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SIMPLEMoney

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

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My Silent Battle With Inflation

—By Noel of Happily Disengaged

My mother had a saying when I was growing up and now it's stuck with me like any good saying does when repeated over and over during one's formative years.

The saying is this: ***"Lazy people work twice."***

It doesn't take much imaginative work to guess that I probably wasn't working as hard as I should have been as a youth to have been told this over and over again. Usually, household chores were the culprit. A half-ass job sweeping the floor meant I'd have to do it all over again if it wasn't up to my mother's standards. It's always taken a huge effort for me to do things I don't want to do. Luckily, I was raised to believe that there really is no choice when something has to get done, the only choice is how well it will get done on the first go.

To this day, when faced with a task I'm not enthused about, even as a 38-year-old adult supporting a family, those words cross my mind.

I'd say it's worked well over the years. Enabling me to stand out enough to raise up through the ranks of a union carpenter to an office position managing the work. Getting it done right the first time around is a fine recipe for success in manual labor. The higher up you move, the less crappy jobs you have to do, and yes, there are some crappy jobs to be done when it comes to building high rises out of concrete.

I've done my own twist on this saying in recent years to fit my newfound personal finance nerdiness. Especially since my savings rate has ramped up to about half my take-home pay.

And it's this: ***"Lazy people pay more."*** If I want something done for me instead of doing it myself? I'll pay more. If I don't do my research ahead of time, I'll likely end up paying more. I imagine it is impossible to have a high savings rate while being lazy about money.

I'm guilty as charged at times. Nothing against lazy people. I can be deadly lazy at times. My work ethic is entirely forced and not a natural character trait if the job is something I don't find interesting (hence my pursuit of FIRE).

Owning a high savings rate takes hard work, it's not easy and diligence is a must. I have a system down to keep my expenses low. The "system" is eerily close to the same method one would use being on a strict diet. I know because a couple of years ago I did a Whole 30 challenge with my wife. The hardest part of that challenge was preparing, well ahead of time, for things to eat that comply with the diet rules. If you get to the hungry part and don't have ingredients or meals prepped, you're likely to fail. In case you're wondering, the Whole 30 Challenge is a strict diet undertaken for 30 days, where sugar, alcohol, grains, legumes, soy, and dairy are not eaten. Pretty much only protein and vegetables

are allowed. It sounds easy, but is super tough. Sugar is in everything!

The same rigorous preparation and forethought Whole 30 took, goes for spending money. If you aren't proactive and prepared for a situation ahead of time, you'll likely spend more money. For the most part, this system has worked well, but its sharp edges are now being dulled by the monster called inflation. Preparing ahead of time is turning out to not be enough to save me money like it used to. This inflation monster has learned my playbook and it seems I need to become more creative in my money-saving schemes.

Ah, inflation.

The little beast I've read so much about and have been told stories about by older folks, like some childhood boogeyman meant to scare me into behaving or else. The beast has shown itself to me and it's not imaginary. After months of living on the news screen of my phone and television, it came and grabbed my hand holding my credit card in its forceful grip, cracking the delicate bones of my fingers in its vice-like squeeze, then left me reeling in pain and disbelief.

Yes, living in the San Francisco Bay Area and spending workdays in the city of San Francisco, I'm too aware of high prices. So aware, that I naively disregarded the inflation worries as the problems of

the less populated American regions, the non-coasts, where things ~~are~~ were cheap. They're just catching up, I would muse, $4 dollars a gallon for fuel is nothing new.

A few weeks ago inflation came to slap me in the face as I sat in my car ordering two Starbucks coffees with my wife. I thought the dude taking the order had just got my order wrong. So when I pulled up to the window I asked him to repeat the order, then the price. Now granted, I don't order coffee from Starbucks all that often. When I do buy, it's usually from a small local business type joint, but this day we were running late.

$8 for two coffees! And I still went through with the transaction, knowing the inflated price, due to a combo of the state of shock from being told the price of a paper cup and brewed water, and my life and death addiction to caffeine.

As I handed over my credit card to be devoured, I couldn't help but think if only I'd made some coffee at home. I didn't prepare ahead of time and so I paid. My motto of "Lazy People Pay More" came back to slap me in the face. I'd been lazy. Too lazy.

The same situation happened to me on a recent trip to the home improvement store to buy a few lightbulbs for some that have gone out around the home. A single lightbulb cost $4.89. Being that I had to buy quite a few, the price ended up being pretty high. Without doing any price research I ended up paying more.

But these moments were like a door opening. On the other side of the threshold stood inflation for only just a moment before it disappeared. The moment was all it needed to scar me. I've seen the ghost and the image is burned into my mind. Everywhere I look I now see the tainted prices that inflation might have spoiled.

I question all prices now.

Everything feels more expensive. But is it? Is it just my mind looking for high prices? Looking for an excuse to worry? Are finance articles just subconsciously tainting my thoughts? Am I just a financial hypochondriac self diagnosing? Alas, it's not just my mind. I am paying more. More for food. More for gas. I meticulously track my spending and keep records of what I spend. So I have some hard data to look back on. I spent over 10% more on groceries in 2021 compared to 2020.

6.8%

Us personal finance nerds are probably well aware that the Bureau of Labor Statistics put out their report for November's Consumer Price Index on December 10th. Headlines are showering us with the nasty little fact that it hasn't climbed this fast since 1982.

Year over year inflation has given rise to the cost of goods by 6.8% in a years time! Most of it food and fuel. If we take away those

costs it's a bump of 4.9%. Still, a hefty slice into my most recent raise at the old W-2 job.

So I haven't been imagining things in the grocery store. The greedy inflation monster really is back and here to rob all our savings rates and investment returns if we aren't careful. And this monster apparently isn't the only thing we should fear (*why is it always fear?*), the Fed might do something like raise interest rates to induce a self-imposed recession.

We will likely be caught in the tides of this war between the central banks of the world and the rising cost of doing business like helpless civilians in a carpet bombing raid.

1982

So what happened the last time inflation rose this fast?

Back in 1982, the United States was in a recession. A self-induced one and the second of such in two years. From July 1981 to November 1982 the United States was suffering the worst economic downturn since the Great Depression (only our most recent 2009 recession would top this bad boy). Paul Volcker was the head of the federal reserve during this time, nominated in part because of his hawkish stance on inflation. He believed that what the Federal Reserve had been doing in the 1970's, with their "*Stop-*

Go" policy of trying to fight high unemployment and high inflation was the wrong tact. It wasn't working.

