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SIMPLEMoney

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

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We Don't Buy Things with Money, We Buy Them with Hours from our Life

—Joshua Becker

We don't buy things with money, we buy them with hours from our life.

Or, as Henry David Thoreau put it, *"The price of anything is the amount of life you exchange for it."*

This is a life-changing principle. When we begin to see our purchases through the lens of exchanging *life*, rather than *dollar bills*, we can better appreciate the weight of our purchases and understand their full cost.

For that reason, I thought it might be helpful to take a hard look at how much life some of our purchases actually cost us.

For the sake of conversation, let's use the median US household income. In 2017, that number was $61,400. For simplicity sake, let's round down to $60,000 annual income.

If your household income is $60,000, working a typical 40-hour workweek, here is how many hours of work are needed for the following purchases:

Grande Starbucks Cappuccino ($4.00) = 8 minutes of work

Pair of Wrangler Jeans ($24.99) = 50 minutes of work

Coach Brand Purse ($119.99) = 1/2 day of work

55" FlatScreen TV ($711.00) = 3 days of work

256GB iPhone XS ($1,249) = 1 week + 2 hours of work

Dinner at a restaurant for your family of four ($80.00) = 1/3 day of work

Dinner at home for your family of four ($17.00) = 1/2 hour of work

New Living Room Furniture Set ($1,983.94) = 1 week + 3.5 days of work

2019 Ford Fusion SE Hybrid ($26,550) = 5 months + 10 days of work

2,500 square foot house (10% down payment, 30-year mortgage of monthly payments, $303,000 purchase price) = 11 years + 6 months of work

1,600 square foot house (15% down payment, 30-year mortgage of monthly payments, $196,000 purchase price) = 7 years + 2 months

Keep in mind, the amount of work needed for the items above is based on an annual salary of $60,000. If your annual salary is $30,000, the work time will be doubled. If you make $120,000/year, the measurements should be halved.

Of course, there are alternatives to exchanging our hours and lives for material possessions:

It takes just 10 minutes to tell your child a bedtime story.

45 minutes for an evening walk with your spouse.

60 minutes to help your son/daughter with homework.

Or 2 hours/month to volunteer at your local soup kitchen.

The money we earn is ours to keep and we can spend it as we wish. But it can be a helpful exercise to realize how many hours of our lives go into each purchase we make.

And it is always wise to remember we can spend our hours pursuing items of far greater value than material possessions.

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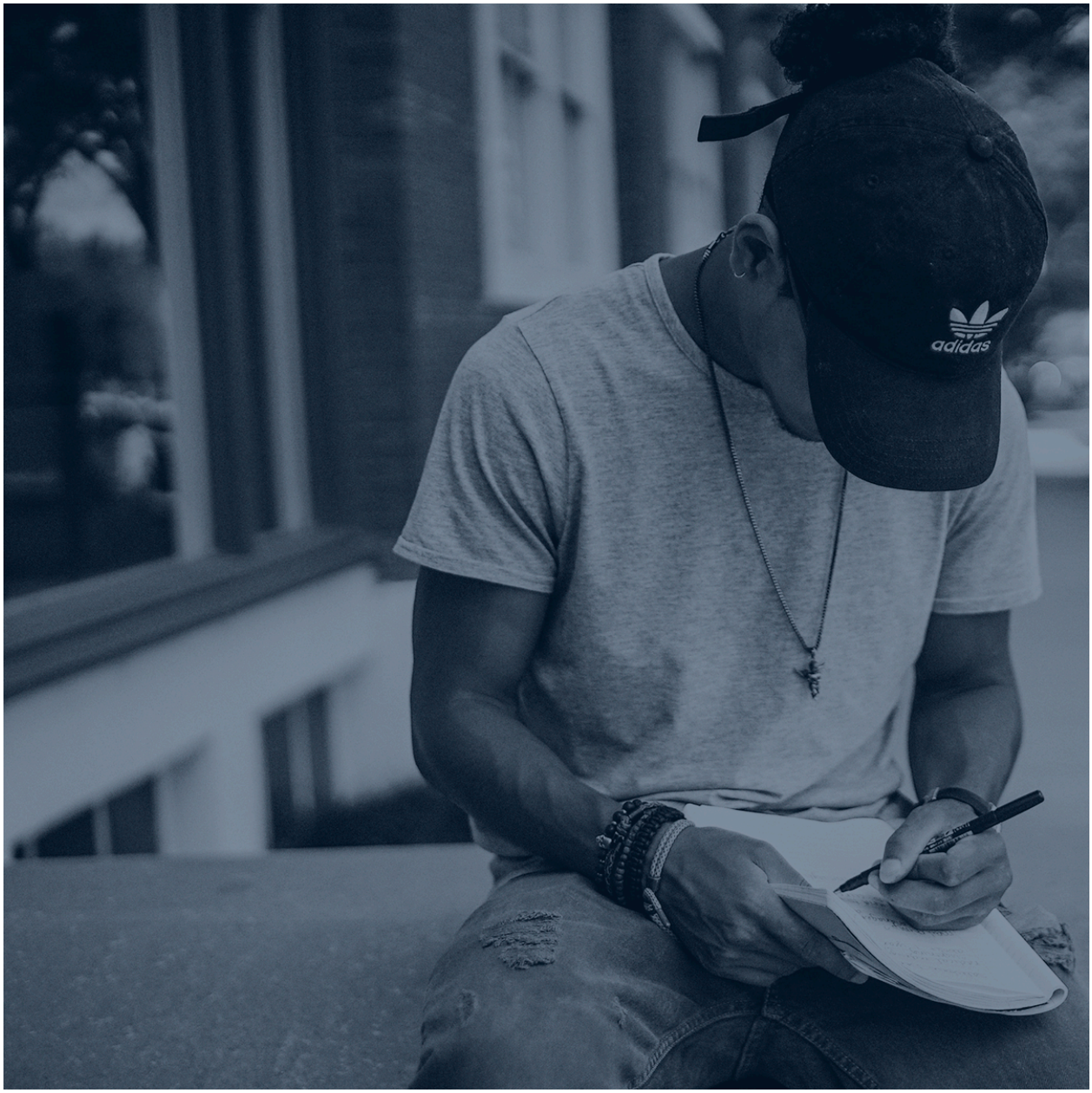
Joshua Becker is the Founder of Becoming Minimalist and the WSJ Best-Selling author of *The More of Less* and *The Minimalist Home*. He has appeared on numerous media outlets including The NYT, WSJ, USA Today, and CBS.

