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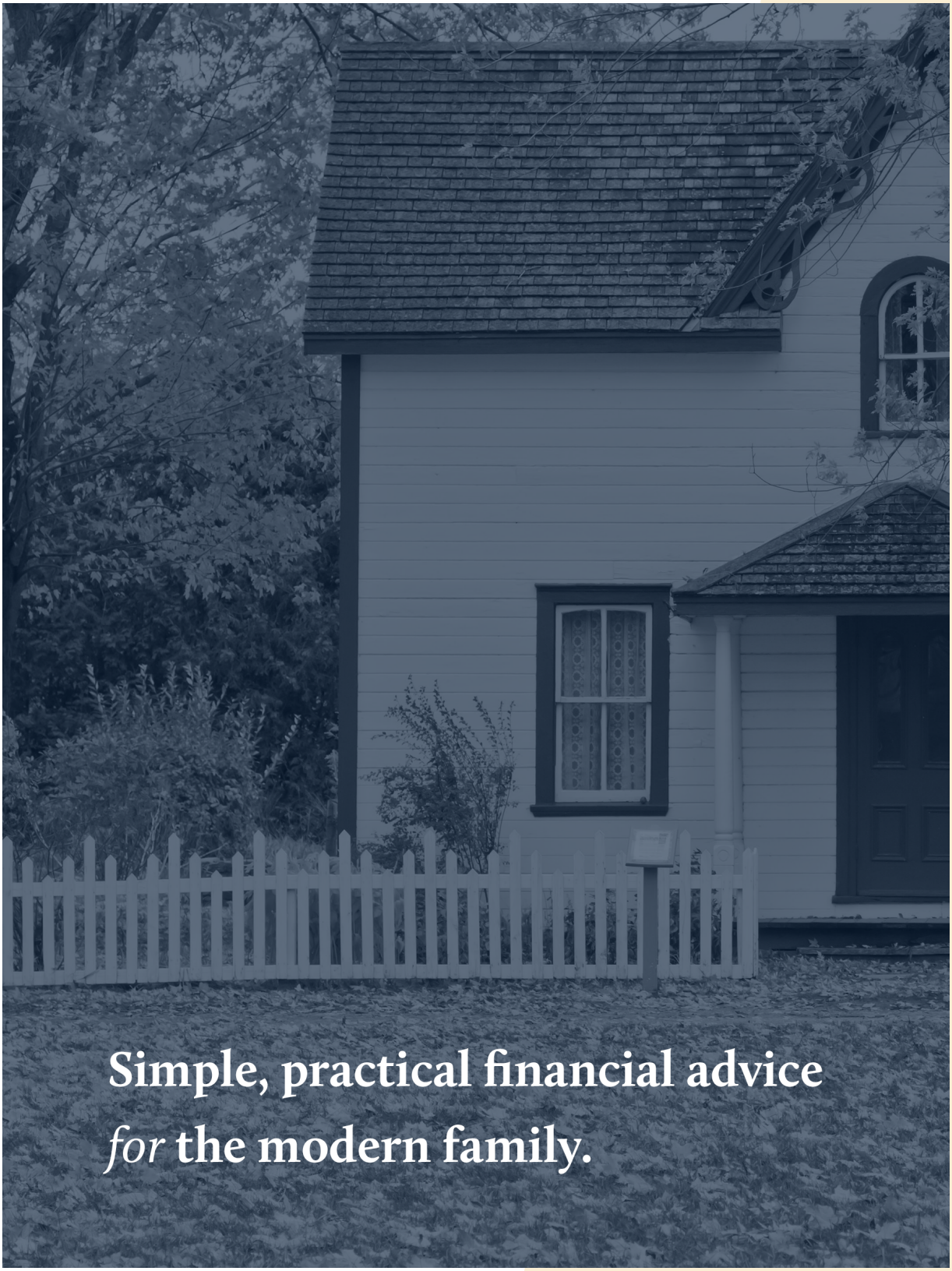
SIMPLEMoney



Simple, practical financial advice *for* the modern family.

Table of Contents

Introduction: Issue No. 02

—The Founders

At some point in human history, someone decided it was easier to carry metal coins to the market than to barter chickens for textiles. Money was born and agreed upon as an acceptable unit of trade.

By its nature, money retains no moral or immoral attributes. It only makes trading goods more convenient. If I have enough currency to provide for my basic needs, it should not be a source of pain or anxiety in life.

Unfortunately, this is not typically the case. According to a recent study, nearly three out of four adults reported feeling stressed about money at least some of the time. [1] There are any number of reasons why that number is so high, and they vary from person to person.

Into that environment steps Simple Money magazine. Our hope, with each issue of this magazine, is to provide simple, practical financial advice for the modern family, helping each of us to handle our money more effectively and intentionally. And in that way, to alleviate as much stress as possible for individuals.

In this issue of *Simple Money*, you will find a Harvard MBA, a clinical social worker with a specialty in child and family practice, an award-winning columnist, the recognized “father” of life planning, a financial behaviorist, and stories from people just like you and me.

Thank you for being part of the Simple Money community. We know you will be encouraged and challenged by each of the articles.

— Joshua Becker and Brian Gardner

Money Is Never Just About the Numbers

—Jacquette M. Timmons

If you want a brighter future, go beyond just paying your bills. Connect with your emotions and desires. Take into account the human side of money.

Something happens at the kitchen table in many homes—including yours, I bet. It is not related to food.

It is paying bills.

Sometimes you do this via good old check writing; at other times, it's online bill pay. And even if each of your bills are on auto pay, hopefully you are using your time at the table to review and reconcile your bill's statements with your banking and credit card statements.

You probably pay your bills weekly, bi-weekly, or monthly. And if you are like many of the people with whom I work, the activity of paying bills and the frequency with which you do it makes you feel engaged with your money. It makes you feel like you know what you have, what you tend to do with what you have, and why. After all, you are doing something—you are moving money from "here" to "there."

I understand that. But I have a caution: some people view paying bills as "managing" money, and this is one of the biggest financial mistakes anyone can make.

For starters, this approach represents a false equivalent. It puts taking care of transactions on a par with the deeper aspects of money, such as understanding the complex and nuanced relationship you have with money and being strategic and deliberate about your financial behavior and choices.

In addition, this mistake causes you to overlook what is really going on when it comes to your money, whether it's the money in your wallet, the balances indicated on your banking and credit card statements, or the market value of the assets you own. What's really going on is this: *You don't manage money as much as you manage your choices around money.*

A Window into More

While the act of paying bills does not tell the full and complete story of you and your money, it is an amazing window into what's going on behind and beyond the numbers. It provides you with important clues about the conversations you need to have with yourself and others but aren't having, the actions you need to take but aren't taking, the behaviors you need to stop doing but aren't stopping, and the shifts you need to make so you can make better choices with your money but aren't making.

There's a lot going on when you pay your bills that you can't see—unless you're deliberately looking for it.

What's invisible is what you are tapping into each time you go into your wallet to get cash or pull a credit or debit card, each time you go online to do a transaction, or each time you are simply thinking about the condition of your finances and contemplating a decision or choice. When any of these actions occur...

- You are tapping into your values, beliefs, and expectations about money.
- You are tapping into your fears, challenges, and frustrations.
- You are tapping into what you feel you can and cannot control.
- You are tapping into your hopes, dreams, and aspirations.

What you're tapping into reflects the range of emotions you have around money at any given moment, for any dollar amount. They also just happen to reflect what else is happening at the kitchen table, exposing how well you understand your relationship with money and what it motivates you to do (or not do).

Ultimately, what is invisible highlights how money is a shortcut to your most sensitive emotional responses. And it turns out that this is what has the greatest impact on how you experience money.

Key Questions

So, how can you use your paying of bills as something more than a transactional exercise? How can it be a tool for cultivating a deeper understanding of your relationship with money? How can it increase your degree of financial self-awareness? How can it help you be fully engaged with your money?

Consider the five key questions below:

1. What is your financial vision?

Your financial vision should feel like a stretch. So keep that in mind as you answer the following about the four things that anyone can do with money.

- How much do you want to save in the next 30 days? By the end of the year? Over the course of your lifetime?

