How Much Is Enough?

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Rules To Play By Revisited

Well, I'll try and keep my promises I make in this paper, so this month we'll return to finish a theme I began in the December, 1995 issue. If you do not have the issue I'll try and summarize the message to not leave anyone hanging.

For those of you who were with me in December, I introduced you to two new faces...namely a young couple Gus and Samantha. They had set aside a Saturday morning in early December (as every young couple does in the early years of their marriage) to talk about their financial situation, lay out a budget for the upcoming year, and discuss the use of their savings, how to reduce their debt, and what goals they would focus on in the coming year. Now this might sound like a dream Saturday morning to most of you out there, but you obviously haven't met my friends Gus and Samantha (p.s. I apologize if you and your spouse share these names...as I intend this to be a purely fictional story with the names taken from my favorite child's storybook).

Well, to fill you in on the details, the "let's plan our future over a nice cup of coffee" concept didn't quite pan out as they had intended. Gus, the unemployed artist, in his artistic fashion wanted to kind of "wing it" with an open agenda, and just kind of "see where it all goes." Whereas Samantha, the fiery redhead in her 7th year of law practice went after this task like an intern preparing for trial. She had documents laid out across the kitchen table, plenty of paper and pencils, two calculators (and a backup if someone got in trouble) and plenty of file folders to make it all neat and tidy.

Things went quite smoothly for roughly...the first 10 minutes, or until Samantha began tallying up the credit card balances...whichever came first. The "money dynamics" became apparent almost immediately. Picture Gus calmly rising to pour the fresh coffee and warm some breakfast rolls, with visions of his most desired travel plans for the new year (after all this was a planning meeting). While Samantha drew smoke from the calculator keys, and a little fire in her eyes, as she came to a credit card balance of $9,276 at an average interest rate of 18.5%. It may be helpful to know that Samantha does not use the credit cards and therefore this was not Gus's ideal "icebreaker" for the morning.

And so the day began with the best of intentions, plentiful documents and issues to be covered, and ended abruptly with the first confrontation involving different views of the same information. And this is where we catch up to the December issue, and the "Stewardship Process - Rules to Play By" which I began to share at that time. My point in this exercise is to bring to the surface and address the single most destructive pattern in money management. That is, when two people with two different money styles and points of view are faced with confronting a sensitive money issue. The likely outcome is an argument over who's right, or at the very least, a difference of opinion which may lead to frustration on how to come to resolution and solve the money matter.

I suggested 5 rules to play by, in the previous issue, and I shared with you the first two rules. Here is a recap of those rules and the remaining ones. Please keep in mind that these rules are simply my own personal and professional guidelines when dealing with money matters and weaving a pattern for effective money management between people of differing styles. Over these past 15 years these rules have served me well in facilitating money issues with couples, organizations and individuals. It is simply a matter of acknowledging differences, assuming responsibility for your own position, and being accepting of other's points of view, before coming to conclusions about how to solve problems.

<u>Rule #1: Decide to accept personal feelings as valid.</u> Consider a person's core beliefs, values and experiences as the fundamental element for building a successful financial program. As with any investment, take care in evaluating, take time in understanding, and when you have all the information remember, the "gut feeling" is rarely wrong.

This rule applies to personal feelings whether yours, a spouse's, family member's, or co-worker's feelings. I will submit that 90% of plans fail to make it to resolution or accomplishment, because they get lost in the shuffle of deciding "who's right" and "who's wrong" usually on very insignificant issues when considering the bigger picture. Note the key word <u>decide</u>. It is a choice, and a choice that needs to be made first, before beginning this process. It is an investment which will yield more return than your most valuable stock choice, in years to come. It is the choice that may mean the difference between a plan well made and lived out, and one which dies at the breakfast table, is thrown in the box with the other financial papers, and put on the shelf.

If Samantha would have begun the morning with this rule in mind, it would have been easier to refrain from confronting Gus about his desire to travel the world. If she could have worked through the process, remembering her own desires to get out of debt and plan for a future of children and not working, she may have been able to weave in these desires and keep Gus feeling like his feelings were worthy of consideration. The process may have kept a much higher level of energy had this rule been followed. This does not mean Gus may get to travel at will, or that Samantha may get to quit her job next month. It does mean that keeping this rule in mind will allow the process to work itself through and *each person will have the opportunity to clarify their own feelings, clarify their collective dreams and prioritize their combined desires*. It brings in a great degree of collaboration and greatly reduces the level of conflict. This rule applies whether working through issues between family members, friends, or team members in business.

<u>Rule #2: Remember the bigger picture.</u> History will not record who won the battle of the line item budget. History will recall the memories which were made during the times of you lived out your dreams.

We too often allow ourselves to focus on the most insignificant details, that we lose sight of the bigger picture of why we're doing this work in the first place. We do this work not to perfect today's figures, but to affect tomorrow's freedom. We can get hung up on arguments of how much money should be allocated to one area or another, and when unable to reconcile our differences we scrap the whole plan, saying under our breathe "it's just not worth it." Scrapping the plan then leads us to go about our spending and savings with no map, hoping to have our "wealth" magically create itself. It just doesn't happen. So work through the struggles of the "little things", remembering rules #1 and #3 and working towards a much bigger picture which includes a future of freedom from money worries.