Mr. Volcker entered office in 1979 when federal fund target rates were at 11.2%. By June 1981 he'd raised rates to hover around 20%. His target was not just interest rates, but the money supply. He ignored calls by congress and pundits to reduce the rate, especially when unemployment rose to higher than 10% during this time. The dollar depreciated. The pressure was intense for him to back down from his bold policy and it did cause economic pain at the time, but he held fast and inflation came down. Inflation hasn't peaked to this insane level since 1982...till 2021 of course. His victory is known as the Volcker Disinflation and it set the table for two decades of strong growth.

I'm no economist, but I've read a bit of history in my short 38 years. I've come to believe that history doesn't repeat itself, but themes do. One key element is our beloved short-term memory for short-termed benefit. It's easy to believe, as a society, that the large and scary events that occur in our lives are "a first" (they may well be for us as individuals but not society), so we tell ourselves this time is different than the last. This mindset has led to some catastrophic outcomes from the times of ancient Rome to the most recent world wars.

Looking back after several decades from certain events, it's easy to see patterns and do some amateur Monday night quarterbacking.

But it's almost always impossible to do this in the present moment. If humans could use history as a guide for solving the present's problems, we'd all be living in some problem-free utopia. And nobody wants that.

Prior to Volcker, Keynesian Economics had been the rule of the road for decades. A lot of borrowing on cheap credit took place to fund the Vietnam War and the Great Society agenda in the years leading up to 1982.

20% interest rates sound incredible to someone born in 1983, like me, and who's only seen a Fed high rate of 6.5% as a working adult in the early 2000's.

So to the present moment.

The Fed has acknowledged that it's raising rates in the near future. Likely 3 hikes next year.

What does history tell us about this? Recessions occur nearly 37-42 months after the start of a rate hike cycle...well, that's what the headlines are saying. I'm sure it's true. I'm sure the journalists covering this headline have done their due diligence. But as I'm writing this I'm digging up a ton of articles written in 2015 *throwing out these exact same scary headlines!*

On December 16th, 2015, nearly 6 years ago to this date, Janet Yellen rose rates from a range of 0%-.25% to .25%-.5%...and

everyone was saying the world was going to end. This was the first hike in nearly a decade and the wounds of 2008 were still fresh–hell they're still fresh in my mind–but we ended up having quite a bullish 6 years since. Till that virus came of course.

So will a rate hike really cause a recession? History says so. But we know recessions occur anyway. We just had one last year.

What does a rate hike mean for someone who's on the road to FIRE?

Nothing. Except to ensure I've made my coffee at home to avoid the $3 plus cups of joe that Starbucks is dishing out here in the Bay.

Okay, seriously though, there will be some changes that I'll have to make. Luckily, I've locked in my 2.86% fixed mortgage rate. That decision, which cost me quite a bit in fees, is looking better and better as the days pass. If I hadn't refinanced, I'd be looking to do that now. I pay my credits cards off monthly, so the worry doesn't lie with those bad boys.

As for investing. I may make the switch to buying bonds sooner than planned, depending on a myriad of factors–not just inflation; not just interest rates; not just my portfolio value vs allocations. My retirement withdrawal phase has always included a "bond tent" to get me past the critical first 5 years of early retirement. The plan

for me before this inflation thing reared up, was to start funding bonds in 2023–two years before I'm supposed to pull the plug in 2025. That'll likely still be the case, but I'll have my eyes on the rates. But if for some reason a recession does occur, and I haven't lost my job, it will be hard not to keep plowing money into equities for the potential upside of the recovery.

The fundamentals of saving and investing as much as I can, within reason, have helped put me in a strong position to ride out any storm coming from these fear-inducing headlines making the rounds. To worry, as I'm inclined to do, won't get any of us anywhere. The central banks will do what they want. They'll go to war with this money-eating monster called inflation, the only hope is that the war will be brief, collateral damage is minimized, and the central banks hold fast, as Volcker did in the early 1980s.

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Noel is a 37-year-old husband, father, and superintendent who's in the pursuit of Financial Independence. He lives in the Bay Area with his wife and two daughters. He created Happily Disengaged, where you can find this article and many more that chronicle their path towards a more efficient life.

The Triforce of Wealth

—By Craig Stephens

After two years of begging, I finally received a classic **Nintendo NES Game Console** from Santa in the sixth grade. One of the original video games for the system was the masterpiece, *The Legend of Zelda*. The *Zelda* franchise is an enduring global video game phenomenon enjoyed by gamers worldwide. To date, Nintendo has produced 18 titles in the series for its various consoles.

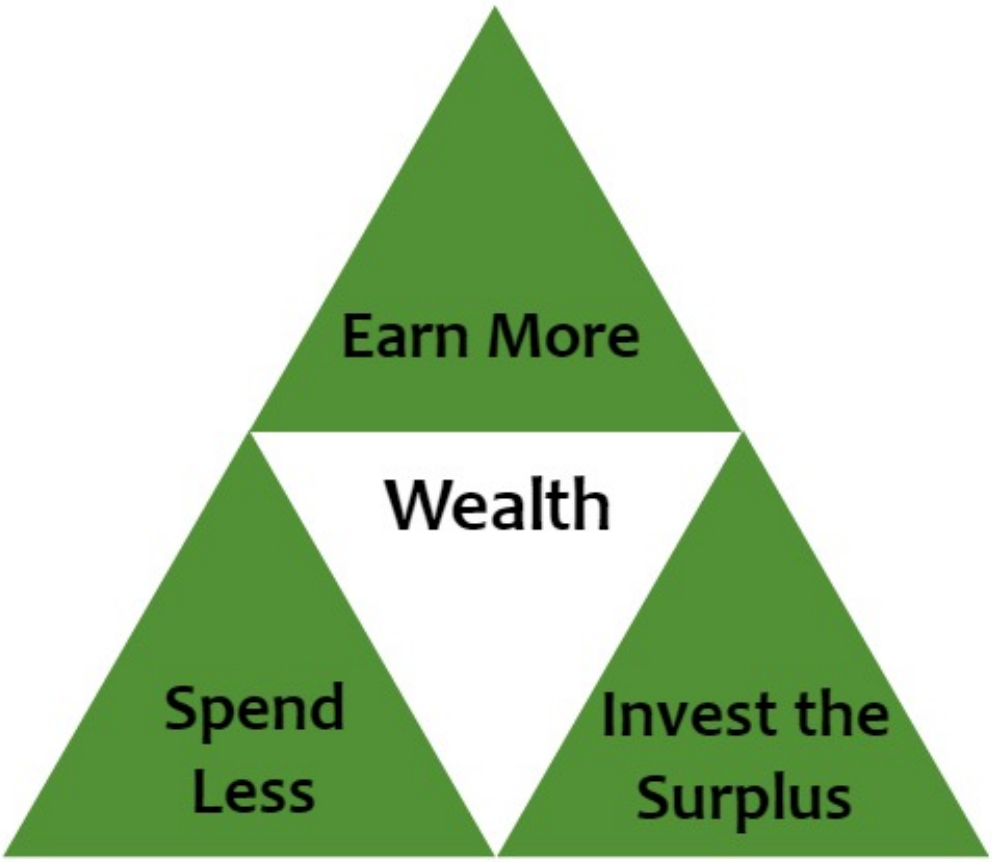
A recurring storyline in the series revolves around the Triforce, which is made up of three singular golden triangles called the Triforce of Power, the Triforce of Wisdom, and the Triforce of Courage.

