

Start with the Big Picture

The Real Reason for Money

The very first thing that you need to learn about money is that it is neither good nor evil. The work you perform to obtain money may be worthy or reprehensible, and the items you buy with it may be employed for either noble or depraved purposes. However, the final choices are yours. Money itself has no role in deciding, and bears no responsibility for the results you obtain in your life.

Money is merely a tool that you require to build your financial house. It is not the source of the little homey touches that give your financial house beauty and a sense of value. Money is only a means of exchange, and not a means of establishing true value. The ultimate measure of value for an item is found in two questions. Does a thing do the task for which it is designed? And do I need that task to be done in my life to accomplish the goals I have set?

These two questions will point you directly to the single most important concern you will face in building a solid financial castle, and not one that is plagued by debt.

The main point in any successful financial plan is to define what purpose you hope to achieve in your life.

Say what? Most of us are under the mistaken impression that a winning financial plan is all about earning enough money to buy everything we need and some of what we want while avoiding debt, but this belief is wrong. It is wrong because it ignores the most significant predictor of whether or not we accumulate wealth or debt: our emotions. Most financial books that I have read do not mention the emotional side of money, yet our failure to realize how our emotions trigger financial behaviors is the principal cause for the majority of the heartache that arises from debts and overspending. We choose to spend all our time on the “practical” aspects of money management, and we totally neglect the one side of our personal financial makeup that needs the most attention.

As much as we may like to think that our rational side is controlling our financial strategy, it doesn't. Most of us “plan” our financial ventures by engaging our emotions rather than doing the math. We spend our money on what makes us feel good, whether or not we need the thing. Unfortunately, the good feelings fade all too quickly, leaving us stuck in a trap of debt of our own fashioning. To

add to the irony, the item we bought to cheer us up usually finds its way to the attic or the next garage sale!

For most of us, unhappiness and fear are the two emotional triggers to our daily spending habits. These two emotions are manipulated by marketers to get us to buy their products – whether we need them or not. You see it in almost all commercials. If you want love, buy this toothpaste. If you are afraid of blowing a big job interview, use this deodorant. If you want more friends in your life, you need a vacation home in Aspen or a bigger, badger pickup truck.

Over and over again, every day of your life, you are confronted by these images and sayings. How do you fight them? How do you change your spending patterns for the better? How do you make the choices necessary to renew your financial life? In short, how do you control the normal behaviors that saddled you with a mound of debt and an attitude of perpetual stress?

Principle One: Vision Comes First

Remember that the ultimate measure of value for an item is found in two questions. Does a thing do the task for which it is designed? And do I need that task to be done in order to accomplish my goals in life?

The missing element that helps you answer these questions is Vision. With a sound Vision as your guide, you can revive your financial house and purge your debts. Lack of Vision, in particular the inability to give an answer to the age-old question “Why am I here?” is the single biggest roadblock to building a strong financial castle. Why are you here on this planet at this moment in history? What do you hope to gain? What will you give back? These questions are not easy to answer. However, until you know the right answer, or at least have an idea of the sorts of answers you think you might make, you will not have the focus you need to get out of debt, let alone change your lifestyle to keep debt at bay in the future.

Take my word for it. The hundreds of clients I have had who were able to successfully rein in their out-of-control finances all started by determining a purpose to guide their lives. Every single one. By defining a concrete Vision for your life, you erect a target at which to aim. Once that target is firmly in place, you know unerringly what expenditures you must make to hit the mark. More importantly, you will know which expenditures to avoid because they will do nothing for you but waste your hard-earned money.

The lack of a compelling Vision on which to focus your energy (and your money, which is only a substitute for counting how much energy you have spent) is what has driven you into your current fiscal hole. Are you happy with your current state of affairs? Has the time you saved by not creating a guiding Vision for your financial life benefited you? Now is the time to choose a new direction, one that will guide you not only today, but tomorrow and next month and ten years from next Tuesday. What you need is Vision. In fact, it is a good idea to have both a personal Dream for yourself and a collective Purpose for your entire family.

Exercise One: Write your Obituary

When people approach me for one-on-one coaching, I start the first session with a deceptively simple question: “What is your purpose in life?” I usually get a quick, pat answer like “To be a good mother,” or “To provide for my family.” Sometimes a particularly honest individual responds, “I have no idea, Janine.” Not one of my debt-ridden clients has ever had a clear Vision on which to build their financial house, let alone their life. And the lack of Vision is reflected in the abysmal state of their bank accounts!

The single best tool that I have found for discovering what you truly want out of life is to *write your own obituary or your own eulogy*. What is it that you want to be remembered for at the end? What did you build? What did you create? For what traits will your friends and family remember and cherish you? It sounds morbid. It can be painful. But it really does work, because it demands that you honestly assess what you want to accomplish in life while forcing you to take stock of how well you have done so far.

I have found that most obstacles people set for themselves when they first start to clean their financial house dissolve when they start formulating their obituary or eulogy. The reason for this is that an obituary or eulogy is written in the past tense. The human mind has been trained to believe that events worth recording in an obituary have already taken place, and that they were done in service of a noble purpose. By penning your own obituary, you can trick the emotional side of your psyche into accepting the deeds you want to be remembered for as a real portion of your work here on Earth. Going forward, the worthy targets you set for yourself in that obituary will enlist the emotional elements of your mind to conquer the self-

imposed limitations that prevent you from succeeding in life and paying down your debt.

