

# CHAPTER 1

## *Finding Economic Peace of Mind*

As I mentioned in the Preface, in my forty years as a financial advisor I have worked with everyone from those making a modest annual salary to millionaires. And, sadly, one common theme stands out: no matter how much money they make, and no matter how many investments they have, most people experience a great deal of financial uncertainty and stress. A turn of the market or a sudden rise in unemployment could destroy in a moment the fruits of all their hard work. Caught in the American mania to consume and spend, they are constantly insecure no matter how much high-priced financial advice they're getting. The more insecure they are, the greater the risks they take. What is the way out of this anxious state of economic stress? How can we all reach economic peace of mind? To understand what gets in the way, let's consider some of the cultural roots of economic stress.

## **Cultural Roots of Economic Stress**

The truth is, we create our own economic stress at home and in our careers. Until we talk about this phenomenon in cultural terms and understand what is happening, it's impossible to move beyond economic stress.

Culturally, we are taught to spend our income and go into debt no matter how much money we make. If we knew how to break the addiction of creating economic stress, we would be absolutely peaceful about our finances.

Just imagine what it would have been like during the last ten years of your life if you were debt free and had experienced no economic stress. The feeling of peace would have been a bit like the last day of a year in grade school or high school when you had a summer ahead of you with nothing to do except be free to enjoy the next three months. Can you remember that kind of freedom and peace? With the right approach, this is what your life can be like now.

Instead, we have learned to live within a tight economic envelope no matter how much money we are earning. Look back at your very first job after you finished your education and remember how much money you were making. You can probably recall thinking that if only you could make a certain amount more, you would feel great. But what you make now, years later, is probably much more than what you made back then, and you're still not free of economic stress. As your income goes up, you spend more, so there is a direct ratio of increased economic tension. It's not about how much you make or how much you accumulate. It's the way you're thinking and the context you have about money.

## **Economic Freedom**

In order to move toward a healthier, more satisfying economic life, it's important to understand some basic concepts. The most central of these is *economic freedom*, with the emphasis on the word *freedom*. I define economic freedom as the day we have accumulated enough safe, liquid assets that these assets can reproduce our lifestyle income (the amount of money it takes to maintain our lifestyle), with safeguards against inflation, for the rest of our lives without touching the principal.

The exact dollar amount of economic freedom differs for each individual. For example, economic freedom for a single mom making \$24,000 a year would be when she has stored up enough assets to reproduce her \$24,000 lifestyle each year without touching the principal for the rest of her life. Once she pays off all her debt, it may only take \$12,000 for her to reproduce this \$24,000 lifestyle. Economic freedom for a surgeon making \$250,000 a year would be when she has stored up enough assets to reproduce her lifestyle every year without touching the principal. Again, once she has paid off all her debt, it will take much less to reproduce her \$250,000 lifestyle. In short, economic freedom is the day we go to work because we *want* to, not because we *have* to.

Economic freedom is a mindset of being at peace with the money we have, knowing that we have a clear game plan to follow so that money will never be a concern in our lives. In the classic definition of economic freedom, we leave our heirs the accumulated assets (principal) that was reproducing our lifestyle income. Modifying the definition to include spending and living on these accumulated assets as well as on the interest would allow us to obtain economic freedom five to ten years earlier; in this case, when we die, we might well have spent almost all our money.

Once we have implemented a safe game plan to reach economic freedom, our economic stress will disappear almost immediately. Specifically, if you are thirty years old, you can be financially free by the age forty-five or fifty. What surprises me is simply that everyone isn't doing it!

## **Financial Freedom for Women**

When we look at economic freedom for women in particular, again the central theme is *freedom*, accompanied by its close cousin, *independence*. Many women have bought into the cultural imprint that the man makes most of the money decisions and is the main breadwinner in the family. Other than handling family budgets, many women do not learn about debt reduction, money management, or investing. The sad part is that most men do not understand these concepts either; because of this, both women and men make poor money decisions, resulting in ongoing family stress.

