

BEING YOUR OWN FINANCIAL THERAPIST

Congratulations! How exciting that you now feel inspired enough to begin counseling yourself on your own financial fears and issues! It will change your life. I have used my approach to help hundreds of people find financial peace of mind so I know that it will work for you.

I find that people can master their own financial anxieties and issues in their decision-making once they learn how to examine their fears and issues in the context of their financial facts, family money history, and stage of life.

Here are the instructions and explanations I give to my clients when I am helping them find peace of mind.

Writing Down Your Financial Facts

My first step in helping clients is to have them write down their financial facts on a single page summary. Getting these facts on paper reduces one of their greatest fears – that of not knowing where they stand. It also grounds their emotions in their financial reality, which makes their finances seem much less forbidding.

Finding the Will to Write Down Your Financial Facts

In approaching the task of writing down your facts on your summary, you may find that your fears may try to block you. They will come up with all sorts of excuses. “I don’t need this.” “It won’t do any good.” “I don’t have enough money to manage.” “My situation is hopeless.” etc. Recognize that it is just your fears trying to assert themselves. Let the fears have their say, but put your attention on writing down your facts, knowing that with each fact you put down, you will be taking a step towards gaining more peace of mind.

Suggestions for Taking Charge of Your Facts

You’ll note that along side the instructions for writing down your facts I have included suggestions for taking charge of them. These will help you overcome any anxieties you have about managing specific finances. You may want to follow them as you write down each fact or after you have completed your summary.

INSTRUCTIONS FOR FILLING IN YOUR SUMMARY AND SUGGESTIONS FOR TAKING CHARGE OF YOUR FINANCIAL FACTS

1. Print out a copy of the **Financial Summary**.

GENERAL DIRECTIONS: In drawing up this summary keep in mind your objective is to get a meaningful estimate of your current financial picture, and that it's more important to get the facts on paper than it is to have them exact. You can always adjust the amounts as you go along.

Do your summary in pencil so that you can make changes easily.

Write down amounts to the nearest dollar.

Put down all your income and expenses on a MONTHLY BASIS.

When necessary, total the expenses for the year and divide by 12. For example, in calculating home insurance total the quarterly or semi-annual payments and divide by 12. **DON'T FORGET TO MAKE THE DIVISION.** Otherwise, it badly distorts the expense on your summary.

In doing your addition, use a calculator with a tape, if possible.

Double-check your figures and calculations.

Remember to include every financial fact. It's easy to forget a fact when you don't want to look at it. Before writing down your facts, release your judgments about them.

2. Now you are ready to look at your facts.

CASH: Write down the amount you have on hand, including any funds in jars, envelopes, and under the mattress, etc.

SUGGESTION: *Count your cash each night and review how you spent your cash.*

CHECKING ACCOUNT: Write down the total amount of all regular checking accounts. Do not include money in money market fund checking accounts or mutual fund checking accounts.

SUGGESTION: *Look at the balance in your*

checkbook each day and keep your check stubs up-to-date.

SAVINGS ACCOUNT: Write down the total amount in all regular savings accounts. Do not include money in Certificates of Deposits or other investments.

SUGGESTION: *Look at the balance (including interest) in your savings account each month, and check the rate of interest the account is paying.*

INVESTMENTS: Write down the total market value of your intangible investments, including Certificates of Deposit, money market funds, stocks, bonds, annuities, etc. include all investments in retirement plans.

SUGGESTION: *Write down the cost, market value, and annual income on each investment and calculate how much money the investment is making or losing.*

3. Take a sub-total of your available funds.

HOME: Write down a reasonable estimate of the market value of your home. A local real estate agent can give you an estimate.

SUGGESTION: *Look at the costs of renting or owning your home including, heat, electricity, maintenance, property taxes and insurance, water, trash and sewer service.*

OTHER PROPERTIES: Write down the market value of all other properties, including land buildings, business, partnerships, cash surrender value of insurance, etc.

SUGGESTION: *Look at the costs of owning and maintaining these properties.*

PERSONAL POSSESSIONS: Write down an approximate value of all your personal possessions, including clothes, antiques, art, computers, VCRs, TVs etc. You can use the following ranges: \$1,000 - \$4,000; \$5,000-\$7,000; \$8,000-\$10,000 on up. You just need a good guess here.