The obituary is an exceptionally powerful means for self-motivation. You write a description of your life as it “happened” (keeping in mind that humility is not an option here). You define the main dreams that will spur you onward, without worrying about whether or not you have enough money or your family disapproves of your life choices or that your spouse will never, ever agree to living on a house boat while you both tour the Caribbean. Just write.

My clients and students have repeatedly told me that this one exercise transforms their lives. And that means their entire life – including their negative relationship with money and debt. Remember Bob and Barbara? Finding their Vision was the single best lesson in helping them to realize the true cost of debt in their lives: vast debt defeats dreams. The reason they retired all that debt is that they had finally learned what their Vision was – and it did not include decades spent as slaves to old debts!

So how do you write your obituary? No problem. Give yourself some time in a quiet place. No television, no radio, no interruptions of any kind. Yes, that means turn off the cell phone. Just you and your brain, alone together.

Take a deep breath, and think. (Remember to keep breathing!) Now, consider your “life” from the perspective of the finish line, and decide how you want to be remembered when it is over. And be bold, because you want to be remembered for serving noble causes and not just for performing mundane tasks. After all, if you are going to expend the effort to focus your mind on one compelling Vision, make sure that the Dream you follow is worth the effort. Most people find that this step takes from 20 to 30 minutes.

If you are married, you and your spouse will need to work alone on individual goals before you meet to compare your eulogies. Then comes the fun part: merging two individual Visions into a single workable piece.

By writing your life’s story as an obituary, you will find a Purpose against which you can measure the value of all the possible activities and expenditures that come your way each day. By continually rereading it, you will learn to avoid wasting time and money on things which do not support your Vision.

Now, take some time to revise the principal theme of your obituary into a purpose statement. A purpose statement is short but powerful affirmation of Vision. Here are my two favorite examples:

Walt Disney's Purpose:

“To make people happy.”

Mother Teresa's Purpose:

“To care for and comfort the poor, sick and needy all over the world.”

Short, simple, and sweet – and potent enough to sustain not only their own lives but to change the world around them.

Walt Disney and Mother Teresa were both exceptional in what they accomplished, and yet quite ordinary in how they went about it. Both had made the effort to write out purpose statements, and they kept them posted where they saw them every day. The constant reminder is what gave strength to their purpose statements. Seeing is believing, and in this case, believing leads to doing.

I have followed their example in both my personal life and my professional path. My family's purpose statement is to “Be as simple as you can be to reveal the beauty within.” Simplicity as a goal is a powerful mechanism for financial independence; if you don't need it, you don't buy it, and if you don't buy, you don't have to

worry about debt. For my business, SmartCents, I first defined a mission statement: “To bring debt-free living to as many people as possible so that they can strengthen their communities as conservers rather than consumers.” Next, I typed it up, printed it out, and had it framed. It now sits on my desk as a daily reminder of why I choose to teach principles of financial independence to others.

Purpose statements do not have to be complicated. Actually, I have found that they are much more potent if you keep them simple. You want to have the statement be concise so that it is easy to memorize. That way, you can mentally rattle it off as you walk past the aisles of unnecessary merchandise that call to you to buy them. Having a compelling Purpose that you can call forth on demand allows you to focus on making conscious buying decisions that are in line with your life’s true Vision.

It’s Not About the Money

I was well into the second day of a two-day financial independence seminar when one of my students approached me with a brown paper bag. She handed it to me and giggled as she took her seat. I asked the class if I should open it in front of them. Of course, everyone shouted, “YES!” As I reached in, I felt something soft and

furry. Upon pulling it out of the bag, every one laughed. It was a stuffed dolphin. The student yelled, “I wanted you to know that I had found my porpoise!” I joined in, congratulating her on having discovered the polestar that would guide the rest of her life.

Having a strong sense of purpose is critical to success in all aspects of life, including prosperity (or lack thereof). Do not be surprised if your purpose has little or nothing to do with money. In the numerous financial seminars I have given, the first response I get after the participants have written their purpose statements is that “I must have written the obituary incorrectly, because it has nothing to do with money.” Actually, that’s great; you have done just fine.

That truth shocks most people. Your Vision has nothing to do with money. Oh sure, you might need money to accomplish your worthy Purpose. But not one of my many students has ever made accumulating money the major focus of their life. Instead, their desire to amass wealth always arose from a more fundamental need, for which money was only the means of achieving the end. The answer to the question “why am I here on this planet” has nothing to do with financial security. Your Vision, as set

down in your purpose statement, is the *why* that guides your life. Money is *how* you will accomplish it.

Take some time now. Find out why you are here. Whatever your answer, I am sure that it doesn't include the role of life-long debt. Now, recognize that debt is merely tangible evidence of faulty financial decisions in your past. Yes, you might have had to buy a house, but did you really need to purchase all-new furniture, a vehicle, and season tickets to the local sports team all at the same time? "Easy does it" needs to be your motto when choosing the things that will fill your life.

Please realize that debt does not define you, nor does a massive debt load make you a "bad" or "stupid" person. Don't be so hard on yourself! Just don't add any more on top of what you already have. Resolve that in the future you will always make conscious decisions about potential purchases, buying only those items that actually will serve your Vision. With this one decision, your expenses will fall as your temptation to make impulse buys plummets. And that, my friends, is a powerful first step toward ditching debt.

Action Items for Step One:

Define your Vision.

Write your Obituary or Eulogy.

Create a Purpose Statement.