The protagonist of the series, Link, goes on journeys to retrieve the pieces of the Triforce from various bad guys and hiding places and goes on to save Princess Zelda.

When all three pieces of the Triforce are combined, they create an inadvertent triangle in the middle. If an individual acquires all three pieces of the Triforce and assembles them, that person (good or evil) will be granted any wish they desire for the remainder of their life.

So long as they keep all three Triforces together.

The Triforce of Wealth



It's often said that building wealth is simple, but not easy. Most of us intuitively know and understand the keys to building wealth because they are simple. But we struggle to implement them in our lives.

Three singular Triforces must be assembled to create the **Triforce of Wealth**, if you will, to be truly wealthy.

- **Earn More** – The Triforce of Power

- **Spend Less** – The Triforce of Wisdom
- **Invest the Surplus** – The Triforce of Courage

No one Triforce is self-sustaining. Like a three-legged stool, all three must remain intact to achieve financial wellness, happiness, and everlasting wealth.

Earn More – The Triforce of Power

He or she who possesses the Triforce of Power (the ability to earn a high income), shall be granted an unlimited amount of mystical power. This holds true in society, as those with high incomes can purchase material objects that mystify their neighbors and colleagues. This power is unlimited for as long as the Triforce of Power remains in possession.

But with great power comes great responsibility. Danger is possible if the Triforce of Power falls into the lap of evil.

The Triforce of Power alone does not make the powerful complete.

Spend Less – The Triforce of Wisdom

He or she who possesses the Triforce of Wisdom (judicious frugality), is also granted special powers. These powers include the ability to see one's future (of prosperity), and mastery of using

penetrating vision to identify the foolish spending behaviors of mortals.

More importantly, those who have obtained the Triforce of Wisdom spend their gold on necessities and objects that bring them joy and comradery, not on articles and gadgetry meant to exhibit opulence.

But the wisdom of eternal frugality alone is not enough to bestow wealth and happiness upon a worthy saver.

Invest The Surplus – The Triforce of Courage

He or she who possesses the Triforce of Courage (to steadfastly invest undeterred by external forces) displays confidence and unflappable persistence in times of prosperity and despair. They fear not fluctuations in economic conditions and never heed the advice of unproven philosophers or practice the witchcraft of deviants.

Those who demonstrate acumen and sound judgment over long periods of time, even in the face of dragons and talking heads (and bloggers), shall prevail. The unwise shall fail.

But the Triforce of Courage alone cannot satisfy the heartfelt intentions of pursuers of wealth.

The Assembled Triforce of Wealth

Those who obtain all three Triforces will be granted as many wishes as they desire until they die. So long as they retain the assembled Triforce of Wealth.

The assembled Triforce of Wealth requires balance and resistance to temptation, but also occasional extravagance. The Triforce of Wealth rewards generosity and nobleness, yet punishes ignorance, greed, and pomposity.

Those who overindulge the Triforce of **Power** will forget the wisdom of frugality and become careless with their surplus.

Over-reliance on the Triforce of **Wisdom** may cause one to forget the importance of income, and lead to uninspired courage when one should be investing with fortitude.

And Triforce of **Courage** may severely punish the arrogant and overconfident investor. It becomes weak when it lacks a sound foundation of income and cash flow fostered by the preceding two Triforces.

It's the zen-like balance of the assembled three Triforces which makes a man or woman truly wealthy by way of financial wellness, happiness and contentment, and the ability to bestow peace and good deeds upon others.

Earn more. Spend less. Invest the surplus. Then rescue the Princess.

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Craig Stephens is the founder of Retire Before Dad. You can find this article and many more on his blog about investing, personal finance, and travel.

10 Debt Lessons You Can Learn from NFL Football Players

—By Don Silvestri

In the 1990s, football was my life. I was a placekicker for the New York Jets, Seattle Seahawks, and Buffalo Bills. My career highlight was leading the AFC in touchbacks in 1995.

If you don't know what any of that means, let me explain it another way: I played the nation's most popular sport, and I did it very well for a little while. But then it was over because NFL careers average just over three years. I beat that limit, but I couldn't beat time. Time has an undefeated record.

For my second career, I chose a profession I already had some experience with – personal finance. Throughout the '90s, I saw young men sign contracts for millions of dollars – and for many, those millions evaporated shortly after their careers ended.

My years in the NFL taught me almost as much about staying out of debt as my subsequent career as president of Debt.com. So let's kick off 10 Debt Lessons You Can Learn from Football Players.

1. Brains Beat Bucks

Money will get you out of debt, but it won't keep you out of debt. I saw that up close for years. Give someone $1 million and don't teach them how to budget, save, and invest – and I promise you they'll be down to their last dollar before they retire.

Don't believe me? The National Bureau of Economic Research study shows that nearly 16 percent of retired football players go

bankrupt within 12 years of ending their gridiron careers. Meanwhile, CNBC reports, “the typical salary of a football player is $2.7 million.”

So if you think your money woes would just be solved by a cash injection, I don’t believe that. If millionaires can go broke without possessing financial knowledge, then you can thrive *with* that knowledge. Where do you acquire this education? Personal finance websites. They are free and not at all time-consuming.

2. Budgeting is Your Game Plan

For the past four years, Debt.com has polled Americans about budgeting. Typically, about 6 in 10 adults keep a monthly household budget of income and expenses. During the pandemic, that jumped to nearly 80 percent. But, it should be 100 percent.

You can’t save money for a new car or a new home, or a new family if you don’t know what life is costing you now. I promise you those NFL players who went bankrupt didn’t have a budget. NFL all-star Warren Sapp made $40 million over his 13-year career. He retired in 2008, and he filed for bankruptcy in 2012.

We played in the NFL at the same time, and while I didn’t know him, I’m confident I can say this: Warren Sapp didn’t stick to a budget.

3. Shorten the Field with Technology

Those who don't budget often tell me they don't have the time. They must be very busy people because keeping a budget these days takes only a few minutes a day. You don't use a pencil and paper. You use your phone or computer.

There are secure online tools that do the boring math for you. Mint is free, while YNAB (You Need A Budget) charges $84 a year but offers more personalization. Many banks and credit unions now provide budgeting tools that make it easy to predict, say, how much you'll save per month if you drink one less Starbucks latte a day or buy fewer lunches during your workweek.

