

## Praise for *POOR.SMART.RICH*:

There's a lot of fuzzy thinking today about the government's role in wiping out poverty. But I'm absolutely convinced that making wise choices on a consistent basis gives you a better shot at winning than waiting on the state to bail you out. And if you're looking for some guidance on how to make those life-changing decisions, this book is a great place to start.

—**Dave Ramsey**

*Best-selling author and nationally syndicated radio show host*

This book is an inspiring and fact-filled guide to personal achievement and financial success for young people. Having spent a lifetime overcoming obstacles himself in the pursuit of personal improvement, few people are more qualified to convince youth that the path to opportunity still exists. Through stories and practical lessons, Segal draws from his own business experience and his volunteer service to youth promoting responsible, engaged fatherhood.

—**Don Eberly**

*Former White House aide, author, and founder of the National Fatherhood Initiative*

You are holding in your hands a treasure. John Segal, with unrelenting practicality, shows a path forward for young people not to survive in this world but to thrive. His words of wisdom extend far past the weekly paycheck of annual salary. This book is a game plan for wise, meaningful living. The young people in your life should read it—and practice it.

—**Ronnie McBrayer**

*Author, pastor, and nationally syndicated columnist*

# POOR SMART RICH

Moving *from* Poverty to Middle Class *and* Beyond

John M. Segal

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To my wife, Sara,

and to my sons, Jason and Michael



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## PREFACE

**M**y life did not start out well. I was not a good student, a gifted athlete, or a natural leader; our family was not well off. My parents were not around much during my childhood; they both worked multiple jobs.

We did not live in nice neighborhoods; I remember being scared much of the time when I was growing up. Like many others who grow up under similar circumstances, I thought I was destined to live like this for the rest of my life.

### WHAT THIS BOOK IS ABOUT

THIS BOOK IS ABOUT YOU—  
HOW YOU CAN FIND SUCCESS AND GET  
THE THINGS YOU WANT IN LIFE, EVEN IF  
IT SEEMS IMPOSSIBLE RIGHT NOW.  
I WAS ABLE TO CHANGE MY LIFE FOR THE  
BETTER—AND SO CAN YOU

In this book, you will learn how to get out and stay out of poverty. You will learn how to move into the middle class and beyond. You will learn what it means to live a rich and abundant life and how to handle your money once you reach that life. You will learn that poor people and rich people do most of the same things in life, but the rich have learned to do them in a particular sequence—a special order—which gives them a great advantage.

## POOR.SMART.RICH.

This book is written for young people, from middle school through young adulthood. Many young Americans just like you started with nothing and got to a better life. My own business career was not flashy or spectacular, but it got me to that better life. There is nothing in this book that requires special talent. Any average young American can achieve everything I talk about in this book, and many already have.

The original idea for *POOR.SMART.RICH* came from lessons I learned teaching Sunday school classes to middle school and high school students over a nineteen-year period. This book also includes insights I gained working with, and speaking for, the National Fatherhood Initiative for eighteen years and from thirty-five years of owning and running a business with my brother.

Each year I asked my Sunday school students what they wanted to learn. They said they wanted to know practical things about real life—how to earn a good living, get the right education, get a good job, find a great person to marry, have a loving family, and deal with fear and frustration. They wanted to know how to reach a rich and abundant life. They did not want to be told what to do, but they were very interested in learning about the consequences of their choices and actions in life.

### THE MINIMUM GOALS

The classes were built around six simple and powerful rules, that are basic to good living. The first three rules are *minimum goals*. These are the rules, that will get you out of poverty and keep you out of poverty:

1. **PREGNANCY:** Don't get pregnant or get someone pregnant before high school graduation and marriage.
2. **WORK:** Get a job (almost any job) and build on it.
3. **MARRIAGE:** Get married and stay married.

These three rules are covered first because if you do not know and follow these rules FIRST, from an early age, you will greatly damage your chances of ever reaching a rich and abundant life.

Merely staying out of poverty, however, will not get you the kind of life you want. Many people work hard all their lives, staying just above the poverty line, and still end up broke and disappointed. To move beyond this

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middle ground of survival, you must move to the higher ground of security and achievement—the *higher goals*.

### THE HIGHER GOALS

The *higher goals* are the rules that allow young people to make the leap into the middle class and beyond to secure a rich and abundant life:

1. **WORK SMART:** Work hard on your job, but work harder on improving yourself.
2. **SET GOALS:** Write down your life goals and concentrate on achieving them.
3. **SEEK GOD:** Seek a positive, powerful relationship with God.

*These rules are simple, but they are not easy.*

That's why I wrote this book—to explain how you can use these six basic rules to live a better life, and how many others already have. There is nothing “experimental” about these rules of life; I have used them myself to achieve a better life. They are tested and true.

