 magazine subscriptions, but at some point we would all start to feel it. Even Donald Trump.

The connection between money and freedom

Why do so many people envy the rich? Because we value freedom, and we understand that there is a correlation between money and freedom. If you have a billion dollars, you have the freedom to do almost anything: you can travel anywhere in first class; eat at any restaurant; sleep all day; live anywhere; and stay at hotels that put a Godiva chocolate on your pillow.

Of course, you can be pretty free without money, but money can help increase your options if you use it wisely. Some think that money enslaves you. It doesn't. What enslaves you is living beyond your means. I'm not saying that money is a panacea. As we saw in the last chapter you can enjoy life even when you are poor, and there are plenty of rich people who are depressed. Obviously, having lots of money isn't going to let you do back flips on a snowboard, nor will it help find true love.

> *Happy is harder than money. Anybody who thinks money will make you happy hasn't got money.*
> *— Multimillionaire David Geffen on "20/20" (ABC)*

Having lots of money *may* increase your freedom, it's just not guaranteed. Whether it does or not is under your control. Whenever you receive money, you always have the same choice: *you can invest that money and increase your freedom, or you can spend it and decrease your freedom.*

One-Time Upgrade examples

To see how this works with One-Time Upgrades, let's say you get a $5,000 raise at work. That extra money represents freedom—you can either spend it or invest it. Here are some ways you can use that $5,000:

Increase your freedom	Decrease your freedom
Invest it in mutual fund	Buy a home theatre system
Invest it in your (or your children's) education	Buy jewelry
Help start up a business	Buy chrome wheels for your car

The One-Time Upgrades on the right immediately raise your standard of living, but lower your freedom. After buying the home theatre system, you quickly become accustomed to it and you can't imagine going back to a humble TV. By spending $5,000 instead ofsaving it, you diminish your future options. Just imagine, with an extra $5,000 you could retire to the inexpensive and ever-popular Sunni Triangle region of Iraq.

Saving your money is the purest way of increasing your freedom. Spending money on education or starting up a business also enhances your freedom, but not as much as investing it in assets. For instance, spending $100,000 to get an MBA will increase your options when you graduate: you will be able to work in jobs that you were not qualified before. However, had you kept the $100,000 in investments, you would have not only kept the option of going to business school, but also had the option to do a variety of other activities. Nevertheless, it's important not to clump spending money on education with buying a new car. Clearly, the former augments your freedom, while the latter reduces it. Moreover, this holds true whether you're making a $5,000 purchase, a $500 purchase, or even a $50 purchase. In every case you're biting a chunk of freedom, and its effect is far more pronounced the poorer you are.

Subscription Upgrade examples

Many people can understand how One-Time Upgrades can affect your freedom. However, it's hard to imagine how a little innocent

An Ancient Principle

The Second Principle isn't new. It's been with us for a while. Plutarch, a brilliant philosopher who lived in the first century, observed in *Of Man's Progress in Virtue*: "As those persons who despair of ever being rich make little account of small expenses, thinking that little added to a little will never make any great sum."

People had a funny way of writing back then, but basically he meant to say that people tend to ignore the little reoccurring expenses because they can't imagine that they make any difference at the end of the day. Plutarch recognized the fallacy of that logic 2,000 years ago, and so should we today.

$4 cup of coffee everyday can take away from your freedom. Yet it's a perfect example of a subscription, or reoccurring, expense. It's a good way to show how sneakily Subscription Upgrades can limit your options. So let's calculate the cost of a Subscription Upgrade. *There are two methods to analyze the true cost of a Subscription Upgrade: nominal costs or real costs.*

Nominal costs

This is the easy way, because it's simple math. Just multiply the transaction by the number of times you expect to do the transaction in a year. If you expect to do it for several years, you might want to multiply it by the number of years too. So in the coffee example, you would take $4 x 365 days = $1,460. This assumes you'll have a cup on weekends too, perhaps at a restaurant. This means that you spend almost $1,500 on coffee every year. If you keep that up for 20 years, you'll spend almost $30,000 on coffee! Just thinking about that might wake you up.[7]

The point of this calculation is to give you a rough idea of how a little expense can be significant if you do it repeatedly. Many Americans don't think twice about buying a cup of coffee everyday, yet they would rejoice if their Uncle Harry handed them a $1,500 check every Christmas. By avoiding the seductive coffee habit, we would effectively be getting a $1,500 bonus at the end of the year. Since the $4 transaction is small, we tend not to notice its impact over time. The nominal calculation gives you a rough estimate; however, this calculation *always underestimates* the true cost of a Subscription Upgrade.

