

Your Money: The Missing Manual

Preliminary Outline

Introduction

- Nobody Cares More About Your Money Than You
- You *Can* Get Rich – Slowly
- What Is Behavioral Finance?
- Do What Works for You
- About This Book
- About Missing Manuals



Part One: Laying the Foundation

Chapter 1: It's More Important to Be Happy Than To Be Rich

Math is only a small part of smart money management. We make financial decisions based on a variety of complex psychological and emotional factors. This chapter explores the relationship between money and happiness and suggests some paths for finding balance. You *can* live a rich life on a budget.

- How Money Affects ~~Our~~ Happiness
- The Importance of Finding Balance
 - Revisiting the Balanced Money Formula
 - George Kinder and Life Planning
 - Uncluttered: The Joy of Simple Living
- Living a Rich Life

- purchase experiences, not things
- buy less stuff – let others store it for you
• library • Netflix • etc.
- focus on strengths, not weaknesses
- don't compare to others

4 MORE – "enough and then some"

Chapter 2: The Road to Wealth is Paved with Goals

Without clear financial goals, most people spend without purpose or direction—spending on one thing is just as good as spending on another. And without goals, there's no reason to worry about the future – just buy what you want today. But that's no way to build wealth. Once you have goals that match your personal values, you can choose to spend on things that are important to you while cutting back on things that aren't. In this chapter, you'll also learn to ignore ads that tempt you to spend mindlessly– and even to use advertising techniques to sell your goals to yourself.

- Goals: The Building Blocks of Success
- Making Goals Meaningful: The Importance of Passion
- Setting SMART Goals
 - What are SMART Goals?
 - Aiming high
 - Taking small steps
- Dealing With Setbacks
 - Fake it 'til you make it
 - If at first you don't succeed...

– started on a piggy bank?

– positive reinforcement

- short, medium, long term goals
- setting goals w/ a partner

the joy of financial freedom
↓
millions next door type example of "breaking the stereotype of wealthy"

- Getting Help: Tools and Resources to Help Achieve Your Goals
 - Accountability partners - *actually interview Kinley*
 - Sticck.com, 43things.com, etc.
- Take Back Your Brain: How to Advertise to Yourself

Chapter 3: Budget is Not a Four-Letter Word

Many people chafe at the notion of a budget, but a spending plan of some sort is essential for achieving financial goals. A budget is like a map: It shows you where you've been, where you are, and where you're going. This chapter describes several useful budget frameworks and emphasizes the importance of tracking expenses. It also includes a list of useful tools, such as Quicken and Wesabe.

- Budgeting: Mapping Your Financial Future
- Why You Should Track Every Penny You Spend
 - Tracking techniques
 - How granular should your records be?
- Finding a Budget That Works for You
 - Richard Jenkins' 60% Solution
 - Elizabeth Warren's "Balanced Money Formula"
 - The envelope system
 - The spending plan
 - Other methods
- Why Save?
 - The fall and rise of personal savings
 - The importance of an emergency fund
- Picking a Personal Finance Program
 - Desktop programs (Quicken, Moneydance, etc.)
 - Web-based applications (Mint, Wesabe, etc.)
 - Home-brewed options (spreadsheets, pencil-and-paper, etc.)
- When It's Okay Not to Budget

be aware/minimize recurring costs

may need to move this. doesn't fit. one important. Most budgets contain a category for savings.

USE TIPS FROM BUDGET TOOLBOX AS NOTES IN THIS CHAPTER

PEARBUDGET

How to BUDGET FOR IRREGULAR INCOME

Success example

Chapter 4: Defeating Debt

There's no quick and easy way to get out of debt. It takes a lot of time and a lot of effort. That said, it *can* be done – and *has* been done by millions of people like you. Although there's one basic debt-elimination process, there are several ways to implement it. You need to find the method that works best for you. This chapter explains your options.