Technology has blown up any excuse you had for not budgeting.

4. Prepare for the Trick Plays of Life

Whenever I tell people they need an emergency fund that can pay their bills for at least three months, they laugh and reply, "Every *week,* there's an emergency in my life!" That might seem true, but five tragedies can really sack your finances:

1. Job loss
2. Divorce
3. Natural disaster
4. Serious accident

5. Heath crisis

When any of these strike – and if you live long enough, one is probably inevitable – your entire life can fall apart. Obviously, the mental and physical stress of these situations is bad enough. But mix in financial stress, and your life can fall apart.

Numerous polls show 4 in 10 Americans can't cover a $1,000 emergency. Polls also show those Americans are stressed out about that.

An emergency fund isn't just peace of mind. It can save you money because when disaster strikes and you're not prepared, you often run up your high-interest credit cards – and carry balances for months or even years before you can pay off what you owe.

How do you start an emergency fund? Slowly. Using your monthly budget, you might set aside just $5 a week at first. Then, after a few months of not missing those few dollars, you might add a few more.

5. Recruit a New Teammate

If you really want to run up the lead on your emergency fund, ask your boss or your Human Resources Department if they'll help you.

Almost 95 percent of Americans are paid by direct deposit – no more paper checks – and many employers let you split that deposit between checking and saving accounts. Many will let you break it *three* ways. So you shunt a few bucks every week into an emergency savings account. You won't even remember you're doing it because you'll never see it in your paycheck.

This works especially well when you get a raise. You can divert most or even all of it into your emergency fund, and before you know it, you'll have enough to never worry about recovering from bad news.

6. Automate Your Money

What if I told you, "I know how you can make almost $600, and you don't have to do anything. In fact, you only need to *stop* doing something." Interested?

All you need to do is stop making late payments on your debts. Late fees and overdraft fees cost Americans an average of $577 a year. That's frustrating because there's an easy and automatic fix: autopay.

Almost every bank and credit card – and even many municipal utilities – offer automatic bill pay. You set the day when you want a bill to be paid, and that amount is automatically deducted from your bank account right then, and not a day sooner. So you'll never

pay a late fee again. Best of all, after you set it up, you don't have to do anything.

7. Check Your Credit Reports

These days, most people know the importance of their credit score. These three digits, which range from 300 (bad) to 850 (excellent), determine how much interest you pay on your credit cards and whether you even get a mortgage, plus every loan in between.

What most people don't know is that your credit score is based on your credit *reports*. These are detailed records of everything you've borrowed and paid back (or haven't paid back). Usually, you can scan these reports free once a year, although because of the pandemic, you can do it weekly through April 2022.

Checking these reports is free, and Debt.com shows you how to check your credit report quickly and painlessly. Considering a third of all credit reports in this country contain errors that can result in higher interest rates, you should be highly interested in checking them out for mistakes.

8. Plan for Retirement

Every NFL player thinks about retirement. Even if you're a rookie all-star, you know you're one injury away from a life without football. So everyone needs to think about how to save for

retirement. Fortunately, the tactics are similar to creating an emergency fund. You can actually do both at the same time by budgeting effectively and using your HR Department – this time to ask about a 401(k).

9. Get Professional Help

When I played in the NFL, we had nutritionists, strength coaches, and physical therapists to help us reach peak performance. I learned to trust experts in their field. Now I run a debt-solutions company, and credit counselors surround me. These experts can get you out of debt, and best of all, their detailed and personal debt analysis is free.

You can call a nonprofit credit counseling agency to speak with one of these counselors, but like NFL teams, some of these agencies are better than others. If you want to find the winners, a site like Debt.com can introduce you.

10. Money is a Means, Not an End Zone

So far, we've been talking about money as a practical matter. Let's end by admitting it has a psychological component. You've heard the terms "shopping therapy" and "keeping up with the Joneses." That's shorthand for spending money to make yourself feel better and spending money to make other people respect or even envy you.

Decades of research have been done on money as self-medication and as self-glorification. I just want to leave you with this thought: Money is nothing more than a football. It's just an object that helps you perform better.

I kicked a football for nearly a decade. I focused on improving my distance and accuracy. Didn't obsess about the ball. I kicked the ball. The ball didn't kick me.

Don't let your money rule your life. Rule your money.

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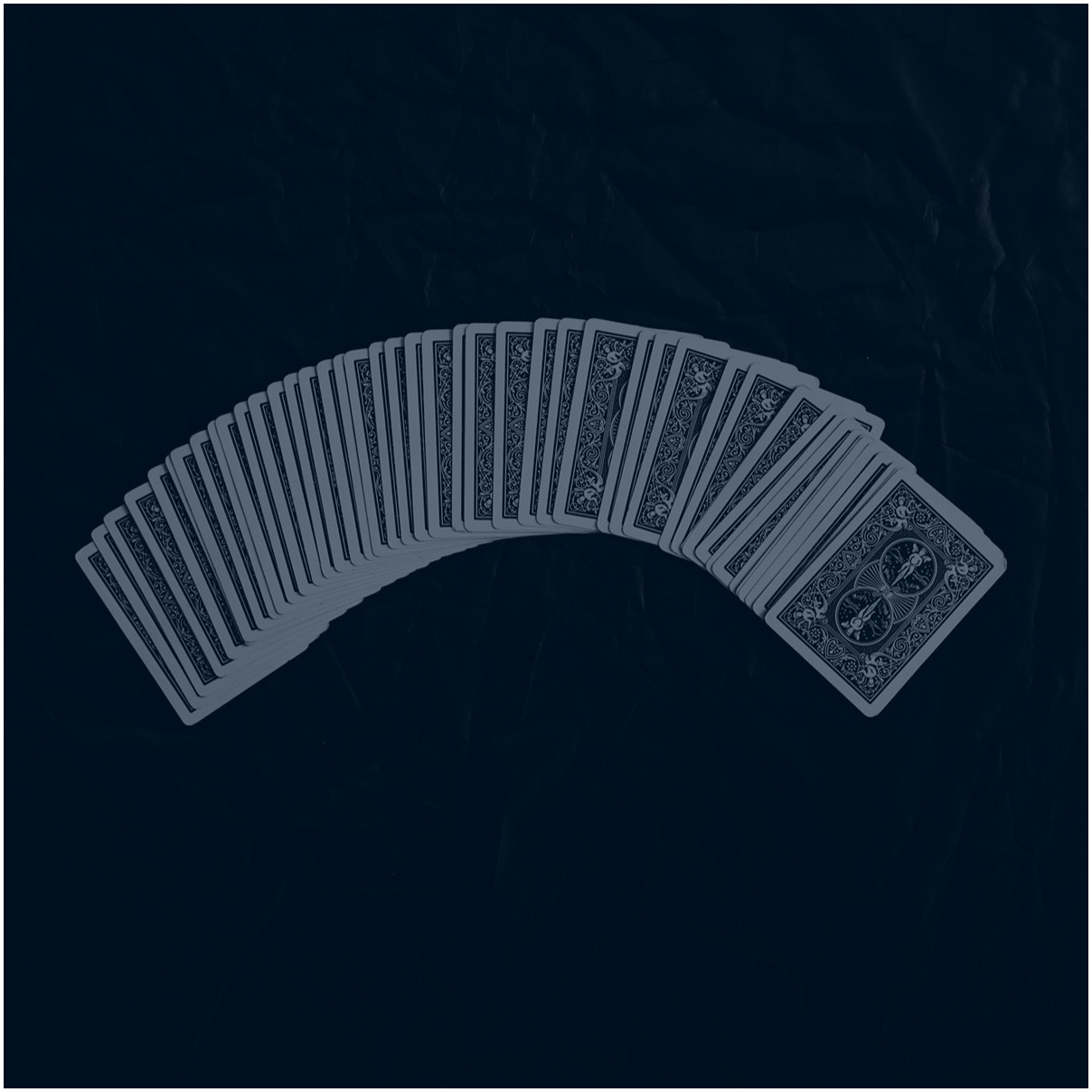
Before Don Silvestri became president of Debt.com, he spent two decades as a senior executive overseeing marketing, sales, strategic planning, business and product development. His experience included website design, media buying, affiliate marketing, social networking, lead generation, and search engine marketing. This article originally appeared on Wealth of Geeks.

