



Your Money or Your Life Transforming your Relationship with Money and Achieving Financial Independence

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Author bio and credits: The authors took back their lives by gaining control over their money. They both gave up successful, and stressful, careers in order to live more deliberately and meaningfully.

Author's Big Thought: This book is about the integration of all aspects of life. Our financial life does not function separately. The basics of making your spending money (and hopefully your saving) of money into a clear mirror of your life values and purpose. The purpose of this book is to transform your relationship with money. Once you have changed the nature and function of your interaction with money, through following the steps in this book, your relationship with money will be transformed. You will reach new levels of comfort, competence and consciousness around money. The authors call this consciousness the results of FI (Financially Independent) thinking. FI thinking will lead to Financial Intelligence, Financial Integrity and Financial Independence. Financial Integrity is achieved by learning the true impact of your earning and spending, both on your immediate family and on the planet. It is knowing what is enough money and material goods to keep you at the peak of fulfillment - and what is excess and clutter. It is having all aspects of your financial life in alignment with your values.

Supporting ideas:

NINE MAGICAL STEPS TO CREATE A NEW ROAD MAP

There are no shorter shortcuts. This whole book, with all nine steps, *is* the shortcut. The steps are summarized here for review, reference and reminders. Read the corresponding chapter for the all-important context and details.

These steps are simple, common sense practices.

It is absolutely necessary that you do, diligently, *every* step. The steps build on each other, creating the "magic" of synergy-the whole is greater than the sum of its parts. You may not see this effect until you have been following the steps for a number of months.

Conscientiously applying all the steps automatically makes your personal finances an integrated whole; this is a whole-systems approach.

Step 1: Making Peace with the Past

A: How much have you earned in your life? Find out your total lifetime earnings-the sum total of your gross income, from the first penny you ever earned to your most recent paycheck.

HOW:

- . Social Security Administration-"Request for Statement of Earnings."
- . Copies of federal or state income tax returns.
- . Paycheck stubs; employers' records. ,

WHY:

- . Gives a clear picture of how powerful you are in bringing money into your life.
- . Eliminates vagueness or self-delusion in this arena. . Instills confidence, facilitates goal-setting.
- . This is a very basic, fundamental practice for any business-and *you* are a business.

B: What have you got to show for it? Find out your net worth by creating a personal balance sheet of assets and liabilities-everything you own and everything you owe.

HOW:

- . List and give a current market value to everything you own. . List everything you owe.
- . Deduct your liabilities from your assets to get your net worth.

WHY:

- . You can never know what is enough if you don't know what you have. You might find that you have a lot of material possessions that are not bringing you fulfillment, and you might want to convert them to cash.
- . This is a very basic, fundamental practice for any business-and *you* are a business.

Step 2: Being in the Present-Tracking Your Life Energy

A: How much are you trading your life energy for? Establish the actual costs in time and money required to maintain your job, and compute your *real* hourly wage.

HOW:

- . Deduct from your gross weekly income the costs of commuting and job costuming; the extra cost of at-work meals; amounts spent for decompressing, recreating, escaping and vacating from work stress; job-related illness; and all other expenses associated with maintaining you on the job.
- . Add to your workweek the hours spent in preparing yourself for work; commuting, recreating, escaping, vacating, shopping to make you feel better since your job feels lousy, and all the other hours that are linked to maintaining your job.
- . Divide the new, reduced weekly dollar figure by the new, increased weekly hour figure; this is your real hourly wage.

. Individuals with variable incomes can get creative-take monthly averages, a typical week, whatever works for you.

WHY:

- . This is a very basic, fundamental practice for any business-and *you* are a business.
- . You are in the business of selling the most precious resource in - existence-your life energy. You had better know how much you are selling it for.
- . The number that results from this step-your real hourly wage-will become a vital ingredient in transforming your relationship with money.

B: Keep track of every cent that comes into or goes out of your: life.

HOW:

- . Devise a record-keeping system that works for you (such as a pocket-sized memo book). Record daily expenditures accurately. ' Record all income.

WHY:

- . This is a very basic, fundamental practice for any business-and - *you* are a business.
- . You are in the business of trading the most precious resource in existence-your life energy. This record book shows in detail what you are trading it for.

Step 3: Where Is It All Going? (The Monthly Tabulation)

- . Every month create a table of all income and all expenses within categories generated by your own unique spending pattern.
- . Balance your monthly income and outgo totals.
- . Convert "dollars" spent in each category to "hours of life energy," using your real hourly wage as computed in Step 2.

HOW:

- . Simple grade-school arithmetic. A basic hand-held calculator is needed only if you have forgotten (or are young enough never to have learned) longhand addition and subtraction. A computer home accounting program is useful only if you are already computer-literate.

WHY:

- . This is a very basic, fundamental practice for any business-and *you* are a business.
- . You are in the business of trading the most precious resource in your existence-your life energy. This Monthly Tabulation will be an accurate portrait of how you are actually living.
- . This Monthly Tabulation will provide a foundation for the rest of this program.

Step 4: Three Questions That Will Transform Your Life

On your Monthly Tabulation, ask these three questions of each of your category totals expressed as hours of life energy and record your responses:

1. Did I receive fulfillment, satisfaction and value in pro- md portion to life energy spent?
2. Is this expenditure of life energy in alignment with my ~ in values and life purpose?
3. How might this expenditure change if I didn't have to work for a living?