- How do you want to invest your money? In the stock market? In investment real estate? In a business? In the people and causes that are important to you?

- What kind of lifestyle do you want to lead? If you achieve that lifestyle, what would you be able to do that currently you are not able to do?

- How much do you want to earn in the next year? How much do you want to earn five years from now? How much do you want to earn over the course of your lifetime in order to do the things with your money that you are envisioning?

When you answer these questions, you have set forth your financial vision. You have given your money direction by telling it what you want it to do for you. This is using money by design.

Because vision leads to direction, here's the next question...

2. In what ways is how you handle money a reflection of your financial vision?

As you review your bills and statements, does what you see reflect the direction you have given your money? Does it reveal that you are managing your money by design?

By the way, the opposite of using money by design is using it by default, which is how many of us have been conditioned to manage our money. Using money by design means you decide how to save, invest, and spend based upon what you earn. Using money by default is a form of using what's left over.

More than likely, one of the things you discover from paying your bills is the gap that exists between your current financial reality

and your financial vision. The desire to close this gap drives the next question.

3. Are you funding your goals?

When you look at your bills and statements, do the numbers you see confirm that you are allocating money to your goals? What does this tell you?

To achieve your goals, you need a strategy. And that brings us to the fourth question.

4. What is my strategy?

In business, strategy is a framework for making decisions and allocating resources. The same is true when it comes to your personal finances.

- For each of your goals, what trade-offs do you need to make and are you willing to make?
- For each of your goals, what is your corresponding to-do list?
- For each of your goals, what systems and tools will help you close the gap between where you are now and where you want to be?

- For each of your goals, how will (and when will) you measure your progress?

As you review your bills and statements, what does it say about your ability to stay on track with implementing your strategy?

The fifth and final question is this:

5. What behavior and choices will best support your strategy, goals, and vision?

What will it take to create an alignment between what you say you want and the choices you're making and actions you're actually taking?

The Beauty of Clarity

The above five questions are your framework for transforming the transactional nature of paying bills so that the time you spend doing it is not just about crunching the numbers. A great benefit of this framework is that it will help you turn this necessary activity into an opportunity to go behind and beyond the numbers.

It will inspire you to initiate conversations with yourself and others. Some topics you might need to address include the following:

- How to get out of debt with greater ease
- How to balance short-terms savings goals with retirement goals with minimal impact to your cash flow
- What's the best tax strategy, given your current circumstances
- Whether you have enough insurance
- Whether there are any aspects of your estate planning that are outstanding
- Whether you need to earn more

This framework also gives you greater clarity about the actions you may want or need to take.

A New Relationship with Money

I hope that, for you, paying bills will no longer just be about crunching the numbers and making sure they add up. I hope you'll view paying bills as a gateway for being more intentional about the direction you give your money and the choices you make in support of that direction.

The framework of questions I've given can illuminate how to get more from your money and do more with it. Because—let's face it

—everybody wants this combo regardless of where they fall on the spectrum of income or wealth. (I base this proclamation on what I've discovered from my more than two decades of working with people and their financial habits.)

Will you resist the temptation to mistake paying bills as "managing" money? I hope so, because there are lot of things that have to happen before the money ever reaches your wallet or your bank accounts or is reflected in the market value of the assets you own.

It starts with your mindset, which shapes your relationship with money. Your relationship with money influences your vision. Your vision shapes your goals. Your goals drive your strategy. And your strategy guides your behavior and choices.

Plus, with every new level of financial success (or even a financial setback) comes the need to navigate and negotiate new financial, emotional, and possibly spiritual responsibilities, habits, and choices too.

For all these reasons and more, money is never just about the numbers.

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How Much Your Credit Card Balance Is Really Costing You?

—Jeff Rose

Paying less than the full balance on your credit card might seem like a breeze. But your credit card statement isn't telling you what you're giving up in exchange for the convenience of carrying debt.

We all know that material wealth is fleeting and that personal freedom, health, and happiness are the objectives one should pursue. If you have a roof over your head, time to pursue your goals, and everything your children need to reach their potential, it's easy to think you are living the dream. And maybe you are! But maybe, just maybe, you're missing an important piece of the puzzle.

Happiness is one thing, but what if you were also financially secure? And what if you were free not only from the stress of stuff but also from the debt it often causes?

These are questions not nearly enough people ask themselves. The statistics speak for themselves:

We are carrying way too much credit card debt. Take my own country, for example. Americans carried nearly $1.04 trillion in revolving debt as of May 2018. We have already paid a collective $100 billion in credit card interest and fees in 2018, which makes sense when you consider that the average credit card APR is now 15.5%. [1]

At the same time, we are woefully unprepared for the future that awaits. A Federal Reserve study shows that 40 percent of adults couldn't cover an emergency expense last year. [2] A recent report from the Economic Policy Institute also showed that Americans in every age and income group have inadequate savings for retirement. [3]

Americans look and feel wealthy, but we are far from it. House by house, neighborhood by neighborhood, we are projecting wealth but quietly drowning in the misery caused by our own poor choices. We are forsaking our futures to pay for what we want today, and we are convincing ourselves it will all work out in the end.

This is fine, of course, until it doesn't.

What Does Credit Card Debt Really Cost?

If you're someone who is generally happy with your work and your life, you may not think much about the credit card debt and other bills you pay each month. Perhaps the minimum payment on your debts is easily manageable, so much so that you mail it in without a second thought.

Maybe you're so used to paying credit card bills and bills for personal loans that it's almost second nature. If you've never lived

a debt-free lifestyle before, you may not even know what that would feel like or *why* you would like it.

But believe me when I say that credit card debt is weighing you down. Consider the facts: According to creditcards.com, the average adult with a credit card carries $5,839 in debt. [4] That's $11,678 on average for a couple who both have a credit card with debt. Considering the average credit card payment is 2% of the balance at minimum, including principal and interest, they are currently paying around $233 per month.

Let's follow an average couple to see what their credit card debt means to them.

It would be a piece of cake for our average couple to pay $233 per month indefinitely with a decent income. But if they did, they would wind up paying a lot more toward their debts than they probably realize. Paying the minimum payment of $233 per month on a $11,678 balance at 15.5% APR would leave them paying $7,286 in interest *and* the full principal balance for 82 months before they were debt free. And that's *only* if they stopped using credit cards altogether during that time. If they kept on charging up their balance, they could pay on this same balance in perpetuity and never make any real progress.

In 82 months—or a little less than seven years—what could they do with $7,286? How would having $7,286 in extra cash in the bank make them feel? Better yet, how much more secure would they be with their financial goals if they were able to invest $233 per month for 82 months instead of paying that money toward credit card debt?

If they invested $233 per month for 82 months earning 8%, they would have $20,511. If they left that money alone for 20 years after that without contributing a single cent more, they would have $95,600.

Goodbye, Debt; Hello, Opportunity Cost

This is what people don't realize about credit card debt. When people use credit cards for purchases they can't afford, they always believe their new monthly payment is the problem. They hem and haw about handing over that $233 or $400 or $600 per month, never thinking about what that money really costs.

But the reality is, credit card debt will cost them plenty and in more ways than one. Not only must they work harder to service those debts, but also they are forced to trade away dollars that could be used for a better future.

That $7,286 an average couple pays to Chase Bank or Wells Fargo could be so much more—a supplement to their retirement income 20 years from now, a college fund for their daughter, the cash they needed to pay their home mortgage off in half the time, or money they could have spent to take a family vacation each year. These are the kinds of tradeoffs they could regret for a lifetime.

Credit card payments suck, and that's not up for debate. But what is really unfortunate is *what people give up* to keep all those balls (monthly payments) in the air. They may think they're only losing a few hundred bucks each month to the banks, but in reality they're giving up so much more. And they may not even realize it until it's far too late.

How to Buy Debt Freedom (the Ultimate Money Goal)

If my words are resonating with you right now, it could be because you are finally ready to make a change. Perhaps you are tired of credit card bills even if it's "only a few hundred dollars per month." Or maybe you have run the numbers and figured out how many thousands of dollars you're losing to interest payments each year. If so, you're probably mortified—and you really should be.

Whatever is driving this moment for you, I implore you to consider what it would take for you to pay off your debt and start working toward the financial future you deserve. It may not be easy to

reconfigure your finances to become debt free, but it will be worth it.

