VICKI ROBIN
AND JOE DOMINGUEZ

YOUR MONEY OR YOUR LIFE

9 Steps to Transforming Your Relationship with Money and Achieving Financial Independence

Revised and Updated by
Vicki Robin with Monique Tilford

PENGUIN BOOKS

VICKI ROBIN
AND JOE DOMINGUEZ

YOUR MONEY OR YOUR LIFE

9 Steps to Transforming Your Relationship with Money and Achieving Financial Independence

Revised and Updated by
Vicki Robin with Monique Tilford

PENGUIN BOOKS

VICKI ROBIN
AND JOE DOMINGUEZ

YOUR MONEY OR YOUR LIFE

9 Steps to Transforming Your Relationship with Money and Achieving Financial Independence

Revised and Updated by
Vicki Robin with Monique Tilford

PENGUIN BOOKS

Table of Contents

Praise for *Your Money or Your Life*

"*Your Money or Your Life* offers everyone—regardless of class, background, or history—a simple and accessible pathway to economic health, recovery, and resilience. Robin offers up this antidote for our corporate culture in a style that is easy to read, pleasurable, and life-affirming, helping us translate the idea of frugality into a shift to invest in what we truly value. Her prescription offers the payoff of a more meaningful and fulfilling life, while lessening our sense of stress as it relates to money. The time could not be more perfect, nor this book more relevant to the changes we're all facing."

—Nina Simons, president and cofounder, Bioneers

"*Your Money or Your Life* was a 1990s phenomenon that changed the lives of millions and made voluntary simplicity the fastest-growing movement in America. My friendship with Vicki and her ideas of financial independence and conscious consumption changed my life, liberated me from the money chase, and unleashed my courage and creativity. As the fragility of our casino economy becomes alarmingly evident, this book is now more relevant than ever. It could be the single most important book you will ever read."

—David Korten, author of *When Corporations Rule the World* and *The Great Turning: From Empire to Earth Community*, and cofounder and board chair, *YES!* magazine

"*Your Money or Your Life* has helped millions of Americans lead more frugal, sane, and happier lives. If only all Americans—and particularly, the people whose profligacy has gotten us into the current debacle on Wall Street—had read it. They certainly need to read it now! Everyone does."

—John de Graaf, coauthor of *Affluenza: The All-Consuming Epidemic*

"For well over a decade, this book has been the blueprint for achieving financial independence. You can always recognize those of us who followed its advice: We're the folks with smiles on our faces and time on our hands, who sleep soundly at night even during troubled economic times. This edition was updated to reflect the financial realities of today, and its message and advice have never been more valuable."

—Jeff Yeager, author of *The Ultimate Cheapskate's Road Map to True Riches*

"*Your Money or Your Life* is the rare book that is both map and compass. As we enter hard economic times, this visionary book provides eminently pragmatic and effective maps to reduce the costs of your life and increase your savings net. Of equal importance, it's a compass that can guide you to your true values—nonmonetary values such as community, friendships, and deeper relationships to your place and nature."

—Kenny Ausubel, CEO and cofounder, Bioneers

"This timely and timeless message liberates us from our self-imposed impoverishment and leads us to a genuinely richer and more rewarding life."

—Victoria Castle, author of *The Trance of Scarcity*

“Bless Penguin and Vicki Robin for re-releasing this timeless, exquisite, and classic work on our relationship with money. With clarity, incisiveness, and brilliance, *Your Money or Your Life* gives every reader, no matter what their circumstances, the keys to living a fulfilling and financially free life. The distinctions in this book are so empowering, so liberating, and so transformative that the book should be a required text for everyone who has a bank account. This is one of the best and most truthful books you will ever read about money.”

—Lynne Twist, author of *The Soul of Money*

“The need has never been greater than now, in a time of so much financial turbulence and crisis, for this magnificent book. *Your Money or Your Life* is a personal path to fiscal sanity, stability, and security. If you follow its heed, your life will be richer many times over, whatever the stock market does or does not do.”

—John Robbins, author of *Diet for a New America*, *Healthy at 100*, and *The Food Revolution*

“The best guide for personally navigating the new post–Wall Street financial world. Tried and true common sense for redefining success on your own terms and refocusing your American Dream.”

—Hazel Henderson, author of *Ethical Markets: Growing the Green Economy*

“Can you save your life? Yes, and Joe and Vicki’s approach offers even more. [Those] who use their money carefully generate incredible benefits beyond the obvious gains in and security for themselves. First, their use of natural resources drops, since they consume far more thoughtfully: bonus point for the world’s ecosystems. Second, they may be able to work less: bonus point for other people’s employment opportunities. Third, they spend their money on necessary, worthwhile products: bonus point for the economy of goods, rather than that of bads. Fourth, they are freeing their time and are now able to spend time volunteering with non profits, playing with their own and others’ children, running for office, or just helping out where people are in need: bonus point for our communities. Fifth, they now have time to bring their dreams alive: bonus point for creativity, vibrancy, and joy. What are you waiting for?”

—Mathis Wackernagel, executive director, Global Footprint Network

PENGUIN BOOKS

YOUR MONEY OR YOUR LIFE

Vicki Robin has lectured widely and appeared on hundreds of radio and television shows, including *The Oprah Winfrey Show*, *Good Morning America*, and National Public Radio's *Weekend Edition*. Newspapers around the world have reported on her work lowering consumption in North America, including *People* magazine, *The Wall Street Journal*, *News week*, and *The New York Times*. Vicki has helped launch many sustainability initiatives, including The New Road Map Foundation (with Joe Dominguez), Sustainable Seattle, the Center for a New American Dream, Conversation Cafés, and Transition Whidbey. Born in Oklahoma in 1945, Vicki grew up on Long Island and graduated cum laude from Brown University in 1967. She now lives on Whidbey Island, Washington.

Joe Dominguez (1938–1997) was a successful financial analyst on Wall Street before retiring at the age of thirty-one by following the nine-step program he formulated for himself, taught for many years, and is presented here in *Your Money or Your Life*. His teaching also lives on through his audio course, *Transforming Your Relationship with Money and Achieving Financial Independence* (Sounds True). From 1969 on, he was a full-time volunteer and donated all proceeds from his teaching to transformational projects.

Monique Tilford has worked for nearly twenty years on sustainable consumption and related environmental issues. For ten years, she worked with the Center for a New American Dream, a national nonprofit that helps Americans change the way they consume, serving most recently as the organization's deputy director. Prior to joining New Dream, Monique was executive director for Wild Earth and for the Carrying Capacity Network. Monique has been promoting the principles outlined in *Your Money or Your Life* for over seventeen years, as a public speaker, study guide group leader, and member of the New Road Map Foundation's board of directors. She lives outside Washington, DC, with her husband and two young daughters.

PENGUIN BOOKS
Published by the Penguin Group
Penguin Group (USA) Inc., 375 Hudson Street, New York, New York 10014, U.S.A.
Penguin Group (Canada), 90 Eglinton Avenue East, Suite 700, Toronto, Ontario, Canada M4P 2Y3
(a division of Pearson Penguin Canada Inc.) • Penguin Books Ltd, 80 Strand, London WC2R 0RL, England • Penguin Ireland, 25 St Stephen's Green, Dublin 2, Ireland (a division of Penguin Books Ltd) • Penguin Group (Australia), 250 Camberwell Road, Camberwell, Victoria 3124, Australia (a division of Pearson Australia Group Pty Ltd) • Penguin Books India Pvt Ltd, 11 Community Centre, Panchsheel Park, New Delhi - 110 017, India • Penguin Group (NZ), 67 Apollo Drive, Rosedale, North Shore 0632, New Zealand (a division of Pearson New Zealand Ltd) • Penguin Books (South Africa) (Pty) Ltd, 24 Sturdee Avenue, Rosebank, Johannesburg 2196, South Africa

Penguin Books Ltd, Registered Offices:
80 Strand, London WC2R 0RL, England

First published in the United States of America by Viking Penguin,
a division of Penguin Books USA Inc. 1992
Published in Penguin Books 1993
This revised edition published 2008

PUBLISHER'S NOTE

Portions of this work first appeared in Joe Dominguez's audio tape course and workbook entitled *Transforming Your Relationship With Money and Achieving Financial Independence*.

"Purpose in Life" test

LIBRARY OF CONGRESS CATALOGING IN PUBLICATION DATA
Robin, Vicki.
Your money or your life : 9 steps to transforming your relationship with money and achieving financial independence / Vicki Robin and Joe Dominguez.—Rev. ed. / rev. and updated with Monique Tilford and Vicki Robin p. cm.
Includes bibliographical references and index.
ISBN : 978-1-101-53970-5
1. Finance, Personal. I. Dominguez, Joseph R. II. Title.
HG179.D624 2008
332.024'01—dc22
2008044048

http://us.penguingroup.com

To Joe Dominguez (1938–1997), of course!
Treasured mentor and companion on the great adventure And to all he loved

ACKNOWLEDGMENTS

I feel a bit like an Oscar winner wanting to thank *everyone* in my life because nothing is accomplished alone. So I'll do just that—thank you everyone and if you think that's you, it is.

Thank you is too small an expression of gratitude for Monica Wood because she worked with Joe Dominguez from 1960 on and has been instrumental in every iteration of presenting this program to the public.

Thank you to the original New Road Map team who made the first edition of this book a success: Marilynn Bradley, Paula Hendrick, Lynn Kidder, Diane Marie, Evy McDonald, Marcia Meyer, Alan Seid, Rhoda Walter plus numerous volunteers.

Thank you to the team that took up spreading the 9-step program after Joe Dominguez died in 1997. Special thanks to Penny Unibus, Peter Mui and David Ergo who started Financial Integrity Associates with major participation from Kevin Cornwell, Dave Wampler, Mike and Linda Lenich, Monique Tilford, Marilyn Welker, Joseph Becken-bach, Michael Stradley, Jeff Murray and the many members of the *Your Money or Your Life* Speakers' Bureau.

Thank you to Jacqueline Blix and David Heitmiller who picked up where Joe and I left off, collecting stories of dozens of FIers and weaving them into a wonderful book, *Getting a Life*. Rob van Eeden and Hanneke van Veen adapted *Your Money or Your Life* to a European context, publishing their own version in Dutch, which was then translated into German.

Thank you additionally to those who were instrumental in transitioning the New Road Map Foundation, which I cofounded with Joe Dominguez, Monica Wood and Evy McDonald, to a new mission and structure: Dave Wampler, Alan Seid, Fran Korten and Rozie Hughes.

Thank you to the people who edited and critiqued my work, most particularly Beth Taylor, Dave Tilford, Monica Wood and Teresa Barker.

Thank you to those who helped fill in the investing hole Joe Dominguez's death left. The biggest thanks goes to Mark Zaifman of Spiritus Financial (www.spiritusfinancial.com), but early consults with Brent Kessel and Paula Boyer Kennedy helped frame the discussion.

Thank you to all who recognized that in the middle of my busy life I needed a place apart to write: Ruth Pickering, Margaret Moore and Don Valencia offered their homes. Two writer's retreats—Peter Barnes's Mesa Refuge and Nancy Nordhoff's Hedgebrook—provided safe haven for times when I needed to focus.

Thank you also to those who supported my evolution as a thinker and activist, especially my Turning Tide Coalition companions (Mathis Wackernagel, Lynne Twist, Joe Kresse, Neal Rogin, Ocean Robbins, Catherine Parrish, Van Jones, Aqeela Sherrills, John Robbins, Laura Loescher, Bill Twist) and the Balaton Group, most particularly Donella Meadows and the Simplicity Forum (especially John de Graaf and Carol Holst) and the original Center for a New American Dream (Betsy Taylor, Dick Roy and Juliet Schor, plus all the rest). And how can I leave out my other big-picture inspirers Herman Daly, Hazel Henderson, Duane Elgin, Brian Swimme, Tom Atlee, Susan Andrews and many more.

See. It's impossible. By naming these I've left you out, but know I've relied on you to bring me here and thank you, too.

WHY READ THIS BOOK?

Ask yourself these questions:

- ◆ Do you have enough money?
- ◆ Are you spending enough time with family and friends?
- ◆ Do you come home from your job full of life?
- ◆ Do you have time to participate in things you believe are worthwhile?
- ◆ If you were laid off from your job, would you see it as an opportunity?
- ◆ Are you satisfied with the contribution you have made to the world?
- ◆ Are you at peace with your money?
- ◆ Does your job reflect your values?
- ◆ Do you have enough savings to see you through six months of normal living expenses?
- ◆ Is your life whole? Do all the pieces—your job, your expenditures, your relationships, your values—fit together?

If you answered no to even one of these questions, this book is for you.

INTRODUCTION

Welcome to *Your Money or Your Life: 9 Steps to Transforming Your Relationship with Money and Achieving Financial Independence*, now updated and revised for the twenty-first century. New readers will benefit from this practical and transformational approach to earning and spending money. Returning readers should find everything they loved about the old version—plus new helpful ideas and information. Since 1980 the program in this book has helped hundreds of thousands of people around the world get a grip on their personal financial lives. It can do that for you, too.

Today, big national and global changes are making it very hard to get control of money in your personal and family life—and to plan for a secure future. You don't need me to tell you that—you experience it daily. That's one reason we decided to update this classic book. Now more than ever, we need a new way of thinking about earning, spending, saving and the good life. When this book came out in 1992, we were at the beginning of the dot-com bubble and shortly thereafter, the real estate bubble. Bubbly was flowing. We bought into buying more based on our newfound apparent wealth from this boom. But times have changed and many things are going bust—and many people along with it.

Before I touch on current challenges—and how *Your Money or Your Life* can help—I want to acknowledge that most generations have thought that the world is going to hell-in-a-hand-basket for one reason or another. Our current hand-basket, though, portends a fundamental, not just cyclical, shift in how we live. So many crises are synergizing into a perfect storm: savings are shriveling, debt is increasing, pensions are drying up, incomes are stagnating, jobs are going global, and social and health safety nets are unraveling. All this amidst a rapidly changing climate, crucial wells—like oil *and* water—beginning to run dry, populations starting to outstrip food supplies, and the global economy itself showing multiple signs of instability. If you're nervous, you have every right to be.

According to the *Christian Science Monitor,* "Growing numbers of economists believe that America is now in a transformational economy, where consumer spending may play a lesser role, as households belatedly recognize the need to 'right size' their lifestyles." [1]

Global shifts like these and more are trickling down to our everyday lives. We might not understand monetary policy, but we do understand our paychecks not increasing as fast as our expenses. We might not understand the science of global warming or the calculations of "energy return on energy investment" (an oil extraction and production discussion), but we do understand hotter, wetter summers and rising prices at the gas pump.

For all these reasons and more, the timeless common sense in *Your Money or Your Life* is actually timelier than ever. And it's not too late. While the early adopters who did this program in the 1980s and 1990s are now more insulated than most from global instabilities, it's never too late to shift to a more frugal way of life. Frugality, one friend said, is the new black—it's more in vogue than ever because it's so necessary.

So let's go through some of challenges we're facing—and see how transforming our personal relationship with money can shore up our personal levees and help us weather this gathering storm.

Savings

In 2005, the personal savings rate in the United States fell below zero for the first time since the Great

Depression. Since that time, it has mostly hovered between zero and one percent.[2] In the richest country in the world, we can barely save a dime. While we each bear responsibility for keeping our wallets zipped, temptation to overspend is everywhere. When Joe Dominguez and I wrote *Your Money or Your Life*, there were only TV, radio, billboards, direct mail and print ads to drive us to destruction . . . of our best intentions to save. Today, the Internet swamps us with advertising with every click—pop-up ads, flash ads and banner ads greet us on each page. Even billboards have gone digital with flashing lights and eye-catching movement. Plus, ads are now on the seats of shopping carts, on floors of supermarkets and pouring into our e-mail in-boxes. In 2006, spending on advertising was estimated at $155 billion in the United States[3] and $385 billion worldwide [4], and the latter to exceed $500 billion by 2010.

Saving money in the era of credit cards has come to seem quaint at best, a sucker's game at worst. We are taught that debt = freedom but that's the kind of double-speak in George Orwell's dystopic novel *1984*, where they claimed that "hate is love" and "war is peace."

Okay, let's fix this mental glitch. Repeat after me. To have savings is to be free. Savings means freedom from debt. Money in the bank means the freedom to leave your job if the boss is intolerable or the benefits have just been yanked. And if you lose your job, having savings is the freedom to keep your house and car because you can cover your payments—if you have any to make in the first place. Having savings means you can start a business or buy land, even if the bank won't lend to you because, ironically, your habit of savings means you don't have a debt trail or a credit record.

People who follow the program in *Your Money or Your Life*, on average, lower their expenses by 25 percent within six months and almost to the person they say their quality of life has gone up. When folks really catch fire with the program, they often save 50 percent or more of every paycheck, shedding debt the way people with intractable weight problems—once they are committed—shed pounds.

Debt

Speaking of debt, well, where do we start? A savings rate hanging near 0 is a nice way of staying in hock, in the suds, on the rocks—that is, in debt. Did you know that credit-card debt of the average U.S. consumer[5] is over $3,000 and of the average household over $8,000? That's not even counting the over $5,000 of mortgage and auto debt the average American carries. Encouraged at every turn to consume, we have spent every penny and taken advantage of debt limits on multiple cards and, during the market and housing bubbles, used home equity loans and sub-prime mortgages to keep creditors at bay. We've wrung out every resource for its debt potential—and we've pretty much reached the end of that game. More Americans now declare bankruptcy than graduate from college.[6] But it gets worse. According to the U.S. National Debt Clock[7] the public debt as of August 27, 2008, was $9,624,855,389,454, increasing at over $1.85 billion a day for the last year. This translates to over $31,500 for every U.S. citizen. Whose debt is that? Ours. (And how are we going to cover that?)

Geoff Colvin commented in *Fortune* magazine recently, "We made it through the bursting of the Internet bubble and now the bursting of the real estate bubble. Next we may be approaching the end of the most worrisome bubble of all: the standard-of-living bubble."[8]

While the double-speak consumer culture told us to leverage debt and accumulate property so we can sell it later for more, those of us who took to heart the clear-eyed perspective of *Your Money or Your Life* did not buy in, no matter how many hip, cool guys told us we were nuts not to get on the gravy train. We lived below our means and found that there were multiple benefits from rejecting the hyper-consumer culture, including less stress, more time and greater happiness. And, oh yes, getting out of debt! Sometimes six-digit debt. Often faster than seemed possible.

Income

The poorest 80 percent of the people in the United States have seen very little rise in income since the 1970s. The wealth gap, though, has skyrocketed. In this century, in fact, we've seen the biggest increase in the wealth gap since the 1920s.[9] Today, the average CEO in the United States makes more in a day than the average worker makes in year. This isn't said to fuel envy of the wealthy and demand a piece of the pile for the poor. Rather, it's to point out that while absolute poverty deprives our bodies of necessities, relative poverty—being so much poorer than people no smarter or more willing to work than we are—makes us dissatisfied with our lot in life no matter how much we have. It corrodes society and the psyche—saps our belief in justice and fairness and hope. It makes us poor amidst plenty. We feel left out, lonely[10] and are more likely to give up on the dream that we can have a better life than our parents.

While many work for more economic fairness, *Your Money or Your Life* helps us get out of this competitive game and helps us look more pragmatically at what would actually make our lives better. We shift from comparing ourselves to others to considering our real needs and desires. We shift from "more" to "enough" and ultimately get more of what money can't buy. Priceless.

Jobs

When a job is the only way to get money, health care insurance and respect, having a job is crucial. Yet for U.S. workers, good jobs are harder than ever to find. Manufacturing, tech and even service jobs have migrated to lower-wage countries, and even advanced degrees no longer assure a secure position. *Your Money or Your Life* challenges this dependency on the economy to give us the jobs we must have to survive. This book teaches a different perspective on employment, one that opens up far wider possibilities for income, security and providing for your needs. Your job becomes an important part of your life, but no longer the centerpiece and biggest robber of your time—making room for family, friends, fun and, oh yes, sleep.

Cost of Living

Not everyone has the same cost of living, of course, but some basics *are* getting more expensive across the board. In the United States, health care (which I like to call sickness care because really, the system does nothing to keep us healthy) costs have, by every measure, outpaced inflation and other budget items. For example, the average employee contribution to company-provided health insurance has increased more than 143 percent since 2000. During that same time period, employment-based health insurance premiums have increased 100 percent, compared to cumulative inflation of 24 percent and cumulative wage growth of 21 percent during the same period.[11] Food costs are also soaring, thanks to the impact of rising fuel costs, which impact every aspect of food production: tilling, planting, fertilizing, harvesting and sending product to market.

While we wait and mostly watch the political process try to handle these big dents in American's budgets—and expectations—what can we, the little people, do? Readers of *Your Money or Your Life* have already gone forward to the new normal of living better on less, which includes smart shopping for food *and* health care *and* clothing *and* cars *and* housing *and* . . . well, everything. They use all the advice in Chapter 6 and—better yet—make up their own. Far from scrimping and saving or making do, "FIers" (people who've gained financial intelligence, integrity and independence through these steps) thrive knowing that they have the skills and smarts necessary to overcome almost all price increases.

Money

If your eyes glaze over when you think about monetary policy and the Federal Reserve, don't worry. Mine do too. But there are two pieces of information from this back room of the dismal science of economics that people who've transformed their relationship with money via *Your Money or Your Life* are better able to face.

First, the U.S. Treasury doesn't just print money and put it into circulation. Banks make loans with money they mostly don't have—can you imagine—and that's what creates new money! Banks are only required to have in the vault a fraction of the cash they lend. The rest is backed by nothing more than the assumption that the economy will keep expanding, allowing people will pay back their loans with interest.

Second, the U.S. Treasury has nothing in its vault backing your money. Since Nixon took our currency off the gold standard in 1971 there's been no gold or any other collateral you can convert your money into. It is "fiat currency"—fiat as in faith. It is held up just by the faith we all have in it being worth something.

Because of this, depending solely on the money economy to meet your needs is actually risky business. If we think that money equals wealth or security or success, we are at the mercy of these economic and monetary forces. We are, as one sage said, laying up our treasures where moth and rust corrupt. But those who apply the nine-step program in *Your Money or Your Life* know otherwise. They know they need enough money to get things they rely on the money economy to produce (think cars and appliances)—but beyond that they have other currencies: neighborly sharing, do-it-yourself skills, and the creative capacity to solve problems with what's at hand. One promise of this book is "financial independence," but that's not just rolling in dough. It's unhooking your thinking from the consumer culture and from assuming you must buy your way through life.

Security

Despite all our jitters, Social Security in some form will probably persist, though the age limit may keep going up. Since boomers (myself included) claim that sixty is the new forty, that's probably appropriate, though eighty-two as the new sixty-two seems a bit late for benefits to start. But what about pensions?

Corporations are now shifting from "defined benefit" (guaranteed monthly payments based on salary and years of service paid by the corporation for the rest of your life) to "defined contribution" (an amount of *your* salary *you* can put into your retirement account). Risk is transferred from corporation to worker in that switcheroo of one little word. From 1978 to today, the number of defined-benefit plans plummeted from 128,041 (covering some 41 percent of private-sector workers) to 26,000.[12] According to the U.S. Bureau of Labor Statistics, only 21 percent of workers in the private sector have defined-benefit pensions.[13] As a result, there is grave concern in this country about the ability of seniors to financially afford the prolonged life-span afforded us by medical advances.

The program in *Your Money or Your Life* cannot be more important in these times when assumptions about the golden years are shifting significantly. While it's not a saving plan per se, it engenders many positive changes that lead people out of debt and into rapid savings. As the title of Joe Dominguez's original seminar ("Transforming Your Relationship with Money and Achieving Financial Independence") suggests, there are two outcomes from doing this program: transformation and independence.

Everyone who reads and heeds this book will indeed *transform* her relationship with money, have more of what he really wants, shift from debt to savings, and feel financially empowered. Those who stick with the program over time with focus and intention can arrive at financial *independence* well before Social Security cuts in or their company turns them out to pasture. They will have defined how much is enough for them and tested that "enough" point over a decade or more. No financial planner formulas for them—they KNOW what they need and know that it's probably far less than the standard assumptions. They will have become knowledgeable and sophisticated about investment instruments that can provide sufficient income over time to assure that their basics are covered. Having enough for life might be a combination of Social Security, bonds, mutual funds, frugality tricks, side jobs that trickle in some extra bucks and the kind of alert awareness you develop by doing the program itself. This book shows you how to have all of that.

The Environment

When we wrote *Your Money or Your Life* in 1991, the environment was still a niche issue—nice but not necessary to care about. The Earth Summit in 1992 gave us a detailed road map for the path to a sustainable future . . . which we largely ignored. Al Gore, who'd been sounding the alarm about climate change for decades, was elected Vice President of the United States . . . and then sidelined. Clinton formed the President's Council on Sustainable Development (I personally served on the Council's Population and Consumption Task Force) to reckon with our situation . . . and our reports gathered dust. Change was moving at a glacial pace (which back then meant "very slow" but now isn't such a good metaphor).

Today, however, we are beginning to understand what economist Herman Daly has been telling us for decades: the environment is not just an external resource for an ever-expanding economy but rather vice versa—the economy is a human invention that operates within the limited capacity of the biosphere to provide the basic services of life. "In the beginning, the economy tapped into the environment. Now it is draining it dry." Ecological Footprint analysis—which measures human impact on the environment—informs us that for the past two decades we have been using more of the earth's resources annually than can be replenished.

In terms of the program in *Your Money or Your Life* that means that we need now to factor these limits into our personal financial equations. Shrinking resources may mean shrinking opportunities to make a buck by making, selling or trading stuff. Conservation is key now, both in energy use and in "life energy" (money) use. The program teaches you how to do that not as dour necessity, but rather as an interesting opportunity.

Is There Any Good News?

Yes. The program in this book for starters. Developed by Joe Dominguez for his own early retirement in 1969 at the age of thirty-one, it has now been used by millions of people globally. Joe worked on Wall Street, not as a broker but as a financial analyst who wrote a weekly trend-watching bulletin for his firm's institutional investors. All the while, he knew that his goal was to do his service to the money economy in the way young men do military service—with integrity yet for a finite period of time. He always knew there was more to life than "nine to five till you're sixty-five." Joe's genius was being able to see reality more clearly than most and make dispassionate, wise choices based on a long and deep view. He died in 1997, but we are lucky that he left us with such a well-honed, pragmatic program.

Also, once you get your eyes off the consumer culture screen and your nose out of the more-money-more-money-feedbag, good news is everywhere. People who've simplified their lives, according to a 2005 study by Tim Kasser and Kirk Warren Brown,[14] are happier than main-streamers. They are less materialistic, less status conscious, more interested in personal growth, friends, family, and participating in the life of their community. Happiness studies confirm again and again that these are the elements of a fulfilling existence.

Followers of the program also long ago turned their attention to what the mainstream culture is just discovering: local and sustainable energy production, local and organic food, energy-efficient cars and houses, travel closer to home and vacations in nature, and caring for what they have (possessions and bodies), rather than depending solely on modern medicine and technology to save us.

Most importantly, they are reweaving the web of community, depending on each other rather than going it alone. They are discovering that this neighborliness isn't only practical, it can end the epidemic of loneliness. An old teaching tale goes like this:

> A young man wanted to know the difference between Heaven and Hell. The sage led him to two rooms with observation portals, one labeled Heaven and one Hell. Looking in at Hell he saw a banquet table filled with luscious food but the people at the table were emaciated and distressed. Their spoons had long handles to reach the food, but the handles were too long to bring the food to their mouths. Then he looked in on Heaven. Same table full of luscious food. Same long spoons. But the people were healthy and happy and using their long-handled spoons to feed one another.

Sustainable living, far from being deprivation, is the beginning of a renaissance of universal well-being. *Your Money or Your Life* is one of this generation's portals to that good life.

Several notes about changes in this revised and updated edition, particularly for readers of the original version. Chapters 6 and 9 have been significantly rewritten, but the other chapters have been more polished than changed. All of the dollar amounts, unless otherwise noted, have been adjusted to 2008 equivalents. Statistics have either been updated or eliminated. Many stories are classic and have been retained. Some were outdated and either eliminated or replaced with a more up-to-date example. A few new stories have been added. Monique Tilford has lived and taught the program for years and has been so integral to this update that I consider her a coauthor and listed her as such.

I hope old and new readers alike will profit from this update. I hope millions more will benefit from this practical approach to money. I hope this for you. And I hope this for all of us, for the return to financial sanity so needed in our world.

PROLOGUE

MANAGING YOUR LIFE AS AN INTEGRATED WHOLE

Many books on money are available today. Books on the philosophy of money. Books on the psychology of money. Books on home accounting and budgeting. Books on how to earn money. Books on how to save money. Books on how to invest the money you've earned and saved. Books on how your spending affects the environment. Books on how to get rich. Books on how to file for bankruptcy. Books on how to retire.

What these books have in common is that they assume that your financial life functions separately from the rest of your life. This book is about putting it all back together. It is about integration, a "whole systems" approach to life. It will take you back to basics—the basics of making your spending (and hopefully your saving) of money into a clear mirror of your life values and purpose. It is about the most basic of freedoms—the freedom to think for yourself.

The purpose of this book is to transform your relationship with money. That relationship encompasses more than just your earning, spending, debts and savings; it also includes the time these functions take in your life. In addition, your relationship with money is reflected in the sense of satisfaction and fulfillment that you get from your connection to your family, your community and the planet.

To transform something is to change in a fundamental way its nature or function. 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. And that's only the beginning of what's possible—once you start following this new road map for money.

THE OLD ROAD MAP

Imagine trying to find your way around a strange city—but where your road map shows a zoo you find a shopping mall, and where it indicates a route to the beach you find that it dead-ends at a train station. After a few such experiences, you may question the usefulness of the map—and then examine it and to your dismay discover that it was drawn in 1890. If you want to get to where you want to go, you'd better get a new road map!

Now, just as you can't navigate well with such an outdated map, neither can you successfully find your way through today's money maze with a financial road map charted during the latter part of the nineteenth century as the Industrial Revolution was gaining momentum.

The Industrial Revolution was successful to the degree that it provided the material goods that were seen as necessary at the time. Like all revolutions, this one promised a better life for all Americans. And it delivered—but only as long as people really needed more material possessions. The landmarks of the old road map were clear: "nine to five till you're sixty-five"; trust in the company to take care of you in your old age; the United States is the world's greatest economic power and can do no wrong; we must push for a higher "standard of living" regardless of moral, ethical, emotional, cultural, spiritual, marital, environmental and political consequences.

Around about the mid-twentieth century, though, conditions began to change. For many people, material possessions went from fulfilling needs to enhancing comfort to facilitating luxury—and even beyond to excess. We went from individual national economies to an increasingly global economy. Unlike in the past, problems began to emerge that could not be solved by providing more material goods. These problems were not restricted to Western industrialized nations but became global in nature.

The planet itself began showing signs of nearing its capacity to handle the results of our economic growth and consumerism—water shortages, topsoil loss, global warming, species extinction, natural resource degradation and depletion, air pollution and trash buildup are all signs that our survival is in question. According to the Ecological Footprint, humanity's consumption of natural resources first exceeded the planet's stores in 1985, and by early in this century we were consuming over 25 percent more than our supply. "Effectively, the Earth's regenerative capacity can no longer keep up with demand—people are turning resources into waste faster than nature can turn waste back into resources."[1] When we do that personally we can assume that more work later will pay off the debt. But we don't get more planet later. We have only one.

In addition, we've seen that our dependence on oil can lead to international conflict.

Even though we "won" the Industrial Revolution, the spoils of war are looking more and more spoiled. This is especially true for us as individuals. The old road map for money has us trapped in the very vehicle that was supposed to liberate us from toil.

The Not-So-Merry Money-Go-Round

Once upon a time "earning a living" was the means to an end. The means was "earning"; the end was "living."

Over time our relationship with money—earning it, spending it, investing it, owing it, protecting it, worrying about it—has taken over the major part of our lives.

Most of us spend much more than 40 hours out of the week's total of 168 hours earning money. We must take time to dress for our jobs, commute to our jobs, think about our jobs at work and at home, "decompress" from our jobs. We must spend our evenings and weekends in mindless "escape entertainment" in order to "recreate" from our jobs. We must occasionally "vacate" our jobs, or spend time at the doctor's office to repair our job-stressed health. We need to plan our "careers," attend job seminars or union meetings, lobby or picket for our jobs.

We must spend money to maintain our jobs—job costuming, commuting costs, food bought expensively at the workplace. We must spend so that our neighborhood, house, car, lifestyle and even life mate reflect our "position" in the work world.

With all that time and money spent on and around our jobs, is it any wonder that we have come to take our identities from them? When asked, "What do you do?" we don't say, "I do plumbing." We say, "I am a plumber."

When we are not taking our identity from our jobs, we are identified as "consumers." According to the dictionary, to consume is to "destroy, squander, use up." We consider shopping to be recreation, so we "shop till we drop"—a pastime that's spread from suburban malls in the United States to urban centers around the world. We want a good future for our kids, so we work harder or become a two-income family and sometimes depend on others to care for our children. We earn for their college educations but relinquish the opportunity to spend time with them during their formative years, substituting toys for time. We are spending so much of our precious time earning in order to spend that we don't have the time to examine our priorities.

Our old financial map, instead of making us more independent, fulfilled individuals, has led us into a web of financial dependencies; our lives are so woven into the fabric of the economy that many of us no longer have the other kinds of wealth to fall back on—close knit families and communities, growing our own food, knowing how to make and fix the tools of daily life. The old road map has hit the end of the road. The material progress that was supposed to free us has left us more enslaved.

Conditions have changed, but we are still operating financially by the rules established during the Industrial Revolution—rules based on creating more material possessions. But our high standard of living has not led to a high quality of life—for us or for the planet. Remember that the old road map had nothing wrong with it. It brought unimaginable conveniences and comforts to the common man and woman. But the territory has changed, and new tools for navigation are needed. What we need now is a new financial road map that is based on current global conditions and offers us a way out.

CREATING A NEW ROAD MAP

How do you find a new road map for money? It requires thinking in new ways, managing your life as an integrated whole and identifying old assumptions.

Thinking in New Ways

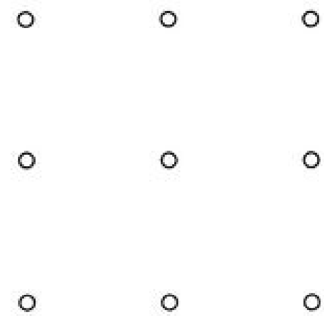
For all our brainpower, we humans are creatures of habit, often unwilling to let go of old patterns of behavior. The following story illustrates this:

> One day a young girl watched her mother prepare a ham for baking. At one point the daughter asked, “Mom, why did you cut off both ends of the ham?”
>
> “Well, because my mother always did,” said the mother.
>
> “But why?”
>
> “I don’t know—let’s go ask Grandma.”
>
> So they went to Grandma’s and asked her, “Grandma, when you prepared the ham for baking, you always cut off both ends—why did you do that?”
>
> “My mother always did it,” said Grandma.
>
> “But why?”
>
> “I don’t know—let’s go ask Great-grandma.” So off they went to Great-grandma’s.
>
> “Great-grandma, when you prepared the ham for baking, you always cut off both ends—why did you do that?”
>
> “Well,” Great-grandma said, “the pan was too small.”

Just as we can get caught in outmoded habit-patterns passed down through generations, we can also get trapped by our habitual thinking just as much as—and just as erroneously as—people who maintained until recently that the earth was visibly and verifiably flat. We also get stuck in unconscious and invisible boxes that limit our ability to think in new ways.

Here’s a puzzle for you (see Figure P-1). Connect these nine circles with three straight lines without lifting your pen or pencil from the paper.

FIGURE P-1
The Nine Circles Puzzle



The nine-circle puzzle is a fine exercise in thinking outside your ordinary mental boxes and in discarding assumptions. Most people who can't immediately solve it have assumed that they're not allowed to go outside the imaginary box defined by the nine circles. There is nothing in the rules that says you can't extend your lines out to the edges of the paper—or even beyond. Another common assumption is that those round things are dots instead of good-sized circles, which have a top, center and bottom.

Now look. As you can see, you can't solve the puzzle by staying inside your customary frame of reference. This book is about learning how to think in new ways, how to look beyond what you "know" to be true and discover your new road map for money.

Financially Independent Thinking

One of the keys to creating your new road map is what we call "FI (financially independent) thinking." This is the process of examining those basic assumptions that you have unconsciously adopted, of evaluating your old road map. FI thinking is noticing that you no longer need to cut off the ends of the ham, that limited frames keep us from seeing solutions and that "More Is Better" is no longer the name of the road to happiness.

FI thinking is about cartography—making your own map, one that accurately depicts the terrain of your life as it actually is today. This map will allow you to choose your own path through the territory of your earning and spending—and to integrate that path with the rest of your life.

FI thinking is essential for anyone who wants a clear, relaxed relationship with money. Until you can think independently, you can't be independent. Until you can deliberately and dispassionately question your own inner road map for money, you will be stuck in classic financial dead ends, such as:

- ◆Spending more than you earn.
- ◆Not liking your job, but not having a way out. Needing two paychecks to make ends meet.
- ◆Just when you get ends to meet, seeing someone (your boss, the government) move the other end.
- ◆Being so confused by money that you leave it to the experts, who in turn feed on your ignorance.

The Results of FI Thinking

FI thinking is about applying consciousness to the flow of money in your life. Just reading this book will initiate FI thinking in your life, but there is more. Actually doing the simple steps outlined here will transform your relationship with money. You will go from FI thinking to FI living.

FI thinking will lead naturally to Financial Intelligence, Financial Integrity and Financial Independence.

Financial Intelligence

Financial Intelligence is being able to step back from your assumptions and your emotions about money and observe them objectively. Does money really buy happiness? Does everyone really "gotta make a living"? Is money really something to fear or covet, to love or hate? If I sell the majority of my time for money, will I really be secure?

In order to gain Financial Intelligence you first need to know how much money you already have earned, what you have to show for it, how much is coming into your life and how much is going out.

But that isn't enough. You also need to know what money really is and what you are trading for the money in your life.

One tangible outcome of Financial Intelligence is getting out of debt and having at least six months of basic living expenses in the bank. If you follow the program presented in this book, it will lead inexorably to Financial Intelligence.

Financial Integrity

The dictionary defines integrity as "1: an unimpaired condition: SOUNDNESS 2: adherence to a code of esp. moral or artistic values: INCOR-RUPTIBILITY 3: the quality or state of being complete or undivided: COMPLETENESS."

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 just excess and clutter. It is having all aspects of your financial life in alignment with your values. If you follow the program presented in this book, it will lead inexorably to Financial Integrity.

Financial Independence

Financial Independence is the by-product of diligently following all the steps of the program outlined in this book. It is defined as having an income sufficient for your basic needs and comforts from a source other than paid employment.

While Financial Independence may not be one of your current goals, it is, eventually, in everybody's future. Think about it. Financial Independence is the totally natural, and inescapable, by-product of life. After a certain point you will no longer need to earn a living. The only choice in the matter is when and how that point is reached. In some cases that point is reached while you are still alive. It is then called retirement.

One purpose of this book is to teach the tools that allow you to become financially independent much sooner than traditional retirement and without necessarily depending on traditional retirement sources of income such as pensions and Social Security. As you go through this book you will also discover that Financial Independence encompasses a lot more than having a secure income. It is also independence from crippling financial beliefs, from crippling debt and from a crippling inability to manage modern "conveniences." Financial Independence is anything that frees you from a dependence on money to handle your life.

What Is an "FIer"?

"FIer" is our shorthand for a person who embodies FI thinking, who is gaining Financial Intelligence, learning Financial Integrity and moving naturally toward Financial Independence. Anyone who applies FI thinking to his or her life through following the steps of this program, we call an FIer.

HOW THIS BOOK CAME ABOUT

This book is not based on theory, good ideas or a new philosophy. It is the result of the authors' decades of combined experience (and now two decades of hearing readers' experiences) in living all the principles presented here. This book didn't just happen; it evolved.

In 1969, at the age of thirty-one, Joe retired from his career on Wall Street—never again to accept money for any of his work. Throughout his life Joe was accustomed to thinking in new ways, and FI thinking was a natural extension of that.

In his ten years as a technical analyst and institutional investment adviser, he had been pursuing a secret agenda: to learn enough about money to develop a program that would allow him to retire with an income adequate to maintain his chosen lifestyle for the rest of his life—all from a modest salary, without speculation or big "killings."

The program he ended up with (after much trial and error and repeated testing and modification) had nothing to do with risky investment strategies or new, complex analytical methods. Rather, it was about applying common sense, following basic business practices, reexamining outmoded assumptions and diligently following nine simple steps.

To his surprise, Joe found that what he had thought of as a purely personal project was of interest to others—and worked just as well for them as it had for him, regardless of what kind of job they had. Vicki was one of his earliest "students." They met in 1969, several months after she had left a budding career in film and theater in New York, intent on finding out what else life might have to offer. Having graduated at the top of her high school class and with honors from Brown University, Vicki was no stranger to success. She just wondered whether success had to mean the kind of stress and egocentricity she'd seen in the professional world. Her open mind allowed her to recognize the value of Joe's new road map for money and apply it to her own life. Investing savings—which she was burning through when she met Joe—expanded her sense of freedom and self-reliance once she adjusted her lifestyle to live within her new means.

In the twenty years that followed, many friends and volunteers working with Joe and Vicki on various service projects would elicit from them the details of the program, apply them and discover that all aspects of their financial lives were clearing up—from earning to spending to paying off debts to having time for their families to meeting once-dreaded tax deadlines to building up savings to affording better housing to overcoming "poverty consciousness," job insecurity, fear of lack... and on and on—without even having early retirement as a goal.

During those years neither Joe nor Vicki had any intention of producing financial seminars. But as friends who'd pulled this program out of Joe applied the steps and saw that they worked, they enthusiastically spread the word. And Joe began giving evening seminars called "Transforming Your Relationship with Money and Achieving Financial Independence." The demand increased, and the course became a daylong seminar with capacity crowds. In less than two years these seminars had been held in over forty North American cities. And the demand continued to grow, still by word of mouth.

In 1984 Vicki cofounded the New Road Map Foundation, a nonprofit charitable and educational foundation. Its primary purpose was to answer this demand by publishing an eight-hour audiocassette-and-work-book compilation of the best of Joe's seminars. In keeping with Joe's policy, the price was kept low ($60) and the net proceeds were distributed to other nonprofit organizations working for a better world.

By 1991 over 30,000 people had taken "Transforming Your Relationship with Money and Achieving Financial Independence." The course had reached every state in the United States, every province of Canada and twenty foreign countries, and it had attracted the attention of the national media, with radio interviews and feature articles appearing in various magazines and countless newspapers. And virtually all of this from word of mouth and "word of letter." No paid advertising, no late-night television hucksterism.

Throughout the years, feedback from individuals continued to underscore the idea that this course was not simply about retiring early but about thinking in new ways.

Now, nearly twenty years into the life of this book that's been translated into ten languages and sold nearly a million copies, we know that the program works across cultures and across generations. We also know there is a new generation eager to give their lives to more than a 9 to 5 (and sometimes a 24/7) job. This update is for them. For you.

WHAT YOU CAN EXPECT FROM THIS BOOK

The chapters that follow are constructed to aid you in learning FI thinking by helping you to identify your old road map about money and to develop your own new road map.

Exploring the concepts in this book and diligently applying the nine steps will transform your relationship with money and lead you to FI—Financial Intelligence, Financial Integrity and even Financial Independence. In this book you will also read the stories of individuals—from cooks to counselors, mathophobes to managers, trainers to truck drivers—whose lives have become fuller and more satisfying through their application of what they learned from following the nine steps presented here.

Through the hundreds of letters we've received we know some of the ways people's lives have been enriched by following this program:

- ◆ They finally understand the basics of money.
- ◆ They reconnect with old dreams and find ways to realize them. With a great sense of freedom and relief, they learn how to distinguish between the essentials and the excess in all areas of their lives and how to unburden themselves.
- ◆ On average people at all income levels lower their expenses by 25 percent—and most feel happier, even if for the sake of their sanity they forsake a bit of income. They find that their relationships with their mates and children improve.
- ◆ Their new financial integrity resolves many inner conflicts between their values and their lifestyles.
- ◆ Money ceases to be an issue in their lives, and they finally have the intellectual and emotional space to take on issues of greater importance.
- ◆ At a tangible level, they retire their debts, increase their savings and are able to live happily within their means.
- ◆ They increase the amount of their "free time" by reducing expenses and the amount of time on the job.
- ◆ They stop buying their way out of problems and instead use such challenges as opportunities to learn new skills. Overall, they heal the split between their money and their life, and life becomes one integrated whole.

Each person who follows this program will gain something unique that adds to his or her life. How long will it take? It depends on you—and the road map you create.

GETTING ON THE ROAD

So you want to create your own financial road map? All you need is a notebook, a pen and a willingness to think in new ways.

To create your own financial road map you don't need to know a lot of math—anyone can do the arithmetic required here. You can start wherever you are financially ($50,000 in debt or with substantial savings) and wherever you are psychologically (from a money-phobe to a money-lover).

It will take commitment to do the steps of this program, but every step you take will generate a reward. The rewards will not all be achieved by the time you finish reading this book. At first, some of the steps may look as if they will be time-consuming to put into practice consistently—however, people who have been doing the steps for some months report that they are actually spending less time on their money matters than before the course. The fact that their checkbooks always balance, that they don't ever have to rush to the bank to cover overdrafts, that they spend no time on unrealistic budgets, that they have no more arguments with their spouses over money, that they don't have to spend hours wondering "where it all went" and that the automatic record-keeping makes income-tax time a breeze are just a few of the ways that applying the steps consistently produces savings of your most precious resource—your time.

THE BIGGER MAP

Remember that our current financial road map was developed for the American community during the Industrial Revolution. Much has changed in the last 150 years—but there have been too few cartographers.

Today we must expand our financial road map beyond our own family, beyond even our own American community, and include all the world's peoples. Further, considering the major environmental problems we are facing worldwide, we must expand to include the natural world. Our global community requires that individuals reexamine and realign their thinking and their choices about their personal financial lives.

Those participants who have achieved Financial Independence have discovered the fulfillment that comes from contributing their time, talent and love to the welfare of our planet and its inhabitants. It is the authors' fervent hope that this book will increase your freedom to contribute to your world.

1

THE MONEY TRAP: THE OLD ROAD MAP FOR MONEY

MONEY: THE TENDER TRAP?

"Your money or your life."

If someone thrust a gun in your ribs and said that sentence, what would you do? Most of us would turn over our wallets. The threat works because we value our lives more than we value our money. Or do we?

Penny Y. *worked seventy hours a week as a successful saleswoman, but that wasn't It. She reports, "After reading books like* The Poverty of Affluence *[by Paul Wachtel] I realized that my feeling that 'something was missing' wasn't something only I experienced. I began to talk with others and found they often felt similarly let down. Having gotten the prize of a comfortable home with all the trimmings, there was a sense of 'Is this all?' Do I have to work and work and then retire—worn out—to be put out to pasture? To do nothing then but to try to spend money I saved up and to waste my time till my life is over?"*

Carl M.*'s love was music, but his life was working in data processing for Snohomish County, Washington—and he'd all but given up the hope that love and life could go together. Unsure of what it meant to be a man, he'd assumed all the trappings of adulthood and waited for the day when they'd catapult him into manhood. He'd graduated from college and gotten a wife, a skill, a job, a car, a house, a mortgage and a lawn to mow. Instead of feeling like a man, however, he felt increasingly trapped.*

Diane G. *just plain hated her job as a computer programmer. She did the bare minimum she had to do in order to keep her job—but did it so well that she couldn't be fired. She accumulated all the symbols of success—a sports car, a house in the country—but they barely balanced the boredom of her job. She went on to travel and participate in a variety of workshops, but none of these pleasures countered the doldrums of the workweek. She finally decided that this must be as good as it gets—with her job biting the center out of her life.*

Even though many of us like our jobs, very few of us can say with honesty that our work lives are perfect. The perfect work life would offer enough challenge to be interesting. Enough ease to be enjoyable. Enough camaraderie to be nourishing. Enough solitude to be productive. Enough hours at work to get the job done. Enough leisure to feel refreshed. Enough service to feel needed. Enough silliness to have fun. And enough money to pay the bills . . . and then some. Even the best of jobs have trade-offs. Midlife comes and we discover we've been living our parents' agenda. Or worse, we've been filling teeth for twenty years because some seventeen-year-old (was that really me?) decided that being a dentist would be the best of all possible worlds. We've joined the "real world," the world of compromise. For all the hype about "going for the gold," we're so weary at the end of the day that going for the sofa is as good as it gets.

Yet most of us still cling to the notion that there is a way to live life that makes more sense, that brings more fulfillment and has more meaning. The people you'll be hearing about in this book have found that *there is another way*. There is a way to live an authentic, productive, meaningful life—and have all the material comforts you want or need. There is a way to balance your inner and outer lives, to have your job self be on good terms with your family self and your deeper self. There is a way to go about the task of making a living so that you end up more alive. There is a way to approach life so that when asked, "Your money or your life?" you say, "I'll take both, thank you."

We Aren't Making a Living, We're Making a Dying

For so many working people, however, from people who love their work to those who barely tolerate their jobs, there seems to be no real choice between their money and their lives. What they do for money dominates their waking hours, and life is what can be fit into the scant remaining time.

Consider the average worker in almost any urban industrialized city. The alarm rings at 6:45 and our working man or woman is up and running. Shower. Dress in the professional uniform—suits or dresses for some, coveralls for others, whites for the medical professionals, jeans and flannel shirts for construction workers. Breakfast, if there's time. Grab commuter mug and briefcase (or lunch box). Hop in the car for the daily punishment called rush hour or on a bus or train packed crushingly tight. On the job from nine to five. Deal with the boss. Deal with the coworker sent by the devil to rub you the wrong way. Deal with suppliers. Deal with clients/customers/patients. Act busy. Hide mistakes. Smile when handed impossible deadlines. Give a sigh of relief when the ax known as "restructuring" or "downsizing"—or just plain getting laid off—falls on other heads. Shoulder the added workload. Watch the clock. Argue with your conscience but agree with the boss. Smile again. Five o'clock. Back in the car and onto the freeway or into the bus or train for the evening commute. Home. Act human with mates, kids or roommates. Eat. Watch TV. Bed. Eight hours of blessed oblivion.

And they call this making a living? Think about it. How many people have you seen who are more alive at the end of the workday than they were at the beginning? Do we come home from our "making a living" activity with more life? Do we bound through the door, refreshed and energized, ready for a great evening with the family? Where's all the life we supposedly made at work? For many of us, isn't the truth of it closer to "making a dying"? Aren't we killing ourselves—our health, our relationships, our sense of joy and wonder—for our jobs? We are sacrificing our lives for money, but it's happening so slowly that we barely notice. Graying temples and thickening middles along with dubious signs of progress like a corner office, a private secretary or tenure are the only landmarks of the passage of time. Eventually we may have all the comforts and even luxuries we could ever want, but inertia itself keeps us locked into the nine-to-five pattern. After all, if we didn't work, what would we do with our time? The dreams we had of finding meaning and fulfillment through our jobs have faded into the reality of professional politics, burnout, boredom and intense competition.

Even those of us who like our jobs and feel we're making a contribution can recognize that there is a larger arena we could enjoy, one that is beyond the world of nine-to-five: the fulfillment that would come from doing work we love with no limitations or restraints—and no fear of getting fired and joining the ranks of the unemployed. How many times do we think or say, "I would do it this way if I could, but the board members/Zilch Foundation want it done their way"? How much have we had to compromise our dreams in order to keep our funding or our job?

We Think We Are Our Jobs

Even if we were financially able to turn our back on jobs that limit our joy and insult our values, we are all too often psychologically unable to free ourselves. We have come to take our identity and our self-worth from our jobs.

Our jobs have replaced family, neighborhood, civic affairs, church and even mates as our primary allegiance, our primary source of love and site of self-expression. Reflect on that for yourself. Think about how you feel when you respond to that getting-to-know-you question, "What do you do?" with "I am a ______." Do you feel pride? Do you feel shame? Do you want to say, "I'm *only* a ______," if you aren't meeting your own expectations for yourself? Do you feel superior? Inferior? Defensive? Do you tell the truth? Do you give an exotic title to a mundane occupation to increase your status?

Have we come to measure our worth as human beings by the size of our paychecks? When swapping tales at high school reunions, how do we secretly assess the success of our peers? Do we ask whether our classmates are fulfilled, living true to their values, or do we ask them where they work, what their positions are, where they live, what they drive and where they are sending their kids to college? These are the recognized symbols of success.

Along with racism and sexism, our society has a form of caste system based on what you do for money. We call that jobism, and it pervades our interactions with one another on the job, in social settings and even at home. Why else would we consider housewives second-class citizens? Or teachers lower status than doctors even though their desk-side manner with struggling students is far better than many doctors' bedside manner with the ill and dying?

The High Cost of Making a Dying

Psychotherapist Douglas LaBier documented this "social disease" in his book *Modern Madness*. The steady stream of "successful" professionals who showed up in his office with exhausted bodies and empty souls alerted him to the mental and physical health hazards of our regard for materialism. LaBier found that focusing on money/position/ success at the expense of personal fulfillment and meaning had led 60 percent of his sample of several hundred to suffer from depression, anxiety and other job-related disorders, including the ubiquitous "stress."[1]

Even though the official workweek has been pegged at forty hours for nearly half a century, many professionals believe they must work overtime and weekends to keep up. A 2003 national survey from the Center for a New American Dream found that 3 in 5 Americans feel pressure to work too much.[2] In addition, a 2005 Conference Board study revealed that Americans are growing increasingly unhappy with their jobs. The study found widespread declines in job satisfaction among workers of all ages and across all income brackets.[3] We are working more, but enjoying life less (and possibly enjoying less life as well). We have developed a national disease based on how we earn money.

What Do We Have to Show for It?

Even if we aren't any happier, you'd think that we'd at least have the traditional symbol of success: money in the bank. Not so. Our savings rate has actually gone down.

According to the U.S. Commerce Department, the U.S. personal savings rate has hovered mostly between 0 and 1 percent over the past three years.[4] By comparison, a quarter century earlier in 1981, Americans saved an average of 10.9 percent.[5]

Not only are we saving less, but our level of debt has gone up—way up. By late 2007 consumer debt had topped $2.5 trillion, more than three times the total at the end of 1990. That's more than $8,000 for every man, woman and child in the country.[6] Every eight seconds a baby is welcomed into our society with a big "Howdy, you owe us $8,000"—and that figure doesn't even count the newcomer's share of the *national* debt. You'd cry too.

Debt is one of our main shackles. Our levels of debt and our lack of savings make the nine-to-five routine mandatory. Between our mortgages, car financing and credit-card debts, we can't afford to quit. More and more Americans are ending up living in their cars or on the streets. And we're not talking just about poor people or the mentally ill. White-collar workers are the fastest-growing category of the jobless. Layoffs are happening at an increasing rate in all sectors, from the automobile industry in Michigan to IT professionals in Silicon Valley.

We Make a Dying at Work so We Can Live It Up on the Weekend

Consider now the average consumer, spending his or her hard-earned money. Saturday. Take your clothes to the cleaners and your car to the service station to have the tires rotated and the funny noise checked out. Go to the grocery store to buy a week's worth of food for the family and grumble at the checkout that you remember when four sacks of groceries used to cost $75 instead of $125. (Sure, you could cut costs by clipping coupons and shopping sales, but who has time?) Go to the mall to buy the book everyone in your support group is reading. Emerge with two books, a suit (half-price on sale) with shoes to match, and some new clothes for the kids—all paid for with a credit card. Home. Yard work. Oops . . . a trip to the nursery for pruning shears. Come home with two flats of primroses, some new pots . . . and, oh yes, the pruning shears. Fiddle with the toaster that's burning every slice, even on the lightest setting. Fail to find the warranty. Go to the home improvement store to buy a new one. Come out with shelves and brackets for the den, color samples for painting the kitchen . . . and, oh yes, the toaster. Dinner out with your mate, leaving the kids with a sitter. Sunday morning. Pancakes for the whole family. Oops . . . no flour. To the grocery store for flour. Come home with frozen strawberries and blueberries for the pancakes, maple syrup, Sumatra coffee . . . and, oh yes, the flour. Take the family for a drive in the country. Buy gas; wince at the price, but how else could the family and dog have an outing? Drive for two hours. Stop at a cute restaurant, paying for dinner with the credit card. Spend the evening reading magazines, allowing the ads to float you on fantasies of the really good life available if you'd only buy a Porsche or an exotic vacation or a new computer or . . .

The bottom line is that we think we work to pay the bills—but we spend more than we make on more than we need, which sends us back to work to get the money to spend to get more stuff to . . .

What About Happiness?

If the daily grind were making us happy, the irritations and inconveniences would be a small price to pay. If we could believe that our jobs were actually making the world a better place, we would sacrifice sleep and social lives without feeling deprived. If the extra toys we buy with our toil were providing anything more than momentary pleasure and a chance to one-up others, we'd spend those hours on the job gladly. But it is becoming increasingly clear that, beyond a certain minimum of comfort, money is not buying us the happiness we seek.

Participants in our seminars, whatever the size of their incomes, always said they needed “more” to be happy. We included this exercise in our seminars: We asked people to rate themselves on a happiness scale of 1 (miserable) to 5 (joyous), with 3 being “can’t complain,” and we correlated their figures with their incomes. In a sample of over 1,000 people, from both the United States and Canada, the average happiness score was consistently between 2.6 and 2.8 (not even a 3!), *whether the person’s income was under $1,500 a month or over $6,000 a month.* (See Figure 1-1.)

The results astounded us. They told us that not only are most people habitually unhappy, but they can be unhappy no matter how much money they make. Even people who are doing well financially are not necessarily fulfilled. On those same worksheets we asked our seminar participants, “How much money would it take to make you happy?” Can you guess the results? It was always “more than I have now” by 50 to 100 percent.

These findings are confirmed by numerous other studies on happiness. In one classic study, Roy Kaplan of the Florida Institute of Technology tracked 1,000 lottery winners over a span of ten years. Very few felt any greater happiness—or had any idea of what to do with the money. A surprising number were *less* happy six months later, having left jobs that had been a source of self-esteem and gained money they felt they didn’t deserve. Many turned to drugs and suffered feelings of isolation.[7]

FIGURE 1-1
Life Rating Scale

Select the list that most closely applies to your life right now.

1	2	3	4	5
Uncomfortable	Dissatisfied	Content	Happy	Joyous
Tired	Seeking	Doing OK	Growing	Enthusiastic
Incomplete	Not enough	Average	Satisfied	Fulfilled
Frustrated	Relationships could be better	Acceptable	Productive	Overflowing
Fearful	Coping	Sometimes happy, sometimes blue	Relaxed	Ecstatic
Frequently lonely	Getting better	Stable	Free of tension	Powerful
Angry	Not very productive	Normal	Efficient	Making a difference
Need love	Need reassurance	Few risks	Time available	
Insecure		Fitting in	Fun	
			Secure	

Quality of Life Correlated to Income Level

Monthly income:	$0–1500	$1501–3000	$3001–4500	$4501–6000	Over $6000
Average of quality-of-life rating for all participants in that income range:	2.81	2.77	2.84	2.86	2.63

So here we are, the most affluent society that has had the privilege to walk the face of the earth, and we’re stuck with our noses to the grindstone, our lives in a perpetual loop between home and job and our hearts yearning for something that's just over the horizon.

PROSPERITY AND THE PLANET

If this were just a private hell it would be tragedy enough. But it's not. Our affluent lifestyles are having an increasingly devastating effect on our planet.

Over two decades ago, The United Nations World Commission on Environment and Development warned that consumption patterns in the developed world were one of the primary engines driving global environmental damage. Since that time, it has only gotten worse.

We can all recite the tragic indicators of this disaster—from climate change to rainforest destruction to species extinctions. They are front-page news, transforming many of us into reluctant and frightened ecologists. And these conditions are made worse by an advertising industry that creates demand for products we don't need that are using up natural resources at a rate far faster than the planet can replenish them.

We are piling up economic debt on top of our ecological deficit. As economic commentator Lester Thurow, speaking on National Public Radio, put it, it's as if we borrowed up to our eyeballs for the greatest New Year's Eve party ever. During the party everyone was happy. But come January 2, there was no more fun and only bills to pay. The last decades are like our blow-off bash, and it looks like "January 2" will be the reality for the next generation. This is particularly serious because by the end of the 1980s the United States had gone from being the world's largest creditor nation to the world's largest debtor nation. U.S. businesses, houses, land and government bonds are increasingly owned by foreign investors. We've mortgaged the farm, and the rent collector may come knocking any time now.

Concurrently, we have seen an increasing gulf between the rich and poor, both within the United States and around the world. Millions are homeless for want of affordable housing, while others have millions to spend on luxury homes. Historically such disequilibrium is the forerunner of dramatic and even violent change.

Financially, socially, politically and spiritually we've rung up some serious debts in our post–World War II spending spree. One way or another, we will pay up—with interest.

The Biggest Loser in the Money Game

The pity is that many of us are not even aware of this debt because our primary benefactors don't have a voice and we didn't even know we were borrowing from them. We haven't just borrowed from "the bank." We've borrowed from future generations, and from our very generous planet.

As ecologist Garret Hardin pointed out, on our shrinking planet, nature is like the village commons where we all graze our sheep. If we respect each other and respect the commons, all our sheep get fed and the commons and the community thrive. But if some folks start looking out only for themselves, they may start grazing extra sheep. Suddenly, goodwill is gone, we're all grazing extra sheep and the commons is destroyed.

Competing nations have depleted our planet's common resources. Everything we eat, wear, drive, buy and throw away comes from the earth. Many of these products are fabricated from nonrenewable resources. Once we throw them away, those pieces of the planet will not be available to support meaningful life for perhaps thousands of millennia. It's a one-way trip from Earth to factory to store to our house to the dump. We have ignored the fact that we enjoy our current level of affluence by the good (and free) graces of nature—soil, water and air that cost nothing yet are being taxed to the limit. We now face the grim possibility that the earth may one day no longer support life as we know it and need it to be. As civilized and advanced as we may have become, we still depend on breathable air, potable water and fertile soil for our daily existence. But we have done massive, perhaps irreparable, damage to our planetary support system.

But Why?

How is it that we've backed ourselves into this corner? And why do we stay here?

For one thing, many of us don't even recognize that we're in a corner, while others think that just around this very corner, happiness is waiting. In their book *New World, New Mind,* Robert Ornstein and Paul Ehrlich point out that our minds were designed to respond well to short-term threats—tigers and fires and the whites of our enemy's eyes. In today's world, however, environmental threats like climate change are building up so slowly that the part of our minds built to respond to harm can't register the danger. We must, Ornstein and Ehrlich contend, learn to react to the distant early warnings of sophisticated environmental measurements with the same vigor with which we used to climb trees to escape the jaws of a tiger.[8]

We also put up with this "making a dying" existence because we think we have no choice. "Another day, another dollar." "Everybody's gotta make a living." The "nine to five till you're sixty-five" pattern, so recent in human history but so pervasive today, seems like the only choice for someone who is neither a sports nor entertainment superstar nor an eccentric. After all, there are bills to pay and an identity to maintain, and besides, what would I do with my life if I didn't have a job?

Is More Better?

And many of us are out there "making a dying" because we've bought the pervasive consumer myth that more is better. Even though Buck-minster Fuller likened the earth to a spaceship, we cling to the silver-screen images of the Frontier, where "there's always more where that came from."

We build our working lives on this myth of more. Our expectation is to make more money as the years go on. We will get more responsibility and more perks as we move up in our field. Eventually, we hope, we will have more possessions, more prestige and more respect from our community. We become habituated to expecting ever more of ourselves and ever more from the world, but rather than satisfaction, our experience is that the more we have, the more we want—and the less content we are with the status quo.

More is better; this is the motto that drives us. For Americans (and increasingly for consumers in other nations) this is the motto that leads us to trade in our car every three years, buy new clothes for every event and every season, get a bigger and better house every time we can afford it and upgrade everything from our stereo systems to our lawn mowers simply because some new automatic widget has been introduced.

According to psychologist David G. Myers, author of *The Pursuit of Happiness*, the average U.S. citizen's buying power (adjusted for inflation) more than doubled between 1957 and 2002.[9] As a result, former luxury items became commonplace. Paul Wachtel noted in his 1989 book, *The Poverty of Affluence*, that:

> In 1958, when economist John Kenneth Galbraith appropriately described the United States as "The Affluent Society," 9.5 percent of U.S. households had air conditioning, about 4 percent had dishwashers, and fewer than 15 percent had more than one car. By 1980, when Ronald Reagan's successful bid to replace Jimmy Carter was based on the widespread sense that people were

> suffering economically, the percentage of homes with air conditioning had quintupled, the percentage with dishwashers had increased more than 700 percent and the percentage with two or more cars had about tripled. Yet, despite the astounding economic growth—despite owning more of the gadgets, machines and appliances thought to constitute "the good life"—Americans felt significantly less well-off than they had twenty-two years before, polls showed.[10]

Those trends have continued. Midway through the first decade of the twenty-first century, two-thirds of American households own two or more vehicles. Over one-third own three or more.[11] More than half of American homes have dishwashers. [12] Over three-quarters of new homes in the United States come equipped with central air.[13] Meanwhile, National Opinion Research Center surveys reveal that the percentage of Americans that describe themselves as "very happy" has been steadily declining since the late 1950s. In 1957 the percentage was 35 percent. By 2002 it was 30 percent.

If you live for having it all, what you have is never enough. In an environment of more is better, "enough" is like the horizon—always receding. You lose the ability to identify that point of sufficiency at which you can choose to stop. This is precisely the psychological cul-de-sac Paul Wachtel describes, the invisible Catch-22 of the consumer myth of more. If more is better, then what I have is *not* enough. Even when I do get the "more" I was convinced would make life "better," however, I am still operating out of the belief that more is better—so the "more" I now have *still* isn't enough. But hope springs eternal. If I could only get more, then . . . and on and on we go. We get deeper in debt and often deeper in despair. The "more" that was supposed to make life "better" can never be enough.

The Limits to Growth

Our economy's version of "more is better" is "growth is good." Modern economics worships growth. Growth will solve poverty, the theory goes. Growth will increase our standard of living. Growth will reduce unemployment. Growth will keep us apace with inflation. Growth will relieve the boredom of the rich and the misery of the poor. Growth will bolster the GNP, boost the Dow and beat the Japanese. A rising tide lifts all boats.

What we overlook is that the fuel for economic growth comes from nature, and even under the best of circumstances, nature is not infinitely abundant. Resources can and do run out.

There *are* limits in nature. At a physical level, nothing grows forever. Every plant and every animal reaches an optimal size and then begins mature function, participating in life—leafing, fruiting, responding to stimuli and providing nourishment and competition for other forms of life around it. We also know that every population of plants or animals reaches a maximum number, based on the finite resources of energy, food, water, soil and air, and then begins to stabilize or decrease in size. There *always* comes a point where the individual or the specific population either collapses or dies off due to lack of resources, or stabilizes at a level that the environment can handle.

By ignoring this fundamental reality of the natural world, we as individuals, and our economy, are now exceeding Earth's capacity to handle our demands. According to the latest "ecological footprint" studies—which measure how much biologically productive land and sea we use compared to what is available—by 2003 we were spending planetary resources at a rate 25 percent above the planet's capacity to replenish them. In a very real sense, we are no longer living off the interest (Earth's regenerating resources), but spending down the resource capital.

U.S. consumption exceeds resource capacity by an even wider margin. If everyone consumed resources at the rate of the average American citizen, we would need four extra planets to supply the resources. [14] Couple this consumption with the desire of others to acquire the same luxuries that we enjoy, and you have a scenario for disaster.