SUGGESTION: *If you own any valuable possession, get them appraised and include them in your insurance policy. Get rid of unnecessary possessions. They just clutter your mind!*

CARS/VEHICLES: Write down the market value of your car(s) or other vehicles(s). Note: You may want to get this estimate from your dealer.

SUGGESTION: *Compare the value to the outstanding balance on your car loan (if you have one).*

4. Take a sub-total of your properties

5. Take a total of your money and property

MONEY OWED TO YOU: Write down all your debts.

BILLS: Write down any bills outstanding for more than thirty days. Note: Do not include credit card loans.

SUGGESTION: *Set a monthly routine for paying your bills. If you are unable to pay a bill, explain your situation to the party you owe and negotiate a lower payment if you can.*

LOANS: (Owed to others) Write down any loans owed to others, including personal loans, credit card loans, business loans, second mortgages, etc.

SUGGESTION: *Make a list of your loans with showing the outstanding balance, the monthly loan payment, and the rate of interest. Then consider reducing, combining, or refinancing these loans.*

MORTGAGE: Write down the outstanding balance on your mortgage.

SUGGESTION: *Look at the current mortgage interest rates and consider refinancing your mortgage if the rates are low enough.*

6. Total your debts.

MONTHLY INCOME: List your monthly income from all sources. Remember to put in the amount on a monthly basis, i.e. divide the annual income by 12. Include income from salaries (gross and net), business, investments, partnerships, gifts and sales (if on going).

SUGGESTION: *Review the income you are receiving and see if you can find ways of increasing it (getting a raise or bonus or a higher paying investment, etc.).*

MONTHLY EXPENSES: It often isn't easy to estimate your expenses, especially entertainment, clothes, and gift. If you will take a few moments and review the amounts after you have calculated them, your intuition will tell you if your estimates are reasonable. I've learned through many consultations that the subconscious mind knows your spending habits and with a little work you can come up with the amount that feels right. I've included general categories for your basic expenses and left spaces for you to add categories as you see fit.

MORTGAGE OR RENT: Write down your monthly mortgage payment.

SUGGESTION: *Look at the amount of interest and principle you are paying. Note: you can deduct the interest from your income taxes.*

UTILITIES: Write down your heat, water, sewer, and trash. Do not include telephone.

SUGGESTION: *Review these costs and consider ways of saving money (reducing your use of heat, changing systems or services, etc).*

MAINTENANCE: Write down any costs for maintaining your home, including roofing, plumbing, electrical service, cleaning, landscaping, furniture, fixtures, etc. Try to estimate the coming year's needs. Calculate a monthly amount.

SUGGESTION: *Review these costs and see if there are ways for saving money (doing part of the roof, landscaping, etc.: buying cheaper furniture; putting off unnecessary improvements, etc.).*

TELEPHONE: Write down an average monthly estimate of your telephone bill.

SUGGESTION: *Look for ways of saving money (shorter calls, cheaper services, and fewer telephones).*

FOOD: Write down the amount you spend on basic food supplies, including household basics.

SUGGESTION: *If you think that you are spending too much on food, set yourself reduced weekly spending goals, and using a calculator to monitor you as you shop for items, stay within those goals.*

LOAN PAYMENTS: Write down your total monthly loan payments. Note: You may want to put your car loan payment under travel costs to identify the cost of your car.

SUGGESTION: Look for ways to reduce these payments (see suggestion under loans).

CLOTHES: Write down the estimated amount you spend on clothes. Add up your annual shopping and divide by 12 to get a monthly amount. Note: It may help to review your seasonal shopping habits.

SUGGESTION: Review these expenses. If you think that you spend too much on clothes, monitor your shopping by asking yourself “Do I really need this item.”

CAR AND TRAVEL: Write down all of your car costs - gas, insurance, and maintenance. Note: You may want to include your car loan payments just to see how much you spend on your car. If you do, do not add that amount to your monthly loan payments. Also include any regular travel costs (not including vacations which are discretionary).

