



MoneySmart Online Course #2

The *CRITICAL*  
importance of having  
a plan for your life  
and your money and  
how to create one

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# Notes for Course #2

## The CRITICAL importance of having a plan for your life and your money and how to create one

I trust that by now you realize how important it is to have a written though out plan for your life and your money... a plan that will then be used to create the detailed spending and saving plan we'll be covering in Subject # 4-Spending Smart. The truth is that without one it is very unlikely you will get the life you wish for. It's **that** important.

**Step 1: Make three separate lists of the major goals you wish to achieve---** what you wish to be, what you wish to do and what you wish to have. Include such things as what you wish to work at and for how long, where you wish to live, becoming debt-free, getting married, starting a family, self-improvements you want to make, and so on. (a list of possible goals and dreams is provided at the end of these notes)

List the major purchases you wish to make, then set it aside and look at it again in say a couple of weeks. Sleeping on things is usually very helpful.

As you create your want lists, try not to shortchange the things you would like to **do** during your life. Far too often we concentrate on what we want to have or accomplish, when what we end up **doing** is so often the real key to having a happy and satisfying life.

**Step 2: Put each list into priority sequence.** For each of your highest priority goals, list the steps required to achieve it and assign a realistic completion date next to each step.

Your plan will change, sometimes dramatically, over the course of your life, but that's ok. Life really is a journey, so we always are learning as we go. Update your plan at least once each year, maybe on your

birthday or on New Year's Day, or if something big happens.. whatever works best for you.

Remember to create a balance between today and tomorrow.

Be fully aware that every expenditure is a trade that requires you to give up something else. Be consciously aware of the trades you are making. Sometimes a trade is small, but sometimes it can be huge. Sometimes it is a fundamental quality of life trade, things such as your health, your relationships, or enjoying how you spend your day.

There are 8 other things that are likely to greatly influence your success in creating a winning plan.

1. ***Understand and reject the marketing, the manipulation:*** Start analyzing the commercial messages you're being bombarded with every single day. When you do, you will then see to it that you, and only you, will be the one to decide how you spend your money and, more importantly, how you spend your life.
2. ***The Goal of Financial Freedom:*** Work hard and save your money so that someday you can retire and live the "good life." This idea has become entrenched in our society as the cornerstone of long-term financial and life planning. For most people it is a bad goal and a misguided life plan.

For most people, the right goal is Financial Freedom.. to work at what you want, when you want, live where you want, do what you want, and a heck of a lot sooner than sixty-five.

There are two ways to accomplish financial freedom. You can either wait till you have the money you need to be totally free, or you can save enough such that you can then earn less and live a better life. The second approach will get you free faster. Also, regardless of which route you choose, you can always change your mind along the way.

3. ***Don't Sell Yourself Short:*** Far too many people set their goals and dreams lower than they should, settling for a life far less than they could

enjoy. Don't do it! As I've shown you, there's just no reason why you should. We're constantly being hit with undermining arguments. that you have to have money to make money, that you need the right connections or the right education, that you need to be a whiz at business, or that you can't do it because you tried before and failed. The fact is that none of these things are true.

4. ***Plan for the World of Tomorrow:*** The world is going to be very different ten years from today. Change is non-stop. and big. So, as I explained, don't just look at today, look ahead at tomorrow. Also, don't forget what I said regarding the changing game of education and how to win in it.
5. ***Simplify Your Life:*** If and when you do, you will surely find that the financial rewards can amount to some pretty terrific numbers over time. Even better yet will be the improvement in quality of life you'll likely experience. I promise, once you get into it, simplicity will amaze you. Time and again you will find that less is actually more, and the rewards of simplicity outweigh the rewards from whatever you were doing or owning before.

For some great ideas on things to do just go online and start reading. There's lots of good ideas out there.

6. ***Spend less and save more:*** My courses are loaded with practical ideas on how to save some pretty amazing money over time. All you have to do is do them and if you have enough time left, this step alone will probably see to it you win the game.
7. ***Start now:*** Always remember that time will either be your biggest ally or your worst enemy. Make it your ally. Don't put these things off. Start today to do these things. You'll be really glad you did.