Here are a few steps you can take to start on the path toward a debt-free lifestyle:

- *Consider consolidating your debt, perhaps with a balance transfer card.* If you have high-interest credit card debt, you can pay down debt faster and save money on interest with a better loan. Consider a balance transfer card that offers 0% APR for 12 to 21 months, but make sure to compare offers. Some cards, including Chase Slate, don't charge any fees for balance transfers that take place within 60 days.

- *Stop using credit cards and other loans.* You will never get out of credit card debt if you keep adding to the pile. Put your credit cards away and use cash or debit instead. If you keep using your cards, you are setting yourself up for failure.

- *Slash your spending, even if it's low already.* Look for ways to cut your expenses. Reduce food spending lower than it is for now and consider giving up any pricey hobbies you have for a while. Your sacrifice will be worth it.

- *Sell your stuff to pay down debt faster.* Online marketplaces, location-based apps, consignment stores, pawn shops, and yard

sales are some of the means you can use to turn unneeded possessions into needed cash for paying what you owe to credit card companies. You won't miss your stuff. Nor will you miss the debt you get rid of.

- *Start using a monthly budget.* Figure out how much you earn and how much your bills cost, then allocate all the extra funds you have toward debt repayment. Also make sure to keep some savings on-hand for emergencies. You should have at least $1,000 stashed away in case you face a surprise expense.

The Bottom Line

Credit card debt and other unsecured debts can be a hassle to keep up with, but it is actually so much worse than that. Don't be fooled by the ease of making the minimum payment each month. A few hundred bucks may not seem like a lot, but it could be what's standing between you and the life you really want.

The crazy thing is, you may not know the difference until you become debt free. Only then can you realize how it feels to know you'll never be beholden to lenders ever again.

Spoiler alert: It's the best damn feeling in the world.

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Becoming a Financial Team with Your Spouse

—Jaime Durheim

When Jaime and her husband finally began addressing their finances together, they figured out how to reduce their debt faster and pursue their life goals better. So can you and your partner.

When I walked down the aisle to marry Chris, I thought we had it all figured out, especially our finances. The only debt we had was our mortgage, and it wasn't a problem—Chris had it covered. Also, since his income was larger than mine, we decided we would just live off his paycheck. We were confident in our decision since I hoped to be a stay-at-home mom in the near future.

With that decision made, my income was free from any obligation and we started spending my paycheck on furniture. We tossed our old college hand-me-downs and replaced them with high-quality Pottery Barn furniture. This depleted my income every month, but that was okay because Chris had the rest of our expenses covered.

We thought we were being smart. The only debt we had was the mortgage and that was normal. To be honest, I had no idea how a mortgage worked. Chris had purchased the house before we were married and it wasn't part of my financial responsibility. I assumed that he made monthly payments and then we owned the house outright in 30 years. Simple enough.

Boy, was I clueless! It wasn't until we were pregnant with our first child that we decided to sit down and talk about our finances together. With my paycheck ending, we were finally going to combine our checking accounts. This was the first time I saw our mortgage payment and Chris explained how it worked. We were paying over $900 a month in interest! To make it even worse, if you added up all the interest over 30 years, it was more than the price of our home. We would end up paying over double for our house. I was appalled!

I asked Chris if there was any way to not pay all that interest. He explained to me that we could make additional principal payments, allowing us to pay off our mortgage faster and save us money in the long run. As he told me this, I looked at our Pottery Barn furniture and regretted it all. I wished we would have combined our finances when we had become husband and wife. I realized that, up until this point, we really hadn't been a financial team.

Working Together to Pay Down the Mortgage

This knowledge gave me the courage to talk finances with Chris. We looked into our past spending. Sorting through all this information was exhausting, but we were determined to come up with a game plan to divert some extra cash toward our mortgage. Even if it wasn't perfect, it would be a start.

We began making more meals at home and focused on buying only the things we needed. Soon we were making additional principal payments every month (even with the added cost of a newborn). After a year of making these payments, we decided to refinance to a 15-year mortgage. This automatically saved us tens of thousands in interest.

We continued the extra principal payments, but it didn't last. Our family was growing again, this time with twins on the way. We traded in one of our cars for a much-needed minivan and an auto loan. This was a financial setback, but we didn't let that hold us back for long. Once our twins turned two years old, life got a little easier and we started talking about eliminating our debt again.

We pulled out our computer, looked at our old budget, and compared it to our recent spending habits. Once again, we decided to cut back in different categories, but with three children, there was only so much we could do. Our biggest expense was our monthly auto payment. Was there any way we could pay this off and divert this money back into our mortgage? I started brainstorming, trying to come up with a solution to pay off the $15,000. It seemed impossible until I came up with an out-of-the-box idea.

What if we became a single-vehicle family? If we sold our car, could we pay off the minivan and start making principal payments again?

This may seem crazy, but I had been decluttering our home for the past year (after learning about minimalism). If I could declutter half our home, could I declutter half our transportation?

We turned this question into an experiment, parking my husband's car in the garage for a month and refusing to drive it. On the days I needed the minivan, I packed up the girls and drove Chris to and from work. This wasn't always easy, but we were dedicated to trying our best. Even when a scheduling issue came up, we figured out how to stay flexible without using the car. The confidence we gained from the experiment allowed us to sell the car and pay off the auto loan.

We were back to just having the mortgage and started making extra payments again. We even took another look at our budget for more expenses to eliminate. There wasn't much else we could do. Or so it seemed.

Downsizing the Family Home and Mortgage

That's when it dawned on me. A year ago our home had been cluttered with endless clothes, toys, furniture, and other possessions. Now it was nearly empty. We had questioned everything we owned and found we were happy living with less. We were using about half of our home. We didn't need all this space—we could downsize!

If we lived in a smaller home, we would have a smaller mortgage, be able to pay it off faster, and thus become debt free sooner. Chris was on board, but we couldn't find a small home for sale in our town. We even looked at lots for sale, but all had deed restrictions that would have required us to build a bigger (and more expensive) house than we wanted.

We decided to sell our home and move into a rental property while we explored our options. After a few months in our apartment, we found a rare listing for a plot of land in one of the older parts of our town. It was perfect—a cozy lot on the bike path with lots of big trees in the neighboring yards. Best of all, there were no deed restrictions, so we could build the small house of our dreams.

We purchased the land with cash and are saving up to make a big down payment on the mortgage we'll have after building. Using the lessons we learned in becoming a financial team, we plan to pay off our mortgage within just a few years of moving in, finally becoming debt free!

Six Tips for Approaching Your Finances as a Team

Our story as life partners and as financial partners is still unfolding. But one thing I know: we'll never go back to handling our finances separately.

And I'll always encourage other couples to team up on their finances too.

Whether you are concerned about debt, spending, retirement savings, or some other aspect of your family finances, work at it closely with your spouse. To become a financial team—or a *better* one—consider these strategies:

1. *Share your finances right away.* Whether you combine your finances into a shared account or not, share all your finances when you get married. Be upfront about all your expenses, debts, and savings goals. This will allow you to make knowledgeable decisions together as a unified front.

2. *Question your spending habits together.* Look at your purchases together. Talk about what things you've each spent money on that added value to your life together and what didn't.

3. *Create a budget together.* Don't worry about creating the perfect budget. The best thing you can do is get on the same page. Make a few small decisions together and build from there.

4. *Experiment.* Look for different ways to pay off debts or save more money. Get creative and try unconventional things. It's worth the try!

5. *Talk, listen, and support each other.* The best thing you can do is communicate with your spouse. Be supportive of each other's goals and ideas.

6. *Plan on setbacks.* Nothing in life goes smoothly. Know that challenges come up and you can get through them together.

Your dreams as a couple just got a little closer.

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Jaime Durheim lives near Madison, Wisconsin, with her husband, Chris, and their three daughters. Jaime and Chris write about money, marriage, and minimalism at Keep Thrifty.

What I Learned About Money During My Two-Year Shopping Ban

—Cait Flanders

For one young woman, becoming debt free wasn't enough to truly change her relationship to money. There was one more step she had to try.