Real costs

The real cost of a Subscription Upgrade would have to take into account what economists call the *opportunity cost*. In other words, we must answer the question: what else could you do with that $4 a day? What would happen if everyday for 20 years you put $4 into the stock market, for instance? Would you have $30,000 saved up as we calculated above?

No, you would have over three times that! Through the magic of compound interest, sometimes called the eighth wonder of the world, you would have an extra $93,231 in 20 years. All you would have to do is put $4 a day in the stock market, which has historically earned 10 percent annually. Some may scoff saying that $93,231 won't be worth much in 20 years, but assuming inflation stays around 3 percent, that's the same as someone handing you $51,630 today—or as a snotty MBA guy might say, the *present value* is just over $50,000. No matter how you slice it, it's not pocket change.

To put that into perspective, let's say your annual salary is $50,000/year today and you keep your same job for 20 years while your employer gives you raises indexed to inflation. In 20 years, your salary will be about $93,000. By avoiding that addictive gourmet coffee, you'll have the pleasure of getting a full year's pay in twenty years. It's not exactly a pension, but it sure beats working for a year!

Subscription Upgrades are particularly insidious because they can appear like One-Time Upgrades. Indeed, why make a fuss about a car payment that's an extra $50/month when most of us wouldn't think twice about buying a nice article of clothing for that price? However, Subscription Upgrades hit you over and over again, and you should be aware of them even if they cost $1/day.

Isn't it a wonder how expenses ramp up to meet our income? — Anonymous

Of course, for many people drinking that cup of soy-latte-espresso-Brazilian-mocha-without-cream-or-foam everyday is worth $1,500 a year, or even $93,000 over 20 years. They retort that if you live your whole life overanalyzing every expense you'll never spend a dime and you'll never have fun. Indeed, you could torture yourself with each little reoccurring financial transaction. For example, if you avoid going to the movies once a week for twenty years, you could have an extra $33,149 in 20 years. This could drive you insane. And you would have missed the *Star Wars Prequels.*

We'll address some of these concerns soon, but for now the key is to understand the connection between money and freedom, and the long-term impact of a reoccurring expense. Had Hot Sauce and Non-Existent understood how those frequent restaurant and hotel stops were adding up, they might have been able to complete their AT thru-hike.

Technology Adoption Cycle

Technology is one of the prime ways that people upgrade their standard of living; therefore, we must understand how society adopts technology. I'm speaking of technology in the broadest terms, not just computer technology. A toaster, for example, is technology. Technology goes through three phases:

1. **The Gee Whiz Phase:** This is when technology first comes on the scene. We all marvel at it. This happened when the first cars started overtaking horse-drawn carriages. Remember the first time you saw someone using a cell phone? Or the first time someone introduced to you an iPod? Or the Internet? It was cool.

2. **The Ho Hum Phase:** This is when a significant portion of the population has adopted the new technology and it's no longer novel. We are no longer

impressed if someone has a web site. Now when a cell phone rings, you're no longer intrigued or impressed—you're annoyed.

3. **The Must Have Phase:** This is when the technology has permeated so deeply into a society that it's a problem if you have *not* adopted the technology. We've come full circle: at the beginning we were surprised if you had the technology, now we're surprised if you *don't* have the technology! It was surprising if someone had a telephone in 1900, now it's surprising if you don't have a phone! Already it's strange if someone doesn't have an email address or a microwave oven, and soon you'll be a weirdo if you don't have a GPS implant and a fuel cell, hydrogen powered car.

It's important to understand that all technology follows this pattern. As new technologies come on the scene, expect that many will go through the cycle outlined above; those that don't usually flop at the starting gate.

It's also important to realize that once you adopt a technology, it's hard to go back. For instance, a couple of years after you bought your first cell phone you wondered how you ever got through life without it. Similarly, how many farmers would be willing to trade back their tractors for animals? And most of us shudder trying to imagine life without our remote control.