SUGGESTION: Review these costs. If you think you spend too much on your car, consider getting a new/used one with lower gas and maintenance costs.

MEDICAL: Write down the monthly costs of medical insurance, the cost of your share of medical expenses, dental expenses, therapy and any other medical costs. Note: Do not include medical insurance deducted from your paycheck.

SUGGESTION: Review these costs. If you think that you spend too much on them, consider changing your insurance to a less expensive coverage, and using preventative health maintenance.

PERSONAL CARE: Write down monthly expenses of personal care items, such as hair cuts, laundry, vitamins, other supplements, massage, dry cleaning, etc.

SUGGESTION: Review these costs. If they seem too high, make any necessary changes.

ENTERTAINMENT: Write down monthly amounts for entertainment. These include all restaurant and bar costs, movies, video’s, clubs,

camping, weekends away (not vacations), theater, skiing, other athletics, music lessons, hobbies, CDs, Books etc.

SUGGESTION: Review these costs. If you think that you spend too much on them, set yourself a spending goal for a month, and monitor the amounts you spend, with the objective of staying within that goal.

EDUCATION: Write down all of your educational costs, including tuition, courses, workshops, etc. Create monthly estimates.

SUGGESTION: Review these costs to make sure they are what you really need to spend.

GIFTS: Write down how much in gifts you give, including charitable gifts. You may find it helpful to calculate the number of people you give to for Christmas, birthdays, and other events, and then calculate an average amount for each gift. Be sure to put the total in a monthly amount.

SUGGESTION: Review these costs. If you think that you spend too much on them, consider reducing the amounts you spend and substituting cards for gifts. Remember it’s the thought that counts.

INSURANCE: Write down your monthly expenses for your home, life and any other insurance except car and health, which you’ve already included under travel and medical, respectively. Don’t include life insurance if it is deducted from your paycheck or property insurance, which is part of your mortgage payment.

SUGGESTION: Review your costs, benefits, and deductibles of each insurance policy (including ones you’ve already accounted for in other categories) with an insurance expert. If they don’t seem appropriate, change them.

TAXES: Write down a monthly portion of your property taxes and income taxes. Note: Don’t include the income taxes that have already been deducted from your paycheck or property taxes that are included as part of your mortgage payment.

SUGGESTION: Review the amounts of taxes you are paying with a tax expert to make sure they are the appropriate amounts.

VACATION: Write down a monthly estimate for your vacation expense.

SUGGESTION: *Do not eliminate this expense even though you may not think you can afford it. You need a vacation!*

OTHER: Write down a total for monthly expenses in other categories, including publications, animals, postage, tax and finance service, maid service, garden, children's allowances, and business (assuming you haven't included a net income amount under MONEY RECEIVED DURING MONTH).

SUGGESTION: *Review these costs. If any of them seem to expensive, consider reducing them.*

MISCELLANEOUS: Write down an estimate for unaccounted-for items.

SUGGESTION: *If you think you have a lot of unaccounted for items, consider keeping track of your cash and credit card expenses.*

7. Take a total of your monthly expenses.

SUGGESTION: Compare your monthly expenses to your monthly income. If you are spending more than you are taking in, go back over your expenses to see which ones might be further reduced. Also, look at your total summary of facts including the subtotals of your money and properties, your total debts, income, and expenses. Review these items in light of your current expenses and make any changes that you feel will improve your situation.

What Your Financial Summary Represents

When you have finished writing down your facts you will have a summary of your money and properties, debts, and monthly income and expenses. To understand the psychological significance of this summary, you need to see it as your financial "self". This "self" is a part of you that you probably haven't paid attention to. In fact you may have repressed and denied this "self" to such an extent that you have little idea of who this "self" really is. By getting to know

this "self" you gain the same kind of wisdom that you get from understanding all the other aspects of yourself. In this case you will gain the financial wisdom you need to master your financial anxieties.

From another point of view, your summary is like an acupuncture chart in which your financial facts are like the meridian points on the chart which control the flow of your personal energy; only in this case your facts control the flow of your money energy. If you aren't managing your facts well, they will cause a blockage that creates mental and emotional stress or dis-ease. Conversely by dealing well with your facts you create harmony.