Minimalist Budget: 5 Ways to Make it Work

—Sam Lustgarten



If you ever needed motivation for minimalism, try moving six times in five years. As a student and now, graduate student, each level necessitated another move. From multiple trips, cars, boxes, and rental trucks, there were costs to picking up and going somewhere else. Thousands of dollars were spent.

Each time, I enlisted friends and family to fill up trailers full of stuff — most of which I hadn't used or looked at in months or years. All that junk cost money and placed a burden on those around me.

It suddenly became clear: having more meant spending more. I was fed up with the acquisition of goods that would need to be sold or lugged along. I felt dragged down by their literal and figurative weight.

With this dissatisfaction in mind, I decided to pare down my belongings and sell the superfluous. Because of these efforts, my recent move was a cinch.

I packed everything up into one coupe, with room for my brother in the passenger seat. I felt free knowing everything fit into one car. My whole life was condensed. I was portable. That's when I embraced minimalism.

Life was simpler with less, and my wallet was happy, too. I found a happy home at the intersection of frugality, minimalism, and simple living.

The Minimalist Budget

Minimalism doesn't necessarily mean spending less. I could spend tens of thousands of dollars on a few, select items. Perhaps I could purchase a genuine gold table? For those keeping close count, that would be one object.

That's a lot of cash, with a net zero change in stuff if you sell the old one. What if a one-car household replaces their Toyota Corolla with a Ferrari LaFarrari which retails for nearly $1.5 million?

There's hardly a limit to lavishness that might still qualify as minimalism. The list can go on and on, but the message should be clear: minimalism can lead to purchases that don't lead to a healthier wallet.

Just because you have less doesn't mean you're saving money.

A balance between minimalism and frugality is the only way to pursue a life of less stuff while still saving money. Fortunately, minimalism encourages frugality.

When we reduce wardrobes, electronics, space, and tchotchkes, we actually see what we own—the consequences of past spending decisions. Slight variations, changes, and additions became apparent.

Put another way, when we go down the grocery aisle for toothpaste, we are bombarded with choices. The options span from top to bottom, left to right. Boxes advertise whitening, colors, and flavors.

The beauty of minimalism is that it helps you notice what you have and potentially reduce the urge to add more.

Conspicuous consumption tends to be a reactionary method of fulfilling temporary desires. If we can focus on some strengths within minimalism, we can become proactive shoppers—not just consumers.

The Power of a Minimalist Budget

Here are five key methods to recognizing the power of a minimalist budget and how it can have a positive effect on your savings.

1. Concentrate on lasting goods, not all-in-ones.

Avoid buying items that aim to replace other items. These gadgets tend to fail more easily, and if one part goes, you're stuck buying another item. Instead, I focus on quality items that serve a singular purpose.

While all-in-one devices can save space, they tend to add costs and failure rates increase. For instance, multi-tools are more expensive and less reliable than standalones. We want long-term value and high-quality purchases, which can stand the test of time.

2. Use your philosophy of minimalism to circumvent desire.

Minimalism doesn't work without critically examining what you need and how it'll occupy space. While the philosophy necessitates less stuff, it doesn't mean less expensive stuff. That gap separates frugality from minimalism.