Therefore, before making a purchase, it's important to understand where the product is in the Technology Adoption Cycle. Unless you're exceedingly secure financially, you should always resist technologies that are in the Gee Whiz Phase. That's when the products are priced at a massive premium, and they don't really work that well anyway. The first automatic toasters were expensive and unreliable; so were the first cars, first cell phones, and first DVD players. Therefore, resist upgrading when a technology is still in the Gee Whiz Phase.

However, you should also resist upgrading when technology is in the Ho Hum Phase. Although the cost of upgrading will have

dropped dramatically from the Gee Whiz Phase, it's far from being free! Satellite TV is definitely in the Ho Hum Phase, but it's not cheap—it's over $500/year. Those who have put off purchasing a cell phone have socked away hundreds, if not thousands, of dollars of income while their buddies haven't. Hence, don't succumb to the marketing hype of upgrading, even in the Ho Hum Phase.

Finally, the cost equation flips by the time we enter the Must Have Phase. It becomes more expensive *not* to upgrade than to upgrade. For example, if you live in the suburbs or in a rural area, then it is usually more expensive not to have a car than to have one. Not owning a watch can cost you more money in missed appointments. Given that a watch can cost less than $10, it should pay for itself in short order.

For a list of all the ways technology has failed to improve the quality of life, please press three.— Alice Kahn

Spider was a steady and strong hiker from Northern California. Although his gear was probably older than he was, he powered over the Bigelows in Maine and ultimately arrived in Georgia in November. He always had a smile on his face and was quick to laugh.

The Antique Stove

Some AT hikers prefer to hold off on upgrades. Spider, a 56-year-old AT thru-hiker from California, pulled out a rusted, creaky stove and an old lady in the shelter looked at it and said, "What year did they make that stove? That must have been before I was born!"

Despite the ancient gasoline powered stove, Spider was one of the most powerful and determined hikers I met on the AT. He completed it in less time than most kids half his age.

How will I know when it's safe to summit?

The Second Principle reminds us to beware of summit fever. Until now, we've focused on the cost of going to the summit. We've demonstrated that One-Time and Subscription Upgrades can limit our freedom and (as we will see in the next chapter) our ability to fully enjoy life. To effectively follow the Second Principle we need to know when it's safe to go up.

In some ways, it's impossible to know when it's safe to summit. Financial, physical, or emotional disaster can strike at any moment. Christopher Reeve, the famous actor who played Superman, was riding his horse when suddenly he fell off and was paralyzed for life. Major misfortunes can seriously derail us and are hard to predict. Nevertheless, there are two things we do know:

1. **Tough times will come.** All humans have had to overcome some financial, physical, or emotional challenge. Yet so many live their lives thinking that they will get lucky. We must expect downturns and challenges—being unprepared is foolish.
2. **There are ways to prevent most of these tough times.** Although random bad luck will hit all of us, most tough times occur because of our own actions. We can minimize the impact of these misfortunes, or avoid some altogether, thereby preserving our freedom and happiness. The key is to develop a few good financial habits.

Develop good spending and savings habits

Most thru-hikers have a good understanding of their expenses, know how to control them, are good at saving money, and know how to resist upgrading. Successful thru-hikers usually follow four steps to prepare for and complete their journey. Let's look at each step and how we can apply it on and off the AT.

Step 1: Know your expenses

First, you must know your annual expenses. Add up the amount you spend every year on all your major expenses, such as rent/mortgage, telephone, clothes, education, utilities, entertainment, transportation, fitness center, and booze. There are software programs (e.g., Quicken and MS Money) that help you figure out your annual expenses, and for the frugal, there are free financial web sites (e.g., Finance Yahoo! and MSN Money) as well. The super frugal can get by with just a pencil and paper! It doesn't matter what method you use, and you don't need an MBA or a CPA to figure this out. Just get a rough idea. Are you spending $10,000 a year? $30,000 a year? $50K? $100K? More than $200K?

Step 2: Save until it's safe to summit

Armed with that number, you can determine when it's safe to summit. The more cash you have stowed away, the better you will weather downturns. How much cash is enough? In the US, most recessions last under 12 months. *Therefore, saving a year's worth of expenses will provide a sufficient buffer to weather nearly any recession.* Once you have that level of protection, you can confidently adopt upgrades, as long as you maintain that one-year buffer. *You can summit without fear.* As a result, you will have the freedom to do what you love. Best of all, you'll finally get to buy that deluxe barbeque set that your wife has been resisting.