It's Not About The Cards You're Dealt, It's About The Hand You Play

—By Leandra Peters



My Mom was dealt a 7-2 off suit, one of the worst hands you could be dealt in poker. My dad was dealt the royal flush, an unbeatable hand. But who won?

Let me start with the success story of my Mom. My Mom is the perfect example of someone who was set up to fail, but she had the recipe for success: will power, strategic choices, and seized every opportunity.

She has accomplished so much that even to this day she says, “I don’t know how I did it.”

Story time.

In 1963, my Mom was born in Casablanca, Morocco. In 1965 my grandmother decided to leave Morocco and take my Mom with her when she was only two years old. This was at a time when immigration of Moroccan Jews to Israel was illegal, but my grandmother wanted a better life for my Mom, so she took the risk, hopped on a ship, and fled Morocco. The trip by sea from Morocco to Israel took a couple of weeks.

My Mom was the first of many children, in fact she was 1 of 17 children, being solely raised by her mother. She remembers living in a one bedroom home and taking care of her siblings.

At age 17, my Mom came to America for the first time to see what it was like. It was always a dream of hers. But she needed to

complete her time as a personal assistant to the General in the Israeli Defense Force for two years, and so she did.

By the time she was 24 she decided she wanted to move to America. She wanted a better life for herself and to live the American dream. From what she remembers, she came to Los Angeles, California with about $1,000 and some clothes.

Leaving her family behind and not speaking much English only made things more difficult for her. The easy choice was for her to go back to Israel when life was testing. But, she knew she wanted to have a family of her own someday and raise children with a better life in America.

And then she met my dad, a car salesman, who sold her a car. A few years later, they ended up getting married, and then came babies — my brother and me.

By the time I was three years old and my brother was four, our dad left.

My Mom did not know about FICO scores or credit cards or anything. So, my Dad opened up everything under my mom's name. The apartment they were renting, their car, credit cards, and bank accounts were all under my Mom's name only. When he left, who do you think owed all the debt? My Mom.

She ended up filing bankruptcy and we were nearly homeless. This was an opportunity for my mom to fold her hand, and go back to Israel, but she didn't want that.

The landlord of the apartment complex helped her with rent, the neighbors brought us food, and my mom would have weekly garage sales, clean neighbor's homes, babysit other kids, anything to make ends meet. Are you wondering where I learned how to side hustle like a champ?

My Mom HUSTLED. I vividly remember going to other garage sales on weekends and my Mom telling people that she would happily take anything off their hands that people didn't buy by the end of their garage sale. She would pick up anything from multiple sales and then have her own garage sale selling those items the following weekend. Meanwhile, she probably didn't realize how much she taught me about money, negotiating, being resourceful, and sales.

She ended up getting her own car after the bankruptcy which was the first step for her to try and get her first job. But first, she needed to learn English better, and so she did. Soon after, she became an international flight attendant. She made it. At the end of the day, she raised my brother and I all on her own. It took a lot of sacrifice, will power, time, and it was a grind.

The even better news, she is now debt free, owns her home free & clear, and has built her retirement accounts all by herself. She was dealt a hand of cards that would take a lot of plays to win, and she definitely won.

My dad on the other hand...

He folded with his royal flush. Who does that? He had successful parents, great siblings, was educated, spoke English, was always supported financially and in life. In the end, he unfortunately ended up homeless and in a place I wouldn't wish on anyone.

Moral of the story

There are things in life you won't get to choose. No one chooses their starting point, but it's up to you to choose where you end up. And although you may not get to choose your starting hand, you do get to choose how to play.

It's up to you to play a poor hand well. ♠️ And that takes hard work.

No matter where you're at financially right now in this present moment, I believe you can achieve wealth, financial freedom, and a lifestyle you want. It's a matter of refining, retooling, or maybe reinventing parts of your life. Roll up your sleeves a bit and do the work. My Mom wanted it bad enough, the question is, do you?

♣️ “The key to success is playing the hand you were dealt

like it was the hand you wanted.”♦️

If you start feeling a bit stuck on your journey to financial freedom, remember this: as long as you are still in the game, anything is possible. How are you going to play your hand?

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Leandra is the Founder of Female in Finance, LLC, where you can find this article and many more. Over the last seven years, she has worked in corporate finance as a Senior Account Manager. She created her business to help people roll up their sleeves and level up their personal finance game, crush their debt, build a side hustle, and invest in the stock market.

The Relationship Between Money and Marriage

—By Jacob Schroeder

I love scotch; she hates it.

There are many things my wife and I don't agree on, but money isn't one of them. We are intentional spenders, buying only what mutually aligns with our needs or values. For instance, disinterested in paying for the trappings of an ostentatious wedding, we tied the knot at New York's City Hall; our reception was watching our first son play at a public playground in the East Village on a warm fall afternoon.

We've been happily together for 16 years, which makes me wonder: Does love make the financial side of marriage work, or is it the other way around?

The most important decision you'll ever make

Warren Buffett's financial wealth is only rivaled by his wealth of wisdom. Rarely does a day pass without someone in the finance industry quoting the Oracle of Omaha on social media. Heck, Warren Buffett's influence is so great, people have essentially made careers out of quoting him.