### A WORD OF CAUTION

For those who dream of making it out of poverty and into financial security by becoming a celebrity or pro athlete, I don't know if this book will help. If you do have those rare abilities, I wish you the best of luck, but you need to know that your chances of making it in those kinds of careers are *very low*.

**Odds of becoming:** NFL player  
(9 in 10,000), NBA player (3 in 10,000),  
big league baseball player (1 in 6,600),  
rock star (1 in 10,000), movie star  
(1 in 1,190,000).

The vast majority of successful people escape poverty and reach abundance by becoming teachers, plumbers, lawyers, airplane pilots, electricians, doctors, construction workers, computer technicians, nurses, and small business owners. Your chances of making it in these kinds of

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jobs are very good, because of the much greater need for these kinds of skills in society. Your knowledge and experience in these careers can lead to an ever-increasing income throughout your life.

Making money is an important part of a rich and abundant life because it gives you more choices, but money is only part of the solution. Along with the tools and insights to help you get ahead financially, this book will also teach you truths that will help you get more fun out of life. You were never meant for a life of drudgery, poverty, and failure, but of excitement and success.

***This book is all about YOUR life:  
what YOU want to do and who YOU want to be.  
Believe me, YOU CAN DO THIS.***

PART I: PAST AND  
PRESENT



# 1: RUNNING IN THE WRONG DIRECTION

**W**e always called it the “alley-house”—an old two-story house sided with brown asphalt shingles, sitting on an unpainted, cinder-block basement in Milwaukee, Wisconsin, the town where I was born.

The owner lived in the house in front—the one on the street. Our family rented the one in the back—on the alley. The old house was heated by a coal furnace in the basement. In the winter, my dad had to shovel coal into the furnace every morning and every night to keep the heat going so we wouldn’t freeze.

The second floor of the alley-house was an unfinished attic where my brother, Steve, and I slept at night. There were no heating ducts on that floor, so ice would form on the walls every winter. Mom would turn on the gas oven before she got us up in the morning, and Steve and I would run downstairs to stand in front of the open oven door to warm ourselves while we dressed. We took our baths in a galvanized washtub in the basement.

My brother tells the story about a man from the electric company showing up to turn off the power because we hadn’t made the payment, and of Mom crying and pleading with him as he did it. Since I was only four, I don’t remember that.

Mom and Dad both worked full-time jobs. Dad was struggling to start a small manufacturing business, and Mom worked as a secretary. I went to a Catholic kindergarten, and my older brother went to the public grade school. We weren’t Catholic, but a group of Austrian nuns offered an inexpensive day-care near the building where Mom worked. I learned to sing Christmas

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carols with an Austrian accent. The nuns were nice and they fed us well. Mom always arrived late to pick me up after she left work, and the nuns constantly complained to her about her tardiness.

By the time my mother and I got home, my brother had already been there, alone, for hours. He was the original latchkey kid. His school let out much earlier than mine, so he would walk home, turn on the radio (we didn't have a TV), and hide under my parents' bed when it got dark. It got better for him when I was old enough to go to the first grade because we could walk home from school and wait at home together until Mom and Dad got home from work.

Since Mom worked all year long, she hired a babysitter to watch after my brother and me during the summer. The babysitter locked us out of the house all day so she could listen to "rock-n-roll" on the radio with her girlfriend. We never told Mom about the sitter because this allowed us to roam free with no adult control. We would walk the MRT (Milwaukee Rapid Transit) tracks, because it was the direct route to everywhere fun. The MRT was an elevated commuter rail system, which traveled at 50–60 miles an hour between stops. The tracks over the four-lane highways were only ties and rails. There were no walkways. If you were in the middle of the overpass when you heard the train whistle, you were in trouble.

My brother and the other kids could run on the open ties because they were bigger, but I was only five or six so I had to jump from one tie to the next. Steve tells of watching me from the end of the overpass one day as I hopped the ties with a screaming MRT throwing sparks and smoke from its locked wheels as the conductor desperately tried to stop. My brother grabbed me and pulled me off the tracks as I reached the end of the overpass. I didn't understand why he was crying. I felt the wind of the cars as they whipped by, but I wasn't scared. Helpless, he could see the train coming—I was concentrating on the ties and only heard it.

They actually backed the train up that day because the conductor thought he had hit me. We ran, of course, before the cops got there. The incident was reported in the *Milwaukee Journal*, with grave warnings to parents. Mom read it aloud to Steve and me. "No, Mom, we would never do anything like that. Honest. We were just playing in the yard." There is a scene in the

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movie *Stand By Me* where a similar incident is acted out by older boys. That movie, written by Stephen King, is a pretty accurate description of what life was like when I was growing up.