If you live below your means and you control your desire to upgrade, you probably won't notice recessions. Even if you are laid off, you won't have to change your way of life. If you're used to eating out twice a week, driving a Lexus, and schmoozing at the golf club, then you can still do that because you've saved a year's worth of expenses. Although this will chew into your savings, you won't have to tighten your belt (or at least far less than those who were overextended). On the other hand, those who constantly push the envelope of upgrades and live on credit will have to retrench their way of life significantly. The process of cutting back is depressing for anyone. That's why living beyond your means is so risky—you're bound to get disappointed.

Step 3: Resisting upgrades

Most of us don't have a year's worth of expenses saved. We feel pretty good if we have a month! *Getting a year's worth of expenses saved requires resisting every tempting upgrade until your life becomes highly inconvenient without it.* Before my thru-hike I learned to question every purchase. Ask yourself:

- You've gone this far without it, so is it really that important?
- Is there a truly compelling reason you need the upgrade today? Or can it wait a few more weeks, months, or even years?
- Has most of the world adopted the technology? Where is it on the Technology Adoption Cycle? Unless it's reached the Must Have Phase, do you really need it? Do not compare yourself with your peers if they are affluent and/or keep up with the Joneses types. These people tend to upgrade before the majority of the population, and before it's really necessary to upgrade.

The Amish off the AT

Nobody resists upgrading like the Amish. Although the AT doesn't cross through the heart of Amish country, it gets pretty close. Andy, a business school friend of mine, grew up in Lancaster, Pennsylvania. We stayed with Andy and his family for a weekend and learned about the Amish people. The Amish are a prime example of people who have withheld adopting new technology. Many outsiders get the impression that they don't adopt any new

technology, but the reality is that they do adopt new technology—after much deliberation among the elders. They want to see the true value of the technology and its long-term impact on their society. Although thru-hikers may dress in quick-drying ripstop nylon clothes and eat high tech energy bars, thru-hikers are similar to the Amish. Neither of us have phones or electricity; moreover, we both hand wash all our clothes and let them air dry. Neither of us read newspapers, watch TV, or drive an SUV.

Incredibly, a thru-hiker's way of life is arguably simpler than the life of the so-called "Simple People." Let's compare the Amish with thru-hikers:

Amish	Thru-hikers
They have several articles of clothing.	We have one outfit that we wear all the time.
They have refrigeration and propane stoves.	We have neither (although we use Esbit tablets and a few stakes or rocks to prop up our pot).
They take horse drawn carriages to get around.	We walk over 20 miles a day.
They have a roof over their heads and four walls.	We have a tarp.
They sleep in a bed with a nice quilt.	We sleep on dried leaves or dirt, but we also have a nice quilt-like sleeping bag.
Everything they own and need to survive is in their house.	Everything we own and need to survive is on our back.
They have plumbing.	We drink from streams and dig holes.

In conclusion, thru-hikers have taken the simple Amish way of life to an extreme and found the pleasure of its simplicity. Some may feel it's austere, but thru-hikers can identify with the Amish. We admire and respect their way of life. Although I'm not suggesting that we all follow the Amish example, we could all learn something from this prudent and conservative society. Don't blindly rush to upgrade. Instead, deliberate on it and consider saving the extra cash to simplify your life.

Step 4: Always calculate nominal costs

Get into the habit of calculating the nominal costs of a Subscription Upgrade before committing to it. Figure out how much the subscription will cost you over a year, or even five to 20 years. When the next salesman tells you, "Hey, it's only $1 a day!" Remind yourself that it's $365 a year, and ask yourself if that extra $365 at the end of the year would be nice to have in the bank. Or you can suggest to the salesman that if it's *only* a $1 a day, then why not just give it away?

Cutting back

Although a few Americans live below their means, the majority does not. Americans have one of the lowest savings rate in the world, less than two percent.[8] Most live on extended credit. The same is true for many of societies in the world. Therefore, for most of us, trying to pull together one year of savings will require substantial changes. Thru-hikers used two ways to build up a financial buffer:

1. **Resist making upgrades until you reach your goal.** By avoiding upgrades from now on, you'll slowly build up savings. You'll effectively freeze your standard of living. For example, when everyone is upgrading to a plasma screen, you'll pocket the money you would have spent by hanging on to your current TV.