Yet, with all of his knowledge on investing and business, he says the most important decision a person can make has nothing to do with investing and business. At the 2009 Berkshire Hathaway annual meeting, he said:

"Marry the right person. I'm serious about that. It will make more difference in your life. It will change your aspirations, all kinds of things."

You don't make it to Buffett's level of stature with a track record of being wrong often, and researchers seem to agree with him on this point. Studies show that marrying the right person can significantly improve our health, career success and wealth.

Marriage will change you in many ways. By definition, marriage — joining two into one — is disruptive. Often, for the better. It is about pursuing new things while sacrificing others. A major contributor to that disruption though is money.

Although we've long moved on from the ancient practice of marrying for the sake of status, money is an irrevocable part of marriage, at times, for better, and at times, for worse. Here is what research has uncovered about the relationship between money and marriage.

The relationship between money and marriage

1. Married people are wealthier than single people.

A 2005 study tracking people in their 20s, 30s and 40s found that married people experienced a 77% increase in wealth over single people. In fact, married individuals in the study saw their wealth

rise 16% for each year of marriage. This makes sense considering married couples can combine incomes and share expenses.

However, it may not tell the whole story. You can't expect to tie the knot and just start watching the money roll right in. More affluent people are more likelier to get married in the first place. A report by the American Enterprise Institute details the wide gap in marriage rates by income. About a quarter of "poor" adults aged 18 to 55 are currently married, compared to 56% of middle- and upper-class adults.

2. Wealthier couples are happier.

A study published in the Journal of Happiness Studies suggests that married individuals are generally happier than the unmarried.

What about happiness among married couples?

Turns out, money is one of the biggest contributors to marital happiness. That's what University of Maryland sociology professor Philip Cohen found after analyzing data from the General Social Survey, a long-running study of Americans' views and behaviors.

The survey shows a class divide when it comes to marital happiness. Of upper-class married couples, 70% said they are "very happy" while only 53% of lower-income couples could say the same.

Although interesting, this is far from remarkable considering richer couples don't have to stress over paying bills and have the economic means to splurge on things known to boost happiness, such as take vacations and attend entertainment events.

3. How married couples spend money matters.

It has become personal finance gospel that spending money on experiences makes us happier than spending money on material things. The same is true of married couples. As a Marketwatch article exploring happiness among married couples states: "Partners spending money on a shared experiences like vacations or going out to dinner, are more likely to be very satisfied with life than those splurging more on less exciting things like groceries, insurance and cell phones."

4. Money issues ruin relationships.

For many couples, the vow to stay together "for richer, for poorer" is a fairy tale. Money is the leading cause of stress in relationships, says one SunTrust survey.

According to the Institute for Divorce Financial Analysis, money issues are responsible for 22% of all divorces, making it the third leading cause. Unfortunately, divorce isn't even the worst of it. Financial stress has also been linked to domestic violence.

Some people would even rather have their partner sneak around with another person than sneak around with a hidden credit card. In a survey from CreditCards.com, about 31% of people said keeping credit cards and other accounts from a partner is worse than physical infidelity.

5. Getting married can make you more successful.

To Buffett's point, research suggests that marrying the right spouse can positively impact your odds of personal and occupational success.

A Carnegie Mellon University study of 163 married couples indicates that people with supportive spouses were more likely to pursue greater opportunities in life, and from that, experience more personal growth.

In another study, from Washington University in St. Louis, researchers show people with a conscientious spouse saw their salaries rise by $4,000 per year and were more likely to get a promotion.

While this research is a testament to the potential advantages of marriage, for us married folks, it should also serve as a call to action to be a more supportive partner. Just take a minute to think of the difference you can make in the life of the person you love.

6. Divorce is very costly.

Now that we know what can happen when you choose the right one, what about when you choose the wrong one? Well, on top of the emotional trauma, you could experience an equal level of financial stress.

In the same 2005 study referenced above, divorcees saw their wealth decline by an average of 77%! And, according to a survey by Bankrate, the average cost of a divorce in the U.S. was about $15,000 per person.

With those costs, “death do us part” may be a better deal.

Kidding aside, two people who are extremely unhappy in a marriage have little to gain by staying together. The high consequences of a failed marriage though can help explain why so many people today wait to marry or choose not to marry at all.

What’s love — or money — got to do with it?

She loves working on the house; I hate it.

I don’t know if we have a perfect marriage. But I do know that we have a marriage that is good enough to keep trying to perfect it. I think that’s the secret to a happy marriage. Yet, considering the strong relationship between money and marriage, perhaps the secret to a happy marriage is money.

Let’s consult some people with more experience.

John and Charlotte Henderson, at one time the world's oldest living couple, said the secret to a happy marriage of more than 80 years was to "live life in moderation." Ralph and Dorothy Kohler, meanwhile, said the secret to reaching 86 years of marriage was by doing everything — including compromise — together.

Maybe marrying the right person, as Buffett suggests, is really just a matter of luck. It could be the same kind of luck Buffett attributed to his own success by saying he and Charlie Munger won the "ovarian lottery."

After all, trying to find "the one" may be highly unrealistic, if not impossible. As Lauren Groff writes in *Fates and Furies*:

"Paradox of marriage: you can never know someone entirely; you do know someone entirely."

A perfect marriage could mean accepting your partner's perceived imperfections while recognizing your own. Taking a clinical approach in finding a mate — that is, judging each suitor based on a set of predefined qualifications — will likely set yourself up for failure.

In his book, *The All-or-Nothing Marriage*, psychologist Eli Finkel says that modern marriage, with the high expectation that it should provide everything from physiological fulfillment to love to

financial security to self-actualization, runs the risk of “suffocation.” Most people cannot be all things, all the time, to someone else.

Couples who can meet all those expectations for each other indeed have very happy marriages. But it takes work.

One technique Finkel suggests is to frame the actions of your spouse in a more positive light. For example, instead of thinking your spouse is always late (like my spouse!), assume that it isn’t on purpose and consider the unexpected events that prevented him or her from arriving on time. Another option is to adopt a growth mindset. That is, view compatibility as something that is nurtured rather than is a fixed entity. This helps couples navigate and grow from marital conflicts.

Finkel also takes a page from Investing 101 by recommending married individuals to diversify their social networks, much like diversifying your portfolio. Look to other people and outlets to meet your needs rather than place sole responsibility on your spouse. In other words, don’t put all your eggs in one basket.

Choosing someone based on their ability to maximize certain qualities like financial security or status will not guarantee a happy marriage. In that sense, money, though big, is just one of many things that can influence the quality of a marriage.

Money is an extension of what you love and value. It's a means to an end. If you focus only on money, you won't receive lasting gratification from anything. Not your career or your reputation — and certainly not your marriage.

After all, a bank account won't be there to hold your hand on your death bed.