Even though we clearly need to confront our personal and collective addiction to growth, we are exhibiting the classic resistance to change called denial. We don't have to change because we're sure that technology will save us. After all, we say, look at the past. Science and technology have eliminated deadly diseases from smallpox to diphtheria. Surely we'll develop the technology to purify our water, genetically engineer seeds that can grow after global warming, clean up pollution and find the key to unlimited cheap energy. And if technology doesn't save us, surely the government will. Look at our social progress as a species. If we lobby for appropriations, the government will develop a program. There are experts who know what's going on and are handling it for us. Anyway, we conclude, it's not *my* problem. It's a Third World problem. If only "they" would stop having so many babies and burning their forests we'd survive. It's they who need to change. In any event, it would be silly to change because the reports are probably wrong. Scientists and politicians and the media have lied to us before. This environmental problem is a fabrication of some smart lawyers and Nervous Nellie alarmists. And anyway, what can "I" do? After all, I'm in debt so I *can't* stop commuting forty miles a day to the nuclear widget factory, even if the continuance of life on Earth depended on it, which it doesn't . . . does it?

As people and as a planet we suffer from *upward mobility* and *downward nobility.* We need at least to pause and wonder if it's all worth it, if we're getting the fulfillment we're seeking. And if not, why do we persist, like addicts, in habits that are killing us?

The Creation of Consumers

Perhaps we cling to our affluence—even though it isn't working for us or the planet—because of the very nature of our relationship with money. As we shall see, money has become the movie screen on which our lives play out. We project onto money the capacity to fulfill our fantasies, allay our fears, soothe our pain and send us soaring to the heights. In fact, we moderns meet most of our needs, wants and desires through money. We *buy* everything from hope to happiness. We no longer live life. We consume it.

People in industrialized nations used to be called "citizens." Now we are "consumers"—which means (according to the dictionary definition of "consume") people who "use up, waste, destroy and squander." Consumerism, however, is just a twentieth-century invention of our industrial society, created at a time when encouraging people to buy more goods was seen as necessary for continued economic growth.

By the early 1920s a curious wrinkle had emerged once we were starting to win the Industrial Revolution. The astounding capacity of machinery to fill human needs had been so successful that economic activity was slowing down. Instinctively knowing they had enough, American workers were asking for a shorter workweek and more leisure to enjoy the fruits of their labors. Two sectors of American society were alarmed at this trend. The moralists who had internalized the Protestant work ethic believed that "idle hands would do the work of the devil." Leisure is debasing, they thought, leading at least to sloth if not to the rest of the seven deadly sins. The other sector to sound the alarm was the industrialists. Reduced demand for factory output threatened to halt economic growth. Workers did not seem as instinctively eager to buy new goods and services (like cars, chemicals, appliances and entertainment) as they did the old ones (like food, clothing and shelter).

The alternative to growth, however, was seen not as maturity but as the precursor to the stagnation of civilization and the death of productivity. New markets were needed for the expanding cornucopia of goods that machines could turn out with such speed and precision and for the continued profit of the industrialists. And here's the stroke of genius: these new markets would consist of the same populace, but the people would be educated to want not only what they needed but new things that they didn't need.

Enter the concept of "standard of living." A new art, science and industry was born to convince Americans that they were working to elevate their standard of living rather than to satisfy basic economic needs. In 1929 the Herbert Hoover Committee on Recent Economic Changes published a progress report on this new (and very welcome) strategy:

> The survey has proved conclusively what has long been held theoretically to be true, that wants are almost insatiable; that one want satisfied makes way for another. The conclusion is that economically we have a boundless field before us; that there are new wants which will make way endlessly for newer wants, as fast as they are satisfied.... Our situation is fortunate, our momentum is remarkable.[15]

Instead of leisure being relaxed activity, it was transformed into an opportunity for increased consumption—even consumption of leisure itself (as in travel and vacations). Henry Ford concurred:

> Where people work less they buy more . . . business is the exchange of goods. Goods are bought only as they meet needs. Needs are filled only as they are felt. They make themselves felt largely in the leisure hours.[16]

The Hoover Committee agreed. Leisure was not, in fact, an excuse to relax. It was a hole to fill up with more wants (which, in turn, required more work to pay for them). Somehow the consumer solution satisfied both the industrial hedonists hell-bent on achieving a material paradise and the puritans who feared that unoccupied leisure would lead to sin. In fact, the new consumerism promoted all the deadly sins (lust, covetousness, gluttony, pride, envy) *except* perhaps anger and sloth.

Only mildly subdued by the Depression, consumerism returned with added vigor in the post–World War II era. In 1955 U.S. retailing analyst Victor Lebow observed:

> Our enormously productive economy . . . demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfaction, our ego satisfaction, in consumption.... We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate.[17]

And thus the rat race was born, leading to our excruciating balancing act between working more to buy luxuries and having enough leisure to enjoy them. In our initial enthusiasm for our new status as consumers, we learned to assert our rights, standing up to unscrupulous business. "Rights," however, have since taken on a different hue.

The Right to Buy

Americans have come to believe, deeply, that it is our right to consume. If we have the money, we can buy whatever we want, whether or not we need it, use it or even enjoy it. After all, it's a free country. And if we don't have the money . . . heck, what are credit cards for? Born to shop. Whoever dies with the most toys wins. Life, liberty and the pursuit of material possessions.

In the coming years, our right to consume what we want, when we want, how we want and where we want will be called increasingly into question as we struggle with the issues of the global marketplace, human rights, free trade, environmental damage and dwindling resources. Wouldn't it be easier to wage our personal battles with our urge to splurge *before* the public battles heat up—and light up our excesses? Instead of going for the gold we can go for the Goldilocks joys of having neither more nor less but just enough—before circumstances make us change. It's so much easier to be good by choice than by coercion.

To Buy Is Right

Having challenged and confronted this sacred cow called the right to consume, we can look at another kind of "right."

We have absorbed the notion that it is *right* to buy—that consuming is what keeps America strong. If we don't consume, we're told, masses of people will be thrown out of work. Families will lose their homes. Unemployment will rise. Factories will shut down. Whole towns will lose their economic base. We *have* to buy widgets to keep America strong.

Part of why our "consumers" have less money to spend is that saving has clearly become un-American. Even the language of modern economics promotes consumption. What else would we do with "disposable" income besides dispose of it—we certainly wouldn't want to keep it around where it would just rot!

So if consuming is the way to keep the economy strong and savers are people willing to put their fellow citizens out of work, a day at the mall can be considered downright patriotic. Indeed, following the 9/11 terrorist attacks the U.S. president and other elected officials encouraged us to fight back by going shopping.

The only down side is that our rising expectations have outstripped our incomes, leaving the average consumer-patriot increasingly in debt. This puts us in a bind: the only way for us to exercise our economic patriotism is to go deeper into debt. We are in a no-win situation. You're wrong if you buy and wrong if you don't.

All of this is exacerbated by advertising. The average American child aged two to eleven sees more than 25,000 advertisements a year alone.[18] In 2006, advertising in the United States was a nearly $300 billion industry—roughly $1,000 for every U.S. citizen.[19]

Marketing theory says that people are driven by fear, by the promise of exclusivity, by guilt and greed, and by the need for approval. Advertising technology, armed with market research and sophisticated psychology, aims to throw us off balance emotionally—and then promises to resolve our discomfort with a product.

At the same time, between the ads, our televisions, radios and newspapers are reporting the bad news about the environment. Product packaging is clogging the landfills. Product manufacturing is contributing to climate change, polluting the groundwater, deforesting the Amazon, fouling the rivers, and lowering the water table. If I wear clothes made from conventionally grown cotton, I'm encouraging massive pesticide use. If I wear synthetic fabrics, I use fossil fuels. If I wear nothing, I'm putting people out of work. It's damned if we do and damned if we don't—and even damned if we dam, as the Pacific Northwest is learning, since its hydroelectric power dams are making it nigh on to impossible for most salmon to swim upstream to spawn.

It seems there is no way consumers *can* be "right." Everything we do exacts a cost from the environment. Even the new fad of "green consuming"—buying products that are less environmentally damaging—is only *less* stressful to the earth and by no means benign.

Clearly we don't think about this as we're driving to work in the morning. We don't ponder, "To consume or not to consume, that is the question." But the notion that it's right to consume bumps daily into the admonition that we're deep in debt personally and playing Russian roulette with the environment besides.

But what can we do? How in the midst of our busy lives can we become aware of, much less do something about, the enormous problems we're facing? "What can one person do?" we ask, and then change stations on the radio. And so we continue, making a stab at changing one week, bingeing the next and depending on denial to shield us from the tough choices ahead.

If we continue to rely on making small, token changes, however, we will merely slow our headlong rush toward a diminished and impoverished future. What's needed isn't change, it is transformation. Change seeks different solutions to intractable problems. Transformation asks different questions so that we can see the problems in a new light. Transformation doesn't just try a new set of solutions to intractable problems, it asks a new set of questions that allows us to see the problems themselves in a new light.

We need to shift from an ethic of growth to an ethic of sustainability, which will certainly require each one of us to transform our relationship with money and the material world. Transforming our relationship with money and reevaluating our earning and spending activity could put us and the global commons back on track. We need to learn from our past, determine our present reality and create a new, reality-based relationship with money, discarding assumptions and myths that don't work. We need a new road map for money and materialism—one that is truly in tune with the times.

THE BEGINNING OF A NEW ROAD MAP FOR MONEY

What makes consuming so all-consuming? While advertising and industry may have conspired to sell us on materialism, the fact is, we bought it. What is it in us that was so easily distracted from life's deeper pleasures?

Psychologists call money the "last taboo." It is easier to tell our therapist about our sex life than it is to tell our accountant about our finances. Money—not necessarily how much we have, but how we feel about it—governs our lives as much or more than any other factor. More marriages are wrecked by money than any other factor. Why?

Patterns of Belief

To begin to understand this, we need to understand a bit about the human mind. Numerous sources, from modern brain researchers to ancient Eastern philosophers, seem to agree on the basic notion that the mind is a pattern-making and pattern-repeating device. Rather than having a fixed behavioral response for every stimulus, as some animals do, humans tend to *create* patterns of response. Some come from personal experience, primarily in the first five years of life. Some are genetic. Some are cultural. Some seem to be universal. All of them are there, presumably, to increase our chances of survival. Once a pattern is recorded, once it's been tested and deemed useful for survival, it becomes very hard to change. We salivate to the smell of sautéing onions, step on the brakes at the sight of a red light and pump adrenaline when someone yells, "Fire!" Clearly we couldn't survive if we didn't have these huge libraries of interpretations coupled with behaviors. But here's the rub: not all (or even a majority) of these patterns have anything to do with objective reality—yet they persist, governing our behavior. They are so tenacious, in fact, that we will often ignore or deny reality itself in favor of one of our interpretations. The snakes on a child's bedroom floor that are banished if Mother leaves the door ajar are an obvious example of an absurd but convincing interpretation of reality. We usually call such obviously erroneous notions superstitions. But which of our many beliefs are superstitions, and which are fact?

Does walking under a ladder or breaking a mirror really bring bad luck? Most of us are beyond such primitive superstitions. But what about other, less suspect beliefs? How do we catch a cold? By going outdoors with a wet head? By being exposed to germs? The former we recognize as an old wives' tale, but the latter? After all, there are people who don't get the cold going around the office. Did the germs skip them? Could the germ theory be just a modern superstition? Which of our beliefs will look quaint to future generations?

What Do Our Actions Say?

As with the flat Earth and the snakes in the bedroom, there are many realities that our financial beliefs and our financial behavior do not take into account. Although we are largely unconscious of our financial belief system, our blindness condemns us to prisons of our own making.

While we might vigorously maintain that we know that "money can't buy happiness" and "the best things in life are free," honesty requires that we look deeper. Our behavior tells a different story.

What do we do when we are depressed, when we are lonely, when we feel unloved? More often than not we buy something to make us feel better. A new outfit. A drink (or two). A new car. An ice cream cone. A ticket to Hawaii. A goldfish. A ticket to the movies. A bag of Oreos (or two).

When we want to celebrate good fortune, we buy something. A round of drinks. A catered wedding. A bouquet of roses. A diamond ring.

When we are bored, we buy something. A magazine. A cruise. A board game. A bet on the horses.

When we think there must be more to life, we buy something. A workshop. A self-help book. A therapist. A house in the country. A condo in the city.

None of this is wrong. It's just what we do. We have learned to seek external solutions to signals from the mind, heart or soul that something is out of balance. We try to satisfy essentially psychological and spiritual needs with consumption at a physical level. How did this happen?

Here's an illustration.

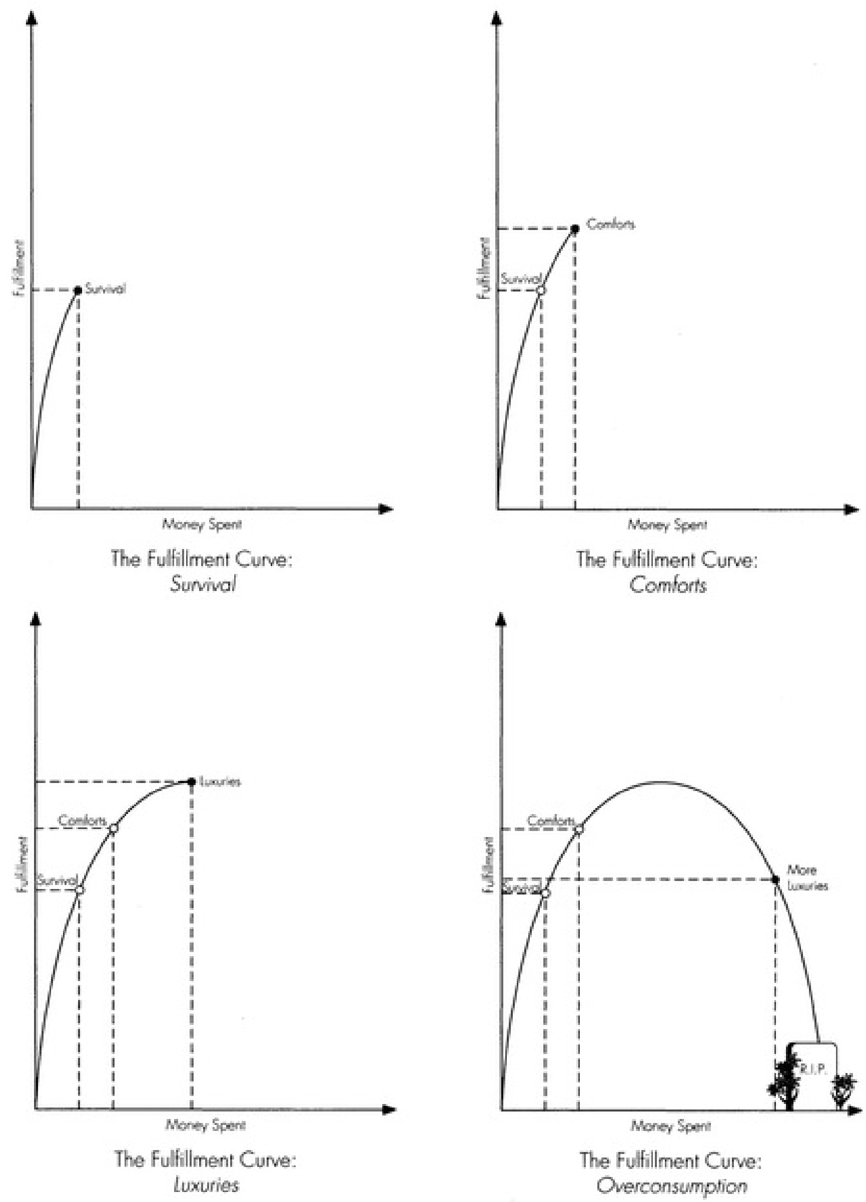
The Fulfillment Curve

The Fulfillment Curve (see Figure 1-2) shows the relationship between the experience of fulfillment and the amount of money we spend (usually to acquire more possessions). In the beginning of our lives, more possessions did indeed mean more fulfillment. Basic needs were met. We were fed. We were warm. We were sheltered. Most of us don't remember the fear of hunger and cold that was remedied by just a blanket and a breast—but we all went through it. When we were uncomfortable, when we cried, something came from the outside to take care of us. It seemed like magic. Our needs were filled. We survived. Our minds recorded each such incident and *remembered:* look outside yourself and you will be fulfilled.

We then went from bare necessities (food, clothing, shelter) to some amenities (toys, a wardrobe, a bicycle), and the positive relationship between money and fulfillment became even more deeply embedded. Remember your excitement as a child when you got a toy you'd been dying for? If our parents were being responsible, they soon taught us, "Those things cost money, dear. Money that we go out and earn for you—because we love you." We got an allowance to learn the value of money. We could select and purchase happiness ourselves! And so it went, year after year. There was the prom tux and corsage. The tennis racket.

Eventually we slipped beyond amenities to outright luxuries—and hardly registered the change. A car, for example, is a luxury that the vast majority of the world's population never enjoys. For us, however, our first car is the beginning of a lifelong love affair with the automobile. Then there's the luxury of our first trip away from home. For many of us, there was going away to college. Our first apartment. Notice that while each one was still a thrill, it cost more per thrill and the "high" wore off more quickly.

FIGURE 1-2
Evolution of the Fulfillment Curve



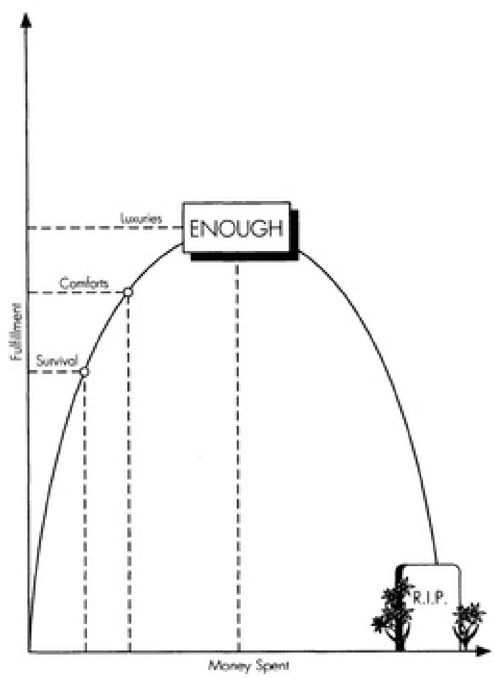
But by now we believed that money equals fulfillment, so we barely noticed that the curve had started to level out. On we went into life. House. Job. Family responsibilities. More money brought more worry. More time and energy commitments as we rose up the corporate ladder. More time away from the family. More to lose if we were robbed, so more worry about being robbed. More taxes and more tax accountants' fees. More demands from community charities. Therapists' bills. Remodeling bills. Just-keeping-the-kids-happy bills.

Until one day we found ourselves sitting, unfulfilled, in our big home on two and a half wooded acres with a three-car garage and expensive exercise equipment in the basement, yearning for the life we had as poor college students who could find joy in a walk in the park. We hit a fulfillment ceiling and never recognized that the formula of money = fulfillment not only had stopped working but had started to work against us. No matter how much we bought, the Fulfillment Curve kept heading down.

Enough—The Peak of the Curve

There's a very interesting place on this graph—it's the peak. Part of the secret to life, it would seem, comes from identifying for yourself that point of maximum fulfillment. There is a name for this peak of the Fulfillment Curve, and it provides the basis for transforming your relationship with money. It's a word we use every day, yet we are practically incapable of recognizing it when it's staring us in the face. The word is "enough." At the peak of the Fulfillment Curve we have enough (see Figure 1-3). Enough for our survival. Enough comforts. And even enough little "luxuries." We have everything we need; there's nothing extra to weigh us down, distract or distress us, nothing we've bought on time, have never used and are slaving to pay off. Enough is a fearless place. A trusting place. An honest and self-observant place. It's appreciating and fully enjoying what money brings into your life and yet never purchasing anything that isn't needed and wanted.

FIGURE 1-3
The Fulfillment Curve: Enough



Once you have discovered what is enough for you, your Fulfillment Curve can reverse direction and head straight up. Stay tuned.

Clutter—A Fate Worse Than Dearth

So what's all that stuff beyond enough—beyond the peak, where the Fulfillment Curve begins to go down? Clutter, that's what! Clutter is anything that is excess—for you. It's whatever you have that doesn't serve you, yet takes up space in your world. To let go of clutter, then, is not deprivation; it's lightening up and opening up space for something new to happen. As self-evident as these ideas may be, many people experience a subtle (or not so subtle) resistance to letting them in. This is why downscaling, frugality and thrift sound like deprivation, lack and need. On the contrary! Enough is a wide and stable plateau. It is a place of alertness, creativity and freedom. From this place, being suffocated under a mountain of clutter that must be stored, cleaned, moved, gotten rid of and paid for on time is a fate worse than dearth.

While writing this book, we received a letter from a single mother who was following the FI program. She had been on the brink of building a hot tub when she got one of our occasional newsletters. Like a cartoon character, she stopped mid-stride and asked, "Do I really want a hot tub?" After all, she reasoned, I can soak in a hot bathtub. The hot tub will be just one more thing to clean, maintain, buy chemicals for and fix. Thinking further, she recognized that she could move her washing machine up from the cellar, where she has to lift a heavy hatch to even get to it, and put it in the hot-tub space. That way she could do her laundry without straining her back (saving money on chiropractor bills), eliminate the expenses of building and maintaining the hot tub, save the time she would have spent being hot-tub social secretary for her friends—and still enjoy hot baths. A win on all counts! She experienced what most people experience when they resist being lured down the slippery slope of clutter: relief.

Stations of the Crass

What creates clutter? The Fulfillment Curve strongly suggests that most clutter enters our lives through the "more is better" door. It comes from the disease of materialism, of looking for inner fulfillment in outer possessions. It comes from the early programming that discomfort can be alleviated by something external—a baby bottle, a blanket, a bicycle, a B.A., a BMW or, eventually, another kind of bottle.

It also comes from unconscious habit. Take gazingus pins. A gazingus pin is any item that you just can't pass by without buying. Everybody has them. They run the gamut from pocket calculators and tiny screwdrivers to shoes, pens and chocolate kisses. So there you are in the mall, a shopping robot on your weekly tour of the stations of the crass. You come to the gazingus-pin section and your mind starts cranking out gazingus-pin thoughts: Oh, there's a pink one . . . I don't have a pink one . . . Oh, that one runs on solar cells . . . That would be handy . . . My, a waterproof one . . . If I don't use it I can always give it away . . . Yum, this one has hazelnuts in it . . . and coconut . . . and amaretto . . . never had one of those before . . . and before you know it, an alien arm (attached to your body) has reached out and picked up the gazingus pin, and off you go to the checkout, still functioning like a windup zombie. You arrive home with your purchase, put it in the gazingus-pin drawer (along with the five or ten others) and forget about gazingus pins until your next trip to the mall, at which point you come to the gazingus-pin section and . . .

Faces and Functions of Clutter

Just because something is out of sight doesn't mean it isn't clutter. Our various gazingus-pin drawers—including our attics, basements, garages, closets and storage sheds—are havens of clutter, filled with projects and products we'll probably never use. Unfinished projects sap you of vitality. Clothing discarded after a few wearings leaves a vague feeling of dissatisfaction and superficiality.

One friend had a garage filled with electronic parts and other valuable doohickeys collected over many years, most of which he knew he'd never use. But if he cleaned out his garage, he'd have to admit his house was too big for him and his wife now that the kids were grown. If he did that, he'd have to move. If he did that, he'd have to admit that his marriage had died many years earlier, but that he was too scared to leave. It was easier to ignore the garage and hang on to the clutter.

Once you catch on to what clutter is, you'll find it everywhere. Isn't meaningless activity a form of clutter? How many of the power lunches, cocktail parties, social events and long evenings glued to the computer or TV screen have been clutter—activities that add nothing positive to your life? What about disorganized days, full of busyness with no sense of accomplishment? And what about items on your To Do list of tasks that never get done? Stumbling over them, week in, week out, on your list is like the frustration of navigating the perennial newspapers and kids' toys that litter some people's living rooms.

There is also sound clutter. Is it any wonder that clutter and clatter are only one letter apart? For many of us there are the noises of city life and of our workplaces that we filter out daily. For denizens of urban canyons the silence of the desert can be deafening. While not everyone is cut out to be a desert-dweller, it's a sad commentary on modern life to realize what a luxury it is to have control over our aural environment, enjoying only the sounds of nature and good conversation. Instead, there's the cacophony of cars and buses, television and radio, microwaves and dishwashers, and trivial chatter. All of it is clutter—elements in your environment that don't serve you yet take up space. There are cluttered motives, such as when we are of many minds about everything from public policy to personal decisions. Unplanned errands are often clutter—running to the store twice a day for items forgotten on your weekly shopping. Hobbies are clutter-intensive when the ratio of what you have to what you use climbs—like the photography buffs with suitcases full of lenses and filters who get their best shots with a pocket digital.

As your awareness of clutter deepens, you'll be inspired to spring-clean your whole life. As you follow the nine steps outlined in this book, you will develop your own personal definition of clutter and will slowly, painlessly, even joyfully, rid yourself of it. The first step will be to examine the past so you can understand and take responsibility for the present.

Step 1: Making Peace with the Past

Are you ready to survey your own relationship with money and the things that money can buy? The purpose of this exercise is to increase your awareness, not your arrogance or your shame. It serves to locate you in time and space, to review—without blame—your earning and spending activity in the past.

A caveat before we continue. **Stop. Read this. It's important. While this is Step 1 of the FI program, you don't have to do it first.** And you don't have to stop reading until you do it. You need to do it eventually, but you could start with Step 2 and come back to this step later. In fact, we suggest that you read the whole book first, rather than doing each step as it comes up; then come back and get started.

There are two parts to this step:

- **A. Find out how much money you have earned in your lifetime—the sum total of your *gross* income, from the first penny you ever earned to your most recent paycheck.**
- **B. Find out your net worth by creating a personal balance sheet of assets and liabilities.**

A. HOW MUCH HAVE YOU EARNED IN YOUR LIFE?

Initially this task may seem impossible. "I haven't kept track!" you may protest. A little bit of archaeology pays off. First, dig out your copies of old income-tax returns. Adjust the figures to reflect any cheating you did—tips you didn't report, jobs that paid you under the table, informal consulting, gambling winnings, gifts from relatives that went unreported, any money you've stolen, cash prizes you've won, rent collected from the extra room in your house or the extra house you never use, and all other unreported income. Go down memory lane to those summer jobs you had during high school and college, and all the twists and turns of your own financial meandering through adulthood. Spend a few days with whatever financial records you may have stashed away: check stubs, bankbooks, paycheck stubs, old abandoned account books. If you have a résumé, use it as an outline for a year-by-year job history. Tell the truth about those three years you glossed over as “further career training”: what odd jobs did you have and how much did you earn picking apples, house-sitting or watering the neighbors’ plants and animals?

For those of you who live in the United States and have been salaried employees your entire working lives, the Social Security Administration has also kept a record. Contact your local or state office or the national one and apply for a Statement of Earnings form. But if no records exist anywhere, even in the computers at Social Security, estimate as best you can. The object is to get as accurate and honest a figure as possible for the total amount of money that has entered your life.

The Value of Step 1

This step is useful in several ways:

1. It clears the fog shrouding your past relationship with money. Most people have no idea how much money has entered their lives, and therefore no idea how much money *could* enter their lives.

2. It eradicates such myths and false self-concepts as “I can’t earn very much money” and even “I don’t have to worry, I can always earn lots of money” (often said by individuals being supported by someone else). If you are one of the many who grossly underestimate how much money has entered their lives, this step can be amazingly powerful. You are worth more than you thought.

3. It gets you to ground zero, enabling you to begin the financial program with a clear head and confidence in your wage-earning ability.

4. It allows you to see and let go of any skeletons from the past you may have in your closets—any secrets or lies that may be distorting your current relationship with money.

The power of this step can be seen in this story about a divorcée in her mid-thirties who had attended one of our seminars. She had been a suburban housewife most of her adult life, afflicted with the mental malady that often accompanies this profession: she had an image of herself as dependent, unworldly and (if the truth be known) unworthy. She “knew” this step didn’t apply to her: after all, she had made no financial contribution to her marriage and was, to that day, ashamed of accepting the divorce settlement money—money she felt she hadn’t earned. But, faithful to the warnings about every step being essential, she sent away for her Statement of Earnings—and learned that she had earned over $25,000 from assorted odd jobs during those years of her marriage when she was contributing “nothing.” In the mirror of that statement, she saw herself for the first time as a competent wage-earner. Merely doing this step gave her the confidence to apply for and land a job at twice the salary she had previously assumed she was worth.

Useful Attitudes

No shame, no blame. This step may bring feelings of self-criticism—even shame—to the surface. Here’s a way to work through those gently, a valuable exercise that people use to help them thoroughly “change their minds” and learn to think in new ways. Some people call it by its Sanskrit name, mantra, but it’s really any simple word or phrase that embodies a particular attitude or attribute you want to focus on. Counting to ten is a sort of mantra for people who are quick to anger. Very often parents and other people who deal on a regular basis with irrational behavior will repeat “Patience, patience, patience” before responding to the latest crisis. A mantra is like a rudder, something that allows you to steer your mind away from danger and toward a clear, open horizon. A useful mantra for following this financial program is “No shame, no blame.”

In choosing to change unwanted behavior, there is a difference between “recrimination” and “discrimination.” Recrimination is about shame and blame, good and evil, while discrimination sorts out the true from the false. Sinking into blame and shame slows your progress toward financial freedom. Recrimination immobilizes, demoralizes and distracts you. Discrimination, however, simply shines a bright light on potential pitfalls so that you can skirt them.

You may stumble repeatedly over the desire to blame yourself (or other people) based on what you learn by following this program. At those times, remember discrimination and remember the mantra: No shame, no blame. As a case in point, your lifetime earnings represent just *a* number, not *your* number. That figure is neither too much nor too little. It does not prove your worth or your unworthiness; it is justification neither for despair because none of the money is left nor for gloating because your friend earned so much less.

Impeccability. Since accuracy and accountability are called for in every step of the program, starting out that way sets a good example for you to live up to. When you do this step (and the others in this book) set your sights on impeccability—have you *really* searched your files and your memory banks for *all* your income? Yes, you could settle for a “close enough” answer—but we suggest you go for the former, since the power of this program increases with every ounce of honesty and integrity you invest in it. Rounding to the dollar takes a lot of soul and paycheck stub searching. Rounding to the $100 is looser, but over a lifetime that might be plenty. Rounding to the $1, 000 . . . , well, people who do a halfhearted job often get a life to match!

CHECKLIST

1. Statement of earnings from Social Security
2. Income-tax returns
3. Checkbook records
4. Old and current bankbooks
5. Gifts
6. Winnings
7. Loans
8. Capital gains
9. Illegal sources
10. Contract labor not reported to the IRS (tips, baby-sitting, errands)

B. WHAT HAVE YOU GOT TO SHOW FOR IT?

For the years you have been working for wages, a certain amount of money (which you just calculated) has entered your life. The amount that is left in your life now is your *net worth*.

Be Prepared. You will be calculating your net worth (your total assets minus your total liabilities), perhaps for the first time in your life. Brace yourself. You may discover that you are deeply in debt, and until this moment you have been unaware of the awful extent of it. Now is the time to face that truth. It’s like getting on the bathroom scale after the holidays: there’s a little sting, and then the chance to make some changes. On the other hand, you may make the delightful discovery that you are in a position to be financially independent ***now.*** Many people have made that discovery, simply from doing this step.

There is an implied challenge in the phrasing of this step: "What have you got to show for it?" Say it out loud. Use different intonations. It usually comes out sounding a bit critical—snotty, even. Your commitment to Financial Integrity is stronger than your faintheartedness, however. So on with it: What do you have to show for all those dollars that have entered your life? Let's find out.

Creating a Personal Balance Sheet **simply means going through your material universe and listing everything you own (*assets*) and everything you owe (*liabilities*).**

Liquid Assets

Cash, or anything that can easily be converted to cash, belongs in this category. Include the following:

- ◆Cash on hand—include the piggybank, the change on your dresser, the emergency money hidden in the glove compartment.
- ◆Savings accounts. Look for old bankbooks that you may have forgotten about, and that account that you opened with the minimum $100 to get the Free Bonus Digital Doohickey.
- ◆Checking accounts.
- ◆Savings certificates or certificates of deposit.
- ◆ U.S. savings bonds (including that one you got as a graduation gift and have since forgotten).
- ◆Stocks. List at current market value.
- ◆Bonds. List at current market value.
- ◆Mutual funds. List at current market value.
- ◆Money market funds. List at current market value.
- ◆Brokerage account credit balance.
- ◆Life insurance cash value.

Fixed Assets

In listing these, start with the obvious: the market value of your major possessions—e.g., your house, your car (or cars). Contact a realtor for the current market value of your house. Consult the "blue book" (available online or at your library) for the going price on the make, model and year of your car.

Go through your attic, basement, garage and storage shed. Itemize everything worth more than a dollar, without subjective evaluations like "That's worthless." Have fortitude. This process alone has stopped several inveterate pack rats, tinkerers and collectors with garages full of real treasures. Realize that you either do it now or someone you love will have to do it after you are gone. If your storage area really is piled floor to ceiling with the accumulation of a lifetime, you might want to leave it until last, so you don't get overwhelmed.

Go through every room of your house and inventory *everything*. Look up at those decorative light fixtures. Look down at that rug. How about the nice walnut shelves you put in a few years ago, and those Indian artifacts? Confront your clutter squarely. Be thorough, but not irrational—that is, not every knife, spoon and fork has to be listed individually, but do list separately that expensive rosewood-handled carving set with the mahogany case. And the two sets of dishes that are still in their boxes.

Give an approximate cash value to everything you own. That means *current* cash value, what you could get for each item at a consignment shop or garage sale, or via online auction or classified ad sites. For help in pricing your possessions, look at online auction or classified listings, or the "For Sale" classifieds in your local newspaper. Get your more valuable personal or household items appraised.

Don't ignore anything. One person's useless junk is another's precious antique. Just because you don't value an item doesn't mean it has no value.

Don't overlook debts owed to you, at least those you can reasonably expect to collect. Include security deposits on utilities, phone, house or apartment rental.

Any material that can be converted into cash should be listed. You are playing the role of appraiser for your own estate. Let it be an enjoyable exercise. You needn't sell any of it if you don't choose to, so don't let sentimentality deter you from your inventory. In fact, don't allow *any* emotions to waylay you. Don't let grief dissuade you from assigning a cash value to the power tools your husband left behind. Don't let embarrassment about your compulsive spending discourage you from pricing the twenty pairs of shoes sitting in your closet unworn. Don't let guilt keep you from cataloging all the exercise paraphernalia you bought and have never used. Instead, rejoice! You are finally discovering the real value of that stationary bicycle and rebounder: not the pounds you'll lose but the price they'll command at a garage sale.

While some people can knock this exercise off in a day or two, one woman took three months to do her inventory. She went through every box, looked at every photo and opened every drawer and cupboard, not only listing the items, but recalling how and why each had come into her life. The process led her into a deep experience of gratitude for what she already had. So much dissatisfaction comes from focusing on what we *don't* have that the simple exercise of acknowledging and valuing what we *do* have can transform our outlook. Indeed, some people would say that, once we're above the survival level, the difference between prosperity and poverty lies simply in our degree of gratitude.

Liabilities

This category includes all your debts, whether payable in money, goods or services—everything you owe, from loans to bills outstanding.

If you list as an asset the current market value of your house, include as a liability the balance owed on it. Do the same with the balance on your car payments.

Don't forget to include bank loans or loans from friends, credit-card debts, educational loans and unpaid medical and dental bills.

Net Worth

Add the figures for liquid assets and fixed assets, and subtract from that the figure for liabilities. In the most simplified, concrete, material sense, this is your current net worth. That is what you currently have to show for your total lifetime income; the rest is memories and illusions, as far as the reality of balance sheets is concerned.

We do not include your nonmaterial assets: your education, the skills you have acquired, the goodwill you've bought by treating everyone to a free round of drinks, the tax-deductible receipt from United Way, the well-adjusted personality that cost you eight years of therapy to get, the increased business that comes your way because you belong to the "right" club. Valuable as these may be, they are all intangibles, and as such are impossible to evaluate in the crisp, numeric, objective ways that we are learning to apply to our personal finances.

After completing this evaluation of net worth, some people come to the sober realization that they actually have a negative net worth; some are surprised at how little they have to show for their lifetime earnings; and others are amazed at the quantity and value of the possessions on which they have spent their lifetime earnings.

Whatever you find, it's important to remember that *net* worth does not equal *self* worth.

WHY DO A BALANCE SHEET?

1. While it may not initially appear so, this point in the program is very encouraging. So far your financial life has had very little direction or consciousness. Financially speaking, you have been like someone driving around without any destination—burning gas, spinning your wheels and getting nowhere. You may have many happy memories and other intangibles, but only a few real souvenirs that could be converted into cash. With the full power and clear direction that taking the reins of your financial affairs will give you, you will have the ability to be far more effective in the world.

2. You now have an overview of your financial status and can objectively choose whether or not to convert some of your fixed assets into cash, thus increasing your savings—or getting a bit further out of debt.

One person, upon completing this step, realized that she could liquidate her excess possessions, invest the proceeds and have enough interest income to immediately be financially independent in comfort and style. While she didn't choose to do that right away, the awareness itself allowed her to take more risks in the direction of her real love, art—and she is still doing the other steps and getting tremendous value.

Another individual realized that he had many possessions that he wasn't using and no longer wanted, but had been hanging on to because he "just might need them someday." His creative solution was to sell these belongings and set aside the proceeds to be used to replace any of them he might find himself in need of in the future. Meanwhile, his money was earning interest, his life became simpler, and someone who really needed those items was getting use out of them.

And remember, **No shame, no blame.** In creating your balance sheet, many feelings associated with your material universe may arise: sadness, grief, nostalgia, hope, guilt, shame, embarrassment, anger. A dispassionate and compassionate attitude can go a long way toward making this step truly enlightening—i.e., able to lighten the physical and emotional loads you've been toting around for so many years.

CHECKLIST FOR CREATING YOUR BALANCE SHEET

Assets, Liquid
Cash on hand
Savings accounts
Checking accounts
Savings certificates or certificates of deposit
U.S. savings bonds
Stocks
Bonds
Mutual funds
Money market funds
Brokerage account credit balance
Life insurance cash value

Assets, Fixed
House
Vacation home

Car(s)
Furniture
Antiques
Art
Clothes
Sound system
TV(s), DVD(s)
Wedding dress
Shoes/handbags
Lamps
Jewelry
Debts owed you
Security deposits
Computer(s), printer
Sports equipment
Bicycle/motorcycle
Silverware
Kitchen: refrigerator, stove, microwave
Power tools
Digital camera, video camera

Liabilities
Bank loans
School loans
Credit-card debts
Loans from friends
Unpaid bills: medical, dental
Balance on house
Balance on car
Other time payments

With the completion of this step you have entered the here and now. You have examined and come to terms with your past relationship with money, and you have seen how much money you have been able to earn and what you currently have to show for it in measurable terms. You are now ready to look at the present.

SUMMARY OF STEP 1

A. Find out how much money you have earned in your lifetime.
B. Create a balance sheet of your assets and liabilities. What do you have to show for the money you've earned?

2

MONEY AIN'T WHAT IT USED TO BE—AND NEVER WAS

It wasn't too difficult for ***Jason and Nedra W.*** *to do Step 1.* ***Jason****, a twenty-two-year-old idealist, had been "allergic" to money for many years. He grew his hair long, rented a small room in a house in a rural area and considered deep conversation the best entertainment money could buy. Even though (or because?) he had "avoided" money, he had accumulated a $7,500 debt that he planned to pay of "someday." When he met Nedra, he was attracted to the thoughtful and dedicated person inside her, not to her lifestyle. It was only after falling in love that he discovered she was well over $20,000 in debt. Like so many young people, Nedra had equated being on her own with accumulating possessions, furnishing an apartment and going into debt. Debt was a way of life for young urban professionals and Nedra was in no rush to pay it off. Paying the interest was less of a burden than paying the debt, especially since she had other things she wanted to do with her time. So she worked intermittently as an administrative assistant to cover immediate expenses and gave her all to personal growth and volunteering for organizations she believed in. There was plenty of time to pay the debt—later. When Jason and Nedra moved in together, most of her furniture and possessions went into storage. Even then, Nedra wasn't quite ready to kiss her acquisitiveness good-bye. She was as leery of Jason's austerity as he was of her penchant for shopping. Then they came to our financial seminar, and Nedra saw the disparity between her desire to make a difference in the world and her desire to ignore the implications of her mounting debt. How could she be free to do the things that mattered to her if she was locked into servicing her debt? She made a commitment to examine and question her attachment to "having nice things." Jason, in turn, agreed not to push her, to let her discover what was right for her rather than pressure her to comply with his value system. They decided to get married, and Jason said, "I do" not only to his beloved, but to quadrupling his debt. Doing Step 1 forced them to face the fact that they had a net worth of minus $30,000—and a new way of life was born for both of them.*

Once you've done Step 1 for yourself, you too will know how much you are worth. Or will you? Like Jason and Nedra, you have a dollar figure (we hope a positive one), but what, if anything, does that mean? Our task now is to unravel the mystery of money. What *is* money, anyway? This is an important task because we can't have an effective working relationship with anything (or anyone) when we don't know what (or who) it is—or worse, when we identify it as something it is not. Without a universally and consistently true definition of money, our handling of this substance is anywhere from inept to insane, and almost always incapable of getting us what we think we want.

Before you rush ahead like an eager student to "find out the right answer," take a moment now and write down the most accurate definition of money you know. What is a universally and consistently true definition of money?

Money is ____.

Done? Then join us for a journey into the depths of money, as we seek that absolute truth.

CONTEMPLATING MONEY

Normally, when we talk about money, we are really talking about what to do about it. How to get it, spend it, invest it, save it, pay (or avoid paying) our taxes with it, and ensure that we'll have plenty of it in our old age. Hate it or love it, rail against it or lust for it, accuse it of evil or praise it for all the good it can do, money itself is a fact of life. Yet most of us understand it far less than we do those other "facts of life." And almost none of us has stood in its presence the way we might with a redwood, a Rembrandt or a starry desert night. We may worship it, pay homage to it or sacrifice our lives for it—but we don't contemplate it.

What *is* money? What are we contemplating when we contemplate money?

Money as an object of contemplation is like a *koan*—that unanswerable sort of question meditated on in Zen Buddhism. What is the sound of one hand clapping? What is the reality of money? You can even imagine silent monks gliding through manicured gardens, whittling away at their rational minds with such an inscrutable question. "What *is* money?" is the perfect koan for soul-sick professionals who turn to religion when the market lets them down.

Our first impulse might be to get some dollar bills or coins out of our wallet and place them on a small altar. We could then sit down in front of it, straighten our spines, relax our shoulders, steady our breath and . . . contemplate "money." But what is there in front of us isn't money; it's just the physical form of our nation's currency, and it has no intrinsic value. You can't eat it, you can't wear it and in many parts of the world you can't even buy anything with it. These pieces of paper and metal can't be what money *is*.

What, then, *is* money?

To answer this question we have to widen our horizons. We must observe not only the material level of money but, going beyond "stuff," the nonmaterial aspects as well.

THE FOUR PERSPECTIVES OF MONEY

Let's illustrate this broader perspective by using a 100-story skyscraper as a metaphor. We'll start out at the street level, take an elevator up to the 50th floor for a visit, then continue on to the top. Then we'll get a more comprehensive view, by hopping in a helicopter (the kind they use for traffic reports).

1. The Street-Level Perspective of Money—
The Practical, Physical Realm

At ground level we see the normal chaos of city life: people walking in all directions, some purposeful, some ambling; cars, trucks and buses honking and screeching up and down the street. The sounds are so numerous and varied that they seem to disappear into one background roar.

Ground level represents the everyday, "pedestrian" perspective of money. It has to do not only with the physical pieces of paper and metal but also with all of our financial transactions from cradle to grave. Our first allowance. Our efforts to get a job. Our efforts to get a better job. Indeed, this realm encompasses all of our paid employment. In addition, this is where we learn money management. How and where to bank. The difference between a checking account and a savings account. The difference between a CD and a money market account. How to get a loan. What a mortgage is. How to comparison-shop for price and quality. How to balance a checking account. IRAs. IRS. Which insurance to buy—health, life, homeowner, disability, automotive, jewelry? What deductibles and riders and premiums are. Then there's investing. Knowing the difference between a TIPS and savings bond. Buying and selling stocks, and futures, and options, and junk bonds. And we mustn't forget that rite of passage—the credit card, ticket to the American Dream (whether you live in the United States or elsewhere). Which often leads to that all-too-common mid-life crisis, filing for bankruptcy. Then there's tax planning and retirement planning. Income averaging. Trust funds. Charitable donations. Wills. Burial insurance.

From the simplest information to the most sophisticated formulas, this street-level perspective represents the whole range of financial transactions we encounter during our lives. Most books about money educate us on how to navigate this street level more skillfully and more profitably. It is here that we dance to the beat of the "more is better" mambo, rarely, if ever, listening to that different drummer.

More, Better and Different

Notice, too, that this level is where most of our financial woes seem to exist—and where we look for the solution. If we are dissatisfied with our clothes or car or house, we shop for new ones. If we're short on cash, we know we need to beg, borrow, steal or earn more. That's obvious. Or is it? As a friend once said, "Every time I get ends to meet, someone moves the other end." He, and most of the rest of us, keep doing "more, better or different" within the same limited field of options and opportunities, without ever questioning whether or not the game is worth playing at all or whether there might be a better game to play.

For example, the majority of individual investors probably have no business being in the stock market. They base their decisions on hunches, whims, what they should have done last week, what their broker tells them and their own uneducated assessment of the future. In other words, they rush in where angels, and professionals, fear to tread. When they lose money on a stock, however, do they step back and reassess their motives and qualifications for being in the market? No. They decide they should buy more stock, a better stock or a different stock so that they can recoup their losses.

How do "more, better and different" work in *your* life? Have you ever noticed that for every so-called solution, another problem appears? Trying to solve our financial problems solely at this physical level is like manipulating the pieces on a game board without getting a bird's-eye view of the game itself.

Not that this level isn't important. It's part of the fabric and folk knowledge of our culture, and every high school student should graduate with the knowledge of at least the fundamentals.

*Unfortunately, neither **Jason** nor **Nedra** (nor most other people) had that education. When she started out on her own Nedra didn't understand the implications of only paying the minimum on her credit cards. The notion of investing savings was way beyond her reach—she never accumulated enough savings to invest. The extent of her fiscal responsibility was paying her bills and balancing her checkbook. Jason was equally under-educated about money, but his ignorance showed up in different ways. Ever since leaving home after graduation from high school he'd sidestepped money fairly adroitly. He lived with a group devoted to growth and honesty and traded chores for room and board. For the minimal cash flow he needed he took on odd jobs—as an aide for the handicapped, or a driver for a courier service. With regard to money, Jason and Nedra were functionally illiterate—and not very different from many of their peers.*

Clearly there must be more to money than what we've explored up to now. Even with "financial literacy" some people thrive while others perish. Our investigation of money can't stop here. So let's go inside the steel-and-glass forty-story office building, the Tower of Baubles, and take the elevator up to the observation deck, where our perspective increases, our horizons widen and another aspect of money comes into view.

2. The Neighborhood Perspective of Money—
The Emotional/Psychological Realm

From halfway up our skyscraper we begin to see patterns of behavior (the neighborhood), not just individual actions (street level). We can look down on all the confusion of the street and see how it fits into the neighborhood. The apparently random activity of the street level becomes coherent as we begin to see how the actions of people and vehicles relate to one another. This neighborhood perspective could represent the first "nonmaterial" level of money, the emotional and mental glue that holds together daily interactions with money. This is the level of our personal thoughts and feelings about money—our money style or personality. Are you impulsive? Cautious? Competitive? Generous? A show-off? A miser? A sexist ("My husband/wife takes care of all that")? A worrier? An ostrich? A snob? Hopelessly helpless? At this level we come to see how our own attitudes about money were shaped by the psychological environment we grew up in.

Did your family consider itself rich, poor or just average? Did you grow up in a family where money was discussed openly? Or was it considered impolite to talk about money? Did you have an allowance? Did you have to earn it by doing chores? Did it set you apart from your peers because you had less or more money than others? Who handled the money in your family? How did they feel about it? Did you grow up believing your family had enough money to buy you anything you really wanted and needed? If your parents said no to one of your desires, was it because of money? In your family did you associate money with rewards? With arguments? With never seeing your father? What were the messages your parents gave you about money? The vast majority of divorces are over money, as you can well imagine once you understand how each of us is brought up in a different financial environment. Just answering these questions could be life-changing. Take some time to reflect on them. Or take an evening with your mate and share your answers. Mine them for all they are worth.

There are books and even therapists to help us understand our particular money personality and to correct the dysfunctional patterns of our money behavior. We can readily see that understanding this first nonmaterial aspect of money could help us make better choices back at the street level of money. Knowing your financial psychology is another level of sophistication about money.

This second perspective of money also encompasses what money means to us, our money mythology. We should be aware as we explore these deeper myths that our rational minds may deny what our behavior reveals. We may say we're not superstitious, but we still walk around ladders. We may say that money is simply bits of paper and metal that we manage either well or poorly, but our actions speak louder than words. We each live in an intricate web of beliefs about these bits of paper and metal.

What are some of your personal myths about money?

Money as Security

Is money security for you? Seeing money as security—a buffer between our fragile, vulnerable selves and the cold, cruel and often unpredictable world—is one of the most common perceptions. Indeed, for many people security is having money in the bank and a tenured position so that they can always get more. The hoarding behavior of people who equate money with security runs the gamut from penny-pinching (denying themselves not only luxuries but even downright necessities of life) to addictive interest in bargains (buy now, buy more, buy two) to compulsive saving (the pathological extreme of which involves stashing away sheaves of dollar bills in mattresses and cardboard boxes). For many people, financial security means emotional security. We see people using money to defend against unpleasant emotional states like fear, worry, anxiety and loneliness through buying companions, bodyguards, accountants, friends, memberships in the right organizations and, when all else fails, therapists to clean up the mess.

Actually, the belief that money is security is one of the more rational insanities you can have. If you live in this culture, it is appropriate to give credence to this belief to the extent that we can feed, clothe and shelter ourselves adequately. But if you were a courier walking through downtown Chicago at night with a briefcase filled with money handcuffed to your wrist, would you feel secure? If money were truly security, you would. So the myth that money is security is just that—a myth.

Money as Power

What about power? Is money power to you? Do you act as though the road to power were paved with money? Do you believe in the "power of the purse strings"? It would seem that a person in the position of giving or withholding money can command compliance and loyalty (or at least the appearance of it) from those dependent on him or her—family, employees, favorite charities, subjects. Do you believe that without a costly Ph.D. you are doomed to failure?

Money seems to bestow a power to do what you want to do and go where you want to go, when you want to. Money also gives the power not to do something you don't care to do—you can pay someone else to do it.

But if money is power, how do you account for the power of someone like Gandhi? The kind of power that freed India from the British had nothing to do with money, but with what Gandhi labeled *satya-graha*, or "soul force." Money had no potency when faced with the indomitable will of Gandhi and his followers, people who lived a life of what we would call poverty and yet experienced irrepressible joy and exerted tremendous influence. While in our culture there is some validity to the notion that money is powerful, if we act from this myth we miss the many opportunities to exercise "soul power"—and are vastly weaker for the error.

Money as Social Acceptance

Some of us operate from the myth that money is social acceptance. The urge to be part of a group is a deep one. To be excluded is experienced, on an unconscious level, as a threat to survival. The desire to keep up with the Joneses may not be grounded solely in ostentation and competition, but also in a profound desire for acceptance by others. Our advertising industry capitalizes on our epidemic low self-esteem by promoting products to make us more tolerable to our fellow humans: we can smell better from head (shampoo) to toe (foot powder), have slimmer bodies and the right car, and learn how to dance—for money. Even friendship seems to cost money. Do you need to spend money to enjoy the company of your group of friends?

Let's look at another form of social acceptance: dating and mating. Historically and cross-culturally we know that money (or cows or goats or plots of land) almost always figured in the marriage contract. But what about our liberated society? Does money play a part in romance? Do we, on some level, still hold some belief that money represents success with the opposite sex?

As with the other misconceptions about money, operating from the myth that money equals acceptance seems to have some merit. After all, enjoying the company of other people while dining, seeing a movie or sunning on a beach is a pleasure you wouldn't want to eliminate simply because it costs money. It becomes dangerous only when we lose sight of the fact that companionship, friendship and intimacy are all available free of charge to people who sincerely extend their love to others. It's when we equate money with social acceptance that the distortions begin. It's like going to a fine restaurant that serves many delicious entrées and eating the menu rather than the meal. There's no joy in that, just as there is no joy in spending money to gain acceptance but never experiencing true intimacy.

Money as Evil

Perhaps you live in a world where money is seen as bringing sorrow and pain. In your personal mythology, is money evil? What does your behavior say? Does it say that money is dirty, dehumanizing or a tool of repression? Do you keep a mental catalog of the sins money has committed?

The notion that money is evil probably stems from the biblical admonition that "the love of money is the root of all evil." It is our attachment to things over people that pushes us into wrong action. A moment of reflection should be enough for us to see that money doesn't hurt people—people hurt people. Money isn't evil—people sometimes choose to do evil things with money. Money isn't dirty—people do dirt to each other, and sometimes do it using money. Money is morally neutral. It is our addiction to what money can buy that leads us into deeds harmful to life.

***Nedra's** and **Jason's** very different money personalities were a setup for either conflict or growth. Nedra grew up in a working-class family in Southern California. Her father died when she was young, so her mother worked to support the children. That left Nedra at home to do much of the mothering. After just two years at a Baptist college she dropped out, determined to live a worldly life with plenty of the material satisfactions she hadn't had growing up. One of Nedra's myths was that money meant happiness and "the good life." Jason's parents, on the other hand, were "alternative" and emphatically not into materialism. He grew up traveling in a school bus and marching for peace, and he went to sleep at night to the sound of his parents and their friends discussing politics into the wee hours. Jason examined his parents' values, found them sound and chose to continue living by them. Jason's money mythology included the belief that "money just wasn't important." And so Jason and Nedra, two young adults from two very different backgrounds, entered their marriage trying to blend two opposing economic points of view. The task, as daunting as it might seem, was no tougher than what most young married couples face.*

What About You?

Take a few minutes now to do a bit of brainstorming and see where *you* stand with money. What is your money personality? What are your thoughts about money? Your personal belief systems? What are your money quirks and myths? How have your relationships with others been influenced by your economic pride and prejudice? How does money relate to your personal sense of worth? As far as money goes, do you feel "one up" or "one down" as compared with those around you? What does money mean to you? Take a look at your behavior around money. Is it ever irrational? What does that tell you? This is the time to take a deeper look into what you have learned about money and how you relate to it—really. What is *your* money personality?

You may be interested in looking at a few common money personality types. One money-type test, designed by Meir Statman and Vincent Wood, slots people into four categories: Guardians (cautious), Artisans (carefree risk-takers), Idealists (spiritual goals, not material ones) and Rationals (look at the data to make decisions).[1] Most other tests sort into variations of these categories—Brent Kessel's *It's Not About the Money* and Olivia Mellan's *Money Harmony* to name just two. The Money Coaching Institute[2] gives us eight types: Innocent (ostrich approach), Victim (blame others for their money problems), Warrior (success oriented), Martyr (protect others, neglect self), Fool (gambler, risk-taker), Artist (value creativity over materialism), Tyrant (controller) and Magician (master of money). We include these simply as prompts as you explore your own attitudes, beliefs, fears and longings. We all have a money personality. Until you become conscious of your own you don't have a choice about your behavior. You just do it because . . . because . . . that's the way you always have. (We always cut the ends of the ham off before baking it—see Prologue.)

There is great value in healing the wounds that our money psychology and mythology may have inflicted on us and on others. It's clear that understanding this neighborhood perspective of money illuminates and informs our interactions with the physical reality of money. But it's equally clear that our internal money map is not the territory. There's more to do on this journey of discovering the truth about money. We still don't have a universally and consistently true definition of money.

3. The Citywide Perspective of Money—The Cultural Realm

Now let's take the elevator up to the very top where we can see the whole city in one scan of the horizon. We can pick out landmarks that identify the various neighborhoods, but rather than seeing each district as an island, we have an instant understanding that what binds the city together is more important than what separates its inhabitants. We are all part of this larger metropolitan entity. This citywide perspective of money encompasses the assumptions we all share about money, our cultural understanding about money. We live and die by the assumption that money is worth something. Money, the economists tell us, is a "store of value" and a "means of exchange."

Even though we refer to it as the "almighty dollar," there's nothing sacred about money. Money is a human social invention, a mere 4,000 years old. In families, we (normally) don't charge for our household tasks of sweeping, dusting, cooking, child care and gardening. Nor do we pay for each meal we eat. It was once like that in clans and tribes as well. Eventually, however, transactions became too complex for straight barter. So, "on the eighth day" humans created money as an IOU for goods or services received. Money gets its value at the moment of trade. Money is simply a token, an essentially valueless marker for something that *theoretically*, at one time, had value to someone. But there are still plenty of people on Earth who never touch the stuff. And despite Americans' arrogance about the almighty dollar, it isn't honored everywhere in the world. Money is a "store of value" and a "means of exchange" only within the confines of cultural agreement. Yes, at a practical level in the developed world in the twenty-first century, most often money is a means of exchange. But we are trying to penetrate the deepest reality of money. We want to arrive at its essence, not at the mall.

This citywide perspective of money surveys not only the history of money and the principles of economics but the sociology and anthropology of money as well. Here we come to understand that our definition of money has been conditioned by many cultural forces—and this insight allows us even greater distance from it. For example, North Americans share some common assumptions about money and work—assumptions that an Italian or a native of the Amazon rain forest might well not share.

As we said in Chapter 1, one of our pervasive assumptions is that growth is good. Our economy depends on growth to survive—and many of us have absorbed that growth ethic into our own aspirations for our lives. If we have one car, we need two. If we have one pair of pants, we need two; if we have two, we need three. We ignore intellectual, emotional and spiritual growth, having gotten stuck trying to continue to grow physically by adding more and more possessions.

Fears That Rear Their Ugly Heads

It is at this level that we find a number of economic bogeymen: inflation, cost of living, recession and depression. If the gross domestic product is negative for two or more consecutive quarters, we're said to be in a recession—and (whether or not our income is affected) we all feel the pinch. We take these economic indicators personally. If the economists tell us the cost of living is up, we automatically feel poorer, even though what's now included in the consumer price index was a luxury item just a few decades ago, something we all did without and never missed—like staying in hotels or traveling by airplane. Also, not everything is inflating. For example, computers cost far less than they did half a century ago when the computing power of your laptop needed a city block to house it. And while the price of housing in some parts of the United States may have gone up, other prices have gone down, and 1950s luxury products are now available to modern consumers at discount department stores.

These specters—inflation, cost of living, recession and depression—frighten us into adherence to the economic recipe for wellbeing, "growth is good," and its corollary, the myth of "more is better." And, like any religion based on fear, this economic creed keeps us bound by our own ignorance, depending on the priests at the Federal Reserve to preserve our safe passage from cradle to grave with our cost-of-living-adjusted incomes just narrowly outpacing the specter of inflation. As many of us have discovered, however, Our Lady of Perpetual Growth hasn't brought us the security and happiness we trusted would be ours for believing in her. Meanwhile, living in this never-never land of eternal immaturity has kept us from devoting that same energy to growth at other levels.

These "more is better, growth is good" cultural assumptions also breed in us subtle economic prejudices. We judge our own and others' importance by material yardsticks—the size of our paychecks, the size of our houses, the size of our portfolios. We "size" each other up and feel one-up or one-down on the basis of these barely conscious assessments. From the citywide perspective, this informal caste system becomes quite apparent—in others and in ourselves.

*However different **Jason** and **Nedra** were psychologically, they were both children of "more is better" America. They just responded differently to the message. Nedra complied and Jason rebelled. But neither one of them was freely choosing a mature relationship with money and the material world. In a sense, Jason's "money isn't important" attitude was just as limiting as Nedra's search for happiness in tangible possessions. Because he refused to participate in the standard cultural job-and-money game, his choices in life were severely limited. He found that he spent more time in making do and making trades than he would have in working at a steady job. If asked, neither one of them would have acknowledged that they were living out their cultural programming. Neither one had taken Economics 101. Neither one even knew the classic definition of money as a "store of value." In this unconsciousness, too, they were typical. Who among us grows up with a clear cultural understanding of money?*

The broader economic and cultural understanding we gain from the top of the skyscraper sheds much light on our money psychology as well as on that activity so ironically called "making a living." We can see much better the reasons behind some of the strategies for making money in our particular cultural environment and the reason that some of our money madness appears to be sane—because that's what everyone thinks. This is the level we learn about at Harvard Business School or on Wall Street. While education on this level is illuminating, this perspective still doesn't give us a universally and consistently true definition of money, one that we can count on to apply in any situation. Understanding the many faces of money doesn't necessarily lead to truth.

4. The Helicopter Perspective of Money—
Personal Responsibility and Transformation

Now it's time to step back—to let go of all you *think* you know about money. Empty your mind. Like classic monks, we've exhausted our learned "truths" about money and are called to reach into an inner reservoir of Truth. Here is where we will discover the doorway to another realm of money. Up we go in the helicopter to get an even higher perspective on money. Here we recognize that the city itself is not the whole world. Beyond the city limits the countryside rolls on to the horizon, and we begin to see the entire region. From here we can see that all of our money beliefs and behaviors come from having chosen to live in this particular city. Beyond the borders of the city—i.e., the known and familiar—other choices are available. You are not a prisoner of the city, destined to spend your life making money in the marketplaces it offers. Even if you were born here, you have stayed by choice. This is where personal responsibility begins.

The definition of money we discover in this realm of personal responsibility cuts through the entangling web of thoughts, feelings, attitudes and beliefs. It is a qualitatively different definition, one that is universally and consistently true, and it returns to us the power we have unconsciously given over to money.

All our false notions about money thus far have one common flaw—they identify money as something external to ourselves. It is something we all too often don't have, which we struggle to get, and on which we pin our hopes of power, happiness, security, acceptance, success, fulfillment, achievement and personal worth. Money is the master and we the slaves. Money is the victor and we the vanquished.

What, then, is the way out? What is the one consistently true statement we can make about money that will allow us to be clear, masterful and powerful in our relationship with it?

Money is something we choose to trade our life energy for.

We will repeat this because you may have missed its full significance: **Money is something we choose to trade our life energy for.**

Our life energy is our allotment of time here on Earth, the hours of precious life available to us. When we go to our jobs we are trading our life energy for money. This truth, while simple, is profound. Less obvious but equally true, when we go to the welfare office, we are trading our life energy for money. When we go to a gambling casino, we are trading our life energy for money (we hope). Even windfalls like inheritances must in some way be "earned" to actually belong to the heir—life energy must be exchanged. Time is spent with lawyers, accountants, trustees, brokers and investment counselors to handle the money. Or time is spent in therapy working out the relationship with the deceased or the guilt at receiving all that money. Or time is spent investigating worthy causes to fund. All this is life energy traded for money.

This definition of money gives us significant information. Our life energy is more *real* in our actual experience than money. You could even say money *equals* our life energy. So, while money has no intrinsic reality, our life energy does—at least to us. It's tangible, and it's finite. Life energy is all we have. It is precious because it is limited and irretrievable and because our choices about how we use it express the meaning and purpose of our time here on Earth.

*When **Jason** and **Nedra** took our seminar, the awareness that money = life energy transformed each of their relationships with money. For Nedra the formula cut through her denial about her debt. She saw, with considerable clarity and remorse, that the life energy coming in from her salary and the life energy she was spending to maintain her lifestyle would never add up to paying off her debt. It was no longer possible for her to use her credit card to plug the leaks in her financial ship. The load was too heavy, and using credit to pay for debt was like ripping planks off the side of the hull. She acknowledged that she was sinking. For Jason the formula made him see clearly that for all his best intentions to "make the world a better place," his stubborn financial ignorance made his efforts ineffectual. To be truly effective in his desire to make a difference in the world, he needed to master money. Wherever he went in the world to march or picket or build or heal, he must support himself or be a burden to others. While money and religion seem to be poles apart, for both Jason and Nedra the insight that money = life energy was an enlightening experience.*

***Your* Life Energy**

What does "money = life energy" mean to you? After all, money is something you consider valuable enough to spend easily a quarter of your allotted time on Earth getting, spending, worrying about, fantasizing about or in some other way reacting to. Yes, there are many social conventions regarding money that are worth learning and abiding by, but ultimately *you* are the one who determines what money is worth *to you*. It is *your* life energy. You "pay" for money with your time. You choose how to spend it.

If you are forty years old, you can expect to have approximately 349,763 hours (39.9 years) of life energy left before you die.[3] (See Figure 2-1 for life expectancy at various ages.) Assuming about half of your time is spent on necessary body maintenance—sleeping, eating, eliminating, washing and exercising—you have 174,882 hours of life energy remaining for such discretionary uses as:

- ◆your relationship to yourself
- ◆your relationship to others
- ◆your creative expression
- ◆your contribution to your community

FIGURE 2-1

Age and Average Remaining Life Expectancy

Age	Average Remaining Life Expectancy: Years	Average Remaining Life Expectancy: Hours
20	58.8	515,441
25	54.0	473,364
30	49.3	432,164
35	44.5	390,087
40	39.9	349,763
45	35.3	309,440
50	30.9	270,869
55	26.6	233,176
60	22.5	197,235
65	18.7	163,924
70	15.1	132,367
75	11.9	104,315

Data taken from U.S. National Center for Health Statistics: Arias, Elizabeth. *United States Life Tables,* 2004. National Vital Statistics Reports, vol. 56, no. 9. Hyattsville, MD: National Center for Health Statistics, December 28, 2007.

◆your contribution to the world
◆achieving inner peace and . . .
◆holding down a job

Now that you know that money is something you trade life energy for, you have the opportunity to set new priorities for your use of that valuable commodity. After all, is there any "thing" more vital to you than your life energy?

A FIRST LOOK AT "FINANCIAL INDEPENDENCE"

As we said in the prologue, one purpose of this book is to increase your Financial Independence. By following the steps, you will move inexorably toward Financial Integrity and Financial Intelligence and will one day (we hope before you die) arrive at Financial Independence. In showing you how this is possible, however, we must first show you what Financial Independence isn't.

Let's begin by exploring what images the phrase "Financial Independence" conjures up for you. Making a killing? Inheriting a fortune? Winning the lottery? Cruises, tropical islands, world travel? Jewels, Porsches, designer clothes? Most of us picture Financial Independence as an unreachable fantasy of inexhaustible riches.

This idea that Financial Independence means wealth comes out of the first, street-level perspective of money. This is Financial Independence at a material level. While it simply requires that we be rich, there's a hidden Catch-22. What is "rich"? Rich exists only in comparison to something or someone else. Rich is a helluva lot more than I have now. Rich is way more than most other people have. But we know the fallacy of the myth of more. More is like a mirage. We can never reach it because it isn't real. John Stuart Mill once said, "Men do not desire to be rich, only to be richer than other men." In other words, as soon as rich becomes available to the likes of us, it will no longer be rich.

It is at the helicopter perspective of money, in the realm of personal responsibility, where we find our first definition of true Financial Independence. Our definition of Financial Independence cuts through the Gordian knot of not knowing what rich is. Financial Independence has nothing to do with rich. Financial Independence is the experience of having enough—and then some. Enough, you will remember, is found at the peak of the Fulfillment Curve. It is quantifiable, and you will define it for yourself as you work with the steps of this program. The old notion of Financial Independence as being rich forever is not achievable. Enough is. Enough for you may be different from enough for your neighbor—but it will be a figure that is real for you and within your reach.

Financial and Psychological Freedom

Your first step toward the experience of having enough—and then some—is extricating yourself from identification with the pedestrian level (the material reality of money), the neighborhood perspective (the psychological reality of money) and the citywide perspective (the cultural agreements about money). When you have done that, you have achieved Financial Independence, no matter how much money you have. And until you can do that, you will never be financially independent, no matter how much money you have.