On May 21, 2013, I made my final debt repayment. After two years of putting every extra penny I had toward the nearly $30,000 I had once owed, I was finally debt free. At the young age of 27, that should have been the beginning for me. The start of my strong financial future. A future where I would invest a portion of my income for retirement each month, save for travel, and actively budget and create the life I want. It could all happen now.

If you think this is going to be a post about how I paid off my debt, think again. Because as soon as I became debt free, I went right back to my old spending habits. I didn't go back into debt, but I did go back to spending almost every penny I had—because my pennies were finally mine again.

After two years of having to say no, it felt good to finally say yes. Yes to coffee. Yes to brunch dates. Yes to weekend adventures with friends and solo trips with myself. I also said yes to some purchases, both big and small. Nothing extravagant. It just felt good to be able to buy things when I wanted to rather than feel like I had to wait until I had finished paying off my debt. And it felt really good to not have to worry about money. Because for the first year of being debt free, I never worried about money.

The only financial concern I had was the fact that I couldn't seem to meet my savings goals. At the beginning of each month, I would write a budget that showed how I planned to invest 20% of my income for retirement, but I could never do it. Instead, I invested 5 to 10% and made excuses for why I had spent the other 90 to 95%. It wasn't until my 20-year-old sister informed me she was saving 20% of her part-time income that I realized I had to do better—and I wanted to.

Enter the shopping ban.

Buying Less, Knowing More

I didn't come up with the idea to do a "shopping ban," as I called it, overnight. But I also didn't really know what I was getting into when I started writing the rules. It seemed simple: for one year, I wouldn't be allowed to buy new clothes, shoes, accessories, books, magazines, electronics, or anything for around the house. I could buy consumables—things like groceries, toiletries, and gas for my car. I could purchase anything I outlined on my "approved shopping list," which was a handful of items I could look into the immediate future and know I would need soon. And I would still be allowed to go to restaurants on occasion, but I was not allowed to get takeout coffee—my biggest vice and something I was no longer comfortable spending $100 or more on each month.

Based on the title of this article, I think it's okay if I skip ahead and tell you I successfully completed that one-year ban—and even went on to do it for a second year. It came with struggles I hadn't anticipated, namely around realizing where my tendencies to binge-consume everything from "stuff" to alcohol stemmed from. I had to let go of insecurities, discover and accept who I really was, and learn how to feel feelings rather than constantly try to numb them. It wasn't easy, but I worked through it all and came out a stronger and more emotionally mature version of myself on the other side.

And while the emotional payoff was life changing on its own, the shopping ban came with a lot of financial lessons too. I'm happy to share my three favorites.

1. Personal finance is personal (and so are your budgeting strategies).

When I first started the shopping ban, I decided to throw everything I'd read about personal finance out the door and start doing what felt right for me. My goal was to spend less money and save more, and I trusted that I was going to make a solid attempt at that. I'd paid off my debt, and I could do this. So I stopped worrying about what the experts suggested, or what my friends in the personal finance blogosphere were saying, and just did what felt right for me. It felt like a tiny act of rebellion—but so did the shopping ban! If I was opting out of buying stuff for a while, I could

also opt out of always looking for advice on how to do things a "better" way, and start playing around with numbers and strategies of my own instead.

On a practical level, this meant I completely changed the way I budgeted. Instead of adding up the dollar amounts, I calculated the percentages of how my money was being divided into three categories: living expenses, savings, and travel. And rather than do what the experts said and focus on saving 10 or 20% of my income first, I decided to flip the equation. *What would it look like,* I asked myself*, if I tried to live on as little as possible (aka the "spend less money" part of my goal) and save everything that was leftover?* I knew that meant the percentages would fluctuate from month to month, but I also knew that every drop in my spending would have a positive effect, so that's what I decided to focus on first.

It worked. By the ending of the first year, I had lived on an average of 51% of my income (compared to 90 to 95% the year before). Then I saved 31% and spent another 18% on travel.

None of this is to say that the experts are wrong and I'm right. (I'm not.) But sometimes I think we get so caught up looking to others for answers or solutions that we don't realize we might be able to figure it out ourselves—and do things in a way that works for us, personally.

2. What consumes your mind controls your life—and finances.

In the early days of the ban, I took a number of steps to make sure I would see fewer advertisements, so I wouldn't be tempted to buy things I didn't need. Unsubscribing from store emails felt like it would be one of the most important steps, because then I wouldn't be subjected to the announcements of new products and/or the promotions being offered. I quickly realized, however, that unfollowing certain profiles on social media would be even more critical.

Over the years, I had followed hundreds of people and companies. The "people" were often perfectly curated profiles on Pinterest and Instagram, and the companies were the retailers I felt most aligned with (and therefore thought I should follow on all platforms). I ended up deleting my Pinterest account altogether, when I noticed the only thing I was using it for was to create my own perfectly curated profile of things I aspired to have—the new house filled with all matching furniture, and so on. Having Pinterest only made me *want*, which I now know stems from a feeling of *lack*. It also made me want to buy stuff I didn't actually *need*. Throughout the shopping ban, I unfollowed all the people who had profiles that were just a little too beautiful, as well as all the retailers. Out of sight, out of mind—out of wallet.

I'm sure the phrase "what consumes your mind controls your life" was meant to prove that our thoughts can become our reality. But I have since learned that everything we consume—from what we see on television and social media, to what we read and listen to, and even the conversations we have—consumes our minds, our lives, and ultimately, our finances. For that reason, I think the value of becoming a mindful consumer is worth more than we even realize.

3. You are worth more than anything you can buy in a store.

Finally, about halfway through the first year, I experienced the deepest revelation of the entire two years. To go along with the ban, I had decided to also declutter and get rid of anything I didn't use or love, and at this point that added up to 60% of my belongings. With so much stuff cleared out, I could finally see everything that was leftover, and it could have been divided into two categories: the stuff I actually used and loved, and the stuff I had once purchased for the more aspirational version of myself.

The stuff I wanted the aspirational version of myself to use was everything I had once bought in hopes that it would somehow make my life or myself better. There were books I thought smart Cait should read, clothes I thought professional Cait would wear, projects I thought creative Cait could tackle. At one point, I'd put thousands of dollars on my credit cards for this stuff—stuff I

purchased with every intention of using, but only because I told myself it would somehow help. I wasn't good enough, but this stuff would make me better.

Now that I could finally see it for what it had once been purchased for, I knew I couldn't hold on to it anymore. The question I asked myself when decluttering was simple. *Who did you buy this for: the person you are or the person you want to be?* With that, I rounded up another 5% of my belongings, let go of the person I "wanted" to be, and accepted myself for who I really was.

I make far fewer purchases today, now that I know and love who I am. (And the ones I do make are done guilt free.)

Lasting Effect

When I made my final debt repayment, I thought that was it—the start of my strong financial future. The future where I would invest a portion of my income for retirement each month, save for travel, and actively budget and create the life I want. It turns out, that wasn't the start of this new life. The shopping ban was. It helped me change my budgeting strategy, take ownership over what I was consuming, and spend money on what was right for me. And I will always be grateful for it.

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Cait Flanders is a former binge consumer turned mindful consumer of everything. Cait's story has been shared in *The New York Times, The Globe and Mail, Vogue,* Oprah.com, and more. Her first book, *The Year of Less*, is a self-help memoir and a *Wall Street Journal* bestseller.

Why Do I Spend So Much?

—Denaye Barahona

If you want to learn to spend less in the future, first think about why you've spent too much in the past.

When we moved into our home last year, we had movers sort through the boxes. I was unpacking in my bedroom when one of the men approached me.

"We can't seem to find the rest of your clothes. There is only one box here," he said to me, looking slightly confused.

I laughed politely and explained that there was no error. I really did have only one box of clothes.

He told me that he just wanted to verify. It seemed unusual to him because the last woman he moved had 38 boxes of clothes.

Thirty-eight boxes!

As I tried to wrap my head around that number, I had to gently remind myself that I haven't also always lived so lean. Growing up, I owned a single pair of shoes, which was replaced each year as my feet grew. I was raised in a working-class family that taught me to spend my money responsibly. By the time I was in my mid 20s, however, I had upwards of 100 pairs of shoes and as many dresses to match.