2 **Pull back.** Downgrading is difficult, and the Second Principle reminds us how to avoid that painful process. However, perhaps you are at a point in your life where you are psychologically ready to deal with a downturn. In fact, you may view it as

a healthy cleansing process. Choosing this method will allow you to build up that one-year buffer far more quickly than the method above.

Which method you choose depends on your current state. If you're the type of person who can't stand downsizing and would rather rack up some debt in order to preserve your way of life, then the first option is probably the only realistic choice. If you can stomach some downsizing, then pull back wherever you can. Finally, there's the *Returning to Base Camp* option (see sidebar), which may appeal to the all-or-nothing crowd.

Returning to Base Camp

Shock therapy sometimes works. Smokers and alcoholics who try to quit frequently go cold turkey overnight. Although it doesn't always work, it has some success. My Chilean grandfather, who smoked all his life, one day at the age of 57 gave up smoking forever. Just like that.

Similarly, those who hike the AT go cold turkey to get back to the basics. Thru-hikers, unlike most of the population, want to *downgrade* in a major way.

As pilgrims, we neatly summarized our lives: eat; walk; sleep. When we returned from the AT, we reexamined our lives. All those "must have" upgrades no longer seemed necessary.

If the thought of cutting back a little makes your stomach turn, then consider a more radical move by cutting back dramatically. I call it *Returning to Base Camp*—getting back to basics and learning to live a Spartan existence.

After living in the woods for several months or even several weeks, you'll be able to return to a far more modest way of life than the one you currently live—and you'll be happier. You'll be happy just to have warm running water and a comfortable bed.

The AT isn't the only way to return to absolute simplicity. Some people may volunteer at a monastery for several months, whether they are religious or not. Some may live with an inner city family. More adventurous people might live in a rural village of a third world country.

Returning to Base Camp is shock treatment, but it can be therapy for the soul.

However, the likeliest option for most people is a combination. In other words, there are certain aspects of your life you may want to preserve. For example, you may really value the $500/year you spend on tennis lessons, but you're willing to trade in your expensive car for a more economical one. Taking this hybrid approach will allow you to cut back while preserving the few things that give you the most pleasure and enjoyment. After all, as I quickly learned on the AT, you can't always pass up Ben and Jerry's ice cream.

The flip side

Sometimes people become so used to practicing the Second Principle that they forget the First Principle! They may have five years of living expenses saved up, and they continue turning down upgrades, even when they desire them. If you have plenty saved up, and spending it makes you happy, then enjoy it! Obviously, there's nothing wrong with turning down an upgrade if you really don't want it. However, make sure that you're being true to your desires. If traveling all around the world is your dream and you have two years of expenses socked away, go ahead and earn some frequent flier miles.

> *Money doesn't make you happy. I now have $50 million, but I was just as happy when I had $48 million.*
> *— Arnold Schwarzenegger*

Frugal millionaires

When most people imagine how millionaires live, we immediately picture Robin Leach parading through their lavish mansions, five car garages, and diamond encrusted pools "worth almost one million dollars!" Yet in the best selling book *The Millionaire Next Door: The Surprising Secrets of America's Wealthy* we learned that millionaires typically live *below their means*.[9]

John Bogle is the founder of the Vanguard Index 500 Fund, one of

America's two largest mutual funds with over $100 billion in assets. How does this high net worth man live? He owns a modest four-bedroom home in suburban Philadelphia. He drives Volvo station wagons, replacing them only when they get to be eight years old. And he wears a $14 watch, albeit for sentimental reasons.

Although I admire Mr. Bogle, there is no need for him to live so modestly if he doesn't want to. I don't know him personally, so it's possible that he has no deep desire to drive a fancy Mercedes or to live in a chateau. And he may splurge on other things that we don't know about. The point is that a few people deprive themselves of spending money on things that give them pleasure, even though they have more than enough money to justify buying it. There's nothing wrong with living *well below* your means, as long as you

Build Wealth like a Snowball

Cut back expenses and eventually you start experiencing a virtuous cycle, as money accumulates like a snowball. With a financial buffer you can:

- ✓ Raise your insurance deductibles thereby cutting your insurance expenses.
- ✓ Put 20 percent down on your next house to avoid pricey private mortgage insurance.
- ✓ Pay your credit card balances fully every month and avoid debilitating finance charges.
- ✓ Contribute the maximum to your employer's retirement plan to enjoy the tax break and maybe even a matching contribution.
- ✓ Invest in traditionally high return investments (e.g., stocks and bonds) now that you can stomach the downturns.