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The 80/20 Rule for Money: The 3 Ways Americans Spend Most of Their Money (& How You Can Save More)

—By Kyle Kowalski

Is it possible that the 80/20 rule can apply to every area of life—including how you spend money?

If you're unfamiliar with the 80/20 rule, here's a quick definition:

- "The Pareto principle (also known as the 80/20 rule, the law of the vital few, or the principle of factor sparsity) states that, for many events, roughly **80% of the effects come from 20% of the causes**."

I've mostly heard of the 80/20 rule applied to business and work:

- 80% of your revenue comes from 20% of your customers
- 80% of your results come from 20% of your work
- etc

Naturally, I wondered if the same rule applies to personal finances and how the average American spends money.

The US Department of Labor's Bureau of Labor Statistics (BLS) published their latest release of consumer expenditure data in September 2018. The survey looks at spending by "consumer unit" which is defined as:

- "Consumer units include families, single persons living alone or sharing a household with others but who are financially

independent, or two or more persons living together who share major expenses."

Average expenditures per consumer unit for 2017 were $60,060, a 4.8% increase from the prior year.

But, what I find more interesting than the total amount is *where* all that money is spent. The three largest spending categories are:

1. **Housing:** $19,884 (33% of the total $60,060)
2. **Transportation:** $9,576 (16%)
3. **Food:** $7,729 (13%)

That is $37,189 from those three categories alone—62% of total spending.

The report shows 11 spending categories, which means 3 account for 27% of the total categories. It's not quite the 80/20 rule, but it's pretty darn close:

62% of consumer spending comes from 27% of the spending categories.

These three spending categories are the three highest regardless of your type of household. The only thing that changes when you

dig in deeper by type of consumer unit is the percent spent in each category—the totals range from 58%-67%.

A Brief History of American Money Spending since 1901

Believe it or not, some amount of consumer expenditure tracking has occurred for over 100 years. About the length of time the phrase "keeping up with the Joneses" has been in existence. And, there are some BIG differences between how we spent money back then compared to how we spend money today.

Here are some highlights from the BLS report 100 Years of U.S. Consumer Spending that was published in 2006:

Modern Americans spend more money today in general.

- "In 1901, the average U.S. family had $769 in expenditures. By 2002–03, that family's expenditures would have risen to $1,848, a 2.4-fold increase."

The top 3 spending categories have decreased as a total percentage *and* changed over time (from 80% spent on food, housing, and clothing in 1901 to 62% spent on housing, transportation, and food in 2017).

- "(In 1901) 42.5% ($327) was allocated for food, 14.0% ($108) for clothing, and 23.3% ($179) for housing. That left $155 for all other items."

Wondering when housing became the #1 spending category by Americans?

- "With greater home ownership and higher housing costs, in the 1960s family spending for housing became the most significant item in household budgets, displacing spending on food."

Americans spend *way* more on non-necessities today.

- "In 2002–03, the average U.S. family could allocate 49.9% ($20,333) of total expenditures for a variety of discretionary consumer goods and services, while the average family in 1901 could allocate only 20.2%, or $155, for discretionary spending."

Bonus: Where does all the non-necessity spending go? How about Funyons, cosmetic surgery, and getting drunk?

How You Can Save More Money

I recently completed a buy nothing year for clothing (and am still going!). There are a lot of positives to doing a buy nothing year: decluttering, voluntary simplicity, getting closer to minimalism, reducing waste on the planet, and much more.

By the name alone ("no spend," "buy nothing," etc), you likely associate these challenges with saving money. But, depending on the category or categories you choose to stop spending in, you

may not save much. For me, clothing is simply too small of a category to make a meaningful dent in our overall finances.

So, only buying the essentials is a start, but how can you *really* save more money?

To save the most money, you need to take bigger bites out of the largest pieces of the total spending pie—that means focusing on the biggest spending categories: housing, transportation, and food.

How does your spending compare to the data? If you don't know, I highly recommend tracking your finances for at least a few years to understand how you spend your money and analyze your own personal trends over time. Data can be your friend and a helpful tool when it comes to your finances.

If you want to compare your spending to the averages in each category, here you go:

Table A. Average expenditures and income of all consumer units, 2015-17

Item	2015	2016	2017	Percent change	
				2015-16	2016-17
Average income before taxes	$69,627	$74,664	$73,573	7.2	-1.5
Average annual expenditures	55,978	57,311	60,060	2.4	4.8
Food	7,023	7,203	7,729	2.6	7.3
Food at home	4,015	4,049	4,363	0.8	7.8
Food away from home	3,008	3,154	3,365	4.9	6.7
Housing	18,409	18,886	19,884	2.6	5.3
Shelter	10,742	11,128	11,895	3.6	6.9
Owned dwellings	6,210	6,295	6,947	1.4	10.4
Rented dwellings	3,802	4,035	4,167	6.1	3.3
Apparel and services	1,846	1,803	1,833	-2.3	1.7
Transportation	9,503	9,049	9,576	-4.8	5.8
Vehicle purchases	3,997	3,634	4,054	-9.1	11.6
Gasoline, other fuels, and motor oil	2,090	1,909	1,968	-8.7	3.1
Healthcare	4,342	4,612	4,928	6.2	6.9
Health insurance	2,977	3,160	3,414	6.1	8.0
Entertainment	2,842	2,913	3,203	2.5	10.0
Personal care products and services	683	707	762	3.5	7.8
Education	1,315	1,329	1,491	1.1	12.2
Cash contributions	1,819	2,081	1,873	14.4	-10.0
Personal insurance and pensions	6,349	6,831	6,771	7.6	-0.9
Pensions and Social Security	6,016	6,509	6,353	8.2	-2.4
All other expenditures	1,847	1,897	2,010	2.7	6.0

Note: Subcategories do not sum to their respective major item category.

Source: Bureau of Labor Statistics 100 Years of U.S. Consumer Spending

One Final Thought

The *100 Years of U.S. Consumer Spending* report ends with the following conclusion:

- “Perhaps as revealing as the shift in consumer expenditure shares over the past 100 years is the wide variety of consumer items that had not been invented during the early decades of the 20th century but are commonplace today. In the 21st century, households throughout the country have purchased computers, televisions, iPods, DVD players, vacation homes, boats, planes, and recreational vehicles. They have sent their children to summer camps; contributed to retirement and pension funds; attended theatrical and musical performances and sporting events; joined health, country, and yacht clubs; and taken domestic and foreign vacation excursions. These items, which were unknown and undreamt of a century ago, are tangible proof that U.S. households today enjoy a higher standard of living.”

Is this really the measure of a high standard of living? Or, is this just a summary of the multitude of ways we’ve veered off course to convince ourselves that more things and experiences are the key to happiness? What does all the lifestyle inflation and spending on non-necessities really do for us?