The key is to harness the desire for minimalism to avoid shopping experiences and recognize that every new purchase will take up space. When we crave material goods, our biological brains are attempting to override us—tricking us into thinking we "need" more stuff.

But by reflecting on what originally led us to minimalism, we can reassert our values and avoid excess. Treat minimalism as a proactive, preventative force that helps you avoid spending more.

3. Clean and tidy frequently.

When clothes and furniture dominate our senses and surroundings, we lose the ability to appreciate and understand what we already have. Vacuum, wipe, clear, and trash whatever you can with regularity.

A tidy, neat household allows people to see what they own and appreciate the purchases they've already made. The books, bed, desk, chair, etc. all come into view when the clutter is removed.

4. Take inventory, evaluate need, donate the rest.

As you clean, think about what you truly need and evaluate what an object brings to you. If there's a t-shirt that is rarely worn, perhaps it's time to donate.

Are there shoes or electronics that have been tucked away for a rainy day? How often do you think you'll use that item? What value does it provide to your life? And if it helps motivate you, donations allow you to receive a tax break too.

5. Create a minimal budget.

Material minimalism is what most people focus on. They tend to like open walls and floors. There should be room to think and breathe without clutter. But minimalism can be applied to our budgets, too.

A minimal budget includes fewer line items, with significant budgetary cuts to make do with less. The same benefits from reduced physical goods are present when living on less.

You can learn to see what you truly need and appreciate from the modesty of living with less. For instance, could you get rid of 10% of what you own? How about 10% of your monthly budget?

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Sam Lustgarten is the Author of Frugaling: Save More, Live Well, Give Generously.

I tried 'Kakeibo': The Japanese art of saving money—and it completely changed how I spend my money

—Sarah Harvey

In 2017, I decided to quit my job working for a London publisher and move to Japan. I enjoyed my work and had a great social life, but was craving something new and different.

After living in Tokyo for six months, I became fascinated by how small details, mindfulness, and incremental changes were given more emphasis in Japanese daily life.

It was unlike anything I had ever experienced, and it encouraged me to slow down and make some lifestyle improvements — specifically, in my frivolous and impulsive spending habits. So when I heard about a Japanese budgeting method called kakeibo, I was intrigued and decided to give it a try.

'Kakeibo': The Japanese method of saving money

Kakeibo, pronounced "kah-keh-boh," translates as "household financial ledger." Invented in 1904 by a woman named Hani Motoko (notable for being Japan's first female journalist), kakeibo is a simple, no-frills approach to managing your finances.

Some people don't struggle with overspending and can live a satisfying life with just essentials. I was never one of those people. Instead, I had a habit of shopping when I felt bored, stressed, or unhappy about something. I also shopped when I was in a good or celebratory mood, with a tendency to go beyond my means.

As many people would agree, changing bad financial habits isn't easy to do — partly because our spending habits are deeply cemented into our daily routine, and the act of spending also includes an emotional aspect that is difficult to detach from.

Luckily, for the past 116 years, kakeibo has been effective in helping people make smarter financial decisions.

No technology—just a notebook and pen

Like all budgeting systems, the idea behind kakeibo is to help you understand your relationship with money by keep a ledger of everything that is incoming and outgoing.

What sets kakeibo apart, however, is that it doesn't involve any budgeting software, apps or Excel sheets. Similar to bullet journaling, it emphasizes the importance of physically writing things down — as a meditative way to process and observe your spending habits.

Research has proven again and again the numerous benefits of writing by hand: It can help you make positive changes by encouraging you to be more present and aware, while also acknowledging the triggers behind your bad habits.

According to the kakeibo method, you must ask yourself the following questions before purchasing any non-essential items — or the things you buy on impulse, but might not necessarily need:

- Can I live without this item?
- Based on my financial situation, can I afford it?
- Will I actually use it?
- Do I have the space for it?
- How did I come across it in the first place? (Did I see it in a magazine? Did I come across it after wandering into a gift shop out of boredom?)
- What is my emotional state in general today? (Calm? Stressed? Celebratory? Feeling bad about myself?)
- How do I feel about buying it? (Happy? Excited? Indifferent? And how long will this feeling last?)

While kakeibo was effective in helping me stay on top on my finances, what it really did — that other systems I've tried in the past didn't — was force me to think about my purchases and what motivated me to buy them.

In other words, I was finally able to conquer my fear of being completely honest about my “needs” and “wants.” As a result, I got better at making faster, smarter and more logical decisions about whether to spend money on a particular item.

It’s important to note that kakeibo isn’t designed to cut all joy out of your life. If you’re feeling glum about something, then flowers are a fairly inexpensive way to cheer yourself up. Rather than requiring you to do anything drastic, the goal is to change your bad habits through mindfulness and incremental changes.