Financial Independence is an experience of freedom at a psychological level. You are free from the slavery to unconsciously held assumptions about money, and free of the guilt, resentment, envy, frustration and despair you may have felt about money issues. You may have these feelings, but you have them the way you have an article of clothing—you can try it on, but you are free at any time to take it off. You are no longer compelled by the parental and social messages you received as a child—messages about how we should relate to money in order to be successful, respected, virtuous, secure and happy. You are free of the confusions you had about money. You are no longer intimidated by balancing your checkbook or by deciphering your broker's babble about no-load mutual funds and annuities. You never buy things you don't want or need and are immune to the seductiveness of malls, markets and the media. Your emotional fortunes are no longer tied to your economic fortunes; your moods don't swing with the Dow Jones Band. The broken record in your mind stops, the one that calculates hours till quitting time, days till payday, paydays till you have a down payment for a motorcycle, costs for the next home improvement project and years till retirement. The silence, at first, is thundering. Days and even weeks can go by without you thinking about money, without you mentally reaching for your wallet to handle life's challenges and opportunities.

When you are financially independent, the way money functions in your life is determined by you, not by your circumstances. In this way money isn't something that happens to you, it's something you include in your life in a purposeful way. From this point of view, the normal drama of "nine to five till you're sixty-five," of making a dying, of getting ahead, of being rich and famous—all these brass rings we automatically reach for—can be seen as just one series of choices among many. Financial Independence is being free of the fog, fear and fanaticism so many of us feel about money.

If this sounds like peace of mind, it is. Fiscal bliss. And if this sounds as unattainable as being rich, it isn't. It's been the experience of tens of thousands of people who have followed the approach to money described in this book, who have done the practical steps and made the simple observations recommended.

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

How does this great truth—money = life energy—manifest itself in your life? When you thought money was just something to deal with, or that it was security, power or a tool of the devil, or the grand prize in your life, you could rationalize your behavior in terms of should's and ought's. But now you know that money = life energy, *your* life energy, and you have a rising interest in knowing just how much of the stuff is actually passing through your hands. Step 2 on the road to financial freedom is where you satisfy this curiosity.

There are two parts to Step 2:

A. Establish the actual costs in time and money required to maintain your Job, and compute your real hourly wage.
B. Keep track of every cent that comes into or goes out of your life.

A. HOW MUCH ARE YOU TRADING YOUR LIFE ENERGY FOR?

We have established that money is simply something you trade life energy for. Now let's look at how much life energy (in hours) you are currently trading for how much money (in dollars)—i.e., how much money are you making for the amount of time you work?

Most people look at this life-energy/earnings ratio in an unrealistic and inadequate way: "I earn $680 a week, I work 40 hours a week, so I trade one hour of my life energy for $17." It's not likely to be that simple. Think of all the ways you use your life energy that are directly related to your money-earning employment. Think of all the monetary expenses that are directly associated with the job. In other words, if you didn't need that money-earning Job, what time expenditures and monetary expenses would disappear from your life?

Be Prepared . . . Some people resent their work—the hours of drudgery, the boredom, the office politics, the time away from what they really want to be doing, the personality conflicts with their boss or coworkers—and many feel powerless to change their circumstances. One response to those feelings of resentment and powerlessness is to spend money. "It was such a tough day that I deserve a little fun. Let's go out to dinner /dancing/a movie/the mall." So be prepared to discover how much you indulge yourself with "I hate my job" as the underlying reason.

Be prepared, too, to discover how much you spend on expensive alternatives to cooking, cleaning, repairs and other things that you would do yourself if you didn't have to work.

Be prepared to discover the many costs of career ambition, all the things you "must" have in order to continue up the ranks. The right car. The right clothes. The right vacation spots. The right house in the right neighborhood in the right city. The right private schools for your kids. Even the right therapist.

Using the following discussion as a stimulus, discover for yourself the *real* trade-offs in time and energy associated with keeping your nine-to-five Job. Not all of the categories will necessarily apply to you, and you may think of other categories relevant to you that are not mentioned here.

In the examples below we will assign *arbitrary* numeric values to these time and money trade-offs simply to generate a hypothetical tabulation. Any resemblance to your situation is purely accidental. At the end of the discussion we will tabulate these calculations and come up with an *actual* exchange rate of life energy for money—remembering that this "actual" hourly rate is still arbitrary, based on our hypothetical figures. (When you do your own calculations you will be using your actual figures and will figure out your own personal hourly wage.)

Commuting

Getting to and from work incurs an expenditure of time or money, or both, whether you drive, walk or take public transportation. For our purposes here, let's assume you commute by car. Don't forget to include parking fees and tolls for bridges or turnpikes, as well as wear and tear on your car. Let's say that you commute 1½ hours a day or 7½ hours a week at a cost, in gas and maintenance, of $100 a week. (If you use mass transit your figures will be somewhat different.)

7½ hours/week—$100/week

Costuming

Are the clothes you wear at work the same ones you wear on your days off or on vacations—or do you need a special wardrobe to be appropriately attired for your Job? This includes not just the obvious costumes like nurses' uniforms, construction workers' steel-toed boots and chefs' aprons, but also the tailored suits and the high-heeled shoes, the pantyhose and neckties that are the norm in offices. Look at those clothes. Would you wear a noose around your neck or walk around on three-inch heels every day if it weren't expected for the Job? Consider, too, the time and money spent on personal grooming, from aftershave to exotic cosmetics.

Quantify all your costuming activities, from shopping to putting on mascara, shaving and tying your tie. Let's say you spend 1½ hours a week on this at an average cost of $23 a week (i.e., annual clothing expense divided by 52 weeks, plus cost of cosmetics).

1½ hours/week—$23/week

Meals

Extra costs, in time and money, for meals affected by your Job take many forms—for example, money for morning coffee and doughnuts, time spent in line in the employees' cafeteria, expensive convenience foods that you buy because you are too tired to cook dinner, unreimbursed restaurant expenses, weight-reduction programs that you enroll in because you ignored decent nutrition thanks to your busy Job.

Let's say you attend Weight Watchers 1 hour a week and spend 50 minutes each day at lunch for 4 hours a week, totaling 5 hours a week. Your lunches at the local deli cost about $23 a week more than if you made lunch at home, and the latte breaks you treat yourself to as a reward for working come to $17 a week. Total spent: $40.

5 hours/week—$40/week

Daily Decompression

Do you come home from your Job zestful and full of life, joyously launching into personal or planetary projects, or into intimate sharing with your family or other loved ones? Or are you tired and drained, taciturnly lurching into the soft chair in front of the television set, beer or martini in hand, because "It's been such a day"? If it takes a while for you to "decompress" from the pressures of the Job, that "while" is a Job-related expense. A wild guess would put this at 5 hours a week and $30 a week in recreational substances.

5 hours/week—$30/week

Escape Entertainment

Notice that common phrase "escape entertainment." Escape from what? What is the prison or restrictive circumstance from which you must flee? If your experience of life were consistently fulfilling and exciting, from what would you escape? Would those hours in front of the television or movie screen be necessary? Take a look at scenarios like "It's been such a heavy week at work, let's have a night on the town to blow it off!" or "Let's get away from it all this weekend and go to Vegas!" Would these be necessary? What are the costs in life energy and money? How much of your weekend entertainment do you consider your just reward for sticking it out at a boring Job? Let's assign this whole area 5 hours a week and $40 a week.

5 hours/week—$40/week

Vacations and Expensive Playthings

If what you did *every day* were truly satisfying, providing you with a sense of accomplishment and inner fulfillment, of real contribution to the lives of those around you and to the global family, would you want to "vacate"? How about the vacation home, boat or recreational vehicle that you use only a few weeks each year just to "get away"? What proportion of the time and money involved in such pursuits is due to the Job? Consider the dues for the country club or your professional organization: would you belong if it weren't for your Job? String this all out, divide by 52, and you might have 5 hours a week and $30 a week.

5 hours/week—$30/week

Job-Related Illness

What percentage of illness is Job-related—induced by stress, by physical work conditions, by the desire to have a "legitimate" reason to take time off from work, or by conflict with employers or fellow employees? More and more medical evidence indicates that a good percentage of illness is psychosomatic. Stated simply, happy, fulfilled people are healthier. In our own experience over the years we have seen considerably less illness and illness-caused absenteeism in volunteers than in paid employees.

For this category a more subjective "inner sensing" is the only way to evaluate what percentage of medical costs (time and money) is attributable to your Job. Let's imagine that in the course of a year you'll be out of commission due to Job-related illness for a week, at an out-of-pocket cost of $22 a week for exotic remedies not covered by insurance.

1 hour/week—$22/week

Other Job-Related Expenses

Examine your balance sheet of assets and liabilities (Step 1). Are items listed there that you wouldn't have bought had they not been directly related to your Job? Look at what you pay "the help": would you need a housekeeper, gardener, handyman or nanny if you didn't have a Job? Day-care expenses for single parents or two-income families take a big chunk out of your salary and wouldn't be necessary if you didn't have a Job. Do a time log for a typical week. How many hours accounted for are strictly Job-related? Things like reading the classified ads looking for another Job or social evenings to "network" for business. Are the hours of taking your frustrations about work out on your mate a Job-related activity? As you progress through the other steps in this program, make special note of such hidden Job-related expenses.

Don't overlook Job-enhancement expenses, such as educational programs, books, tools and conferences. Remember, your situation is unique, but the basic ideas will apply. Discover your own categories of Job-related time and money expenses.

Your *Real* Hourly Wage

Now compile these figures and create a table, *adding* the approximate extra Job-related hours to your normal “workweek” and *subtracting* the Job-related expenses from your usual pay. On longer-term items like vacations or illness, simply prorate over 50 weeks (1 year minus 2 weeks for your vacation). A $1,500 vacation that you wouldn’t have taken if you enjoyed your Job would be computed as $1,500 divided by 50 weeks equals $30 a week . . . and so on.

The specific entries will be approximations, of course, but with diligence you can come up with fairly accurate figures.

Figure 2-2 illustrates this process of calculating your real hourly wage—as well as a corollary figure: the number of hours or minutes of your life that every dollar you spend represents. Remember, the numbers are arbitrary. Your figures will probably be considerably different from these, as might your categories.

The Bottom Line: Figure 2-2 clearly shows that you are actually selling an hour of your life energy for $6, not the apparent $17. Your *real* hourly wage is $6. Before taxes, even! A good question to ask at this point is: Are you willing to accept a Job that pays this hourly wage? (You should make this calculation every time you change your Job—or change your Job-related habits.)

FIGURE 2-2

Life Energy vs. Earnings: What Is Your *Real* Hourly Wage?

	Hours/Week	Dollars/Week	Dollars/Hour
Basic Job (before adjustments)	40	680	17
Adjustments			
Commuting	+7½	−100	
Costuming	+1½	−23	
Meals	+5	−40	
Decompression	+5	−30	
Escape entertainment	+5	−40	
Vacation	+5	−30	
Job-related illness	+1	−22	
Time and money spent on maintaining Job (total adjustments)	+30	−285	
Job, with adjustments (actual total)	70	420	6

Every dollar spent represents 15 minutes of life energy.

The corollary figure is also interesting. In this example, every dollar you spend represents 15 minutes of your life. Think of that figure next time you’re shelling out your money for yet another $12 gazingus pin. Ask: Is this item worth 120 minutes of my life energy?

Notice that our calculations have ignored such intangibles as time spent on planning strategies for moving up the corporate ladder, time handling deteriorating family life due to Job demands, and time and expenses incurred in maintaining a lifestyle in line with the Job.

When ***Larry G.*** *did the first part of Step 2, his life turned upside down. He had been working as a project manager in the construction industry for some ten years. “I was unhappy with what I did for a* *living," he wrote, "but income equaled expenses, so I went on with the attitude of 'Well, that's life in the big city.'" Then Larry did Step 2 and calculated his* ***real*** *hourly wage. "After I analyzed our spending patterns, it became clear that nearly half of what I made was spent on the job; that is, spent on gas, oil, repairs, lunches, a little here, a little there, and most of it unrecoverable. In short, I could stay home, work part-time where I live and actually save money by making half of what I formerly made." It was then, when he realized he could give up this job and pursue his real desires and goals, that everything changed. Affairs in his financial life that he'd procrastinated about handling for years got handled—everything from paying off credit cards to eliminating restaurant lunches to being able to have money discussions with his wife without the old arguments. As he rearranged his financial world, he and his wife recognized that they could survive quite well on her paycheck from a job she loved (teaching the educationally handicapped), and he could go back to school to train for the career he'd always wanted as a counselor and therapist. "We're actually feeling less stress because we're focused on healing our crazy relationship with money, not just [focused on] the bucks."*

Why Do This Step?

Why is this exercise essential to a transformed relationship with money?

1. This exercise puts paid employment into real perspective and points out how much you are actually getting paid, which is the bottom line.

2. It allows you to assess current and future employment realistically, in terms of actual earnings. It is useful to apply the information gathered in this step to prospective Jobs: a Job that requires a longer commute or has more costuming expectations might be less remunerative in reality than one with a lower salary. Compare Job offers from the true perspective of how much you are really selling your life energy for.

3. Knowing the financial bottom line for your Job will help to clarify further your motives for working and for selecting one Job over another. Larry G's story is not an anomaly. Many, many people spend all of their income and then some on maintaining their Job—and consider themselves fortunate. Another "FIer" said that doing this step increased his consciousness of unnecessary Job-related expenses to such an extent that his net earnings per hour doubled. Once he recognized how many of his expenses were due to his Job he was able to reduce or even eliminate many of them. For example, he began bringing his own lunch instead of sending out to the deli, switched from driving to using mass transit (doubling the benefit of this choice by using the time for decompression on the way home), reevaluated the supposed need for so many changes of stylish clothes, and began taking a daily walk with his wife (thus improving their relationship as well as their health). Someone else used the results of this step as a criterion for accepting or rejecting Jobs. When she could figure out just what hourly wage she'd be getting, she could see very clearly whether or not the Job was worth it to her. Indeed, there are some Jobs that she might have applied for previously that she now doesn't even consider.

Is it coincidence that "Job" is also the name of the Old Testament character who was plagued by difficulties? "The trials of Job" takes on a whole new meaning; many of us have certainly pondered Job's question "Why me, Lord?" as we've bucked rush hour traffic or endured excruciating tedium.

No Shame, No Blame

And remember . . . this is where your feelings about your work/job/ identity will most strongly bubble to the surface. Compassionate self-awareness is the key. Just notice each feeling as it presents itself, without criticizing it—and without criticizing your job, your boss, yourself or this book as good or bad.

So *what* if you've been paying to work? So *what* if you've been blowing every paycheck on "rewarding" yourself for surviving another week? So *what* if you've been leading a fast-track lifestyle on a $6-an-hour paycheck? That's all in the past. It's what you needed to do before you knew that money = your life energy.

CHECKLIST: LIFE ENERGY VS. SALARY

	Time *hrs/week more*	*Money* *$/week less*
Commuting:		
wear and tear for commute miles		
gas and oil		
public transportation		
parking fees		
tolls		
tires		
walking or bicycling		

	Time *hrs/week more*	*Money* *$/week less*
Costuming:		
clothes bought for work		
makeup bought for work		
impressive briefcase		
shoes bought for work		
shaving for work		
Meals:		
coffee breaks		
lunches		
entertaining for work		
food rewards for unpleasant Job		
convenience food		
Daily decompression:		
time till kids can yell again		
additional time till civil		
recreational substances		
time till able to work productively		
Escape entertainment:		
movies		
bars		
cable TV		
TiVo		
Internet service		
game systems		
weekend retreats		
Vacations, expensive playthings:		
vacation to ____		
exercise equipment		
sports equipment		
boat		
summer home		
country club dues		
Job-related illness:		
colds, flu, etc.		
massages to relieve aching back		
hospitalizations		

	Time hrs/week more	Money $/week less
Other job-related expenses:		
hired help to:		
clean house		
mow lawn		
wash and iron clothes		
babysit		
day care for kids		
educational programs		
magazines (trade)		
conferences		
tutors for kids		
life coach		

B. KEEP TRACK OF EVERY CENT THAT COMES INTO OR GOES OUT OF YOUR LIFE

So far we have established that money equals life energy, and we have learned to compute just how many hours of life energy we exchange for each dollar. Now we need to become conscious of the movement of that form of life energy called money in every moment of our lives—we need to keep track of our income and expenses by keeping a Daily Money Log. The second part of Step 2 is simple, but not necessarily easy. From now on, keep track of every cent that comes into or goes out of your life.

Many people intentionally remain aloof from money. Their mythology puts "money" and "love-truth-beauty-spirituality" in two separate boxes. There are a number of variations of this dichotomy. There are the grassroots activist organizations that can't balance their books or even keep them. There are people who can't say no when a friend asks for a loan but who would never dream of writing up an IOU for the transaction (because after all, we *are* friends!). Then there are people who attend workshops, support groups and conferences about "personal and planetary growth," paying for everything by check or credit card and keeping no records to verify the expenses—they let their bank handle such details. There are churches going bankrupt because they can't approach the congregation with their nitty-gritty financial needs. There are even couples who won't discuss their shared finances because . . . well, they love each other. All of these situations stem from the same root thought: money is money and love is love and never the twain shall meet. Look at your own attitudes. Do you excuse financial unconsciousness with "spiritual" precepts?

A Spiritual Discipline

Religions, ancient and modern, as well as the personal growth workshops of the human potential movement all have techniques for training the mind to be here now, "in the moment." These practices take many forms and include such seemingly diverse techniques as watching the breath as it goes in and out; repeating a phrase over and over in order to focus the wandering mind; concentrating on an object without entertaining past memories or future fantasies about it—just being with it right now; practicing various martial arts (such as aikido or karate); developing an inner "witness" to simply observe what you are doing now. To this list we add another discipline designed to sharpen awareness—one that is indispensable to the financial program and perhaps more easily accepted by our grounded, materialistic Western mentality than some of the more "esoteric" practices. Instead of watching your breath, you watch your money. This practice is simple: **Keep track of every cent that comes into or goes out of your life.**

The rules for this highly developed tool of transformation technology are: **Keep track of every cent that comes into or goes out of your life.**

The methodology for this marvel of monetary metaphysics is: **Keep track of every cent that comes into or goes out of your life.**

There are no specifications for this Daily Money Log. There is no official notebook to buy ("only $49.95 with indices, quick-reference charts and a solar calculator"). This Daily Money Log is one place in the financial program where you can be creative and do things your own way. For many people, a pocket-sized memo book is the perfect constant companion in which to note every cent that enters or leaves their lives, along with the occasion of its entering or leaving. Others, more enamored of time than money, log their expenses and income in a special section of their appointment book. Some now track their money—along with their appointments, tasks, addresses and more—on their pocket computers. Some banks are set up to download your transactions into any of several computer accounting programs; with the click of a mouse you can transfer all your data from the bank to your computer—in categories *you* select! If you use a debit card for every purchase, you have a perfect record.

Your Money or Your Life educators have discussed at length this particular requirement of the 9-step program. Many of their students don't want to track their money. Too hard. Too anal. Too much time. Too confronting. Every penny??? How about every dollar? Or every ten? Or kinda more or less . . .

Carolyn H. *is a natural tracker—but her husband is not. He says that the emphasis on "every penny" is not helpful. Most people just don't want to live like that. "Years ago," she said, "as part of my method of bringing him on board with tracking, I streamlined our tracking to better suit him and it's been a success. We use round numbers. We track cash as best we can but don't make a fetish of it. We allow for a minimum amount of unaccounted-for cash—and added a category for that. Sometimes there's almost nothing there, sometimes after a complicated month there might be as much as $200 there—which used to drive me crazy, but now doesn't. Here's why—interestingly, my husband has begun to watch that number and really try to get it down to a trivial or at least reasonable amount. Seeing a large number there has gotten his attention about being more aware of his spending far more effectively than all the talk, argument, FI reading, etc., ever did. I'm pleased."*

Mike L.*, who was an "every penny" stickler and required that precision from all his students, finally developed some understanding of their feeling overwhelmed when he and his wife moved to a fixer-upper house in a new community. His number of daily financial transactions shot up, as did the time he spent each day uncrumpling receipts and logging expenses. He decided to be satisfied with using a debit card and having his bank send his data to his financial program, simplifying his life this way until his spending settled down.*

One person noted that left-brain people find tracking as natural as breathing and need no convincing, while for right-brain people it's like writing with their non-dominant hand. Nonetheless these right-brainers have found creative ways to track every penny—and experience enormous satisfaction from feeling in control of something that had been an utter mystery.

Jane D. wrote, *"I love tracking, still do it after all fourteen years, can't imagine not. It's enabled us to figure out how to live half time in Europe (on a houseboat in France) and half time in the States, to volunteer as we wish, and to travel as well."*

For many creative types, an enticing vision will pull them through the boring details—for them, a vision of painting or acting or traveling or service links tracking to their dreams. (More on this in Chapter 4.) In fact, we found that the people who made this program work for them, be they left-brained or right-brained, focused more on their dreams than their dramas. Their goal of becoming financially independent was motivated by the desire to have more of what they wanted—not less of what they didn't want (like a grumpy boss).

Whatever system you choose, do it (the program works only if you do it!)—and be accurate. Let it become a habit to record any and all movements of money, the exact amount and the reason for the exchange. *Every* time you spend or receive money, make it second nature to note it instantly.

In *The Millionaire Next Door* the authors, Thomas J. Stanley and William D. Danko, note that people who have achieved a high net worth relative to income know how much they are spending on clothes, travel, housing, transportation, etc., and those who don't achieve high net worth relative to income have no idea how much they spend. It's a stark contrast.

Figure 2-3 is a fictional example of two days' entries. Note the degree of detail given for each expenditure. Notice how expenditures at work are specifically labeled as such. Observe the differentiation of the expenditures at the convenience store between snacks ("chips, dip, soda") and batteries. Similar differentiations of spending categories are made in Saturday's grocery store and department store shoppings. The subcategories or "breakouts" within the total are rounded approximations (though you are certainly encouraged to be close in your approximations, it would be time-consuming to calculate the exact cost of toilet paper, wine, etc.), but the total must be accurate to the penny.

FIGURE 2-3
Sample Daily Money Log

Friday, August 24		In	Out
Bridge toll to work			1.50
Coffee and danish at work			3.00
[Found in restroom]		.25	
Lunch at work			6.84
Tip for lunch			1.16
[Repaid by Jack for Monday's lunch]		7.00	
Coffee break (work)			1.50
Office contribution (Di's shower)			10.00
Soda from machine at work			1.25
Candy bar from machine at work			.75
Gas: 10 gal at $4.50/gal			45.00
Convenience store: chips, dip, soda			5.39
Convenience store: 8-pack AA batteries			7.59
[Paycheck, net for week] (see stub for deduction)		421.78	
Saturday, August 25			
Grocery store shopping			101.75
	Breakout: approx.		
motor oil	6.00		
greeting card	3.50		
magazines	4.50		
household	17.75		
toiletries	12.50		
wine	10.00		
approx. subtotal	54.25		
groceries	47.50		
TOTAL	101.75		
Department store			69.92
	Breakout: approx.		
household	12.00		
shirt, for work	21.00		
candies	4.50		
photos	16.00		
hardware	6.00		
auto accessories	10.42		
TOTAL	69.92		
Lunch, sandwich shop			5.32
Dinner with friend, China Star			23.94
Tip for dinner			4.50
Movies with friend			18.00

Every Cent? . . . But Why?

Remember that the purpose of this procedure is simply to keep track of every cent that comes into or goes out of your life.

"Why," you may ask, "do I need to go to such great lengths?" Because it's the best way to become conscious of how money actually comes and goes in your life as opposed to how you think it comes and goes. Up to now most of us have had a rather cavalier attitude toward our small, daily monetary transactions. In practice we often reverse the old adage of "penny wise, pound foolish." We might search our souls and discuss with our mate the advisability of spending $40 for a new four-color left-handed veeblefitzer, yet over the course of a month an even larger amount has unconsciously gone out of our universe in small "insignificant" purchases (the "nickel and diming yourself to death" syndrome).

"But must I keep track of every *cent*?" you may ask.

Yes, every cent!

Why every cent, rather than just rounding off to the nearest dollar, or using approximate figures? Because this helps to establish important lifelong habits. After all, how big is a "Finagler's Constant"? What's the definition of a "Fudge Factor"? How close is "close enough"?

Granted, in practice many FIers settle into rounding to the dollar, but that's as far as they slip. Human nature being what it is, if you start cheating, even "just a little bit," that little bit tends to get bigger and soon you'll find yourself thinking, "Well, I don't have to write *everything* down, just the major expenses"; and then, "Well, I've done this for a month now, so I think I'll start rounding it off to the nearest thousand." (It's like dieting: if you break your diet on Tuesday morning by having a buttered English muffin instead of dry toast, the tendency is to cheat even more, and by evening you're gobbling down a carton of ice cream and a pound cake.) If you want this to be a worthwhile undertaking, it's worth your while to do it right. If you rebel against every penny, try every dime or dollar (or euro or yen), but more than that is a little like eating ten slivers of cake as though it were nothing rather than face the big fat slice you're actually consuming.

Since money has a direct correlation to your life energy, why not respect that precious commodity, your life energy, enough to become conscious of how it is spent?

You may have some initial resistance to doing this impeccably, but ultimately this step must be embraced, regardless of feelings, for it is a vital section of the royal road to money mastery:

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

Useful Attitudes

No leeway. A telescope with only *one* lens just a *wee* bit out of alignment still doesn't allow you to see the stars. The same holds true for a human life. A little bit of fudging cuts down the amount of light that can shine through. This is where you get to be ruthless, tough-minded and absolute.

Your commitment to clearing up your relationship with money is really tested here. One of the keys to your success in this program (and in life) is a shift in attitude from one of laxity and leeway to one of accuracy, precision and impeccability. (By the way, such integrity might work miracles in other aspects of your life. People have lost weight, kept their desks cleared and patched up broken relationships—all through doing this step. Integrity is integrity is integrity.)

No judgment—lots of discernment. Judgment (blaming ourselves and others) is labeling things in terms of good and bad. On the road to transforming your relationship with money and achieving Financial Independence, you will find that judgment and blame do not serve. *Discernment,* on the other hand, is an essential skill. Discernment is sorting out the true from the false, separating the wheat from the chaff. Just in the process of writing down every cent that comes into or goes out of your life, you will begin to discern which expenses are fitting and fulfilling and which are unnecessary, extravagant or even downright embarrassing. Discernment has to do with that higher faculty that we all have—the one that knows the truth, that sees what is needed and wanted by life, that recognizes as real our desire to make a difference before we die. This faculty will be increasingly on duty as you work with the financial program. Aligning your spending with this faculty is the key to Financial Integrity. Through writing down every cent that comes into and goes out of your life, you are awakening this faculty and inviting it increasingly to direct your life.

SUMMARY OF STEP 2

1. **Establish (accurately and honestly) how much money you are trading your life energy for, and discover your *real* hourly wage.**
2. **Learn about your money behavior by keeping track of every cent that comes into and goes out of your life.**

3

WHERE IS IT ALL GOING?

Congratulations! You've made it into the present. Knowing how much money has come into and gone out of your life—today, last week, last month and since your first allowance—is a monumental feat, a giant step toward Financial Intelligence. In terms of where this program will take you, however, you've just begun. The insights you've had, as vivid as they may have been, are just a taste of what's in store.

To do Steps 1 and 2 you only needed to take the word of some apparent experts (the authors and all the others who have successfully used this program) that this kind of obsessive counting is necessary to break the hold that money has over your life. You've only needed to name and number such tangible items as your income, expenses, bank balances and possessions. With Step 3, however, more of you will be needed to make it work. Here you'll begin the process of evaluating the information you've collected. To use a dieting analogy, Steps 1 and 2 were counting calories. Step 3 is getting on the scale.

BUDGETS, LIKE DIETS, DON'T WORK

Budgets! Did they say budgets? We all know about budgets, don't we? You go to the stationery store and buy a standard budget book (writing down how much it cost, of course). Then you try very hard to make your life conform to the standard categories. Do the shots for the dog I got last week at the vet's go under Medical? And what about his food? Is that Groceries? Is the loan to Sally an Expense? And gas for my motorcycle to ride around the racetrack . . . is that Transportation or Entertainment?

Having done your best at assigning your whole range of eccentricities to the ten standard categories you progress to the spending plan. How much should I budget for each category for the coming month? You put down your best guess, given that the categories don't quite fit, and lurch on into the next month. This ritual usually gets repeated for two more months, at which point you conclude that you either have to adopt a much more restricted and boring life or quit this farce. Quitting seems a lot easier. Many of us have repeated this ritual of fiscal repentance several times in our lives, to no avail. **Don't worry. Relax. This program is *not* about budgeting!**

Let's go to the dieting analogy again to highlight the essential difference between this financial program and your standard budgets.

None of us was born knowing what a calorie is. There was a time when we ate Oreos and ice cream and gobs of mayonnaise just because we liked them. Usually, calories (and the first diet) come on the scene around puberty, since puberty is when we become painfully aware that we are not a perfect 10 (size, that is). From that day on, the way our clothes fit is the bottom line. If the red pants fit, we are good. If not, we are useless, ugly, undisciplined and unworthy—with no chance of parole. And banished to the next diet. But diets don't work. They don't work because they deal with the symptoms and not the cause. The cause of fat is not really the calories in the food, it's the desires in our mind. While a dieter may claim he is starving, the truth is he is withdrawing from the fix that he uses to relieve boredom, get back at his mother, structure time, quell restlessness, feel included, boost self-esteem, overcome loneliness and generally cure what ails him.

What does all this have to do with money? A lot. Just as over-eaters abhor getting on the scale, over-spenders dread tax time—and, indeed, any time they're asked to tally up expenses—because that means it will be Budget Time. For dieters, there is the initial disbelief (like stepping off and on the scale to make sure the needle is returning to zero). Then there are the excuses ("I'm retaining water" or "What do you expect after Thanksgiving?" or "It's winter, all animals put on weight in the winter"). Then there will be self-recrimination ("Ugly, undisciplined, useless, unworthy"). And then, head hung low and tail between legs, they submit themselves to the penance of The Diet. Facing reality (the scale) means punishment.

And that's how unconscious spenders feel. They refuse to open anything that looks like a bill, charge their whole array of credit cards to the limit, write postdated checks hoping the paycheck arrives at the bank before the rubber one gets cashed, borrow from friends, take out debt-consolidating loans, rob Peter but fail to pay Paul, and on and on until, after months (or even years) of denial and rationalization, they gird their loins and take their pitifully disorganized and incomplete records to the financial planner (or, if frugal, to the free consumer credit counseling service) to confess their sins and submit to a redemption budget. No more fun. No more movies. No more spontaneous weekends in Las Vegas. No more pretty clothes or trips to the tanning salon. Just desperate promises not to use any credit cards ("But please don't make me cut them up!"), and bread and water and nose to the grindstone.

While these examples may be extreme, they hold a kernel of truth about patterns of unconscious spending. Are any of them similar to things you might have felt or done? The focus of your addiction may not be money or food, but millions of us are substance abusers of one kind or another. The only difference is that some addicts go to jail, some to bankruptcy court, some to Weight Watchers and some to the top of the Social Register.

Does it seem odd to think of money as a socially acceptable addiction? Surely, since everyone wants money, and wants it in abundance, it can't be an addiction. But what else would you call a substance or activity that we reach for compulsively even though it doesn't bring fulfillment? What else would you call something that we are convinced we could not live without? Indeed, the very thought of not having it overwhelms us with fear. What else would you call a need that is intense, chronic and seen as essential to our sense of wholeness? What else would you call something that goes beyond a rational concern, that fills our daydreams and our night dreams as well? What else would you call something that becomes more important to us than our relationships with family and friends, the acquiring of which becomes an end in itself? What else would you call something that we hoard, building up unreasonably large supplies in order to feel secure? An addiction is a need that's gotten out of control, that's become a cancer, migrating into healthy tissue and eventually consuming its host.

Not long ago a friend told us about a wealthy friend of hers, long tormented by insecurity, who had recently committed suicide. To honor our friend's long-standing relationship with the deceased, the family invited her to select a keepsake from among the woman's possessions. It was a bittersweet task, but perhaps the most disturbing aspect was opening dresser drawers that contained thirty-eight white sweaters, each folded neatly. What did this collection of nearly identical sweaters say? To our friend, they told a tale of a desperately unhappy woman whose addictive substance was clothes—and particularly white sweaters. Every time that increasing sense of something missing would overtake her, out she'd go to buy an item to "cheer her up." Perhaps some moments of pleasure came from purchasing each white sweater, a happiness that probably dissipated soon after the sweater had disappeared into the white-sweater drawers. As one wise person said, you can never get enough of what you don't really want.

Greed is another component of our irrational and addictive relationship with money. “Greed,” said Gordon Gekko, the wheeler-dealer in the movie *Wall Street*, “is good.” It is, indeed, a socially acceptable and even encouraged motivation. Along with its dark cousin, fear, it runs the casino called Wall Street and gets reported on in the most respectable journals and newspapers in the world. Greed is also what possesses so many of us as we shoot right past the peak of the Fulfillment Curve and accumulate clutter (hoarding). Our society, with its skewed distribution of wealth, rewards greed over need—so much so that it seems idealistic to suggest that the poor deserve at least a small piece of the action. “Let ‘em work for it like I do,” say those whose stash is safe and sufficient. In fact, greed is so much a part of our nature that we don’t even recognize it as a signpost of addiction.

JUST SAY YES TO BEING CONSCIOUS

None of this is meant to make you squirm. In fact, squirming is a sign of guilt, and guilt will most likely lead you back into cold-turkey strategies like diets or budgets. In contrast, recognizing and telling the truth about our irrationality around money and our addictive behavior are simply the first step toward sanity. And here is where this program is different from the tens or hundreds of other recipes for fiscal health. This program is based on consciousness, fulfillment and choice, not on budgeting or deprivation.

To return to the diet analogy, a book called *Diets Don’t Work* by Bob Schwartz offers four rules for getting off the diet-go-round:

1. Eat when you’re hungry.
2. Eat exactly what your body wants.
3. Eat each bite consciously.
4. Stop when your body has had enough.[1]

Very simple. All you have to do is be conscious. No counting calories or sticking to high-cost liquid diets. No deprivation. No measured portions of food. Those all deal with the symptoms, and you become a compulsive dieter instead of a compulsive eater. Being conscious means you become aware of what you are thinking and feeling when you are eating. You learn to eat when your body is hungry—not because you are bored, at the dinner table, alone in the kitchen, between tasks, wanting a treat for a job well done, blue with depression, green with envy or red with fury. You eat what your body tells you it needs. You stop when you have had enough. And you pay attention. Simple—but not always easy. It takes discovering and exercising some mental muscles that may have atrophied from misuse. You have to identify what “hungry” is, what “full” is, what you truly want as opposed to what you crave out of feeling perpetually deprived, and what you are actually eating while you are eating it. The two important aspects of being conscious, as opposed to dieting, are:

1. You need to identify and follow internal signals, not external admonishments or habitual desires.
2. You need to change your patterns of eating over the long term, not what you eat over the short term.

This financial program points you in the same direction. This is not about following our (or anyone else’s) budgets, with standardized categories and a suggested percentage of income that should go toward each category. This is not about swearing at the beginning of each month that you'll do better. This is *not* about guilt. It's about identifying, for yourself, what you need as opposed to what you want, what purchases or types of purchases actually bring you fulfillment, what represents "enough" to you and what you actually spend money on. This program is based on *your* reality, not a set of external norms. Consequently, the success of this program rests on *your* honesty and integrity. Step 3 is where you begin to exercise these muscles. If you're out of shape you may feel some pain, but *in reality* there is nothing painful about doing this step. In fact, it's fun!

NO SHAME, NO BLAME

Remember the mantra: No shame, no blame. What you are confronting is just the truth about the choices you've been making in your life. No shame, no blame. How fortunate to be able to do this yourself, instead of being audited by the IRS. How lucky you are to be doing this now and not in your last hours on Earth. No shame, no blame. Remember to use the mantra at those moments when you want to hide under the bed, go on a spending spree till you've forgotten what was bothering you or decide that this program doesn't work and give up. No shame, no blame.

Anita C. *needed something like that mantra to help her survey her closet with this new spotlight of consciousness. No doubt about what her addiction was: clothes and costume jewelry. She had been a "shopaholic." Anytime she was out in her car she had a compulsion to stop at the mall just to see what was on sale. Somehow this ritual of shopping and spending helped her feel OK about herself. But there it all was—the result of years of addiction—sitting in her closet. It would be nice if she had had a conversion experience right then, but she didn't. She continued to shop until the balance tipped and it no longer felt good to her to have so much and not wear it. As an interim measure, she justified her excess by giving it away as presents. It was fun to place things she'd never worn with just the right friend or relative. Slowly the desire to shop weakened. Then one day she found herself at one of her favorite department stores, surveying the new colors in sweaters. Consciousness struck. "Is this going to be what I do with my life? Is this what it's all going to be about? What am I doing?* I have enough already!" *She left the store empty-handed, puzzled by what that revelation was really about. Sometime after that experience, Anita discovered that she had lost her desire to shop.*

If Anita had been working with the standard budget and spending plan strategy, she might not have recognized her shopping as an addiction. She would have remained a "social shopper," like the many social drinkers who deny that they are alcoholics. By steadily applying consciousness and compassion to her shopping habit, she was able, eventually, to have the profound insight that she already had enough. She is now so allergic to shopping that she's lost a few old friends whose central social ritual is browsing through the mall. But she's gained a lot more.

So, having set the context, let's get on with Step 3, creating your Monthly Tabulation.

Step 3: Monthly Tabulation

After a month of keeping track of your money (Step 2), you will have a wealth of specific information on the flow of money in your life—down to the penny. In this step you will establish spending categories that reflect the uniqueness of your life (as opposed to the oversimplified budget-book categories like Food, Shelter, Clothing, Transportation and Health).

While you still might choose to have such basic categories, within each major category you will find and separate out numerous important subcategories that will give you a vastly more accurate picture of your spending. The fun—and challenge—of this step will come in discovering your own unique spending categories and subcategories. These subcategories will be like a dictionary of your unique spending habits. They will be perhaps your most accurate description to date of your lifestyle, including all your peculiarities and peccadilloes.

This detailed portrait of your life is your true bottom line. Forget the mythology of your life. Forget the story you tell yourself and others. Forget your résumé and the list of associations you belong to. When you do Step 3 you will have a clear, tangible mirror of your actual life—your income and expenses over time. In this mirror you will see exactly what you are getting for the time you invest in making money.

ESTABLISHING CATEGORIES

In establishing your categories you will want to be accurate and precise, without becoming overly fussy.

Food

Unless you are *very* different from other humans, you will have a broad category called Food. As you look at your food expenses for the month, however, you may observe that there are actually several different types of food buying that you can usefully track. There is the food you eat at home with your family. There is also the food you eat at home when you are entertaining. So you might have two categories: At Home, Family and At Home, Entertaining. But don't get fanatic. Don't hover over your dinner guests, recording in your little notebook how much and what they eat. "Would you like seconds, Mr. Snodgrass?" could take on a whole new meaning. It is sufficient to estimate, within the *exact total* of your grocery bill, what proportion went to guests. For example, if four guests are invited and you normally shop for just the two of you, approximately two-thirds of that grocery bill should be attributed to At Home, Entertaining. The totals are accurate to the penny, but the breakouts from the totals are estimates.

You might also want to see what snacking is costing you. What do those coffee breaks actually cost a month? What about TV food—the chips and popcorn and candies and soft drinks that so often go hand in hand (or hand in mouth) with TV watching? Are you spending extra on groceries for the finest organic food and then undermining your scruples with junk food between meals?

Another subcategory that might be instructive is lunches at work, whether they are power lunches with clients or just a daily pastrami on rye from the corner deli. All such spending patterns will show up if you establish categories that reflect your actual behavior rather than just writing everything in the budget-book column called Food. This precision is not for the purpose of a more exact confession to your financial adviser. It's so that when you throw your hands up in disgust, crying, "Where does it all go? I hardly buy anything!" (dieter's translation: "How can I have gained five pounds? I eat like a bird!") you can answer yourself in a firm and steady tone, "It goes to the candy machine on the third floor of my office building."

Clothing

When it comes to clothing, you may find that you aren't getting enough information about your unique spending patterns by simply having one category called Clothing. You may need to distinguish between utility and vanity (the need never to appear in the office in the same outfit twice in a row, for example, or one-upmanship in elegant attire at social gatherings). In other words, be specific. Make appropriate distinctions. To get an accurate map of your spending patterns, you may need several subcategories. There is the clothing you wear in your everyday home life, the clothing you believe is appropriate attire for the workplace, and whatever specialized apparel you think you need for recreational activities. One doctor, who followed this program to get a handle on where a consistently unaccounted-for 20 percent of his income disappeared, discovered that he had a real penchant for buying shoes. He had golf shoes, tennis shoes, running shoes, boating shoes, walking shoes, hiking shoes and climbing shoes, as well as cross-country-ski shoes, downhill-ski boots and after-ski boots. Just having a category for shoes helped him find some of that missing income and face the fact that he rarely wore anything but comfortable around-the-house shoes. He wasn't alone in his shoe fetish. As of 2007 the U.S. footwear industry exceeded $44 billion in sales. A nationwide survey of American women conducted that same year by *Consumer Reports* National Research Center revealed that the average woman owns nineteen pairs of shoes—only four of which she wears regularly.

This isn't just accounting—this is a process of self-discovery. It may even be the only process of self-discovery that promises to leave you in better shape financially than when you embarked on it. What are some other ways of categorizing clothing? It could be a means of self-expression or a cover for self-rejection, as an attempt to make up for a poor self-image or to sell yourself. Then there is the endless advice in women's magazines on how to dress to get a job (one wardrobe) or get a man (yet another wardrobe). Clothing is also used as a tranquilizer or stimulant: "I'm so depressed, I think I'll go cheer myself up by buying a new outfit." A friend of ours calls it "retail therapy."

Transportation

By using appropriate subcategories for Transportation, you may gain insights that save you hundreds of dollars a year. Doing your tallies is a great opportunity to reflect on why you own a car at all instead of relying on public transportation. Convenience, status, necessity, fitting in, a sense of freedom . . . ? It is also a good time to review your insurance: What portion of your insurance is necessary and how much is habit, convention and buying into your agent's scare tactics? And what category would your second car go under: Transportation, Hobby or Ostentation? What about your motor home—is it Transportation, Housing or a dead loss because it sits in the driveway fifty-one weeks a year?

Refining Your Categories

What makes this sort of ruthless honesty bearable is that you can confront your peccadilloes, your indiscretions, in the privacy of your own account book, rather than when you "get caught." So don't skimp on being truthful if you find yourself face-to-face with some of your faults and frailties while innocently doing your Monthly Tabulation. What better way to face the music? If you remember that doing this exercise will lead not to the punishment of a budget but rather to the freedom of self-acceptance, you will press on regardless. For example, into what category do you put the part of the food money that you use to play the horses or buy lottery tickets? Yet another moment of truth may come as you vacillate over where to record liquor. Is it food? Is it entertainment? Or is it a drug?

It is also important to distinguish between job-related expenses and other expenses. For example, under Transportation you would list separately the cost of commuting and other work-related transportation expenses (non-reimbursed). If the same vehicle is used for both commuting and pleasure, then split costs according to mileage in each category. Similarly, if you use your telephone for work-related as well as personal calls, those costs should be listed separately.

Within your medical category you may find several subcategories: sickness, wellness (i.e., what you purchase to keep yourself vital and alive, like vitamins, membership in a health club, annual checkup), sickness-care insurance (they don't pay when you're healthy—or even to keep you healthy), prescription drugs; nonprescription drugs, etc. You can see why this process has allowed people to transform more than just their relationship with money.

A further refinement will come as you decide how you want to account for large, "unusual" expenses like annual insurance premiums, capital expenses like a new refrigerator, the money you put into IRAs or a balloon payment on your house. As far as we are concerned, there is no "right" way to do this. For us, after a year of hearing ourselves make the same excuse every month about all the extraordinary expenses ("This was an unusual month because the 'xxx' needed to be paid"), we realized that every month is an unusual month and that these extraordinary expenses are a continuing part of life.

You may perfect your categories over time. The exercise should be easy and a lot of fun. It will draw on a blend of honesty and creativity, stimulate your imagination and challenge your morality—all at the same time. It's better than most card, TV and board games all rolled into one.

Remember, you are also recording all the money that flows into your life as well and may want to establish subcategories for income also. It is important to distinguish between wages/salaries/tips and interest /dividend income. Where will you record the dimes you find on the sidewalk, the quarters you retrieve from vending machines and your gambling winnings? If you are a free-lancer, you will need to decide how and when to record irregular payment for your work.

After you have examined the month's itemized entries in your Daily Money Log and created categories that accurately depict your spending patterns, devise a form of recording expenses under each category in a way that works for you. Figure 3-1 will give you an idea of how such a tabulation might be set up. You will notice that there are four blank lines at the bottom of the tabulation. We will talk later about what these boxes are for, but for now just draw them in.

TOTALING IT ALL UP

A word of warning. Yes, there are computer programs that can be useful here, but the meat of this step is categorizing your expenses, and even your computer can't distinguish how to categorize golf—is it Recreation or is it a job-related expense because the golf course is where you transact your business? Make sure you aren't assuming you just can't do this step because you don't have the right program. Both of the authors did it the old-fashioned way, with paper and pencil and adding up columns of figures by hand. Yes, this worked even before calculators!

Whether by hand or machine, here's the simple process. At the end of the month you will transfer each entry from your Daily Money Log into the appropriate column on your Monthly Tabulation. Add up your income columns to get your total monthly income. Add up the expenditures in each column and enter the total of each subcategory at the bottom of that column. Then add the totals for all expenditure categories—

this sum is your total monthly expenses.

THE BALANCING ACT

Next count the cash in your wallet and piggybank and accurately balance your check registers and your savings account passbooks. Now you have enough information to see how closely you have kept track of the money flowing into and out of your life over the past month. If you have kept accurate records (and haven't physically lost any money), the money you actually have at the end of the month (in cash and bank accounts) will be equal to the money you had at the beginning of the month *plus* your total monthly income *minus* your total monthly expenses. If you haven't kept accurate records (or have physically lost some money), you will have lost or gained cash that you can't account for. The difference between your total monthly income and total monthly expenses (plus or minus your monthly error) is the money you have saved this month. When your monthly error is consistently zero, you will know you have mastered Step 2 (keeping track of every penny). Congratulations! You have achieved a minor miracle.

Figure 3-2 shows a sample set of monthly figures, but please use it only as a model. The fun and empowerment come from creating a balancing system that works for your particular situation.

MAKING MONEY REAL

Now comes one of the magic keys to this program. What you have in front of you, as accurate and balanced as it may be, does not yet have the power to transform your relationship with money. It is simply the by-product of a month of successfully tracking little pieces of paper and bits of metal. You may have had emotional reactions to this accounting, but they will be forgotten as soon as you embark on your next trip to the gazingu-spin store. The fact that you may spend, let's say, 84 pieces of paper (dollars) on magazines a month does not have any direct relevance to your experience of life. However, remembering that money is something you trade your life energy for, you can now translate that $84 into something that *is* real for you—your life energy. Use the following formula:

$$\frac{\text{Dollars spent on magazines}}{\textit{Real}\text{ hourly wage}} = \text{Hours of life energy}$$

FIGURE 3-1

Sample Monthly Tabulation Form—with Income and Expenses

	FOOD			SHELTER			UTILITIES			CLOTHING		
	At Home	Outside	Entertaining	Principal	Interest	Hotels	Electricity	Phone	Gas	Necessary	Work	Special
Total Dollars												

HEALTH			RECREATION				TRANSPORTATION				OTHER	INCOME			
Prescription Drugs	Nonprescription Drugs	Doctor	TV/Internet/Gaming	Shows	Hobbies	Alcohol/Drugs	Gas/Oil	Maintenance	Public Transportation	Tolls/Parking		Paycheck	Bonuses/Tips	Interest	Loans

(A) Total Income for Month ____________

(B) Total Spent This Month ____________

Total Saved This Month ____________

(A – B)

<u>FIGURE 3-2</u>
Sample End-of-Month Balancing

Part I

Equation:
$ at START of month + $ IN during month − $ OUT during month = $ at END of month

$ at START:	Cash on hand	103.13	
	+ Checking account balance	+383.60	
	+ Savings account balance	+1444.61	
		1931.34	
+ $ IN:	+ Total monthly income (from Monthly Tabulation)	+2022.23	
		3953.57	
− $ OUT:	− Total monthly expenses (from Monthly Tabulation)	−1473.69	
= $ at END:	= $ You should have at end of month	2479.88	(A)

Part II

ACTUAL $ AT END OF MONTH:	Cash on hand	142.32	
	+ Checking account balance	+553.82	
	+ Savings account balance	+1782.11	
	= $ You actually have at end of month	2478.25	(B)

Part III

MONTHLY ERROR:	$ You should have (A)	2479.88	(A)
	− $ You actually have (B)	−2478.25	(B)
	= $ Lost or improperly recorded	1.63	

Part IV

SAVINGS:	Total monthly income	2022.23
	− Total monthly expenses	−1473.63
	± Monthly error	−1.63
	= $ Saved this month	546.97

In Chapter 2 we did a sample calculation that showed how a theoretical $17-an-hour salary could end up being, in reality, $6 an hour. Obviously your real hourly wage will end up being a different figure, but for the sake of this example, let's use $6 an hour. So, in the case of this magazine habit, you can divide that $84 by your real hourly wage ($6) and find out that you spent 14 hours of your life for this particular pleasure:

$$\frac{\$84}{\$6/\text{hour}} = 14 \text{ hours of life energy}$$

Now you can measure your growing pile of all the wonderful (yet unread) magazines on your bedside table against something real—14 unredeemable hours on your one-way journey from cradle to grave. Those magazines drain your energy three times over: once in earning the money to buy them, again in staying up late to read them and finally in feeling guilty when you haven't finished them by the time the next issue arrives (to say nothing of having to store or dispose of them). Could those 14 hours have been better spent? Is it still true that you have no time to spend with your family? What does this do to habitual procrastination? You've been wanting to catch up on your sleep—did you just find a way to do that? Or were those magazines worth every hour spent to acquire them? Did they give you 14 hours of pleasure, and then some? Don't answer these questions yet. Just notice that translating dollars into hours of your life reveals the real trade-offs you are making for your style of living. In Chapter 4 we'll analyze these findings further.

FIGURE 3-3
Sample Monthly Tabulation Form—with Hours of Life Energy

	FOOD			SHELTER			UTILITIES			CLOTHING		
	At Home	Outside	Entertaining	Principal	Interest	Hotels	Electricity	Phone	Gas	Necessary	Work	Special
Total Dollars												
Total Hours of Life Energy												

HEALTH			RECREATION				TRANSPORTATION				OTHER	INCOME			
Prescription Drugs	Nonprescription Drugs	Doctor	TV/Internet/Gaming	Shows	Hobbies	Alcohol/Drugs	Gas/Oil	Maintenance	Public Transportation	Tolls/Parking		Paycheck	Bonuses/Tips	Interest	Loans

(A) Total Income for Month ____________

(B) Total Spent This Month ____________

Total Saved This Month ____________
(A – B)

Let’s look at another example: your rent or mortgage payment. Let’s say you pay $1,500 a month for the privilege of living in your house or apartment. To some of you that figure may seem outrageously high, to others outrageously low. Remember, we’re not suggesting that this is an appropriate housing cost, just offering an example. Applying the awareness that your real hourly wage is $6, divide that $1,500 by 6. Here’s reality. It costs you 250 hours a month to put this particular roof over your head. If you’re putting in the standard 40 hours a week you’ll soon realize that your housing costs you more hours than you put in at your job. Every working hour is going to pay for a house that you get to enjoy perhaps two or three hours a day. Is it worth it? Notice that we’re not talking about the housing market in your town or city. We’re not talking about what everybody knows you can or should do about housing. We’re simply noticing that it is costing you 250 hours a month to live where you do. Just awareness. No shame, no blame—and no excuses either.

Now take the total of each column and convert the dollars spent in each subcategory into hours of life energy spent (you may round off to the nearest half-hour). Your Monthly Tabulation form will now look something like the one in Figure 3-3.

SOME PICTURES WORTH A THOUSAND WORDS

Let's look at some real-life examples of how some FIers put this step to work for themselves.

Take a look at how **Rosemary I.** *set up her categories in Figure 3-4. Don't you feel as if you know a little about her unique personality just from looking at her tabulation for January? She obviously puts a high value on beauty, since she has two categories that refer to it (Beauty and Aesthetics). She obviously takes care of her body and is willing to spend money on maintaining her health. It is telling that she has "wellness" categories like Health Products and Health Services, rather than "sickness" categories like Drugs and Doctors. The Donations category says that she contributes to causes enough to have a separate category, rather than lumping donations under Miscellaneous. The Personal Growth category is one you wouldn't find in a standard budget book.*

FIGURE 3-4
Rosemary's Monthly Tabulation with Hours of Life Energy

Month: January   Actual Hourly Wage: $10.46

Expenses	Total Dollars	Hours of Life Energy	Income	
Rent	310.00	30	Salary	2085.00
Natural gas			Mileage reimbursement	37.00
Electricity	21.70	2	Other	23.25
Combined utilities				
Phone	5.72	.6		
Household	29.39	2.8		
Groceries	85.25	8		
Treats	3.44	.3		
Eating out	6.03	.6		
Alcohol	6.57	.6		
Gasoline/oil	37.88	3.6		
Car repair/maintenance				
Car insurance/registration	248.47	24		
Parking	.40			
Bus/ferry				
Health insurance	55.89	5		
Health products				
Health services	7.75	.7		
Hygiene				
Beauty	13.18	1.3		
Clothing, necessary	10.74	1		
Clothing, unnecessary	25.45	2.4		
Entertainment				
Aesthetics				
Gifts/cards	18.60	1.8		
Books/magazines	25.11	2.4		
Personal growth				
Postage	3.15	.3		
Office supplies				
Photocopy				
Donations				
Bank charges				
Miscellaneous	.62			
Loan payments	78.00	7		
TOTAL	993.34		TOTAL	2145.25

The very process of creating this form provided Rosemary with valuable information about her priorities and gave her a tangible way to track how much of her life energy she was devoting to the *things that mattered to her. The monthly ritual of filling in the numbers has the quality of an exciting game. How did she do in each category? Is it up or down from last month? How does it compare to last year's average for the same category? Are trends up or down?*

Now let's look at how one couple has gone about creating categories and a Monthly Tabulation form for tracking them.

Lou B. and Steve B. *live in rural Maine. Professionally they are at opposite ends of the spectrum—he drives a truck and she's an accountant. Personally, though, they are best buddies and are enjoying the awareness and communication that come from combining their incomes and expenses. When they computed their real hourly wage, they combined their totals to come out with a single figure for the two of them: $10.23 an hour. As you can see in Figure 3-5, Lou's total adjusted hours were 77½ and Steve's were 67½, or 145 hours combined. Lou's total income was $1080.31 and Steve's was $402.50, making a grand total of $1,482.81. Dividing combined income by combined hours is how they established that figure of $10.23 per hour, which meant that every dollar spent represented nearly 6 minutes of life energy. Now let's look at Figure 3-6, their tabulation for August. You'll notice that their incomes don't tally directly with their previous computation, which is understandable since both of them work variable hours according to the season and other factors. However, on average that figure of $10.23 an hour is still accurate. Now look at their categories. The number of subcategories under Pets pegs them as animal lovers. And what does that "other" under Pets mean? Stray cats? House-guests? The cow when she isn't producing any milk? They seem to be generous types as well, with two categories for Contributions. Those house expenses tell us that they might be building or remodeling their house as a continuing project, and they probably are do-it-yourself types, judging from the low cost of labor that August. The mortgage payment of $1,316.93 includes $300 extra toward the principal. They are saving a lot of mortgage interest by paying off their mortgage as quickly as possible. In addition, Steve reports that the tabulation itself saved him money in a very unusual way. One month (not this particular month), looking at the Junk Food and Lunches category, Steve discovered that he was a "cookie junkie." He had spent twice as much on cookies as on music, one of his greatest loves. "If it hadn't been for the tabulation," he claims, "I would have gone into therapy for ten months for behavior modification to handle my weight. Instead I got all the awareness I needed from my Monthly Tabulation."*

FIGURE 3-5

Steve and Lou's Calculation of Real Hourly Wage

Life Energy vs. Earnings

	Hours/week	Dollars/week	Dollars/hour
Lou's basic job, after taxes (before adjustments)	50	1207.50	24.15
Lou's adjustments (list):	Add hours	Subtract costs	
Commuting	3	11.27	
At-work food	5	24.15	
Getting ready	½	3.22	
Entertainment and eating out	7	48.30	
Vacation	12	40.25	
Lou's total adjustments	+27½ hours	127.19	
Job with adjustments: Lou	77½ hours	1080.31	
Steve	67½	402.50	
Total	145	1482.81	10.23

How does it compare to last year's average for the same category? Are trends up or down?

Combining their income and expenses works for Lou and Steve. Other couples have found that separating out their income and expenses was the only way to get an accurate reflection of their unique patterns.

You'd think that because ***Mary and Don M.*** *shared the same passion (music) and the same profession (computer programming), it would be natural for them to track their income and expenses together. But while they were outwardly a matched pair, their personalities and styles were at opposite ends of the spectrum. Don was near the rational, conservative and deliberate end. Mary was more toward the emotional, experimental and disorganized end. Their gazingus pins were different. Their shopping habits were different. Their hobbies (besides music) were different. Doing their Monthly Tabulations together wasn't giving either one of them much good information. Not only that, but soon after starting on the program Mary left her programming job and started teaching piano full-time out of their home. Her hours and pay became irregular, so they decided that she would offset her smaller contribution to the household kitty by doing the housekeeping chores. This non-monetary arrangement didn't show up to their satisfaction on the Monthly Tabulations. The more they struggled to make it work, the more tension arose. In order to maintain a friendly marriage and stay on the program, they decided to separate their finances. To Don it was sensible. To Mary it was threatening—but she agreed to give it a try. To her amazement Mary found that having her own accounts gave her a wonderful feeling of autonomy. She discovered that she'd become dependent in many subtle ways during the years of her marriage, and she reconnected with the strength and independence she'd felt when she was single.*

FIGURE 3-6

Steve and Lou's Monthly Tabulation with Hours of Life Energy

STEVE AND LOU—RECEIPTS AND DISBURSEMENTS

For the month of August

RECEIPTS	Steve	Lou	Total	
Steve's business income				
Steve's net paycheck	1102.27		1102.27	
Lou's business draw		3341.25	3341.25	
Disability income				
Gifts received	241.50		241.50	
Tax refunds				
Interest income (MSFCU)		.84	.84	
Dividends (Calvert)				
Money found				
Miscellaneous receipts				
______				
______				
______				
Total receipts for the month	1343.77	3342.09	4685.86	
DISBURSEMENTS				**FI Life Units** (hours)
Steve's business expenses				
Dues and subscriptions				
Laundry	25.12		25.12	2.5
Ads and promotion	27.37		27.37	2.7
Education				
Telephone				
Total business expenses	52.49		52.49	5.2
Autos—Steve		427.21	427.21	41.8
Auto excise tax—Steve				
Bank service charges		4.27	4.27	0.4
Charitable contributions	16.00	3.25	19.25	1.9
Contribs.—nondeductible		56.35	56.35	5.5
Clothing				
Medical/health/counseling		225.40	225.40	22.0
Dues and publications	48.25	66.65	114.90	11.2
Film and processing				
Garden supplies				
Gifts to be given	54.75	273.70	328.45	32.1
Groceries/food at home	90.10	102.90	193.00	18.9
Household—miscellaneous	69.17	128.78	197.95	19.4
House repairs				
House building materials		425.97	425.97	41.7
House building labor				
House mortgage payment		1316.93	1316.93	128.8

	Steve	Lou	Total	FI Life Units (hours)
Insurance:				
Homeowners'		1.61	1.61	0.2
Health		275.73	275.73	27.0
Total insurance		277.34	277.34	27.2
Junk food and lunches		48.43	48.43	4.7
Meals out		271.75	271.75	26.6
Music and home entertainment	68.43	150.35	218.78	21.4
Movies, concerts, etc.		25.75	25.75	2.5
Misc. itemized deductions				
Misc. expenses		(1.64)	(1.64)	(0.2)
Pet expenses:				
Birdseed				
Bonneau				
Darby	61.89		61.89	6.1
Annie	18.11		18.11	1.8
Other				
Total pet expenses	80.00		80.00	7.9
Postage				
Student loan payment—Steve	130.88		130.88	12.8
Travel, tolls and parking		3.00	3.00	0.3
Utilities:				
Electric		17.36	17.36	1.7
Gas—propane	36.06		36.06	3.5
Firewood				
Heating oil				
Telephone—total		140.54	140.54	13.7
Trash collection		34.00	34.00	3.3
Total utilities	36.06	191.90	227.96	22.2
Voided checks				
Unidentified cash				
______				
______				
______				
______				
TOTAL DISBURSEMENTS	646.13	3998.29	4644.42	454.3

Note: Circled numbers are totals of subcategories; numbers in parentheses represent income.

Let's look now at how another FIer did her balance sheet.

Diane G. *applied her computer programmer's logical mind to the task of setting up a balance sheet for herself. Her Monthly Tabulation categories are enough like Rosemary's that we don't need to reproduce them, but her balance sheet has a precision and elegance that are instructive (see Figure 3-7). Setting up this form for herself made the end-of-the-month balancing process easy and accurate. Her capital is the combination of what she has in savings, a money market account and bonds. This is all money that is earning interest, which she likes to keep separate from the money in her checking account.*

The point of these stories is not to provide you with a standard to follow but to inspire you to create a Monthly Tabulation form that works for *you*. Remember, this is not a budget book or a spending plan. This is not trying to fit your round (or octagonal) peg into society's square hole. Creating *your* form will be a process of self-discovery. You aren't learning "the right way," you are creating your own way. There is no right way to do it *other than to do it, as the next story reminds us.*

What is notable about ***Leslie N.****'s experience with the Monthly Tabulation is not her form, but the impact that doing the tabulation has had on her life. Leslie is a waitress and activist from Santa Fe, New Mexico. By nature she is much more interested in politics than in paychecks. Tracking did not come instinctively, which is perhaps why this step has been so important for her. Before doing the FI program she was "in debt and totally unconscious about money." Doing her tabulations has provided an anchor for her life. When she lets it slide, she finds herself slipping once again toward debt. The fact that she has her tabulation form set up so that she can record her expenses daily makes her that much more impeccable about writing everything down. This diligence has paid off. Over the course of about five years she has accumulated $30,000 in savings—and that is inviolate, even when she gets off track and finds herself tempted to splurge. Not only that, but it has transformed tax time from a nightmare to a dream.*

FIGURE 3-7
Diane's Balance Sheet

August

	Ending	Beginning	Difference
Capital: Savings	9.08	9.03	.05
CBA	2477.53	5949.26	−3471.73
Bonds	112,700.00	104,650.00	8,050.00
Checking account	2159.99	700.40	1459.59
Cash on hand	111.80	151.73	−39.93
Rolled coins	—	—	—
		Total difference	= 5997.98
		Total expenses	+ 865.18
		Total income	− 6878.56
		Amount out of balance	= −15.40

This step is crucial to the whole rest of the program, which is why those people who proudly report that they are on the program because they're keeping track of every penny are so off base. This step provides insight and empowerment and will be worth every minute you invest in setting it up to work for you.

The following is an example of some possible ways of breaking down the large categories into smaller subcategories that reflect the personal quality of your life. *This is an example, just for the purpose of illustration.* If you merely adapt it for yourself, you will be missing an important part of this step—discovering and refining your own personal spending patterns. This program is designed so that *you* become *conscious.*

CHECKLIST

1. Food

A. At home, basic meals
B. At home, snacks and goodies
C. At home, entertaining friends
D. At work, basic meals
E. At work, snacks and coffee breaks
F. Outside, restaurants, for enjoyment
G. Outside, fast food, convenience while shopping, etc.
H. Health foods, special diet, current fad, etc.
I. Junk foods, current addictions
J. Special treats: Ben & Jerry's ice cream, crab salad, etc.
K. Vegetable garden: seeds, compost, etc.

2. Shelter

A. Mortgage payment (principal—see category 11 for interest) or rent
B. Motel, hotel

C. Vacation rental
D. Home repairs
E. Remodeling
F. Property taxes

3. Utilities

A. Electric bill
B. Heating fuel
C. Firewood
D. Propane or natural gas
E. Gas for grill
F. Water bill
G. Phone bill
H. Garbage pickup and/or dump fees
I. Sewer bill

4. Household maintenance

A. Cleaning materials
B. Laundry and dry cleaning
C. Hardware and repairs
D. Bathroom supplies
E. Kitchen supplies (nonfood)
F. Special services: plumber, maid, lawn mowing, etc.
G. Tools bought for household projects, even if projects weren't done
H. Yard and garden expenses

5. Clothing and ornamentation (jewelry and accessories)

A. Everyday necessities, clothing to keep the body covered and protected
B. Clothing for work
C. Clothing for fashion display
D. Recreational clothing: jogging suit, tennis outfit, golf shoes, hiking boots, bicycling gear, bathing suits, leathers, riding jodhpurs, workout tights and leotards, square-dancing dress, etc.
E. Compulsive clothes-buying
F. Psychological and emotional clothing

6. Transportation

A. Commuting to and from work
B. Automobile: gas
C. Automobile: oil
D. Automobile: regular maintenance
E. Automobile: repairs
F. Automobile: insurance, inspection, registration, driver's license
G. Public transportation, local
H. Airplane, train, long-distance bus
I. Car rental

J. Bicycle repair and maintenance
K. Car payments
L. Tolls and parking fees

7. Communication

A. Telephone: base rate, long-distance charges, cost of cell phone (all divided into work-related and social)
B. Postage, stationery, overnight mail, courier service
C. Photocopies, printing
D. Internet service

8. Health

A. Doctor bills
B. Dental bills
C. Health insurance
D. Other health practitioners: chiropractor, acupuncturist, etc.
E. Prescription drugs
F. Vitamins and supplements
G. Medically recommended diets
H. Gym or health club
I. Orthotics, prosthetics, physical aids: eyeglasses, contacts, arch supports, braces
J. Exercise equipment

9. Recreation and leisure time

A. Alcohol: at home, at bar
B. Tobacco
C. Sporting events
D. Plays, concerts, museums
E. Movies at the theater
F. Video equipment: TVs, cable subscription, DVD player, purchased and rented DVDs, TiVo
G. CDs, digital downloads
H. Stereo equipment, MP3 players
I. Weekends, vacation, resorts, retreats
J. Educational—workshops, classes, lectures
K. Books, magazines, newspapers
L. Hobbies, crafts, art supplies
M. Toys
N. Home computer equipment and supplies (Is this communication? Or work related?)
O. Sports and camping equipment
P. Sports fees (lift tickets, skating rink admission, etc.)

10. Gifts and donations

A. Personal gifts
B. Church

C. Charitable organizations (United Way, World Wildlife Fund—yes, track those “one-click” donations for all the worthy causes that arrive in your in-box—etc.)
D. Office collections
E. Activist (environmental, human rights, etc.)
F. Political contributions
G. Panhandlers, street people

11. Interest and bank charges (the cost of making and spending money)

A. Interest on mortgage(s)
B. Cost of credit cards: annual fees, late charges, interest
C. Car payment interest
D. Installment-buying charges and interest
E. Bank loan interest and charges
F. Late payment charges
G. State and federal income tax

12. Losses

A. Money actually lost
B. Money stolen
C. Money lost in vending machines
D. Money lent (when repaid, treat as income)
E. Gambling losses, betting pools, etc.
F. Lottery tickets
G. Shortfalls in monthly accounting

13. Gazingus pins
For a partial listing of potential “gazingus pins,” consult your favorite clothing, gadget, garden, tool, jewelry, etc. catalog. Every item on every page is potentially one of yours—from art supplies to zoom lenses to zithers.
14. Miscellaneous online purchases
15. Other expenditures
16. Income

A. Wages, salary, tips: net (“take-home”)
B. Money found
C. Loans repaid to you
D. Inheritances, gifts
E. Interest on savings accounts
F. Interest on investments
G. Dividends
H. Income tax refunds
I. Mail-in rebates (when received)
J. Refunds
K. Proceeds from garage sales, online sales
L. Proceeds from sales through consignment shops
M. Proceeds from sale of arts, crafts

N. Cash prizes
O. Gambling winnings

17. Savings—capital

A. Bank savings accounts
B. Refundable deposits (rent, preschool, etc.)
C. Piggybank, cookie jar, etc.
D. Nonspeculative, insured investments—government bonds, certificates of deposit, etc.
E. Other investments and speculations

By the way, it took a lot longer to read this section than it will take you to do your Monthly Tabulation once it has been set up.