We would sneak under the fence of the Wisconsin State fairground and make friends with the “carnie people.” Early in the morning before the fairgrounds opened, the rollercoaster mechanic would let us ride the coaster he was “testing” at no charge. He would run it around five or six times without stopping—I usually threw up by then.

We hiked miles on the MRT, brought home railroad spikes, stray dogs, road signs, and great stuff we found in the “alley bins” which we always scanned for treasure prior to trash pickup. Our best finds were unused railroad flares and lanterns left at trackside by the cabooses men. The flares looked like sticks of dynamite and would ignite in brilliant red sparking flames. We found a whole crate of flares one day, carried them home, and hid them under our beds. They had a spike at the bottom and an igniter at the top—once lit, they would burn through almost anything—even under water.

We crawled into grain elevators, ice-block houses, rail cars, warehouses, and onto any rooftop that was accessible. When adults discovered us, they would yell and start to chase us, but we were way too fast and knew escape routes they never dreamed existed.

When I was eight we moved to Illinois, and the town we lived in was about thirty minutes from St. Louis. For the first three months, we lived with my grandparents until we could find a place of our own. The town was a rough industrial area to grow up in. When my parents would drive into the city, I remember seeing the huge “shantytown” under the bridges in East St. Louis—wood crates, cardboard, and tin shacks that went on for miles. Thousands of people lived down there. It was like slums in third world countries today.

In Illinois, my dad had to start his business all over again. He worked fourteen to sixteen hours every day, including Saturdays and most Sundays. We saw him mainly on major holidays. Mom worked all day, too, but was usually home by 5:30 or 6:00 and on Sundays. My brother and I pretty much grew up on our own, and had no idea that this was unusual.

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As kids, we got into a lot of trouble. I remember being afraid that the cops would show up at our house one day, because of some of the stuff we were doing. The kids we hung out with always had cigarettes they had taken from home, and occasionally one of the group showed up with a bottle of wine or beer, which got passed around.

We stole poker chips from the dime store and took them up on the second floor roof downtown, across the street from the Edwardsville Café. The cafe had a double door, and our challenge was to wing a poker chip from the roof across the street just as someone was opening the doors so that the chip would sail all the way into the cafe. It was a tough throw, and you had to get just the right spin on release. When we would succeed, people would come outside to try and figure out where the poker chips were coming from. Never thinking to look up at the roof across the street, they seemed to accept it as a strange periodic weather condition. Peeking over the edge of the roof across the street, we would collapse into laughter until our sides hurt. One day we got three chips into the cafe at once. What luck—a perfect trifecta!

We never really talked about it, but I guess we were poor. We weren't shantytown poor, but as we were growing up my brother and I began to realize that many families had better homes and cars than we did. This became more apparent as we got older. We were the last of all of our friends to get a television. We didn't lack for food, and we always had a place to live, but the food and clothes were simple, much like our homes and cars.

Although there wasn't much parental supervision at our house, we didn't feel abandoned or unloved. We knew our parents were working hard to make things better for us, not because they told us, but because we could see it year after year. We lived in rough neighborhoods, and the street-hardened kids who lived all around us were not a good influence. Most of those kids did not break out from that environment. If I had stayed with those kids and my life had continued on that early path, it would not have turned out well. I thank God that this did not happen.

When I was twelve we moved to Indiana. We lived in a rented sixty-foot trailer in the Evergreen Trailer Park. Where the name "Evergreen" came from is beyond me; there was not a green tree or bush in the whole place, just an acre of gravel, dirt, rock, and trailers. After about a year of

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scrimping and saving, my parents bought a small four-room house. Though it had only one bathroom and a detached garage, it felt like a castle after living in the trailer.

In Indiana my life slowly began to improve. Until that time I had been running in the wrong direction. When you grow up in rough neighborhoods without much supervision from parents, it's easy to develop bad ideas and get into trouble by following the crowd.

The town we moved to in Indiana was not a rough neighborhood; it had good schools, low crime, high employment, and honest hardworking people with strong commitments to faith. At first I didn't fit in, but gradually I was able to change, which led to great improvements in my life. In this book, I will share some of the important stories about how this change took place.

Being poor is different now than when I grew up. There aren't nearly as many people actually living in poverty as there were then. The shantytowns under the bridges in East St. Louis are gone.

Today there are many welfare programs intended to help the poor. Though such programs have dramatically decreased the number of people living in poverty, they have created real barriers to moving from poor to middle class and beyond. Many people are now trapped in a low-level lifestyle, dependent on government support, and they don't know how to break out of it.

While the conditions of poverty may have changed, I don't believe the ways of getting out and staying out of poverty have changed. Getting out and staying out of poverty is absolutely necessary to reaching the good life you want and need. Getting trapped in poverty often happens through bad personal choices at a young age, so first we will focus on how to stay out of poverty.