My closet today more closely resembles the closet of my childhood —trim and thoughtful. But after this encounter, I found myself asking a bigger question. “How did I get on this roller coaster of spending?”

Throughout our lifespan, it is common for our spending to fluctuate. Sometimes it’s like a roller coaster where we have periods of high spending and debt alternated with periods of more responsible money management. But for some of us, we are still climbing that first big hill of the roller coaster with growing debt and no end in sight.

American families are getting smaller, yet our homes keep getting bigger. The storage industry is growing. Product innovation expands every year. Consumer debt continues to rise steeply.

If I want to know how I got to spending so much—or if you want to know the same thing about yourself—we have to start by asking: How did we, as a society, get to a place where we buy more than we need?

Shopping Is a National Pastime

From a historical perspective, this overall change in our mentality dates back to the GI Bill. Lawmakers passed Franklin D. Roosevelt’s bill in order to avoid sinking into another depression. This gave

more Americans the opportunity for higher education. This meant they earned more money and could therefore buy more things: a home, a car, and a *second* car.

But it didn't stop there—families purchased televisions, washing machines, vacuum cleaners, and much more. Spending skyrocketed, and between 1945 and 1949 Americans purchased 20 million refrigerators, 21.4 million cars, and 5.5 million stoves. [1] Buying things became a source of pride and even patriotism—an idea driven home by the message that people who purchased more things, newer things, and better things were being good American citizens.

Since that time, it appears as though many Americans haven't stopped buying more and more. But if it's no longer considered a patriotic act to purchase a new toaster or your tenth pair of ripped jeans, why do we still keep spending?

Our Brains Are Hard Wired to Make Quick Buys

Our spending habits are directly related to our brain's natural tendencies.

Some people are born with more addictive and/or impulsive personalities than others. This may contribute to drug addictions or spur-of-the-moment getaways. These characteristics can also

affect spending habits. The impulse shopper is often someone who is concerned about their image and status in society, and their mind is less focused on the consequences (that is, their bank account) and more focused on the instant satisfaction they receive when purchasing a new item. [2] Once they experience the pleasure associated with purchasing something new, it's hard to stop.

If you know impulsivity isn't your problem, then perhaps decision fatigue is. Simply put, this is the result of making too many choices. Research has shown that the more decisions you make in a day, the worse your decisions will be by the end of that day. [3] So, after a long day at work or with your children, your brain maybe worn down, which can result in purchasing more than you need, making quick decisions, or letting a brand's packaging guide your choices.

Our Culture May Also Be to Blame

As a teenager, I watched *MTV Cribs*, a show in which the hosts toured the expensive homes of celebrities. I wouldn't have known that such a lifestyle was a possibility if it hadn't been for the media. Similar programming such as *Lifestyles of the Rich and Famous* made those over-the-top luxurious homes and lifestyles into something that the average consumer sought after. The bigger the better, right?

There were only a handful of these shows around the turn of the 21st century, but since that time, reality television has inundated us with brands and lifestyles that are inaccessible to most of the population.

In fact, researchers recently have concluded that watching television shows with such messaging can make a person become more materialistic. So the more we watch shows, read magazines, and browse the Internet learning about luxurious lifestyles, the more we begin to normalize our excessive purchases and adopt them as our own. What can be viewed as a seemingly harmless peek into a celebrity's world can actually have a major impact on our spending habits. [4]

For those who aren't celebrity focused, nearer members of society may play a role. Many folks are still trying to keep up with the Joneses. Who are the Joneses? They're your friends and neighbors. If you move into a neighborhood or community with a higher income bracket than your own, this could lead to spending beyond your means. You may feel a need to keep up with your friends' vacations, automobiles, or even clothing styles. Or social media may play a role. One study proved that people who spent an extended period of time on Facebook had lower credit scores and more debt than those who didn't. [5]

What If I Have a Spending Problem? Is It Too Late to Fix It?

The answer is no, but it will take a conscious effort to get back on track and stay there. No matter the reason you overspend, it's important to understand that spending habits can and do change over time. While it's always easier to loosen the reins than to tighten them back up, it can be done.

The best way to rein in your spending is to simplify all parts of your life, from your wardrobe to your pantry. I realize this may seem overwhelming, or perhaps even impossible, but it is doable, and I recommend you start small. By simplifying just one area of your life, you'll start to see the results in both your habits and your bank account.

When I made the decision to create a capsule wardrobe, I initially did so to have a closet full of high-quality clothing I loved. I transformed my wardrobe from an overwhelming amount of mediocre choices (many purchased impulsively on sales and clearance racks) to a limited number of excellent options. Now I no longer purchase my clothing on a whim, and I have replaced that initial rush of satisfaction with the daily pleasure of knowing that I love everything in my closet because all of my clothes fit me well. [6]

This decision to simplify my wardrobe resulted in a major change in my shopping habits. Each season, I evaluate my clothing and determine what items I need to purchase. I intentionally shop for those items and only purchase things that I love based on the quality, style, and fit. While I'd previously buy several inexpensive t-shirts that I'd need to replace frequently when they wore out, now I purchase one high quality t-shirt that I can wear and wash regularly for over a year without its fading or tearing. This saves money and time.

If the wardrobe seems too daunting or you're ready to simplify another area of your home, your kitchen pantry is a great option. The clean-out is similar to your closet—throw away anything that's expired, you've over-purchased because it was on sale (for me, that was coconut milk), or you no longer use. Then analyze what's left and stock up on the basics only. Plan your menu for the week and only purchase what's on the list. [7]

Items on sale aren't really a bargain if you aren't going to use them. Simplifying your pantry actually makes it easier to cook, and everything I purchase is used—I'm not throwing food away and wasting money.

This process of simplifying your life room by room will help you change your shopping habits. Instead of impulsively purchasing items—clothing, food, toys, and more—each item that comes into

your home is intentional. It's something you know you need, you've planned for, and you've selected for a specific reason.

How We Got Here Isn't as Important as How We Can Change

We may be hardwired to purchase more than we need, or we may have succumbed to societal pressure, but there are ways to change. Acknowledging how you got where you are and how out of control your spending may be is important. The next step is having the awareness and confidence to change.

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Are You Burning or Building?

—David Cain

You're only going to get so much money in your lifetime. Do you want to spend it on short-term enjoyment or use it to construct the life you want?

In his memoir, Aerosmith front man Steven Tyler estimated that he spent about $20 million on cocaine during the 1970s and 1980s. He later revised his estimate down to only $5 or 6 million. Either way, I don't doubt he had a good time. But I'd wager that with a different purchasing strategy, those dollars could have bought a lot more good times than he ended up with.

Near the other end of the happiness-per-dollar spectrum, you might find the habits of my super-thrifty best friend, for whom a month of particularly extravagant and careless living might cost $1,200. The other day I appalled her with anecdotes about letting my personal living expenses rise to a ghastly *$3,000* a month. Our lifestyles certainly differ, but if hers is less fulfilling (and it probably isn't), it has little to do with what it costs.

I learned to be good with money overnight, five years ago now, when I stayed up late after discovering the blogs of Mr. Money Mustache and Jacob Lund Fisker. Over 20 years of daily money worries ended abruptly with a simple shift in perspective.

The revelation those writers gave me is that money is permanent. You have it until you trade it for something, and then that trade is

permanent. You are thereafter permanently without that money. It's gone and belongs to someone else now. Therefore, it's important to consider the permanence of whatever benefit you traded it for.

Pursuing Quality of Life

Think about it: when you die, you will have earned and spent a specific, finite number of dollars. For you, the number might be $2,193,003, or maybe it's $48,806,550, or even $217,101,992. Whatever it is, at the moment you die, it is a real and definite number.

Every one of your dollars was or will be traded for something, some apparent benefit. Each trade you've made so far has contributed to (or maybe detracted from) the overall amount of pleasure and fulfillment you've experienced in your life.

Each choice is permanent. Each dollar is spent once. There's an enormous range of objects, services, and experiences one can trade these finite dollars for, but ultimately there's only one thing you're trying to get for your money, which is *quality of life*. Universally, we want the feelings and experiences that make up our days to be good ones, and there's really nothing else we value.