SUMMARY OF STEP 3

1. **Discern your unique spending and income categories and subcategories from the month's worth of entries in your Daily Money Log.**
2. **Set up your Monthly Tabulation.**
3. **Enter all money transactions in the appropriate category.**
4. **Total money spent in each subcategory.**
5. **Add up total monthly income and total monthly expenses. Total your cash on hand and balance all bank accounts. Apply equation (total monthly income minus total monthly expenses plus or minus monthly error) to see how accurate you've been. The money you actually have at the end of the month should equal what you had at the beginning *plus* your monthly income *minus* your monthly expenses.**
6. **Convert the "dollars" spent in each subcategory into "hours of life energy," using the real hourly wage that you computed in Step 2.**

4

HOW MUCH IS ENOUGH? THE NATURE OF FULFILLMENT

What is fulfillment? Whether in the sense of accomplishing a goal or enjoying a moment of real contentment, fulfillment is that experience of deep satisfaction when you can say, Aaahh . . . that was a delicious meal, a job well done or a purchase worth the money. To find fulfillment, though, you need to know what you are looking for. It's fairly easy to know what fulfillment is in terms of food or other temporary pleasures. But to have fulfillment in the larger sense, to have a fulfilled life, you need to have a sense of purpose, a dream of what a good life might be.

For many of us, however, "growing up" has meant outgrowing our dreams. The aspiration to write a great book has shrunk to writing advertising copy. The dream of being an inspiring preacher has evolved into being an administrator and a mediator between the factions in the congregation. Instead of really knowing who their patients are, how their patients live or the challenges in their lives, doctors today are plagued with back-to-back fifteen-minute patient visits and malpractice suits. The dream of traveling around the world becomes two weeks a year of hitting the tourist traps. Living a fulfilling and meaningful life seems almost impossible, given the requirements of simply meeting day-to-day needs and problems. Yet, at one time or another practically every one of us has had a dream of what we wanted our lives to be. People with a diagnosis of cancer often get that divorce or take the trip they've been dreaming about or take up a new hobby that's been patiently waiting for its time in the sun.

Wherever you are, take a few moments now to reflect upon your dreams. So many of us have spent so many hours, days and years of our lives devoted to someone else's agenda that it may be hard to get in touch with our dreams. So many of us have whittled away at our uniqueness so that we could be square pegs in square holes that it seems slightly self-indulgent to wonder what kind of hole we would be inclined to carve for ourselves. Indulge yourself now. Stare out a window. Shut your eyes. And envision what would be a truly fulfilling life for you. To help you get started on this journey, ask yourself the following questions:

- What did you want to be when you grew up?
- What have you always wanted to do that you haven't yet done?
- What have you done in your life that you are really proud of?
- If you knew you were going to die within a year, how would you spend that year?
- What brings you the most fulfillment—and how is that related to money?
- If you didn't have to work for a living, what would you do with your time?

You may want to write your answers down. These questions help you focus on what you truly value, what makes your life worth living. In this next step, you'll be finding out how well your spending is aligned with those values.

EVERYBODY'S GOT A DREAM

Some people have fairly conventional dreams, the kinds many Americans would cherish.

***Amy and Jim D.**, for example, had a simple dream. They wanted to raise a family in a big farmhouse in a rural area. When they got married they had, between the two of them, logged more than twenty years in the workaday world—Jim as a career navy man and Amy as a graphic artist—yet by the mid-1980s they had only $1,500 in savings to show for it. Their first child, according to Amy, was born "nine months and fifteen minutes after we were married." They recognized that they valued family and community above the fast lane of life in which they had both been living and decided to raise their children and realize their dream on only one income—Jim's salary from the navy.*

To realize their dream they called upon all the frugality training they'd gotten from their thrifty parents and devised scads of new strategies for saving money. Neither had any sense of deprivation. They thrived on this challenge to their creativity, and their relationship thrived on their shared purpose. In seven years they had four children and saved $49,000 by the late 1980s (all from Jim's income, which at that time was under $30,000 a year; Amy stayed home with the kids)—enough to make a down payment on a rural farmhouse in Maine, pay off all debts and buy a new car, furniture and appliances. Two years after that, Amy decided to put her graphic skills to work and create a forum where frugal ideas could be exchanged. In June 1990 she published the premier issue of The Tightwad Gazette, *an eight-page newsletter full of practical tips about living the good life on a shoestring.*[1] *A year later they had twins—and were* still *able to live within their means. Their story is testimony to the fact that simple dreams, like having a house in the country and staying home to raise a family, are truly within reach.*

Other people have more unconventional dreams:

***Wes L.**'s passion is nature—both being in it and preserving it. For him the FI program is a way to do what he's always wanted to do: contribute to humanity's understanding of and respect for the natural world—full-time. He's aligning as many parts of his life as possible with this dream. His paid employment is as a chemist measuring air quality. He's moved within walking distance of work so he won't contribute as much to the air pollution he's measuring. On vacations he kayaks through unspoiled wilderness areas, and on weekends he teaches kayaking to help others experience nature safely and respectfully. And with his "disposable income" he builds up his savings and supports major conservation organizations. The compass of his life is the natural world, and every aspect of his life points in that direction.*

And some people look forward to fulfilling a number of dreams.

***Kees and Helen K.** are a case in point. Kees was a physician and the medical director of a clinic that provides medical care to minorities and migrant workers. Helen was a former teacher active in the programs of a number of nonprofit organizations who also held down the fort for her family. They loved their lives but looked forward to an "empty nest" so that they too could fly the coop. The financial program gave them a way to retire from their paid employment at the same time they retired from being full-time parents. They moved to a small town and bought land that became the heart of an* *"eco-village"—an intentional community committed to sustainability on every level possible. Helen is now a force of nature in this new community and also has time for her painting.*

Step 4 of this financial program allows you to evaluate your priorities and rebalance your accounts. It allows you to take your dreams out of hock and reincorporate them into your everyday, making-a-dying life. Eventually, you'll find you are finally making a living!

Step 4: Three Questions That Will Transform Your Life

In this step you evaluate your spending by asking three questions about the total spent in each of your subcategories:

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

To do this step, go back to your Monthly Tabulation form and notice the three blank rows along the bottom. This is where you will write the answers to our three questions (see Figure 4-1). You have already converted "dollars" to "hours of life energy"; now you can take a look at how you want to spend that precious commodity. These three questions, applied to each spending subcategory on your Monthly Tabulation, will give you a basis for evaluating the way you spend your money.

FIGURE 4-1
Typical Monthly Tabulation—with the Three Questions

	FOOD			CLOTHING			HEALTH			RECREATION			
	At Home	Outside	Entertaining	Necessary	Work	Special	Prescription Drugs	Nonprescription Drugs	Doctor	Concerts	Movies	Hobbies	Alcohol
	53.36 30.24 7.78 4.86 11.77	33.55 5.24 .83 4.36 .53 .60 15.21 20.82 .60 1.13 .75 1.20 1.62 6.02	8.47	3.23 15.04	9.00 52.66 82.75	37.62 54.94	12.29 16.28 6.97	8.15 4.81	82.75 27.08	75.22	6.75 6.75 15.00	2.98 4.66 37.61	5.99 10.00 2.63 3.01 8.43 6.85 9.78
Dollars	108.01	92.46	8.47	18.27	144.41	92.56	35.54	12.96	109.83	75.22	28.50	45.25	46.49
Hours of Life Energy	18	15	1½	3	24	15	6	2	18	12½	5	7½	8
Fulfillment	0	–	+	0	0	–	0	0	0	0	0	+	–
Alignment	0	–	+	0	0	–	0	0	0	–	0	0	–
After FI	0	–	+	0	–	0	–	0	–	–	0	0	–

Key: Fulfillment = Did I get fulfillment from this expenditure of life energy?
Alignment = Was this expenditure of life energy in alignment with my stated life purpose?
After FI = How much might I spend in this category if I didn't have to work for a living?
\+ = increase for more fulfillment
– = decrease for more fulfillment
0 = OK as is

QUESTION 1: DID I RECEIVE FULFILLMENT, SATISFACTION AND VALUE IN PROPORTION TO LIFE ENERGY SPENT?

This question provides a way to evaluate your expenditures. Take a look at each subcategory with this question in mind. If you received so much fulfillment from this expense of life energy that you'd even like to increase spending in this subcategory, place a + (or an up arrow) in the first box. If you received little or no fulfillment from it, put a–(or a down arrow) in that box. If the expense feels OK just as it is, mark the box with a 0.

This simple exercise will show you where your spending is so automatic, or even addictive, that your life energy flows in that direction while fulfillment lies in the opposite. You might even find your "shopping weaknesses," your gazingus pins. At first you might angrily defend one or another of your gazingus-pin habits. "I *like* having lots of shoes. Every pair has a function. Anyway, it's my money." But no one is trying to take your gazingus pins away from you. In fact, no one is even listening, since the honesty required by this exercise emerges most readily in solitude. Over time, seeing the number of hours of *your* life you spent in order to reward yourself with yet another gazingus pin might make it less of a treasure and more of a booby prize.

Evy M.*, an intensive-care nurse, talked about her pet purchase: "I discovered that every month I bought at least one new pair of shoes, wore them a few times and then placed them in the back of my closet with the other forty-plus pairs—making room for my next new shoes. I calculated that in one month I spent ten hard hours at work to pay for* one pair of shoes. *A large minus sign went in the box under my category for shoes. No amount of rationalization could keep me from seeing the simple truth: I did not get value from having so many pairs of shoes."*

On the other hand, you might find you've been too much of a penny-pincher in categories where you get a lot of fulfillment. Make sure you note these areas of supreme satisfaction and put your + (or up arrow) in the columns where you are actually *under*spending.

The trick to doing this evaluation is to do it objectively, without rationalizing to yourself why the expenditure was so high or so low and without condemning yourself by agonizing about how *you* could have spent *that much* in *that category.* The key phrase to remember is "No shame, no blame."

Couples have also found this step a valuable way to discuss differences in their spending habits with equanimity and objectivity.

Ted and Martha P. *discovered that this question provided a gentle way to evaluate each other's spending patterns without getting defensive or adversarial. Rather than directly challenging one of Ted's purchases, Martha can just calmly ask whether he really got fulfillment, satisfaction and value in proportion to the amount of life energy spent. They find that they are able to observe—and even comment on—each other's gazingus pins with a lot more compassion. For Martha it's books. For Ted it's phones (he has one in every room—and some don't always work). Being able to discuss financial choices without subtle bickering has been invaluable for them and has actually helped their marriage.*

Developing an Internal Yardstick for Fulfillment

Answering this question helps you develop an **internal yardstick for fulfillment** and in the process kick any unhealthy shopping habits. You may discover that you've been measuring your fulfillment, or lack of it, by what those around you have or by what advertising says you should want. Being fulfilled is having just enough. Think about it. Whether it's food or money or things, if you don't know, from an internal standard, what is enough, then you will pass directly from "not enough" to "too much," with "enough" being like a little whistle-stop town. You blink and you've missed it. You will rarely have an experience of fulfillment. By diligently working with this question you will begin to identify, for yourself, an internal yardstick that you can use to measure how much is enough.

The primary tool for developing this internal yardstick is awareness. The affluence that surrounds us has been called the American Dream, and with good reason: we've been asleep. We wake up by questioning the dream. **Asking yourself, month in, month out, whether you actually got fulfillment in proportion to life energy spent in each subcategory awakens that natural sense of knowing when enough is enough.**

You come to differentiate between a passing fancy and real fulfillment, that point of perfect balance where desires disappear because they have been completely met. Any less would be not enough. Any more would be too much. A fulfilling meal is one where all the flavors, smells and textures blend perfectly and your appetite is satisfied without even a trace of the discomfort of having overeaten. In the same way, a fulfilling car is one that meets your transportation needs perfectly, that is pleasing enough to the eye, that you will enjoy owning for many thousands of miles, that doesn't insult your wallet or your values and that, with good maintenance, will be both reliable and a pleasure to drive. Your internal yardstick would dismiss any superficial desires to impress others, to relieve the boredom of driving a two-year-old car, to own a Lexus because you want the status symbol or to have a blue convertible that matches your eyes. Those are all external yardsticks. If an experience or a purchase is truly fulfilling, the desire disappears for a long time. You are satisfied, contented, at peace.

Having an internal yardstick for fulfillment is actually one part of what we call Financial Integrity. You learn to make your financial choices independently of what advertising and industry have decided would be good for their business. You are free of the humiliation of being manipulated into spending your life energy on things that don't bring you fulfillment. Marcia M., whose story we'll be hearing in Chapter 7, reported that before doing this evaluation she used to feel powerless over the money in her wallet. "I'd walk into a store and my money would fly out of my wallet. Not literally, but that's how it felt. I couldn't stop it." It is a form of Financial Independence to be able to "just say no" to unconscious spending.

To Recap

When evaluating your subcategories place a 0 in the box if the expenditure feels fine just as it is, a + (or an up arrow) if you got so much satisfaction that you might even like to increase that expenditure or a –(or a down arrow) if the amount of money spent was not fulfilling. This question is an opportunity to look at the degree of satisfaction in your life by examining something as simple and tangible as the way you use your life energy. No shame, no blame. It's simply the facts.

QUESTION 2: IS THIS EXPENDITURE OF LIFE ENERGY IN ALIGNMENT WITH MY VALUES AND LIFE PURPOSE?

This question is illuminating. It gives you a concrete way of looking at whether or not you're practicing what you preach. As you did with the first question, ask of each spending subcategory, "Was this expenditure of life energy in alignment with my values and my life purpose?" If your answer is a strong "Yes," put a + (or an up arrow) in the second box, under that column. If it's a "No," just put the–(or a down arrow). If it's fine as it is, put a 0. Take as long as you need to think it through.

People like Amy and Jim D. had a clear set of values and a strong sense of purpose when they undertook their tightwad campaign. So did Wes L. and Kees and Helen K. Measuring their financial choices against these two factors helped them to align their finances with their dreams. On the other hand, many people living otherwise well-off lives are suffering from a poverty of ideals. Many heirs and heiresses are among the lost and confused—all dressed up financially and nowhere to go. And lots of ordinary people who've achieved the American Dream are also wondering whether there isn't more to life than . . . this.

What about you? Are your values and life purpose clear, or are they out of focus, buried under the weight of a lifestyle that doesn't seem to fit?

Values

Let's talk about values first. What *are* values, anyway? Our values are those principles and qualities that matter to us. Living our values gives us peace of mind. Not doing so disturbs our conscience and, if we aren't aware of what's going on, disables that inner gyroscope that orients us. On one level, values are the ideas and beliefs on which we base our decisions. They are like an invisible ethical DNA, made up of our sense of right and wrong, that structures our choices. So our values reflect our beliefs. But since how we act reflects our real motivations, our values are revealed by our behaviors. (Parents sometimes try to sidestep this fact with the phrase "Do as I say, not as I do!") When we choose to provide food, shelter and clothing for our children, we are making that choice on the basis of values—being a good parent, expressing a natural feeling of love. Whether we spend our day off walking in the park or going back to the office, our choice is based on values. "But I *had* to go to the office!" you say, "That's not a values decision, that's pure necessity!" Yet you value the paycheck so you choose to do the job. Or you value being responsible to your family. Or you value the guy in the next cubicle (perhaps more than you should). Our behavior is a concrete representation of our values. How we spend our time and money says volumes about who we are and what we stand for.

This book deals with one of the chief social manifestations of our values—how we handle money in our lives.

You learn quite a lot about the values you are living when you look at your Monthly Tabulations. What values do the $150 (or 25 hours of life energy, at the $6 per hour we calculated in our example in Chapter 2) spent on eating out reveal? They could indicate any number of things: that you value convenience, that you like good food or that you want social time with friends. What about the 12 hours donated to a charity? The 30 hours for the phone bill?

You may find that you are comfortable with many of these expenditures. And some you may question. Twenty-five hours of life energy spent on eating out may seem fine—until you realize upon reflection that you devoted only eight hours this month to one of your children. For many people, the values expressed in their expenditures are not the values they really want to be living. Your totals in some of your categories may reveal that habit, peer pressure or even boredom has gotten the best of you.

Go back to the questions at the beginning of the chapter. If you didn't have to work for a living, what would you do with your time? What have you done with your life that you are really proud of? How would you spend the next year if you knew it was the last year of your life? Your answers to these questions will tell you a lot about what you truly value.

Your Monthly Tabulations are like a mirror. As you ask the question, "Is this expenditure in alignment with my values?" month in and month out, you will find that you are looking deeply into yourself. Simply as a result of asking and answering this question you will make changes, large and small, that bring you closer to Financial Integrity, where all aspects of your financial life are in harmony with your true values. The process of coming into integrity is like that telescope we talked about in Chapter 2. The multiple lenses of the telescope allow you, the viewer, to extend and expand your vision—but only if each lens is clear and polished, and only if all the lenses are aligned and properly oriented one to the other. If any aspect of ourselves is out of alignment with the whole of our being, we will not be able to see very far; in fact, our vision will be completely obstructed by that one lens that is out of line.

Tom C. *had the makings of a very nice life. All the pieces were there to add up to success: a terrific wife, two kids, two cars, a lovely house and plenty of tangible and intangible benefits from his job as a school administrator. He had respect, a good income and security. He was successful—but he wasn't happy. In fact, he was mad. He was angry and frustrated with the system that had led him to believe that if he had the right stuff (i.e., house, cars, job, etc.), he'd feel fulfilled. He didn't. Looking for a way out, he attended one of our FI seminars. On that day he realized something he knew but didn't* know—*that happiness doesn't come from externals. It comes only from integrating your values with your relationship with money. Nothing was wrong with his life, but the pieces didn't add up to something he was internally proud of. His life was good, but it wasn't real. When he looked at his values, he realized that his over-arching desire was to contribute something toward solving some of the world's problems instead of just being one of the decent yet sleeping millions who consider minding their own business their highest good. But how could he live his values? His job, while good, did nothing to express his concern for the world. He took a risk, and a cut in pay, by leaving the school system to develop a private counseling practice and to work in a clinic in conjunction with a doctor. His new career slowly came into focus. Eventually he went into partnership with an associate, holding training sessions and seminars. Tom and his partner help people get in touch with their values and worth, and with their responsibility to themselves and the larger community. Tom has pieced together his skills, values and concerns into a life that fits for him. His insides match his outsides, and he's finally happy.*

What Is Purpose?

The second part of this question calls on you to evaluate your expenditures in light of your "life purpose." But what does that really mean? Purpose implies direction and time—you do something now to have something later that you value. For some people, like Amy and Jim D., doing work they enjoy and raising a loving family defines their purpose. For others the sense of purpose might be elusive, not quite in focus—their actions don't reflect their deepest desires. Some individuals, waking up to the emptiness of a purposeless life, spend years looking for some purpose to give life meaning. Others, like Wes L., seem to have it identified from the moment of birth. What *is* this thing called purpose in life?

Purpose can be as straightforward as your goal (I am doing this in order to get that). It can be revealed in the answer you give when someone asks, "*Why* are you doing *what* you're doing?"—your motivation. It can be the deeper meaning you ascribe to the events of your life (the real purpose of my job was to meet my wife).

"Life purpose," however, implies something beyond "reason." It isn't simply achieving a goal or acquiring some longed-for possession. It isn't the meaning you ascribe to events in your past. It is a chosen dedication of your life energy to something you believe is more important than your individual little existence. It is your commitment. It is that for which you will sacrifice your life—at very least your time, attention, creativity, effort and perhaps even your life itself. It becomes your identity as surely as your name, your body or your story to date.

You can see these different kinds of purpose—goal, meaning and dedication—in this story about three stonecutters, each chipping away at a large block. A passerby approaches the first stonecutter and asks, "Excuse me, what are you doing?" The stonecutter replies rather gruffly, "Can't you see? I'm chipping away at this big hunk of stone." Approaching the second craftsman, our curious person asks the same question. This stonecutter looks up with a mixture of pride and resignation and says, "Why, I'm earning a living to take care of my wife and children." Moving to the third worker, our questioner asks, "And what are you doing?" The third stonecutter looks up, his face shining, and says with reverence, "I'm building a cathedral!" (dedication to a higher purpose).

The meaning we give to an action comes from within us, not by the action. Like the first stonecutter, we have the choice of denying that our actions have any meaning beyond the physical reality of what we are doing. Like the second, we can absorb the meanings that our culture ascribes to our actions. Supporting a family is a culturally accepted purpose. So are getting an education, getting married and having children, creating a successful business, discovering the cure for a disease, winning honors . . . the list goes on. Unexamined, these can amount to life on automatic pilot. Examined, they can give your life radiance and clarity. Only you know. The third stonecutter's answer points to another level of meaning and purpose—living our highest ideals, dedicating ourselves to something beyond our personal gratification, that leaves a legacy for generations to come, that seems noble and worthy of our steadfast devotion.

People often have a sense of purpose about making their community or the world a better place—perhaps helping solve problems of hunger, homelessness, abusive family relationships, global warming. Sometimes a person's purpose is to embody certain qualities, such as love, peace or nonviolence. In this sense, purpose is about our extension of ourselves out into the world. There is also a sense in which "purpose" is generic. Beyond "my" purpose, many believe there is "the" purpose. Many religions and creeds teach that there is a core of goodness within each of us, an ability to know right from wrong and a desire to "do the right thing." While every culture may have a different definition of the good, the true and the beautiful, nearly all cultures honor the individuals who embody those ideals.

How Do We Find Our Purpose?

Joanna Macy, an educator, ecologist and author, has suggested three directions in which to look for your own purpose .[2]

1. *Work with your passion,* on projects you care deeply about. What was your dream before you stopped dreaming? What's the work you would do even if you weren't paid to do it? You're not looking for those superficial preferences depicted on bumper stickers, like "I'd rather be surfing." You're looking for something you'd gladly no-holds-barred would give your life *to,* not something you use to get away *from* your life.

2. *Work with your pain,* with people whose pain touches your heart. Have you "been there so you know how it feels"—in grief, sorrow, despair, hunger, terror? Can you offer others the wisdom and compassion

you gained from this experience? Is there an aspect of suffering in the world that calls you to action? If you are in such pain that you've lost touch with your ability to help others, then now is the perfect time to extend your hand to others in pain. It's healing.

3. *Work with what is at hand,* with the opportunities that arise daily for responding to the simple needs of others. Finding your purpose has often been equated with discovering the perfect job or service project that will galvanize you to be as saintly as Mother Teresa. This suggestion to work with what's at hand is a reminder that in an interconnected world all acts of service contribute to the good of the whole. If you remember that there is no single act of greatness, just a series of small acts done with great passion or great love, then in doing what you see needs to be done—taking dinner to a sick neighbor, helping a child learn to read, writing a letter to the editor of your newspaper, being an advocate for the homeless in your city—you will discover a life filled with the experience of having a purpose worth living for.

Passion, pain, what's at hand—these are doorways into finding a purpose beyond material acquisition.

Measuring Our Movement Toward Purpose

Once again, go back to the questions at the beginning of this chapter. What have you always wanted to do that you haven't done yet? What brings you the most fulfillment? Your musings in response to these questions will also provide clues to your purpose.

Take a few minutes right now to write down your purpose in life. It may have nothing to do with how you now spend your time. It may or may not seem significant to others. It may not even be very clear for you yet. Just do the best you can. Use this stated purpose to measure your actions. If over time you see your purpose changing, that's fine; simply write what life purpose now means to you and use this new statement of purpose as your measuring stick.

However you define your purpose, you'll need a way to measure your results, some feedback to tell you if you are on track. Often we measure how we are doing in fulfilling our purpose by material success, or by professional or community recognition.

There is another, more accurate, measure of whether you are living your purpose—one that goes beyond material success and beyond rewards and recognition. It is your answer to the question "Is this expenditure of life energy in alignment with my values and life purpose?" Asking this question faithfully—every month, for every category—will nudge you toward clarifying your values, living in alignment with your stated purpose and defining further your true purpose in life.

George Bernard Shaw, so the story goes, once said to a society matron, "Madam, I'll wager you would go to bed with me for five pounds." She was instantly indignant. How could he think such a thing? He paused as if thinking and asked, "What if I offered you one hundred thousand pounds?" She hesitated—and her silence gave her away. "So," Shaw said, "we aren't arguing about the act, but merely about the price." Money is an extremely compelling measure for all of us—even those dedicated to lofty ends.

Another way to measure your movement toward your purpose is through the Purpose-in-Life Test, based on the work of Viktor Frankl. Having survived the Nazi death camps, Frankl observed that there was a factor beyond intellect or psychology that allowed some people to retain their humanity in inhumane circumstances. This factor, he concluded, was "meaning" (or purpose)—a capacity to find, through deep dialogue with one's conscience, a positive significance in the events of one's life. The will to have meaning and purpose in life, he said, is superior to the will to have power or the will to find pleasure. Indeed, these latter drives take over when the will to find meaning has been thwarted. Frankl also observed that "being human means relating and being directed to something or someone other than oneself."[3] Going through the questionnaire in Figure 4-2, which is based on Frankl's profound work, will assist you in your own movement toward meaning in your life.[4]

To tally your score, add the numbers circled. If you were below 92 you probably lack meaning and purpose in life; if you were in the 92 to 112 range your sense of purpose is indecisive or hazy; and if your score was greater than 112 you have a clear purpose. How did you do? Remember that asking the question "Is this expenditure in alignment with my purpose?" will help you in defining and putting together the building blocks to your sense of purpose.

Take time to make some notes. And perhaps read Frankl's moving book, *Man's Search for Meaning.*

Returning to Integrity

Back to the second question in Step 4: "Is this expenditure of life energy in alignment with my values and life purpose?" Now that you've taken a deeper look at values and purpose, ask this question again. Ask without criticism or self-condemnation, but honestly and dispassionately. Look at the way you previously rated your expenditures. Do you still agree? Change your answers if your evaluation of a particular category is now different.

FIGURE 4-2
Purpose-in-Life Test

For each of the following statements, circle the number that would be most nearly true for you. Note that the numbers always extend from one extreme feeling to its opposite kind of feeling. "Neutral" implies no judgment either way; try to use this rating as little as possible.

1. I am usually:	1.	1 completely bored	2	3	4 (neutral)	5	6	7 exuberant, enthusiastic
2. Life to me seems:	2.	7 always exciting	6	5	4 (neutral)	3	2	1 completely routine
3. In life I have:	3.	1 no goals or aims at all	2	3	4 (neutral)	5	6	7 very clear goals and aims
4. My personal existence is:	4.	1 utterly meaningless, without purpose	2	3	4 (neutral)	5	6	7 very purposeful and meaningful
5. Every day is:	5.	7 constantly new	6	5	4 (neutral)	3	2	1 exactly the same
6. If I could choose, I would:	6.	1 prefer never to have been born	2	3	4 (neutral)	5	6	7 like nine more lives just like this one
7. After retiring, I would:	7.	7 do some of the exciting things I have always wanted to do	6	5	4 (neutral)	3	2	1 loaf completely the rest of my life
8. In achieving life goals I have:	8.	1 made no progress whatever	2	3	4 (neutral)	5	6	7 progressed to complete fulfillment
9. My life is:	9.	1 empty, filled only with despair	2	3	4 (neutral)	5	6	7 running over with exciting good things
10. If I should die today, I would feel that my life has been:	10.	7 very worthwhile	6	5	4 (neutral)	3	2	1 completely worthless
11. In thinking of my life, I:	11.	1 often wonder why I exist	2	3	4 (neutral)	5	6	7 always see a reason for my being here
12. As I view the world in relation to my life, the world:	12.	1 completely confuses me	2	3	4 (neutral)	5	6	7 fits meaningfully with my life
13. I am a:	13.	1 very irresponsible person	2	3	4 (neutral)	5	6	7 very responsible person
14. Concerning man's freedom to make his own choices, I believe man is:	14.	7 absolutely free to make all life choices	6	5	4 (neutral)	3	2	1 completely bound by limitations of heredity and environment

15. With regard to death, I am:	15. 7 6 5 4 3 2 1	prepared and unafraid	(neutral)	unprepared and frightened
16. With regard to suicide, I have:	16. 1 2 3 4 5 6 7	thought of it seriously as a way out	(neutral)	never given it a second thought
17. I regard my ability to find meaning, purpose or mission in life as:	17. 7 6 5 4 3 2 1	very great	(neutral)	practically none
18. My life is:	18. 7 6 5 4 3 2 1	in my hands and I am in control of it	(neutral)	out of my hands and controlled by external factors
19. Facing my daily tasks is:	19. 7 6 5 4 3 2 1	a source of pleasure and satisfaction	(neutral)	a painful and boring experience
20. I have discovered:	20. 1 2 3 4 5 6 7	no mission or purpose in life	(neutral)	clear-cut goals and a satisfying life purpose

You now have a black-and-white map of your spending patterns and their relationship to your defined values and purpose. You may see gaps between your statement of purpose and your expression of it—gaps that you were unaware of before. To return to integrity (alignment of your actions with your values), you can either adjust your spending or adjust your purpose. Indeed, this question is your primary tool for achieving FI in the sense of Financial Integrity. Charles Givens makes this same point in his book *Financial Self-Defense:*

> When your actions are out of alignment with your values, you can experience fear, guilt, frustration and emotional imbalance. Fortunately, you can get rid of those negative, unwanted feelings. You can either:
>
> 1. Change your actions to align with your values, or
> 2. Change your values to align with your actions.[5]

QUESTION 3: HOW MIGHT THIS EXPENDITURE CHANGE IF I DIDN'T HAVE TO WORK FOR A LIVING?

Use this question to evaluate how much your job costs you and to begin to focus more clearly on your life apart from work. Ask yourself, "Which expenses would decrease and which expenses would disappear if I didn't go to work every day?" In the third row under your expense categories mark a–(or down arrow) if you think this expense would decrease, a + (or up arrow) if it would increase or a 0 if it would probably remain unchanged. If you can come up with an estimated dollar figure, write it in a separate line on the Monthly Tabulation.

This question opens the possibility of a lifestyle in which you don't have to report to a job week in, week out. What would your life be like if you didn't work for money forty or more hours a week? What expenses might disappear? If you didn't have to work for money, would you buy more clothes? Fewer clothes? Burn more gas? Less gas? Sell your car entirely? Move to a cheaper house farther from a center of commerce? Would you have higher or lower medical bills (insurance costs might go up, but illnesses down)? Would you still take weekend breaks in hotels? Would your travel expenses go up or down? Would your gazingus-pin purchases increase or decrease? What do you now spend to simply compensate for doing a job that claims the majority of your waking hours?

As you ask yourself this question over time, you may find yourself coming to a startling conclusion. If you weren't trying to fit your round peg into a square hole all the time, life could be a whole lot cheaper! Because your days are consumed by your job, you need money to handle every other aspect of your life—from day care to home repair, from entertainment to being listened to with compassion.

Here's a riddle: Who is more financially independent—someone who can fix a leaky faucet, or someone who must pay another person to fix it?

In many ways we have actually become more financially dependent. How many times have you been stymied by a modern convenience that won't work? When you try to get it repaired locally, you're told to send it back to the factory. Postage alone is more than it would cost to replace it. You'd fix it yourself, but how? Isn't needing money to make it through life actually a form of dependence? If that is so, then asking the question "What would this expenditure look like if I had the time and skills to maintain my possessions myself?" will lead you toward less dependence on money to fill your needs.

ASSESSING THE THREE QUESTIONS

Now take a look at your tabulation sheet. Find all of your–marks (or down arrows). Note which subcategories didn't meet your criterion for Question 1—you did not receive fulfillment in proportion to the amount of life energy spent. Which ones didn't measure up on Question 2—this expenditure was not in alignment with your values and life purpose? And which ones are expenses that would change significantly if you didn't have to "make a dying"? Now look at your list. Do you see any patterns? What have you learned about yourself? Don't punish yourself and don't resolve to "do better next month." (Remember, this is not a budget!) Simply use this information and any insights you've gained to assist in clarifying your values and purpose. Remember: No shame, no blame.

Let's go back to the monthly tabulations we looked at in Chapter 3 and see how Rosemary and Lou and Steve did these evaluations.

Rosemary's is fairly straightforward. While she didn't choose to estimate how much she would be spending in each category if she stopped working for a living, the categories she thinks would go down provide some food for thought. Lou and Steve's chart is particularly interesting because they came up with some novel adaptations and interpretations. The first thing you'll notice is that Lou and Steve added a fourth question: "Is this level of expenditure helpful to the planet?" What would change in your own spending patterns if you were to ask yourself this question?

The other twist you'll notice is that their figure for charitable contributions post-FI (when they are financially self-sufficient and no longer working for pay) is the same as their post-FI income. Lou and Steve recognize that once they are free of paid employment they will be able to volunteer full-time to causes they care about. Instead of giving token donations each month, they will be able to give themselves. Their lives will be their charitable contribution.

Now take a look at how Kees and Helen K. estimated what their expenses would be once their kids had graduated from high school, leaving them free to do community service projects together. In Figure 4-5 they compare their Year 1 average monthly expenses in each category with their projected expenses in Year 5. They arrived at these figures after several years of tracking expenses and asking the three questions. The Year 5 estimates are *not* a budget. They are experientially derived from months of tracking and evaluating the real cost of a fulfilling life.

You don't have to know precisely what you would do if you didn't have a job. You don't even have to want to do anything other than your job. You just need to ask the question of each expense category: How would expenditures in this category change if I didn't have to work for a living? Remember: No shame, no blame. You aren't violating your commitment to your profession by asking that question. Nor are you expressing disloyalty to your boss or dissatisfaction with your job by considering how you might spend your money if you were doing something else. If you love your job, the simple monthly exercise of asking this question will only increase your job satisfaction because you will increase your certainty that you are there by choice.

IMPLICATIONS OF THIS STEP

Step 4 is the heart of this program. Don't worry if your life purpose or your internal yardstick is not crystal-clear. For some individuals this program has been the process by which they defined their values and purpose. The very process of asking and answering the three questions month in and month out will clarify and deepen your understanding of fulfillment and purpose. Just ask the questions and mark your responses at the bottom of each expense column, using your intuition as much as your intellect.

FIGURE 4-3
Rosemary's Monthly Tabulation of Expenses—with the Three Questions

Month: January Actual Hourly Wage: $10.46

Expenses	Total Dollars	Hours of Life Energy	Fulfillment	Alignment	After FI
Rent	310.00	30	0	0	0
Natural gas					
Electricity	21.70	2	0	0	0
Combined utilities					
Phone	5.77	.6	0	0	0
Household	29.39	2.8	0	0	0
Groceries	85.25	8	0	0	0
Treats	3.44	.3	0	0	0
Eating out	6.03	.6	0	0	0
Alcohol	6.57	.6	0	0	0
Gasoline/oil	37.88	3.6	–	–	–
Car repair/maintenance					
Car insurance/registration	248.47	24	0	–	0
Parking	.40		0	0	0
Bus/ferry					
Health insurance	55.89	5	0	0	0
Health products					
Health services	7.75	.7	0	0	0
Hygiene					
Beauty	13.18	1.3	0	0	0
Clothing, necessary	10.74	1	0	0	0
Clothing, unnecessary	25.45	2.4	–	–	–
Entertainment					
Aesthetics					
Gifts/cards	18.60	1.8	0	0	0
Books/magazines	25.11	2.4	–	–	–
Personal growth					
Postage	3.15	.3	0	0	0
Office supplies					
Photocopy					
Donations					
Bank charges					
Miscellaneous	.62		0	0	0
Loan payments	78.00	7	–	–	–
TOTAL	993.39				

FIGURE 4-4

Steve and Lou's Monthly Tabulation—with the Three Questions

STEVE AND LOU—RECEIPTS AND DISBURSEMENTS

For the month of August

FI Question 1: Are you receiving value commensurate with the life energy units this expenditure costs?

FI Question 2: Is this level of expenditure in keeping with your life purpose?

FI Question 4: Is this level of expenditure helpful to the planet?

Steve and Lou dollars per hr: $6.35

RECEIPTS	Steve	Lou	Total	FI Question 3	Total/FI
Steve's business income					
Steve's net paycheck	1102.27		1102.27		1505
Lou's business draw		3341.25	3341.25		
Disability income					
Gifts received	241.50		241.50		
Tax refunds					
Interest income (MSFCU)		.84	.84		
Dividends (Calvert)					
Money found					
Miscellaneous receipts					
____________					
____________					
____________					
Total receipts for the month	1343.77	3342.09	4685.86		2438

DISBURSEMENTS	Steve	Lou	Total	FI Question 3	Total/FI	FI Life Units (hours)	Steve 1	Steve 2	Steve 4	Lou 1	Lou 2	Lou 4
Steve's business expenses												
Dues and subscriptions												
Laundry	25.12		25.12	–	0	2.5	–	0	–	0	0	0
Ads and promotion	27.37		27.37	–	0	2.7	–	0	–	0	0	0
Education												
Telephone												
Total business expenses	52.49		52.49		0	5.2						
Autos—Steve		427.21	427.21	0	427	41.8	0	0	0	0	0	0
Auto excise tax—Steve												
Bank service charges		4.27	4.27	0	3	0.4	+	0	0	+	0	0
Charitable contributions	16.00	3.25	19.25	+	38	1.9	–	0	+	–	–	+
Contribs.—nondeductible		56.35	56.35	–	0	5.5	–	–	–	–	–	–
Clothing												
Medical/health/counseling		225.40	225.40	–	210	22.0	–	–	–	–	–	–
Dues and publications	48.25	66.65	114.90	0	115	11.2	0	0	0	–	–	0
Film and processing												
Garden supplies												
Gifts to be given	54.75	273.70	328.45	–	80	32.1	–	–	–	0	–	–
Groceries/food at home	90.10	102.90	193.00	0	193	18.9	0	0	0	0	0	0
Household—miscellaneous	69.17	128.78	197.95	0	198	19.4	0	0	0	0	0	0
House repairs				+	165							
House building materials		425.97	425.97	–		41.7	0	0	–	0	0	0
House building labor												
House mortgage payment		1316.93	1316.93	–	0	128.8	0	0	0	0	0	0

Insurance:												
Homeowners'		1.61	1.61	+	36	0.2	0	0	0	0	0	0
Health		275.73	275.73	–	0	27.0	0	0	0	–	–	–
Total insurance		277.34	277.34	–	36	27.2						
Junk food and lunches		48.43	48.43	–	0	4.7	–	–	0	0	0	0
Meals out		271.75	271.75	–	100	26.6	–	–	0	–	–	–
Music and home entertainment	68.43	150.35	218.78	–	24	21.4	+	+	+	0	0	0
Movies, concerts, etc.		25.75	25.75	0	26	2.5	0	0	0	0	0	0
Misc. itemized deductions												
Misc. expenses		(1.64)	(1.64)			(0.2)						
Pet expenses:												
Birdseed												
Bonneau												
Darby	61.89		61.89	0	62	6.1	0	0	0	0	0	0
Annie	18.11		18.11	0	18	1.8	0	0	0	0	0	0
Other												
Total pet expenses	80.00		80.00	0	80	7.9						
Postage												
Student loan payment—Steve	130.88		130.88	–	0	12.8	0	0	0	0	0	0
Travel, tolls and parking		3.00	3.00	0	3	0.3	0	0	0	0	0	0
Utilities:												
Electric		17.36	17.36	0	17	1.7	0	0	0	0	0	0
Gas—propane	36.06		36.06	0	36	3.5	0	0	0	0	0	0
Firewood												
Heating oil												
Telephone—total		140.54	140.54	–	65	13.7	–	–	0	0	–	0
Trash collection		34.00	34.00	–	11	3.3	0	0	0	0	0	0
Total utilities	36.06	191.90	227.96		129	22.2						
Voided checks												
Unidentified cash												
TOTAL DISBURSEMENTS	646.13	3998.29	4644.42	–	1827	454.3						

Note: Circled numbers are totals of subcategories; numbers in parentheses represent income; FI Question 3 = How might this expenditure be different after FI?; Total/FI = projected income and expenses after FI.

FIGURE 4-5

Kees and Helen's Tabulation of Average Monthly Expenses

	Actual Year 1	Projection Year 5
Food	826	485
Restaurant	52	15
Cat	8	8
Electricity	53	50
Gas	57	65
Other utilities (sewer, water, etc.)	53	50
Kitchen/toiletries	52	30
Home maintenance	144	160
Garden/flowers	29	15
Clothes	96	80
Car: gas/repair	270 (125 + 145)	245
Phone	76	80
Office/printing/postage	68	30
Sports	83	65
Entertainment	53	30
Travel	83	160
Education/books	190	80
Gifts	303	80
Donations	212	50
Allowance	243	0
Medical/dental	110	40
Dental insurance		80
Misc. (photo)	(16)	160
Mortgage	565.49	570
Car insurance	233.55	245
House insurance	46.17	65
Jewel insurance	10	0
Life insurance	198.01	0
Health insurance	178.62	290
Property tax	317.28	485
TOTAL EXPENSES	4,627/mo (x 12 = 55,524/yr)	3,713/mo

Income tax not included.

The nine steps of this program are easy. You don't have to understand them, you just have to do them. In fact, the people who get into the most trouble making this program work are those who believe they can skip steps that they think don't apply to them. If we could make this program any shorter, with fewer steps, we would. The fact is, this is the shortcut. We are practical people. We haven't included any window-dressing or arcane wisdom in here just for the fun of it. The steps of this program work synergistically, building upon and enhancing one another. So just relax and do the steps. Over time, amazing changes will occur—not only in your relationship with money but in your relationship with life itself. Here are a few reminders about working with Step 4 to maximize your benefits.

Information and Awareness, Not Shame or Blame

This is simply an information-gathering process. It is the first step toward reprogramming yourself. Any unconscious, addictive patterns of spending will be exposed and identified when you bring them into the light of honest evaluation and clear, numeric expression. The point is not to drive yourself to change through guilt or self-criticism. The point is to adjust your spending until you have 0s or +s in all your columns.

Valuing Yourself

A shift will take place in the realm of values as your handling of money increasingly comes into alignment with what really matters to you. In the past we managed to convince ourselves that buying things for ourselves was an expression of self-esteem. “I deserve the best,” we learned to think. “No more second-class citizenship for me. If I want it, I can have it—and if I don’t have the money I’ll just put it on my credit card.” Then along comes this process of rethinking your relationship with money and with the world, and everything turns upside down. “Spending money on myself in ways that might bring superficial happiness but don’t contribute to lasting fulfillment,” you think, “is actually *not* valuing myself. It’s frittering away *my* precious, one-way life energy. Who did I think was going to pay off the credit card, anyway?” True Financial Intelligence is understanding that if *you* buy now, *you* will pay later—with interest. Financial Intelligence is knowing that if *you* spend *your* life energy on stuff that brings only passing fulfillment and doesn’t support your values, *you* end up with *less life*.

This step is not about budgeting, not about self-condemnation and not about depriving yourself. It is about honoring and valuing that limited resource called your life energy. It’s about using this high self-respect to bring about greater fulfillment, greater satisfaction and a greater sense of wholeness, alignment and integrity. You do this by becoming conscious of your unexamined and unrewarding spending patterns—painlessly.

Integrity and Synergy

This step helps you align values and behavior by adjusting one or the other. Financial Independence is built on Financial Integrity, and Financial Integrity is built on alignment of vision and values with action. As shocking as it may be to see your unconscious spending patterns materialize as neatly totaled columns of dollars and cents, this exacting honesty is essential. People pay thousands of dollars for therapy, workshops and seminars in order to confront their self-defeating patterns of thinking and acting. This step allows you to accomplish that same goal, at no cost and in the privacy of your own home. When you can go through this entire process of tabulation and evaluation with a totally peaceful mind and heart, you will have earned your black belt in Financial Integrity.

Integrity is naturally fulfilling. Alignment of vision, values and action—whether we are talking about one person, a team of people, or a whole society—fosters a process known as synergy. Synergy is that state of functioning in which the whole is greater than the sum of its parts. With synergy, more energy comes out of a system than has seemingly been fed in. Synergy is potent.

Because we so often work at cross-purposes, within ourselves and within our organizations, synergy feels like magic, grace, a miracle. It’s not. Synergy occurs within an individual when all aspects of his or her nature are aligned and focused in the same direction. If you’re a tiger at work but a mouse at home, something within you is not aligned. Your energy will be tied up in a juggling act in which you keep dropping the balls. But if happiness, clarity and peace characterize all aspects of your life, and what you do is in alignment with your purpose, then you are a potent and fulfilled individual. And that’s made possible by taking a few minutes each month to ask these three questions of each of your spending subcategories. You will discover what is enough at the material level, and you will have an abundance of the joy that comes from living a life that matters.

Getting to Enough

In Chapter 1 we talked about the Fulfillment Curve and that interesting place at the peak of the Fulfillment Curve called “enough.” You have enough for your survival, enough for your comforts and even some special luxuries, with no excess to burden you unnecessarily. Enough is a powerful and free place. A confident and flexible place. And it’s a place that you will define for yourself numerically as you follow this program. Asking the three questions, month in and month out, is the primary tool for defining, experientially, how much is enough *for you*.

Our own experience and that of seminar participants is that "enough" has four components, four common qualities:

1. **Accountability**, knowing how much money is flowing into and out of your life, is basic Financial Intelligence. Clearly, if you never know how much you have or where it's all going, you can never have enough.

No matter how much money she made, every month ***Marilynn B.****, a cook and caterer, was anxious that her money would run out before her next paycheck. While she always had enough, she never had enough* in her experience*, because she didn't know where she stood. It wasn't until she started meticulously keeping track of her money that the fears went away.*

Rich and poor alike benefit from accountability. Some people on government entitlement programs, from welfare to disability to Social Security, have enough, and others don't. *The Wall Street Journal* told the story of a mother on a $750-a-month welfare income who managed to save $4,500 over four years through care, thrift and prudence. The explanation was simple. She was saving for her daughter's college education, so she made every penny count.[6]

At the same time, an advocate for a homeless family in Los Angeles told the story of wangling $1,200 out of the system so parents and kids alike could get decent clothes and nourishing food. Instead, the father went out and bought a $1,200 stereo system. He figured everyone had been through such a bad time they deserved something nice. Many people go bankrupt and end up on the street in part because they haven't learned basic principles of money management—especially accountability.

2. **An internal yardstick for fulfillment.** As we pointed out earlier, you can never have enough if you are measuring by what others have or think.

3. **A purpose in life** higher than satisfying your own wants and desires, because you can never have enough if every desire becomes a need that must be filled. Desire begets desire. That's what the astute potato-chip company told us when it said, "Bet you can't eat just one." If you base your sense of having enough on your wants and desires it will be, at best, an ephemeral experience.

What is a purpose higher than getting what we want? The opposite of getting is giving—and therein lies a secret to fulfillment. Beyond the point of enough, we achieve happiness by exercising our capacity to give. If you have a purpose for your life that is higher than getting more and getting ahead, your energies will be focused on fulfilling that purpose—whether it is loving your family, serving on the school board, creating art, pruning your ego so your light can shine through or working for peace. When you are no longer defining your worth in dollars and cents you can get off the futile and endless money-go-round where your life was about trying to get ahead of the person in front of you.

4. **Responsibility**, a sense of how your life fits with your community and with the needs of the world. If we don't give a hoot about anyone but ourselves, we can never have enough until we have it all. Within the word "responsibility" is the key to why it's an essential part of having enough. Break it down and you see it contains "response" and "able." If you are going through life robotically, following patterns laid down by genetics, parents or society, you can *react* but not *respond*. To respond you must be conscious that you have a choice, that you can select your response. If you are responsible, you can choose when to stop. If you are not "response-able," you stop only when an external barrier is put up—be it the size of your stomach, the size of your credit limit or the limit of the law. With "response-ability" we can choose

our limits and maintain a sense of balance, both within ourselves and with our neighbors. Initially, responsibility is about identifying when you have enough and stopping there—for your own well-being. Ultimately, responsibility is about everyone in the world having enough, and finding ways for all of us to get there—for the well-being of the earth. We become response-able to life itself.

Let's try to imagine for a moment a world in which everyone had enough—enough for his or her survival, enough for comforts and even enough extra for those special times that represent real pleasure.

We began this chapter talking about our personal dreams and about aligning our earning and spending with our values and our sense of purpose. The dream of "everyone having enough" has been with us as a species for thousands of years, yet has never been fulfilled.

Following the steps of this program, doing your tracking and Monthly Tabulation and asking yourself the three questions will become so simple, so much second nature, that you might wonder what would happen if everyone who's living on "more than enough" did it. The dream of a sustainable world might begin to seem quite possible if what wasn't needed, the clutter of life, faded away. Does this sound like an impossible dream? Perhaps . . . but if you agree with Viktor Frankl that we each possess a will to have meaning, then possibilities abound.

And the Tao Te Ching, the ancient Chinese book of wisdom, puts it this way: "He who knows he has enough is rich."

SUMMARY OF STEP 4

1. **Of each spending subcategory in your Monthly Tabulation ask Question 1: "Did I receive fulfillment, satisfaction and value in proportion to life energy spent?" Mark your answer with a + (or an up arrow), a–(or a down arrow), or a 0.**
2. **Of each spending subcategory in your Monthly Tabulation ask Question 2: "Is this expenditure of life energy in alignment with my values and life purpose?" Mark your answer with a + (or an up arrow), a–(or a down arrow), or a 0.**
3. **Of each spending subcategory in your Monthly Tabulation ask Question 3: "How might this expenditure change if I didn't have to work for a living?" Mark your answer with a + (or an up arrow), a–(or a down arrow), or a 0 and write the estimated change on the Monthly Tabulation.**
4. **Review and make a list of all subcategories with the–symbol (or down arrow).**

5

SEEING PROGRESS

Step 5: Making Life Energy Visible

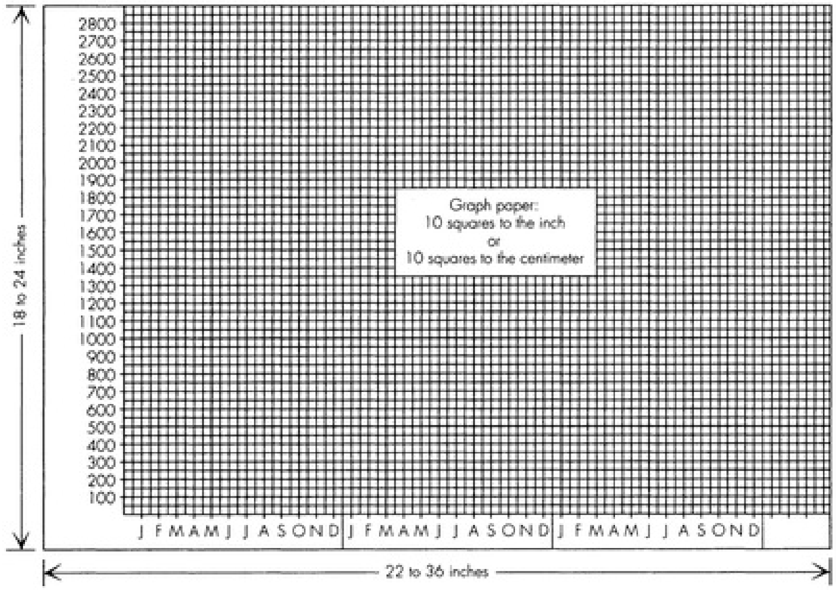
In Step 5 you make visible the results of the previous steps, plotting them on a graph that gives you a clear, simple picture of your current relationship with money (life energy) as well as the trend of your financial situation, and the transformation in your relationship with money.

MAKING YOUR WALL CHART

Step 5 entails setting up a graph of your income and your expenses, one that is large enough to accommodate three to five years of data. This graph will be simple to create, simple to maintain and simple to interpret. All the information you need is already on your Monthly Tabulation. You don't need a computer program to do Step 5. You just need to do it! If you have a software program you use for your accounts, you can train it to make the graph for you—but there is a second part of Step 5 that the computer won't do for you.

To do it by hand, get a large sheet of graph paper (an 18-by-22-inch sheet with 10 squares to the centimeter or a 24-by-36-inch sheet with 10 squares to the inch will do nicely) from a business supply store or college bookstore. If you can't find one, never fear. You can use any large piece of paper and rule it yourself (see Figure 5-1). The left-hand, vertical axis represents money. On it you will chart both your income and your expenses. Mark it in increments of dollars. Start with 0 at the bottom, leaving plenty of room on the upper part of the chart. As outrageous as this may sound at the moment, you should probably allow enough space at the top for your income to double. More than one FIer has sheepishly shown us a chart with extra graph paper taped at the top to account for a level of earnings he or she never thought possible. Set up your scale so that the larger of the two figures (income or expenses) for this month falls about halfway up the scale. The lower horizontal scale represents time in increments of months. Allow five to ten years on this axis. That's enough to see large-scale trends—and maybe enough to see you through to Financial Independence!

FIGURE 5-1
Suggested Size and Layout of Wall Chart



At the end of each month you will plot the figures for your total monthly income and total monthly expenses. It is useful to use one color for your income and another for your expenses. Connect each point with a line to the previous month's entry. You will be creating two different colored lines, one for income and one for expenses.

That's all there is to it. When you do this step the first month, you have a snapshot—a very revealing one—of your habits around money. But the real learning—and the real fun—comes as you plot your figures month by month, year by year. Your Wall Chart will take the two-dimensional world of your Monthly Tabulations and add the dynamic dimension of time. It's like transforming a photo album into a moving picture: the Monthly Tabulations are like snapshots of particular *moments* in your journey toward Financial Independence, but the graph will make vivid your *movement* toward the goal, your progress over time. Your graph will be a "moving picture" in more ways than one. It will show you your motion, and it will also move you—renewing your commitment to keep going.

THE INITIAL PURGE AND SPLURGE CYCLE

In the first month of recording your figures you might confront one of our national foibles. Your income entry may well be lower than your expenses entry. You may have spent more than you earned. (It is, after all, the American way.) Seeing this reality might come as a bit of a shock. Chances are you'll want things to change—and change now. Accustomed to budgets, diets and New Year's resolutions, you swear on a stack of bank statements and credit cards that next month will be better.

This is when people often go on a "wallet fast" with the kind of zeal characteristic of first-time dieters. They scrimp. They save. They deprive themselves and their families, putting everyone on beans, rice and oatmeal rations. They concentrate daily on that expenses line, determined to cut it in half in one short month. Amazingly enough, many do. Entering the expense figure the second month, they proudly note a steep decline.

This kind of austerity, however, isn't sustainable. By the third month expenses often rebound with a vengeance, making up for the second-month deprivation.

Now what? In the old way of thinking, you might be tempted to take up the burden of budgeting again...

or to quit. But take heart. There is a better way, and it works.

***Diane G.**, the computer programmer we met in Chapter 1 who hated her job but couldn't find a way out, had no trouble setting up her Wall Chart. Numbers and tracking were her business. While she had acquired many "trophies" to prove her success—from a pricey sports car to mementos collected on travels to exotic destinations—her Wall Chart looked no different from those of many other American Dreamers. Her expenses were higher than her income.*

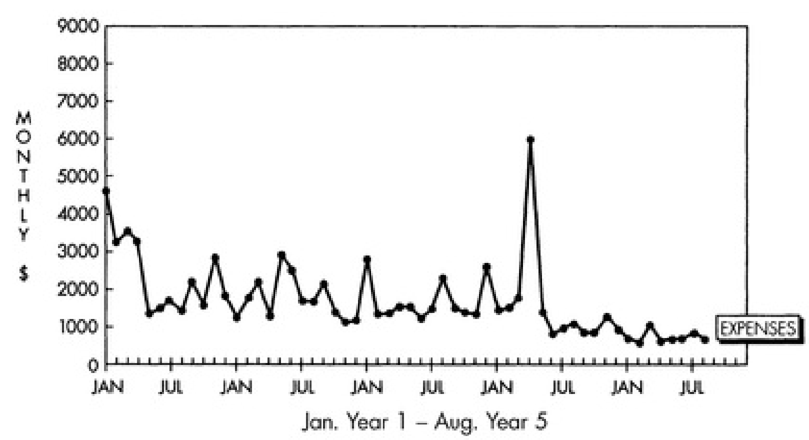
"What I saw truly shocked me. I had no idea I spent more than I earned. But there it was: income $4,400 for that month and expenses $4,770." She felt challenged. If the odds were against spending less than you earn, she wanted to beat the odds. She decided to experiment on ways to lower her expenses. Rather than going out to lunch with her coworkers or even ordering less expensive meals, she chose to eat lunch at work. For a month she bought no new clothes or dinners out—after all, you can take anything for a month. Lo and behold, by month two her expenses had dropped way below her income. She'd proved she could do it.

"I was elated! The next month I paid less attention, returning to my old shopping habits and wiping out much of the financial gain of the previous month. My Wall Chart looked bad.*"*

And she realized that instead of trying to change the chart, she would need to change herself. Yet, through the years, she'd spent thousands of dollars on seminars that were designed to change everything from her self-esteem to her effectiveness on the job, but the change never lasted. So what was different this time? A major component was the Wall Chart. The Wall Chart seemed to be a challenge to the way she was living her whole life. It drew a picture of her spending habits, graphically showing her why there was not enough money at the end of the month. She decided to follow the steps and see where they led. She'd beaten plenty of other odds. She would beat these too. (See Figure 5-2.)

How did this change in spending happen? Diane explains that as she followed the steps of the program and noted her successes, her self-esteem rose. She saw that she could do it—and her dissatisfaction turned into a drive to do the best job she could. This spirit transformed her experience of working—surprising her as much as it surprised her supervisors.

FIGURE 5-2
Elaine's Wall Chart—with Expenses



"Within four months I was debt-free and my expenses were down to $1,640. I had cut my grocery bill from $359 a month to $203 without even trying. Perhaps part of it was that I was happier on my job so I needed fewer treats. My restaurant bill dropped to $77 a month from $232, just by eating out only when I really *wanted to.* I *moved to a house for less rent that was closer to work, so my gas bill was 60 percent lower. My medical costs were also cut in half, most likely for the same reason my food bill went down. I was enjoying my job more and had no need to get sick. None of this felt like deprivation. I wasn't* struggling *to spend less. It didn't even feel like I was* doing *anything in particular. It all happened gradually. At the same time, I* loved *putting my figures on the Wall Chart each month and seeing the changes. What a thrill!"*

The Wall Chart reminds us that transforming our relationship with money takes time and patience. Impatience, denial and greed are actually part of what is being transformed. It takes time to reflect on our lives and see if we still want to go where we're headed. Insight can happen in a minute, but growth happens over time. Reading this book may take only a few days, but transforming your relationship with money will happen over time. Remember the lottery winners. Even if you should win the lottery, your *relationship* with money would not be transformed, and your life would not all of a sudden be filled with more joy or peace of mind. By *observing* your reactions to your Wall Chart instead of getting upset about it, you will be clearing away the attitudes and beliefs that got you where you are today.

There are two keys to making this process work for you:

1. Start.
2. Keep going.

We often hear that the journey of a thousand miles begins with a single step. What we don't hear as often is that you arrive at your destination by hundreds of thousands of additional small steps forward. Keep taking those steps. They are important to the continuing growth of your awareness and strengthening of your integrity—day by day. Eventually you'll begin to experience the magic of this process. Without even trying you'll find your expense line heading down. How?

HOW THE THREE QUESTIONS CAN SAVE YOU MONEY

Remember those three questions in Step 4? You will be finding out the profound effect these questions have on your consciousness about money—and consequently on your Wall Chart.

Automatic Lowering of Expenses

Question 1 is: **"Did I receive fulfillment, satisfaction and value in proportion to life energy spent?"** Asking this question every month about each of your spending categories increases your consciousness about your choices and thus results in an automatic reduction in your total monthly expenses, giving you the pleasure of seeing the expenses line on your chart go down. As we saw in Chapter 4, greater consciousness about which expenditures actually bring us happiness and which do not activates our "survival mechanism." In fact, you are reprogramming yourself. Each of your "–" marks is an affront to your survival instinct, that automatic movement toward pleasure and away from pain. This powerful mechanism becomes an ally as you become aware that some expenditures that you thought brought pleasure, or that you simply incurred out of habit, are actually not fulfilling or pleasurable at all.

Remember our gazingus pins? You will soon know what yours are. Those blinding moments of awareness as you catch yourself about to spend your life energy on yet another gazingus pin will all add up to lower expenses. Let's see how this works.

In the past, when you tried to change your habits and thus increase your experience of satisfaction, you didn't have an accurate overview of your spending patterns. Rather than identifying gazingus-pin buying as a source of dissatisfaction, you continued to think it was the one thing to hang on to. Sometimes you might have tried to give up gazingus pins as a painful penance for your spendthrift ways... only to find yourself once again at the gazingus-pin counter thinking, "Just this once. Just this once." But now you have identified those dead ends and are looking down from above the money maze. You have seen the light: "I am not getting fulfillment, in reality, from this expenditure of life energy." You will feel as if you are waking up from a dream, realizing, with great relief, that it wasn't real. As a matter of fact, that's just what is happening.

This kind of reprogramming is amazingly powerful. It will click in, strongly, next time you are about to robotically buy something. There you are, mechanically reaching out to pick up yet another gazingus pin, and all of a sudden a "red alert" goes off in your brain: "Wait! Do I really want another gazingus pin? *No!* It will just go in my gazingus-pin drawer along with the twenty others. There's five hours of my life in each of those gazingus pins—and I don't even use them." Shrinking back from your gazingus-pin addiction, you cry, "No!" (After a while you'll learn to be cool during this process.) That little moment of awareness makes a big difference. Now that the link between spending money and getting fulfillment is in place, a gazingus pin no longer automatically means satisfaction—quite the opposite. Now you can be in line with yourself—you're neither fighting yourself nor trying to buy happiness and satisfaction. On the contrary, you're now getting fulfillment from other uses of your life energy; you are valuing your life energy and thus yourself. From this perspective, it is easy to change direction.

Ivy U. *had grown up poor, the daughter of Mexican-American parents. There was never enough money, but rather than acknowledge and talk about the pain of poverty, her parents gave her platitudes. "We are blessed," her Catholic father would say, "because only the poor can enter the kingdom of heaven." Religion and poverty and frustration at counting pennies got all tangled up, leaving Ivy confused and resentful. She resolved that when she grew up she'd have enough money so that she'd never have to worry about balancing her checkbook and would be able to buy whatever she wanted.*

Ivy easily identified her "gazingus pin ": it was clothes. In doing her inventory in Step 1 she breezed through her home, satisfied with her simplicity, until she came to her closet. Where did all these clothes come from? Of course, they came from a variety of stores—most of them expensive department stores. But why? Her determination to never again be poor had turned into the need to always be perfectly dressed. She could measure her distance from poverty by the number of daily compliments on her attire.

Yes, as a career professional she did need to look her best. But for Ivy that had been translated into several new outfits every month. If she even wore last month's blouse with this month's new suit she felt shabby.

In doing her Monthly Tabulations she quickly saw that she did not *get fulfillment commensurate with the hours of life energy she put into keeping several department stores in the black. With no struggle, no denial or deprivation, she stopped buying clothes she didn't need. To her amazement, the number of compliments she received per day didn't decrease at all.*

All was well for many months. Then one day, depressed over something, she found herself back at the clothing racks. She was looking for a pair of shorts and had a blinding moment of awakening. "What am I doing here? I don't even need *shorts!" She walked out of the store empty-handed and with a stronger sense of her own power and integrity.*

Gordon M.*, the African-American activist turned financial planner whom we met in Chapter 1, found that his unconscious spending categories were far more devastating than Ivy's "gazingus pin" of clothing. You would have to call them mega-gazingus pins—or simply major spending blind spots. The FI course for him was more like cataract surgery than simply getting a new pair of glasses.*

When he asked himself the questions about fulfillment and alignment, he realized how bored and tired he'd been for the past eight years. He also saw clearly what had gotten him into trouble. First of all, to play the role of financial planner he had assumed he needed an expensive office. But when he looked at the amount of life energy his office was costing him—$2,900 per month—he questioned whether he was really getting value. In fact, he wasn't. He did most of his business on the phone, through the mail or in clients' homes. Nobody ever saw him in his office. So he moved his office to his home. Total current office cost: $750 per month.

The second biggest blind spot for Gordon had been his kids. They lived with their mother, but he provided well for their support. That was no problem. The problem was that he gave his kids extra money every time they asked because he felt guilty about not being with them. He has nine children, so that added up. No matter how much he gave, they always wanted more. Having had his street smarts sharpened by this process of honest evaluation, Gordon recognized that his kids had become addicted, and he was the enabler. He decided to change, and even though the children are now going through a form of withdrawal, Gordon is satisfied with his choice to stop paying guilt money for being an absent father. With a few other minor adjustments, asking the three questions cut 50 percent off Gordon's expenses—and he is a lot happier for it.

Not everyone has the amount of "padding" that Gordon did, but after looking at hundreds of FIers' Wall Charts we can say that those who get past the three-month hump will find their expenses leveling out at about 20 percent less than where they started—*painlessly*. These people report no feelings of deprivation, no struggling to keep to a budget, just a natural decline. Knowing that you are not getting satisfaction proportional to the expenditure of life energy in a given subcategory of spending generates an automatic, self-protective reversal of your spending habits. Over time, you actually find yourself feeling better by *not* spending; *not* buying a gazingus pin now becomes a source of fulfillment because you yourself have determined that gazingus pins don't bring you fulfillment.

Alignment and Personal Integration

There is still more to look forward to as you work with your Wall Chart. Watch that expense line go down as you ask, month in and month out, Question 2: **"Is the expenditure of life energy in this category in alignment with my values and stated life purpose?"**

This is a feedback system for integrity. Your statement of your values and life purpose reflects your highest vision, what you truly want for yourself. Thus you will *want* to act in your day-to-day life in a way consistent with your values and purpose. Unfortunately, however, it is sometimes all too easy to overlook the reality of what you're actually *doing*. It is possible to behave in ways that are not only unsupportive of but contradictory to your highest vision and intention—and to be unaware of what you're doing. Worse yet, sometimes conflicts between whims and higher purpose are resolved by swiftly silencing the voices of conscience. The data on how you spend your life energy provides a nitty-gritty, tangible measure of that integrity, which is an invaluable support in keeping your material life in line with your ideals and goals. When your spending and your goals are in alignment, you have an experience of wholeness and integrity; you feel good about yourself. When they are not aligned—when the answer to the question "Does this expenditure support my values and life purpose?" is a resounding *No!*—then the experience is more likely to be one of disappointment or self-criticism.

The subtle but effective process of reinforcement (spend money on X = feel good, spend money on Y = feel bad) actually works; it serves to break robotic spending patterns. The simple recognition that you're not experiencing alignment from a given spending category acts to realign your responses to the stimuli in that category. You will automatically begin to spend less on those things that don't support your values and life purpose, and you will feel better about yourself, knowing that increasingly you *are* putting your money where your life purpose is, integrating your material life with your inner awareness. This integration is at the heart of Financial Integrity.

As far as she could tell, ***Diane G.*** *didn't have a purpose in life. She just wanted to make it through, seeking pleasure and avoiding pain as best she could. Thinking back on her childhood, she remembered that her only happiness had been wandering off in the woods when her family took trips to the country.*

At the time she started the FI program, she was the only one of her siblings who had "gotten ahead." One was a recluse living on welfare, another had committed suicide and the third lived on the streets. Having a high-paying job, a sports car and a nice house made her look like a winner—to herself and to her family.