How to spend more mindfully

In order to see significant results in your savings, it’s important to stay committed in asking the right questions before making any non-essential purchases.

Here are some simple kakeibo-themed strategies to ensure that you spend more mindfully:

1. **Leave the item for 24 hours.** This highlights whether you genuinely want or need it. If you’re still thinking about the item the next day and can afford it, then make the purchase. You’ll feel a greater sense of satisfaction about your decision.

2. **Don't let "blowout sales" tempt you.** I used to be a sucker for big sales. But that often meant spending money on items I knew I wouldn't use. So for each item that you have in your basket during a sale, ask yourself whether you would buy it if it were full price.

3. **Check your bank balance regularly.** Checking your balance will help you feel more in control of your finances because it brings into focus how much money you have to spend. Now, the first thing I do every morning is check my balance. It's a scary habit to try at first, but does wonders for worry levels.

4. **Spend in cash.** Physically handing over cash rather than just mindlessly swiping your card makes you more conscious of what you're spending, and you will find it easier to budget. Try taking out a set amount of cash to use for the week and only spending what you have.

5. **Put reminders in your wallet.** My friend came up with the brilliant idea of attaching a sticker to her credit card that bluntly says, "Do you REALLY need this?!" Anything that prompts you to take a step back before making a purchase will help you make smarter decisions.

6. **Change the environments that cause you to spend.** If you notice that you often spend money after clicking on a

marketing email or seeing pictures of an Instagram influencer wearing a particular brand, for example, then unsubscribe or unfollow. Or, if you buy clothes or makeup when you have time to kill, try using that time to do another activity instead, such as taking a walk in the park.

I still occasionally treat myself with non-essentials. This is fine and even encouraged!

Remember, kakeibo is about using mindfulness to cut out purchases that might only give you a temporary boost of happiness.

The acts of mindful spending and saving are very much interlinked, and the small changes I've made using kakeibo have had a cumulative effect on my bank account.

My savings are growing at a faster rate than I ever imagined possible. More importantly, I'm making wiser decisions about how to invest that money for things that really matter.

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Sarah Harvey is the author of "Kaizen: The Japanese Secret to Lasting Change." Previously, she worked as a publishing consultant in Tokyo, where she fell in love with the Japanese culture. Sarah now lives in London and works as a literary agency. This powerful piece was originally published via CNBC Make It.

Your 200 Year Plan: Your Legacy

—Joel O'Leary

The presenter asked, *"By show of hands, who out there has a 5 year plan?"*

About 200 of us were all packed inside a mid-sized training room at my company headquarters.

I raised my hand.

Looking around it surprised me that most of the audience had their hand up also. Apparently everyone these days has a 5 year plan? Were they lying? I was. Well, kind of... I did have a few long-term goals written down somewhere.

The presenter continued... *"Great. Now keep your hand raised if you have a 10 year plan."*

I kept my hand raised. I was definitely lying now. Most other people dropped their hands immediately. I probably kept mine up because I was sitting next to a Senior VP as well as 15 other executives from our west coast sales team. Half of them had their hands up so I thought I needed to also.

Then came a weird question... *"OK now, who of you out there has a **200 Year Plan**?"*

Everybody put their hands down and started laughing. What kind of question is that? People don't live for 200 years, so how can someone have a plan for that long? We all thought it was a joke.

But the presenter was not joking. He looked at us all with dead serious face, and then continued speaking. For the next 45 minutes he absolutely schooled us in the power of thinking big, making a difference in the world, and planning a "legacy." He drew something on the whiteboard that looked like this:

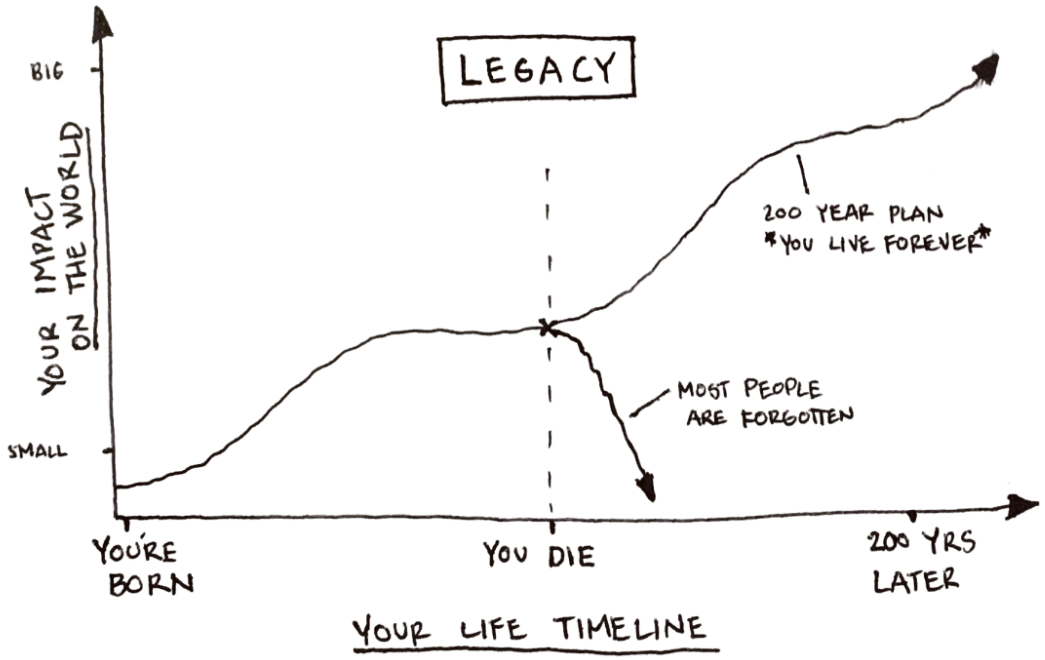

Figure 1: Team Performance Institute

What is "Legacy" anyway?

The basic definition is: *A thing handed down by a predecessor.*

I think legacy can be viewed in a couple different ways. Either a legacy you are given, or something you are leaving for others.

Legacy #1: The legacy you are given...

This is what has been handed down to you by predecessors. How did the generations before you influence and enabled the things that you do today?

- Sarah has hosts the annual family Christmas party. She's been doing it for 30 years in the same house that her mother hosted for 30 years prior, and her grandma 30 years before that. It's her family's legacy.

- David is an award-winning classical music composer. When he was a kid, he studied Beethoven and Mozart and it's as if their teachings were written specifically for him. Music is his legacy.

- Grant works for the WK Kellogg foundation and personally gives 25% of every paycheck to charity. He's following an example and legacy set by the generous founders many years ago.

Some people know what they need to do from the moment they are born. Michael Jordan was put on earth to play basketball. Keith Richards was meant to play guitar and write songs (and take drugs).

Don't know what your "purpose" is in life? Don't worry – me neither. I'll get into that in a little bit.

Legacy #2: The legacy you are leaving for others…

This is what you're handing down, passing on, or giving back to the world. This is your 200 year plan, starting while you're alive and continuing on well after you're dead.

- Paul streamlined a business process at work. He documented everything and taught it to others. The entire company has now adopted his process as a standard practice and it will be in place long after he stops working there. Paul's impact will last for decades.

- Bill Keating, Jr. started a "Thought of the Day" email on September 5, 2000 when his oldest son left for college. He never missed a day for over 16 years, until sadly he passed away after battling cancer. His daughter Liz took over sending the daily inspirational emails. Bill continues to change people's lives today, even though he's no longer with us.

- My wife is a middle school teacher. The lessons she teaches are helping her kids become doctors, engineers, fitness instructors, etc. Some kids will grow up to be teachers themselves! My wife plays a critical role in knowledge being transferred down from generation to generation.

Figuring Out My Legacy & Purpose:

After listening to the presentation that day at work, I went home, overwhelmed, trying to figure out my personal legacy. I was thinking thoughts like, *"What is my life's purpose? What was I put on this earth to do?"*

These are such incredibly tough questions! And still to this day I have no clear answer. But I have figured out these few things so far that are helping me...

It doesn't have to be HUGE: The term "making a difference in the world" doesn't mean that I have to affect millions and millions of people. My legacy might involve just affecting the lives of a select few. Big or small, a difference is a difference.

It doesn't have to be NOW: Many people don't figure out what they want to do until much later in life. There's no rush to become who I inevitably will become.

What am I passionate about?: When I talk to people about things like personal finance, real estate, or surfing, my face lights up! These things have made such a huge difference in my life, and I want to share them with others. Passion is infectious and it spreads far and wide. This is what people remember about you.

Helping, sharing, giving: I live an extraordinary life full of blessings. Sharing these with others makes me happy, and enriches the lives of those around me. The more I give, the clearer my value in this world becomes.

Legacy is built slowly over time: Little by little, day by day, I'm trying to better myself. The greater I can become, the greater value I can provide the world.

"Carve your name on hearts, not tombstones. A legacy is etched into the minds of others and the stories they share about you." — Shannon L. Alder

Final Thoughts & Takeaways:

It's been about 4 years since I attended that legacy presentation. And I still don't have a 200 year plan. (Truth be told, I don't even have a solid 5 or 10 year plan still), but that's not the point.

It's about thinking long term. It's about understanding the ripple and compound effect of how everything we do today will shape how we are remembered later. Picturing far into the future can give you a good idea of what actions you should be doing today.