At the bottom of each category, make one of the following marks:

- Mark a minus sign (or a down arrow) if you did not receive fulfillment proportional to the hours of life energy you spent in acquiring the goods and services in that category, or if that expenditure was not in full alignment with your values and purpose or if you could see expenses in that category diminishing after Financial Independence.

+ Mark a plus sign (or an up arrow) if you believe that upping this expenditure would increase fulfillment, would demonstrate greater personal alignment or would increase after Financial Independence.

0 Mark a 0 if that category is just fine on all counts.

HOW:

. With total honesty.

WHY:

. This is the core of the program.

. These questions will clarify and integrate your earning, your spending, your values, your purpose, your sense of fulfillment and your integrity.

. This will help you discover what is enough for you.

Step 5: Making Life Energy Visible

Create a large Wall Chart plotting the total monthly income and total monthly expenses from your Monthly Tabulation. Put it where you will see it every day.

HOW:

. Get a large sheet of graph paper, 18 by 22 inches to 24 by 36 inches with 10 squares to the centimeter or 10 squares to the inch. Choose a scale that allows plenty of room above your highest projected monthly expenses or monthly income. Use different-colored lines for monthly expenses and monthly income.

WHY:

- . It will show you the trend in your financial situation and will give you a sense of progress over time., and the transformation of your relationship with money will be obvious.
- . You will see your expense line go down as your fulfillment goes up-the result of "instinctive," automatic lowering of expenses in those categories you labeled with a minus.
- . This Wall Chart will become the picture of your progress toward full Financial Independence, and you will use it for the rest of the program. It will provide inspiration, stimulus, support and gentle chiding.

Step 6: Valuing Your Life Energy-Minimizing Spending

Learn and practice intelligent use of your life energy (money), which will result in lowering your expenses and increasing your savings. This will create greater fulfillment, integrity and alignment in your life.

HOW:

- . Ask the three questions in Step 4 every month.
- . Learn to define your true needs.
- . Be conscious in your spending.
- . Master the techniques of wise purchasing. Research value, quality and durability.

WHY:

- . You are spending your most precious commodity-your life energy. You have only a finite amount left.
- . You are consuming the planet's precious resources-there is only a finite amount left.
- . You cannot expect your children-or your government-to :he "know the value of a buck" if *you* don't demonstrate it.
- . "Quality of life" often goes down as "standard of living" goes up. There is a peak to the Fulfillment Curve-spending more after you've reached the peak will bring less fulfillment.

Step 7: Valuing Your Life Energy-Maximizing Income

Respect the life energy you are putting into your job. Money is simply something you trade your life energy for. Trade it with purpose and integrity for increased earnings.

HOW:

- . Ask yourself: Am I making a living or making a dying?
- . Examine your purposes for paid employment.
- . Break the link between work and wages to open up your options for increased earnings.

WHY:

- . You have only X number of hours left in your life. Determine" how you want to spend those remaining hours.
- . Breaking the robotic link between who you are and what you do for a "living" will free *you* to make more fulfilling choices.

Step 8: Capital and the Crossover Point

Each month apply the following equation to your total accumulated capital, and post the monthly independence in- ; come as a separate line on your Wall Chart:

$$\frac{\text{capital} \times \text{current long-term interest rate}}{12 \text{ months}} = \text{monthly investment income}$$

HOW:

. Find the long-term interest rate by looking at the interest of the thirty-year treasury bonds in the Treasury bond table of *The Wall Street Journal* or a big-city newspaper. After a number of months on the program, your total monthly expense line will have established a smaller zigzag pattern at a much lower level than when *you* started. With a light pencil line, project the total monthly expense line into the future on your chart.

. After a number of months on the program, your monthly investment income line will have begun to move up from the lower edge of the chart. (If you have actually been investing this money as outlined in Step 9, the line will be curving upward-the result of the magic of compound interest.) With a light pencil line, project the monthly investment income curve into the future. At some point in the future it will cross over the total monthly expenses line. That is the Crossover Point.

. You will gain inspiration and momentum when you can see that you need to work for pay for only a finite period of time.

WHY:

. At the Crossover Point you will be financially independent. The e monthly income from your invested capital will be equal to your actual monthly expenses.

. You will have enough.

. Your options are now wide open.

. **Celebrate!**

Step 9: Managing Your Finances

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The final step to financial independence: become knowledgeable and sophisticated about long-term income-producing investments, Invest your capital in such a way as to provide, an absolutely safe income, sufficient to meet your basic needs for the rest of your life.

HOW:

. Empower yourself to make your own investment decisions by narrowing the focus to the safest, non-speculative, long-duration fixed-income securities, such as U.S. treasury bonds and U.S. government agency bonds. Temper the prevailing irrational fears about inflation with clear thinking and increased consciousness.

. Cut out the high expenses, fees and commissions of middlemen and popularly marketed investment "products."

. Set up your financial plan using the three pillars:

Capital: The income-producing core of your Financial Independence.

Cushion: Enough ready cash, earning bank interest, to cover six months of expenses.

Cache: The surplus of funds resulting from your continued practice of the nine steps. May be used to finance your service work, reinvested to produce an endowment fund, used to replace high- cost items, used to compensate for occasional inroads of inflation, given away, etc.

WHY:

. There is more to life than nine-to-five.

Reviewer's recommendation: It's frightening to think how long we all go without reading a book like this. You can't just read this book to get value out of it - you have to take all the steps.



Wise leaders recognize that they and their organizations need periodic refocusing to be the best they can be. Frumi helps such leaders rediscover the strengths and values that energize them so they in turn can renew their colleagues, employees, and business operations.

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