The question about aligning her spending with her values shook her complacency. Having always measured herself by externals, Diane started covertly checking out her friends and coworkers. Did they have a higher purpose? One of the people in her office was one of those "save the world" types. Intrigued by someone who didn't measure her net worth by material possessions, Diane cultivated a friendship with her. Soon both of them were attending meetings of a local peace group. The people Diane met there were all questioning how they could better live their values, and what actions they could take in the world to express their sense of purpose.

These meetings became her chief form of entertainment. Instead of expensive workshops or outings to all the latest movies, she attended lectures and participated in phone-a-thons. She found a large park near her home and spent hours on weekends wandering in the woods. And at charting time her expense line kept going down. From a monthly outlay of over $4,500, her cost of living dropped to a steady $900 to $1,200 per month. Looking for her purpose in life turned out to be a key component in the change she was undergoing.

WHAT ABOUT "UNUSUAL MONTHS"?

Yes, there will be "unusual" months, months when your expenses line takes an alarming leap upward.

The insurance payment is due. You have an unexpected repair expense. April comes and goes, with the annual bloodletting known as taxes. How do you handle these? For one thing, you may recognize that *every* month is an unusual month. You learn to take "unusual" expenses in stride and to pay for them with cash instead of hiding them under a blanket of plastic. One month's tax payment is another month's insurance payment is another month's doctor bill. Over time, these "unusual expenses" usually balance out.

Another strategy would be to prorate annual expenses over the whole twelve months. For example, if your auto insurance bill is $830 per year,[1] you might (in addition to questioning whether a car is worth it) choose to divide that by twelve and make it a monthly expense. Ditto with health insurance, income tax payments, property taxes and so on.

There is no right way to do the accounting. You need to choose the way that gives *you* the information you need so that as you glance at your Wall Chart you know where you are and where you're going.

GETTING YOUR FINANCES OUT IN THE OPEN

There's another key to successfully working with your chart. Hang it where you can see it every day. To do you the most good, the chart must be visible so that it can inspire you—often—to stay on track. You will need to hang it up—but where?

Some people start out with their chart "in the closet"—literally. They hang their chart on the inside of their closet door. It keeps their financial affairs private while still providing a reminder every day as they dress for work that they want to be conscious in their handling of money. For those opting for Financial Independence it reinforces the awareness that work is no longer about "another day, another dollar," but rather about drawing one day closer to their goal of freedom from financial fears and fiscal failures. It's a boost, as good as a cup of coffee or a hug.

***Ivy U.**, who never wanted to be poor, met her Prince Charming. And so, as they say in fairy tales, it came to pass that she had a successful life—husband, two sons, her built-to-order dream house with three decks, two patios and furniture selected by an interior designer—and no need to balance her checkbook. Then reality intervened. The fantasies on which she'd built her life weren't strong enough to maintain her marriage—or her sanity. So she said good-bye to her husband, her house, her furniture and her high-stress job, packed a few select possessions into a U-Haul and headed west with her sons.*

*Seven years later, through the FI course, she found a path to even greater freedom. She and her friend **Margaret P.** invited a group of twenty friends to take the course so that they could support one another in following the program. They met every month, sharing insights, successes and roadblocks—and the intimate details of their financial lives.*

When Ivy did her chart she challenged herself to bring it to the group and some of her ancient fears reappeared. Her first thought was, "My parents would think I'm crazy. You don't show people how much you earn and spend. It's—it's—it's not in good taste. It's . . ." What was that reluctance? Why was she afraid of exposing her finances? The reason, she realized, was a fear that it would allow people to judge her, deciding whether she was a person of worth. They could sum her up with a few numbers and discard her if she fell short. With the same resolve that had helped her to leave her marriage, she took her chart to the group. The fear melted, and something inside her relaxed about *money. What she spent was just . . . what she spent. Her income was just her income. She could tell it to someone as easily as she could tell someone the color of her living-room couch. It was no big deal.*

Over time you may find that your feelings about your chart are changing as a reflection of changes in your relationship with money. The chart becomes a representation of how well you are living your values, something that reflects the care you are taking with every decision about your material world. It becomes a source of pride—not arrogance, but that kind of deep satisfaction that comes with integrity. Once this happens, many people find that they feel so good about their progress that they bring their chart out of the closet and hang it on a wall.

Stop a minute and reflect on your own feelings about your current relationship with money. How would you feel about hanging this graphic representation of your financial affairs on your living-room wall, right out where everyone who comes into your house could see it? Would you feel at ease—or uneasy? The degree of your discomfort is a measure of the degree of your financial disease. Don't worry. That uneasiness will disappear as you follow the steps of this program.

FINANCIAL INDEPENDENCE AS A BY-PRODUCT OF DOING THE STEPS

People who put the steps of this program into practice report that the process of transforming their relationship with money becomes both challenging and fascinating. Recording every penny becomes an enjoyable ritual at the checkout counter—and it also sparks some interesting discussions with curious onlookers who want to know what you're up to. Monthly Tabulation time is a highlight. Asking the three questions provides a quick yet penetrating check-in with your values and life purpose. Entering income and expenses on the Wall Chart becomes a time to reflect on the truth of your consciousness around money. After a few months or a year of following these steps you will begin to notice a very satisfying by-product of the process: as you consistently earn more than you spend, you eventually get out of debt and accumulate savings.

Does some of this seem impossible, considering your particular financial situation? It's not the conditions of your life but how you interact with them that will allow you to move forward. Followers of this program include people who were deeply in debt and out of work, who didn't have a college education and had huge gaps in their résumés, who had families to support and who lived in depressed parts of the country. They didn't have "the wind at their backs." They just made skillful use of the winds they encountered and sailed with them.

In the strictest sense, Financial Independence, as we have defined it, means having an income sufficient for your basic needs and comforts from a source other than paid employment. But there are other aspects of FI, such as getting out of debt and accumulating savings.

Financial Independence Is Getting Out of Debt

For many people, getting out of debt is a tremendous milestone, very much an accomplishment of Financial Independence. Often they don't even realize what a burden debt is until it disappears.

What about you? Are you in debt? Do you know how much you owe and to whom? Do you know how much it's costing you to be in debt? Or do you just make payments on your mortgage, your car(s) and your credit cards till death do you part?

We once heard an advocate for the homeless say that most Americans are two paychecks away from homelessness. That seemed excessive, almost beyond belief. Yet when we talked with other professionals who have their fingers on the pulse of consumer debt, some have said that two paychecks is a conservative estimate. One paycheck or one major illness would be enough to send many people over the edge.

One young participant in a Debtors Anonymous group said she'd accumulated $45,000 of debt before she was thirty. She'd been in a fast-track career, and her income had attracted the attention of the credit card sharks. When American Express sent her a Gold Card, she figured she'd arrived. If *they* thought she was so creditworthy, then she must be! Head held high, shoulders square, she marched to the best furniture store in town and bought everything she wanted—never realizing that she would pay interest on her purchases.

People who see debt as endless and just pay down as little as possible are, in effect, lowering their income. They don't see that using a high-interest credit card to buy a new stereo to celebrate a raise can wipe out the gain in salary—and then some. A car financed via a multi-year loan will ultimately cost considerably more than the original sticker price. A house with a thirty-year mortgage will cost—depending on the interest rate—two or even three times the purchase price by the time the final payment is made.

Debtors Anonymous says we go into debt to avoid feelings, especially feelings of deprivation. Like other addictions, debt allows us to deny pain, sorrow, loss, anger, loneliness and despair. Is your tendency to use your credit card simply a habit, or is it an addiction?

Dave Ramsey, a popular money advisor, says, "If you use credit cards instead of cash, you will spend 12 to 18 percent more."[2] The rise of easy credit makes it far easier to opt for instant gratification. We are no longer limited to what we can afford based on what we have already earned. Debt has become the American Way, making it hard to see that it is debt that ties us to our jobs. It's debt that keeps us with our noses to the grindstone, making a dying to pay off pleasures we've long forgotten and luxuries we scarcely have time to enjoy.

Sally M. *used to subtitle her life "Bombs by Day—Peace by Night." She worked for money as a graphic designer for a high-tech company with major defense contracts and worked for love on a variety of church-sponsored service projects. Thanks to her $26,000 debt, there seemed to be no alternative. And because she had been told repeatedly that there was no other way, her conscience had stopped bothering her.*

The FI program provided a merciless mirror—but it freed her. On her chart she placed a small sign that said, "On my way to debt-free." Below it she put a series of Velcro patches with numbers and kept track of the exact amount she owed. "It was as if I were melting a candle or losing a hundred pounds," she told us. Without a raise and without any feeling of deprivation, she was debt-free in two years.

When she looked for what was really fulfilling in her life, she saw that her greatest joy came from short-term work trips she'd participated in, helping with construction jobs in places like Costa Rica and Kenya. Upon returning from her first trip to Kenya, she had become extremely depressed. Yes, she'd helped build an addition to a rural hospital in a remote mountain village, but now what? She was still rich, while they were poor. So she started collecting medical supplies that would otherwise be discarded and packed them off to Kenya with safari-bound tourists.

By the time she was debt-free Sally knew just what her next step would be. She had discovered that people in Kenya were dying from untreated tooth abscesses. She quit her job, rented out her town *house, leased her car and left for Kenya for a year to help establish a dental clinic. With no debts and with the rent on her house and car providing all the cash she needed to live in rural Kenya, Sally was financially liberated. Being debt-free, she now had a choice—and she chose to follow her heart.*

Getting out of debt, then, is one form of Financial Independence. Retiring your debt returns to you the freedom to choose. Whatever the economic climate, being able to say, “I don’t owe anything to anyone” is a statement of sanity, dignity and freedom.

Once you’re out of debt you have choice. You might choose, as Sally did, to follow your heart to distant lands or different pursuits. Then again, you might continue to enjoy the process of transforming your relationship with money right where you are. As you continue to spend less than you earn (while savoring life to the fullest), an ever-larger gap will develop on your Wall Chart between your income line and your expenses line. This gap has a name, one that has fallen into disuse in recent years. It’s called *savings* (see Figure 5-3). Savings are another form of Financial Independence.

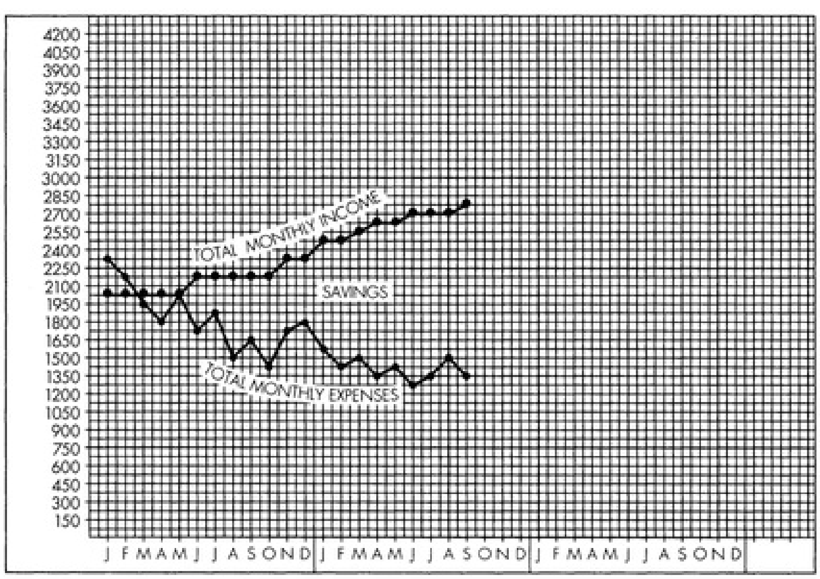
Financial Independence Is Money in the Bank

How much are you saving now? What would your life be like if you had money to cover a year’s worth of expenses in some form of easily accessible savings?

Financial advisors often warn that it is human nature to spend more when using credit cards—12 to 18 percent according to Ramsey and up to 20 percent more by other estimates. Interestingly enough, people who follow the Debtors Anonymous program also find that they spend about 20 percent less than before. Consider, too, the advice of popular financial adviser Jane Bryant Quinn. In promoting the strategy called “pay yourself first” (set aside savings before paying the bills and stocking your wallet), she observed that it wasn’t until she herself hit a 20 percent savings rate that she even began to feel the pinch. Which means almost 20 percent of her money had been running through her fingers without giving her any appreciable pleasure.

FIGURE 5-3

Wall Chart with Expenses, Income, and Savings



The capacity for saving is truly within your grasp. It *will* happen as you follow the steps.

So what does this mean for you?

With savings, unemployment is not a tragedy. If you lose your paycheck but have savings you need not lose any of your possessions. What's more, you may see the opportunity to explore options you were too busy or too tired to consider before. You could pack up the family in a camper and travel around the country. You could strap on a backpack and tour the world. You could read. You could do every household project on your list. You could learn a new trade. You could explore your creative side, painting pictures or making music for the sheer pleasure of it. You could spend the whole year in a systematic job search for the work that suits you to a T. You could get your GED, B.A. or M.A. and qualify for a whole new level in your chosen field of work. You could volunteer full-time for a cause you care about and maybe even be asked to stay on as paid staff. You could get reacquainted with your family.

Try this: ask yourself how you would spend your time if you could take a year off with pay. Don't be surprised if you find your mind a total blank; complete identification with your job may have temporarily suppressed your true dreams and desires. But stay with the question and discover the possibilities of what you would choose to do if you had enough savings that you didn't need paid employment for one year.

How do you feel about having savings? What are your thoughts about it—for or against? Does having savings compromise your self-image? Does it represent the passage of your youth or capitulation to your parents? Are you a spendthrift who thinks that the term "disposable income" means that it's your right to spend every last penny in your pocket? Does saving seem like an impossible dream, given your current financial status? What about your religious or political convictions about saving money? Should you be tithing your excess money to the church, giving it to the poor or donating it to a cause? The point here is not necessarily to change your savings habits but to get in touch with your predisposition about savings so that you'll be able to manage, with ease and integrity, the increase in savings that comes as a by-product of doing these steps.

Savings, then, are a form of Financial Independence. Savings can give you new courage at your job and new energy to explore the neglected parts of your life. Savings pave over the lean times in freelance or seasonal work. Savings relax any unconscious fear of becoming a street person. Savings keep you from making bad choices out of desperation.

Saving money is like building a dam on a river. The water that builds up behind the dam has an increasing amount of potential energy. Allow your life energy (money) to accumulate in a bank account, and you will be ready to power anything from painting your house to reorienting your life.

ALL THIS FROM A GRAPH?

There is nothing magical about the Wall Chart. You can enter your numbers at the beginning of the month and ignore it the rest of the month, and nothing will happen. But if you interact with it, keep it in plain sight, listen to what it's telling you and *keep going*, you will notice changes *over time*. Part of Financial Intelligence is the continuing awareness of your earning, spending and saving patterns over time.

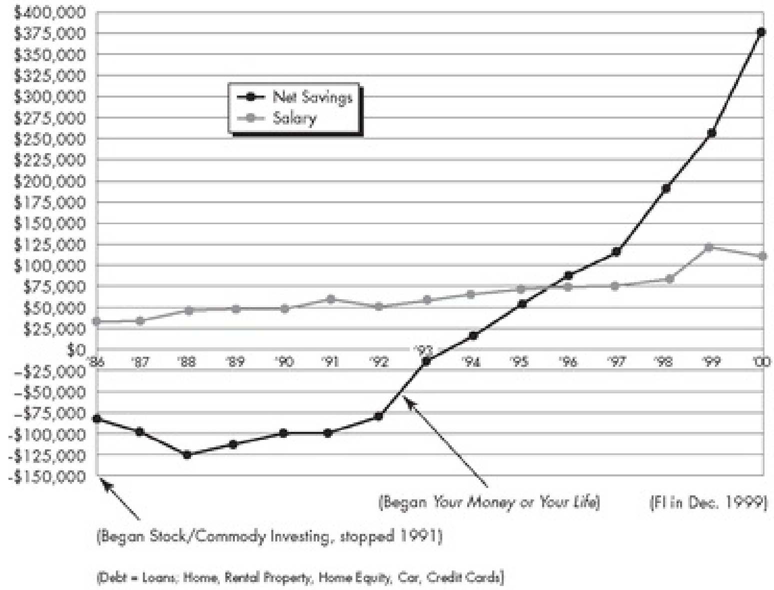
- ◆It is a constant *reminder* of your commitment to transform your relationship with money. It counters the "out of sight, out of mind" syndrome. It keeps you aware of your intention to change your unconscious spending habits.

- ◆It is a *feedback system,* showing you at a glance, clearly and graphically, your current status and your progress toward your goal. You don't have to haul out your piggybank or your Monthly Tabulations to see how you're doing. The two lines on your graph are either going up or going down.
- ◆It can be an *inspiration,* an experience of satisfaction with the progress you're making that spurs you to even greater heights. When you are convinced that the process isn't working, your Wall Chart will remind you that it is.
- ◆It can be a *motivation,* a prod to keep you on track when discouragement creeps in or your energy flags. When temptation strikes, the thought of facing your Wall Chart at the end of the month might help you make a healthier choice.
- ◆It puts your *integrity* on the line—visibly. It is hard (or at least harder) to lie to yourself about your progress in the presence of your Wall Chart.
- ◆It is a continuing *suggestion* that you honor your life energy. Your income represents many hours of your precious tenure on this beautiful earth, and your expenses represent ways you've chosen to use those valuable hours. The Wall Chart reminds you to steward this resource of time as well as possible.
- ◆Finally, it enlists continuing *support*. By having it on the wall where others can see it, you're inviting interest and participation. It helps to have your friends and relatives cheering on the sidelines.

FINAL INSPIRATION FROM MIKE AND LINDA LENICH

When Mike and Linda Lenich started the 9-step program in July 1992 they were $52,000 in debt (car loan and mortgage). By July 1993, simply by following the steps, including the supercharged motivation that came from their Wall Chart, they were debt-free. But this isn't the total story. If you look at their chart you'll see they traced their debt back to 1986, when it was at $75,000+. That was when they were following a "surefire-make-a-million-beat-the-market" stock and commodities scheme that plunged them for a while in up to $125,000 of debt. Part of Mike's love of Your Money or Your Life *was that this program worked because they became aware, committed and conscious. He never again wanted to experience the gut-wrenching, face-blanching panic that struck when the surefire scheme precipitously failed.*

FIGURE 5-4
Leniches' Savings and Salary Chart



CHECKLIST OF SUPPLIES

◆Graph paper—approximately 18-by-22 inches with 10 squares to the centimeter, or 24-by-36 inches with 10 squares to the inch
◆Pens—black, plus two other colors

SUMMARY OF STEP 5

Make and keep up-to-date a chart of your total monthly income and your total monthly expenses.

6

THE AMERICAN DREAM—ON A SHOESTRING

It is both sad and telling that there is no word in the English language for living at the peak of the Fulfillment Curve, always having plenty but never being burdened with excess. The word would need to evoke the careful stewarding of tangible resources (time, money, material possessions) coupled with the joyful expansion of spiritual resources (creativity, intelligence, love). Unfortunately, you can't say, "I'm enoughing" or "I'm choosing a life of enoughness," to explain the mixture of affluence and thrift that comes from following the steps of this program. The word "frugality" used to serve that function, but by the middle of the twentieth century frugality had gotten a bad reputation.

How did frugality lose favor among Americans? It is, after all, a perennial ideal and a cornerstone of the American character. Both Socrates and Plato praised the "golden mean." Both the Old Testament ("Give me neither poverty nor wealth, but only enough") and the teachings of Jesus ("Ye cannot serve both God and money") extol the value of material simplicity in enriching the life of the spirit. In American history well-known individuals (Benjamin Franklin, Henry David Thoreau, Ralph Waldo Emerson, Robert Frost) as well as groups (Amish, Quakers, Hutterites, Mennonites) have carried forward the virtue of thrift—both out of respect for the earth and out of a thirst for a touch of heaven. And the challenges of building our nation required frugality of most of our citizens. Indeed, the wealth we enjoy today is the result of centuries of frugality. As we said earlier, the "more is better" consumer culture is a Johnny-come-lately on the American scene. Our bedrock is frugality, and it's high time we made friends again with the word—and the practice.

Let's explore this word "frugality" to see if we can't redeem it as the key to fulfillment.

THE PLEASURES OF FRUGALITY

We looked up "frugal" in a Merriam-Webster dictionary and found "characterized by or reflecting economy in the expenditure of resources." That sounds about right—a serviceable, practical and fairly colorless word. None of the elegance or grace of the "enoughness" that FIers experience. But when we dig deeper, the dictionary tells us that "frugal" shares a Latin root with *frug* (meaning virtue), *frux* (meaning fruit or value) and *frui* (meaning to enjoy or have the use of). Now we're talking ! Frugality is **enjoying** the **virtue** of getting good **value** for every minute of your life energy and from everything you **have the use of.**

That's very interesting. In fact, it's more than interesting. It's transforming. Frugality means we are to enjoy what we have. If you have ten dresses but still feel you have nothing to wear, you are probably a spendthrift. But if you have ten dresses and have enjoyed wearing all of them for years, you are frugal. Waste lies not in the number of possessions but in the failure to enjoy them. Your success at being frugal is measured not by your penny-pinching but by your degree of enjoyment of the material world.

Enjoyment of the material world? Isn't that hedonism? While both have to do with enjoying what you have, frugality and hedonism are opposite responses to the material world. Hedonism revels in the pleasures of the senses and implies excessive consumption of the material world and a continual search for more. Frugal people, however, get value from everything—a dandelion or a bouquet of roses, a single strawberry or a gourmet meal. A hedonist might consume the juice of five oranges as a prelude to a pancake breakfast. A frugal person, on the other hand, might relish eating a single orange, enjoying the color and texture of the whole fruit, the smell and the light spray that comes as you begin to peel it, the translucence of each section, the flood of flavor that pours out as a section bursts over the tongue . . . and the thrift of saving the peels for baking.

To be frugal means to have a high joy-to-stuff ratio. If you get one unit of joy for each material possession, that's frugal. But if you need ten possessions to even begin registering on the joy meter, you're missing the point of being alive.

There's a word in Spanish that encompasses all this: *aprovechar*. It means to use something wisely—be it a sunny day at the beach or leftovers made into a delicious new meal. It's getting full value from life, enjoying all the good that each moment and each thing has to offer. You can "*aprovecha*" a simple meal, a bowl of ripe strawberries or a cruise in the Bahamas. There's nothing miserly about *aprovechar;* it's a succulent word, full of sunlight and flavor. If only "frugal" were so sweet.

The "more is better and it's never enough" mentality in North America fails the frugality test not solely because of the excess, but because of the lack of enjoyment of what we already have. Indeed, North Americans have been called materialists, but that's a misnomer. All too often it's not material things we enjoy as much as what these things symbolize: conquest, status, success, achievement, a sense of worth and even favor in the eyes of the Creator. Once we've acquired the dream house, the status car or the perfect mate, we rarely stop to enjoy them thoroughly. Instead, we're off and running after the next coveted acquisition.

Another lesson we can derive from the dictionary definition of "frugal" is the recognition that we don't need to possess a thing to enjoy it—we merely need to *use* it. If we are enjoying an item, *whether or not we own it,* we're being frugal. For many of life's pleasures it may be far better to "use" something than to "possess" it (and pay in time and energy for the upkeep). So often we have been like feudal lords, gathering as many possessions as possible from far and wide and bringing them inside the walls of our castle. If we want something (or wanted it in the past, or imagine we might want it in the future), we think we must bring it inside the boundaries of the world called "mine." What we fail to recognize is that what is outside the walls of "mine" doesn't belong to the enemy; it belongs to "the rest of us." And if what lies outside our walls is not "them" but "us," we can afford to loosen our grip a bit on our possessions. We can gingerly open the doors of our fortress and allow goods (material and spiritual) to flow into and out of our boundaries.

In addition to the good feeling you get when you give from your bounty to others (and others give to you), you get community through the many daily exchanges of time, helping out, gifting and even offering a listening ear—and community is the real treasure. As part of a community you can relax into belonging and getting a helping hand when you need it. Frugality isn't being a lone and lonely ranger, perfect in your self-reliance. It's discovering that you have more to give and more to enjoy than mere material possessions.

Frugality, then, is also learning to share, to see the world as "ours" rather than as "theirs" and "mine." And, while not explicit in the word, being frugal and being happy with having enough means that more will be available for others. Learning to share the resources of the earth equitably, especially as it becomes more and more evident that there actually isn't enough to support us all at the U.S. level of comforts, is at the top of the global agenda. Some creative frugality in North America could go a long way toward promoting that balance.

Frugality *is* the balance we seek. Frugality is the Greek notion of the golden mean. Frugality is being efficient in harvesting happiness from the world you live in. Frugality is right-use (which sounds, appropriately, like "righteous")—the wise stewarding of money, time, energy, space and possessions. Goldilocks expressed it well when she declared the porridge "not too hot, not too cold, but just right." Frugality is something like that—not too much, not too little, but just right. Nothing is wasted. Or left unused. It's a clean machine. Sleek. Perfect. Simple yet elegant. It's that magic word—enough. The peak of the Fulfillment Curve. The jumping-off point for a life of being fulfilled, learning and contributing to the welfare of the planet.

Keep this in mind as we explore ways to save money. We aren't talking about being cheap, making do or being a skinflint or a tightwad. We're talking about creative frugality, a way of life in which you get the maximum fulfillment for each unit of life energy spent.

In fact, now that you know that money is your life energy, it seems foolish to consider wasting it on stuff you don't enjoy and never use. Recalling the arithmetic we did in Chapter 2, you'll remember that if you are forty years old, actuarial tables indicate that you have just 349,763 hours of life energy in your bank. That may seem like a lot now, but those hours will feel very precious at the end of your life. Spend them well now and you won't have regrets later.

In the end, this creative frugality is an expression of self-esteem. It honors the life energy you invest in your material possessions. Saving those minutes and hours of life energy through careful consuming is the ultimate in self-respect.

Step 6: Valuing Your Life Energy—Minimizing Spending

This step is about the intelligent use of your life energy (money) and the conscious lowering or eliminating of expenses.

Long ago (and even now for those in poverty), the vast majority of humans were economically conservative—they knew how to get the most from their environment for the least effort. The life-energy cost of every item was clear when we humans worked our muscles to get our food. There was a consequence to excess: you got hungry and tired, and time by the fire with friends looked pretty good.

The Industrial Revolution changed that. Machines used their muscles while we used our lives to make the money to get the machines to do our work, until we rediscovered frugality—either by choice or necessity. And now, with the advent of the Internet (yes, dear reader, the authors were born, raised and became frugal BC—Before Computers) the frugal life has gotten both easier and harder. Sites for consumer research tools and frugality tips are now so numerous that saving money on everything is two clicks away. There are Web sites that cruise other Web sites to find the best price online for the item you want. There are product-evaluation sites where real people tell you their real experiences with products. There are online user groups for every hobby and interest, with "know-it-alls" seemingly at the ready day and night to help you choose products—and help you make them work once you get them home. Neighborly advice has gone global. Indeed, the advice we give in this chapter is now readily available online: just type "frugality" into a search engine and up pops the top fifty frugality bloggers and the top frugality Web sites.

At the same time, however, the Web has made the frugal life harder because the global marketplace is also just two clicks away. Sign up for a free e-mail account and somehow the provider can follow the bread-crumb trail of Web sites you've viewed and put a string of tantalizing offers to the right of your in-box. Sites with no advertising now look a bit plain Jane and dreary. There's one-click shopping where online sellers store all your data and if your finger twitches you've authorized a sale. Auction sites don't say, "You've just parted with 100 hard-earned dollars." Instead, they tell you "You've won!" You don't have to leave your house to do impulse shopping. "Buyer beware" might now mean, "Buyer, beware of the army of marketing experts who've studied people just like you and know how to get you to click your way into six-digit debt."

Because the Web is an emergent phenomenon (it's growing exponentially and innovating daily) and because it both helps and hinders frugality, we are leaving it to others to keep you current on how to work the online system to your advantage. The purpose of this chapter is to provide you with an over-arching perspective on how to save money, which we hope will spark your own creative ideas. We intend to provide you with time-tested wisdom (rather than the "hottest" tips) for living well within your means.

There are classic ways to be frugal, to maximize value and minimize cost, and what follows are tried and true suggestions. They reflect the authors' lifestyles and choices, and those of many FIers as well. Since we're focusing on classic, not pop, wisdom, we have included information from two of the most successful frugality proponents of the 1990s—Amy and Jim Dacyczyn. Their newsletter, *The Tightwad Gazette*, was eventually compiled into several books of their best tips, and they remain real bibles of frugality to this day.

One change from when we (and the Dacyczyns) wrote our books, is the rise of green consumption. Today, "green" products are everywhere. In general, though, don't use "green consumption" as another shopping opportunity—rushing to replace perfectly functional items with greener versions. There is often a higher environmental cost in manufacturing a new "green" item than using up an old conventional one. And old appliances were often designed for decades of use, while newer ones—by admission of salesmen—can fail in five years. Do, however, consider our expanding knowledge about global warming and resource depletion as part of your "does this align with my values?" inquiry. And if energy costs skyrocket you will find adaptations that have nothing to do with the "Do I buy a new one?" dilemma. Instead you might be asking, "Do I need this at all?"

Frugality, by focusing on "enough" rather than "more," can actually be one of the truest ways to be green. The amount of stuff you buy is strongly correlated with your impact on nature, since less overall spending generally means fewer products purchased—or purchased new—which means fewer environmental costs.

Also community solutions—sharing resources and everyday objects among friends and neighbors—made a lot of sense to us when we wrote the first edition—but not to others. Back then, sharing resources seemed marginal to people with the financial means to afford the luxury of having one of everything in their homes. Now, with rising energy and food costs, sharing is moving from marginal to mainstream. A simple and obvious example is public transportation. When fuel costs skyrocketed in 2008 so did ridership on commuter lines. *The Christian Science Monitor* reported on July 18, 2008, that:

> . . . passenger numbers climbed 5.7 percent nationwide during the first quarter compared with a year ago. Ridership jumped 27 percent in Seattle, 17 percent in Harrisburg, Pa., and 10.4 percent in Philadelphia. During the same period, Americans drove 2.3 percent fewer miles, according to the Federal Highway Administration. Last year marked the first such dip since the agency started recording the figure in 1982.[1]

Wikipedia, an online open-source encyclopedia, is another example of how sharing is the new hip way to get things done—in this case sharing knowledge. Other Internet sharing tools—like Flickr and YouTube—have quickly become "just the way we do things." The ethic of sharing is so prevalent on the Web and with the under-forty crowd that it's harder and harder to enforce intellectual property rights and software patents and even privacy. It's not quite holding hands and singing Kumbaya, but sharing (at least in the world of the Web) is becoming the way of the world.

Finally, we'll point out that some frugal choices are healthy choices. For example, a vegetarian diet eliminates heart-clogging animal fats while reducing costs (meat is far more expensive than vegetables or rice and beans). Riding a bicycle saves money three times—once on gas, once on gym fees and once on doctor bills.[2]

Consider the suggestions that follow, not as a blueprint for the single *right* way, but rather as a menu of options. Explore the ones that intrigue or inspire you and leave the rest. There's something for everyone here—but not everything will be for you. At the end of the day, frugality is about having a healthy relationship with yourself and your possessions. It's about your own inquiry as you shop, your "cash register consciousness," about what a product means to you and if there might be another way—a way that feels better and costs less—to meet the need that product represents. Frugality is about enjoyment, not penny-pinching ! Happy saving—or should we say happy frugaling . . .

ONE SURE WAY TO SAVE MONEY

Stop Trying to Impress Other People

Other people are probably so busy trying to impress you that they will, at best, not notice your efforts. At worst, they will resent you for one-upping them.

When Thorstein Veblen published *The Theory of the Leisure Class* in 1899, it didn't make a big splash. But the term he coined, "conspicuous consumption," has made it into the heart of our culture. In the foreword to Veblen's book, social commentator and writer Stuart Chase summarized his thesis this way:

> People above the line of base subsistence, in this age and all earlier ages, do not use the surplus, which society has given them, primarily for useful purposes. They do not seek to expand their own lives, to live more wisely, intelligently, understandingly, but to impress other people with the fact that they have a surplus . . . spending money, time and effort quite uselessly in the pleasurable business of inflating the ego.[3]

But just because conspicuous consumption is a cross-cultural and evolutionary aberration of the human species doesn't mean that *you* have to fall prey to it. If you stop trying to impress other people you will save thousands, perhaps millions, of dollars. (And think how impressed people will be with how much you've saved!)

TEN SURE WAYS TO SAVE MONEY

1. Don't Go Shopping

If you don't go shopping, you won't spend money. Of course, if you really need something from the store, go and buy it. But don't just go shopping. About 53 percent of groceries and 47 percent of hardware-store purchases are “spur of the moment.”[4] Indeed, shopping—at malls and online—is one of our favorite national pastimes. More than the simple act of acquiring needed goods and services, shopping attempts to fill (but obviously fails, since we have to shop so often) myriad needs: for socializing and time structuring, for a reward after a job well done, for an antidepressant, for esteem-boosting, self-assertion, status and nurturing. An alien anthropologist might conclude that the mall is our place of worship, and shopping the central ritual of communion with our deity. Lewis Lapham observes, “We express our longing for the ineffable in the wolfishness of our appetite.... The feasts of consumption thus become rituals of communion.”[5] Consumption seems to be our favorite high, our nationally sanctioned addiction, the all-American form of substance abuse.

So don’t go shopping. And while you’re at it, stay away from advertising that whets your appetite for stuff you don’t want. And for pity’s sake don’t tune in to the Home Shopping Network, and the like. You may be saving more than money. You may be saving your sanity, not to speak of your soul.

2. Live Within Your Means

This notion is so outmoded that some readers might not even know what it signifies. To live within your means is to buy only what you can prudently afford, to avoid debt unless you have an assurance that you will be able to pay it promptly and always to have something put away for a rainy day. It was quite a fashionable way to live a couple of short generations ago, before we started living beyond our means. There are two sides to the coin of living beyond your means. The shiny side is that you can have everything you want right now. The tarnished side is that you will pay for it with your life. Buying on credit, from cars to houses to vacations, often results in paying three times the purchase price. Is going to Hawaii for two weeks this year worth working perhaps four additional months next year to pay it off? This doesn’t mean you have to cut up all your credit cards—you just have to avoid using them as much as possible. We recognize that credit cards can be a way to put food on the table for those who unexpectedly hit hard times. But in general, it’s important to distinguish between necessity and indulgence so you have as little debt as possible to pay off.

Living within your means suggests that you wait until you have the money before you buy something. This gives you the benefit of avoiding interest charges. It also gives you a waiting period during which you may well discover that you don’t want some of those things after all. He who hesitates saves money. The bright side of living within your means is that you will use and enjoy what you have and harvest a full measure of fulfillment from it, whether it’s your old car, your old coat or your old house. It also means that you can weather the economic bad times when they come—which they will.

3. Take Care of What You Have

There is one thing we all have that we want to last a long time: our bodies. Simple attention to the proven preventive practices will save you lots of money. Flossing and brushing your teeth, for example, could save thousands in dental bills. And eating what you know agrees with your body (judging by your energy, not by your taste buds) may save you thousands in expensive procedures—not to mention your life.

Extend this principle to all your possessions. Regular oil changes are known to extend the life of your car. Cleaning your tools extends their life. (How many hair dryers and vacuum cleaners have choked to death on hair balls?) Dusting your refrigerator coils saves energy and could save your refrigerator. One big difference between living beings and machines is that machines are not self-healing. If you ignore a headache it will probably go away. If you ignore a funny noise in your engine you could throw a rod, burn out a water pump or otherwise incur major (and costly) damage.

Many of us have lived with excess for so many years that it no longer occurs to us to maintain what we have. "There's always more where that came from," we tell ourselves. But more costs money. And more may not, in the long run, be available.

4. Wear It Out

What's the last item you actually wore out? If it weren't for the fashion industry (and boredom) we could all enjoy the same basic wardrobe for many years. Survey your possessions. Are you simply upgrading or duplicating last year's electronic equipment, furniture, kitchenware, carpeting and linens, or are you truly wearing them out? Think how much money you would save if you simply decided to use things even 20 percent longer. If you usually replace your towels every two years, try replacing them every two and a half years. If you trade in your car every three years, try extending that to four. If you buy a new coat every other winter, see whether every third winter would do just as well. And when you're about to buy something, ask yourself, "Do I already have one of these that is in perfectly usable condition?"

Another way to save money is to ask, before trashing something, whether there might be another way to use part or all of it. Old letters and e-mails become scrap paper. Old dishcloths become cleaning rags. Old magazines become art materials. Old grocery bags become . . . grocery bags again, or garbage bags.

A word of caution to the already frugal. Using something until you wear it out does not mean using it until it wears you out. If you must continually fiddle with a lamp to make it work and you've already tried repairing it, it may not be worth your life energy to coax it along for another year. If your car is taking you for a ride, costing more hours in tinkering (or more money in repairs) than it's giving you in service, buy a newer one. If your knee joints are suffering from running shoes that have lost their bounce, it would be cheaper to buy a new pair (on sale) than to have knee surgery.

5. Do It Yourself

Can you change the oil in your car? Fix a plumbing leak? Do your taxes? Make your own gifts? Change the tire on your bicycle? Bake a cake from scratch? Build a bookshelf? Refinish furniture? Plant a garden? Hem a pair of pants? Cut your family's hair? Form your own nonprofit corporation? It used to be that we learned basic life skills from our parents in the process of growing up. Then the Industrial Revolution put our parents in factories and, after the passing of child labor and mandatory public education laws, put us in schools. Next our grandparents were put in rest homes, removing the people who traditionally taught life skills to the children while the parents worked. Eventually home economics and shop classes had to be incorporated in the curriculum as supplements to the ever-decreasing skill-nourishment we got at home. By the 1970s it was no longer fashionable for mothers to stay at home with their children. By the 1980s many couples assumed it wasn't even possible, economically, for either parent to stay home with their children. Is it any wonder that the only way we know how to take care of ourselves in the twenty-first century is to be consumers of goods and services provided by others? To reverse that trend, just ask yourself, when you're about to hire an expert: "Can I do this myself? What would it take to learn how? Would it be a useful skill to know?" In the context of a fast-paced, high-tech life a "do-it-yourself" orientation might seem quaint, but most humans, throughout history and on the planet today, are far more able than most of us to make and provide for themselves what they need for daily living—and many experts think that we'll be thrown back on our own resources increasingly in the coming decades.

Years ago, when ***Suzie T.*** *was young and lived in Fiji with her doctor husband for several months, she was embarrassed by how the native Fijiians seemed to revere them. She tried to diminish their respect to an appropriate level, but they would have none of it. Then she discovered that since they made—and could repair—every single thing they depended on to live, they assumed that Suzie and Bill made their transistor radio, watch and typewriter. They were unable to understand that no, these were made by others and Suzie had no idea how.*

Basic living and survival skills can be learned through Web sites, adult education classes, extension agents and, last but not least, books. Every breakdown can be used as an opportunity for learning and empowerment. What you can't do, or choose not to do, you can hire others to do and tag along for the ride. Every bit of your energy invested in solving these breakdowns not only teaches you something you need to know for the next time but helps prevent mistakes and reduces the bill.

One FIer tells the story of how her heating system failed one winter. Three companies sent out repair people to assess the problem and make a bid. Each one told her with absolute certainty what the problem was. Unfortunately, each told her a different story. So she cracked the books, meditated on the Rube Goldberg maze of pipes, came to an educated guess and chose the company that came closest to her analysis, thus saving herself hundreds of dollars of unnecessary and possibly destructive work. By staying with the repairman and observing his work she also was able to avert a few more expensive mistakes and to save (expensive) time by doing some of the simpler tasks. A typical working couple might have paid ten times what she did to have the job done and then felt fortunate to have two paychecks "since the cost of living in the modern world is so high."

6. Anticipate Your Needs

Forethought in purchasing can bring tremendous savings. With enough lead time you will inevitably see the items you need go on sale by the time you need them—at 20 to 50 percent under the usual price. Keep current on Web discounts and catalogs and sale flyers of national and local catalog merchandisers. Read the sale ads in the Sunday paper. If you have access to the Internet, type "discount merchandise" or "price comparison" into your Web browser and find the current metasites that allow you to comparison shop. Online auctions allow you to see the prices discounters and warehouses might be offering. Watch for seasonal bargains such as January and August "white sales," holiday sales (such as Memorial Day and Labor Day), year-end clearance sales and back-to-school sales—but be sure these are really sales.

By simply observing the poor condition of your car's left rear tire while it still has some life left, you can anticipate a need. By simply being aware of this need you will naturally notice the phenomenal tire sale that will appear in the sports section of your Sunday newspaper three weeks from now—and you'll *know* it's a phenomenal sale because you have been watching prices.

In the shorter term, shopping at the corner convenience store can be expensive. Anticipating your needs—that you'll be wanting evening snacks, that you'll run out of milk mid-week or that you'll need paper for your printer—can eliminate running out to the corner store to pick up these items. Instead you can purchase them during your supermarket shopping or on a run to the office supply store. This can result in significant savings.

Anticipating your needs also eliminates one of the biggest threats to your frugality—impulse buying. If you haven't anticipated needing something when you leave your house at 3:05, chances are you don't need it at 3:10 when you're standing at the gazingus-pin counter at the corner store. We're not saying you should buy only things that are on your premeditated shopping list (although that isn't such a bad idea for compulsive shoppers); we are saying that you must be scrupulously honest when you're out and about. Saying, "I anticipate needing this," as you're drooling over a left-handed veeblefitzer or cashmere sweater is not the same as having *already* anticipated needing one and recognizing that this particular one is a bargain. Remember the corollary to Parkinson's Law ("The work expands to fit the time allowed for its completion"): "Needs expand to encompass whatever you want to buy on impulse."

7. Research Value, Quality, Durability, Multiple Use and Price

Research your purchases. The print and online editions of *Consumer Reports* and other Web sites and publications give excellent evaluations and comparisons of almost everything you might buy—and they can be fun just to read. Decide what features are most important to you. Don't just be a bargain junkie and automatically buy the cheapest item available. Durability might be critical for something you plan to use daily for twenty years. One obvious way of saving money is to spend less on each item you buy, but it's equally true that spending $40 on a tool that lasts ten years instead of buying a $30 one that will need to be replaced in five years will save you $20 in the long run. Multiple use is also a factor. Buying one item for $10 that will serve the purpose of four different $5 items will net you a savings of $10. One heavy-duty kitchen pot can (and perhaps should) replace half a dozen specialty appliances like a rice cooker, a crockpot, a Dutch oven, a deep-fat fryer, a paella pan and a spaghetti cooker. So, if you really expect to be using an item, buying for durability and for multiple purposes can be a good savings technique. But if you'll be using the item only occasionally you may not want to spend the extra dollars on a high-quality product. Knowing what your needs are and knowing the whole range of what is available will allow you to choose the right item.

Besides reading consumer magazines and Web sites, you can evaluate quality by developing a sharp eye and carefully examining what you are buying. Are the seams in a piece of clothing ample? Are the edges finished? Is the fabric durable? Is it washable or will you be paying dry-cleaning bills to keep it clean? Are the screws holding the appliance together sturdy enough for the job? Is the material strong or flimsy? Is the furniture nailed, stapled or screwed? Here is where you will become an expert materialist—knowing materials so well that you can read the probable longevity of an item the way a forester can read the age and history of a fallen tree. This is the opposite of crass materialism. This might not be as uplifting as standing in a redwood grove, but it actually is respecting the wonder of creation in its own way.

Everything you purchase has its origin in the earth. Everything. Knowing the wear patterns of aluminum versus stainless steel is honoring the earth every bit as much as lobbying for stronger environmental protection laws.

In fact, changing yourself and changing the system go hand in hand.

By the same token, engaging only in personal strategies is inadequate. We all need to become active citizens and to encourage our local, state and federal governments to provide high-quality public transportation, public schools, public hospitals, universal sickness-care insurance and other basics so that we can all be frugal together—and decrease gobs of personal spending.

8. Buy It for Less

If you've spent any time in the marketplace, you know you can pay a lot of different prices for the same item. Things don't cost what they cost. They cost what you pay. Where you get the item and how much you pay often relates more to questions of values and convenience rather than differences in quality. All things being equal, however, the goal is usually to get it as cheaply as possible. The following section contains a few tips on how to do that.

Comparison-shop by phone: Where do you shop and how did you choose it? Is it where you've always shopped? At the mall closest to your home? Where your friends shop? Where advertising or status-seeking has told you is the *only* place to shop? *We* research products via the Internet, compare prices there too, but try to buy locally—and for big items always do. For those items we comparison shop via the telephone. Once we know what we want, we phone around for the best price. The more educated you are about the product and the more specific you can be about the exact make or model you want, the more successful your bargain-hunting will be. You will be amazed at the range of prices quoted for the same item. If you prefer doing business with a particular store or supplier, phone-shop for the best price and then ask your favorite vendor if he or she can match it. Seven years prior to writing the first edition of this book, after much research, we decided we wanted a Toyota Tercel with four-wheel drive. We then called every dealership within 100 miles—and shaved 33 percent off the highest bid by purchasing a demonstrator (a deluxe model with everything but air-conditioning) that had 3,600 miles on it. Seven years and 100,000 miles later, *nothing* had gone wrong. Seven years prior to *this* edition, the author pulled the same trick with a Honda Insight, at that time the most fuel-efficient hybrid car on the road. The new car was $24,000. One dealer offered a right-off-the-showroom-floor-but-2001 model for $16,800. A few calls later a new right-offthe-showroom-floor *2002* model was offered by another dealer for $16,000. A similar 33 percent savings. Some things never change. Like phone comparison shopping.

Bargain: You can ask for discounts for paying cash. You can ask for discounts for less-than-perfect items. You can ask for the sale price even if the sale begins tomorrow or ended yesterday. You can ask for further discounts on items already marked down. You can ask for discounts if you buy a number of items at the same time. You can ask for discounts anywhere, anytime. Nothing ventured, nothing gained. Haggling is a time-honored tradition. The list price of any consumer item is usually inflated. As soon as you hear the words, "The list price is . . . you should say, "Yes, but what is *your* price?" According to Jim Dacyczyn you should be able to shave 24 percent off the sticker price for a car, but this strategy applies to more than houses, cars and other major purchases. You have nothing to lose by asking for a discount at any store—from your local hardware store to a clothing emporium. A case in point was our recent outing to buy new running shoes. A $95 (list price) pair was sitting on the manager's special rack with no price. They fit perfectly. We asked a salesman what they would cost. "$39.99," he replied. "Would you take $30?" we asked. Surveying what he had left, he said, "Twenty-eight dollars." We could have pointed out that haggling etiquette suggests that his counteroffer be higher, not lower, than ours. But we were astute enough just to shut our mouths, open our wallet and take advantage of a great bargain. By the way, this strategy works best at independently owned stores where the owner has more authority to make instant decisions. So if the chain store has it for less, at least give the independent, local store owner a chance to meet the price.

Buy it used: Reexamine your attitudes about buying used items. Most of us live in "used" houses—someone else probably built your home and inaugurated the shower, toilet, fridge and more. Many of us drive used cars; if you define your needs and research prices via online sales outlets (like Cars.com, craigslist and AutoTrader.com in the United States)—or use a purchasing agent—you can certainly save a bundle.

But what about everything else? If you are a thrift store or garage-sale addict, look at whether you are really saving money or whether you are buying items you don't need just because they're "such a bargain." But if you wouldn't be caught dead in a Salvation Army thrift store, look around your town: thrift stores have become fashionable emporiums. Clothing, kitchenware, furniture, drapes—all can be found in thrift stores, and you may be surprised at the high quality of many of them. As a matter of fact, donating brand-new items to thrift stores is one way that shopaholics justify excess purchases. If you just can't bring yourself to shop at thrift stores, consider consignment shops. The prices are higher, but the quality is consistently high as well.

In our experience, thrift stores are best for clothing, but garage sales are cheaper (and more reliable) for appliances, furniture and household items. If you're an early bird (arriving before the sellers have even had their morning coffee) you can often find exceptional buys—unless you get shoo-ed away because you are *too* early. On the other hand, the later in the day you go to a garage sale, the more eager the people will be to get rid of the stuff for a song.

"Swap meets" and "flea markets" are two names for the same event—weekend open-air bazaars where you'll find merchants of every stripe displaying their wares: shrewd hucksters, collectors of every kind and families hoping to unload their excess before moving across country. Just as when you shop at discounters, you have to know your prices. There are some clever nomads working the flea-market circuit who will sell you tools, clothing, housewares and other items for more than you'd pay at the shopping mall.

In recent years, Ebay and other online auctions have become a craze and helped move buying used from tacky to smart.

9. Meet Your Needs Differently

The principle of substitution says that there are hundreds if not thousands of ways to meet a need. Traditional economics would have you believe that more, better or different stuff can satisfy almost any need and is just a credit card swipe away. But who says frugal pleasures are less pleasurable because they are less pricey? For example, what's the best way to lift your spirits? An antidepressant? Running? Cognitive therapy? A change of scenery? Going to a funny movie? Helping someone in a worse pickle? Retail therapy? Which works best for you? Do you have just one strategy or many different ones? When you feel depleted, where do you turn? Rest? Exercise? Caffeine? Therapy (retail or talk)? TV? In other words, there's a difference between needs and the strategies we use to "satisfy" those needs.

The Chilean economist Manfred Max-Neef has studied needs and the strategies that satisfy them. He found that across time and culture the following needs are universal: subsistence, protection (safety), affection, understanding (making sense of life), participation (being part of some social process), recreation (in the sense of leisure, time to reflect or idleness), creation (making things), identity (who you are) and freedom (choosing for oneself). If these needs are not met, to some degree, in your life, likely you'll feel dissatisfied and search for something to satisfy that longing. The consumer culture would say, "Shop!" Your habit patterns would say, "When I feel this way, I always. . . ." But let's take one of these needs and see how to meet it by widening your repertoire of how needs can be met and then choosing the strategy (or strategies) that fits best.

One of the universal needs Max-Neef identified is "freedom." Freedom is the need for autonomy (making your own choices according to your own best lights) and independence (doing what you will, apart from the demands or expectations of others). In America, freedom has become deeply tied to mobility—getting in something with wheels (or wings) and going away. It's also connected with not having to share with anyone, so you can have access to everything you want whenever you want. It is also linked to any product that will let you ignore the consequences of your actions—from antiaging cream to credit cards.

Of course we are freedom-loving people—all people are! But here's a substitution exercise I've run about freedom....

If when I think “freedom” I think “travel,” what am I *really* looking for? What values or desires lie behind that core need? Often it’s novelty and stimulation and getting out of daily and sometimes deadening routines. It’s needing some aimlessness and idleness in contrast to my norm of purposefulness. It’s learning—new languages, cultures, facts. Meeting new people. A slower pace with less stress. Swimming in a different sea of assumptions, getting jolted out of narrow-mindedness. Tasting new foods. Indulging in a novel during a long flight. It’s being out of town and unavailable for all the meetings and decisions that tend to whittle down my store of daily joy.

But do I need to travel to faraway places to experience these things? Remember, substitution as a frugality strategy isn’t about downgrading pleasure. It’s about ensuring that I get precisely what I am seeking at half the cost—or no cost at all. I’m not limiting myself (waaa!), I’m focusing myself (yum!). Freedom from my daily routines might involve letting go of rigid standards (let the house be less clean), some burdensome responsibilities (don’t always say yes to those requesting my help), and some entrenched habits (why not go out to eat with friends more often)? With rising gas prices, people are traveling locally—seeing the sights within a day’s drive—and discovering exotic people and places nearby. Staying closer to home also reveals some hidden treasures in your own backyard, or over the backyard fence—like *your* beautiful flower garden or your neighbor’s interesting stories. Stay put long enough and the details and delights of where you are become more evident. See, substitution isn’t deprivation, it’s about getting creative.

Substitution also reminds us that consumption is rooted in changing a feeling state, which is a signal that a need isn’t being filled. We feel hungry so we eat to have a feeling of satisfaction. We feel lonely so we join a club or make a date to feel connected. We feel bored so we go to a movie or read a magazine or go on a trip to feel enlivened. As Max-Neef points out, most of our needs are not material! Substitution says, “When you feel a desire to shop, take time to trace it back to the need and ask if creativity rather than consumption might best fill it.” Donella Meadows cuts to the heart of it in *Beyond the Limits:*

> People don’t need enormous cars, they need respect. They don’t need closets full of clothes, they need to feel attractive and they need excitement and variety and beauty. People don’t need electronic equipment; they need something worthwhile to do with their lives. People need identity, community, challenge, acknowledgement, love, and joy. To try to fill these needs with material things is to set up an unquenchable appetite for false solutions to real and never-satisfied problems. The resulting psychological emptiness is one of the major forces behind the desire for material growth.

Substitution isn’t limitation. It’s liberation. It’s letting go of assumptions and habits, looking at the richness of reality and picking from the smorgasbord of pleasures available right in front of your nose.

10. Follow the Nine Steps of This Program

The steps of this program have been successfully followed by hundreds of thousands of people. These people have found that doing all the steps leads to a transformed experience of money and the material world. It’s the transformation, not the tips, that saves them money. Mild shopping addictions evaporate. Self-denial and self-indulgence both yield to self-awareness, which ends up being a much bigger pleasure. You can use this program as a series of tips or advice, or you can let it work its magic by doing the steps. They are a whole-system approach to money and stuff that changes your habits by changing your way of seeing. All the steps matter. They synergize to spur you on.

SAVING ON THE BASICS

From Scrimping and Saving to Getting Savvy on Saving

In an earlier edition of this book we included a section called "101 Sure Ways to Save Money." But times have changed since then, and some of our tried and true suggestions aren't so true anymore. For example, back in the day a car was a machine that was fixable by a backyard mechanic. Now cars are rolling computers that do everything including talk to you—and require professional technicians to service them. So doing your own maintenance is increasingly unlikely.

In addition there are legions of bloggers and Web sites with information on frugal, simple living, which will always be more up-to-date than any book could hope to be. The Internet in general is a great place to start shopping, whether or not you clinch the deal online or in person. Getting good at "Googling" (using a Web browser) can help you find the best products and the best prices.

Also, this book was originally written in an American context, but it has been translated into over ten different languages and what works in the USA doesn't necessarily work in other cultures and countries.

Finally (and this is the biggest tip of all), keep in mind that what you invent for yourself in your own life often will be much more powerful than the advice of others. Consider the following story:

Glenn H. *was looking at his Wall Chart and reconsidering his practice of hiring a maid and gardener to take care of his home. He wasn't ready, however, to take on all that daily maintenance himself. So he came up with a surprising solution. He noticed that his family never used the large dining room. It came with the house, so they furnished it, forgot about it and ate in the family room. But with his new "FI thinking" he saw that he could remodel, replacing the dining room with a studio apartment including their third bathroom in the deal. He made the renovations and found a couple who was willing to do yard and house work in exchange for room and board.*

That kind of creative thinking could never be embodied in a "hints and tips" list.

Nevertheless, a little guidance can be extremely useful in helping to break old patterns and getting you to think creatively. So we include the following quick tips containing real-life examples of "FI thinking" that can save you money and buy you freedom.

Borrowing Money

Cutting down on how much you pay for the privilege of using borrowed money is a cardinal frugality rule. If possible, always pay your monthly credit card bill in full rather than paying just the minimum balance (which often is mostly interest, not principal). Pay cash or use a debit card for all purchases—even major ones like a car—if you can. In addition, try to pay your mortgage off as quickly as possible. If you have been extending your mortgage payments over the typical thirty years, you may well be paying up to three times the purchase price of your house. Live without debt and see how free you feel.

Some debt for those without backing from family or friends may be hard to avoid. Mortgage and student loans are two kinds of debt that can help you get started in life, especially if you don't live in a country that subsidizes education all the way through graduate school. There are some ways around the rising cost of college and the shrinking pot of scholarships (see p. 187, "Raising Children"). But if you already have loans, maybe one FIer′s careful strategy is worth considering. He had $42,000 in variable-rate private student loans back when rates kept rising. So he and his wife transferred the balance to zero-interest credit cards, losing the tax advantage of student loans and taking on a strict discipline of paying as much as possible—and on time so no interest ever accrued. End of story: they saved $10,000. So comparison shop for loans and credit with the same dedication as other purchases.

Dave Ramsey is a current guru on getting out of debt—you can check out his Web site, www.daveramsey.com.

Getting Around

Consider this. For nearly all of human history (some 50,000-plus years), people walked or rode in carts pulled by other animals. Most people never traveled more than 10 miles from their home in their lifetime. The internal combustion engines didn't exist until the 1860s when "Otto" first patented the engine now in your auto. That's only 150 years ago. Only a fraction of humans on this planet today own a car. Plus global oil production is peaking, which means the price of gas will continue going up. Humans get around and always have—but it's our curious minds, not things with engines, that have propelled us around the world. So let's just get some perspective as we see how we might, in our short lifetimes, frugalize our ride. The technology of transportation is evolving so rapidly that by the time you read this, electric vehicles charged by solar and wind energy could be the rage—but the five-million-plus internal combustion engine cars on the road now will take a long time to disappear. So . . .

Keep good records of mileage and maintenance for your car so you catch problems early. Join a carpool, take the bus, live close to work and do errands on foot or bicycle. Ask your employer if you could work a four-day week or work some days from home, which would reduce your commuting costs and could have the added advantage of putting you on the road before or after rush hour. Most importantly, especially if you don't drive a lot, be sure to think twice before you buy a second car.

Rosemary I. *did the math and with considerable trepidation sold her one-and-only car. Her city had a car-coop at the time (see if yours does) so she joined for her once-a-week stocking-up at hardware, grocery and other stores. She calculated that renting a car for her once-a-month weekend in the country plus her once-a-week errands cost her a fraction of what she was paying for insurance, monthly payments and maintenance on the car she owned. And sometimes she could coax a friend to go camping with her—in the friend's car—adding the advantage of human companionship to the joy of communing with nature. She paid for the gas, and for the two together the pleasure was doubled while the cost was halved. A bargain.*

As a home remodeler ***Steve W.*** *rationalized his two extra vehicles (an old pickup truck and another beater) as useful for hauling tools and materials to his jobs. Since they weren't worth much on the open market, he'd assumed it was cheaper to keep them. Not true. Doing his Monthly Tabulations showed him the high cost of the convenience of having—and maintaining—these backup vehicles. Between paying for the new transmission, the insurance and licensing, Steve found that he could just rent an extra truck for less money when he needed it. He sold off the two extras—and hasn't needed to rent yet.*

Julie V. *went carless. For her vacation she decided to travel from the Puget Sound area to Northern California via public transit systems—city and county buses! She was able to piece this together for all but 150 miles. For 50 of them she hoofed it and for the other 100 she accepted a ride from another youth hostel guest. In all she traveled more than 2,000 miles, through 28 towns, riding in 48 buses on 11 public transit systems—making zero stops at the gas station. It cost her $177 round trip—about what it would have cost in a hybrid car, if she wanted to spend $20,000 to buy one! Overall the trip was a great adventure, and a great savings.*

Taking Care of Your Body

Medical costs are skyrocketing, so staying well is good for your wallet as well as for your body. Your best basic health insurance is diet, good rest and exercise. Some insurance policies reward healthy habits, and even pay for a health club. If you are fortunate enough to live in a country with a free national health-care system, the rest of this may not be relevant to you. But elsewhere, these suggestions might help. The U.S. sickness-care system has Rube Goldberg–irrationalities built in. As things stand now, it can cost you an arm and a leg to fix your . . . arm and leg. When you have broken a bone or need an operation, having access to the sickness-care system is important, but consider buying major medical insurance with a $1,000-or-more deductible. Make sure your provider has an A rating or better with A.M. Best, an organization that rates insurance companies. If your insurance doesn't cover them, comparison shop for prescription drugs, blood tests, X-rays and other procedures, since prices can vary widely. Keep an eye out for health fairs, where you can often get basic blood work and tests done free or at a minimal fee. If your teeth need care, consider visiting a dental school in your area where student dentists often provide excellent care at a fraction of the usual cost. Also, remember that many doctors have privileges (can see patients) at several different hospitals—find out which ones your doctor can use and comparison shop for the lowest price. You'll be surprised at how much the daily rates and operating-room costs vary from one hospital to the next.

Because of the high cost of surgery, and because nearly 50 million Americans don't have sickness-care insurance, a new industry has grown up: medical tourism. According to *U.S. News & World Report*, "Low-budget dentistry, Botox-ing, lipo, and other cosmetic work have for years drawn Americans into Mexico and to other Latin American countries.[6] . . . [Now] Josef Woodman, who publishes the Patients Beyond Borders series of guidebooks to finding good care, thinks about 50,000 patients a year leave the country for major noncosmetic elective procedures such as joint replacement, coronary artery bypass, new or repaired heart valves, or back repair."[7] One person mentioned in that article saved 80 percent (over $100,000) on replacing one knee and two hips by going to India—and got to visit India in the process![8] Caveat emptor in neon letters, though. If you have complications once ou are home, you may have to pay hometown prices for help, thereby negating your savings. Currently the Medical Tourism Association[9] is one organization that can help with your research.

Having a Place to Live

Housing is usually one of the most expensive items on your Monthly Tabulation. Be creative about housing and you can reduce your costs significantly. Consider, for example, moving to a less expensive area. You may well be able to keep your current job and work remotely, thanks to the Internet. If you're in the market for a new home, think about buying a duplex. Living on one side and renting out the other will allow you to lower your monthly mortgage payment dramatically. Explore living in an intentional community (type "co-housing" into your Web browser if you want to learn more) where you'll be able to share your life with people who share your values while usually also lowering your expenses. If you've identified a neighborhood you like, consider finding a house to rent that isn't yet on the market. Look for telltale signs that a house isn't currently occupied (such as an untended yard or uncollected mail or leaflets), find the owner through the tax office and make it easy for him/her to want to rent their property to you. Finally, consider renting out unused space in your home:

Penny Y. *had a lucrative job that disagreed with many of her values—and lots of good ideas about what she'd do if she didn't have to report to work every day. She found herself constantly thinking through alternatives, devising escape routes from the job that was beginning to feel like a prison. The FI course gave her a tunnel out, but it was her own ingenuity that turned on the light at the end of it. She realized that she could move into the lower level of her house, rent out her bedroom and use that rental income to handle her monthly mortgage payments. She did just that and, by implementing a few other creative strategies, managed to leave her job with enough money to live on.*

Cara *and* ***Richard M.****, both artists, took on a job as apartment managers. Their place was furnished and free, their commute was nil, their job costuming a few grungy thrift-store outfits for doing the dirty work—plus they got a monthly income. All this meant they could work less and spend more time on their art.*

In the summer ***Jane D.*** *and her husband live in their houseboat—on a canal in France—which, with the dollar-to-euro exchange rate is also turning out to be a canny investment.*

Sharing/Bartering

Studies consistently show that one of the paths to happiness is being involved in community. One quick way to build community is tool sharing. Some cities (e.g., Seattle, WA; Takoma Park, MD; and Berkeley, CA) have tool-lending libraries—your city might have one too. My neighbors and I have named our alley after the neighbor with *all* the tools and know-how—and the generosity to share them.

Another powerful way to create community is to barter goods and services with your neighbors instead of paying cash for them. You can start with a simple idea—such as offering to share a newspaper or magazine subscription with a neighbor—and move up to organizing a clothing, tool or skill swap. By joining a neighborhood listserv you can even let others in your area know about an item you need or one you'd like to give away. The Local Exchange Trading System (LETS) is a computer-mediated barter system created in Canada, which has spread across the United States. When you provide a service for another LETS member, you earn a credit that you can use to pay for a service later. The Time Dollars System is simpler. People swap hour for hour—e.g., giving a haircut can be exchanged for accompanying someone to doctor visits. Currently there are Web sites that facilitate free exchanges (Would you please haul away my old sofa? Wood stove? Dog?). But if that's too complicated, simply think of a skill you have and a service you need. If you're a parent, a skill you have and a service you (continually) need is baby-sitting.

Monique and Dave T. *have two little girls ages two and five. They live in the Washington, D.C., region, where professional baby-sitters typically charge $15 or more per hour. When they want an evening without the children, they call another family and offer a baby-sitting swap. They consider this arrangement ideal: the children are delighted to play with their friends while Mom and Dad are* *gone, and the parents both get great child-care from adults they like and trust—for free. Another way the family saves money is often by not actually going out on the nights when they've arranged child-care. Instead, they enjoy a quiet dinner at home and the pleasure of adult conversation without any interruptions from their children.*

Jane Z. *and her family love vacationing in other people's homes. They use a company called Intervac that arranges home swaps, but there are many ways to arrange this. It's affordable and kid-friendly, since you're not in hotels and restaurants all the time. Jane and her family just "swap" their two-bedroom condominium in Old Town Alexandria, Virginia, with families that live all over the world. Since 2003 they have been to Sweden; San Francisco; Key Largo; Williamsburg; Grand Lake, Colorado; and Ely, Minnesota while the owners of those homes visited Washington, D.C., staying in Jane's home. Each family usually allows the other to use their bikes, canoes and kayaks to go out exploring. Jane says the only "downside" is that you need to do a thorough cleaning of your house before you leave!*

Eating

No matter how frugal we become, almost all of us have to spend at least some money on food. There are many ways to save money on groceries—some are obvious and some are not. Obvious tips include making a list and sticking to it, clipping coupons, avoiding convenience foods and buying in bulk. Eating with the seasons also saves money. By not insisting on peaches in the winter and apples in the summer, you can lower your grocery bill significantly and enjoy food that is both tastier and much more sustainably produced.

A less obvious suggestion includes creating a "price book." Kept by thrifty housewives for decades and made famous by Amy Dacyczyn, author of *The Tightwad Gazette*,[10] a price book enables you to recognize quickly the cheapest prices of your most commonly purchased items. You can create your own system (some folks prefer a small loose-leaf binder, others like index cards) but the format is similar. Each item gets its own page (or index card) with the name of the item (e.g., "Peanut Butter") at the top. Below that on one horizontal line, record the store name, product brand name, price, quantity and unit price. (The per-ounce unit price is often printed on the price tag on the shelf—or you can figure it out yourself).

Each time you find a cheaper price, record that information on a new line. Put the cards in alphabetical order to make it easy to find them while you're shopping. One way to begin collecting the information you'll need is to review your store receipts; then you'll periodically supplement that information when you're out shopping. Soon you'll be able to use your price book to stock up on nonperishable items because you'll know with confidence you won't find this item any cheaper in your region. Stores often advertise super-specials, called "loss leaders" because they take a "loss" to "lead" you into the store. If you have a price book, you can recognize a great deal when you see one. If you respect your life energy, you know to resist impulse buying all the tantalizing items you pass on the way to your deal.

Also, consider gleaning. The Portland Fruit Tree Project "organizes people in the Portland community to gather fruit before it falls, and make this valuable resource available to those who need it most . . . Every year, tons of this delicious organic fruit drops without being harvested [while] 11 percent of Oregonians experience food insecurity each year, and many more can't afford fresh produce, which is vital to a healthy diet and often scarce at food banks."[11]

But with gleaning, as with every other FI strategy, you can do-it-yourself. You can glean a willing farmer's fields or ask your neighbors if they are okay with you taking their fallen fruit or eat berries from wild bushes (in the Pacific Northwest our untamable blackberries make gluttons of us all). We so identify food with what is sold in the store that we don't realize how much of it grows wild all around us. Free.

Getting Away

As your handling of money gets clearer and your life becomes more satisfying, you will have less of a need to "vacate." Consider relaxing closer to home. You might even enjoy taking a vacation in your own house—a "staycation." Given the amount of time you work for the privilege of owning or renting your abode, you are entitled to relax and appreciate it for a week. If you do want to get away, any change of location might do—3 miles or 300 miles are both "away." Reflect on your true needs and you may find that a day trip and a new (used) hammock for the backyard would be just as satisfying as the traditional week away. If you want to travel somewhere exotic, there just might be someone there who considers your hometown exotic. Membership organizations and Web sites broker house swaps—Provence, France, for Providence, Rhode Island, could actually work. (See Jane Z.'s story on p. 184.) Also consider volunteer vacations with scientific research or service groups. Better to live in a village and help build a school or find a cure for a disease than to whiz through on a shopping excursion, taking pictures, buying artifacts and leaving the people in the dust.