If you could see your "final balance sheet" and look back on how things went, you'd intuitively know which of those transactions contributed significantly to your quality of life and which didn't. Forty dollars for a good belt I wore daily for years? Excellent value. The $14 Budweiser I had at that festival? I probably could have invested that somewhere else.

Between different purchases, the quality-of-life-per-dollar rate can vary by factors of thousands or millions. Some purchases even have *negative* value. Even a *free* $6-million-dollar pile of cocaine would probably remove more joy from your life than it would add—a poor option at any price. A $5-dollar coffee might add a bit of joy, but even four of them will only add up to about an hour of low-level pleasure, and then it's completely gone for your remaining decades on earth. You could have spent those dollars on something lasting—French lessons, quality boots, a good camping knife, a bit more in the emergency fund—and derived far more joy and comfort from it, for years to come.

Two Views of Money

I used to think of money as something like a running fuel supply. A life simply burns dollars, and if I want a big, fun, high-horsepower life (and who doesn't?), then I need to be pumping a significant number of dollars per day into it.

Living under that perspective, money seemed volatile, short term, and scarce. In other words, my money situation was a matter of how much I had coming in right now compared to what I wanted to spend right now. My strategy was to find a source of fuel robust enough to supply the fire sustainably, once I was living like I wanted to. This mythical state of equilibrium always seemed a few years away—a raise or two beyond my current pay.

My money situation always seemed to be an unpredictable, temporary condition, like the weather. There were nice days and crummy days, heat waves and cold snaps—it was either good times or hard times, abundance or scarcity. I had grown up thinking like that, so it didn't strike me as odd.

One example of this mentality is the common habit of going out to eat on payday, as though the timing of the incoming money should have anything to do with whether a purchase is sensible or not. Big influx of fuel? Let's crank up the furnace!

The alternative view is to think of money as bricks and planks rather than fuel. Money is used not to fuel the furnace of pleasure but to build things that create ongoing joy.

Seen this way, every expenditure comes out of a large but finite pile of all the dollars that will ever be available to you. It isn't drawn from a running pipeline that comes from somewhere out of sight.

Today I use my dollars to build a life that generates happiness as an inevitable byproduct. Every dollar I burn, rather than use for building, is a lost opportunity.

Room for Improvement

Most of us tend to burn more money than we think. When you ask yourself if a given prospective purchase will really improve your life in any lasting way, most of the time the answer will be an obvious no. Try it. Being bad with money means you use discretionary dollars to buy good feelings. Being good with money means you use them to build a life situation that generates them every day.

This means there's an alarming amount of room for improvement in the average lifestyle. For example, a few years ago I reduced my booze buying and restaurant going by about 80 or 90 percent, and I can't imagine what's really been lost. The thousands of dollars I didn't spend would all have been burned for momentary pleasure that leaves absolutely nothing lasting, other than excess body fat. The weeks and months of dirty, stressful work it took to earn those dollars would have been traded for nothing but that.

I did this same kind of judicious non-purchasing in a lot of areas, and instead of fleeting feelings, I bought many truckloads of bricks. My savings paid for living expenses that would carry me for ten

months—time I used to build a one-person business that now earns more than any job I ever had.

That ten months was a major purchase, but it multiplied the both the comfort and fulfillment I experience in life, cut daily demands on my time in half, and still probably cost less than what 1970s Steven Tyler would pay for a long weekend's worth of party favors. That purchase will generate ease and fulfillment (and lower my stress levels) every day for the rest of my life.

Giving Up the Sacrifice

Whenever I make money now, I ask the same question: *How can I build with this money instead of burn it?*

I bake my own bread now, which costs less than a dollar a loaf, is fun to do, and spares me the paragraph of chemical ingredients found in store-bought bread. It's not a time trade-off either; it can be done in less time than it takes to go to the grocery store. I also make great use of dried beans and chickpeas instead of buying tins, by using a slow cooker. More bricks for the castle every day.

That's not to say burning money should be eliminated altogether. Splurging on a restaurant or a nice prosecco can create real joy. (And the more infrequent it is, the more fun it is.) An occasional

flippant purchase also helps us let go of the belief that we need to be optimally efficient in order to be happy.

I still go to $90-plus concerts once or twice a year. I'm a lot more selective, though, because I'm unable to ignore the astoundingly high opportunity cost of trading money permanently for a few hours of quickly dissolving good feelings. I can get good feelings for free.

The important thing is what the norm is. Burning cash for fleeting good feelings will leave you with little of either.

Travel is something I still find worthwhile, because I've learned to do it frugally, and it always leaves me with better social skills, better photography skills, more friends and contacts, and more insight about what's important to me. But I'm not interested in sitting by a pool at a resort anymore.

I play more cards and board games, and I go to fewer movies. I drink less beer and I enjoy it more when I do. I eat in restaurants less and cook with quality ingredients more. I rarely buy books, because I already own so many unread ones, and because the greatest bargain in the history of the world is the library card. I do a lot of walking and very little driving.

None of these changes feel like a sacrifice. I've actually moved away from a life of sacrifice. I was giving up important things for forgettable ones.

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David Cain is a Canadian entrepreneur who writes at Raptitude, a blog about "getting better at being human." He devises lifestyle experiments to carry out on his own and teaches the skills he learns to improve others' quality of life.

Be Your Own Retirement Financial Planner

—Peter Dunn

You can start now to save and plan for a lifestyle that will continue to bring you satisfaction when your working years are over. You'd better, because nobody else is going to do it for you.

One Saturday morning I was reading a summary of a health-care research study. (Pretty exciting little Saturday morning, I know.) The study found that 45 percent of those surveyed felt they were primarily responsible for their own health, while 44 percent of respondents believed their physicians were primarily responsible for their health.

At first glance, I was pretty sure I had just read personal responsibility's obituary. Forty-four percent of people think somebody else is primarily responsible for their health? Really?

Before long, I became less judgmental when I realized that some of those who responded to the survey had probably exercised and eaten well and yet were still sick, so they naturally saw medical care as their best hope for healing.

More importantly, as I mused, I came to another realization: the way we view our finances isn't terribly different from the way we view our health. We're torn between taking responsibility for our own financial well-being and hoping others will take care of it for us. This is particularly true when it comes to retirement financial planning.

Let me make this personal. Who do you think is primarily responsible for securing a successful retirement outcome for you? Here are your choices: yourself, your employer, or the government.

Defining the Change That's Taken Place

Within my own lifetime, the landscape for retirement savings in my own nation has changed.

Starting in the late 1970s, those Americans covered by defined benefit plans (pensions) began to fall. But prior to that, with a healthy pension and Social Security retirement payments from the government, a person could more or less retire successfully even if they didn't have an asset to their name.

Alas, defined benefit plans were unceremoniously replaced with defined contribution plans such as the 401(k). The retirement onus shifted from the employer and the government to the employee. That hasn't gone so well. Personal responsibility, which was once a way of life, is now a requirement for financial survival and, debatably, is in short supply.

This is not to suggest the earlier generation didn't have to scrimp and save throughout their lives to make ends meet. But from a retirement income perspective, today's pre-retirees are climbing a

much higher mountain. Personal responsibility used to be a positive, practical particularity. But now?

In the iconic words of Christopher Wallace, things done changed.

You're on Your Own

Accepting personal responsibility for your financial solvency isn't charming. Instead, it's just about the only way you'll be consistently able to make ends meet in the year 2018 and beyond. You have to fully accept responsibility for where you are and where you're going, primarily because pensions have disappeared and, generally speaking, government-based Social Security benefits aren't enough to fund a successful retirement. The only way you will survive is to accept the daunting challenge in front of you.

Please don't mistake this for the all-too-classic refrain that "they" should pull themselves up by their bootstraps. I don't believe that. I used to believe that, but I've since realized some people don't have bootstraps to pull up. Sure, there are exceptions—stories of perseverance and drive that materialized out of basically nothing. But for many families living at or below living wage, personal responsibility isn't the issue.

Yes, I believe it possible to both champion personal responsibility and empathize with those who are proof that personal

responsibility just isn't enough. I do, however, struggle with the question as to who is responsible for this group's financial future. Low wage earners are like the sick who can do everything possible to maintain their own wellness and yet still must look to others for a cure. Who is going to help those who have an empty or near-empty retirement account when those people truly can't afford to put away enough money for retirement on their own?