- The Basics of Debt Reduction
 - Is there such a thing as good debt?
- Different Paths to the Same Destination
 - The optimal choice – high interest rates first
 - Dave Ramsey's "debt snowball" method
 - Other options
 - Comparing the various methods
- Curbing Compulsive Spending
- You Can Do It: A Pep Talk
 - The perfect is the enemy of the good
- Where to Find Help

Success story example

brief history of credit cards & debt rates?

credit chapter?

- Debtors Anonymous
- Financial Peace University
- Government resources

Part Two: Building Wealth

Chapter 5: Spending Less

As you begin to build wealth, it can be helpful to think of yourself as the Chief Financial Officer of your own life. Your goal is to tap the power of positive cash flow. There are two ways to boost cash flow: reduce your expenses and boost your income. Both are important, but reducing expenses offers the quickest results. This chapter explains why it's important to cut costs and offers strategies for doing just that.

- The Fundamental Financial Equation
 - To build wealth, spend less than you earn
- The Power of Positive Cash Flow
- Aligning Your Spending with Your Values
 - The Trouble with Lifestyle Inflation
 - Living a Rich Life on a Small Budget
- The Magic of Thinking Small: Why Frugality Is An Important Part of Personal Finance
 - Frugal Tactics Anyone Can Use
 - Reducing Recurring Monthly Expenses
 - Cutting Utility Costs
 - Saving Money on Food
 - Gardening
 - Coupons
 - Store Brands
 - Sales
 - Eating Out
 - You Never Have to Pay for Entertainment
 - Other Hazards

Chapter 6: Making More

Though spending less offers quick wins, the best way to build wealth over the long term is to increase your income. For most people, this means managing a career effectively: finding the right job, knowing how to ask for a raise, and knowing when to move on. Many folks can also increase their income by selling stuff they already own or by pursuing money-making hobbies. Or perhaps you'd like to start your own business; this chapter includes things to think about before taking the plunge.

- Managing Your Career
 - Your Career Is Your Most Valuable Asset
 - For Love or Money: Which Career Should You Choose?
 - Starting on the Right Foot: Salary Negotiations
 - How to Ask for a Raise
 - Moving On
- Working More Than One Job

Interview John L. H6

Reduce clothing costs by buying stuff!

SWPP

Millions Next Door

Banners?

Trent

key card 4/10

research unpaid property

salary start

- Selling Stuff You Already Own
- The Joy of a Money-Making Hobby
- Making the Leap: The Pros and Cons of Entrepreneurship

→ success story?

Chapter 7: Optimizing Bank Accounts

Most people have their checking and savings accounts with major national banks, but that's not the best way to do things. This chapter discusses ways to reduce fees, find better interest rates, and get more flexible accounts. It covers major national banks as well as credit unions and the rise of online banking. It also discusses paperless personal finance and automated transactions.

- Choosing the Right Bank Account
 - Selecting a financial institution
 - Checking accounts
 - Savings accounts
 - Certificates of deposit
- Making the Most of Your Accounts
 - Finding better interest rates
 - Getting fees waived
- In Pursuit of Paperless Personal Finance
 - The pros and cons of automating your financial life
 - Making the move to paperless
 - Which records to keep (and how long to keep them)

Compound interest

Boring!

Smelly Pig

rise + fall of personal savings (ch 3)
Targeted saving.

personal story about automation

stuff replacement fund

- insurance chapter

Chapter 8: Credit Where It's Due

Credit isn't evil – but it *can* be dangerous. Just as you need to treat a chainsaw with respect, you need to learn to use credit wisely to avoid hurting yourself. People spend more when they pay with credit, and improper credit card use can lead to debt. But if you play by the rules, credit cards can actually give you a financial edge.

- How Credit Works
- Credit Reports and Scores
 - Getting your free credit report
 - The anatomy of a credit score
- Credit Cards: The Basics
 - Why use a credit card?
 - Choosing a card
 - Credit-card company tricks
 - How to dispute a charge
 - How and when to cancel a card
 - Life without credit: Is it possible?
- Other forms of credit

Personal story?