Protecting What You Own

As you practice the steps in this book, you will invariably become a much more conscious consumer. While this skill will serve you well in all aspects of your purchasing life, it's particularly important when it comes to buying insurance. Before you spend any money in this category, be sure you understand what you are buying. For example, does the current blue-book value or condition of your car warrant the comprehensive and collision insurance you are carrying? Are you insuring heirlooms that you would never replace if they were stolen? If you have no dependents to support, do you really need life insurance? Review each of your insurance policies carefully to ensure that you are getting maximum value. If you don't understand your policy fully, a reputable insurance agent should be more than willing to explain it.

Kees and Helen K. *paused in doing their Monthly Tabulations and evaluations when they got to homeowner insurance. They were paying $6 a month to insure some heirloom jewelry from Helen's grandmother. Applying FI thinking, they realized that they would never be able to replace these priceless treasures. They wouldn't even want to. What made them special was the connection with their past. So what was the $6 a month for? Consolation money? Kees, with his penchant for figuring things out, calculated how much principal would be required to yield $6 a month in interest by the time they planned to be financially independent. The figure ($1,000) was so convincing that they dropped the insurance.*

Speaking of dropping insurance, ***Quentin*** *and* ***Irene*** *did it before paying a penny. They looked at the cost of long-term care insurance to manage the uncertainty of outliving their money, but the expense had them think again. Instead they chose the option of "aging in place"—i.e. staying home, staying healthy, connected and active in mind and body. Not having children, they chose to live in a large, multi-generational co-housing community in a place that would work even if they ended up in* *wheelchairs.*

Michael Phillips and Catherine Campbell's book, *Simple Living Investments for Old Age,*[12] dispels the myth of aging as a decline into decrepitude and suggests four strategies for living well while living long. The first is to be active in pursuit of health (don't just be a pill-popping, insurance-dependent senior). The second is to cultivate new friends, especially younger ones, and to participate in community—both of which remind you daily that you are alive and valued. The third is simplifying possessions while regarding inevitable changes within you and around you as the next adventure rather than the last straw. Finally, attend to traditional investments like owning a house and having enough—but not more than enough—income. Their advice reminds us that protecting what you own—be it your car, house or body—isn't a more-is-better matter. Some things take too much time, worry and money merit protecting. Choose well what you must protect—and how to protect it.

Raising Children

Children in the United States are uniquely inundated with consumer messages, and a childhood free of consumer coercion is rare. In Sweden, on the contrary, a law passed in 1996 prohibits advertising designed to influence children under twelve during any TV program—and immediately before or after programming geared specifically to the under-twelve crowd. In contrast, U.S. corporations are seeking to have children bond with brands before they're even three years old.

The U.S. Department of Agriculture estimates that it will cost the average American family approximately $200,000 to raise a child to the age of eighteen (not including any college expenses). Although the numbers are staggering, there are plenty of FI parents who are successfully reducing those costs. Let's start with the biggest expense first: college. The book *Frugal Living for Dummies*[13] has a solid section on how to reduce college costs. Among the recommendations: have your child take Advanced Placement or CLEP tests to get early college credits and thereby get through college quicker. The tests cost less than $100 and can save thousands of dollars per credit earned. With enough credits, your child could even enter college as a sophomore. He or she could also attend a community college for two years (taking advantage of the cheaper tuition) before transferring and graduating from a four-year school.

Kees and Helen K.*, in addition to eliminating insurance on priceless jewelry, economized on one of the biggest economic drains parents face—college for their two children. "Is it reasonable," they wondered, "for us to work another decade to put them through whatever school they want?" In the end they decided to offer their children tuition for a four-year state college. If they wanted to go out-of-state or Ivy League, their children would pay the difference.*

In general, it's important for parents to model frugal living. If you curb your own spending, your children will almost always follow suit. If your child is resistant, you might want to give that child a larger-than-normal allowance—but explain that this fund will now have to pay for clothing and other essentials. Many FIers have reported that as soon as their children realized they would have to spend their own money for the stuff they wanted, they became frugal and entrepreneurial quite quickly.

Another tip is to substitute creativity for money in as many aspects of your life with children as you can—including planning for birthday parties (homemade cakes and old-fashioned games like potato-sack races and water-balloon tosses are charming and inexpensive) and Halloween celebrations (handcrafted costumes are fun to make and much more memorable). If you have tried all forms of creativity and your child still wants something you don't really want to buy, then suggest that you talk about it again in a few days. Most passing fancies are just that—they pass. But if your child keeps asking for a particular item, then you know that it is a legitimate desire. You can then determine together if and how your child might eventually pay for it.

Throwing Stuff Away

Of course if you are doing the steps of this program, very little of what you bring into your house goes out again as trash. Many people at the beginning of transforming their relationship with money have lucrative yard sales to weed out the unwanted items unearthed in their Step 1 inventory. Or they list them on online auctions. Or donate them (getting a tax deduction in the process).

Kitchen waste can be dug into your garden, put in a compost bin or fed to worms that will return it to you as rich soil. In wealthier countries, tires as well as paper, aluminum, steel, glass and cardboard waste can be recycled. In poorer countries these items can be scavenged and sold—or they sometimes show up as inventive building materials. In Curitiba, Brazil, they solved the trash problem in the *favelas* (urban shanty towns) and nutrition problems in one stroke: people could trade trash for coupons for fresh vegetables. Trash and produce trucks showed up at the same time to facilitate the trades.

Sharing works here as well. One apartment renter pays for one month of her neighbor's annual trash pick-up bill. She brings her little sack of garbage over for weekly pickup—and often puts the garbage can out and brings it in as well.

While the cost savings on your garbage bill might be minimal, keep looking for ways to turn your trash into treasure. Who knows? Among the possessions gathering dust in your basement there might be something worth a lot of money—if you suspect that, get it appraised.

Gifting and Celebrating

For many people, giving presents is an important way to express love. However, you can cut back on the cost of gifts without cutting back on the affection behind them. This is where Question 3 from Step 4 helps to reveal hidden options. If you didn't have to work for a living, would you give different (and less expensive) gifts? One of the biggest gift-giving occasions in our culture is Christmas. If holiday celebrations feel excessive, begin to set limits on what feels right to you and your family. Bill McKibben's book *Hundred Dollar Holiday*[14] may be helpful here. Some FIers promise their children one, or at most three, toys at Christmas—and let them select the ones they want.

*This has been **Amy and Jim Dacyczyn**'s strategy ever since they observed the Fulfillment Curve at work on Christmas Day. The first one, two or three presents were greeted with squeals of ecstasy, but from then on it was downhill. Instead of being able to play with what they had, the kids felt compelled to keep opening all their gifts. By the end they were tired and cranky and nothing suited them.*

Other gift-giving ideas (useful all year round) include giving services—like a massage, baby-sitting or a home-cooked meal—instead of material objects. You can also buy gifts at garage sales and save them for the right occasion. "Re-gifting"—either of gifts you received and couldn't use or new items you bought at a garage sale—is more socially acceptable now than ever. (Be sure you don't regift a present to the same person who gave it to you, though, as one very chagrined friend did recently.) Finally, a great way to recycle both new and used gifts during the holidays is to organize a "Secret Santa" party where each attendee brings a wrapped gift and swaps it for another. There are many ways to do this—and your Internet browser will lead you to them.

Tricia K.*'s spirits sank as the season for "goodwill to all"—Christmas—approached. With parents, siblings, in-laws, nieces and nephew, she needed to buy over twenty gifts. After much soul searching she saw she had a choice: her solvency and sanity—or sticking with "the way it's always been done." She took a deep breath and wrote a letter to each family member expressing her love for them and her desire to neither give nor receive Christmas presents. She steeled herself for resistance, but what she got back was respect. By the way, Tricia also hosted her own wedding, organizing her large network of friends to cater, entertain and even perform the ceremony.*

There you have some "hints and tips," the biggest one of which is what Tricia did: observe reality, tell yourself the truth about what you really want and need and have the courage to buck convention with integrity and respect. We called this section "scrimping and saving" because to people in wealthier parts of the world that's often what paying attention to value for money spent feels like. This desire to do whatever you want whenever you want and damn the consequences seems to be an underlying current in the "free world." But as we've seen, such freedom is often quite costly, whereas consciousness often saves you far more money and thus liberates far more time.

A special thanks for the section above to Fred Ecks and Ann Haebig, FIers who were willing to research online message boards for good stories. Their own story bears telling as an example of what's possible by doing this program.

Ann Haebig and Fred Ecks *met online. Their frugal values, as well as their desires for their lives, matched. But that wasn't always true. When he was younger, Fred had a master's in computer science as well as a garage full of "toys" and mounting debt—and, got tired of being tired all the time. That's when he read an article that mentioned* Your Money or Your Life, *bought the book and, after holing up for a weekend devouring it, dedicated himself to saying goodbye to paid work forever. He was twenty-seven at the time, and by thirty-five he was "retired" and "living cheap with style" (also the title of an early Ernest Callenbach book). On the way he sold his house, left his marriage, started to shop in thrift stores, lived in rented rooms, cooked for himself and began enjoying himself more—traveling, sailing, even taking a job with an environmental organization in Europe at a third the pay but twice the fun. Ann had tried for years to live her environmental values but ended up, again and again, being another bored "dot-com-er" for the money.* Your Money or Your Life*—and later Fred—confirmed her sense that life could be different, and showed her the way to do it. She kept whittling down her expenses while saving and saving some more and now works very part-time. She and Fred live on a houseboat in San Francisco, travel together and volunteer helping others think through their own money lives. She reports, "Much of what I do now I'd do for free. I have time for triathlon training, bicycle advocacy work and practicing guitar. Fred and I have a strong relationship based on shared values and we have time for each other. Life is good!"*

SAVE MONEY, SAVE THE PLANET?

It isn't just an odd coincidence that saving money and saving the planet are connected. In fact, in some sense your money *is* the planet. Here's how.

Money is a lien on the earth's resources. Every time we spend money on anything, we are consuming not only the metal, plastic, wood or other material in the item itself, but also all the resources it took to extract these from the earth, transport them to the manufacturer, process them, assemble the product, ship it to the retailer and bring it from the store to your home. All of that activity and cost is somehow included in the price of, say, a new microwave. Then there are the environmental costs that *aren't* included in the price, what economists call externalities: the pollution and waste we pay for in other ways—in lung disease, cancer, respiratory problems, desertification, flooding, etc. What it boils down to is that every time we spend money we are voting for the kind of planet we want to leave to future generations.

Money is a lien on the life energy of the planet. We call this the "Pogonomics Principle"—economics from cartoon character Pogo's point of view. Pogo's contribution to Earth Day 1970, as you may remember, was the observation that "we have met the enemy and he is us." It's no mystery that the planet is polluted. *We* did it through our demand for more, better and different stuff.

And that is something that we *can* do something about—and benefit ourselves in the process. Creative frugality is a double win—for our wallets and our world.

The Three Questions Revisited

As we saw in the Fulfillment Curve, fulfillment by its very definition is a function of knowing when you have enough. The three questions from Chapter 4 can be asked in a different way with the planet in mind.

The questions to ask are:

- ◆Am I likely to get **fulfillment** from this money spent in proportion to the resources that it represents?
- ◆Is this purchase in alignment with the **values** that we all hold in common—the desire to survive and to thrive?
- ◆What would spending in this category look like **if I were working as much for the well-being of the whole world as** for my individual survival?

Remember, asking these questions will not deprive you of things that really bring you fulfillment. They will simply open up new opportunities for saving money and achieving clarity in your relationship with money.

Saving Money While You're Saving the Earth

The point of all this is not to send you off into the desert to eat berries and wear fig leaves. It is especially important to remember the mantra: No shame, no blame. We were all born into a world where consuming is part of life, and consuming our way to happiness seemed both natural and benign. The kinds of changes we may all need to make to keep the environment viable will require some deliberate and courageous modifications of our current habits. But why wait? Start to live with these questions now. You will see many places where you can choose a nonpolluting pleasure and have twice the fulfillment— once for you and once for the planet. Indeed, enjoying nature and feeling your vital connection to the earth, the source of all life, is one of the greatest pleasures there is.

If you want to find out how to save money while saving the earth, many fine books and Web sites are available that can help you reevaluate your personal lifestyle choices in light of our current understanding about human impact on the ecosystem. If your library doesn't have the book you want, request that they buy it so that others can use it as well. That alone would be an earth-friendly act.

The key is remembering that *anything* you buy and don't use, *anything* you throw away, *anything* you consume and don't enjoy is money down the drain, wasting your life energy *and* wasting the finite resources of the planet. Any waste of your life energy means more hours lost to the rat race, "making a dying." Frugality is the user-friendly and earth-friendly lifestyle.

1,001 SURE WAYS TO SAVE MONEY

After a year of keeping your Monthly Tabulations, you will have approximately 1,001 (more or less) single entries under your fifteen to thirty spending categories. Chances are very good that you could be spending less *on every purchase*—from apples to zinnias—with no reduction in the quality of product or the quality of your life. It's the attitude of honoring your life energy that will show you the way, not following someone else's recipe for a frugal life. You will be as excited about the savings you discover as we have been about furnishing our home from garage sales and giveaways. The empowerment comes from *your* cleverness and *your* creativity in finding your strategies for frugality. That's why we call it *creative* frugality. So here's a blank slate. Write your own 1,001 tips for living on less and loving it.

1,000,001 SURE WAYS TO SAVE MONEY

Watch your thoughts. Anyone who practices meditation knows that our gray matter is like a frenetic monkey, churning out a steady stream of unrelated thoughts at the rate of at least one a second. In just 11.6 days you'll have 1,000,001 thoughts—and most of them will have something to do with desires. I want this. I don't want that. I like this. I don't like that. The Buddha said that desire is the source of all suffering. It is also the source of all shopping. By being conscious of your next 1,000,001 desires, you'll have 1,000,001 opportunities to not spend money on something that won't bring you fulfillment. Advertising doesn't make you buy stuff. Other people's expectations don't make you buy stuff. Television doesn't make you buy stuff. Your *thoughts* make you buy stuff. Watch those suckers. They're dangerous to your pocketbook—and to a lot more.

Remember, frugality isn't about being a cheapskate or a penny-pincher. It's about honoring and valuing your most precious resource—your life energy. Shopping smart, saving money, following the adage "Use it up, wear it out, make it do or do without" isn't about deprivation; it's about loving yourself and your life so much that you wouldn't think of wasting a second. It is also, as we have seen, about loving the planet so much that you want to take good care of it. And finally, it's about loving future generations so much that you want to leave this Earth in better shape than you found it.

> *When we talk about preservation of the environment, it is related to many other things. Ultimately the decision must come from the human heart, so I think the key point is to have a genuine sense of universal responsibility.*
>
> —*Dalai Lama*[15]

CHECKLIST: THINK BEFORE YOU SPEND

1. Don't go shopping.
2. Live within your means.
3. Take care of what you have.
4. Wear it out.
5. Do it yourself.
6. Anticipate your needs.
7. Research value, quality, durability, multiple use and price.
8. Buy it for less.
9. Meet your needs differently.
10. Follow the steps of this program.

SUMMARY OF STEP 6

Lower your total monthly expenses by valuing your life energy and increasing your consciousness in spending. Learn to choose quality of life over standard of living.

7

FOR LOVE OR MONEY: VALUING YOUR LIFE ENERGY—WORK AND INCOME

In Chapter 6 we talked about valuing your life energy by spending your money more consciously. In this chapter we will talk about valuing your life energy by looking at how well you spend your time. Are you getting full value for selling that most precious commodity—your life? Does work work for you?

Sometimes you have to question the obvious in order to get at the truth. The question we will be exploring in this chapter is "What is work?" The obvious answer, of course, is that work is what we do to make a living. But that definition robs us of our life. Some of us honor our jobs and neglect the rest of our lives. Others of us endure our jobs and make up for it on the evenings and weekends. Some of us love our work—or did once and hope to again—but find our personal vision constrained by boards, supervisors, funders or investors. In any of these cases, we end up with half a life. In any of these cases, we fail to value our life energy. And in any of these cases, we often feel helpless about making changes. What we will be exploring now is whether our definition of work itself is part of the problem.

How well are you using your life energy both on and off the job? Is your job "consuming" (using up, destroying, wasting) your life? Do you love your life, using each hour—on and off the job—with care? As we said in Chapter 2, our life energy is precious because it is limited and irretrievable and because our choices about how we use it express the meaning and purpose of our time here on earth. So far you have learned to value your life energy by aligning your spending with your fulfillment and your values. Now it's time to learn about valuing your life energy by maximizing your compensation—in love or money for the hours you invest in your work.

WHAT IS WORK?

Just as with money, our concept of work consists of a patchwork of contradictory beliefs, thoughts and feelings—notions we absorbed from our parents, our culture, the media and our life experience. The following quotations highlight the incongruity of our different definitions of work:

E. F. Schumacher says:

> . . . the three purposes of human work [are] as follows:
>
> ◆First, to provide necessary and useful goods and services.
> ◆Second, to enable every one of us to use and thereby perfect our gifts like good stewards.
> ◆Third, to do so in service to, and in cooperation with, others, so as to liberate ourselves

from our inborn egocentricity.[1]

The late economist Robert Theobald tells us:

> Work is defined as something that people do not want to do and money as the reward that compensates for the unpleasantness of work.[2]

Studs Terkel begins his book *Working* this way:

> This book, being about work, is, by its very nature, about violence—to the spirit as well as to the body. It is about ulcers as well as accidents, about shouting matches as well as fist-fights, about nervous breakdowns as well as kicking the dog around. It is, above all (or beneath all), about daily humiliations. To survive the day is triumph enough for the walking wounded among the great many of us. . . . It is about a search, too, for daily meaning as well as daily bread, for recognition as well as cash, for astonishment rather than torpor; in short, for a sort of life rather than a Monday through Friday sort of dying.[3]

Kahlil Gibran, on the other hand, tells us, "Work is love made visible."[4]

What is work? Is it a blessing or a curse? A trial or a triumph? Is work good for the soul or is it, as cartoonist Matt Groening suggests, "Life in Hell"? Our task will be to redefine work the same way we redefined money—by looking for what we can say about work that is consistently true. This definition will allow you to reperceive your work in ways that are more consistent with your values and your true fulfillment—as well as your bottom line.

WORK THROUGH THE AGES

Let's begin by taking a brief look at the history of "work," for it is through looking at history that we find new opportunities to shape our own personal stories. Where do our concepts about work come from? Why do we work? And what is the place of work in our lives?

Minimum Daily Requirement of Work

As human beings we all must do *some* work for basic survival—but how much? Is there a "minimum daily requirement" of work? A number of diverse sources, ranging from primitive cultures to modern history, would place this figure at about three hours a day during an adult lifetime.

Marshall Sahlins, author of *Stone Age Economics*, discovered that before Western influence changed daily life, Kung men hunted from two to two-and-a-half days a week, with an average workweek of fifteen hours. Women gathered for about the same period of time each week. In fact, one day's work supplied a woman's family with vegetables for the next three days. Throughout the year both men and women worked for a couple of days, then took a couple off to rest and play games, gossip, plan rituals and visit.... It would appear that the workweek in the old days beats today's banker's hours by quite a bit.[5]

Dr. Frithjof Bergmann states:

> For most of human history, people only worked for two or three hours per day. As we moved from agriculture to industrialization, work hours increased, creating standards that label a person lazy if he or she doesn't work a forty-hour week.... The very notion that everyone should have a

job only began with the Industrial Revolution .[6]

In his study of numerous utopian communities of the nineteenth century, John Humphrey Noyes, founder of the Oneida Community, noted that:

> All these communities have demonstrated what the practical Dr. Franklin (of the 18th century) said, that if every one worked bodily three hours daily, there would be no necessity of any one's working more than three hours.[7]

Moving on to the twentieth century, in 1934 Paramahansa Yogananda, Indian sage and visionary, spoke of self-sufficient, spiritually oriented worldwide communities in which:

> Everybody, rich or poor, must work three hours a day in order to produce only the extreme necessities of life . . . work three hours a day and live in the luxury of literary wealth and have time to do what is meaningful to us.[8]

These quotations all suggest that three hours a day is all that we must spend working for survival. One can imagine, in preindustrial times, that this pattern would make sense. Life was more of a piece back then when "work" blended into family time, religious celebrations and play. Then came the "labor-saving" Industrial Revolution and the compartmentalization of life into "work" and "nonwork"—with "work" taking an ever-bigger bite out of the average person's day.

In the nineteenth century the "common man," with justified aversion to such long hours on the job, began to fight for a shorter workweek. Champions for the workers claimed that fewer hours on the job would decrease fatigue and increase productivity. Indeed, they said, fewer hours was the natural expression of the maturing Industrial Revolution. Fewer hours would free the workers to exercise their higher faculties, and democracy would enjoy the benefit of an educated and engaged citizenry.

But all that came to a halt during the Depression.[9] The workweek, having fallen dramatically from sixty hours at the turn of the century to thirty-five hours during the Depression, became locked in at forty hours for many and has crept up to fifty or even sixty hours a week in recent years. Why?

The Right to Life, Liberty and the Pursuit of a Paycheck?

During the Depression, free time became equated with unemployment. In an effort to boost the economy and reduce unemployment, the New Deal established the forty-hour week and the government as the employer of last resort. Workers were educated to consider employment, not free time, to be their right as citizens (life, liberty and the pursuit of the paycheck?). Benjamin Kline Hunnicutt, in *Work Without End,* illuminates the doctrine of "Full Employment":

> Since the Depression, few Americans have thought of work reduction as a natural, continuous, and positive result of economic growth and increased productivity. Instead, additional leisure has been seen as a drain on the economy, a liability on wages, and the abandonment of economic progress.[10]

The myths of "growth is good" and "full employment" established themselves as key values. These dovetailed nicely with the gospel of "full consumption," which preached that leisure is a "commodity" to be consumed rather than free time to be enjoyed. For the last half century full employment has meant more consumers with more "disposable income." This means increased profits, which means business expansion, which means more jobs, which means more consumers with more disposable income. Consumption keeps the wheels of progress moving, as we saw in Chapter 1.

So we see that our concept (as a society) of leisure has changed radically. From being considered a desirable and civilizing component of day-to-day life it has become something to be feared, a reminder of unemployment during the years of the Depression. As the value of leisure has dropped, the value of work has risen. The push for full employment, along with the growth of advertising, has created a populace increasingly oriented toward work and toward earning more money in order to consume more resources.

This is no more evident than in our relationship to our automobiles. Once vehicles of leisure, they are now office extensions. We wear our wireless headsets to maneuver traffic while we make deals on our cell phones. There are even devices that make the passenger seat into an office. A while ago, a friend who traveled a lot was asked where he lived. He said, "Northwest Airlines." Maybe now he'd give his IP address. Or the make of his car. Or the freeway where he works during rush hour.

To counter all this, a free-time movement has sprung up in the early twenty-first century. A campaign called "Take Back Your Time"—initiated by John de Graaf—advocates for shorter work hours and longer vacations for overworked Americans. Even with all the studies saying that reduced hours and sufficient leisure actually increase worker productivity, time advocates are swimming upstream against a cultural assumption that the eight-hour workday is next to godliness.

The emerging Slow Food movement also challenges our workaholic lifestyle. Instead of wolfing down fast food alone at your computer, this movement suggests that eating is far more than fueling the body for the next leg of the rat race—but rather a time of conviviality, pleasure and conversation. In short, it's civilizing.

Work Takes On New Meaning

In addition, according to Hunnicutt, during the last half century we've begun to lose the fabric of family, culture and community that gave meaning to life outside the workplace. The traditional rituals, the socializing and the simple pleasure of one another's company all provided structure for non-work time, affording people a sense of purpose and belonging. Without this experience of being part of a people and a place, leisure leads more often to loneliness and boredom.

Because life outside the workplace has lost vitality and meaning, work has ceased being a means to an end and become an end in itself. Hunnicutt notes:

> Meaning, justification, purpose, and even salvation were now sought in work, without a necessary reference to any traditional philosophic or theological structure. Men and women were answering the old religious questions in new ways, and the answers were more and more in terms of work, career, occupation and professions.[11]

Arlie Hochschild, in her 2001 book *The Time Bind,* says that families now have three jobs—work, home and repair of relationships damaged by ever more time at the office. Even corporations with "family-friendly" policies subtly reward people who spend more time at work (whether they are more productive or not). Also, offices are getting more comfortable while homes are more hectic, inducing a guilty desire to spend more time working because it's more restful![12]

The final piece of the puzzle snaps into place when we look at the shift in the religious attitude toward work that came with the rise of the Protestant ethic. Before that time work was profane and religion was sacred. Afterward work was seen as the arena where you worked out your salvation—and the evidence of a successful religious life was success in the world of business.

So here we are in the twenty-first century. Our paid employment has taken on myriad roles. Our jobs now serve the function that traditionally belonged to religion: they are the place where we seek answers to the perennial questions “Who am I?” and “Why am I here?” and “What’s it all for?”

Our jobs are also called upon to provide the exhilaration of romance and the depths of love. It’s as though we believed that there is a Job Charming out there—like the Prince Charming in fairy tales—that will fill our needs and inspire us to greatness. We’ve come to believe that, through this job, we would somehow have it all: status, meaning, adventure, travel, luxury, respect, power, tough challenges and fantastic rewards. All we need is to find Mr. or Ms. Right—Mr. or Ms. Right Job. Perhaps what keeps some of us stuck in the home/freeway/office loop is this very Job Charming illusion. We’re like the princess who keeps kissing toads, hoping one day to find herself hugging a handsome prince. Our jobs are our toads.

Do-Be Do-Be Doooo . . . ?

We all remember the question we were asked, over and over, throughout childhood: “What do you want to be when you grow up?” Do you remember what you answered? Was it something that came from inside, or did you, with a child’s intuition, say what the adults wanted to hear? Did your answer change over time? Was the hormone-ridden eighteen-year-old who selected your college major in his or her right mind? Are the dreams you had as a teenager tucked away with your high school yearbook? Did your job life take a left turn, bumping on byways you would never have chosen on Career Day in your high school? If you went on to be what you wanted to be when you grew up, has it met your expectations?

The very question, “What do you want to *be* when you grow up?” is actually part of the problem. It asks what you want to *be*, yet you are supposed to answer it with what you want to *do*. Is it any wonder that so many of us suffer mid-life crises as we face the fact that our doing doesn’t even come close to expressing our being?

We are so wedded to what we do to “make a living” that we perpetuate, without thinking, this confusion of doing with being. Indeed, in terms of sheer hours, we may be more wedded to our jobs than to our mates. The vows for better or worse, richer or poorer, in sickness and in health—and often till death do us part—may be better applied to our jobs than our wives or husbands. No wonder we introduce ourselves as nurses or contractors rather than as parents or friends.

In Chapter 5 we saw that getting out of debt and accumulating savings would allow unemployment to become a golden opportunity for discovery, learning and renewal. But what if you think that who you are is what you do to make money? No amount of savings would keep you from that loss of purpose and self-esteem. As we’ll see, who you are is far greater than what you do for money, and your true work is far greater than your paid employment. Our focus on money and materialism may have robbed us of the pride we can and should feel in who we are as people and the many ways we contribute to the well-being of others. Our task now is to retrieve that birthright of knowing ourselves as human beings rather than as human doings or human earnings.

DID WE WIN THE INDUSTRIAL REVOLUTION?

We’ve come a long way since the time when our ancestors worked three hours a day and enjoyed the pleasures of socializing, rituals, celebrations and games the rest of the time. Has it been worth it? We’ve certainly gained a tremendous amount by focusing our creativity and ingenuity on mastering the physical world. Science, technology, culture, art, language and music have all evolved and brought us countless blessings. Few of us would want to turn back the clock entirely, forsaking Bach or penicillin. We do need to stop the clock, however, and evaluate our direction. Are we still on course? Let's look briefly at the modern workplace and job market. Where are we? And is it where we want to be?

- ◆Some workers feel underemployed, their days filled with repetitive, menial or unchallenging tasks that call forth very little of their creativity or intelligence. Others feel overworked, especially now with corporate downsizing shifting more and more responsibilities onto the shoulders of the lucky few who retain their jobs.
- ◆The rising awareness of issues of social justice and ecology is tearing some workers in two: economically they need their jobs, but ethically they don't support the products or services their companies provide.
- ◆Retirement security is no longer secure. Major pension funds have gone bankrupt, many corporations are shifting saving for retirement back onto the shoulders of workers and some even wonder about the security of our national social security safety net.
- ◆According to a recent Conference Board report, Americans are growing increasingly unhappy with their jobs. The decline in job satisfaction is widespread among workers of all ages and across all income brackets.[13]
- ◆A poll conducted by the Center for a New American Dream found that more than half of Americans say they would be willing to give up a day's pay a week for an extra day of free time.[14]

We've had enough, it would seem, of making a dying in such a crazy world. We spend the major portion of our waking hours at our jobs, and it hardly seems worth it. We look to work to meet many of our needs, and we end up unfulfilled. Why do we give the best years of our lives to our jobs?

WHAT IS THE PURPOSE OF WORK?

Let's continue our exploration of work, this most personal and profound relationship, by reflecting on a few questions:

- ◆Why do you do what you do to earn money?
- ◆What motivates you to get out of bed five days a week to go somewhere and make money?
- ◆What is the purpose, in your experience, of your paid employment? (If you are supported by a working spouse or relative, you can reflect either on why that "breadwinner" works or on some work experience from your past. If you are retired or unemployed, think about a job you once had.)

Now consider the following list of various purposes of paid employment and see which ones apply to you.

Earning money

- ◆to provide necessities—food, clothing, shelter (survival)
- ◆to provide amenities (comforts)
- ◆to provide luxuries
- ◆to provide funds for others (philanthropy)

◆to leave an estate

A sense of security

◆that your needs will be met
◆that your value as an adult human being is recognized

Tradition

◆to carry on a family tradition of following a particular profession
◆to maintain a sense of continuity and connection with your past

Enjoyment

◆to be in contact with interesting people
◆to have stimulation, entertainment and fun

Duty

◆to do your fair share in keeping society functioning smoothly

Service

◆to make a contribution to others, society and the world

Learning

◆to acquire new skills

Prestige and status

◆to receive praise, admiration and respect from others

Power

◆over people who report to you and follow your commands
◆over the course of events, influencing decisions

Socializing

◆to enjoy opportunities to socialize with your coworkers
◆to meet the public and feel part of a larger community

Personal growth

◆to be stimulated and challenged
◆to expand your emotional and intellectual life

Success

◆to get a way to measure progress and success
◆to compare yourself with others in your field

Creativity and fulfillment

◆to achieve fulfillment, that feeling of being completely and well used
◆to be challenged, to stay sharp, to create something new

Time structuring

◆to structure your time and give an orderly rhythm to your life

Just cuz

◆because that's what people do

Have you noticed that work has two different functions: the material, financial function (i.e., getting paid) and the personal function (emotional, intellectual, psychological and even spiritual)?

The original question was: What is the purpose served by paid employment? In reality, there is only one purpose served by paid employment: getting paid. That is the only real link between work and money. The other "purposes" of paid employment are other types of rewards, certainly desirable, but not directly related to getting paid. They are all equally available in unpaid activities.

For middle class workers and up, any stress, confusion or disappointment we might feel concerning our paid employment is rarely because of the pay itself. We have already seen that beyond a certain level of comfort, more money does not bring more satisfaction. Perhaps the trouble with our paid employment, then, is that our needs for stimulation, recognition, growth, contribution, interaction and meaning are not being met by our jobs. What if we removed most of these expectations from our paid employment and recognized *that all purposes for work other than earning money could be fulfilled by unpaid activities?*

This observation brings us to a critical point in reexamining our relationship with work. There are two sides to work. On one side is our need and desire for money. We work in order to get paid. On the other side, *and totally separate from our wages,* is the fact that we work in order to fulfill many other purposes in our lives.

It should be noted that this may be not true for the millions who do not earn enough—even with two jobs—to support themselves and their families.[15] A 2008 survey by Opinion Research Corporation poll found that 69 percent of Americans say they would support a paid vacation law, but when broken down by demographic, over 80 percent of lower-income people want more time.

REDEFINING WORK

The real problem with work, then, is not that our expectations are too high. It's that we have confused *work* with *paid employment*. Redefining "work" as simply any productive or purposeful activity, with paid employment being just one activity among many, frees us from the false assumption that what we do to put food on the table and a roof over our heads should also provide us with our sense of meaning, purpose and fulfillment. Breaking the link between work and money allows us to reclaim balance and sanity.

Our fulfillment as human beings lies not in our jobs but in the whole picture of our lives—in our inner sense of what life is about, our connectedness with others and our yearning for meaning and purpose. By separating work and wages we bring together the different parts of ourselves and remember that our real work is just to live our values as best we know how. In fact, mistaking work for wages has meant that most of our "jobs" have gotten neither the attention nor the credit they deserve—jobs like loving our mates, being a decent neighbor or developing a sustaining philosophy of life. When we are whole, we don't need to try to consume our way to happiness. Happiness is our birthright.

You may love your paid employment or you may hate it; it doesn't matter. But you do want to recognize that the purpose of your paid employment is getting paid and that your real "work" may be far bigger than this one job. By separating work and wages you can see more clearly whether you are valuing—both on and off the job—that precious commodity called life energy.

Remember our discussion about life energy in Chapter 2? If you are forty years old, actuarial tables indicate that, on average, you have just 349,763 hours of life left in your life-energy bank account. These hours are all you've got. There is nothing in your life that is more valuable than your time, the moments you have left. You cannot put too much awareness and intention into the way you invest those moments.

By separating work from wages, you can do a better job at all your "jobs." When at your paid job you can value your life energy by working efficiently, diligently, intelligently and for the highest remuneration possible. When doing the rest of your work, you can value your life energy by working efficiently, diligently, intelligently and with the greatest degree of enthusiasm and love you have in you.

Breaking the link between work and wages has as much power in our lives as the recognition that money is simply "something we trade our life energy for." Money is our life energy; it takes its value not from external definitions but from what we invest in it. Similarly, paid employment takes its only intrinsic value from the fact that we are paid to do it. Everything else we do is an expression of who we are, not what we must do out of economic necessity. By breaking the link we regain quality, values and self-worth as our bottom line. By breaking the link we can redefine work simply as whatever we do in alignment with our purpose in life. By breaking the link we get our life back.

THE STUNNING IMPLICATIONS OF REDEFINING WORK

From this point of view it's clear why your paid employment may feel like "making a dying." Besides earning money you may be doing nothing else on the job that is in alignment with your purpose. Eight to ten hours a day. Five days a week. Fifty weeks a year. Forty or more years of your life. This opens up a host of questions. How much money do you need to be at the peak of fulfillment? Is your job providing that amount? Are you working for less than you're worth and bringing home less money than you need? Or are you earning far more than you need for fulfillment? What is the purpose of that extra money? If it serves no purpose, would you want to work less and have more time to do what matters to you? If it does serve a purpose, is that purpose so clear and so connected with your values that it brings an experience of joy to your hours at your paid employment? If not, what needs to change?

Let's explore together some of the implications of disconnecting work from wages, of seeing paid employment as distinct from work—work in the sense of fulfillment of purpose(s) in life.

1. Redefining Work Increases Choices

Let's say you are a natural-born teacher but you took a job as a computer programmer because you can make more money (which you are convinced you need). In the old way of thinking, every time someone asked you what you do, you would be forced to affirm, "I am a computer programmer." What do you suppose the effect on you might be of this long-term incongruity between your inner sense of yourself and your outer presentation? You might be just mildly unhappy and not know why. You might get ill, as one friend of ours did when she gave up her dream of being a concert pianist and became a programmer instead. She developed an inexplicable illness that put her on disability for nearly a year. You might run up a credit-card debt to reward yourself for doing something that doesn't suit you.

The one thing you might overlook, though, is questioning whether or not you are a computer programmer just because that's what you do to make a living. When you break the link between wages and work, however, another option opens up. When you're asked what you do, you can affirm, "I am a teacher but currently I'm writing computer programs to make money." Being able to acknowledge who you really are allows you to reevaluate how you've structured your "career." You might decide to save money and go back to school for your teaching credentials. You might decide to reduce your programming hours so that you can volunteer as a teacher. You might decide to teach computer programming. You might bring in a third love, like kayaking, and teach that on weekends while you program computers for money. Disconnecting work from wages allows the various parts of your compartmentalized life to break loose, slide around and rearrange themselves in a pattern that serves you better.

Chris N. *worked her way up the ladder of success but found the grind did not suit her sensibilities. As a doctor she found herself trying to promote health in an unhealthy system, a system that demanded 100-hour workweeks, not enough sleep and precious little time for anything else.*

During her residency and early years as a physician, the work was so all consuming that she had no time to think about money, and no time to consider how she was spending it. Marrying another doctor only doubled the pattern of unconsciousness. Chris and her husband accumulated houses and cars and exotic investments. With lucrative practices, they didn't find it hard to adhere to their one accounting rule: spend less than you earn. The thought of keeping track of their spending was beyond comprehension. They couldn't worry about where their money went! They confused consciousness with worry—and they had enough to worry about in practicing medicine.

But Chris's days as a superdoc were numbered. She gave birth to two children. Being a mother opened her heart and tempered her drive, and she began to question the ethics and economics of the standard practice of medicine. She wanted out of the medical business and back into her original vision of medical service, where she would have time to listen and administer care to her patients and also time to enjoy her family. With a mixture of trepidation and resolve she left her secure medical group with all its "benefits" and opened a clinic, staffed by women, for women that would reflect her values.

During this time Chris began to recognize—in herself and in her patients—deep patterns of financial passivity and dependence. Some had grown up deprived, never having their needs honored and met. Others had been given things in place of love. Many were abdicating their own power and financial responsibility in their marriages. While it seemed "natural" (or at least understandable) that older women might suffer from this unnatural ineptitude, even younger career women (even Chris!) showed signs of an unhealthy financial subservience. Being honest and courageous, Chris searched her own soul as she prescribed self-reflection for her patients. What were her assumptions and blind spots with regard to money?

About this time she listened to the FI audio course. In her enthusiasm she immediately went to her husband and asked him the question she was beginning to ask herself: "What would you do if you didn't have to work for money?" "What do you mean?" he replied. "I love my work." "But what if you never had to charge anyone to meet your overhead?" Unable to answer that question, he promptly went to sleep. Eventually he listened to the course, but his zeal for a new way of practicing medicine did not match Chris's. She began to work on the steps of the program but still felt out of step with her husband. How could she proceed if he wasn't with her? She finally came to the conclusion that even in a conventional marriage—or perhaps especially in a conventional marriage—a woman has to be *willing to live a life of her own. Marriage doesn't eliminate the spiritual necessity of becoming a whole and autonomous person. Indeed, for a marriage to work the partners are required to individuate. In the end she brought all the steps up-to-date herself.*

As her personal insight grew, she began to reevaluate her clinic. This was a step in the right direction but only served to show her how much further she had to go. For example, as the clinic staff's ideals met the financial realities, everyone, from the receptionist to Chris, had to look deeply into her financial belief systems. None of the staff wanted to work the long and arduous hours maintained by mainstream medical professionals, but they all had trouble adjusting to earning less money. The economics were all wrong. As Chris turned toward noninvasive procedures, her income per patient went down. Expensive procedures are what pay the bills for most physicians. Chris preferred prevention, which meant teaching women how to be responsible for their health. She saw a way to practice medicine so that it would heal both body and soul, yet the economics of medicine kept pulling her back into the old way of working. "Either I have to do medicine differently or not do it at all."

For Chris, Financial Independence is the whole process of recovery from old ways of thinking about money, work, meaning and purpose. If a healthy practice of medicine means less money, so be it! In fact, FI is every bit as much a recovery process as recovery from alcohol or drug addiction. It is a process of healing the many ways we've given our power over to people and circumstances outside ourselves, trying to gain a sense of worth from social symbols of success while denying our inner reality. As Chris has changed, she has not gotten out of step with her profession—she's discovered a more holistic way to practice medicine and live life.

Chris is not alone. A survey done by the nationwide Center for a New American Dream found that nearly half of Americans had made voluntary changes in their lives that resulted in making less money. Those who did so reported being happy with the changes and said that the major motivations for making less money were reducing stress, striking a balance in their lives and having more free time.

2. Redefining Work Allows You to Work from the Inside Out

For many of us, much of life is lived from the outside in, selecting our roles and personas like dishes at a Chinese restaurant. One person might select "fireman" from the Job column, "blond hair and blue eyes" from the Wife column, "two" from the Children column, "casual" from the Style column, "Toyota" from the Car column, "Democrat" from the Political column, and "condo" from the Housing column and figure he's got life pretty well squared away. Fitting our well-rounded selves into the square hole called Job reinforces this impression that life consists of selecting options from a fixed list. Unless you're an artist or an entrepreneur, most often your job consists of working with someone else's agenda—for which service you get paid. There's a kind of subtle yet pervasive irresponsibility in the work world, a sense that we are always doing someone else's bidding, angling to please someone else up the line a bit. In large corporations, most workers don't even have a clue as to who originated the plan they're diligently getting to work. And such corporations buy not only our work but our personalities as well, with their unspoken cultural norms about who talks with whom, what to wear, where people at various levels "do" lunch, how much overtime you have to put in to be "visible" and hundreds of other daily choices. It's clear that if we think that what we *do* to make money is who we *are,* we will end up adopting whatever pattern will allow us to survive best at our job. If you *are* a computer programmer, for example, you have probably absorbed a host of attitudes and beliefs about yourself along with the skills you acquired to do the work. But if who you are and what you do to make money are distinct, as they can be when you disconnect work from wages, you can reclaim your lost self. As you come to know yourself, your values, your beliefs, your real talents and what you care about, you will be able to work from the inside out. You will be able to do your job without giving up your self. You will be responsible and accountable, both on and off the job. You will put a priority on being able to live with yourself—and if your job won't let you do that, you might choose to change jobs.

Margaret P. *is in the process of shifting from living according to others' values (living from the outside in) to discovering and living her values (living from the inside out). She'd already been married, had two children and gotten a divorce. As a single parent with a strong sense of duty, she wanted to earn as much as possible to support her family. That ruled out teaching, which is what she'd been trained to do. At the time she was undergoing this career change, an obvious place to look for ample income was in financial services, and the quickest route in was to become a certified financial planner.*

So that's what Margaret did. After several years she began to feel conflict. She and her clients believed she was there to guide and protect them in the confusing world of investments. In reality, she was a salesperson working on commission—and some products were more lucrative than others. She began having stomach pains and realized she had to stop selling financial products at all costs. She stopped pursuing sales and, while her body got better, her personal financial picture got worse.

She was glad that she and ***Ivy U.*** *had started the Financial Independence support group of twenty people committed to working with the FI program. Their monthly meetings were islands of support and sanity where the cacophony of the consumer culture faded out and they could once again hear themselves think. As they followed the steps of the program, they found themselves ever more willing to follow the promptings of their hearts—and for each one of them, that looked slightly different. For example, one bright, incisive woman realized she was grossly underemployed in her civil service job. Through "honoring her life energy" she saw that she was wasting her talent in a bog of mediocrity. "They aren't paying me enough to stay here in this amount of pain." So she quit and began living on savings and doing research on where and how to reenter the job market. Another couple left the security of an institutional job to set up their own private practice without going into debt to do it.*

All of these changes came out of the process of doing the steps of this program. Had the people in the group not gone through the requisite tracking, record-keeping and self-examination, these changes might have filled them with dread rather than hope. Had they not found dozens of their own unique ways to reduce expenses, many wouldn't have been able to afford to take a second look. In their monthly meetings they did exercises from the study guides (see Resources) so that they could reflect together on their money myths and misconceptions. Some discovered that they had no real purpose for their lives beyond their jobs and began a second monthly meeting to explore purpose. Quite a few had to find ways to make these changes in spite of costly teenagers and unsympathetic mates. It was out of doing all these steps that the *work = wages* formula split apart and they were able to discover new ways to organize their lives to match their true values and purpose.

3. Redefining Work Makes Life Whole Again

For the sake of order and convenience, we've sorted our lives into boxes. There's our work life, our home life, our community life, our inner life and our secret life. Such "systems management" allows us to track and balance our many responsibilities. But our prioritized To Do lists are *not* our lives. In theory they are there to assist us in navigating life—but more often they run *us*. Rather than perceiving life as a continuing flow of experience in the present moment, we become convinced that we have life captured in a three-ring binder with colored dividers. If we just follow the signs and connect the dots the picture of a perfect life will pop out at us. And the biggest, most compelling signs we follow are the ones that pertain to our paid employment.

If you look at work separately from wages, however, you have the opportunity to discover that you are simply performing activities, of one kind or another, from morning till night. Try an experiment for the next three days. Whenever you remember, ask yourself, "Where am I?" The most accurate answer will always be, "Here." Then ask yourself, "What am I actually doing?" No, don't just say "working" for those eight hours on your job. More likely you're writing or thinking or cleaning or driving or speaking or walking or standing or lifting or sitting or listening or deciding or looking for something or . . . the same kinds of things you do the rest of the day. All day, every day, you're just living your life. This may make your job seem more mundane, but it will also make the rest of your life seem more vivid and whole—and make you feel more alive. Try it.

4. Redefining Work Adds Life to Your Retirement

Everyone retires someday. The only question is when. Many work themselves into an early grave and retire the day they die. Others play by the rules and retire when their company says they can or must. In the United States, with the savings rate so low, the economy shifting and the age going up when Social Security payments cut in, the whole idea of our "Golden Years" of leisure seems to be one more "happily ever after" mirage. And yet there are those who have followed this program (or a similar plan) and retired while they still had plenty of life left in them. Whenever you retire, the quality of your retirement will be enhanced if you've been able to disconnect your work from your wages. By disconnecting work from wages, you will ensure that your retirement is simply retirement from paid employment, not from life. You can continue to expand your real work after "retirement," whether you retire at forty, sixty or eighty. If you are actively engaged in a life that is meaningful to you, no one can declare that you are no longer a valuable worker. You may end your tenure at your paid employment, but you won't lose your usefulness—or your dignity. Think about your own associations with the word "retirement." If the word has any negative overtones for you, see whether redefining retirement in the way we've suggested alters those feelings. Retirement symbolizes the end of life only if you take your self-definition from your paid employment. What new name can we find for this delicious freedom coupled with the energy to use it for delicious ends that you define?

5. Redefining Work Honors Unpaid Activity

If you think you are working only when you are earning money, then you (and billions of other people) are very busy being "unemployed" a lot of the time. The everyday activities of taking care of yourself, your home and your family are all unpaid work. It's not that we don't notice these other life chores, it's that we don't always honor them. In our minds we tend to regard them as mere obstacles to surmount on the way to our "real" work, the jobs we get paid for.

What about the hours you spend being a father or mother to your children, a good neighbor, a caring friend, a loving mate and a good citizen of your city, state, country and planet? Those activities alone could fill a life with meaning, challenge, creativity and purpose. Yet, being busy with our paid work, we often try to "do" our relationship work by some imagined rule book. The busy parent provides food, clothing, shelter, assorted lessons, chauffeur service and, whenever possible, "quality time." The well-meaning but harried mate shares a bed, a house, the chores, breakfast, dinner (if no business meetings are scheduled for those times), finances and, whenever possible, "quality time." As a citizen, you vote. As a neighbor, you dig up your dandelions, chat over the fence or in the elevator and join the block watch. As a friend, you "do lunch" or talk on the phone. In our hearts we know we could do better, but life is so busy there's no time to just be with people.

Another casualty of our confusion of work with wages is our inner work—the job of self-examination, self-development and emotional and spiritual maturation. It takes time to know yourself. Time for reflection, for silence, for journal writing, for prayer and ritual, for dialogue with a caring friend to heal the wounds from our past, for developing a coherent philosophy of life and personal code of ethics and for setting personal goals and evaluating progress. Yet, instead of honoring this as important work, we squeeze what we can into evenings and weekends, devoting the majority of our waking hours to the "real work" of our jobs.

Redefining work gives us back the full experience and expression of these other activities. We can honor our household duties, our relationships and our inner work and give this unpaid employment the same creativity, respect and attention that we give to our paid employment.

6. Redefining Work Reunites Work and Play

Since we have unconsciously equated "income" (getting paid) and "work," we figure that if we are not collecting income we must not be working—we must be "merely" playing, a frivolous pastime that serves no real purpose. Sometimes play may look like work, as in an intense chess game. Sometimes work can look like and even be called play, as in professional sports. And sometimes work feels so much like play that people say (somewhat guiltily), "This job is such fun I shouldn't be paid for it." So how do we tell the difference between work and play?

Let's test some common parameters to see which ones give us an unfailing method for distinguishing work from play. Bring to mind a person doing an activity that he or she does very well and that is considered valuable by others, anything from figure skating to driving a bus on a winding mountain road to arguing a critical case in a federal court. What factor would tell you for certain that what you are observing is work?

	Work	*Play*
Competition	yes	yes
Cooperation	yes	yes
Concentration	yes	yes
Skill	yes	yes
Absorption	yes	yes
Contentment	yes	yes
Feeling of power	yes	yes
Ability to travel	yes	yes
Achievement of recognition	yes	yes
Self-expression	yes	yes
Getting paid	yes	no

Eureka! We've found the difference. If there's money involved, it's clearly work. If there isn't money involved, it's either play (which we equate with fun) or duty (necessary but not necessarily nice). You do it either because you want to or because you have to—but *not* to earn money. Isn't it true that unpaid activity, whether it's play or duty, is often seen as worthless—as in worth less than paid activity? Isn't it true that there is an almost universal belief in our culture that if you are not working for money, not building a career, not employed, you are a nobody?

7. Redefining Work Allows You to Enjoy Your Leisure More

In *Downshifting,* Amy Saltzman explores the theme of "reinventing success on a slower track." As a "professional" herself, she became curious about why her generation, for all its striving, never seemed to arrive at happiness. Her book begins and ends with a meditation on empty front porches—porches that in bygone eras were a hub of activity and pleasure. She aims her book at "those of us who have dutifully played the part of career professional to the exclusion, in some cases, of almost everything else that gives life purpose and meaning."[16] She tells the stories of professionals who changed lanes in order to enjoy a slower, more fulfilling life. What all of them reclaimed was the value of their leisure time—the "front porches" of their lives. For the Greeks, leisure was the highest good, the essence of freedom—a time for self-development and for higher pursuits. Yet here we are in the early twenty-first century unable to really relax and enjoy our leisure. Even our language betrays us by calling it "time off" as though leisure were just a few minutes of recuperation before we're back "on," a once-again productive (i.e., real) human being. If we did not identify so strongly with what we do for money, we might honor and enjoy our leisure more. It's okay to play. It's okay to relax in the shade and listen to the birds. It's okay to take a walk to nowhere in particular. Leisure is not an identity crisis if you know you are not your job. The challenge, of course, is being able to deem your apparent idleness worthwhile. As Saltzman points out,

> Work for many of us is an easy and acceptable way to fill the hours. In our professional lives we have clear rules to follow and goals to meet. By contrast, it is completely up to us to invent the success framework for our leisure.[17]

8. Redefining Work Sheds a New Light on "Right Livelihood"

"Right livelihood" is the ideal of finding a way for your true work or vocation to be your paid work as well. While that might seem to be what we're advocating here, there are a few pitfalls to this noble effort that the FI program neatly sidesteps.

The first pitfall is that there is no guarantee that you will find someone to pay you to do what you feel called to do. It may take many years to develop your art or your research or your social innovation or your new technology to the point where those who have money want to pay for it. Most often this has less to do with the real value of your work than it has to do with luck, chance, perseverance, connections or a host of other factors. By giving up the expectation that you will be paid to do the work you are passionate about, you can do both things with more integrity. You can make money to cover your expenses, and you can follow your heart without compromise.

Michael Phillips, in his book *The Seven Laws of Money,* warns of the traps and fallacies hidden in the high ideal of "right livelihood." He strongly recommends that people separate their service projects from their survival needs:

> Unfortunately, many people can't separate the two, and the net result is that their belief that the project they are working on is the most important thing they can do gets coupled with their conviction that they have to survive. The combination of these two ideas leads them to believe that *the world owes them a living.*[18]

Other factors to consider about right livelihood:

1. Is a salary possible or even appropriate for the work we feel called to do—our informal conflict-resolution work in our church, our front-porch ministry to the neighborhood kids with nowhere to go,

telephone campaigns to promote peace, being a loving friend to someone who is dying? *At the Crossroads,* a document by the Communications Era Task Force about our era, calls these "committed activities"—activities done "out of a sense of personal commitment and commitment to society":

> Committed activities are vital to the health of a society. Yet we systematically undervalue and under-support them because they don't fit into either our market economy or the public sector. They are not supported by the market because benefits from these activities are often long-term, diffuse and difficult to define. They are not supported by government because they are not easily regulated by the bureaucracy.[19]

Steve B.*, our truck driver from Maine, had half a dozen good ways to make money. He's a registered nurse, a landscaper, a massage therapist and a farmer. "Right livelihood" for him looked like nursing, performing a real service for people and paying the bills to boot. But it didn't work that way. As a nurse he was caught in a constant flow of charting and report writing, spending more time with a pencil than with the patients. And at the end of the day he had no energy for the volunteer work he loved. If he was going to be a nurse he wanted to do it for love, not money. So he settled on driving the propane truck. He has 1,000 clients and a route that covers many miles of back roads leading to isolated farms and homesteads. In the winter he may be the only person many of these people see all week. Some are old and ill, so he stops for a chat and to see how they are doing. He might listen to their complaints and help them sort out which to worry about and which to ignore. He does a lot of education about nutrition, especially for people who have no idea what their doctors mean by a "low-fat, high-fiber" diet. Somehow, without his taking a temperature or even writing a report, they feel better when he leaves. He's a "healer without pay"—and it suits him fine. He earns his money delivering propane and gives his love for free.*

2. If you *are* being paid for the work you feel called to do, look carefully at how you are spending your time in that "right livelihood," income-producing work. Are you indeed doing the work fully and well, or are you spending an undue amount of time on financial concerns, perhaps raising money to continue your work? Many would-be saints end up as fund-raisers, and many would-be activists end up as Web-masters and sound-byte writers, putting out newsletters and mass e-mails for the membership to keep the flow of donations coming in. Any activity that is either publicly or privately funded is subject to someone else's whims and priorities. Any product or service that depends on a fickle consuming public might not survive in a competitive marketplace. So ask yourself, is your work secure, or are there future worries about money that may rightly concern you now?

3. Would you do this work the way you are doing it if your financial needs were handled? If not, what adjustments are you making because you need the income? Are you able to stay true to your own integrity? As long as you are receiving money for the work you do, there is the possibility, however minute and subtle, of selling out your vision, your values or your beliefs.

In *The Biology of Art*, zoologist Desmond Morris tells of an experiment in introducing the "profit motive" to apes. The first step was teaching them to be artists and to produce drawings and paintings that were decidedly lovely. Once their "art" was established he began to "pay" them, rewarding them with peanuts for their work. Under the reward system their artwork quickly deteriorated, and they began turning out hasty scrawls just to get the peanuts. "Commercialism" destroyed the apes as artists and got them scrambling for a peanut instead.[20] This is where the need for honesty comes in. What adjustments, however subtle, are you making in your "art" (be it carpentry or archaeology or day care or anything else) to keep that flow of peanuts coming in? How much are you willing to risk in your Sunday sermons before you start thinking about the possibility of losing your job, income and parsonage, as well as your position and power in the community? Is your teaching what it would be if you weren't doing it as paid employment? Are you writing advertising copy instead of that great American novel you've been dreaming about for years? Have you sacrificed your vision of how life could be for the reality of making a dying?

Redefining work allows you to step back and see your dreams for what they are, and your job for what it is—and to make both work for you.

The Power of Redefining Work

Redefining work by breaking the link between work and wages has stunning implications and benefits. As the late futurist and social scientist, Willis Harman put it:

> Unbounded opportunities become apparent once the mind is freed by separating the functions of creative work and income distribution.[21]

When you break the conceptual link between work and money, you give yourself the opportunity to discover what your true work is. It may turn out to be totally unrelated to what you are currently doing for money.

Whether you love your job and remain in it or move on to something new, breaking the link between work and money opens up room in your life for those parts of yourself that have been crowded out by your job. You may experience a moment of panic at the emptiness left by even this temporary suspension of your identity-as-your-job. But there are other you's: you as full-time parent, as learner, as friend, as adventurer, as community organizer, as volunteer, as artist, as dreamer and as architect of your own life's work.

A friend recently asked a colleague why he didn't seem to suffer from the stress everyone else at their overtaxed agency complained about. The colleague simply said, "My job is not the main event of my life."

Breaking the link between work and money gives you back your life. You no longer need the stamp of approval called a job to give you all the emotional, intellectual and spiritual benefits of being employed. You may even find out that it is not necessary to tie yourself to a nine-to-five grind for the rest of your life just to support yourself.

Now that we've established that the only intrinsic purpose of paid employment is getting paid (whether you love or hate your job), it makes sense to see whether you are trading your precious life energy for what it's worth. Now that you know that your life is bigger than your job, it makes sense to get a job that really "does the job"—i.e., pays you well. Now that you can see other options besides the "nine-to-five till you're sixty-five," making-a-dying money-go-round, it makes sense to be sure that your paid employment pays you enough to make your investment of time worth it. This leads to Step 7 of the FI program.

Step 7: Valuing Your Life Energy—Maximizing Income

Step 7 is about increasing your income by valuing the life energy you invest in your job and exchanging it for the highest pay consistent with your health and integrity.

When you pick up your paycheck, are you really getting a fair exchange for your investment of valuable life energy? The key to freedom from the “making-a-dying” world is valuing your life energy. We have seen that money is just something you trade your life energy for. We have also recognized that the purpose of paid employment is getting paid. Don’t reason and self-respect both suggest, then, that when you are working for pay, one option is to make the most money per hour possible, consistent with your integrity and your health? While that may sound like good old-fashioned greed, follow along and you’ll find yourself headed in another direction altogether.

Through following Steps 1 through 6 you have defined what is “enough” for you. Instead of defining enough as “more than I have now,” thus condemning yourself to the experience of perpetual poverty, you are discovering that enough is far less than you imagined and well within your means. And remember, your enough will be a level of spending that evolves out of aligning your spending with your experience of fulfillment and with your life purpose and values. Enough is not the minimum amount for survival; it is the exact amount that gives you fulfillment without excess. As we pointed out in Chapter 5, this enough often falls far below your income. If you are spending less money than you earn, that means you can spend less time on the job and still have enough. It’s basic. If enough is $2,000 a month and you earn $20 an hour, you must work 100 hours a month to meet your expenses. But if you earn $40 an hour, you must work only 50 hours a month at your paid employment.

Now we’re moving back toward the lifestyle human beings enjoyed before the Industrial Revolution. You could work two or three hours a day for money and spend the rest of the time doing what you want to do for relaxation, fun, self-development, human interaction, community involvement or world service. If you chose to work more hours at your paid employment, you would do it only for good reason, since you place a high value on your life energy. You might be doing it to support someone or something else. You might be doing it to get out of debt and experience that particular aspect of financial freedom. You might be doing it to develop savings so that you can be secure no matter what the economic climate. Or you might be doing it so that you can achieve some other life goals, like going back to school or traveling around the world or even becoming financially independent. The size and intensity of your goals will determine the time and vigor you invest in the workplace. You might even be so eager to reach a financial goal that you end up working a second job—joyfully. Unlike the behavior of a workaholic, however, working extra hours is now connected with and serves your purpose.

Disconnecting work from wages for ***Rosemary I.*** *meant that she could move toward pursuing other goals beyond her job—goals that ranged from travel to writing to working on projects that might help the planet. While she enjoyed her job as an activities director at a retirement home, she didn’t plan to devote her whole life to it. She saw clearly that the more she earned now, the sooner she could get on with her other goals. When she received a $15,000 inheritance from her grandmother, she immediately added that money to her FI nest egg. Rather than searching for a higher-paying job—with the possibility of more stress—she decided on another strategy. She got a second job working on call with a small audio duplication and distribution company, putting in several hours a week on evenings and weekends. The schedule was flexible, the people congenial, the stress minimal and her hourly pay was just as good as what she was getting at her full-time job. Even though she’s working far more than forty hours a week, her goal keeps her energy up and her spirits high.*

Valuing your life energy and seeking the highest pay possible has nothing to do with the “more is better” mentality. You don’t want more money so that you can have more material possessions. You want more money so that you can have *enough* material possessions and more life. If money = life energy, then by increasing your income you increase the amount of life available to you. Depending on your actual hourly wage, a new car could cost a month, six months or a year of work. And you don’t want more money so that you can have more status, prestige, power or security. You know that money doesn’t buy those things. You want more money so that you can have more freedom to be yourself without *worrying* about the money. Likewise, you don’t want more money to boost your self-esteem. You want more money as an *expression* of your self-esteem, of valuing your life energy.

NEW OPTIONS FOR PAID EMPLOYMENT

You have several creative options to explore at this point, including increasing your pay so you can work part-time, enhancing your current job or changing jobs altogether.

Higher Pay: A Matter of Attitude

Many people are passive, even fatalistic, about the size of their earnings. They act out of a victim mentality, totally at the mercy of outside forces—the boss, the wage scale, the unemployment situation, the recession, the poor local economy, the President’s economic policy, competition from low-paid workers in developing countries, and on and on. The attitude is one of “I can’t find a good job—and it’s because of *Them*. *They* are keeping me in a low-paying job.”

While economic realities may at times be harsh, it is also the nature of the human mind to make real the thoughts and beliefs that we hold (a fact that should encourage great care in how we think about ourselves). If you see yourself as a victim, you may well be too busy feeling sorry for yourself to notice the many opportunities to change your dismal destiny.

Think how valuing your life energy might transform your experience and performance on the job, as well as your ability to get another job should you want one. With such an attitude, every moment you spend at your paid employment is connected to your internally generated personal goals, purpose, vision and values. Wherever you are working, you are working for yourself. You experience yourself as valuable, as responsible for the way you distribute your life energy, as someone freely choosing to give your life energy to this particular job.

One important factor limiting your earning potential is attitude: attitudes about yourself (e.g., “I’m not good enough”), attitudes about your job or employer (e.g., “They’re out to get me”), and attitudes about current circumstances (e.g., “There just aren’t any jobs”). These attitudes are demeaning, debilitating and self-fulfilling. They are reflected in the quantity and quality of your work, in your interactions with employers and fellow employees and in your fearfulness about your job security.

To be successful, cultivate positive attitudes of self-respect, pride in your contribution to your workplace, dedication to your job, cooperation with your employers and coworkers, desire to do the job right, personal integrity, responsibility and accountability—and do it just because you value your life energy. You value your life energy because you value life. You are committed to excellence at your job because you’re committed to 100 percent integrity, no matter what you’re doing. You’d be surprised at the degree to which job satisfaction lies in the worker, not in the work. And it just so happens that this integrity and the increased quality and productivity of your work will easily qualify you for a pay raise.

You may not even need to ask for it.

***Steve W.**, the carpenter we met in Chapter 6, found that one of the gifts of the FI program was the chance to reconnect with his aspirations as a writer. He'd grown up in an Air Force family and had kept moving as an adult. He finished high school in Gulf-port, Mississippi, and then moved to Austin, Texas, where he employed eight people in a remodeling business until the oil crash ripped the rug and floor out from under him. That and a divorce pared his possessions down to a vanload (making Step 1 very easy), and he took off, eventually landing in Oregon. Within a year of putting the FI program into practice, Steve had enough money saved to support himself for a year, allowing him to back away from the financial edge. He decided to try writing some stories that had been with him for years, stories based on his experiences in Mississippi in the early 1970s when he built a Baptist church with some old African-American carpenters. To free up more time for writing, Steve started bidding his remodeling jobs a lot higher, assuming that most of those contracts wouldn't come through. What happened was a big surprise. Many people had been so impressed with his work in the past that they were willing to pay whatever he asked. He had all the work he wanted, at much higher wages. Wanting to deliver the quality they were paying for, he put even greater care into his carpentry. His reputation for superior craftsmanship spread, bringing in more work. His hours of paid employment went down, his income went up, his anxiety went down, his peace of mind went up and his time to write seemed boundless. He was surprised, but he wasn't going to question his good fortune—or was it his good self-esteem?*

Financial Independence as a Part-time Job

Steve W. chose what we usually refer to as part-time work. However, this new way of thinking about money and work puts that term in a new light. In the world of job = identity, part-time work makes you only a part-time person who has only part-time worth. As a part-timer, this thinking concludes, you would be sacrificing many of the benefits of full-time employment. You'd lose out on health insurance and whatever pension plan your company provides. You'd lose out on opportunities for advancement. You'd probably lose out on the best assignments, working instead on what's left over after the full-timers have skimmed the cream off the top. In the new way of thinking, however, you are working part-time on someone else's agenda for money so you can work as much time as possible on your own agenda. You give your employers their money's worth, but you don't define your self-worth by what you do during that small fraction of your time.

People have adopted a number of variations on this theme of part-time work. Some work three days a week, making every weekend a long one. Some work six months a year for money and do what they please with the other six months. (You might be be surprised at how many artists, writers, activists and adventurers you find among seasonal workers.) Some work four hours a day so that they can be available for their children both before and after school.

Consider for a moment the impact of an increasing number of people's choosing to work part-time. Two people could share one job, cutting down on the competition for increasingly scarce jobs. Pressure to deal with "the problem of unemployment" would be taken off the government. Job-sharing is, indeed, becoming a respected and encouraged option. With FI thinking leading to reduced expenses, one job could provide a livable wage for two people. In addition, each person might do a better job because he or she wouldn't be suffering from the burnout, boredom and "thank God it's Friday" syndrome so common among full-time workers.

But What If I Like My Job?

If you *like* your job, this new perspective (valuing your life energy) will only enhance your experience—and your earnings.

Lou B. *(who is partners with* ***Steve B.****, the propane-truck driver) loves her work as an accountant. She works with a vision and a mission. Calling herself a "holistic accountant," she is dedicated to empowering people to become responsible with their money. Upon doing the FI course she discovered the blind spots in her own personal finances. When she calculated her real hourly wage, she found that out of her $90-per-hour fee, she netted $7.50. Her husband did better delivering propane during the winter in rural Maine. Where was all that money going? Lou discovered that she had been running her practice for her clients and her employees. Very noble, but not good business.*

Because she had wanted to provide service for people who couldn't afford it, she kept her rates low and was always the one to work overtime and go the extra mile. Doing the Monthly Tabulations showed her that she wasn't making any headway economically. She had forgotten the simple lesson of valuing her own life energy.

She decided to raise her rates by 23 percent and to limit her staff to one secretary. In addition, she decided to limit both the number of clients, concentrating on those who wanted to learn to help themselves, and the number of hours she worked. After making these changes she found herself with exactly the number and type of clients she wanted, and she now works fewer hours while earning more money. Because Lou values herself and her life energy, her clients value her advice—and they learn from her to value themselves.

How to Get a High-Paying, High-Integrity Job

Sorry. This chapter isn't designed to be a job-hunting manual. As we have seen, there is no Job Charming. The people we've met in these pages have had to do a lot of soul-searching, risk-taking, experimenting and challenging of old beliefs in order to move forward into jobs with higher pay and high integrity. They've had to see that their lives are bigger than their jobs. The parts of themselves that had been suffocated by their paid employment had to be given room to breathe again. Visions from childhood of how life could be had to be excavated from under the status, seriousness and self-importance that masquerade as adulthood. They had to tell themselves the truth about whether or not their current paid employment was really doing what paid employment is supposed to do: earn money.

There are a number of excellent job-hunting guides on the market—and more coming out every day as jobs become a scarcer and more cherished commodity. The classic is the frequently updated *What Color Is Your Parachute?* by Richard Bolles.[22] Beyond that, you're on your own. Just one word of caution. As P. T. Barnum once said, there's a sucker born every minute. There are a host of workshop leaders, agents, "headhunters," advisers, counselors and the like who would be happy to help you find Job Charming—for a hefty fee. Some of these services are useful—but be discerning. Read the fine print on contracts. Be as sharp a shopper as you would be for a car or a refrigerator. What follows is an attitudinal checklist that might be just as helpful to you as a highly paid employment specialist.