Social Security was designed back in the 1930s to be a retirement safety net, but you have to wonder if the safety net provides enough money to actually live, when no other assets exist. This is especially true when you consider the low wages that help determine the magnitude of the Social Security benefit

The calculus gets trickier when you begin to weigh an employer's current role in all of this. The operative word here is *obligation*. Does an employer have an obligation, moral or otherwise, to ensure an employee's financial success? I don't believe they do, but I do believe it's in an employer's best interest to care. In the spirit of not making this column about financial wellness in the workplace (which is my wheelhouse), we'll leave it at this: would you rather have employees who are financially well or financially broken? The answer is almost always employees who are financially well.

You have to think the simplest solution to your employer's desire to keep you financially well is to pay you more. In fact, that's the primary argument for those frustrated by the growing wealth gap. The argument certainly has its merits. But pragmatically, the burden of funding retirement shifted away from employers 40 years ago, and employers aren't looking to reverse that trend. Employers may start paying workers more, but that doesn't directly translate to more retirement success. Based on consumer spending numbers, it may actually result in even more consumption and lower retirement success numbers.

All of this back-of-the-napkin analysis leads me to one question: If you agree with me that a shift in responsibility in retirement planning has taken place, putting the onus on the individual, have you fully embraced your role in preparing for your own retirement?

Maybe there isn't just one question but two questions. Here's the second: Does the math support your claim that you've embraced your role in the process?

If you must answer no, and if you are one of the people fortunate enough to have bootstraps to pull up, you had best start a-tuggin'. There is absolutely zero evidence that help is on the way.

Sustainability Now

There's a solution to the retirement problem available to just about anyone willing to accept the challenge: curate a sustainable lifestyle from the earliest possible moment.

Culturally, Americans and most other Westerners tend to acquire, upgrade, acquire, upgrade, and then acquire some more. It's foolish, wasteful, counterproductive, and worse yet, unsustainable. If you're the entity primarily responsible for ensuring your own financial stability, willingly making it harder on yourself simply doesn't make sense.

If you feel naturally inclined to increase your lifestyle every time more resources are made available to you, force yourself to stop. Do something different to avoid the ordinary and likely outcome that continues to pester earlier generations who are now in retirement.

You must think differently. You must act differently. It makes more sense, practically, to adjust your thinking and behavior now, in your working years, not when you're on the cusp of retirement. Embrace sustainability.

I have. To me, success is not striving to have more but constantly needing less to feel satisfied with my life. I don't want to strive to have more; I want to strive to be comfortable with less.

Since I have taken on this definition of success, my income and wealth have grown substantially. Sitting on a pile of money isn't necessarily the goal. Instead, I focus on making sure I don't need oodles of money to fund superfluous monthly obligations. Oddly enough, though, the byproduct is a pile of money.

The next time you find yourself with more money, be it from a raise, a tax refund, or a bonus, create sustainability. Don't buy more stuff. Your understanding and relationship with the stuff/sustainability spectrum is absolutely the difference between financial stability and financial instability. You can't create security for your future through the acquisition of stuff. You can, however, achieve security and happiness by using your money to create sustainability. And in case you're wondering, creating sustainability means paying down debt or saving and investing money. It's not any more complicated than that.

If you're saddened by all this because of the pressure of being the only solution to your retirement needs, I understand. But you are the solution. It's in no one else's hands. If you recognize the reality now, that can be a good thing, not a bad thing.

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Peter Dunn, aka Pete the Planner, is a comedian, *USA Today* columnist, and author of ten books, all of them on financial topics. His radio program, *The Pete the Planner Show,* has made him one of the most influential financial broadcasters on the medium.

I Don't Want Sixty to Be the New Forty—I Want a Better Sixty!

—Elizabeth White

The retirement income crisis is real. If we find ourselves caught up in it, there are things we can do to help ourselves at the same time we advocate for social changes to make life easier for the aging.

None of us expected to be here—broke or nearly broke, unemployed or underemployed, or working part-time jobs we hate with little to nothing in our savings accounts. We grew up thinking that retirement meant Florida and golf (not that most of us really wanted that). It definitely did not mean living in our brother's basement or in some modest one-bedroom rental. We never thought that in our 50s and 60s we'd be scrimping and scraping or borrowing money from our adult children or 84-year-old mother.

And yet here we are, millions of us and millions more on the way. The retirement income crisis is America's big denial issue, what a friend calls the "loud silence." Facing flat and falling wages, and rising costs in housing and health care, most boomer-age Americans have not set aside the 15 to 20 percent of their salaries financial experts tell us we'll need to have secure retirement.

How bad is it? According to SCEPA Retirement Equity Lab, the median retirement savings for near retirees in the top 10 percent of earners in the US is $200,000; for the middle 40 percent of earners, it's $60,000; and for the bottom half, it's zero. The typical

retirement account balance for all near retirees age 55 to 64 is a paltry $15,000. [1]

You do the math. If we make it to age 65 in good health, there's a good chance many of us will live for another 20 years. I don't have to tell you that's a long runway if you're barely making ends meet now.

And don't think this retirement income crisis is just some pesky little boomer problem. Boomers are just first to confront these economic challenges in such large numbers. Millennials, facing a future of lower income, unsteady work, disappearing pensions, and a mountain of outstanding loan debt, are in lockstep right behind us.

The economics of aging is forcing (and will continue to force) millions of us to live more frugally and to redefine what is enough. Some of us are already cutting back, downsizing, and rethinking how we live, work, and play.

But the problem right now is that, to a lot of us, downsizing looks like deprivation and loss and we hate it. We worry it means spartan and drab. Small is not beautiful. It's living in a shoebox without windows or WiFi and paying $1,800 per month for the privilege.

We ask ourselves if some other scenario is even possible on limited funds. Can we live a richly textured and connected life in dignity on a modest income? And, at our age, how do we get there from the more conventional lives we've led? How do we "small up"? What's the pathway, the first step? Who are the Sherpas who can lead the way? How do we sort through 40 years' worth of stuff?

What Worked for Me

I've been through all this myself. And I took some steps that I think others would find helpful.

First, I ditched the shame. I owned what was mine—mourned life losses and wrong turns, all the woulda, coulda, shouldas. I then looked at the data and realized I was not alone. There are tens of millions of Americans in the same boat with stories like and different from mine, with many facing a merciless market that has ground them down and left them hopeless and defeated.

I reached out to people further down the path than I and learned what they knew about navigating the choppy unretirement waters ahead. It is in sharing our stories that we find our tribe and our tribe finds us.

I reminded myself that ours is the first generation to be living so much longer and first is always hardest. First is before there are

set rules, established pathways, supportive laws, policies, networks, and role models. First is making a path by walking.

I rejected conventional definitions of what it means to age successfully. We boomers are not a homogeneous group. The media likes cheery little mid-life reinvention stories—the lawyer turned pastry chef, the accountant turned cabaret singer. But the truth is, there is no one right way to grow old. We don't all want the same things.

Toni Calasanti, professor of sociology at Virginia Tech, has it right when she says in a tweet that successful aging need not only be based upon "white professional class consumerism that prioritizes individual independence and self-reliance above all else." In the new normal of financial security, this do-it-yourself model with everyone living in their private residences with all their possessions, fending for themselves, will be harder and harder to keep up, harder and harder to maintain.

I looked for alternative ways of living my fourth quarter. In our 50s and 60s now, we know that life is more than a checklist of acquisitions. Smalling up is figuring out what, at a minimum, we need to feel grounded and secure. It's not just about living within one's means. We're already doing that. It's about what we value and what gives our lives meaning. And my answer will be different from yours and yours different from the next person's.

Simplifying Your Way

I've found that there is a kind of "smugtocracy" among some living a modest lifestyle. Those who have managed to live on $20,000 per year are critical and sometimes even scornful of people who have figured out how to live on $30,000 per annum. The $30,000 per annum folks positively mock and roll their eyes at those who say they need $40,000 per annum to live reasonably comfortable lifestyles. And so on.

I ignored all of them, and you should too. Don't get shamed into getting rid of things and experiences you cherish. You decide what makes sense for you based on your wallet, current circumstances, priorities, and soul. I won't judge your Yeti cooler or Milwaukee power tools, but in return I want you to leave me be on that thing or experience I value that you can't fathom. I accept that you're trying to buy less, to waste less. Accept that I am too in my own way and at my own pace.