The more of these you can do, the richer you'll become. If you do it right, you'll have more freedom than ever.

(Source: Jonathan Clemens, "Getting Going—Dare to Live Dangerously: Why Ditching Some of Your Insurance Can Pay Off," The Wall Street Journal, *July 24, 2003 p. D1)*

truly don't wish for more. Just don't get mad if we all look at you funny for not being a materialistic pig like the rest of us.

Common criticisms

At this point you might have several questions and concerns about this Second Principle. Indeed, it may be hard to accept that one of the keys to squeezing the most out of life is to make sure you don't summit before you're ready. Let's consider the criticisms.

But isn't the purpose of life to enjoy it?

One of the immediate thoughts is, "Hey, in the last chapter we learned that we must follow the Fun Compass, and now you want me to resist buying a new car. What gives?"

> *I paid too much for it, but it's worth it.*
> *— Samuel Goldyn*

Let's face it: most of us don't have the self-discipline of a monk. Even though we may admire people who can live without cable, most of us scream, "I want my MTV!" Indeed, one of the greatest rewards of being alive is experiencing new things in life. That could include watching movies, eating tasty cuisine, going to the ballgame, driving a nice car, sitting on a new couch, traveling to exotic beaches, and climbing Mount Everest. To forgo these pleasures throughout your life is somewhat antithetical to the First Principle. In short, it may seem that to follow the Second Principle you need to go in the polar opposite direction of the Fun Compass.

There are two important ways to answer this criticism. First, the last chapter reminds us how little we need to enjoy life. You can learn to have fun and be happy by adjusting who you compare yourself to. Ultimately, you can learn that you don't need to spend money to follow the Fun Compass. Moreover, the next chapter will demonstrate how important it is to have the freedom to do what you love—otherwise, you will not be maximizing your enjoyment

of life. You may have a few extra toys when you die, but your life will have been unfulfilling.

Second, I'm not suggesting that you shouldn't spend money extravagantly. I'm just saying that you shouldn't spend lavishly if you don't have lavish amounts of money! If you make $50,000 a year, spend only $20,000/year, and save $30,000, then there's nothing wrong with splurging on a few $200 dinners, a $5,000 vacation, and a $100/month fitness club. Similarly, if you make $300,000 a year, spend $30,000 a year and have $200,000 in liquid assets, then go ahead and buy a Ferrari, Rolex, and Gucci suit.

The Second Principle is neither anti-consumption nor anti-opulence. Although it's important to learn how little it takes to enjoy life, spending a few bucks can certainly help bring a smile to a face. Moreover, indulging can help recharge your batteries or give you inspiration. However, most Americans don't need much encouragement to spend money frivolously; we're pretty good at that. Instead, we need reminders to put more coins in the piggy bank.

But the downturns aren't so bad!

A common response to the Second Principle is that recessions and layoffs may be hard, but it's not the end of the world. They are painful, but not intolerable. Although this may be true for some people, downsizing is generally far more painful than maintaining the status quo. Hence, it's better to postpone an upgrade for a few months or even a couple of years, because you'll probably be able to upgrade later, and when you do, your upgrade will be cheaper and more up to date than ever since technology is always improving. Or, after waiting a few months, you may realize that you don't need to upgrade after all, because buying a boat isn't as interesting as you once thought.

Still, those who insist that the downturns aren't so bad should consider that when you upgrade at each opportunity, you are limiting your freedom to do what you love. If you want to squeeze the most out of life, you have to have a job you love. That's what the next chapter is all about. Therefore, even if downturns are not

Thru-Hiking the AT on $20

Many people ask how much it costs to thru-hike the AT. Answer: from $20 to $10,000.

It's amazing that we're all hiking the same trail, and yet some would eat out at restaurants at every chance they got, stay at nice hotels along the way, and rent cars to get away.