Job-Hunting Checklist

1. Purpose. In order to find a high-integrity, high-paying job, you must have a clear *purpose* for having one. Since the utilitarian purpose of *paid* employment is getting *paid,* high pay will certainly be part of your purpose. Another goal could be, in part, simply the goal of leaving work you don't enjoy. But you must also clarify the meanings and motivations that are part of your larger purpose, whether it's your desire for personal growth, learning, adventure or making a contribution to others. This life purpose helps you keep in mind that the higher the pay, the more time you can have for other things that matter to you. It's your life energy that's for sale. Be sure to sell it to the highest bidder, consistent with your integrity and your personal health and well-being.

2. Intention. Intention is the will to meet your goal or achieve your purpose. Most of us know what we want to do or ought to do, but without the *intention* to do it we may procrastinate or wander off course. Weak intention, procrastination and lack of focus are often manifestations of disabling beliefs about yourself and your capacity to achieve your goal. Look inside and see whether you can identify any disempowering beliefs—and then open your consciousness to other, more positive, possibilities. The second source of weak intention is lack of clarity about what you really want. You can't find something if you don't know what you are looking for. The more clearly you can define the job you want, the more precise you'll be in your search and the more discerning you'll be about the offers that come to you. What is your most valuable skill—the one that commands the highest pay? What is your monetary goal (hourly wage)? What are your geographical requirements—e.g., do you need to stay where you are and, if not, where are you willing to work? What are your ethical requirements? What working conditions are essential for you? And be sure to include what you learned from Step 2 (finding out how much you are really trading your life energy for) as part of your criteria for job selection. A job that pays $30 an hour but has high job-related expenses and a long commute may not fit your bill anymore.

3. Willingness. Besides having strong intention, you must be willing to work for what you want. All the intention in the world won't get you a glass of water if you're not willing to go find the glass and fill it with water. To find or create a job that will meet your criteria, be active in your role as job-hunter. Get out there and *look* for a job! Educate yourself about the job-search game and play it assertively and diligently. You might need to do "cold calls," promote yourself, go to networking gatherings, consult your friends, relatives and business associates and go online or to the library to do research. Be willing to be assertive, creative, inventive and persistent.

4. Consciousness. You need to remain conscious during the journey. You can have all the purpose, intention and willingness in the world, but still be unresponsive to the opportunities and obstacles that present themselves. Be *conscious* of all the possibilities for jobs around you. Follow up all leads. If you determine that a course of action is a dead end, stop going up that street. Interviewing people for information on possible jobs, even when they have no job to offer you, is often an effective way of uncovering a job. Always deal directly with the person who has the power to hire you. Sometimes you can create your own job by demonstrating to a prospective employer that his or her company has a need for your skills. Plot yourself a course to that ideal job—and stay open to the unexpected. Finding a job is an active *and* interactive process. Stay conscious and you won't fall down on the job—so to speak.

You can get the right job for you if you have the purpose, intention, willingness and consciousness to find it. If you don't have the perfect job, keep running through this checklist to see where you're off course. Is your purpose clear? Do you really mean it? Are you being lazy in your search? Are you missing angles and opportunities? Keep looking.

There is power in knowing that *you* hold the reins and are in control of how many hours, days, weeks and years you need to work for money, in knowing that you can set an accurate goal for how much money you need to sustain yourself at the lifestyle level you choose, in knowing that once you have that amount, making money doesn't have to be the sole criterion for what you do. These insights can provide you with the motivation necessary to raise your income to new heights.

5. Recognition. Finally, you must be able to recognize when you have been successful in achieving your goal. To succeed simply means to accomplish what is intended or attempted. You steer your own success by what you choose to accomplish and you arrive when *you recognize* that you have arrived. The evidence of success is not whether or not others judge you to be successful. The only evidence is whether or not you did what you intended or attempted to do. And the only person who can determine that is you. An external symbol like a trophy or a pay hike might be a nice extra, but the real sign is your inner knowing that you did what you set out to do. Without that inner knowing, you may receive many outer rewards but have no sense of inner fulfillment—and no amount of honor will ever be "enough." With that inner knowing, you can achieve just about anything.

Ten years before striking out on the road to FI, ***Marcia M.*** *had left her marriage and raised four children as a single mother. She'd heard about the financial program several years before she actually took the course and had begun faithfully tracking her earnings and spending. She had no idea why that was important, but it gave her a small sense of control in an otherwise chaotic life. By the time she heard the audio recording of the seminar, her four children were all grown and Marcia was finally free to find her own way.*

While she'd done a great deal of spiritual growing since her divorce, she still experienced herself as powerless and inept when it came to money. At this time she was living with friends, exchanging labor for room and board. Determined to become financially independent, she'd walked up the deserted stretch of road where she was living to a small coastal motel and applied for a job as a maid. She was hired on the spot and walked home on cloud nine. She was on her way to FI. But when her house-mates asked her how much she would be earning, she realized she'd forgotten to ask.

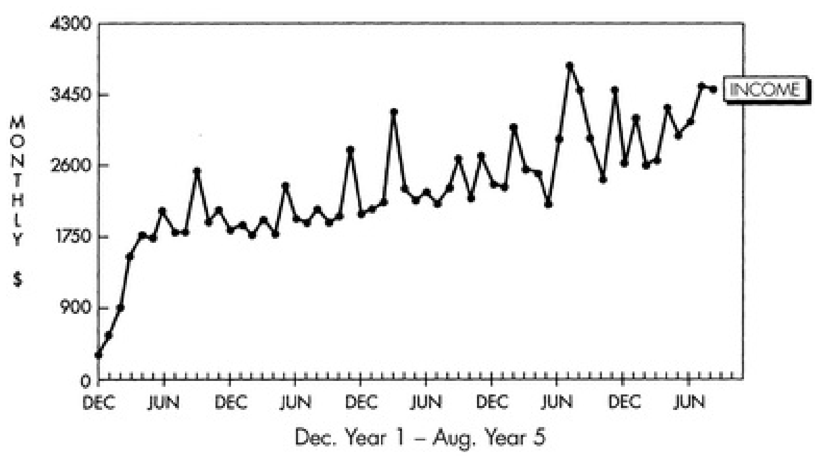
Several months later Marcia moved to Seattle to look for a job that paid more than the minimum wage. What she lacked in sophistication she made up for in resolve. Within weeks of arriving she was living with a friend, had sewn herself a work wardrobe and was out on assignments from a temporary employment agency. Right away she put her Wall Chart up, and within a few months she had wiped out several thousand dollars in debt. Her progress spurred her on. For every temporary position she calculated her real hourly wage. She was ruthless in evaluating each opportunity against the real cost of the work—needing to learn a new word-processing program, traveling long distances and the personalities of her coworkers were all factored into her decisions. She'd already doubled her income, from minimum wage to just about $14 an hour, but she didn't stop there. At each temporary job she was on the lookout for permanent positions. She made every contact and conversation count and, when a supervisor at a hospital job told her of an opening as a full-time administrative assistant to a department head, Marcia went for it. On her job interview she convinced the doctor that she was just the person he was looking for, and she landed the job. Her pay shot up above $17 per hour, and she now had benefits. While she'd never had a job like this before, she drew on her years of office skills, the kind of administrative expertise it takes to raise four children and the self-respect and integrity that come from following the FI program—and won the admiration of the whole staff.

But she didn't give up looking. She kept reading the want ads, interviewing friends in different professions and keeping her ear to the ground. By looking at her Wall Chart daily, she remained aware that the more she sold her life energy for, the quicker she'd accumulate savings—and the sooner her *time would be her own again. Her next opportunity came from an unexpected direction, but she was able to seize it because she was expecting opportunities. Out of her interest in health Marcia volunteered at an annual medical conference. She just happened to be staffing the T-shirt table the first day of the meeting when the executive director of the sponsoring organization marched off the job, leaving the conference participants to fend for themselves. Marcia was part of the team of volunteers who stepped in to fill the gap. Her skills and service did not go unnoticed. When the board went looking for a new executive director, Marcia was the clear choice. So for her last two years of paid employment Marcia served as the executive director of the organization. The board came increasingly to admire and rely on Marcia's integrity and expressed that through increasing her compensation. By the time she was done, her hourly salary was over $24 per hour, with an annual salary over $48,000, a figure that had been so unthinkable to the hotel-maid Marcia that she now had to tape extra graph paper to the top of her Wall Chart to even enter her monthly income. Her earnings had gone off the chart! (See Figure 7-1.)*

Marcia's clear purpose, intention, willingness and consciousness allowed her to recognize each new opportunity for higher pay and eventually to quadruple her income. Her self-image went from "minimum-wage worker" to "executive director." She made each new experience another platform from which to reach further. Her skills and background, which she'd thought added up to a career of minor-league, dead-end jobs, eventually added up to executive material. All she needed to do was value her life energy, remember her purpose, engage her will and pay attention to each opportunity as it came.

Step 7 is simply "valuing your life energy and increasing your income"—since the only purpose of paid employment is getting paid. You do this not out of greed or competition but out of self-respect and an appreciation of life. As a by-product you might well find yourself with less debt, more savings, more free time, more energy on the job, more energy off the job, more satisfied clients, a more satisfied family and more peace of mind.

FIGURE 7-1
Marcia's Wall Chart—with Income



SUMMARY OF STEP 7

Increase your income by valuing the life energy you invest in your job, exchanging it for the highest pay consistent with your health and integrity.

8

THE CROSSOVER POINT: THE POT OF GOLD AT THE END OF THE WALL CHART

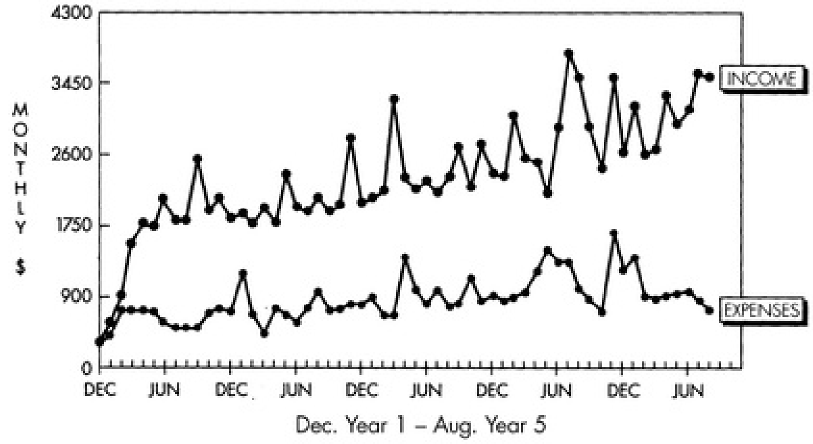
By doing Steps 1 through 7 you will move inexorably toward FI. You will naturally achieve Financial Intelligence, the ability to step back from your assumptions and emotions about money and observe them dispassionately. You will know how much you have, how much you spend and how much of your life energy you're investing in each aspect of your chosen lifestyle. Most of your old gazingus pins will no longer grab your attention, and those few that make it past the cash register will look like fool's gold very soon afterward.

By following the first seven steps you will also increase your Financial Integrity. Your handling of money will be more and more integrated with other aspects of your life. All facets of your finances will be in alignment with your values.

These changes alone may lead to a substantial increase in your Financial Independence. Your expenses may go down, your income up, your debt may disappear and your savings increase. You may even find yourself doing more sharing and repairing instead of just buying your way through life. The freedom you will experience from just these changes will feel like a miracle—a fiscal rebirth. Money will no longer be a problem in your life, and the creativity that was locked in the constant struggle with your finances will be released for making other, bigger dreams come true.

With Step 8 the possibility of complete Financial Independence opens up. Naturally we will all be financially independent sometime between now and the day we die. (When they say "you can't take it with you," that doesn't just mean your stuff. It also means your job and all your money worries. That's the "rest in peace" part.) The only thing under debate is when. Step 8 shows you how you can cooperate with that inevitability and perhaps leave paid employment a lot sooner than you ever thought possible. We will also hear stories about other people who have reached that goal and what they chose to work on once money wasn't an issue.

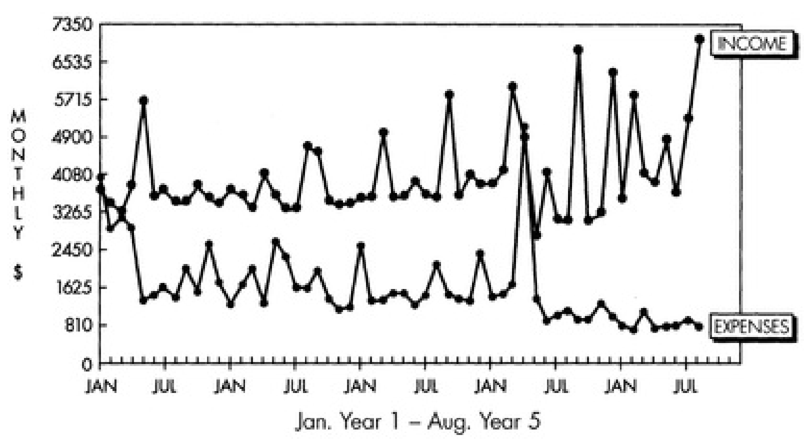
FIGURE 8-1
Marcia's Wall Chart—with Income and Expenses



In Chapter 7 we saw Marcia M.'s Wall Chart with her income line going off the top. Let's take a look at it again, this time adding the expense line (see Figure 8-1).

Having lived on the edge of poverty for so many years, ***Marcia M.*** *didn't have a lot of "big spender" habits to contend with, so her expense line soon settled in at around $950 a month. What doesn't show up on the chart is the change in her "discretionary" spending from "entertainment to fill the void" to "activities in support of my purpose," and the fact that her feeling of inner peace went steadily up. Her income line, as we said in Chapter 7, went off the chart, not only from her professional work but also from some part-time piecework she did for a small local company. Marcia's chart is fairly typical for a dyed-in-the-wool frugal person whose earning power goes through the ceiling.*

FIGURE 8-2
Diane's Wall Chart—with Expenses and Income



Diane G.*'s chart (see Figure 8-2) is typical of a fairly steady earner and heavy spender who diligently applied the principles of this program and cut her spending in half. The first things to go were the extravagances that clearly gave her no fulfillment—disappointing travel and entertainment. The next to go were the automatic spending habits that added nothing to the quality of her life—daily* *restaurant meals, for example, and buying clothes out of boredom. And finally she found less expensive ways to have the things she wanted—moving to a less costly apartment, taking budget ski trips and trading in her sporty gas guzzler for a fuel-efficient car. All of it, she affirms, added to the quality of her life and her self-esteem.*

What you see in both these charts is a growing gap between income and expenses—i.e., savings. Before FI thinking takes over, a "normal" person might regard those savings as earmarked for a splurge in the future—a down payment on a bigger house or a whizbang vacation to the ends of the earth. But FI thinking sees those savings in a different light. FI thinking calls that gap "capital."

SAVINGS VERSUS CAPITAL

Savings are funds put aside from time to time and kept unexpended. You are usually saving for something, if only a rainy day. Capital, however, is money that makes more money. Capital is money that keeps working for you, that produces an income as surely as your job produces income.

When you put savings in the bank, the bank is just a safe place to store your money until you need it. The interest you get is a nice by-product of having a bank account, but it is not the purpose of the account. When you put capital in a bank *or other interest-bearing instrument*, however, it is an investment. An investment is the conversion of capital into some form of wealth other than cash with the expectation of deriving income. There are two basic forms of investment: speculation and debt instruments (loans). Stocks, real estate, venture capital and the like are speculative investments; you hope (speculate) that the value of what you buy will increase and you will make a profit. Debt, on the other hand, is lending your capital to another and charging them interest for the privilege of using your money for a specified period of time. At the end of that time your capital is returned to you intact, ready for you to loan out again. Bonds are an example of a debt instrument. In Chapter 9 we will go into detail about an FI investment program, but for now it's enough to realize that your savings are actually capital that is making money for you.

The income you receive from your capital is of a different nature than your job income. It comes in whether or not you go to work. Instead of simply lumping it with your total monthly income, you will be entering it separately on your Wall Chart according to the formula given below. This third line will be called "monthly investment income."

Step 8: Capital and the Crossover Point

Each month, apply the following formula to your total accumulated capital and record the result on your Wall Chart:

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

Your total accumulated capital is simply the money you have (usually in a savings account) that you are not planning to spend. For the "current interest rate," don't use what you get on your savings account; instead use the current yield of long-term U.S. treasury bonds or, perhaps, certificates of deposit (CDs). (You can find these figures online or in the financial sections of major newspapers such as *The Wall Street Journal*.) The U.S. treasury bond figure is one of the best reflections of prevailing interest rates on debt instruments. It is a conservative estimate of the return you can expect from such a long-term investment. For arithmetic simplicity we will use 4 percent, but this is a convenience for our discussion only and not a prediction or a promise about what interest rates will be when you are ready to invest. When Joe retired, interest rates were in the 6 percent range. At the time of this update, interest rates hover at 4.5 percent. What we know for sure about the financial world is that even the safest investments go up and down. At the moment, don't worry too much about that number—just use the current rate.

For example, let's say you have $100 of savings. If you were to consider that $100 capital and invest it in a bond that pays 4 percent interest, the equation would look this way (remember that these figures are purely hypothetical, for illustration only):

$$\frac{\$100 \times 4\%}{12} = \$.33/\text{month}$$

For every $100 thus invested, you will get $.33 per month, each month, for the life of the bond. The original $100 remains untouched and you will eventually get it back.

So if on the first month of your chart you have $1,000 in savings and the current interest rate is 4 percent, your equation will read:

$$\frac{\$1{,}000 \times 4\%}{12} = \$3.33 \text{ monthly investment income}$$

This simply means that the $1,000 you now have in *savings* has the power to bring in $3.33 every month —if you consider it *capital* and invest it in a bond. In this example you would post $3.33 on your Wall Chart, using a pen of yet a different color. (We'll see in a moment how that looks on Marcia's Wall Chart.)

Sure it's a tiny figure compared to the towering spikes on your Wall Chart that represent your job income, but it's still $3.33 a month ($40 a year) for the life of that bond. For fun, try translating that into something tangible, some expense you consider necessary for survival. It could be the number of pounds of rice you use in a month. Or a couple weeks of coffee beans. Or part of your telephone bill.

Keep applying the equation to your total accumulated savings each month. For example, if you save another $500 during the second month, add it to your previous total of $1,000 and your equation for *that* month will look like this:

$$\frac{\$1{,}500 \times 4\%}{12} = \$5.00 \text{ monthly investment income}$$

Post this figure and connect it to the previous one. After a number of months your chart will show a third line creeping up from the bottom. This line represents monthly investment income (see Figure 8-3).

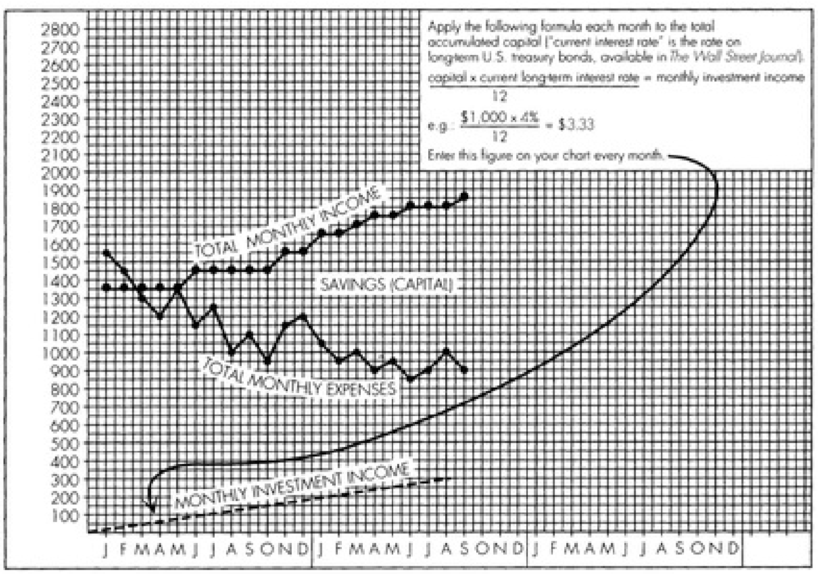
Once you've saved $5,000, you can invest it according to the criteria outlined in Chapter 9. The income from that investment will become part of your monthly investment income figure, along with the figure derived from applying the formula to your further savings. The next $5,000 you accumulate will be invested in the same way, and the next and the next and the next.

Let's go back to Marcia's chart and see how that looks (see Figure 8-4).

Since she started out with some debt, Marcia's monthly investment income line didn't even show up until about a year after she took the hotel-maid job. Once she started accumulating savings and converting them to capital, however, her monthly investment income kept going up. In January of Year 4, for example, Marcia has a monthly investment income of $215, while her expenses are $845. By the next January her monthly investment income is $350 and her expenses are still in that $950 range. Now look at February of Year 6. Her monthly investment income is $545, and her expenses are still within the $950 range. What you are seeing at work here is not only Marcia's increasing salary, but also what's known as the magic of compound interest. The interest earned on her capital is being added back to her capital; thus she is earning interest on the interest, and her capital is increased by that amount.

FIGURE 8-3

Applying Formula to Capital to Get Monthly Investment Income and Entering on Wall Chart

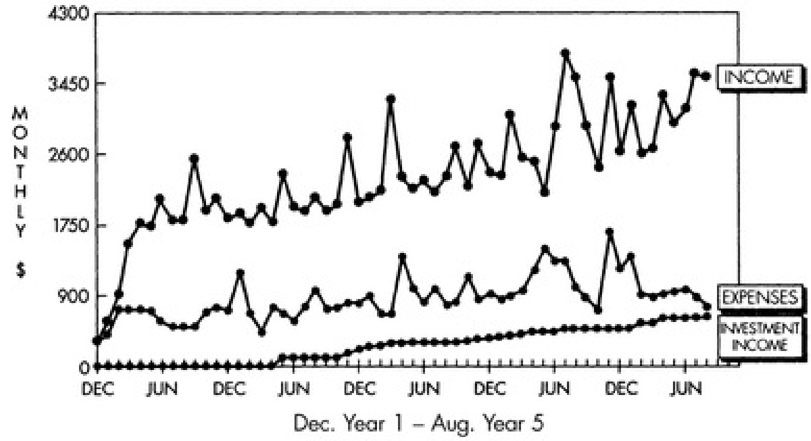


What this means for you is that even if the amount added to your capital each month is a constant increment (e.g., your monthly savings are always $500), the compound interest would make sure that the monthly investment income line on your chart would actually curve upward, rather than remaining straight.

As you'll notice, an interesting trend is developing in Marcia's Wall Chart. That modest yet ever-increasing monthly investment income line is steadily gaining on the fairly stable monthly expenses line. We'll see the significance of this in a moment. But for now all we need to notice is that by simply doing the steps, month in and month out, Marcia's investment income is headed up. This will also happen to you.

FIGURE 8-4

Marcia's Wall Chart—with Monthly Investment Income



THE CROSSOVER POINT

One day, while you're looking at your Wall Chart, you will realize that you can project your monthly investment income line into the future (see Figure 8-5).

Because you have established a fairly steady trend in your total monthly expenses, you can reasonably project that line into the future as well (see Figure 8-6). You will notice that at some foreseeable time in the future those two lines (total monthly expenses and monthly investment income) will cross. We call that the **Crossover Point** (Figure 8-7). Beyond the Crossover Point, income from your investment capital will be higher than your monthly expenses.

The Crossover Point provides us with our final definition of Financial Independence. At the Crossover Point, where monthly investment income crosses above monthly expenses, you will be financially independent in the traditional sense of that term. You will have a safe, steady income for life from a source other than a job.

FIGURE 8-5
Projecting Your Monthly Investment Income

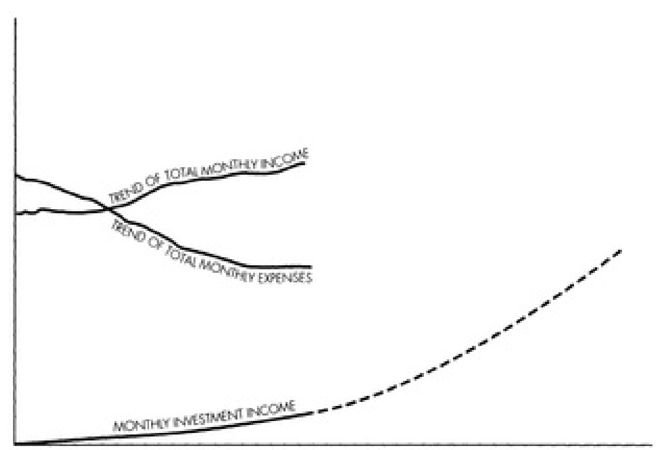


FIGURE 8-6
Projecting Your Total Monthly Expenses

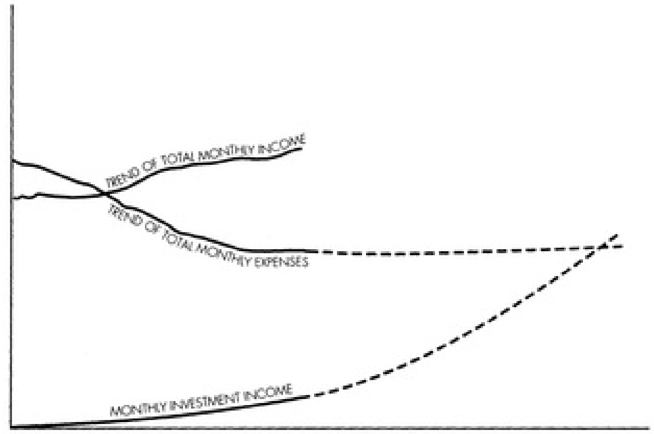
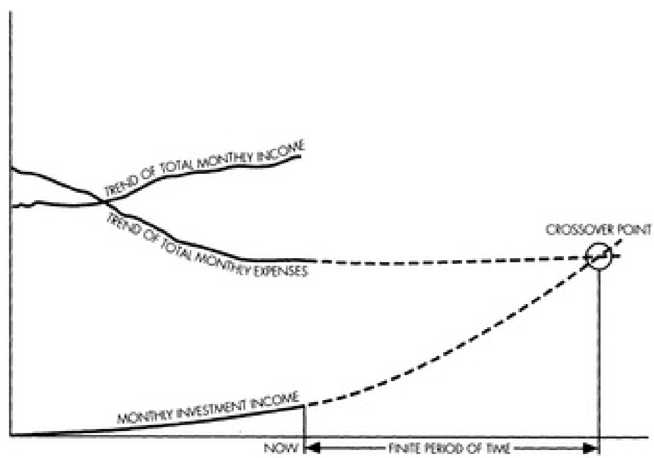


FIGURE 8-7
The Crossover Point

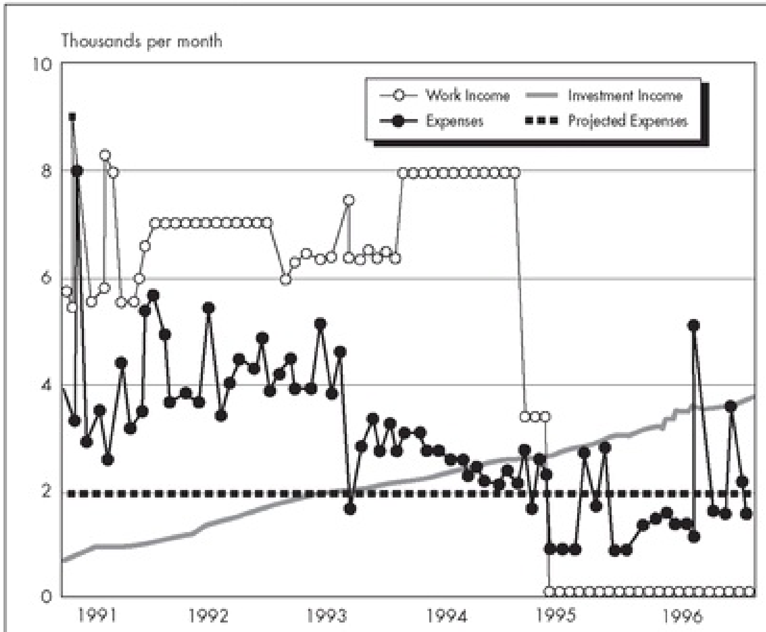


THE POWER OF WORKING FOR A FINITE PERIOD OF TIME

This realization has had a powerful impact on many people. Think about it. If you see your life as bigger than your job and can conceive of having to work for money for only a *finite and foreseeable period of time,* then you are likely to be an even more highly motivated, high-integrity worker. The qualities of self-assurance, high motivation, dedication, integrity, joyful pride of workmanship and responsibility that you adopt as you learn to value your life energy are squared when you realize that if you choose you may work for money for only a finite period of time.

When Kevin C., a Human Resources employee in a big corporation, was able to calculate, from years of tracking, evaluating and charting (see Figure 8-8), that he would reach the Crossover Point within a "finite period of time"—eighteen months to be exact—he went through a metamorphosis at work that even astounded him.

FIGURE 8-8
Kevin and Catherine's Financials



Note: Catherine and Kevin determined that $2,000 per month was their post–financial independence income requirement (also known as their point of "enough"). As you can see, their steadily growing "investment income" line crossed their "projected expenses at FI" line back in 1993, and then crossed their "expense" line in late 1994. The big drop in work income came in January 1995 when Catherine left paid employment, and again in April, when Kevin quit. Also, note that their *actual* post-FI expenses have been considerably lower than their estimated target of $2,000/month—the result of learned frugal thinking and continued use of *Your Money or Your Life* principles. Source: Jacqueline Blix and David Heitmiller, *Getting a Life* (New York: Viking, 2007), p. 172.

"Finally I saw financial independence was going to happen. We were right on schedule for it. I stopped worrying about whether anybody was going to fire me or whether I would get laid off, or whether I stepped on toes, and it was extremely *empowering." (His wife said he'd come home from work saying, "I'm bulletproof! I'm bulletproof!")*

"I just started going gang-busters at work. It was kind of scary from just about everybody else's perspective too because I had phenomenal energy and incredible confidence.... I negotiated some of the toughest settlements that I've probably ever negotiated during those six or eight months, and I did not *lose. Not only did I not lose, I prevailed big-time on everything.... If a manager really screwed up bad on something, I said, 'OK, send them to me and I'll fix it.' It worked out really well for the company and for me."*

Take a minute to think about what would happen if you knew that you would have to work for money for a limited, foreseeable length of time (say, five years) instead of that vague limbo of working until traditional retirement. Wouldn't you feel like putting a lot more of yourself into that job, knowing that it's only for a limited period of time? Wouldn't it make the boredom more bearable and the challenges more interesting? If you are close to retirement age, how does it feel to consider shaving off a few years in the workplace and adding them to your retirement years?

One of the cornerstones of this program, for those wishing to go all the way to Financial Independence, is concentrating on making money now so that you don't have to make money later. You are thus committing yourself to intensively earning money (without selling out your integrity or endangering your health) for a limited period of time.

Until ***Steve W.****, the carpenter, caught on to the implications of the "finite period of time," he thought the FI course was just a well-crafted presentation of principles he already knew. He'd even kept track of all of his expenses at one point in his life—but he never figured out what to do with the record, so he quit. What the FI program showed him, however, was how all the pieces could work together to create a life that was meaningful and that reflected his real self. In a letter to us he wrote, "The high point for me was realizing that I could work at my job for a* finite *amount of time. That transformed my whole attitude. As I sat listening, my heart rate quickened, my palms became sweaty, my energy level soared and I started yelling, 'Yes! Yes!' I also started laughing and crying at the same time. I realized that I could throw myself into my job with passion and a clear goal, increase my productivity and have a tangible product, a magnificent product, a long-sought-after result in about five to seven years. I can't tell you how liberating that was and is."*

In not too many years, Steve plans to be a full-time writer. He hopes to make money from his writing, but he won't have to sell stories to cover his expenses. There will be no "starving artist" routine for Steve. He'll go from being a craftsman with wood to being a craftsman with words—with no worries about how to pay the bills.

Penny Y. *had a secluded cabin in the country to which she escaped on as many weekends as possible. One weekend she and some friends were walking around a pond on the land. Everyone was captivated by the serenity and beauty of the setting and the unhurried pace of the stroll. Then Penny noticed herself computing how long it would be before she'd have to go back to the city and go to work. In that moment she committed herself to the "finite period." She said, "Financial Independence means that I don't have to extra enjoy this minute because in the next minute it will be taken away from me. From that moment, it's like there's been no end to the size of the box my life fits into. Now, for me, the sky's the limit."*

Roger R. *is a homesteader who wants us to reinhabit the heartland of this country. When he and his wife,* ***Carrie****, decided to try to align their personal economy with the planet's ecology, they returned to their hometown in Kansas. They bought some land from a friend, tore down an old barn for lumber and built a passive solar house with the help of sixty friends and Roger's father (a carpenter and stonemason). At the same time, Roger worked for his father hauling trash, while Carrie went to nursing school to learn a consistently marketable skill. In everything they did, they tried to embody their values—self-sufficiency, household economy, energy efficiency and eating what grew in their own garden or was locally grown. They took things slowly, being careful to pay as they went and not get in over their heads. Ideally, they hoped to eliminate over half of the standard expenses (like rent, as well as most food and utilities) and live below taxable levels. Collecting trash took only five hours a day. Roger not only enjoyed his work, but even got all his work clothes from the trash—maximum fulfillment from minimal means. Meanwhile, Carrie worked two days a week as a nurse.*

Life was sweet and they were getting ends to meet—almost. But several things happened on their way to Eden: two children, health insurance, buying the trash business from Roger's father, a car that quit and a house that just kept crying out for small improvements. Underneath the trappings of living simply, they were caught in the classic "too much month at the end of the money" and "where does it all go?" syndrome. Eden, it seemed, could be as much of a trap as the suburbs.

At this point they did the FI program. When Roger saw the implications of the "finite period of time," his life opened up. Garbage collecting was all well and good, but the thought of doing it for the *rest of his life was not attractive. What really fired his imagination was the possibility of being financially self-sufficient and dedicating himself to developing a sustainable-yield homestead on their four acres and helping his neighbors to discover the right mix and rotation for sustainably raising cattle, wheat, feed grains and other crops in the semiarid grasslands of western Kansas.*

He wants to do this not only for himself but for the larger community. He sees the small farmers disappearing. Every year the population in his part of the country goes down while the average age goes up. He wants to change that through his own example. Perhaps, he muses, young people could go to the city for ten years to become financially independent, return to the heartland with their cash needs taken care of and then regenerate subsistence farming and small-town living. Perhaps his small efforts could create a good life not only for his family but for other families and rural America as well.

The "finite period of time" opened Roger's options from years of garbage collecting to a future filled with practical dreams. Four years after doing the FI course, Roger reached his personal Crossover Point. His investment income matched his trash income. He could stop working for money—and start working for his dreams.

What about you? Is there a "second career" inside you, waiting to come out? Do you have a talent that's never been developed? Are you "extra-enjoying" those moments of freedom away from the workplace because you've had no hope of retiring before you're sixty-five? Do you have a dream for yourself—and for your community—that you'd like to make real? What would working at your job for a "finite period of time" mean to you?

The beauty of this program is that Financial Independence is the *by-product* of following the steps. You don't need to have financial self-sufficiency as your goal in order to arrive there. You just have to devote yourself to aligning your earning and spending with your values and with what brings you true fulfillment. The concept of a "finite period of time" is a secondary rocket propelling you toward FI, not the primary thrust. For people who are highly motivated to leave paid employment in order to follow another dream, the "finite period of time" is like the lure of the stables to a horse heading home after a long ride. The homing instinct takes over and you fly toward the goal. But whether you reach Financial Independence in five years or twenty, at thirty as coauthor Joe did or at sixty-five as most Americans do, awareness that you're working for only a finite period will provide continued motivation to see your life as bigger than your job.

FINANCIAL INDEPENDENCE: HAVING ENOUGH—AND THEN SOME

At the Crossover Point, where the income from your invested capital surpasses your monthly expenses, your basic life necessities and all the components of your chosen lifestyle, are covered by your monthly investment income.

At the Crossover Point you have enough—and then some. Your Wall Chart provides indisputable evidence of how much it costs to maintain your optimal lifestyle. Every month you've asked yourself the questions about fulfillment and values, and your expenses line elegantly reflects that process of honest self-evaluation. You know with certainty that spending any more money would leave you cold. It's not that you've whittled your expenses down to bare subsistence. You've simply brought your life into harmony, and you just happen to know, to the penny, how much harmony costs. You are certain that your monthly investment income is enough—not out of wishful thinking, but out of hard evidence.

But what about that phrase “and then some”? If you’re to feel totally comfortable relying on your monthly investment income, it’s important to feel that you have some elbow room, some room for “what-ifs.” That need for latitude is built right into the program. Remember your projections of how each spending category might look after FI? Your FI lifestyle probably costs less than your job-associated lifestyle, and this difference is part of that “and then some.” Yes, some costs may rise (depending on the perks of your job) but overall most people find life far less expensive once they’ve retired. So this is what gives you some elbow room in exploring your new circumstance. Some FIers have even penciled in a fourth line on the Wall Chart that tracks that post-FI expense figure, giving themselves a vivid piece of evidence for that “and then some.” But the Crossover Point isn’t reached until your monthly investment income line actually crosses your monthly expenses line, even though you may have determined, through experience and careful projections, that your expenses *could* be lower.

Rosemary I. *took additional precautions. Once she had reached the Crossover Point she took an honest look at whether her intense need for security was actually convinced she’d be okay. In truth, she was still inwardly biting her nails. “How much more do I need to satisfy you?” she asked her inner worrier. “One hundred dollars a month plus buying the best camping equipment (tent, hiking boots, rain gear, backpack),” the worrier shot back. “Reasonable,” Rosemary replied, as she knew the money would indeed soften any financial shocks and backpacking was both a love and a possible way of life if need be. She continued to work for another six months, squirreling away every penny until she met her financial goal and then springing for the best equipment she could find. Her “and then some” felt just right. To this day, her FI income covers the basics, even as her lifestyle has shifted dramatically, requiring her to work part-time to increase her “and then some” by a few more hundred dollars.*

Since she, like so many of us, never really thought of herself as daily growing older, ***Marcia M.*** *was surprised to find herself sixty-five and eligible for another source of “and then some”: U.S. Social Security. She had gotten to her “enough and then some” purely through doing the steps of this program, so her Social Security was icing on her FI cake. She used some for additional travel while saving the rest to cover the unknowns of aging.*

In Chapter 9 you’ll learn about another part of the “and then some”—the additional savings we recommend you accumulate to handle the month-to-month fluctuations in expenses as well as emergencies. Also in Chapter 9 you’ll learn the nitty-gritty details of setting up a good FI investment program to give you a safe, steady income for life, including how to build in or increase your “cushion” or safety net. For now, it’s important simply to recognize that your Wall Chart is a powerful antidote to anxiety about the future.

At the Crossover Point you have achieved Financial Independence. You have broken the link between work and money—in your own life.

Celebrating Financial Independence

It’s time to *celebrate*! You have accomplished a mighty feat. You have restructured your life around what is most fulfilling and valuable to you. You have dedicated yourself to replacing financial fictions with financial facts, challenging many old beliefs about yourself, your money and your life. You have woken up from the dream that more is better and defined what is enough for you. You have become accountable with your life energy, tracking and evaluating the flow of money into and out of your life. You have developed an internal yardstick for fulfillment, liberating yourself from the sway of advertising and peer pressure. You have explored your values and personal purpose, and have increasingly oriented your life around what really matters to you. You have grasped ever-wider implications of your relationship with money, including what impact your spending habits might have on other people and on the planet. You have accomplished this by defining your purpose, having the intention to achieve your purpose, being willing to do whatever it took to arrive at your goal and staying conscious at every step of the process.

Now is the moment for recognition, for realizing that you have arrived at your destination. Have a party, call a friend, send out announcements to everyone in your address book or just smile knowingly into a campfire—do whatever it takes to let yourself *know* that you have just passed over a major threshold into freedom. Breaking the link between work and money *in actual fact* will exponentially expand the possibility of discovering your true work, of reintegrating the disparate pieces of your life and of being truly whole. You will be free to work for your values and your dreams, not just for money. You will find that this freedom will affect your life in many ways. Prime among them is that the realm of choice is now expanded; you have opened the door to many new options in your life.

YOU CAN STOP WORKING FOR MONEY

This doesn't mean you *must* stop working for money. It simply means you *can* stop working for money. If your job has been robotic or stifling, robbing you of the best years of your life, you can now stop working for money and explore other pathways. You might start out with some simple pleasures, like not waking up to an alarm clock or not wearing a watch or staying in your bathrobe all day. Enjoy the delicious feeling of playing hooky for as long as it delights you. Do nothing—proudly—for as long as you are truly getting fulfillment from it. Whatever activity (or inactivity) you felt starved for while you had your nose to the grindstone, you can have now—for as long as you like. Most people find they like laziness far less than they imagined. Eventually they find themselves dusting off other dreams—and you may too. Any one you pick will draw you into a new life pattern. Or, if you enjoy your work (what you do) but dislike your job (who or what you're doing it for), you might find yourself doing the same things, only differently.

The irony of her post-FI work is not lost on ***Diane G.*** *Since achieving Financial Independence she frequently finds herself sitting at a computer terminal doing programming. But now it's completely different. Using skills that are as natural to her as speaking, she has helped a variety of nonprofit organizations improve their bottom lines: providing service. She has worked with a self-help group of homeless people, an institute providing education about sustainability and a networking center for environmental activists, to name just a few. From the outside you might not be able to tell whether she's designing a form for an insurance company or helping to ensure a better future for the world—but Diane knows the difference. Her work is totally voluntary and utterly satisfying. As the saying goes, she wouldn't take money for this work if you paid her.*

While many FIers like Diane have made a choice not to accept money for anything they do after they reach FI, *this is not part of the FI program; it is a totally individual and personal choice.*

Catherine D. *discovered after she and her husband* ***Kevin C.*** *fulfilled their first FI dream (a year in a motor home traveling the United States tip to tail) and their second FI dream (a year of leading successful educational programs based on the FI program) that she was at loose ends. She loved quilting but after a while even that wasn't enough. She actually found herself looking back lovingly on some aspects of her pre-FI work. She decided to get a higher degree to be able to do her former work at a higher level and on her own schedule. She chose again what she'd chosen as a young woman—and saw her fulfillment increase.*

Others, as they discover the joys of volunteering, become increasingly unwilling to tether themselves to a salary and the compromises that tend to go along with it. They discover, for themselves and from their own experience, a principle common to many of the world's religions. One such statement (from the New Testament) is:

> No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money.[1]

Once you reach your Crossover Point this is one of the many choices you'll have the leisure and luxury to contemplate: "To work for money or not to work for money, that is the question."

Of course, you can as easily continue working for money, but you can approach it in a whole new way. Several years ago we came across the story of Ron, a successful tea maker from Northern California. When he was already well established financially he and his wife traveled to the Third World to adopt two children. This direct exposure to the way people were suffering changed Ron's life. He was especially moved by the plight of Third World children who, he learned, were dying from both disease and dehydration due to diarrhea at the rate of 15 million a year. He wanted to do something about it, but what? He wasn't a doctor or a health worker or even a fund-raiser. The only thing he knew how to do well was manufacture tea. And therein lies this tale. He went back home and started manufacturing tea again—but with a twist. He had realized that he could live very well on the interest on his capital and investments, so he was able to donate all proceeds from his tea company to his new relief agency that provided children with medicine. In the first year of operation, the company raised $30,000 for refugees in northern Africa, and he was projecting $45,000 on a total revenue of $600,000. "And unlike charities, it does not rely on people being able to give but on people who like the tea. It's so simple, it's ridiculous. The catch is, there is no catch."[2] Ron is also a great example of how obvious FI thinking is—whether or not you follow this particular program.

Through some restructuring of their finances, ***Ted*** *and* ***Martha P.*** *were able to achieve Financial Independence fairly soon after doing the FI program. While they both knew that they wanted their lives to serve some purpose higher than just getting by, neither knew just what that purpose would be. Since Ted had worked in real estate, he thought of contributing to the solution of the "affordable housing" problem and joined Habitat for Humanity. Over time he realized that, while the mission was right, the form of participation was wrong for him. Then inspiration struck. What he did well was sell real estate. Why not do that for love and donate his commissions to causes in which he and his clients believed? He began working with his clients to determine which organization they would like to* *support and then, when the transaction is complete, donates 40 percent of his commission to the designated nonprofit organization. A win for everyone and an inspiring model for others. For Martha, parenting is her career. When their son arrived, they both chose to stay home with him as much as possible.*

Both Ted and Martha continue to explore the right mix of activities, but nothing is done out of financial necessity. "Security," Martha says, "doesn't come from outer symbols. FI feels less like steering and more like going for the ride-the blessings just keep coming. There are so many options for meaningful work. Work is now a process of discovering how to express my understanding of what life is rather than trying to make more money."

***Jacque Blix** and **David Heitmiller**'s first post-FI project was to write* Getting a Life, *a book of stories from people who'd followed the FI program. They did it as service—and did everyone who wants to follow this program a service by fleshing out these steps with more real-life stories. But ironically with the choice to write the book came a hefty advance. Just as we had chosen to give away through our nonprofit—the New Road Map Foundation—the income from our FI education work, Jacque and Dave wanted to do the same. They donated 95 percent of their advance to the New Road Map Foundation as well and for years we worked together to eventually pass along a total of a million dollars, in eight hundred small grants, to organizations dedicated to a sustainable future. Even after they discovered years later that some life challenges meant they needed to bring in a little extra income, they never rued this choice. Dave loves handyman work and does it very part-time to supplement their FI income. Jacque found a form of yoga she loved and did it so regularly she became a pinch-hit teacher for the class. They spend all the time they want traveling, often visiting the FIers they profiled in* Getting a Life. *They relish grand-parenting and do it as much as possible. Jacque makes beautiful quilts. Dave loves bicycling. Life is full, good and financially secure.*

What new twist might you be able to put on your job or profession if you didn't have to work for money? Might you stay on the job but donate some or even all of your income to causes you care about? Might you try out a new profession that would offer more satisfaction but less income? For many people, earning money is one of the satisfactions that comes from working, but that income takes on a whole new meaning when it isn't needed to pay the bills.

FI IS TIME FOR YOURSELF . . .

Have you ever seen a "round tuit"? They usually hang on the refrigerators of procrastinators, reminding them of all the things they want to do when they get "around to it."

What are *your* "someday" things? As in: Someday I'll paint the house, read all of Shakespeare, have time to fish, travel around the world, spend a whole weekend alone with my partner, straighten out the attic, take a course in watercolor painting, volunteer at the local food bank, try out all the programs that came with my computer, hike the Appalachian Trail, study about issues and write letters to my congress people, run a marathon.... Take some time right now to list a few of your own "someday" plans.

After the Crossover Point, the biggest barrier to doing those things will disappear from your To Do list: your job. In Step 2 you calculated the actual hours per week you devote to your job, all things considered.

If you choose to leave your job, those hours are now free time. In this sense, FI is the ultimate time management tool. Instead of gaining a minute here and there through careful planning, you can gain ten hours a day. Of course, you'll have a new set of time management challenges in structuring your day around the myriad things you want to do—but the kind of self-esteem and self-discipline that has gotten you to this point will help you through any difficulty you might encounter with having time on your hands. Most FIers' lives are so full they say they don't know how they had time for a job.

. . . AND THE ONES YOU LOVE

Time with people—both family and friends—becomes a priority for many people who reach Financial Independence.

Marcia M. *achieved Financial Independence right after coordinating her second highly successful medical conference. Her expenses have remained around $950 a month—and she hasn't scrimped on anything she's really wanted to have or do. Marcia's path to Financial Independence clarified many aspects of her life. After achieving Financial Independence, she had time to bring this clarity to her relationships with her family and heal the wounds of the past—particularly unfinished business from her difficult marriage and subsequent divorce. She took the relationships with various members of her family off maintenance status and made them a priority. Her total attention allowed a great deal of pain from the past to surface and be addressed. Her reconciliation with her children, her siblings and her mother took some work and determination, but there were as many surprises and gifts as there had been resentments and sorrows. What Marcia got from this investment of time was peace of mind—something no job, however lucrative, could have given her.*

What relationships in your life have you put on the back burner? Has friendship been replaced by strategic business relationships? Has your family survived on the scraps of time left over from an all-consuming job? And what about your relationship with yourself? Has that taken a backseat as well? What if you had the time you needed to write in a journal or go fishing or just sit on a hillside and think? Being able to reflect on your life while you're living it (instead of in the instant before you die) is one key to fulfillment, however you go about it. When you're working full-time, though, quiet time can seem like just one more thing to do in an already overcrowded schedule.

VOLUNTARY ACTION: THE FREEDOM TO CHOOSE WHAT YOU DO AND DO WHAT YOU CHOOSE

As we said, just because you don't have to work after the Crossover Point doesn't mean you can't or won't. Even if your highest aspiration initially was not to have to get up to an alarm clock, eventually you do get up. And once you've done your "someday" things, you will still have lots of life left to fill.

Most people who achieve Financial Independence eventually go back to work—but now they work because they choose to, not because they must. They work voluntarily. And they often work, happily, more hours than they did on the job.

What would your work feel like if you were working (perhaps even at the job you now do) totally voluntarily? What aspects wouldn't change a bit? What aspects might you eliminate entirely? What decisions might you make that you aren't free to make now?

If you've been in the work force so long that working "voluntarily" seems odd to you, think about those things you do *now* that are voluntary. Why do you clean your house, sing in the church choir, serve on committees, stroll in nature with your camera in search of the perfect shot, sit on boards for nonprofit groups, play with your kids, swing a hammer for Habitat for Humanity, weed your garden, learn to tango, go to meetings at your children's school, make love, meditate, go out for pizza with your friends, call your mother on weekends and the millions of other things you do voluntarily? You do them because you choose to, because you anticipate getting fulfillment—not money—from them. Voluntary action can serve your values and your chosen purpose.

Volunteerism Redefined

Another word for voluntary action is "volunteering." In an era when everything, from child care to housework to shopping for clothes, is professionalized, volunteers are sometimes regarded as second-class citizens—less skilled, less trained and less productive than paid employees and (especially) professionals with a few letters after their name. Yet what the word "volunteer" used to point to, and could again, is a kind of activity that is more robust, self-responsible and self-expressive than the notion of volunteers as adjuncts to the real business of the world.

Volunteers are people who are free to act whenever, wherever and however they choose and work for their values and their deepest beliefs about life. Paid employees may do that as well, but there's often as much (or more) pragmatism as principle in the job they do. Volunteers remind us about the best part of being human—precisely because they work for love, not money.

While some people fear that having too many volunteers would create competition for jobs with workers who need the pay to survive, the kind of creative, self-motivated volunteers we are talking about will function more like entrepreneurs than like strikebreakers. As a volunteer you might initiate projects and processes that will eventually need paid employees to administrate and carry out. Volunteers have historically pointed to social needs that eventually get funded and even become professions. Visionaries eventually need educators to implement and teach their ideas. As a volunteer you can operate like human venture capital, increasing job opportunities for others in your community.

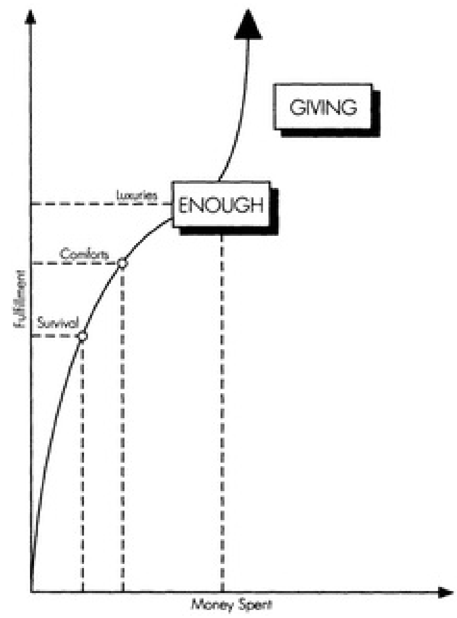
Taking Fulfillment Through the Ceiling

Returning to the Fulfillment Curve, we can see that at the point of maximum fulfillment you have a choice. You can continue to work for your own needs and desires, to buy more possessions or experiences, or you can work for something larger than yourself that gives to others and the world. You can consume or you can create. As we said earlier, once you have enough, it's the commitment to giving that takes that fulfillment line straight up off the top of the chart. That's what volunteering brings to your life. (See Figure 8-9 for this "new paradigm" Fulfillment Curve.)

Redefining volunteers as social and cultural entrepreneurs could well be as transforming as redefining work or money.

Fulfillment above the Fulfillment Curve peak comes in part from making a contribution—from service. (Volunteering is just one strategy for service to others and to the world.) The accumulation that constitutes your "enough" is about *getting*. The freedom above the peak is about *giving*—via work, attention, care and presence.

FIGURE 8-9
The Fulfillment Curve: Beyond Consumption



As a volunteer you have a huge set of freedoms:

◆The freedom to do the kind of work you choose whether or not you have the credentials and whether or not you get paid for it.
◆The freedom to speak the truth and never bend your principles for the sake of job security.
◆The freedom to structure your time in a way that best works for you.
◆The freedom to continue using the skills you already have and are comfortable with or to push yourself to learn new ones.

In short, as a volunteer you have choice. Following are the stories of several people who made different choices of what to do with their post-FI lives.

*We met **Jason and Nedra Y.** in Chapter 2 at the beginning of their journey. They achieved Financial Independence by building and managing a successful housecleaning business, and entered into an exciting career as volunteers. For the first few post-Crossover months they visited family and friends, did the reading and thinking they'd put on hold during the whirlwind of running a complex business and did research on projects they might like to assist. It was love at first sight when they visited an organization dedicated to helping disabled children from Mexico get needed surgery in the United States. Jason and Nedra thoroughly enjoyed helping out. As a lover of children, working and playing with the Mexican children was Nedra's idea of heaven. Meanwhile, Jason took on the installation of a pump to improve the Mexican project's water supply—something he'd never done but welcomed as a challenge. In addition, both Nedra and Jason served as drivers for the van that shuttled children up to San Francisco for operations. In between projects, they enjoyed camping in their motor home. Their blend of mobility, skills and willingness to try new things made them an invaluable volunteer team.*

Penny Y.'s story illustrates helping and caring as a way of life.

***Penny Y.'**s post-Crossover life has been as exuberant and many-faceted as she is. She's worked with a group called Friends of the Elderly, delivering flowers and meals to an eighty-three-year-old woman who crossed the line from client to close friend. Penny's life was so enriched by the relationship that it was no longer clear who was helping whom. Penny also volunteered one day a week with a collective that recycles white office paper. She loved and believed in the work—and she got the added benefit of group health insurance. She also distributed leaflets for the local food co-op. Not only did she get 24 percent off her food bill, but because of a medical condition she needed to walk and leafleting gives her a good excuse. "People think I'm so virtuous," Penny said with a laugh, "but they have to drag in to work every day and I'm out here in the sun—and they are telling me I have a hard life!" And this isn't all Penny has done. She started a local chapter of a national activist organization for busy people called 20/20 Vision. She's applied for membership in the Quaker church, a "luxury" she didn't have time for when she was working seventy hours a week. And she's also been a real friend to her friends. "I'm not distressed. I can listen to people. I'm 'free therapy' because I don't have to go to a job."*

Ed Dwight W.'s choices led him into activism and advocacy; he is an example of how a full-time, focused and self-directed volunteer can transform a moderately effective group into a powerhouse.

*As the son of well-to-do parents and a very bright and energetic young man, **Ed Dwight W.** was expected to go to "all the right schools," become a lawyer and go into politics. But his idealism got in the way. A few months before he received a substantial inheritance he did the FI course, taking two days instead of the recommended one so that the information would really sink in. His inheritance became his FI capital. After some soul searching and some hesitancy, he decided to jump into full-time volunteering. The cause that called him most strongly was bridging the misunderstandings between nations and cultures that eventually lead to war. He served as executive director of an organization of returned Peace Corps volunteers who wanted to recapture some of the heroic spirit they'd felt during their service abroad. Ed Dwight later began working for another nonprofit group, organizing cooperative tree planting projects for young people from all parts of the world. Perhaps as these young adults assume leadership, the memory of working together with others of different nations and cultures will guide them in creating a more peaceful world. Ed Dwight's dedication to these projects allowed him and the other staff members to focus less on fund-raising than on carrying out projects—and filled the office with his unique blend of high spirits and intelligence.*

Precisely because they aren't paid professionals, volunteers can be experimental and intuitive. Volunteers are powerful by virtue of being free.

But What Would I Do?

If this kind of freedom seems either too far-reaching or too scary to contemplate right now, go back to Chapter 4 where we explored purpose and values. Follow Joanna Macy's suggestions. What are some ways you can work with your passion, with projects and causes that move you and touch your heart? How might you work with your pain, helping others heal wounds you yourself have healed? What about working with what's at hand, with the small but pressing needs that surround each one of us if we would only open our eyes? Whatever you do, wherever you start, remember that your life as a volunteer will unfold organically. Author Edward Abbey is reported to have said, when asked about his career, “I don’t have a career, I have a life.” Once you’re out of the nine-to-five straitjacket, you too will have a life. Rather than climbing a career ladder, you will be following the promptings of your heart and mind—and may find yourself on some side roads that are more interesting and enjoyable than any “job” you could have ever imagined.

Life After the Crossover Point

The essence of FI is choice. Once you’ve passed the Crossover Point you have choice about how you fill the hours of your day and the days of your productive life.

There is no formula for how you live after the Crossover Point. And that’s the point. You are free to invent your life. You are free to explore what Buck-minster Fuller meant when he said, “We are called to be architects of the future, not its victims.” You have a choice.

SUMMARY OF STEP 8

Each month apply the following equation to your total accumulated capital and post the monthly investment income as a separate line on your Wall Chart:

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

When you begin investing your money according to the guidelines offered in the next chapter, start entering your actual interest income for your monthly investment income on your Wall Chart (while still applying the formula to your further savings). After trends become clear, project that line to the Crossover Point; you will then have an estimate of how much time you will have to work before reaching Financial Independence.

9

NOW THAT YOU'VE GOT IT, WHAT ARE YOU GOING TO DO WITH IT?

Step 9: Managing Your Finances

This step will help you become knowledgeable and sophisticated about long-term income-producing investments and manage your finances for a consistent income sufficient to your needs over the long term.

Congratulations and welcome. You've arrived at Step 9, making your money make enough money over the long haul to meet your needs. You may be reading this simply as the last chapter of this book, but what follows is intended less for the general reader. You may have skipped right to it to see what hot investment advice yet one more money book might have to offer, but this is definitely not intended for the general investor. This is primarily for those who've arrived at the Crossover Point and are wondering "Now that I've got it, what am I going to do with it?"

Those familiar with the first edition of *Your Money or Your Life* will notice quite a few changes in this chapter. The strategy Joe Dominguez designed for himself in the 60s and stood behind until he died in the mid-90s was investing in U.S. treasury bonds to ensure maximum safety of capital and stability of income. However twelve years have passed since he died and seventeen since first publication, and I now know that FIers themselves (myself included) have invested in more than bonds for their FI nest egg. As Joe's coauthor I want to present this broader menu of options—not to replace his basic sound counsel but to augment it. Also, times do change. When Joe retired in 1969, interest rates were above 6.5 percent and inflation was below 3 percent. When I invested the bulk of my money in the early 1980s, the United States was in deep recession and interest rates on the bonds I bought then were well over 10 percent. Current yield on the U.S. 30-year treasury bond is 4.5 percent—but inflation is over 5.5 percent! If these conditions were to hold over the long term, your FI nest egg would buy less every year.

History tells up that these conditions will change—and change again—by the time your eyes read these words. It may be that treasury bonds will again be the best way to assure yourself a steady income for life. Or you might choose other strategies with greater risk but potentially greater reward. In addition to providing you with Joe's full explanation about what bonds are, why they are good for FIers and how to buy them, this chapter presents a variety of other investment options that FIers have picked. When you are putting your nest egg into your long-term FI3 strategy you will have to do your own research and think for yourself to determine which of these investment options is best for you—a capacity you surely have if you have followed the program so far.

JOE'S ADVICE

Joe always tried to give novices the minimum information needed to invest with assurance. But with his advice he always delivered a warning. Nothing is certain. Nothing. That's life. If you don't like it, you're out of luck. If someone tells you they have a foolproof method for making money effortlessly—and you follow it—Joe would have said that you are the fool. Here's a cautionary tale:

> In the old days, when Joe taught only interested friends his FI approach, he would give them a gift when they reached FI3. He'd give them a bond. A yellowing Russian Czarist bond. Before there were online brokerage accounts or registered bonds, bonds had coupons that you actually clipped and brought to the bank to get your semi-annual interest. The coupons on Joe's gift bonds were clipped all the way until 1917—when the Russian Revolution rendered them worthless. Fifty years later, Joe bought a box of these bonds for a penny or so apiece—thinking at the time they'd be amusing wallpaper.[1] Giving them to newly minted FI3ers was his reminder that no investment you make guarantees that geopolitical or economic conditions will not shift or protects you from finding that the nest egg you thought would give you a comfortable income for life . . . won't. Buyer—of investments—beware.

This chapter, then, is not about financial security forever. Instead, the purpose of this chapter is to offer principles and suggestions to help you complete the final step of this transformational program: **to become knowledgeable and sophisticated about long-term income-producing investments so that you can manage your finances for a consistent income sufficient to your needs over the long term.**

EMPOWER YOURSELF

One of our primary missions in this book is empowerment—allowing you to take back the power that you have inadvertently given over to money. As we will see later, this includes the power you have turned over to various financial experts, to external circumstances and to misguided financial beliefs and concepts.

You have, throughout this program, been urged to become comfortable and at peace in your relationship with money (life energy). Now you're ready for the final step: learning a bit about the world of investments.

Most novices, when they hear the word "investment," think stocks. But as we said in Chapter 8, bonds are also "investments"—and are quite a different animal. With stocks your personal fortunes rise and fall with the company's fortunes. With bonds, you are loaning money (principal) to a trustworthy institution (the federal government, a municipality, a utility, a corporation, etc.) at the best interest rate you can get for a set period of time, at the end of which you get your money back. All of it.

So "investing" does not mean readopting the "more is better" mentality and learning how to "make a killing" with your capital. Having followed the steps of this program, you know how much is enough for you, and the purpose of your investment program will be to assure yourself that you will have that amount—and then some—for the rest of your life.

Becoming "knowledgeable and sophisticated" means learning enough so that you can free yourself from the fear and confusion that pervade the realm of personal investments. The principles and financial strategies outlined in this chapter are sensible. They are also inexpensive to implement and do not require extensive financial management or expertise.

Nothing in this section is to be construed as specific investment advice. The information here, like that in the rest of this book, is based on personal experience and is intended as guidelines, principles and educational information.

Don't Just Leave It to the Experts

So how *do* you become knowledgeable and sophisticated about long-term, income-producing investments? The strategy that most newcomers to the world of investing would adopt is to go to the "experts." After all, if you go to a doctor when you're sick and a mechanic when your car breaks down, it stands to reason that when you have money to invest, you go to a financial expert. Right? Not necessarily.

Step 9 is about empowering yourself to make wise financial choices, and your first lesson involves educating yourself so as not to fall prey to unscrupulous brokers and salespeople who want to put you into all manner of investment vehicles that pay them handsome commissions. A securities broker is like a car salesman—in the majority of cases they work on commission and thus are *eager* to help you buy a product—especially one that has a high return for them. You can use them to help you when *you* have decided what *you* want to buy, but be wary of securities brokers if you're looking for investment advice. Also keep in mind that they get you "coming and going"—they make commissions both when you buy *and* when you sell—regardless if you have made a profit.

However, there *are* independent financial consultants who work for a fee, not for commissions on products. Be sure to hire a "fee only" consultant. This is the only way you can be sure that your advisor will never benefit financially from any of the specific investments she/he recommends to you. (You can find a list of them at www.napfa.org.) Also, try to find a consultant that supports the principles in this book. Otherwise, your planner is likely to recommend higher-risk investments that are not in alignment with a typical FIer's investment objectives.

So there you have the paradox: you and you alone are responsible for investing your money since no one cares about the outcome more than you. But in certain circumstances, hiring a trained professional guide can be very useful. It's like the difference between changing the spark plugs or oil in your car—and changing the brake pads, or even the brakes themselves. While you *could* spend the next year of your life learning the ins and outs of the trade, do you want to? Or do you want to pay someone you trust and who spends her life as a financial planner to advise you instead? *The* important thing is to become as knowledgeable as you can regarding your investment options so that, if you choose to work with a financial planner, you will still be empowered and making your own choices.

Dispelling Fears

Like your assumptions about money and work, your beliefs about investing have probably been pieced together from media hype, the opinions of coworkers, the advice you got from Uncle Harry ("Buy low, sell high, kid"), randomly generated successes and failures and sundry other unreliable sources. To pierce through these confusions and prejudices you need only recognize that most beliefs about investing rest on two primary driving forces: greed and fear.

Hopefully you've encountered and tamed your greed through applying the first eight steps of this program. You know, through experience, that more is not necessarily better, while "enough" is both supremely fulfilling and achievable. Indeed, the successful pros on Wall Street have discovered the same truth, which they state as "Be a bull or a bear, but never a hog!"

The Biggest Fear: Will I Have Enough Tomorrow?

Step 9 addresses the fear that so often underlies economic decisions. One of our biggest fears is fear of the unknown. The biggest unknown is the future. The biggest financial unknown in the future is: "Will I continue to have enough money over time?"

How do you whittle this fear down to size and transform it into appropriate prudence?

1. Through applying the investment criteria we will be suggesting.
2. Through establishing a reserve according to the guidelines we will be offering.
3. Through dispelling the *irrational* fear of inflation.

The social disease of the 1950s was fear of depression. Back then, frugality and thrift were still our bedrock, and "A penny saved is a penny earned" and "Waste not, want not" were still mainstays of early childhood education. We enjoyed but didn't trust our newfound affluence. We can now look back on that era and see how that irrational fear of depression blinded us to what we currently celebrate as the "good old days." Similarly, this generation's social disease, the morbid fear of inflation, has blinded us to some basic truths and has greatly distorted our perceptions. The financial industry has been quick to capitalize on this pervasive paranoia—with the resulting proliferation of many dubious "investment" vehicles.

Are Our Fears of Inflation Inflated?

Inflation is measured by the Bureau of Labor Statistics and presented as the consumer price index, or CPI. The CPI is an index of the changes in prices of a fixed list of products and services when compared to the prices of those items during the reference base year. The prices are weighted according to consumer preferences, as shown in the base period's Consumer Expenditure Survey. (For example, if during the reference base period the consumers surveyed bought steak twice as often as chicken, steak was given a weight of 2 and chicken a weight of 1.)

The (CPI) is *not* a "cost of living" index, no matter how often it is referred to as that. It is a list of prices for specific goods and services. It assumes that the same items are bought regularly. It does not account for the fact that you do not buy a new refrigerator every month or every year, or for the fact that today's appliance is much more energy-efficient and has many more features than its predecessor and if carefully selected can last longer. It cannot account for the fact that yesteryear's top-of-the-line model might be bested in *all ways* by today's "economy" model.

The CPI does not account for changing buying habits after the base period. Prices of everyday commodities fluctuate. A freeze in Florida sends the price of orange juice skyrocketing, while simultaneously a bumper crop of apples makes the price of apple juice plummet. The financially intelligent shopper (that's you, if you've applied the smart shopping tips in Chapter 6 plus your own even-more-clever strategies) switches to apple juice. The CPI does not make the same rational adjustments.

If you buy what is on sale and in season and you build recipes around what you have, not around what is recommended in a book written by someone with twice your income, your food cost can stay stable even when "prices are going through the roof."

If you buy for durability, repairability, utility and flexibility for everything from your house to your clothes, you won't be buying these things again for a long time—maybe never—thus lowering your exposure to those items inflating in price.