Right now, I am in the middle of another big purge, staring down clothes and household items and asking myself, *Do I really need this?* We live in a society that invites us to buy the emotions we want to feel. Could it be that that purse, dress, or rug made me feel I belonged? Did it really deliver the happiness the ad promised, the embracing acceptance I hoped for?

What I love about this age and stage is that you really do stop caring so much, especially about things, about stuff. There is also a certain freedom from striving. One person who wrote me captured it perfectly:

After having it all, doing it all, and being it all, there comes a time in everyone's life where they finally reach the age of sanity, which is the realization that none of it ever really mattered. When the kids move out, you retire, sell your home and move away, and you see just how full of crap your life was. You settle into an 830-square-foot condo from a huge house; go Zen; remove everything that took up space and filled closets and drawers; and get rid of the garage full of holiday decorations, the nuts and bolts and multiple screwdrivers, the kitchen stacked with the latest gadgets, and the bookshelves filled with dusty reads waiting to catch fire.

Finding Support

But even as we scale back and small up, get housemates and move to smaller abodes to defray expenses, many of us will still face a work-for-life proposition. And as older workers, we find we're not as employable as we used to be. Too many of us are stuck in bad jobs doing traditional work that barely pays the bills. Or we try to make it as part-time contract workers in the gig economy where no work means no pay. At a time when we most need income predictability and security, contract work offers neither.

While there is much we can do on our own initiative, successful aging does not happen alone. My mother, daughter, and a small circle of friends, many in the same boat as me, formed my resilience circle and provided the scaffolding I needed to weather the worst of my own financial crisis.

One friend and I must have borrowed the same $300 from each other a dozen times. When I had money, she had money. When her life fell apart, she moved into my spare bedroom. And I knew she'd help me in any way she could.

But as a nation, we're going to need much more. Not everyone has friends and family they can count on, has bootstraps they can hoist themselves up by. Individual efforts can only go so far. Personal initiative must be backed by strong pro-aging policies and support services.

We've got to stop speaking in the passive voice to describe what is happening to older adults in this country as if the cause of the misery to come has no culprit, no responsible persons or entity. It's not some vague "they" who are shredding safety net programs and threatening to cut Social Security and Medicare. We give up our power and agency when we don't hold who is hurting us accountable, when we don't vote our interests. There are millions of us facing life-altering financial challenges and millions more on the way. There is power in numbers. Let's not ever forget that.

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Plan Your Life, Not Just Your Finances

—George Kinder

Life planning delivers freedom. It all starts with you and your dreams.

What if we all lived our most inspired life? Our most meaningful life? What if every day we challenged ourselves to live into our dreams, to bring into being the life of greatest meaning to ourselves and those around us? What a difference that would make! For us and for the world.

In the field of financial advice, life planning does this for everyone who is open to its transformative power. Life planning brings passion, vitality, energy, accomplishment, and inspiration into our lives. It frees us from the clouds that have obscured our paths and blocked our promise. It puts our passion to work. It takes our deepest longings and empowers us to realize them. Even when our deepest longings seem impossible to fulfill, life planning challenges us to find a way, and we nearly always do.

So, what do I mean by life planning and why is it so important?

A Different Focus

The goals many people choose in financial planning tend to come from, or be structured in a similar way to, the vehicles that financial advisors use to deliver freedom: retirement, risk management, investment, estate planning, cash flow, taxes, and so

on. But when you ask anyone, even a financial planner, what they care about most in their life, it is rare that people mention "retirement plan" or "estate plan." Those are not the pursuits in life that wake us up to freedom.

Now, don't get me wrong: there is a place for these conversations and for long-term financial strategies. But when our personal financial planning begins there, or when we focus too much energy on those things, we run the risk of never experiencing freedom—and we almost always miss experiencing it in the short run.

That is why life planning is essential to our personal financial goals. It is about letting go of our preconceptions about those goals. It focuses less on the vehicles of freedom and more on the elements of life that make us come alive.

Time and again I have seen this process bring transformation in peoples' lives. In ways large or small, it causes us to move in the direction of our heart's calling. Parents heal wounds with children and children with parents, spouses with each other. People claim a new and vital place in their communities, create one-of-a-kind businesses, challenge authorities to do the right thing, or do something significant for their environment. They choose to live with greater integrity, kindness, or spiritual practice in their lives. They step out into the world of acting in independent films, or

writing the memoir they have both feared and longed to reveal, or playing jazz in clubs in their neighborhoods.

Financial goals rarely result in such outcomes. But life planning does. That is why it is so important.

Three Questions That Can Change Your Life

I've found that the process of life planning hinges on our individual responses to profound and provocative questions challenging us to look at how close we are to living what would be the most meaningful, passionate, and exciting life for us. The three scenarios and related questions below progressively dig deeper, so that at the end of Question 3 you will find yourself reflecting on the most meaningful goals for your life. Take plenty of time to consider each question and write down your response to it before moving on.

Scenario 1: Imagine that you are financially secure, that you have enough money to satisfy all of your needs, now and in the future. Let yourself go to dream about what you would do in that situation.

Question 1: How would you live your life if you had full financial security?

Scenario 2: You visit your doctor, who tells you that you have only 5 to 10 years left to live. The good news is that you won't ever feel sick; the bad news is that you will have no prior notice of the moment of your death. Your finances remain as they currently stand.

Question 2: How would you live your life if you knew you had only a few years left to live?

Scenario 3: Your doctor shocks you with the news that you have only one day left to live. Notice what feelings arise as you confront your mortality. Reflect on the life you have lived.

Question 3: If you knew you were to die tomorrow, what would you think of your accomplishments to date and all the things that you would leave unfinished or undone?

- What have you missed?
- Who have you not gotten to be?
- What have you not gotten to do?

I have asked these three questions of many people, and answering them has often compelled a person to go on to accomplish what is most meaningful in their life. It can do the same for you.

Evoking a Response

Although answering the three questions above is an important step in finding what gives us freedom and reorienting our personal financial planning, the process does not end there. It's just the beginning of the life planning process that I call EVOKE.

- *E for exploration*—the open-ended questions above and other wide-open exploration.

- *V for vision*—an inspirational meeting (often with a trained life planner) where our torches are lit and we find ourselves on fire to accomplish our life's purpose.

- *O for obstacles*—the stage where we take on all the challenges and obstacles to our dreams and resolve them methodically and with energy and vitality, one by one.

- *K for knowledge*—outlining and writing down our personal life plan and financial strategy, step by step, to accomplish our dreams.

- *E for execution*—taking action on each of the steps outlined in our life plan until they are all accomplished and we are living our life of purpose.

Whatever our circumstances, life planning identifies our dream, builds it into a vision, and then gives us the vitality and financial knowledge to bring it into reality.

The process is important because it permits us to first dedicate ourselves to understanding and discovering what we hold most dear, what our passionate purposes are. We then look at how to reconfigure our lives, easily and simply, by keeping our eyes on the prize, to creatively overcome the obstacles that present themselves, and to put the financial architecture together and take the practical actions to deliver that life to ourselves in the shortest possible time frame. For nearly all of us, that starts right away!

Meaning First

Life planning transforms our lives, putting our financial houses in order by putting the meaning in life first. Imagine how the burdens and costs of society could be eased and new ventures created if we each were to live in this way. As we gain greater freedom to live our passions or our dreams, we add vitality and vigor to the economy and to our communities at the same time. A more virtuous, entrepreneurial society filled with invention and creativity would grow out of a different societal relationship with money. Life planning brings a more appropriate and clearer understanding of money's place in society through a full integration of our money life with who we each long to be.

Life planning puts our passion to work. It takes our deepest longings and it empowers us to realize them. Even when they seem impossible, it challenges us to find a way, and we nearly always do.

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George Kinder is called "the father of the life planning." He is the founder of The Kinder Institute of Life Planning, which has trained over 3,000 professionals in 30 countries. He also is the author of the books *Life Planning for You* and *The Seven Stages of Money Maturity.* His website Life Planning for You offers further guidance and free resources on the subject of life planning.

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