If Samantha and Gus were each given the opportunity to express their dreams for the future, Gus would allow himself to say that what he really wants to do is give up his painting and return to a career in carpentry, which he grew up doing in the summers and would like to return to. Because he's been labeled "an artist" and much of his personality is tied to that label, he's a little fearful what his friends and family would think of him being a carpenter. This discussion may allow Samantha to voice her dream to be a mom and be at home with her children for the early years. The outcome of which might be a well-directed plan to phase out Samantha's income requirement and replace it with Gus's, allowing each to realize their dream and move forward in the "bigger picture" of fulfillment.

Rule #3: Choose to review every option offered. Regardless of its reality, if someone offers it as a possible alternative, give it adequate consideration. It may hold possibility you could not have known before allowing it a chance to be explored.

You'd be surprised what a "family conference" can provide in terms of insight into the desires of the "whole." They say kids say the darndest things. I say, kids have more insight and wisdom than we give them credit for. I can't help but notice the number of songs which seem to be topping the country music charts recently. One talks about a dad who hopes his little girl realizes how much he did for her and how much he wanted to be there, and how he watched his little girl "grow up in pictures." Another song is a young man who sees a car and asks his dad to buy it so the two of them can work on it together. The story goes on that it really wasn't the car that mattered, just the chance to be together. He got the keys for the car, in an envelope, at his father's funeral. It wasn't the same then. And finally a young lady who sings of her daddy who grew up down the hall from her but she never really knew him. Do we really know the "collective dreams" of our family, our business team, even our life partner? It may be worth taking the time to ask each member, "what would you most like" and listening to their responses, using rule #1 as your guiding principle.

Had Gus and Samantha given each other the freedom, and that's what these rules are all about...giving one another the freedom to dream out loud...had they done that for one another, the collective wisdom which comes from such an open conversation is, and I can attest, beyond what we individually could hope for.

Rule #4: Plan for your dreams, backfilling with your realities. If you start with "what there is" then you may limit your potential to the reality of today.

Time is a friend to the prepared, and by starting with "what might be" you can work toward your desired outcome, accepting today's realities, anticipating tomorrow's desires, measuring the gap between the two, and working to close that gap. This is a difficult challenge for those who have a tough time dealing with the unknown. Challenge yourself to work through this process of planning your dreams until you have a clear picture of the dream, when you'd most like it to happen and what it will take to make it a reality (namely, how much money in this instance). Fight off the silent doubt of "oh, I'll never be able to do that" and work through the full plan before rendering a verdict of "not possible". You'll be amazed at what is possible when the priorities are placed ahead of the distractions, and distractions can be very costly.

Again, returning to our couple, had they just thrown out ideas and maybe listed them on a piece of paper, they could have gone about the task of measuring the gap between their realities today and their dreams of tomorrow. My experience in the money management field has proven to me that this gap is quite often smaller than people believe it might be. We tend to build a gloomy picture with the "fear of the unknown" and with all the pieces in place, like a puzzle, the picture is often better than we imagined.

Rule #5: Act on today's part of the plan. *Let tomorrow's part be cared for in its proper time.*

A significant barrier to achieving your desired future is the fear that creeps in on a daily basis and makes you ask "am I on track?" or "what if this isn't enough?" and it can make you crazy. It can make you alter the plan even in the midst of solid evidence supporting the plan to be solid. It's called anxiety of the unknown. And if you don't control it, it can kill the good work you spent so much time and energy creating. To control it, you simply must believe in the plan, and believing is made easier by being certain from the start that you've laid your plans on firm foundation. When doubt creeps in, do not drop the plan. Conduct a self-check to verify the plan's strength. That self-doubt when it comes in a positive framework can be a warning sign of approaching trouble. It may mean elements of the plan have changed and you haven't made necessary allowance for the change.

Conduct a self-check by reviewing your critical elements for success, as you have defined them. If you can complete the self-check and haven't come up with any concrete reason why you should now shift course, then I will submit that your self-doubt is simply fear outside the gate of acceptability. Remember the story of the ranch hands counting cattle, herding them into the corral, closing the gate, and counting again. Inside the gate is where acceptable concern should be addressed, measured, and dealt with. Outside the gate, concern simply becomes fear and doubt which have no reasonable basis for positive contribution to the plan.

Lay out your big picture, set the plan up for measurable targets, spaced at reasonable intervals along your course. For example, if your big picture was to run a marathon and complete it in 4.5 hours, you could set up measurable targets, spaced at reasonable intervals. At 4.5 hours you have 270 minutes to accomplish your objective. A marathon is 26 miles. So to run 26 miles in 270 minutes means you must average about 10 1/2 minutes for each mile. You could set up targets along your course at each mile and check your progress. The same is true with a financial plan. You can set up targets along the course and check your progress.

This may sound like quite a bit of work and possible frustration. It may even raise questions about dealing with conflict, and surface old fears about money, success, failure, wealth, and an array of other concerns. And all of these thoughts may come into play when deciding how you will deal with your money realities of today and face tomorrow's money demands.

Here's a simple exercise to determine if you are a candidate for this work of stewardship: reach up and place a finger just below the lobe of your ear...wait a minute...if you feel a pulse, you probably have money matters yet to deal with.

Hopefully, these rules to play by will make the task a little lighter.

Life's short...plan well.