For example, an automobile today is a marvel of technological advances. Corrosion resistance, greater durability, reduced maintenance requirements, 60,000-mile steel-belted radial tires, a seven-year warranty, and three to four times the miles per gallon of cars of twenty years ago—how do you make a comparison? Such a car may cost three times more but it may run flawlessly five times longer. Or maybe you've moved closer to work and walk or bike every day—eliminating the need for a car entirely.

Your other FI1 (financial intelligence) skills work here too. You learn to do some set up, maintenance and repair for your household and electronic devices yourself. You share some things with your friends or neighbors. You grow some of your own food and bring your lunch and even your coffee to work. You clip your cat's claws. You've stopped being "taken to the cleaners" by caring for wool and delicate items yourself—rather than *going* to the cleaners for every gravy spot.

Taking all this into account, might it be that at least part of our experience of "inflation" is due to unconscious and automatic habits as well as to our chosen lifestyle, in addition to "the cost of living"?

In short, the CPI does not account for cultural change, technological improvements or creative substitutions. Therefore, the CPI often suggests that the impacts of inflation are much worse than they often actually are.

None of this is to say that there hasn't been real inflation, even without the distortions of the CPI. For example, the price of health care and health insurance has increased enormously. So have the overall costs of college and housing.

In the world as it is, these items are nigh on to essential. Yes, you can live on the streets (holy men in India do it all the time but in the United States, homelessness is a brutal life). Yes, you can educate yourself (Joe Dominguez himself never actually graduated from college), but if you don't have a degree it can be far harder to convince an employer you're the one for the job. Yes, you can go without health insurance but that means your nest egg, not just your health, is at risk if you get seriously ill.

But while "inflation" may be a *macro*economic reality, this does not mean that it automatically rules your *micro*economic life. Your choices, attitudes, beliefs, habits, tastes, fears and desires can have an enormous effect on your bottom line. Consciousness can be defined as the faculty of knowing what affects your mind or what goes on in your mind. Joe always contended that consciousness grows faster than inflation—and in large part it can and does. Invest in yourself—in your own capacity to solve problems creatively, in your own inventiveness and adaptability, in your own skills and abilities—and you can at least keep hard-core inflation confined to a few areas of life, not sprawling across your whole existence. You don't need to fear inflation—you just need to manage it rationally.

So here you have another paradox: you can hedge inflation more than you might think just through being conscious and making different choices—but not always and not forever.

Inflation and Investment Returns

The ultimate return on any long-term investment is determined by four primary factors: the annual rate of return, fees, taxes and the effects of inflation over time. When inflation rates are relatively low (3 percent or less), returns on conservative investments like treasury bonds and certificates of deposit (CDs) will usually outpace inflation. But during times when inflation is high and you've made all the adjustments you can and still feel you need more income, you *might* want to consider taking more risk with your money to increase your chances of a higher return.

As an FIer, you don't want to risk your nest egg. But you are already putting the value of your nest egg at risk if your investment returns don't at least keep pace with inflation. How exactly *do* you manage your money to reduce the risks associated with inflation?

Risk Tolerance

Any financial professional will tell you that it's important to determine your risk tolerance before making any investments. The spectrum ranges from conservative investors who do not want to risk their capital at all to aggressive ones at the other end of the spectrum who are willing to risk all their capital for the promise of significant returns. Waaaay at the conservative end are those who'd prefer to put their nest egg in the mattress or in a sealed tin buried in the garden (make sure you make a map). Even *that* bears some risk; as we said earlier, inflation could eat it even if the moths or worms don't and your money could be worth less later. Waaaaay at the speculative end you'll find few FIers because they usually don't have the stomach for putting their hard-earned nest egg at risk in the stock market. Most FIers probably fall somewhere in the middle. If you'd like to learn more about what your personal investment philosophy might be, type "risk tolerance" in your browser and take one of the many free tests available on the Web.

THREE PILLARS OF FINANCIAL INDEPENDENCE: CAPITAL, CUSHION AND CACHE

The basic FI investment program has three elements:

Capital: The sum that is invested, ultimately producing at least as much income as indicated by the Crossover Point of Chapter 8.

Cushion: A cash reserve that is enough to cover your expenses for six months. The purpose of the cushion is to handle emergencies and surges in expenses (such as annual health or auto insurance payments).

Cache (pronounced "cash"): Additional savings beyond core capital or cushion. Cache may come as a surprise to many FIers.

Early in your FI process, as soon as your savings have surpassed the amount you have determined to be a comfortable cushion, you can begin transferring monies into long-term investments such as those described in the following pages—thus creating your own income-producing capital. A good toe-in-the-water toward becoming "knowledgeable and sophisticated" about investments is to determine what type of account to use for holding your cushion as well as the money that is accumulating, waiting to be invested. Compare the advantages of federally insured savings accounts, insured interest-paying checking accounts, money market accounts and CDs—all simple options offered by most banks or credit unions.

BASIC CRITERIA FOR INVESTING YOUR CAPITAL

The guidance offered in this section is not meant to replace the research and homework you will need and want to do yourself. Rather, use this information as an overview and perhaps a starting point. It is intended to help you make smart and sensible decisions regarding your long-term investments. Since each personal financial situation is unique, the better you understand the options you have available for investing your capital, the more confidence you will have in your decisions.

Joe developed for himself and suggested to others a list of investment criteria. Here is his exact list from the first edition of *Your Money or Your Life:*

1. Your capital must produce income.
2. Your capital must be absolutely safe.
3. Your capital must be in a totally liquid investment. You must be able to convert it into cash at a moment's notice, to handle emergencies.
4. Your capital must not be diminished at the time of investment by unnecessary commissions, "loads," "promotional" or "distribution" expenses (often called "12b-1 fees"), management fees or expense fees.
5. Your income must be absolutely safe.
6. Your income must not fluctuate. You must know exactly what your income will be next month, next year and twenty years from now.
7. Your income must be payable to you, in cash, at regular intervals; it must not be accrued, deferred, automatically reinvested, etc. You want complete control.
8. Your income must not be diminished by charges, management fees, redemption fees, etc.
9. The investment must produce this regular, fixed, known income without any further involvement or expense on your part. It must not require maintenance, management, geographic presence or attention due to "acts of God."

The only investments that meet all of these criteria are U.S. treasury bonds. Joe—and you if you choose it—didn't want any of his hard-earned capital to be at risk. He simply wanted it to provide as much safe, steady income as possible. He didn't want to have to worry (at least about his own financial security) should there be a recession or a depression.

U.S. treasury bonds met his criteria—and yours if you choose—to a T:

- ◆Greatest safety of capital.
- ◆Greatest safety of interest—"full faith and credit of the U.S. government" guarantees protection of principal and interest.
- ◆Exemption from state and local taxes.
- ◆Noncallability (most treasury bonds can't be redeemed early by the issuer).
- ◆Greatest negotiability, absolute liquidity, global marketability. They can be bought and sold almost instantly, with minimal handling charges and in convenient denominations (such as $1,000, $5,000 and $10,000).
- ◆Easiest availability—directly from the federal government (Treasury Direct) and through most brokers and many banks anywhere in the world.
- ◆Cheapest availability—no middlemen, no commissions, no loads.
- ◆Duration—the range of maturities available is extensive; you can buy a note or bond that will mature in a few months or one that won't come due for thirty years.
- ◆Absolute stability of income over the long run—ideal for FI. Avoids the income fluctuations that would occur with money market funds, rental real estate, etc.

Treasury Bonds

Treasury bonds are the ideal investment vehicle for FIers with a low risk tolerance because they protect principal, provide a steady stream of income and are relatively easy to understand. In addition, they are exempt from local and state taxes, can be bought and sold almost instantly with minimal handling charges, and are protected by the full faith and trust of the U.S. government.

Treasury bonds are the government's way of borrowing money. A new bond is issued every few months, with maturity dates ten, twenty, and thirty years into the future. The first thing that each new issue does is pay off the holders of old issues coming due. The remaining monies are used to make up the deficit in the federal budget. The national debt is the most senior obligation the government has—principal and interest on treasury securities must be paid when they come due, before paying for anything else. Not to do so would destroy the "credit rating" of the U.S. government in world markets, wreaking havoc with our ability to do business and greasing our slide into the status of a Third World nation (remember those Czarist bonds?).

A bond is simply an IOU. The bond issuer promises to pay back to the holder of the bond the amount printed on the bond (face value) by a certain date (the maturity date). Most bonds also pay interest, at a specific percentage rate (coupon rate). This amount, though quoted as an annual percentage rate, is usually paid in two semiannual installments.

Bond prices fluctuate with prevailing interest rates. Therefore, if you sell a bond before maturity, you may get more or less than you paid for it (market risk). If you hold it to maturity you will receive exactly its face value, regardless of the interest rates prevailing at that time.

U.S. treasury bonds are considered by experts to be the highest-quality, safest interest-bearing investments in the world. (Note: These are *not* the same as the old familiar Series E or EE U.S. savings bonds, or the Series HH U.S. savings bonds.)

Most bonds can be bought and sold at any time through banks and brokers. The Web site for buying treasury bonds direct is: www.treasurydirect.gov. In 1997 a new type of bond called Treasury Inflation-Protected Securities (TIPS) became available for purchase. TIPS are securities issued by the U.S. Treasury whose principal is linked to the consumer price index. Protection against inflation is the main reason long-term bond investors buy TIPS. They're available in five-year, ten-year and twenty-year maturities. This protection against inflation does have a downside: TIPS has a lower rate of interest than conventional treasury bonds. If you think that prices for food, energy and other commodities will increase over the long-term and cause higher inflation, TIPS offer you a practical hedge against inflation. If you think prices will stay flat or decrease, often referred to economically as deflation, conventional treasury bonds would be best suited for you.

Treasury bonds, when they are newly issued, can be bought directly from the Federal Reserve, with no commissions whatsoever, through a program called Treasury Direct. This cuts out the middleman: no broker, no added brokerage house fees. Cutting out the middleman by buying bonds directly is called "disintermediation"; it is the act of buying a given security, such as a treasury bond, yourself rather than investing your money in an intermediary (such as a fund, bank or other institution) that will turn around and put it into the same investments while taking a big chunk for itself. You can also buy existing treasury bonds through a broker (for a minimal fee).

The other way for an individual to buy treasuries (any issue, not just the most recent one) is through the "secondary market." For various reasons people and institutions don't always hold bonds until maturity but sell them on this secondary market. If you want a particular interest rate or maturity date you might pay a premium. You might also pay a minimal fee or commission upon purchase. Some people prefer to buy bonds on the secondary market instead of directly from the U.S. government because they prefer to trade with a "real person" who owns the bond rather than financing the U.S. debt.

If you go this route, here's some help in reading the treasury bond table in the financial section of a major newspaper:

"Rate" is the annual interest rate that the bond pays you, and is read as a percentage; e.g., 5 percent means that the interest rate is 5 percent of the face value of the bond.

"Maturity" or **"date"** is the maturity date, when the loan represented by the bond is repaid to you. It is also useful to know that interest is paid semiannually on the day and month corresponding to the maturity date and six months later—e.g., a bond maturing in May 2030 pays you interest every May and November.

"Bid" is the price at which a dealer offers to buy the bond and "asked" is the price at which a dealer offers to sell the bond. When you buy a bond you pay the asked price, plus a premium for buying in "odd lots," under $1 million. In these tables prices are expressed on the basis of 100. To get the actual value of a $1,000 bond you must multiply the price by 10. Also, the bond prices in the table are expressed in points and 32nds of a point—e.g., a bid of 101:21 or 101-21 is actually 101-21/32 or $1,016.56.

"Chg" is the change in the bid price (up or down) since the previous day.

"Yld" is the yield to maturity (expressed in percent)—current yield adjusted to take into consideration whether you bought it above or below par (the face value of the bond) and thus whether you'll have a profit or a loss when the bond is repaid.

You can also buy bond funds. You can buy a "Bond Index Fund" through a brokerage house as long as the expense ratio is below 0.25 percent. Such funds may help you garner a better interest rate, even with the slight fee. You can also get a TIPS bond fund.

An additional option to consider is Global Bond Funds, which comprise over half of the global marketplace. This option offers you an easy way to diversify your bond portfolio by adding some international exposure. In this category of bond fund investing, your choices are plentiful. www.I-shares.com, www.troweprice.com and www.pimco.com are all good sources to check out for more information on global bond funds.

Note: Citizens of countries other than the United States should investigate their own nation's government bonds. While it is possible to buy U.S. treasury bonds almost anywhere in the world, the fluctuations in currency exchange rates make the interest income payments unpredictable, which would only be appropriate for more adventurous FI investors.

Claire S. and her husband **Mike G.** offer a real-life story from the heartland of America about how they were able to reach financial independence primarily through treasury bonds. The story is long, but every point they make matters. They use the term "FI3," which has become common parlance in the global community of practioners of this program. Recall that FI1 is Financial Intelligence, the marketplace savvy that makes your money go as far as possible. FI2 is Financial Integrity, aligning your earning and spending with your values and true fulfillment. FI3 is Financial Independence, which here is used to mean having enough income from investments to meet your needs now and in the future. Claire wrote:

When we first started the program in 1994, my husband Mike was a forty-year-old blue-collar maintenance worker in a GE plant, making median wage, which was about $35,000 at the time. He'd been in GE's 401(k) since he'd first been able to contribute in 1977 and had over $100,000 saved up. I had quit my job a year and a half earlier when I was thirty-seven, so we were living on his wages. While I have a Ph.D. in chemistry and made $57,000 my last year at paid employment, my 401(k) savings were much less than Mike's—approximately $30,000. We had no children. By the time we had been doing the program for a year, we were saving one-third of Mike's wages and could see that financial independence (FI3) was a real possibility. By 1996, we put into effect a plan to make us FI3 in the next several years. We paid off our mortgage (because we live in the Midwest cheap housing is readily available, and our house was cheap even for our area so the amount we had to pay was under $20,000). Then we began to cash out the several different 401(k)s and annuities we had accumulated. We did this over a period of four to five years, two or three each year, to minimize the tax hit. After *cashing out, we bought treasury bonds with the proceeds and reinvested the interest income into more treasuries, along with the $1,000 per month we were saving from Mike's wages. By 2001, we were making just enough interest to cover our expenses as long as we were willing to live without health insurance. One of the by products of working the steps was that we had become much more fearless about life, so the prospect of going without health insurance did not daunt us. Furthermore, we knew we'd each have a pension and Social Security coming when we reached the appropriate age (our inflation and illness hedge) and we figured we could get a bit of income if needed by temporary part-time work. We became FI3 when Mike quit his paid employment in February 2001. How have we done? Neither of us has taken a paid job to date; our FI3 income remains almost all the money we make. Mike works as an election judge for which he earns a few hundred extra dollars in even-numbered years for a few days' work. We moved to a different house in 2002, paid for in cash, so I would have more land to garden. So far we've been able to make changes in our habits, such as growing more of our food, that have enabled us to save money faster than prices have risen. We made good use of a small inheritance we received a few years ago to do sealing and insulation work on our house, considerably lowering our energy usage (and bills). We keep finding new ways to do the things we most want to do at little to no cost. (Joe was right—consciousness rises faster than inflation when you practice FI1 and 2!). We both volunteer for organizations and causes we care about, have time to be good friends and family members, and enjoy creative outlets like music, writing, and gardening. Mike's now fifty-four and will receive two pensions at age sixty, from two different employers, and Social Security a few years later. I'm now fifty-one and can draw my pension as early as age fifty-five, with Social Security in the future. Once we can begin drawing on these sources of funds, we should be able to save a portion of the FI3 income and increase the FI3 pot as a hedge toward the future, along with continually getting better at finding non-monetary ways to meet our needs.*

You could say that Mike and Claire are different from you. They had a small inheritance. She had a Ph.D. They had no kids. They risked going without health insurance. But *everyone's* situation is unique and thus different. People without inheritances, with no advanced degrees, with several children and with some health insurance have also achieved FI3. They apply FI1 and FI2 as they work through the steps, and they get there. You can too. Watch out for those "Yes, but . . ." conversations in your head. They are the barriers to the consciousness that will let you achieve your dreams, whatever they are.

Alternatives to Treasury Bonds

Yet consider those cases, like high inflation or big life changes, where some growth of your nest egg beyond what treasury bonds can offer would make life work better. Some early adopters of this program have been negatively impacted by rapidly rising prices for basics like health care, housing, food and transportation. Consciousness helped, but further adaptation would have meant extreme measures like going without health insurance or not being able to afford living in their community. Others have a sense that their life may change in the future in ways they can't anticipate today—such as by marriage, divorce, a new career or an inner call—and want to have their nest egg grow to help them adapt to the unknown. Sure, your accumulation phase is often long enough that you've already gone through and weathered enough changes that you are pretty sure you know what the life you want costs. But more and more FIers are choosing to hedge inflation with more than consciousness, cushion and cache by supplementing bonds with different—and possibly riskier—income-producing investments. These other investments might not fit all of Joe's criteria above, but they are all worth considering. Since I am not the expert on investing

Joe was, I asked long-term FIer Mark Zaifman, a fee-only financial planner (his company is www.spiritusfinancial.com), to help us understand these other options with more risk and potentially more reward. I met Mark in 2003 when he asked me to speak in Santa Rosa, California, his home town.

Mark says he and his wife Pat read *Your Money or Your Life* religiously every year even after achieving financial independence in 2002. That term seems to fit because when he first heard about the book on the radio in 1992, he likes to say he got religion and ten years later became FI. In the meantime, he'd migrated from the corporate world to the FI world of being a self-employed financial planner. In Mark's own words:

Reaching FI in 2002 offered me a golden opportunity to give back and be of service. I began volunteering my time to the community by teaching classes and holding workshops based on the principles and strategies contained in Your Money or Your Life. *Since money was the main topic of discussion, it seemed natural that many times the classes and workshops would turn into informal financial planning sessions. Unbeknownst to me at the time, these very popular financial planning sessions would form the foundation and give birth to a new business—holistic financial planning. In the fall of 2003, my wife Pat and I launched Spiritus Financial Planning, a socially responsible business based in Sonoma County, California.*

Tom Trimbath, whose story comes later, also contributed to this next section, reviewing and refining it.

Straying from the Straight and Narrow into the Sometimes Crooked World of the Stock Market

Investing in the stock market *can* be quite risky. You can "strike it rich," but you can also "lose your shirt." Although financial professionals often like to remind us that the stock market has a 10 percent average annual return, they will also acknowledge when pressed that the 10 percent figure is an average calculated over many decades (which means that if you're investing during the wrong ten-year period, you could lose a lot of money). In addition to the possibility of paltry returns, investors in the stock market also expose themselves to loss of principal and sometimes high fees as well. The stock market is also notoriously complicated and leaves the uninformed investor at a particular disadvantage. For these reasons, Joe never advocated investing in the stock market. However, putting your whole nest egg in treasury bonds when yields are low means a longer accumulation phase. Some FIers are willing to accept a bit more risk by investing part of their nest egg in the stock market—but usually want to do so as safely as possible.

Mark's summary below explains the stock market options he used himself and recommends to his clients, based on their specific needs.

INVESTMENT OPTIONS

By Mark Zaifman

Mutual Funds

Mutual funds are portfolios of stocks managed by professionals and frequently reflect some investment philosophy—some have social and environmental screens, some are focused on maximum capital growth, some on diversification globally, and more. Most actively managed funds strive for larger returns by investing in specific industries, or by using specific strategies, and they typically charge more to compensate for the manager's increased workload and for the use of their skills and talents. They are not guaranteed to increase or to protect an investor's initial investment. Some fund managers limit the number of investors and will "close" the fund to new investors. Mutual fund investments may or may not be taxable. Mutual fund managers are constrained by regulations imposed by the Security and Exchange Commission (SEC), a federal agency.

Index Funds

Index Funds are mutual funds designed to mimic the performance of stock market indices such as the Dow Industrials, the NASDAQ Composite and the S&P 500. As an FI investor you have learned when enough is enough, particularly in terms of your money. In using index funds to invest your capital you are not attempting to beat the market. Instead you are looking for enough of a return to meet your short-term as well as long-term goals while taking as little risk as possible. That is why index funds, with their low fees and ability for diversification, can work well for the FI investment program.

At its core, index fund investing means you are using an approach and strategy that seeks to track the investment returns of a specified stock or bond market benchmark or index. One of the most popular index funds today is the S&P 500 Index Fund, which attempts to replicate the investment results of this specific target index. There is no attempt to use traditional "active" money management or to make "bets" on individual stocks. Indexing is a passive investment approach emphasizing broad diversification and low portfolio trading activity. Low cost is a key advantage of index funds, leaving a larger share of the pie for investors, which is why this choice aligns well for your FI investment plan.

Low Fees Are Key

Fees, by far, are one of the most overlooked areas in terms of investment decisions. Index funds boast some of the lowest portfolio-management fees in the industry, which is why they are the vehicle of choice for investors looking for value as well as performance. For example, a leading S&P 500 Index Fund expense ratio was 0.15 percent as of August 2008, compared to the average large-growth actively managed mutual fund with an expense ratio of 1.18 percent. Multiply the difference in expenses over ten, twenty or thirty years and you can quickly see why low fees make a big difference to your investment return over time. Being FI means we know down to the penny the flow of money that comes into and out of our lives, which means that fees—especially low fees—matter to us. By using low-fee index funds as part of your core FI portfolio, you're applying FI thinking at its best.

No-Load Funds

With all of the investment choices available today, it's getting harder and harder to justify paying "loads" (also known as commissions or sales fees) when purchasing mutual funds. The exception here is that when you are saving for FI3 it may be the only option available through your employer's retirement plan. In this case, your 401(k), 403b or IRA may be linked to an investment firm that charges loads on their investment options. If that's the case for you, you may have to accept it and choose wisely—knowing that even with the sales fee you're paying, investing your money tax deferred is better than not investing at all. Post-FI3 you can carefully rearrange your investments, avoiding as much as possible fees for early withdrawal. When you have a choice about where to invest your money, though, choose firms that offer no-load funds, carry no sales fees (loads) and don't charge 12b-1 fees to cover marketing expenses.

Actively Managed Funds or Index Funds?

If you can't figure out which to choose—an actively managed mutual fund or an index fund—no worries. The sharpest minds in the industry seem to favor index funds for people like us. A few examples:

Legendary investor Warren Buffett: "Most investors are better off putting their money in low-cost index funds. A very low-cost index is going to beat a majority of the professionally managed money."

Best-selling author Larry Swedroe from his book, *What Wall Street Doesn't Want You to Know:* "Regardless of the asset class [see below], use only index or passive asset class funds. Active management is a loser's game. Diversify across many asset classes. This will reduce portfolio risk and probably increase returns as well."

Designing Your Own "ENOUGH . . . AND THEN SOME" FI3 Portfolio

Your "portfolio" is a fancy way of saying the sum of your investments across "asset classes"—which simply means types of investment vehicles such as cash, bonds, stocks, real estate, foreign currency and commodities. Asset allocation is the art and science of distributing your nest egg across various classes to balance risk and reward. Instead of putting all your eggs in one basket, you are wisely limiting your market risk by spreading your money across various asset classes. This is a smart, sensible and time-tested strategy.

By using index funds, you can allocate your capital across various asset classes. This enables you to reduce volatility without giving up investment performance.

Beyond Index Funds: The Simplest Kind of Mutual Fund—Lifestyle Funds

The FI investment program was designed to be easy to implement as well as simple to manage. If, in addition to index funds, you were to choose only one new investment strategy that could mirror this approach, it would have to be investing in mutual funds known as "lifestyle funds." This all-in-one concept seems uniquely designed for an FI investment plan because the management fees are low, the plan is simple to manage and it enables inexperienced investors to quickly establish a well-diversified portfolio that reduces market risk.

The beauty of lifestyle funds is that with the purchase of one mutual fund you end up owning five funds spread across a variety of asset classes. For example, a lifestyle fund might divide its holdings among the U.S stock market, the U.S. bond market, the international stock index and a variety of other options. This approach takes the guesswork out of where and how to invest your capital, which is often the reason many people avoid the stock market in the first place. For those who plan on sticking with the FI investment program yet are willing to take some risk with a portion of their capital, this would be a very viable option. These funds enable you to pick the asset allocation that fits your long-term investment objective. Best of all, the fund automatically rebalances to maintain a consistent allocation among stocks, bonds and short-term investments.

Puzzling through these options, through the risks and rewards of different paths, ***Sally H.*** *decided to split her investment portfolio using the "enough . . . and then some" description of the nest egg you* *have at Crossover. She invests the bulk of her money in treasury bonds so she knows that no matter what the world throws her way, she has enough income to cover her basics. But the "and then some" is her cache which she invests in mutual and index funds much like the strategies above. More risk, but potentially more reward . . . and more cache. Should she lose it all, she's still FI, and she can slowly over time build her cache back up.*

Mark Zaifman told me that in his own practice—personal and professional—he uses Vanguard, a company that is known for simplicity and low fees. There are other mutual funds, some with socially responsible screens that may be important to you. Trying to speak to those FIers who want to keep it simple, he offered the four Vanguard Funds to narrow the field of thousands of mutual funds down to something manageable. Here's his explanation:

Mark's suggestions for Your NEW FI Investment Strategy

The most conservative approach for this strategy would be to use the Life-Strategy Income Fund, the first of the four Vanguard Funds. Although marketed as a fund for those in retirement, it is also applicable for those who are FI and no longer working for money. This fund seeks current income and has some growth of capital. The fund applies a fixed formula that over time should reflect an asset allocation of approximately 60 percent of the fund's assets to bonds, 20 percent to short-term reserves and 20 percent to common stocks.

A balanced approach would be to use the Life-Strategy Conservative Growth Fund. This balanced approach literally balances your need for long-term growth of capital along with your need for income. The fund is allocated approximately as follows: 40 percent of the fund's assets to bonds, 20 percent to short-term fixed income reserves and 40 percent to common stocks. This choice would be well suited for investors at all stages of their journey to FI.

An additional balanced approach would be to use the Life-Strategy Moderate Growth Fund. This fund offers a higher allocation to stocks, which means more potential for growth. The fund is allocated approximately as follows: 60 percent of the fund's assets to common stocks and 40 percent to bonds. However, this might be more nest-egg risk and less month-to-month income than you want.

Likewise for the Life-Strategy Growth Fund, a fourth option, which will likely appeal only to those who want to invest during their nest-egg accumulation phase. The objective of this fund is to seek long-term growth of capital with some income, which may be a goal for younger FIers who have a longer time horizon and are willing to tolerate more risk in their portfolio to be sure their "enough and then some" is still there for them decades into the future. The fund is allocated approximately as follows: 80 percent to common stocks and 20 percent to bonds.

Step 4 for Step 9

An increasing number of FIers are getting on the "socially responsible investing" SRI bandwagon because such investment vehicles allow them to merge their quest for financial independence with their humanitarian or environmental values. SRI has grown as a field from 55 socially screened mutual funds with $12 billion in assets in 2005 to 260 funds with $202 billion in assets in 2007.[2]

Brent Kessel, cofounder of Abacus Portfolios and author of *It's Not About the Money* says of this approach to investing, "While SRI was originally considered a fringe movement of tree-hugging Californians, the downfall of such corporate giants as Enron, Tyco, and Arthur Andersen brought a whole new population of SRI investors in from both sides of the political aisle." Vanguard, the family of funds

Mark uses with clients, also has an SRI fund, the Vanguard FTSE. Calvert, Ariel and Domini Funds have been around longer, but now, with the popularity of SRI, most mutual funds will offer some screened funds.

For those who want to go this route, several FIers recommend the Web site of the Social Investment Forum, www.socialinvest.org, which offers comprehensive contacts, resources and information on socially responsible investing and is a good source of information about trends in the field and how these vehicles compare to the conventional market.

FIers beware, however. Expressing your environmental and social justice values (being good) doesn't guarantee that you'll maximize your income (doing well). Do your research. In general, funds with lower costs, more diversification and screening that matches your values will be your best bets. Your Step 4 questions about fulfillment and alignment can help here too—some folks sleep better with their money in socially screened investments, others sleep better with their money making the most it possibly can.

CHECKLIST OF THINGS TO CONSIDER WHEN INVESTING

1. Is this investment in line with my values?
2. What are the federal, state and local tax implications of this investment for me? (Is it tax efficient for my income bracket or situation?)
3. How easily can I liquidate (sell out of) all or part of this investment?
4. What sales charges/penalties (if any) will I incur in getting into or out of this investment?
5. Does this provide the current/future income I need?
6. Does this provide overall diversification for my investments?
7. Is this investment in line with my tolerance for risk?

WHAT ABOUT OTHER INVESTMENTS?

Real Estate

I, Vicki, ended up owning a large house in Seattle after all my prior house-mates and co-owners flew the coop. I bought them out one by one, paying them a fair return on their initial investment. I shifted some money from bonds to this property because at some money-in-the-mattress, gut-level way I trust an investment that can also be a roof over my head. We bought right before the real-estate boom in Seattle, and the house now turns out to be—through no forethought of my own—worth several times what we originally paid. I still consider it my primary residence, but much of the year I'm off somewhere else while my current house-mates pay rent and tend to maintenance. Charging below-market rates ensures that I get an excellent return on my investment combined with the pleasure of knowing others are flourishing within those four walls.

Steve S. *did his own version of this by purchasing a self-storage facility and having on-site and off-site managers run the project on a daily basis. Yes, of course, this is in part profiting from consumer excess—having more stuff than house to put it in. Whatever the irony, Steve and his family collect enough per month that he's been able to live AND save enough to buy a second facility. He's chosen a life of community service, occupying roles of significant responsibility, but he is able to be bold in his service because he has that passive income that actively supports his life.*

Quentin N. and his wife ***Irene*** *have a real-estate story with some real ups and downs. They bought a four-plex twenty years ago, living in one unit and renting the other three. Even when they moved to a nearby city, they kept the four-plex as an income property. All well and good until the neighborhood around them deteriorated and their building deteriorated as well. Far from distant, uncaring landlords, they traveled 50 miles to their rental property every time something needed tending and they also tolerated late payments and low rents from long-time tenants when they skidded into hard times. But when those tenants left and they inspected the place, they were faced with thousands of dollars of repairs. The coffers are filling again, but their story reminds us of the downside of this strategy for FIers. Property values can go down, and property upkeep can go up . . . just when you planned to go south for the winter.*

Community

Even though this is a book about money, it is more essentially a book about how consciousness plus frugality strategies can offer much of the security we look to money to provide. Money is not the only form of security.

Security can also look like what ***Dave Wampler*** *has. He's the founder of a great Web site on simpler living, and he has chosen to invest in his community. He has no family and currently no partner, but he does have what he calls "the most wonderful friends in the world" who will never let one another down. On almost any given day someone who has done him a favor is over for a meal, and many evenings you can find five or six of his neighbors on his porch. When any one of them needs help, someone is there to stack wood or tend a baby. His town is split between what he calls "rednecks and hippie-dippies," but everyone is there for one another. His income is enough to meet his basic needs, but his deep security comes from living in a tight-knit community.*

Another way to invest in community is to consider loaning money to friends at an interest rate that's better for you than bonds but lower for them than a bank. I have done this repeatedly with deeply satisfying results. These friends aren't, as they say on cop shows, "a flight risk" since they are part of my community. We arrange a monthly automatic transfer of capital plus interest for the term of the loan so that our daily interactions have nothing to do with money. I have another community member cosign the loan as added protection. Yes, it's emotionally as well as financially risky—they could come on hard times and not be able to pay, just like when you loan money to a relative. Linking my fortunes with the well-being of those I hope will flourish satisfies that other asset class: love.

I first did this in 1987 when a group of my New Road Map Foundation partners and I wanted to buy that large house in Seattle I mentioned earlier. We wanted a home for ourselves and offices for our nonprofit organization. None of us had the money—or the credit history—to buy the house, but a strategy emerged that allowed us "church mice" to own "the church." We went to the bank explaining that we had no debt and our income was based, collectively, on an astounding half a million in capital that would secure the mortgage. A mortgage for one-third of the cost was approved. Another third came from one member selling her other house. Where to get the final third, though? Then we realized that we could each liquidate a few of our FI nest-egg bonds and "lend" the money to the community at an equal rate of interest. BYOB could mean Be Your Own Banker. We became the bankers and paid those with "house bonds" interest semiannually.

Another version of this, of course, is investing in a local business rather than making a loan. Some prefer to share risks and rewards with their friends rather than loan them money.

CUSHIONS MAKE FOR SMOOTHER LANDINGS

Whatever level your monthly expenses settle in at, you will want six times that amount readily available in a bank account or money market fund. You are not financially independent until you have a cushion to handle spikes in expenses. Besides smoothing out the flow of money into and out of your life, however, your cushion has another important function. If you have concern about "*your* consciousness growing faster than inflation," a cushion eases those doubts.

Rosemary I. *found herself getting increasingly uneasy as her projected Crossover Point approached. She was used to her job, and the thought of turning off that trusty faucet and depending on bond income alone was scary. Rationally she knew her bond income was "enough and then some," but she still had irrational fears of not being able to reenter the job market if FI somehow didn't work. "Maybe this is what trapeze artists feel when they are assessing when to let go of their bar so they can swing over to the other one," she thought. Her safety net (cushion) was in place, but it felt very far away. What she decided to do was to bring the net closer and beef it up by doubling her cushion. With those extra thousands in the bank, she found it easy to face down the inner worry wart who kept asking, "But what if you total your car and have a major illness and your house burns down all in the same year?"*

As ***Carl M.*** *approached FI he, like Rosemary, found himself reluctant to turn off the flow of job income that had filled his coffers for over twelve years. He jokes that there is a tenth step to this program—remembering to quit your job. He came to realize that because he had devoted the majority of his time and intellect to being a computer programmer, he had depended on money to buy his way out of many of life's difficulties. His "what-ifs" had to do with maintaining his house and car without enough money to pay a small army of mechanics, plumbers, roofers and exterminators. He handled his fear by deciding to become knowledgeable and sophisticated about home and auto maintenance, apprenticing to some experts and reading everything the library had to offer. Turning a "what if" into a "why not" is the epitome of FI thinking.*

Ted and Martha P. *developed a different strategy for the "what-ifs." This was especially important for them because their son and their FI came along at about the same time. While they had no intention that their son would be one of those $200,000 "average American kids," they knew they'd have plenty of financial surprises during the eighteen years of full-time parenting. So they made what they call a Life Chart for all three of them. For each year from now until they will be eighty-five, they asked themselves, "What needs or desires might come up?" They included all the normal expenses of raising a healthy (but not pampered) child—things like braces, tutoring, summer camp and his first car—and determined how much each might cost. They then bought an investment vehicle called zero-coupon bonds (treasury bonds with no interest, bought at a big discount but repaid at par and* *especially good for future cash needs), with different bonds coming due in each of the years that their son might need a big-ticket item. And if he doesn't need braces or want to go to summer camp, they'll just roll over the money into regular treasury bonds. They also anticipated their own reasonable needs, including housing, health care, education and travel, and calculated how the combination of their cushion and their cache could handle them with ease. They've even handled the "what if it doesn't work?" fear with the reminder that they could go back to work* for a finite period of time *to handle a completely unanticipated change in lifestyle. Having thought through the "what-ifs" and having already allocated funds to handle them, they can breathe easy in the present. Not only that, but they've projected a happy and fulfilling life for all three of them, a life in which even the normal bumps and bruises are taken in stride and are part of the adventure. They have already embraced the future and eliminated the fear and mystery that so often keep others with their noses to the grindstone.*

Alan Seid *and* ***Tricia King*** *were some of the earliest FI adopters. Alan encountered Joe's recorded seminar in college and Knew with a capital K that he too wanted to be FI by the time he was thirty. His sweetheart, Tricia King, came to share that goal. Being bilingual, Alan's "maximizing your income" skill discussed in Chapter 7 was as a translator and interpreter. Tricia earned her FI income as a massage therapist. By the time they were married, they'd each accumulated a nest egg sufficient to be FI for their current lifestyle. But they had a dream of a rural learning and living center for sustainability, and when the perfect piece of land became available they realized that Tricia's nest egg, plus some help from parents, could purchase it outright while Alan's FI income could cover basics with a little bit of work on the side. With a secure relationship and home, they decided to have a child, something that wasn't in the cards half a decade before. And then another. With two children to support, they could no longer live on their FI3 income; they formed a mediation and training company and started renting out unused buildings on their land. They are committed to their whole family becoming FI and they are still doing all the steps. They call it their second FI. Their first FI allowed them to train in skills they considered essential for transformational change—permaculture, nonviolent communication, integral philosophy and the FI program itself—skills they now use in their practice. Together they consider these the crucial curriculum for change agents and frequently teach one or more of these modules to individuals, agencies and institutions in their areas. Had they not worked diligently towards their first FI, Alan would still be a translator and interpreter and Tricia would still be doing massages and both would be living in rental houses in the city. Their second FI, however long it takes to get there, will free them to develop a cohousing community on their land making it a model of sustainability.*

This pattern is becoming more common of people who became FI in one circumstance going back to work with their first FI as a base. Their second climb up the FI mountain is much easier. They already know how to do it and that it works. Also, the amount of money required is far less than the first time around.

Rosemary I. *recently wrote from her new home back East where she's moved to be close to her aging parents: "Even though my FI income is no longer enough for all of my expenses, I can certainly attest to the feeling of relief and freedom that comes from having some interest income—and also the satisfaction of not having my assets waver and plummet with the stock market. I still feel comfortable defending my choice to invest in treasury bonds."*

Your cushion will be there to handle the “what if’” worries, either by proving them unfounded or by providing the cash needed to see you through. And then there’s your cache, which will continue to enlarge your cushion and even increase the amount of capital you have to invest.

WHAT IS CACHE AND WHERE DOES IT COME FROM?

In pioneer days a cache was a hole in the ground where travelers buried provisions for later use that were too heavy to carry. In your FI program, your cache is a store of extra money (beyond your capital or your cushion) that builds up for future use. Funds feeding the cache account come from numerous sources:

1. In Step 4 you ask the question, **“How might this expenditure change if I didn’t have to work for a living?”** Most people who choose full Financial Independence find that their expenses go down significantly when they leave paid employment. No more commuting expenses, no more dress-for-success expenses, no more restaurant-lunch expenses—and many more such reductions. So since the Crossover Point is based on your total expenses while you are engaged in paid employment, the excess investment income will begin to pile up after you are financially independent. This is the “and then some” we referred to in the definition of FI as “having enough and then some.”
2. Continuing to do the steps after FI is a natural pattern; your experience of Financial Integrity and Financial Intelligence is now so ingrained and so fulfilling that you don’t *want* to stop. As a matter of fact, there may be an even higher level of zeal since, thanks to becoming FI, you *know* that these principles work. So between the ingrained patterns of consciousness, the intellectual appreciation of the obvious logic of the steps and the experiential awareness of how much more fulfilling your life is when lived at “enough,” you may find that you are *still* spending less. Yet your income continues to march on at the same level—creating more cache.
3. As time goes on, you notice the wisdom of your choices back in Step 6. Your carefully researched purchases are not breaking down. Your ability to maintain your material possessions has increased enormously, and you don’t need to replace them anywhere near as often as you used to. You are also not enticed by the newest “new and improved” upgrade. Your material universe is in place. *Yet the original cost of those purchases had inflated your monthly expenses before you reached your* ***Crossover Point.*** You discover that you are spending less than your monthly income. More cache.
4. Your total monthly expenses included federal, state and local income taxes, based on a sizable income that included a very large amount going into your FI investments. After FI your total monthly income is just above your total monthly expenses. Now your tax bill has dropped considerably. More cache.
5. Another source of cache is incidental income. This might be anything from an unexpected inheritance to notification by the IRS of an error in a two-year-old tax return that results in a refund.
6. Cache can also be supplemented by paid employment. Some FIers find that their new life directions require short-term paid employment in order to complete the mastery of new skills. Others find that putting extra income into their cache provides an added measure of security as well as giving them a little extra money to finance new dreams. This is what Mike G. does as an election worker or what Irene G., Quentin’s wife, does as a nurse-midwife who subs from time to time to keep her hands in her profession, so to speak. Marcia M. uses her income from occasional temporary jobs to build up her cache so she can

travel whenever she wants to—as she did recently when a family member 2,000 miles away became ill.

How to Spend Cache

The money that accumulates in your post-FI cache fund—money that *by definition* you do not need for your everyday living expenses—has an important role to play in your overall FI investment plan. Since by getting FI you have already broken the link between income and lifestyle choices—i.e., having money does not lead you into spending more—this cache fund is not a source of temptation.

The initial function of the cache may be psychological. It proves to you that you do have enough *and then some* over time, helping to quell any lingering "what ifs."

On the outside chance that "inflation" in one or another of your spending categories gets ahead of your ever-increasing skill and consciousness in clever use of resources, your cache fund handles the shortfall.

It is from this fund that you can replace major items necessary to your chosen lifestyle when they finally do wear out—things like a car, a bicycle or crowns for your back teeth. Since there are many ways you can replenish your cache for the next unexpected expense, you don't need to worry. Your cache is a living resource, not a one-time bundle that you will deplete.

Projects and causes that you participate in may need an infusion of capital to achieve a specific objective; you can provide that capital without damaging your ability to provide that most valuable of contributions, your undivided life energy.

Two final stories about FIers who chose to invest directly in individual stocks:

***Tom Trimbath**, author of* Dream. Invest. Live.*, made his money the conventional way. As an aerospace engineer, he was able to sock away a lot of money in a fairly short time so he and his wife, also working, could be FI. Once there, Tom loved it, but his wife found she yearned for a more traditional life. They split up (a fate that even this program can't anticipate). Suddenly Tom's FI income almost halved, while his house payments doubled. Like other FIers who've had radical changes in their domestic situation, he made many frugality adjustments. Unwilling to shrink his life, Tom, having an analytical mind and an adventurous spirit, decided to recreate his "and then some" through investing. Some people don't wait until they are FI to go this route, and it's not for everyone—most FIers don't have the stomach for it. But Tom is also a hiker, climber and long-distance bicyclist (he's biked across the country; he's used to challenges).*

Freed from many money fears from what he learned reading YMOYL*, and inspired by Peter Lynch who advises investors to buy companies they understand, Tom has chosen to invest in small startups, with a particular interest in new technology companies. Some days are better than others.*

Tom is an FIer in his inventiveness and capacity to sniff out bargains. But he is not an FI investor according to Joe's definition. What makes this all okay? He couldn't do it if he hadn't learned from YMOYL *to be frugal with his time and his money and to no longer be intimidated by the financial fears that plague most people. He's learned to live comfortably on the cheap, knows he can go back to work if he must, and has the patience, risk tolerance and confidence that his investments will maintain his lifestyle. In the meantime, he is free to chase his dreams and write books about America, nature and personal finance.*

***Kevin Cornwell** and his wife **Catherine Dovey** "crossed over" thirteen years ago in 1995 with $400,000 in assets. They had, on and off, up to three rental properties, leveraging the value of their house. They also rented out part of their main residence in a mother-in-law apartment arrangement.*

Beyond their stable real-estate investments and income, they made a hobby with their "and then some" money of investing in individual companies as well as mutual funds.

To "become knowledgeable and sophisticated" about equity investments they educated themselves through NAIC (National Association of lnvestors Corporation) and helped found several different investment clubs over the years. Not surprising—they'd used the FI steps to get where they wanted to go on one leg of the journey and now used this other set of tools for more cache. These are the principles they follow: 1) invest a set amount regularly; 2) reinvest earnings, dividends and profits; 3) invest in quality growth stocks and equity mutual funds; 4) diversify your investments. Kevin said, "Joining an investment club was a safe and fun way to educate ourselves about investing in individual stocks. The point of investment clubs is learning about investments, not getting rich. We took the insights and knowledge gained at club meetings and applied them to our own investments."

The next "profit area" was plugging the drain to their nest egg caused by taxes. So, to "become knowledgeable and sophisticated" they took a standard class for tax preparers. Keeping more of their income meant having more cache. Having learned the ins and outs of the tax code, Kevin notes that "More than half of our investments are in tax-deferred vehicles [IRAs, 401 (k)s, etc.] as a way to keep more of what we earn—and have earned. To that end, we keep a spreadsheet that forecasts our cash flow through the next ten years or more and that's when we can access the tax-deferred accounts without penalty. And, if hard times were to hit before then, we still have access to our money if we're willing to accept the penalties."

Their final cache stream is pure Your Money or Your Life—*they always live below their means. The upshot: they've tripled their nest egg. Kevin has worked on volunteer projects that have sometimes produced income and Cath has chosen to work part-time at a job she enjoys, doing it not so much for money as for love.*

Each of you will construct an FI portfolio that matches your ways of thinking, your ways of living, your tolerance for risk and your creativity in applying consciousness rather than money to meeting your needs. It's truly up to you.

In Conclusion

You are well on your way to taking back the power you have given over to money—and to money "experts." You are ready to become a conscientious, loving and knowledgeable steward of your life energy. Our greatest hope is that you will apply these steps to your own finances and apply your life energy to the challenges that face our species and our planet. We wish you great success.

SUMMARY OF STEP *9*

Become knowledgeable and sophisticated about long-term income-producing investments and manage your finances for a consistent income sufficient to your needs over the long term.

EPILOGUE

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, commonsense practices. 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:

- ◆In the United States, Social Security Administration—“Request for Statement of Earnings.”
- ◆Copies of federal or state income tax returns.
- ◆Paycheck stubs, employers’ records.
- ◆Review of unreported income.

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, decompressing, recreating, escaping, vacating, shopping to make you feel better since your job feels lousy, and all 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 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 proportion to life energy spent?**
2. **Is this expenditure of life energy in alignment with my 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 "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 income as a separate line on your Wall Chart:

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

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. 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 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

The final step to financial independence: become knowledgeable and sophisticated about long-term income-producing investments so that you can manage your finances for a steady income sufficient to your needs over the long term.

HOW:

◆Empower yourself to make your own investment decisions.
◆U.S. treasury bonds meet the criteria for safe, non-speculative, long term, fixed-income securities.
◆If you can tolerate greater risk, explore other conservative, low-fee investments.
◆Temper the prevailing irrational fears about inflation with clear thinking and increased consciousness. Think for yourself.
◆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.

ADDITIONAL RESOURCES

PRIMARY SUPPORT MATERIALS FOR *YOUR MONEY OR YOUR LIFE*

The *Your Money or Your Life* hub for news and updates is www.yourmoneyoryourlife.info.

Blix, Jacqueline and David Heitmiller. *Getting a Life: Strategies for Simple Living Based on the Revolutionary Program for Financial Freedom,* Your Money or Your Life. New York: Penguin, 1997.
Dominguez, Joe. *Transforming Your Relationship with Money: The Nine-Step Program for Achieving Financial Integrity, Intelligence and Independence* (CD/Workbook Course). Boulder: Sounds True, 2005. Joe Dominguez is the originator of the 9-step program and this seminar—taped live in the early 1980s—is a timeless, incisive, powerful expression of this work direct from the horse's mouth.
Merkel, Jim. *Radical Simplicity: Small Footprints on a Finite Planet*. Gabriola Island, Canada: New Society Publishers, 2003.
——. *RADICALLY Simple* (DVD). Oley, PA: Bullfrog Films, 2005.

The New Road Map Foundation www.financialintegrity.org is a nonprofit organization created in 1984 by Vicki Robin, Joe Dominguez and others to disseminate the 9-step program on which *Your Money or Your Life* is based. NRM offers free teaching and independent learning guides to the 9-step program.

MONEY MATTERS—DEBT, FINANCIAL PLANNING AND SOCIALLY RESPONSIBLE INVESTING

Bogle, John C. *Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor*. New York: John Wiley & Sons, 1999.
Clyatt, Bob. *Work Less, Live More: The Way to Semi-Retirement*. Berkeley: Nolo, 2007.
——. *The Work Less, Live More Workbook: Get Ready for Semi-Retirement*. Berkeley: Nolo, 2007.
Kessel, Brent. *It's Not About the Money*. San Francisco: Harper One, 2008.
Mundis, Jerrold. *How to Get Out of Debt, Stay Out of Debt, and Live Prosperously*. New York: Bantam Books, 1988.
Swedroe, Larry E. *The Only Guide to a Winning Investment Strategy You'll Ever Need: The Way Smart Money Invests Today*. New York: Truman Talley Books, 2005.
——. *What Wall Street Doesn't Want You to Know: How You Can Build Real Wealth Investing in Index Funds*. New York: Truman Talley Books, 2001.
Tisdale, Stacy and Paula Boyer Kennedy. *The True Cost of Money*. Hoboken, NJ: John Wiley & Sons, Inc., 2007.
White, John L. *I'm in Debt, Over 40, with No Retirement Savings, HELP! How to Get Out of Debt and*

Start Saving for Retirement Now. Wesley Chapel, FL: Everlove and Bohannon Publishing, 2004.

PHILOSOPHY & REAL LIFE EXPERIENCES— ENOUGH, SIMPLE LIVING AND VOLUNTARY SIMPLICITY

Andrews, Cecile. *The Circle of Simplicity: Return to the Good Life*. New York: Harper Perennial, 1997.
Callenbach, Ernest. *Living Cheaply with Style: Live Better and Spend Less*. Berkeley: Ronin Publishing, 2000.
Dacyczyn, Amy. *The Complete Tightwad Gazette: Promoting Thrift as a Viable Alternative Lifestyle*. New York: Villard Books, 1998.
De Graaf, John et al. *Affluenza: The All-Consuming Epidemic*. San Francisco: Berrett-Koehler Publishers, 2005.
De Graaf, John. Producer. *Affluenza* (DVD). Oley, PA: Bullfrog Films, 1997.
——. *Escape from Affluenza: Living Better on Less* (DVD). Oley, PA: Bullfrog Films, 1998.
Elgin, Duane. *Voluntary Simplicity: Toward a Way of Life That Is Outwardly Simple, Inwardly Rich*. New York: Harper, 1993.
Holst, Carol ed. *Get Satisfied: How Twenty People Like You Found the Satisfaction of Enough*. Westport: Easton Studio Press, 2007.
Kasser, Tim. *The High Price of Materialism*. Cambridge, MA: The MIT Press, 2003.
Longacre, Doris Janzen. *Living More with Less*. Scottdale, PA: Herald Press, 1980.
Myers, David G. *The Pursuit of Happiness: Who Is Happy and Why?* London: The Aquarian Press, 1993.
Nearing, Scott and Helen Nearing. *The Good Life: Helen and Scott Nearing's Sixty Years of Self-Sufficient Living*. New York: Schocken Books, 1989.
Pierce, Linda Breen. *Choosing Simplicity: Real People Finding Peace and Fulfillment in a Complex World*. Carmel, CA: Gallagher Press, 2000.
——. *Simplicity Lessons: A 12-Step Guide to Living Simply*. Carmel, CA: Gallagher Press, 2003.
Princen, Tom. *The Logic of Sufficiency*. Cambridge, MA: The MIT Press, 2005.
Schor, Juliet B. *The Overspent American: Why We Want What We Don't Need*. New York: Harper Perennial, 1999.
——. *The Overworked American. The Unexpected Decline of Leisure*. New York: Basic Books, 1993.
Sherlock, Marie. *Living Simply with Children: A Voluntary Simplicity Guide for Moms, Dads and Kids Who Want to Reclaim the Bliss of Childhood and the Joy of Parenting*. New York: Three Rivers Press, 2003.
Taylor-Hough, Deborah. *A Simple Choice: A Practical Guide for Saving Your Time, Money and Sanity*. Belgium, WI: Champion Press, 2000.
Thoreau, Henry David. *Walden*. 1854. Reprint. Boston: Beacon Press, 2004.
Urbanska, Wanda and Frank Levering. *Simple Living: One Couple's Search for a Better Life*. Winston-Salem, NC: John F. Blair, Publisher, 2003. Wann, David. *Simple Prosperity: Finding Real Wealth in a Sustainable Lifestyle*. New York: St. Martin's Press, 2007.
Yeager, Jeff. *The Ultimate Cheapskate's Road Map to True Riches: A Practical (and Fun) Guide to Enjoying Life More by Spending Less*. New York: Broadway Books, 2008.

INNER SIMPLICITY—REVERENCE AND SPIRITUALITY

Alternatives. *The Alternative Wedding Book: Create a Beautiful Wedding That Reflects Your Values and Doesn't Cost the Earth*. Kelowna, BC, Canada: Northstone Publishing, 1993.
Easwaran, Eknath. *The Compassionate Universe*. Petaluma, CA: Nilgiri Press, 1989.
Foster, Richard J. *Freedom of Simplicity: Finding Harmony in a Complex World*. New York: Harper Paperbacks, 1981.
Frankl, Viktor. *Man's Search for Meaning*. 1946. Reprint, New York: Washington Square Press, 1984.
Harnden, Philip, ed. *Journeys of Simplicity: Traveling Light with Thomas Merton, Basho, Edward Abbey, Annie Dillard and Others*. Woodstock, VT: Skylight Paths Publishing, 2007.
McKibben, Bill. *Hundred Dollar Holiday: The Case for a More Joyful Christmas*. New York: Simon & Schuster, 1998.
Needleman, Jacob. *Money and the Meaning of Life*. New York: Doubleday. 1991. ——. *Time and the Soul*. New York: Doubleday, 1998.
Nemeth, Maria. *The Energy of Money: A Spiritual Guide to Financial and Personal Fulfillment*. New York: The Ballantine Publishing Group, 1999.
Robinson, Jo and Jean Coppock Staeheli. *Unplug the Christmas Machine: A Complete Guide to Putting Love and Joy Back into the Season*. New York: Quill, 1991.
Schumacher, E.F. *Good Work*. New York: Harper and Row, 1979. ——. *Small Is Beautiful*. New York: Harper and Row, 1973.
Schut, Michael. *Money and Faith: The Search for Enough*. New York: Morehouse Publishing, 2008.
Schut, Michael et al. *Simpler Living, Compassionate Life*. New York: Living the Good News, 1999.
Twigg, Nancy. *Celebrate Simply: Your Guide to Simpler, More Meaningful Holidays and Special Occasions*. Grand Rapids, MI: Kregel Publications, 2006.
Whitmire, Catherine. *Plain Living: A Quaker Path to Simplicity*. Notre Dame, IN: Sorin Books, 2001.

SUSTAINABILITY

Callenbach, Ernest. *Ecotopia*. Berkeley: Banyan Tree Books, 1975. Meadows, Donella H., Dennis L. Meadows and Jorgen Randers. *Beyond the Limits*. Post Mills, VT: Chelsea Green Publishing Company, 1992.
Wackernagel, Mathis and William Rees. *Our Ecological Footprint: Reducing Human Impact on the Earth*. Gabriola Island, BC, Canada: New Society Publishers, 1996.

WORK

Bolles, Richard. *What Color Is Your Parachute?* Berkeley: Ten Speed Press, frequently updated.
Fogler, Michael. *Un-Jobbing: The Adult Liberation Handbook*. Lexington, KY: Free Choice Press, 1997.
Hunnicutt, Benjamin Kline. *Work Without End*. Philadelphia: Temple University Press, 1988.

The list above was compiled with the generous help of the Simple Living Network www.simpleliving.net. The Simple Living Network provides a wide variety of important resources for those interested in voluntary simplicity issues. This resource list will be posted, with active links to each item, at www.simpleliving.net/ymoyl.

NOTES

INTRODUCTION

1 Kathleen Connell, "Even the 'comfortable' face the need to alter spending habits: Losses in home equity call for recalculation of net worth, and a return to reality," *The Christian Science Monitor*, August 18, 2008, http://www.csmonitor.com/2008/0818/p16s01-wmgn.html.

2 National Economic Accounts, Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov/briefrm/saving.htm.

3 http://www.tns-mi.com/news/01082007.htm.

4 http://www.pwc.com/extweb/pwcpublications.nsf/docid/5AC172F2C9DED8F5852570210044EEA7?opendocument&vendor=none.

5 http://www.federalreserve.gov/releases/g19/Current/.

6 Richard Paul Evans, *The Five Lessons a Millionaire Taught Me About Life and Wealth* (New York: Fireside, 2006), p. 6.

7 http://www.brillig.com/debt_clock/.

8 Geoff Colvin, "The Next Credit Crunch," *Fortune Magazine*, August 20, 2008.

9 Bill Clinton, in his speech at the 2008 Democratic National Convention.

10 National Science Foundation, 2007. One quarter of all Americans are lonely.

11 http://www.nchc.org/facts/cost.shtml.

12 Stephen Taub, "Pension Plans Disappearing: A new study shows the number of Fortune 1000 companies that have frozen or terminated a defined benefit pension plan has more than tripled since 2001," CFO.com, June 27, 2006, http://www.cfo.com/article.cfm/7108045?f=related.

13 http://www.aflcio.org/issues/retirementsecurity/definedbenefitpensions/.

14 Kirk Warren Brown and Tim Kasser, "Are Psychological and Ecological Well-Being Compatible? The Role of Values, Mindfulness, and Lifestyle" (accepted 20 December 2004), *Social Indicators Research* (2005), 74: 349–368, Springer 2005, DOI 10.1007/s11205 -004-8207-8.

PROLOGUE. MANAGING YOUR LIFE AS AN INTEGRATED WHOLE

1 http://www.panda.org/news_facts/publications/living_planet_report/footprint/index.cfm.

CHAPTER 1. THE MONEY TRAP: THE OLD ROAD MAP FOR MONEY

1 Douglas LaBier, *Modern Madness* (Reading, MA: Addison-Wesley Publishing Co., 1986), as discussed in Cindy Skrzycki, "Is There Life After Success?" *Washington Post Weekly*, July 31–August 6, 1989.

2 The Center for a New American Dream, "Americans Eager to Take Back Their Time," http://www.newdream.org/about/polls/timepoll.php.

3 "U.S. Job Satisfaction Keeps Falling, The Conference Board Reports Today," The Conference Board Press Release, February 28, 2005, i.

4 "Savings at Lowest Rate Since Depression: Americans Spent Everything They Made Last Year—and Then Some," February 1, 2007, http://www.allbusiness.com/labor-employment/worker-categories-older-workers/5842152-1.htmlalso; http://www.fool.com/personal-finance/retirement/2007/02/02/our-savings-rate-is-abysmal.aspx.

5 Bureau of Economic Analysis, Department of Commerce, http://www.gao.gov/cghome/2006/nasrevised12006/nasrevised12006.txt.

6 More than $8,000 per person based on the $2.5 trillion debt divided by the U.S. population of around 300 million. "Consumer Credit," Federal Reserve Statistical Release, September 8, 2008, http://www.federalreserve.gov/releases/G19/Current/.

7 Roy Kaplan's research, as reported in Kathleen Brooks, "Will a Million Let You Feel Like a Million?" *The Seattle Times*, October 9, 1985.

8 Robert Ornstein and Paul Ehrlich, *New World, New Mind* (New York: Doubleday, 1939).

9 David G. Myers, *The Pursuit of Happiness: Discovering the Pathway to Fulfillment, Well-Being, and Enduring Personal Joy* (New York: Avon Book, Inc., 1992), http://www.davidmyers.org/Brix?pageID=48.

10 Paul Wachtel, "The Case Against Growth," *New Age Journal*, November–December 1988, p. 23.

11 "Study: Nearly 35% of U.S. Households with a Vehicle Have at Least Three," Green Car Congress, February 12, 2008, http:/www.greencarcongress.com/2008/02/study-nearly-35.html.

12 "Research and Markets: The American Marketplace: Demographics and Spending Patterns, 6th edition," New Strategist Publications, Inc., January 2003, p. 533, http://www.researchandmarkets.com/reportinfo.asp?report_id=37941.

13 Centers for Disease Control and Prevention, *Healthy Housing Reference Manual*, "Chapter 12: Heating, Air Conditioning, and Ventilating," http://www.cdc.gov/nceh/publications/books/housing/cha12.htm#Cooling.

14 Global Footprint Network, 2006 National Footprint Accounts.

15 Benjamin Kline Hunnicutt, *Work Without End: Abandoning Shorter Hours for the Right to Work*

(Philadelphia, PA: Temple University Press, 1988), p. 44.

16 Ibid., pp. 45–46.

17 Victor Lebow, in *Journal of Retailing*, quoted in Vance Packard, *The Waste Makers* (New York: David McKay, 1960), as excerpted in Alan Durning, "Asking How Much Is Enough," in Lester Brown et al., *State of the World 1991* (New York: W. W. Norton & Company, 1991), p. 153.

18 Holt, D. J. and P. M. Ippolito, D. M. Desrochers and C. R. Kelley, *Children's Exposure to TV Advertising in 1977 and 2004*, p. 9. Federal Trade Commission Bureau of Economics Staff Dept., June 1, 2007.

19 Plunkett Research, Ltd., "Advertising & Branding Overview," http://www.plunkettresearch.com/Industries/AdvertisingandBranding/advertisingandbrandingtrends/tabid/

CHAPTER 2. MONEY AIN'T WHAT IT USED TO BE—AND NEVER WAS

1 Penelope Wang, "What money type are you? Take our test to learn how to stop making the same old money mistakes," *Money Magazine*, June 1, 2006, http://money.cnn.com/2005/07/07/pf/money_type_0508/index.htm.

2 http://www.money-therapy.com/moneytypesdefined.htm.

3 Data taken from U.S. National Center for Health Statistics, Viral Statistics of the United States, annual. As printed in U.S. Bureau of the Census, *Statistical Abstract of the United States: 1991* (11th edition), Washington, DC, 1991, p. 74.

CHAPTER 3. WHERE IS IT ALL GOING?

1 Bob Schwartz, *Diets Don’t Work* (Galveston, TX: Breakthru Publishing, 1982), p. 173.

CHAPTER 4. HOW MUCH IS ENOUGH? THE NATURE OF FULFILLMENT

1 Amy and Jim Dacyczyn publish this monthly newsletter: *The Tightwad Gazette,* RR 1, Box 3570, Leeds, ME 04263-9710.

2 Joanna Macy, Presentation at Seva Foundation's "Spirit of Service" conference, Vancouver, British Columbia, May 1985.

3 Viktor E. Frankl, "The Feeling of Meaninglessness: A Challenge to Psychotherapy," *American Journal of Psychoanalysis*, Vol. 32, No. 1, 1972, p. 86.

4 Purpose-in-Life Test. Copyright held by Psychometric Affiliates, Box 807, Murfreesboro, TN 37133. Permission must be granted to use this test.

5 Charles Givens, *Financial Self-Defense* (New York: Simon & Schuster, 1990), p. 23.

6 Robert L. Rose, "For Welfare Parents, Scrimping Is Legal, but Saving Is Out," *The Wall Street Journal*, February 6, 1990.

CHAPTER 5. SEEING PROGRESS

1 According to the National Association of Insurance Commissioners, the average expenditure for auto insurance in the United States in 2005 was $829. http://www.naic.org/documents/research_stats_2005_auto_database_sample.pdf.

2 http://www.cbn.com/700club/Guests/Bios/Dave_Ramsey041706.aspx.

CHAPTER 6. THE AMERICAN DREAM—ON A SHOESTRING

1 Michael B. Farrell, "Fuel Costs Strain U.S. Mass Transit, Too. With ridership up, L.A.'s Metro raises fares and pushes for new tax revenue," *The Christian Science Monitor*, July 18, 2008, http://www.csmonitor.com/2008/0718/p01s02-usgn.html.

2 Based on Ernest Callenbach, *Living Cheaply with Style*, 2nd edition (Berkeley, CA: Ronin Publishing Inc., 2000), page 167.

3 Thorstein Veblen, *The Theory of the Leisure Class* (NewYork: Modern Library, 1934), p. xiv.

4 "Big Spenders: As a Favored Pastime, Shopping Ranks High with Most Americans," *The Wall Street Journal*, July 30, 1987.

5 Lewis H. Lapham, "An American Feast: You Are What You Buy," *The Wall Street Journal*, May 13, 1988.

6 Avery Comarow, "Saving on Surgery by Going Abroad: Medical tourism or medical travel can produce discounts of 80 percent," *U.S. News & World Report*, posted May 1, 2008 http://health.usnewscom/articles/health/special-reports/2008/05/01/saving-on-surgery-by-going-abroad.html?PageNr=1.

7 Ibid.

8 Ibid.

9 www.medicaltravelauthority.com.

10 Amy Dacyczyn, *The Complete Tightwad Gazette* (New York: Villard Press, Random House, Inc., 1998).

11 www.portlandfruit.org.

12 Michael Phillips and Catherine Campbell, *Simple Living Investments for Old Age* (San Francisco: Clear Glass Publishing, 1984, 1988).

13 Deborah Taylor-Hough, *Frugal Living for Dummies* (New York: Wiley Publishing Inc., 2003).

14 Bill McKibben, *Hundred Dollar Holiday: The Case for a More Joyful Christmas* (New York: Simon & Schuster, 1998).

15 His Holiness the Fourteenth Dalai Lama of Tibet, *My Tibet*, photos and introduction by Galen Rowell (Berkeley and Los Angeles: University of California Press, 1990), p. 55.

CHAPTER 7. FOR LOVE OR MONEY: VALUING LIFE ENERGY —WORK AND INCOME

1 E. F. Schumacher, *Good Work* (New York: Harper & Row, 1979), pp. 3–4.

2 Robert Theobald, *Rapids of Change* (Indianapolis, IN: Knowledge Systems, 1987), p. 66.

3 Studs Terkel, *Working* (New York: Ballantine Books, 1985), p. xiii.

4 Kahlil Gibran, *The Prophet* (New York: Alfred A. Knopf, 1969), p. 28.

5 Marshall Sahlins, *Stone Age Economics* (Chicago: Aldine-Atherton, Inc., 1972), p.23.

6 "From Joblessness to Liberation" (an article on Frithjof Bergmann), *Green Light News*, Vol. 1, No. 1, 1984, p. 19.

7 John Humphrey Noyes, *The History of American Socialism* (Philadelphia, PA: Lippincott, 1870).

8 Paramahansa Yogananda, unpublished papers, 1934.

9 Benjamin Kline Hunnicutt, op. cit., p. 311.

10 Ibid., p. 309.

11 Ibid., pp. 313–14.

12 Arlie Russell Hochschild, *The Time Bind: When Work Becomes Home and Home Becomes Work*, 2nd paperback edition, (New York: Holt, 2001).

13 "U.S. Job Satisfaction Keeps Falling, the Conference Board Reports Today," The Conference Board Press Release, February 28, 2005, http://www.conference-board.org/utilities/pressDetail.cfm?press_ID=2582.

14 New American Dream Time Day poll, August 2003, www.newdream.org.

15 http://www.timeday.org/right2vacation/poll_results.asp.

16 Amy Saltzman, *Downshifting: Reinventing Success on a Slower Track* (New York: Harper Collins, 1991), op. cit., p. 16.

17 Ibid., p. 200.

18 Michael Phillips, *The Seven Laws of Money* (Menlo Park: Word Wheel, 1974), p. 8.

19 *At the Crossroads* (Spokane: Communications Era Task Force, 1983), p. 22.

20 Desmond Morris, *The Biology of Art* (New York: Alfred A. Knopf, 1962), pp. 158–59.

21 Willis Harman, "Work," in Alberto Villoldo and Ken Dychtwald, editors, *Millennium: Glimpses into the 21st Century* (Los Angeles: J.P. Tarcher, Inc., 1981).

22 Richard Nelson Bolles, *What Color Is Your Parachute? 2008: A Practical Manual for Job-Hunters and Career-Changers* (Berkeley: Ten Speed Press, 2007).

CHAPTER 8. THE CROSSOVER POINT: THE POT OF GOLD AT THE END OF THE WALL CHART

1 Matthew 6:24, The New Testament, New International Version (Grand Rapids, MI: Zondervan Bible Publishers, 1973).

2 Randi Rossman, "His Charity Is in the Bag," *Santa Rosa Press Democrat*, September 9, 1984.

CHAPTER 9. NOW THAT YOU'VE GOT IT, WHAT ARE YOU GOING TO DO WITH IT?

1 In recent years, Russia, to secure again the trust of the world, has begun making good on the bonds—at a rate of about 3 cents on the dollar, but if this happened to the U.S. debt, would you want to wait seventy years to get 3 percent of your money back?

2 Social Investment Forum, "2007 Report on Socially Responsible Investment Trends in the United States."

INDEX

Page numbers in boldface type refer to figures