Don’t forget that you can choose a simple life at any time—you can choose to be the fisherman instead of the tourist.

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Kyle Kowalski is an ex-marketing executive turned corporate dropout and solopreneur who found and created his life purpose after an existential crisis. Read more from him at Sloww, a synthesis of the world's wisdom on the art of living and how to be human. Subscribe to the Sloww Sunday email newsletter (free) and you'll also receive "The Hierarchy of Happiness" eBook (free bonus).

Crocs and Cats

—By Jim Wasserman

There’s a parable that I don’t claim to have authored, but which I think about at the beginning of each year.

A man became justifiably upset when he realized his home had been invaded by crocodiles. He wasn’t sure where they came from, but they were there, lurking and menacing him.

He went to a local store to ask for a solution. The salesman enthusiastically proffered his answer: kittens. Kittens are cute, their purr is soothing and, best of all, the store had a lot of them. The man bought some and took them home.

When he saw a crocodile, the man grabbed a kitten or two and stroked them. They were cuddly, but they didn’t help. The man could still see crocodiles move in the shadows. He could hear them hiss. Even when he didn’t see or hear them, he worried about accidentally stepping on one. The croc’s numbers seemed to be growing.

He went back to the store, but the salesman just said the man didn’t have enough kittens to get his mind off the crocs. Many successful people, the salesman added, have lots of kittens, so the man bought more.

The cycle kept going—more crocs, more kittens—until one day the man realized he didn’t have enough money or room for yet more kittens. As he sat desperately wondering what to do, a croc slid

right up to his feet and offered a menacing smile. The man, exasperated and full of frustration, jumped up, grabbed the crocodile by the tail and hurled it out the window. The croc disappeared from his life.

Inspired, the man then went to each crocodile in his home and threw them out. Some were out in the open and easily found. Some were hidden and had to be rooted out. Eventually, though, the man freed his house and his life of crocodiles.

He was content for the first time in a long time. He didn't have to avoid places in his home. He felt like a worrisome burden had been lifted. He did still have to figure out how to feed and care for all the kittens, though.

I wish you a great 2022—and I hope you take time to address the crocodiles in your life before you buy too many kittens.

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Jim Wasserman is a former business litigation attorney who taught economics and humanities for 20 years. He's the author of a three-book series on how to teach elementary, middle and high school students about behavioral economics and media literacy. He has also authored several educational children's books. Jim's newest book is "Your 15 Minutes of Fame," a manual for creating and

delivering speeches. When not writing or speaking, Jim enjoys being spoken to by his wife, his two sons, and his three cats.

How to Create Your Personal Financial Calendar

—By Liz Stapleton

I don’t want to say “budget” is a dirty word, but I definitely know people that think so.

A Financial Calendar is a bit different and it’s one of the things I did that helped me get on track to pay off all my credit card debt back in 2014-2015.

A Financial Calendar can help you start working towards getting a month ahead on your finances when you’re struggling in the vicious paycheck to paycheck cycle.

What is a Financial Calendar?

A Financial Calendar has every single bill due date throughout the entire year. Not just monthly bills, but also quarterly, semi-annual, and annual bills. Every. Single. Bill. Due. Date.

How A Financial Calendar Helps You Break Out of the Paycheck to Paycheck Cycle

If you’re living the paycheck to paycheck cycle you likely fall into one of two camps. The first knows down to the cent how much is in their bank account – because the thought of over drafting is petrifying. The other has a rough estimate of their bank balance that is probably wrong because they can’t bring themselves to look.

Both camps suck because either way you're feeling extremely broke. The idea of getting a month ahead on your finances feels incredibly daunting if not downright impossible. Enter your Personal Financial Calendar....

Your Financial Calendar can help you prepare for how much money you need to make sure you have enough by certain days. It helps prevent any surprises from popping up.

Usually, the downfall of most people struggling, at least this was true for me, was a forgotten bill, particularly the ones that were rare like annual bills or varied like medical bills. A really good financial calendar accounts for both.

How to Create a Great Financial Calendar

To create a really good financial calendar you're going to need to review both your current and past finances.

Step 1: Gather all your statements from the last 12 months

Make sure you do this for all your accounts including:

- Checking accounts
- Savings accounts
- Credit cards

- Any other account you spend money from

Once you have them all gathered you're ready for step 2.

Step 2: Review your statements from last month to pull out your monthly bill due dates

Start with last month. Look at each statement for last month to start with your regular monthly bills. These could include:

- Credit Card Bill Payments
- Rent/mortgage
- Utilities (electric, water, etc.)
- Internet/Cable/Streaming service bill
- Student loan bill payments
- Insurance
- Anything else that comes in a monthly bill

This a financial calendar not a budget – so it only includes things with due dates. You can use your Financial Calendar to help you budget better, but that is a different article.

For example, grocery shopping is something you likely do every week, but it doesn't have a financial due date so it wouldn't go on your financial calendar.

Step 3: Add your monthly due dates to your Financial Calendar

I like to use a literal calendar for my financial calendar but you could just as easily use a spreadsheet or just a list you reference. For monthly bills, I just set them up as recurring monthly appointments. You can do this by going into your appointment settings:

Step 4: Review all of your statements for irregular bills

Go through every single statement and make note of bills that are not monthly. These could be bills that come up once a year, once every six months, once a quarter, or maybe even once every other month.

Be thorough, missing a bill at this step can mean a surprise later.

Step 5: Add all the bills from step 4 to your Financial Calendar

Go through your calendar month by month and add those bills with the proper recurring settings. To make sure they show up for you the next time too.

If it's an odd amount of time, simply select "custom" in your appointment settings.

Step 6: Add new bills to your calendar as they come up

Maybe you switch services so you need to adjust the monthly due date.

Or you sign up for a new annual service that needs to be added to your calendar.

Or maybe you switched from monthly to annual billing, whatever the case, make sure you are keeping your financial calendar up to date.

Bottom Line – A Financial Calendar Helps You Stay On Top of Your Finances

If you've been struggling with trying to budget only to have it blow up on you every month, give a Financial Calendar a try. It's not a replacement for a budget but can be a good first step to better money management.

A strong Financial Calendar can also make budgeting easier, by making sure you're accounting for all the various bills coming up in the coming months.

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Liz Stapleton is a lawyer and blogger. She is the founder and voice behind Less Debt, More Wine – a personal finance site where you can find this article and more, ElizabethStapleton.com where she helps readers understand the legal side of blogging, and founder of the Blogger Breakthrough Summit an annual virtual summit designed to help bloggers take back their time and start hitting their goals. Her writing has been featured on Entrepreneur.com, The Huffington Post, The Penny Hoarder, Making Sense of Cents, Credit Sesame, and Magnify Money.