→ Kathy (Kathleen) – AJ's friend never had credit and couldn't refinance.

Chapter 9: Sweating the Big Stuff

While it's important to save money on small things (see Chapter 4), it's even *more* important to save money on big purchases. Too many people pinch pennies on toilet paper and then give away hundreds of dollars when trading in a car. Day-to-day frugality

pay yourself first

MONEY DAY SUGAR

Money Habit

is great, but you can achieve huge wins by making smart purchases on big items. This chapter teaches you how.

- Buying a Car
 - New or Used?
 - Car Dealer Tricks
- Selling a Car
- Finding Furniture Without Going Broke
- Vacations That Don't Cost an Arm and a Leg
 - Sticking close to home
 - Ecotourism and volunteer tourism
 - Other options
- Luxury Items
- Making Higher Education More Affordable

Chapter 10: House and Home

Housing is the largest expense in the average budget. The choices you make regarding housing have a huge impact on every aspect of your financial fortunes, so it's important to do things right. As the recent subprime mortgage crisis showed, making a mistake with your mortgage can destroy your financial stability.

- The Age-Old Question: Rent or Buy?
- Buying a Home
 - How to choose a home
 - Finding the best mortgage
- How Regular Home Maintenance Saves You Money
- Selling a Home
 - Working with a real-estate agent
 - Does "for sale by owner" really work?

Chapter 11: Death and Taxes

Taxes and insurance are arcane, complicated topics so dull that even the keenest reader feels her eyes glaze over -- but they're important. With an understanding of taxes and insurance, you can make better decisions about other parts of your financial life and avoid costly mistakes. This chapter provides the basic information you need to deal with taxes and insurance effectively, and offers a brief overview of estate planning.

- What You Need to Know About Taxes
 - Types of taxes and what they're used for
 - The impact of taxes on personal finance
 - Top tips for trimming taxes
- An introduction to insurance
 - What is insurance?
 - How much insurance you need
- Tips for Specific Types of Insurance
 - Homeowners insurance
 - Auto insurance
 - Life insurance
 - Health insurance (including what to do if you're on your own)

highly +
reputation

2004

Insurance
Change

WALK
PUBLIC TRANSIT

MEDICAL COSTS
HEALTHY!

where to live
cost of living calculator

by bank
of everything

COST OF LIVING: bestplaces.net

PMI

COST OF
LIVING

Too much house
phenomenon.
Why do houses keep
getting bigger. More
stuff + fill them!

Story from
somebody who
downsized?
- Sierra
Black

2212
0505

never check on house. If you have
all your property included in
the same trust. This
will simplify the probate.

Sidebars: Self-insured
stuff replacement fund

LTC: DISABILITY

- A Brief Overview of Estate Planning

WILLS - TYPES
PROBATE - PURPOSE

Part Three: Living a Rich Life

Chapter 12: Friends and Family

Living a rich life isn't just about making money. Friends and family play an important role in our ongoing happiness. But what happens when friends and finances intersect? This chapter addresses some of the most common questions that arise about the social aspects of money. It also includes a discussion of social capital, the "currency" of strong communities.

- Marriage and Relationships
 - Joint or separate finances?
 - Making loans to family and friends
 - Children and money
 - Allowances
 - Adult children
- Church and Charity
- How to Handle a Windfall
- Social Capital: More Valuable Than Money?

Setting common goals when partners have diff. financial styles

asking for loans / investments?

re-iterates importance of estate planning

Friends at diff. income levels - making it work

Chapter 13: An Introduction to Investing

Investing is an important part of personal finance – but it's not the *only* part. You shouldn't approach investing as if you're Warren Buffett; he can afford to make more mistakes than the rest of us. This chapter provides a brief overview of your main investment options and current investment theory to give you enough info to make basic decisions about how to invest. For more detailed info, consult some of the books listed in Appendix B.