On the other extreme was a man named Cheapo who went from Georgia to New York on $20. He got nearly all his gear and food from "hiker boxes," which are boxes where hikers donate items they no longer need. When you go northbound on the AT, there are many hikers who discard perfectly good food and gear along the way. Having limited cash put another level of adventure into Cheapo's journey. He survived by living off the food and gear left behind in these hiker boxes.

The lesson is that there are always ways of cutting back. It just takes a little creativity while you systematically analyze all your expenditures.

For those who are still curious, the average thru-hiker spends less than $4,000 for the six-month journey, or $2 per mile. That includes everything. Not a bad deal for a six-month "vacation."

too bad, pushing the upgrade envelope cramps your freedom and, ultimately, diminishes your ability to get the most out of life.

But my new car is an investment!

Some consumers justify buying a Rolex watch "because it holds its value" or a posh Mercedes "because it's a good investment that will become an antique."

Give me a break.

Although these arguments are not totally crazy, let's not kid ourselves. Nearly every material item *depreciates* in value. The few that usually don't are precious metals and real estate. Otherwise, only the most rare and exotic material items appreciate.

Therefore, don't delude yourself when you buy a material good. Even if you think it might appreciate, just assume it won't. If it miraculously does go up, then consider it a bonus.

But you're a Luddite!

Some people may accuse me of being a Luddite (someone who hates technology). Although I understand the frustration that anti-technologists feel, I completely disagree with them. On the contrary, I love technology. I'm still hoping that Intel will develop a math co-processor and memory enhancement implant for my brain.

However, adopting technological advancements costs money, especially the earlier you adopt them. Of course at some point it will cost more money to *not* adopt a technology, especially if you're in the Must Have Phase of the Technology Adoption Cycle. For instance, not having a telephone today can cost you a lot in wasted time alone (e.g., having to walk to a store to find out something you could have learned over the phone). There's nothing wrong with upgrading, but you'll get more out of life if you put it off until you really can afford it. The Second Principle doesn't say that upgrading is inherently bad, it just reminds us to think hard before we upgrade.

But not all upgrades are technology upgrades!

True, that's why I mentioned that I'm using the term "technology" in the broadest sense. Some upgrade their wardrobes, carpets, and flower vases. The wisdom of resisting these upgrades holds true, even though they are not what we might consider technology.

But isn't a 12 month reserve a bit extreme?

It is tempting to upgrade as soon as you can. Although some financial advisors recommend a six month buffer, most recessions last longer and so you should have more stashed away. If you don't mind downsizing rapidly, then six months of savings is probably enough. Although some may feel comfortable summiting with less than three months of reserves, I don't recommend it.

But isn't this Principle paralyzing?

Some might believe that this Principle paralyzes them. For example, an aspiring artist may have the following thought process:

1. I love to paint.
2. However, every time I spend money, I decrease my freedom.
3. Painting costs money.
4. Therefore, in order to be free, I won't paint.

Clearly, this twisted logic will paralyze you forever. Whoever follows this logic mistakenly believes that freedom is the final goal. Freedom is important, but it is not the ultimate goal. The ultimate end is happiness, and freedom is simply a means to that end. A better logic would be:

1. I love to paint.
2. I will decrease my expenditures so I can increase my freedom.
3. With increased freedom, I can do what I love.
4. Doing what I love makes me happy.

But what if I live in the 'hood?

Fortunately, only 12 percent of the US population lives in poverty, so most of us don't live in the slums. Of course, some feel like we live in the slums compared to our wealthy peers. So if you need a reality check of the definition of a slum, go to a nearby inner city and drive around. If you really do live in a slum, then your reality check can be a trip to a nearby third world country like El Salvador. If you can't afford that, watch a documentary on the situation in Africa. Your "slum" will start looking pretty nice in comparison.

Nevertheless, living in poverty (or even feeling like you're living in poverty) is no fun. For those who live quite humbly, you might conclude that there is nowhere to cut back. The first step is to realize

that there are probably still areas to cut back. I lived four months in Caracas, Venezuela, and in the poverty stricken shantytowns that I visited I saw families who would have a big screen TV with a satellite dish. Other times I'd see poor people wasting money on alcoholic beverages when they could drink water instead. Others spend a lot of money upgrading their cars with fancy gadgets, while others spend a large amount of cash on lottery tickets. All these little costs add up and make a big difference. Forgoing these luxuries can be the ticket to quickly getting out of a financial rut and onto the ridge.