As frustrating as it is sometimes to "not know my exact purpose in life," I've found peace in the fact that my legacy is building in a direction I'm proud of. It may be forever a work in progress, and I'm OK with that.

What about you? You got a 200 year plan? What's your legacy?

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Joel O'Leary is the creator of 5 AM Joel. He gets up every day at 5am and sends a short, positive (and powerful) message to friends, family, co-workers and strangers. You can join his daily email list here.

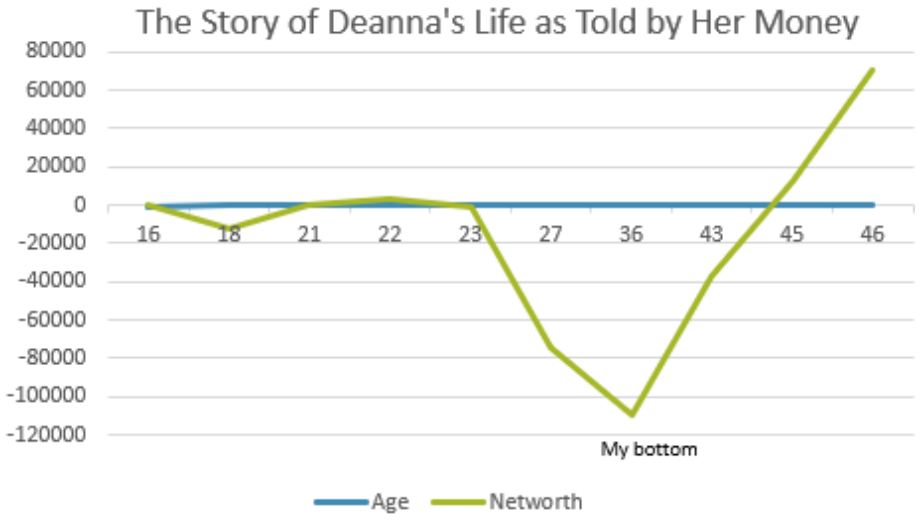
How Getting Sober Changed My Life — and My Money

—Deanna Broaddus

I'm looking at the graph of the pivotal money moments in my life, and it's clear to me the life-changing events that occurred at each stage.

The story told by my money also tells of my recovery from drug addiction/alcoholism. Since getting sober, it's not surprising my net worth has gone up.

For this girl, sobriety is sexy.



My First Relationship with Money

I started doing odd jobs like babysitting and working at the family golf course around the age of 12. My relationship with a steady income started at the age of 16 when I began waitressing.

Everything I made went right out of the door on clothing, entertainment, and alcohol.

You see I grew up in a two-parent, Christian, middle/upper-class household where all of my material needs were supplied. Any money I earned was just for play.

I did not learn the value of savings, but I did recognize that money correlated to freedom.

However, my desire for freedom was short-sighted as I only wanted to get out of the house (and my skin) in the moment.

When Emotional Stability is Lacking, so is Money Sense

My relationship with my Dad was not healthy growing up. He was doing the best he could and I now understand that, but he was a stressed-out salesman with a short fuse. He wanted to (and did) provide for his family, but his career became an obsession. Furthermore, my Dad grew up in a critical environment and these things have a funny way of being passed down. He didn't have the patience for kids. I learned to get attention by getting into trouble.

My Mom was loving, kind, and nurturing. Regardless I was scarred by some hauntingly, temper-filled, memorable encounters with my

Dad. As a result, I grew up believing some very incorrect things about myself.

I found solace in alcohol in my teen years. When I took that first drink, I became everything I thought I wasn't – funny, pretty, and smart. I found the courage to be the fun-loving extroverted gal that I am. However, that courage was smoke and mirrors.

When a person is exerting all of their energy to cope with chronic stress and extremely low self-worth, money, at best, is an escape mechanism, and, at worst, used for mere survival.

The Start of Debt as a Lifestyle

Interestingly enough, my parents have always been wise stewards with their money. They saved for retirement and their children's college education, pay cash for cars, and have no debt. Due to my rebellion against them, I learned none of this growing up.

At the age of 18, I bought my first new car with financing and you can see that dip on the graph. I ended up selling that car at the age of 21, moving to Colorado, and getting a small sum of money. For the first time, I was slightly above the line. This hippie used that money to fund a backpacking trip to Europe. #NoRegrets on that.

However, with an unreconciled past and little money sense, I quickly got back into debt and kept drinking/drugging.

Due to my ability to be high functioning, I went undetected as having a problem for many years. I wanted to appear normal so I maintained an outward appearance that prettily covered up the pain and suffering I was experiencing.

Bigger Debt

I got married at the age of 25. We bought a house, financed two cars, and used credit cards inappropriately. You can see the graph going way below the line in my mid-twenties. My marriage ended at the age of 27 and I was left with a mountain of debt. I filed for bankruptcy but was able to keep the house. Unfortunately, I didn't really learn any money lessons at this stage.