- The Difference Between Speculating and Investing
 - How Much Can You Really Make From the Stock Market?
 - Average is Not Normal
- What is Risk Tolerance?
- Key Concepts: Diversification and Asset Allocation
- Choosing Where to Invest
 - Stocks
 - Bonds
 - Commodities and real estate
 - Mutual funds
 - Target-Date Funds
 - Index Funds
- Learning to Love Dollar-Cost Averaging
- Inflation: The Silent Killer

investment risks

Dollar-cost averaging
direct purchase plans

LAZ-1
PORTFOLIOS

! MONEY DATA!

Chapter 14: Retirement: The Final Frontier

We all know that we *should* save for retirement, but even those of us who are saving generally find the subject a little mystifying. How much should we save? For how long? And where should we put the money? You can spend a lot of time looking for the best options, or you can remind yourself that the sooner you start saving, the better. Besides, the “best” option is a moving target—what’s best today may not be best tomorrow.

- Why You Should Start Saving for Retirement *Today*
 - The importance of paying yourself first
 - The extraordinary power of compounding
- Employer-Sponsored Retirement Plans
 - 401(k)s
 - Other Options
- Individual Retirement Accounts
 - Traditional IRAs
 - Roth IRAs
- Figuring Out How Much You Should Save
- Getting to Now: Beating the Procrastination Habit

↳ Automate it

FINANCIAL INDEPENDENCE

TIM FERRISS

WORK LESS LIVE MORE

Part Four: Appendixes

Appendix A: Online Tools

The Internet is filled with free financial tools. This appendix points you to some of the best tools out there in a variety of categories.

- Money-management sites
 - Wesabe
 - Mint
 - Quicken Online
 - Other choices
- Task-specific tools
 - Fuelly
 - Gasbuddy
 - Zillow
 - Etcetera

Appendix B: Recommended Reading

This book has armed you with the knowledge you need to take control of your finances, but it only provides an overview. No one book can offer all of the collected wisdom on personal finance, and each book has its strengths. This appendix suggests some of the best money books out there on a variety of subjects and other places where you can read up on financial topics.

- General Personal Finance Manuals
 - *Your Money or Your Life* by Dominguez and Robin
 - *All Your Worth* by Elizabeth Warren
- Books about Debt Elimination
 - *The Total Money Makeover* by Dave Ramsey

- *How to Get Out of Debt, Stay Out of Debt, and Live Prosperously* by Gerrold Mundis
- Books on Frugality
 - *The Tightwad Gazette* by Amy Dacyzyn
 - *Debt-Proof Living* by Mary Hunt
 - National and International Organizations
- Books about Careers and Entrepreneurship
 - *Escape from Cubicle Nation* by Pamela Slim
 - *What Color is Your Parachute?* by Richard N. Bolles
- Books about Investing
 - *The Four Pillars of Investing* by William Bernstein
 - *The Bogleheads' Guide to Investing* by Lindauer & Co.
 - *The Only Investment Guide You'll Ever Need* by Andrew Tobias
- Books about Retirement
 - *Work Less, Live More* by Bob Clyatt
 - *The Seven Stages of Money Maturity* by George Kinder
- Books about Behavioral Finance
 - *Your Money and Your Brain* by Jason Zweig
 - *Why Smart People Make Big Money Mistakes and How to Correct Them* by Gary Belsky and Thomas Gilovich

Appendix C: Other Resources

This appendix lists useful phone numbers, addresses, and websites for government agencies, major financial institutions, and consumer advocacy groups. The list will include a description of each resource and explain why readers ought to know about it.

- Helpful Government Agencies
- Consumer Advocacy Groups
- Major Financial Institutions
- How to Hire Financial Advisors
 - Lawyers
 - Accountants
 - Brokers
 - Financial Planners

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Journal