Summary

In 1845 Henry David Thoreau moved to the remote location of Walden Pond, Massachusetts to conduct an experiment similar to the experiment that thru-hikers do every spring: he wanted to know how simply and humbly he could live and still be happy. Thoreau described how most people in his day thought that the more they acquire, the happier they would be. (Sound familiar?) He noted the irony that those very possessions ended up enslaving them. Having learned how happy he could be with nearly nothing, he returned to society with renewed vigor:

> *I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could learn what it had to teach, and not, when I come to die, discover that I had not lived… I left the woods for as good a reason as I went there. Perhaps it seemed to me that I had several more lives to live, and could not spare any more time for that one. — Henry David Thoreau*

Similarly, thru-hikers come away with lessons and want to return to society so they can apply them. The AT, through the story of Hot Sauce and Non-Existent, had taught me a valuable lesson. This couple was unable to complete their goal because they did not have a thorough understanding of the Second Principle. They went for the summit before they had a firm financial foundation.

We were on the Franconia Ridge Trail in New Hampshire's Presidential Range, my favorite section of the AT. We held up two fingers because we couldn't believe it took only two days to hike from the most distant mountains in the background. Only 1,800 miles to go.

If Chapter One was symbolic of the arduous journey through Maine, then Chapter Two is symbolic of the treacherous terrain in New Hampshire. AT hikers agree that Maine and New Hampshire are the two most challenging states along the AT. Like New Hampshire, this chapter might be a bit tough to deal with for some people. Let's sum up the key takeaways of this chapter:

- To fully enjoy life you need the freedom to do what makes you happy.
- Every dollar you spend diminishes your freedom; every dollar you invest increases your freedom.
- Beware of summit fever, so you're not exposed when a financial storm comes.
- When you raise your standard of living, you pass a point of no return, so do it judiciously.
- Evaluate if a purchase is a One-Time Upgrade or a Subscription Upgrade—and calculate the nominal cost of a Subscription Upgrade before buying into it (and recognize that the *real* cost is higher).

Lisa is hard to see, but if you strain your eyes you'll find her in the lower right hand corner. She's descending the spectacular ridge walk in New Hampshire. Except for the thunderstorm on our way up, we had clear weather throughout the Presidential Range.

- Identify where a product is in the Technology Adoption Cycle and try to avoid adopting until it reaches the Must Have Phase.
- Know your expenses and don't summit before you've built at least six months of reserves.
- Build a reserve by resisting upgrades and by downsizing wherever you can.
- If you're struggling to save, consider the shock therapy of Returning to Base Camp.
- Don't let the Second Principle make you forget the First Principle—don't be afraid to summit!

It's possible that you had opposite reactions to Chapter One and Two; you liked one and disliked the other. In a way, they are directed at two different types of people. The First Chapter is meant for the person who is overdoing the Second Principle; in other words, you are living so frugally and sacrificing so much that you are missing out on the pleasures of being alive. The Second Chapter, on the other hand, is directed at the person who is overdoing the First Principle; you are always spending more money than you have and living for the moment, but don't realize that doing so closes many options for the future. As we'll see in the next chapter, this can diminish your ability to squeeze the most out of life. Therefore, the person who takes pride in making lots of sacrifices might look down on people who follow their Fun Compass. Meanwhile, the person who takes pride in living for the moment might rebel against a Principle that tells him to hold back. *The truth is that following both Principles are necessary to get the most out of life. The trick is to strike a balance between them.* Don't go overboard on either one. The importance of the Second Principle may not be clear, but it will be in the next chapter.

A monk becomes his own lamp and refuge by continually looking on his body, feelings, perceptions, moods, and ideas in such a manner that he conquers the cravings and depressions of ordinary men and is always strenuous, self-possessed, and collected in mind.
Whoever among my monks does this, either now or when I am dead, if he is anxious to learn, will reach the summit.
— The Buddha's last instructions while he was dying, from The Tripitaka

Far from Georgia, I clearly demonstrated that I still wasn't ready to summit Springer Mountain, the final mountain in my AT odyssey. Because I was simultaneously walking and reading my trail guide I didn't notice a thick protruding bracnch in the middle of the trail. I smashed my head against it so hard that I fell on my butt and cut a good chunk off my forehead. I didn't have summit fever, but my head was certainly throbbing.