From the practical point of view, I have found this summary to be the best guide for helping people manage their finances and plan their life.

Three Levels of Managing

In using this summary to overcome fears I find there are three levels of managing you can progressively work on; getting control of your expenses, prioritizing your expenses, and following your spiritual guidance.

Controlling Your Expenses

You need to start with controlling your expenses since the fear of being out of control in this area of your life can make you feel helpless and vulnerable to other financial anxieties. Fear of having little control of what you spend can often prevent you from even trying to manage your money as it persuades you that the job is much too overwhelming.

I have found that the only effective way to get control of your expenses is to set yourself a reasonable spending goal for a month and to try to stay within that goal. Budgets don't work for most people as allocating specific amounts of money to spend in categories like, entertainment, car maintenance, personal care, etc are impossible to keep. Life doesn't work on a budget. It flows, and the best we can do is to adjust our spending to its flow as we go along. The best way to do this is to start

at the beginning of the month with a spending goal and adjust your spending each day to meet your goal. This approach works because it forces you to bring all the nitty-gritty aspects of your life under financial purveyance. Moreover, in order for you to stay within your goal you will need to learn how to keep track of your bills, plan ahead, and make hard decisions that will keep you in the “now” with your finances.

It may take you several months or more to stay within your goal, but once you’ve done it, your fears about not having control will be over as you’ll know that you can adjust your spending to live within your means.

This process alone has done more to give people financial peace of mind than any other management process I’ve showed them. If you have any anxieties about this issue I suggest you try my approach.

Steps For Setting a Spending Goal

1. Take a note pad and write down a spending goal for the next month based on a reasonable estimate of your average monthly income for the year. You may want to make your monthly goal less than your monthly income to force yourself to save money.
2. Every day subtract the money you spend during the month. Include credit card purchases, ATM withdrawals, and cash withdrawals. (You don’t have to keep track of your cash purchases only the total amount you took out.) In planning your month you may find it helpful to subtract your fixed costs (i.e. your mortgage or rent, utilities etc.) to find out how much you have left to spend. You may also want to put off spending money on unnecessary items until the end of the month to make sure you can afford them.
3. Review your balance each day so that you know how much money you have left for the month. (It’s easier if you develop a routine of doing your accounting each day at the same time. Just after breakfast or dinner is often a good time.)

4. As you get close to the end of the month take special care to adjust your spending to meet your goal.

Prioritizing Your Spending

Once you have control of your money, you can focus your attention on prioritizing your spending. Many anxieties and frustrations with managing come from your inability to direct your money to where you want it to go. With less fear of overspending, you can concentrate on spending less on your impulses and unconscious habits, and more on making meaningful purchases that will make you feel better about yourself. Here is what you can do to prioritize.

Steps For Prioritizing

1. Review each of your monthly expenses on the summary and identify the expenses that really aren’t important to you and the expenses that you want to focus on. Consider your spiritual needs as well as your practical needs.
2. Reduce your goal on those expenses you want to reduce and create your goal on the ones that you want to give priority to, and don’t depend on others to meet your expenses for you.

It may take time and effort to change your spending habits. However, every change you make will give you more confidence and less anxiety.

Using Spiritual Guidance

Once you have gotten control of your money and can prioritize your spending, your anxieties will be greatly reduced. Then you will be in a much better position to listen to your inner guidance in making your financial decisions, as your fears won’t be clamoring for your attention. This inner guidance is always reliable if you can get in touch with it. It’s easy to be fooled, however, and you must test your decisions to make sure you are getting the right messages.

Steps for Following Your Spiritual Guidance

1. Go into silence and reflect on your financial decision before making it.

2. Let your intuition guide you in making your decision. It may come as an intuitive feeling or inner voice.

3. If you find that you are anxious or uncomfortable don't act until you feel completely at peace with your decision. Wait for clarity before acting.

Need for All Three Management Levels

Many people get to the first level of management, i.e. bringing their funds under control, and never go on to the other levels. Yet I find the people who go to the other levels find true contentment and are much happier with themselves and their money. Thus I suggest you work on all three levels in managing your summary.

This is part of *A Complete Approach* in Fred Brown's forthcoming book *True Money Tales*.

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