If your end goal is a successful retirement, and especially if you're among the majority of Americans that don't see how to make it to, let alone through, retirement, there are a number of things you can do to change the equation.

## Here are 10 powerful steps to consider:

1. **Eliminate all debt except a first mortgage, then try to eliminate that too.**
2. **Downsize your home**
3. **Earn more between now and retirement**
4. **Consider working longer..** Even a couple of more years, either full time or part time, can often have a very favorable impact on the money and lifestyle you will have in retirement.
5. **Work part-time in retirement.** Retirement can, and I think should, mean getting to pursue what you have a passion for. Many retirees pursue second careers teaching, consulting or otherwise passing on their skills and experiences to the next generation. Before you let this thought upset you, ask yourself: will life really be better if you completely stopped working? For some, it is a better life, but for most people it is not. The truth is that this very often makes for a better quality of life, that having something productive to do is part of who we are and what life should be about.
6. **Consider living elsewhere, maybe even overseas.** I wouldn't rule this out without at least thinking it through and doing a little research on some of the alternatives and how well they've worked out for others.
7. **Make more on your investments.** You really must take a DIY approach to money management. In Subject #5- When, Where, And How to Invest I'll fill you in on a lot of what you need to know.
8. **Live a simpler life.** How complicated has your life become over the years? How many activities and obligations do you have every day, week, and month that you'd rather not do? How many things do you own that you don't use? Do you really need such a big home? Do you live far from your job and commute hours each day, leaving you tired and with little time for your family or for yourself? Is everything you do and own really worth it? Do these things truly add to the quality of your life?

Simplifying your life doesn't necessarily mean doing without. It means living a less stressful, more balanced life, and having more time for the things you really enjoy.

9. **Take good care of yourself.** From a financial point of view, you are your greatest asset and unexpected health expenses are likely to be your biggest financial and quality of life threat during your retirement years. Good health is one of life's great treasures. So take good care of yourself, because nothing, including money, can insure your future quality of life like good health.
10. **Don't depend on government delivering 100% on its promises.** And it's not just Social Security and Medicare that is at risk. Here's a [Reuters story](#) that sends a heck of a warning - that our largest 100 public pension funds owe their employees about 50% more than they are able to pay.

Don't count on the stock market or money from the government, and especially don't rely on the advice and guidance from the Financial Services Industry. It is an industry whose track record has been devastating to the finances of most Americans.

Bottom line, if you expect to be receiving a pretty good income from other sources, do not assume any money from the government in your planning. If that is not the case, assume you'll get about half of what you previously expected.

The only way to create lasting financial security is to depend on yourself. This may sound daunting, but it is very doable and pretty much all the information you need to get it done is in these courses.

## **List of Possible Goals and Dreams**

- Build a good emergency cash fund
- Eliminate all debt

- Find a great life partner
- Pay for a wedding
- Buy a home (or a better home)
- Have a child
- Save 20% of your income before taxes
- Live on one salary
- Achieve financial freedom
- Live somewhere else
- Change careers
- Start a business
- Invest in real estate
- Reduce financial pressures and worries
- Make two extra mortgage payments a year
- Own your home free and clear
- Help others more
- Pay for your children's college education
- Go back to school
- Buy a car, a new TV, new furniture
- Fund home improvements
- Improve your health and/or appearance (be specific)
- Spend more time with family and friends (again, be specific)
- Learn something new, i.e.: photography, martial arts, interior design

- Spend more time on a sport or hobby
- Take a special vacation. (Think big as well as small, as this is your whole life we're talking about. Have you always wanted to go to Tahiti, take a cruise to Alaska, visit Yellowstone or the Grand Canyon, spend a week in wine country, or travel in outer space?)
- Attend a special event such as the Indy 500, the Super Bowl, the Olympics, the Oscars, the Burning Man Festival, or New Year's Eve in New York City
- Do something really different you always wanted to do like take a race driver's course, learn to fly a plane, skydive, or act in a play or movie.
- Take the time to write down your life story. Add pictures or edited home movies.
- Do something very indulgent like eat in one of the finest restaurants in the world, spend a night in one of the world's best hotels, buy an Armani suit or an awesome designer dress.