The lack of knowledge about money, along with fear of the unknown, sometimes keeps women in toxic relationships. These women have been told so many times that they cannot survive on their own that they've come to believe it's true. The concepts I'll be teaching in *Time and Money* are very basic and easy to learn. Following them, both women and men can make it on their own and eventually become financially free. With this new knowledge, we can live our lives with greater freedom and independence, which leads to healthier relationships.

This book is especially important for single parents. It will help you come up with an effective game plan for dealing with your money and reaching economic freedom, whether you're a woman or a man.

## **Your Personal Story and Game Plan**

My own financial game plan is comprehensive and designed specifically for my life. It allows me to delight in my home on a beautiful island in Idaho, savoring time with my partner and our garden and animals, as well as to sail, travel, and explore new adventures. In addition, I enjoy my ongoing work as a philosopher, teacher, and seminar leader to the fullest. There is never a moment when this work feels like a burden to me; it is always a choice. It is important to me to have a game plan with integrity that allows money to come into my life and then to flow to my objectives. These objectives include developing enough financial security to do the things I want, the freedom to stop working, the time to nurture my family, the means to send my children to college, a clear way to prioritize what I spend money on, and a simple structure for my financial life. It is also important to me to teach my family to have integrity with money.

What do you want from *your* financial game plan? It is incredibly important to create your own game plan, but first you need to have a new story, which you'll be learning more about in Chapter 5. Unfortunately, too many of us haven't learned how to develop a story about economics. Once you understand the simple definition of economic freedom I've shared in this chapter (having safe, liquid assets that will yield an annual amount to accommodate your lifestyle without touching the principal), you can then build the best context for getting there and eliminating the economic stress in your

life. You can define your goals and rewrite a story for your economic life to reach that solution. Then economic peace of mind will be yours, and no one can ever take it away from you.

## **Economic Peace of Mind**

Consider the great Indian leader Mohandas Gandhi. Gandhi lived on the equivalent of three bowls of rice a day, and often he didn't know where his next meal was coming from, yet he had total economic peace of mind. Economic peace of mind is in no way tied to having a particular income, a set number of investments, or a long list of possessions. Someone like Gandhi was content with what he had, even if he didn't know where his next meal was coming from. But for most of us, being on the path to economic freedom provides the security that helps us find true economic peace of mind. For a Gandhi, economic freedom might be when he had stored up enough rice (or knew he had reliable sources for his daily needs) to reproduce three bowls of rice a day for the rest of his life. For you and me, economic freedom is when we have enough invested in safe, liquid assets to yield an income that can sustain our lifestyle for the rest of our lives without touching the principal.

But economic peace of mind is more than just economic freedom. In fact, we can experience economic peace of mind long before we reach economic freedom. Once we have a solid game plan for achieving economic freedom, we can let go of our anxiety about money. With this newfound peace of mind, we can truly enjoy life in the moment because we are secure in what we have and we know that we can deal with any life challenge. We can face life with joy and excitement because we have a vision and a beautiful story for our lives. With *Time and Money*, each of us can claim both economic freedom *and* economic peace of mind.

## **Tools to Help You Get the Most Out of This Book**

For you to reap the most benefits from reading this book, it's crucial that you engage with it, that you put into practice the simple principles and methods you'll be learning. In Appendix A, I have included a number of exercises to help you get the most you can out of *Time and Money*. Please bear in mind that

the energy you invest in these exercises will greatly expand the benefits you receive; at the same time, feel free to focus on the exercises that have the most meaning for you and your particular situation and to skip those that don't seem as relevant. You might want to flip back to Appendix A now and do Exercise 1: Creating a Time and Money Journal. The charts and the worksheet in Appendices C through F will also help you in the process of creating a clear game plan for economic freedom. Keeping your Time and Money Journal by your side as you read through the rest of the book will help you turn the ideas in the book into action and set you on the sure path to economic peace of mind.