My drinking/drugging waxed and waned and I even managed to have some healthy years. I kept paying the minimum payments on my debt and vowed to never go back into bankruptcy.

In my 30's I made my way to graduate school to become a high school mathematics teacher. While my parents paid for my undergraduate education, I funded graduate school 100% with student loans.

The Beginning of the End

I excelled in graduate school but in the process, a man from my past walked back into my life and I unfortunately got back into drugs. While I graduated with a 4.0 and a promising career in education, I walked away from it to pursue a life that allowed me to use these drugs. It still pains me to write that last sentence.

I became the wine sommelier at a country club where I had worked for many years. In case you are wondering, that's not really the best job for an alcoholic/drug addict. ;-)

Sure, I kept up the facade but I was basically getting paid to drink. Additionally, I was addicted to crystal meth so, with the combo of uppers and downers, I walked that lethal tight rope until I eventually spiraled down.

My bottom occurred at the age of 36. It's no surprise that I was also in the biggest amount of debt of my life. I was bankrupt emotionally, physically, spiritually, and financially.

It can be a beautiful thing when a person comes to the end of their rope and there is nothing left to grasp at. After some disturbing visions and the stark reality that I was going insane, I finally surrendered, admitted defeat, and asked for help.

I left the destructive relationship, quit drugs, returned to faith, and committed to a life of sobriety.

Digging to Get Back to Broke

The early years of my sobriety were really about reconciling with my past. Reconciliation includes looking at my part in things, making amends, forgiving others, receiving forgiveness, and healing relationships.

However, in remembrance of my vow to not file bankruptcy again, I made some financial changes. I was able to reduce my expenses, stop adding to the debt, and stay afloat financially. About four years into my sobriety I wanted to gain complete financial peace. I had peace in every other area of my life, but not yet with my money.

A woman from my church helped me to get on a budget. Then I started listening to Dave Ramsey. He would tell me, over the airways, that I didn't have to have to keep my debt around forever. I could actually get intense and pay it off, and for some reason, I believed him.

In the process, I did lose my house to foreclosure. The neighborhood where I lived was not bouncing back after the crash of the housing market. It was no longer a safe place for a single

woman to live. I stuck it out until some major things broke, at which time I moved into a ministry home. All the while I worked with a realtor to short sale my house. In the end, the bank declined my short sale. Feeling defeated and facing foreclosure, I hired an attorney and it ended fairly well.

Once I bounced back from that, I humbled myself and asked my folks if I could move in with them. They were gracious and said yes. At the age of 43, I moved back in with my parents for further reconciliation of our relationship and to focus on paying off the rest of my debt.

All in all, I paid off $46,763 in about 3 & 1/2 years total on a $40k salary. Near the end of my debt pay off my salary jumped and it's still jumpin' today!

I shared my testimony on the Dave Ramsey Show on June 4, 2018 which you can see here ;-)

From Addiction to Investing

When I was in debt pay-off mode, some things shifted in my relationship with money. Firstly, I knew I never again wanted to pay for things of the past. Secondly, I realized I value relationships over spending money. This attitude has carried over into my investing life. If I value something, I'll spend money on it, but I've found that

spending time with the people I love doesn't have to center around spending money.

As I was approaching that bright light of broke, I started listening to the ChooseFI podcast per a recommendation from a colleague. I read J.L. Collins', A Simple Path to Wealth, and realized I could do this investing thing.

I started in 2018, maxing out all of the tax-advantaged accounts I could get my hands on and haven't stopped yet. Today, I get to walk alongside women in recovery helping them with the same things I've gained freedom from. I'm spreading financial literacy to some of the women who need it most.

The Current Breakdown of My Finances:

- Employer-Sponsored Simple IRA: $33,054.63
- Health Savings Account: $5,233.65
- Roth IRA: $6,089.26
- Traditional IRA: $6,935.92
- M1 Finance: $385.57 (just getting ramped up on post-tax investing)

- Between checking & savings: $18,642.51
- Total net worth: **$70,341.54**

Closing Thoughts

I've learned that it all goes together. Since getting sober I've wanted complete healing and transformation, but I'm learning it's a lifelong process. Some wounds go deep.

I'm grateful for that time with my parents. I was able to finish paying off my debt and get a fresh launching pad. More importantly, I faced and slayed some childhood demons. As a result, my family bond is stronger. People can change if they are willing and able to be honest with themselves and others.

Finally, I've learned that valleys are where the real growth occurs. It's the hard stuff that has chiseled me into the woman I am today, and I am proud to be in recovery.

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Deanna blogs at Recovering Women Wealth and writes specifically to women. She got sober from drug addiction/alcoholism in 2010 and returned to a faith in Christ. Today, she is learning to be a wise steward/investor of her resources while helping other women find their victories too. You can find more links to her story on this blog post at Budgets Are Sexy.

