

KEY QUESTIONS TO ASK YOURSELF – “The Money School”

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1. How committed are you to saving money?
 - savings comes at a cost (are you willing to give up restaurant meals, expensive vacations, a new car, a second car, your current house for a smaller one, clothes?)
 - savings helps you get away from the day to day money struggles, living from paycheck to paycheck
 - failing to save money drains your energy and causes a lot of family and personal stress
 - you end up in a vicious circle when you fail to save – never having enough money and always worrying about money
2. How much time and effort are you willing to put into learning about money, saving and investing?
 - learning about money is like learning about anything else
 - it takes time & hard work
 - it doesn't just happen by osmosis
 - the more time & effort you are willing to devote to learning about money, the greater your reward will be
 - how much time did you spend learning how to do your career, a favorite sport, a hobby? Without the time commitment, you will never be able to learn about money.
3. What is your risk tolerance?
 - risk that your investments will go down in value
 - risk that you will lose your money
 - risk that when you retire that you won't have enough money put away
 - risk that you will outlive your retirement nest egg, that you will run out of money before you die (as life expectancy goes up & retirement age stays the same, you need more principal to ensure yourself adequate income for the 20 to 35 years of possible retirement – age 65 to 100)
 - if you are unwilling to risk anything in your money, you might end up risking everything
4. How do your financial items affect your savings ability? Look at your lifestyle, debts and debt repayment, savings, asset mix, insurance, & taxes. They all interact and they affect your savings.
 - does your lifestyle make it impossible to save?
 - Do you have enough or too much life, disability & other insurance?
 - Are your debts too much to handle? Can you sell any assets using the proceeds to pay off a debt and lighten up?
 - Are you unable to avoid grabbing any money that you have saved for the latest gizmo?
 - Are you focusing on saving taxes to the exclusion of saving money?

5. Keep a running tab on all your spending. Get a pocket spiral notebook and write down all your spending, every last penny for a month. In addition to telling you where you spend your money, it will tell you where you might want to cut back.
 - a pocket spiral notebook costs less than a dollar
 - is your financial “fog” too scary to step out of?
 - What is the risk of doing this exercise? If you try this, you might have to confront the fact that you dribble your money away without thinking.
 - What is the risk of not doing this exercise? If you don’t start to learn about money, you may well be in the same situation when you retire.
6. How willing are you to look at your core beliefs and personal values?
 - money issues are completely interwoven with lifestyle issues, personal values, and life goals
 - you cannot get a handle on your money issues if you do not know what direction you are taking in your life, what is important to you, and what is not important
 - Are you able to differentiate your personal values, what is really important to you, from what you have been told your values “should” be, from what others think your values should be?
 - Are you inner directed? Do you live your life from the inside, where you determine your direction and values? Are you living your life from the outside, trying to keep up with your friends, neighbors, your internalized image of what your parents thought you should do and be?
 - Do you feel that you are on a treadmill in your career? Have you considered changing your career? Are you burned out at work, at home, in your lifestyle?
 - How much is your uneasy feeling a symptom of your not looking yourself in the mirror and being honest about your past and present circumstances?
 - These issues are fundamentally intertwined with your money issues. If you are not adequately addressing these areas of your life, you will be unlikely to resolve your money issues.