

OUR MONEY “STUFF” AND OUR MONEY GOALS

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B J Palmer said “Get the big idea and all else follows”.

Let’s talk about the big idea with money.....

TERMS

Controllable Vs Uncontrollable costs - we can change our controllable costs. Our uncontrollable costs cannot be changed.

Complementary lifestyle expenditures - when you buy something, you will often spend additional money on related items (e.g. you buy a house in a neighborhood and incur new expenses to maintain your home and/or lifestyle.

Conflicting goals- this is the situation where you want two different things, that by their nature, cannot be simultaneously attained. Example - I want to spend my life living simply, but I also want to have two practices, 2 homes, a boat, etc.

MONEY CHOICES AND CONSEQUENCES

If you don’t make the commitment to learn money, you’ll never be able to keep it.

Financial consequences of spending money. Everything we do has consequences. We may not be aware of the consequences or be able to predict them. But every path in life we choose takes us in one direction and closes other options to us. We can either go through our lives without being in control of our direction, or we can choose our path. There is no such thing as a free lunch.

In life, there are two kinds of people. Most people react to their circumstances. They feel out of control. They do not feel that their actions will make a difference and consequently, they give up on trying. They make do, get by, cope, and coast along. They have no direction other than which way the wind is currently blowing. Things happen to them.

Other people are going places. They constantly search out new situations, challenge themselves, and grow. They enjoy learning. They don’t follow the crowd. They’re not afraid of ambiguity and uncertainty. They trust their instincts and experience to guide them on their journey. They make things happen.

We each have a choice as to how we handle our money “stuff”.

META GOALS WITH MONEY

My meta goals with money. I want to expand my choices in my life. I want to create a balance between current spending and savings to reach my goals. I want to be able to have the ability to go places and do things. I want to lower my overhead (my fixed expenses). I want more investment income so I can choose

when, where and with whom to work. I want less “stuff” around that is a burden to keep up. I want to have the time to pursue my dreams and try out new activities and go to new places.

Expanding choices in our lives

How to create a balance within your income between discretionary spending, required expenses, debt reduction & savings?

Finding your life purpose - what’s really important?

Living your dreams

PUT FIRST THINGS FIRST

From Steven Covey - Seven Habits of Highly Effective People - Covey talks about a matrix of urgent Vs not urgent and important Vs not important. He speaks of four activity quadrants.

Quadrant 1. Urgent and important - these are the crises, including human, business and financial. They are our pressing problems that must be dealt with including deadline projects.

Quadrant 2. Important but not urgent - these are activities that often get put off and neglected because of the lack of urgency. They are the “round tuit’s” of our lives. They include planning for the future, working on relationships, recreation, hobbies, and interests. These are the “food” for the soul. Also included are long term savings.

Quadrant 3. Urgent but not important - these are the distractions in life, usually from other people. They include interruptions, some calls, mail & meetings. They also include popular activities.

Quadrant 4. Not urgent and not important - these are the busy work, time and money wasters and trivia of life.

Quadrant 2, those things that are important to us, but not urgent, are the areas that create quality of life for us. How many times do we get bogged down in the not important in our lives? How often do we fail to make the time for these important things?

TAKING RESPONSIBILITY AND MAKING A COMMITMENT

Recently a study was done to try to explain why some people were able to save money and others were not. The researchers looked at many factors including socio-economic status, family history, personality type, etc. The results were surprising.

None of the studied factors explained the difference between one person’s ability to save money and another person’s lack of savings ability. There was only one difference of significance noted between the savers and non-savers. The savers had made a conscious decision to save and the non-savers didn’t.

So what’s involved in getting a handle on your money “stuff” and cleaning up your finances?

1. Taking responsibility for our money past
2. A decision to change
3. Practice and Hard work
4. Perseverance
5. Becoming inner directed with our money issues

Most people get their financial script from the outside, in. It’s a mechanistic model. If I buy X, then I’ll feel Y. My neighbors, friends, colleagues are all buying X, so I should too.

A holistic or vitalistic way of dealing with money is to look from the inside, out. How can I do what I want with my life? What is my life purpose? What steps do I need to take to get there? How do I live a life of balance and fulfillment? How do I handle my money issues to further my life goals? Does spending my money

in the way I do complement my life goals, or keep me from attaining them? How can I spend my money more effectively?

Saving money is a decision! Your ability to save has nothing to do with your income level. It has to do with your consciousness. Once you are a saver, you will save at any income level. How much you can save will be partially determined by your income.

Example: Connie earning \$25,000 and saving money Vs Edward earning \$300,000 and being totally in debt, out of control in spending, and having no money.

Money pressures - get the monkey off your back. It can be done, but it starts very slowly and gradually accelerates. The problem is most people take one or two steps forward, then one step backwards, get discouraged, and quit. Then they go buy something.

Have you ever seen a patient do this with their health? They come into your office wanting to get healthy. You sit them down and explain what they must do. You tell them that becoming healthy involves a commitment and their taking responsibility for their health. They decide to accept care. After awhile, they may hit a plateau with no appreciable change. They may even begin retracing symptoms. Many give up and quit. You know it takes time and patience to become healthy.

When a person has abused their body for years, they cannot become healthy overnight. There is no magic drug, adjustment, chiropractic technique, meditation they can take to change this. They want a mechanistic “quick fix” which doesn’t exist. Instead, they must take responsibility for their current state of health. Often they have to make changes in their lifestyle, diet, relationships, career to move toward greater health. It’s not easy. It often seems glacially slow. It’s two steps forward and one step backwards. It takes commitment, perseverance, and above all patience.