8 Characteristics of People Who Are Successful At Getting Out Of Debt

—Lama Farran

Having guided numerous families and individuals on their quest to pay off debt, I wondered about the characteristics which make them succeed on this path. Why are they able to successfully follow-through with their commitment to **get out of debt** when others fail at it?

After some reflection, I was able to pinpoint the 8 following behaviors which make them more prone to pay off their debts:

*(For simplicity, I will refer to them as **The Debt Slayers** in this article).*

1. They are goal-oriented and have a clear focus.

One of the first exercises Debt Slayers do before starting to pay off their debts is they define their SMART goals:

Specific, **M**easurable, **A**ttainable, **R**elevant, and **T**ime-bound.

Without them, people are left shooting in the dark. Would you get in your car and expect your GPS to get you to a specific destination without entering an address? Probably not. The same applies to money.

Debt Slayers are goal-oriented. They are clear about the path that lies ahead. They know how they are progressing and how much they have left before they get there.

2. They take steps to change auto-pilot spending habits.

Human beings are creatures of habit. We get comfortable in our ways and routines. As a result, it requires specific self-awareness to get off the auto-pilot mode.

When it comes to spending, we tend to: pick up the same coffee every morning; keep the same gym membership; automatically renew our home and car insurance; pick up the same take-out for dinner in the evening; buy gifts for everyone we know during the holidays because *"that's just the way it is."*

Debt Slayers are not afraid to stop and ask themselves the real reasons behind their spending: Is it out of habit? Laziness? Boredom? Stress? Social pressure? Or something else?

They're comfortable getting off the auto-pilot spending mode. They are conscious about where and WHY they're spending their money.

3. They work hard to identify the difference between needs and wants.

Debt Slayers don't easily fall for advertisements purposely designed to make someone feel like they *need* the advertised product. For example, they know that clothing and shelter are

definite needs. However, buying the latest trends of shoes and clothes, or having a bigger house than required are simple wants.

Debt Slayers are able to dig deep and honestly ask themselves if their purchase is a must-have or a nice-to-have.

4. They don't "Keep up with the Joneses."

The Joneses are not only your next-door neighbors and your close friends, but also your 500 friends on Facebook and Instagram.

Debt Slayers are aware that everybody else's life looks plentiful on social media or when observed from the outside. However, they do not let the vacation pictures of friends or strangers derail their desire to become debt-free.

Some choose to simply limit their exposure to social media, knowing very well its negative effect on spending. Others stay on social media but with the added awareness not to allow it to affect their debt-free goal.

5. They communicate openly, honestly, and regularly about finances with their partner.

It is difficult to pay off your debts as a family if you are not on the same financial page as your partner. Once money becomes a topic

that does not trigger fights and arguments, things will go more smoothly.

Debt Slayers perceive debt repayment as a common project to tackle together. Efforts are coordinated to move forward, just like a team paddling a canoe in-sync to move it fast and straight.

They also have regular, honest, and judgment-free money conversations. Finger-pointing is replaced with productive problem solving, especially when they hit bumps on the “debt-free road.”

6. They are patient and disciplined.

Debt Slayers know there is no magic wand that makes debt disappear. It takes a considerable amount of patience and consistent actions on a daily basis.

They do not get discouraged at the amount of time it’s taking them to become debt-free. They remind themselves how far they’ve already come. They focus on their daily efforts, knowing that, in the end, they will add up to a significant feat.

The process is indeed very similar to losing weight. No magic pill has yet been invented to shed weight overnight. The magic ingredients lie within: patience, discipline, and commitment.

7. They find ways to have fun while paying off their debts.

Who wants to live a life based on a restrictive way of being? Not Debt Slayers!

They know that debt repayment is their priority and they derive great joy from seeing it getting reduced. Nevertheless, they still find ways to have fun and celebrate milestones.

People have different notions of what fun is: to some, it may be a fancy candle-lit home-made dinner; to others, it could be attending a concert or going on a weekend getaway. So it's essential to have something fun to look forward to.

Just like an extremely restrictive diet is bound to fail after some time, paying off debts without ever allowing yourself to have fun will also be doomed.

8. They are not afraid to ask for help.

Some perceive asking for help as a sign of weakness. But Debt Slayers know that properly managing money does not come naturally to everyone. So they guiltlessly ask for help because they see it as a sign of determination to make things better.

Help can come in many forms: it can be joining a Debtors Anonymous group, a Facebook support group or working one-on-one with a money coach. Help normally comes with accountability and support, which can increase the chances of success.

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Lama Farran is a Certified Money Coach and an aspiring minimalist, living a debt-free life. Her mission is to help individuals and families achieve financial peace of mind by focusing on the behavioral and emotional sides of money. You can find more of her work at Max Worth.

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