The process of becoming healthy is beautiful to watch, especially when you have had a chance to be a midwife to it in your practice. You observe a patient who has come in being mostly outer directed, looking to others, outside themselves for answers. Others make them happy. Others are to blame for their problems. As they continue care, they increasingly become aware that they are responsible for their lives and health. How they treat their body, what they put into it, and how they live their lives are increasingly seen as something they have control over. They begin the process of becoming inner directed in their lives. What was once seen as stuck and unable to be changed, suddenly becomes unstuck and fluid. Possibilities open up. Their energy flows more vibrantly and freely. Life seems more fun with more possibilities.

Now think about this process again. This time, wherever I mentioned health, substitute our “money issues”. The process is no different.

Have you ever gotten really good at something? Really mastered it? How about a sport, the arts, a relationship, a martial art, your practice? What did it take to get to your mastery? At some point, you made a commitment, said you wanted to really do X. Then you got out and practiced it regularly. Slowly over a period of time it got easier and better. I wasn’t a straight up path either. There were definite growth spurts, when you learned new skills, climbed new peaks, and jumped to a new level of competence. There were also times when nothing went right and you couldn’t do something that you had mastered long ago. There were also many times when you kept working and working at it, day in and day out, with little apparent progress. Even though you might have gotten frustrated and down, you listened to that quiet inner voice which kept saying “push on, it’ll be worth it”, or “I really want this”. And you picked yourself up, worked at it some more, recommitted yourself and then said “I’m going to figure this out”. And then with time, you moved up to the next level.

Now, close your eyes. Take a moment to remember this mastery. Your feelings. Your consciousness about it. Your attitude. How your body felt. Your thoughts. Your focused attention to your mastery. You know how to get what you want in your life.

Now think about your money and finances. Now make the commitment to get your money issues under control. Be in charge. Be proactive. Control your money, rather than letting it control you.

Your direction is important. It's a process, not an endpoint. Are you falling backwards or moving ahead? Which way you're headed is what counts.

We all know the importance of practice in sports, the arts, and in relationships. In order to get our money "stuff" under control, we also need to practice. Lots of it. We need to start small and keep at it. Even if you can only save \$1 a week, start. Keep doing it. Pay yourself first.

SPECIFIC GOALS

Short term ideal - 80% spend, 10% debt reduction, 10% savings = 100%

Long term ideal - 70% spend, 30% savings = 100%

Pay yourself first.

YOUR TASKS

You have a choice to make as to whether you will get control of your money. You can continue business as usual wherever that might lead. Or you can make changes in your situation. You have a choice to make more money and spend more, or make do with what you now earn and want less "stuff". These are choices. There is no right or wrong answer. There is only a solution that works for you or a solution which doesn't work. There are only choices and consequences to those choices.

Your assignment for the next 30 days is to keep a Money Journal. Get a notebook and a pen you feel comfortable with for writing. Sometime during each day, sit down for a minimum of three pages and write about your money issues. Your feelings. Your dreams. Your frustrations. Your mistakes. Your commitment. Your goals. Your plan for reaching those goals.

Also do the following exercises. As you do them, write down your thoughts, feelings, resolutions, etc. in your money journal.

1. Make a list of your controllable expenses (those you can change). Using the important and urgent matrix from "Put First Things First", assign a Quadrant number to each item on your list. Now go to worksheet #1 First Things First & make several copies of it. Copy the items on your list into the appropriate box. Spend at least 30 minutes writing in your money journal on what you learned about yourself from this exercise.

2. Get a small notebook that you can carry around with you all day. Keep track of every penny you spend for a week. Every penny! Learn where your money goes.

3. Make a list of your life goals including your money goals. Next to each item put a 1, 2, or 3, with 1 being most important and 3 being least important. Which goals are incompatible? Which goals are

complementary? Discuss these goals with your spouse, significant other, family, or a friend. Write about them in your money journal. How you feel. Your thoughts. Changes you want to make.

4. Freeing up your blocks about money. Complete the following sentences. Write in your money journal for at least 30 minutes on each of these items.

If I had no money worries, I would do _____?

I don't want to learn about money because _____?

My money problems are a result of _____?

5. The yearly cost of spending money - List ten things you regularly spend money on that are not important to you. Go to Worksheet #2 Money Consequences and make several copies of it. Fill in your marginal tax bracket in "A". Fill in your business expense percentage as a decimal in "C" Use one column of the worksheet for each expense. Enter what you spend on line 1. Continue down the worksheet following the instructions. Line 8 shows you the amount of practice collections you need each year to fully pay for this item. How does this number make you feel? Write down your feelings and anything else that comes up in your money journal.

6. Every expenditure has consequences for what other things you can do. - Write 5 examples of how spending on one area in your life will affect how you can spend in another area of your life now. Write 5 examples of how spending on one area of your life will affect how you can spend in another area of your life in five years. Write 5 examples of how spending on one area of your life will affect how you can spend in another area of your life in 20 years.

7. Go to the section on "Put First Things First". Make a list of Quadrant 2 things to do. Pull out your daytimer or appointment book and block off some time for these items on a regular basis. No excuses. Do them.

SUGGESTED READING LIST

Mastery - George Leonard

The Seven Habits of Highly Effective People - Steven Covey

The Richest Man In Babylon - George Clason

No Ordinary Moments - Dan Millman

Do What You Love, The Money Will Follow - Marsha Sinetar

Your Money or Your Life - Joe Dominguez & Vicki Robin

The Millionaire Next Door - Thomas Stanley & William Danko