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## Nine Frameworks to Help You Become a Money Zen Master

**The 1st framework** BEGIN WITH THE OUTCOME

Design a future financial destination that is so compelling that any obstacle and sacrifice becomes ”Just par for the course”. Connect with your future self and ask under which circumstances do I want to live in 5,10 or 20 years – How do I want to be and feel?

**The 2nd framework** YOU ARE IN A GAME

Consider that when it comes to personal finance, you are in a game that you were never taught to play. Yet the game goes on: You are an income earner, a taxpayer, a citizen, a household member.... and someone who will require funding in your later years. That's a lot to navigate.

You don't have to love the money game, just up your skills. Study the rules, bounds, and structures. Learn from great players.

**The 3rd framework** MONEY IS A TOOL

We all have different money models, representations, or beliefs - that may or may not work in our best interest. Begin reframing how you see money. Take a fresh look. Detach - to the best of your ability - any emotions and adopt a mindset where money is just a tool, No more no less. **The highest dividend of that tool is freedom over your time**.

**The 4th framework** DEBT IS YOUR ENEMY

If the highest dividend of money is freedom over your time, then debt is your number one enemy because debt robs, steals, and **mortgages** your time.

When you take on debt, your future earnings are pulled forward in time and made available for instant consumption. In turn, you commit to having a portion of your future paychecks confiscated.

As you confiscate future paychecks, you also mortgage future time away to the debt holder because paychecks equal time. This trips up many folks who get caught on the proverbial hamster wheel, unable to slow the pace or get off, because time already mortgaged piles up, with interest and fees.

**The 5th framework** IT'S NOT HOW MUCH YOU MAKE, BUT HOW MUCH YOU KEEP

How much you keep is your surplus after all expenses, beginning with tax being deducted from your paycheck, and later money sucked from your checking account to cover all expenses. Whether you make 500K and spend 500k or 50k and spend 50k your surplus is zero. Income is not what we are looking for, but income minus all expenses because you can only pay off debts and invest with what you keep.

What often happens is this: As folks' income goes up, they spend more. Not because they can eat more steak, but because they take on larger liabilities. This is also referred to as lifestyle creep. There is nothing wrong or unnatural about this – but my point is to always maintain focus on how much you keep, the only number that matters.

**The 6th framework** YOU NEED TO INVEST (Into your expensive debts first)

You need to invest the dollars you keep because the buying power of printed currencies erodes over time, they are halved about every 18 years. So when you don't invest, your dollars are losing purchasing power every year.

Before you run off investing in the market you should consider if paying off your debts represents a higher return on your dollars. I call that "investing into your debts".

Here is an example: You carry $10,000 in credit card debt at 20%. Now I give you $10,000 and you can make the following choice: A) You can pay off your $10,000 debt at once. This will save you 20% ($2000), that otherwise would be charged in interest. That's guaranteed because you extinguish a debt, that can no longer accrue interest.

OR – You can invest the $10,000 into the market – but without any guarantee of a return, let alone a 20% return.

You see, a dollar saved is a dollar made. Makes no difference on the bottom line.

Too many folks chase average interest rates in the market, while they are paying exorbitant interest rates on credit card balances. Makes no sense.

**The 7th framework** THE MECHANICS OF EXPENSES

Begin to look at expenses as flowing creeks – draining your reservoir of money. Individually they may seem insignificant – but at the end of the year, they have somehow morphed into a large river... draining.... draining.

One way to get a better handle on these expense flows is to ”equalize” them so that they are presented as a yearly expense – If I say $5/day - $50/month or $18/week – I might get a blank stare from you. So, let's equalize them: The 5/day = $1825/year – the 50/month =$600/year, and the 18 bucks a week = $936/year. Notice how much easier it is to compare, once on equal footing.

Another important thing: When sizing up expenses, distinguish between one-time expenses versus recurrent expenses. For instance, if you buy a $1000 TV every 7 years, you have spent $1000 in 7 years – duh... But if you spend $5.50 a day – you have spent $14,052 in 7 years. **It is almost always the recurrent expenses that get us in trouble.**..

**The 8th framework** THE MECHANICS OF OUTCOMES

Even small corrections in money habits can generate huge changes over time. Think of a pilot slightly changing course, initially, it makes little difference from the original trajectory, but then add in distance and visualize how the flight path diverges over a long stretch, causing the aircraft to land at an entirely different destination.

Changes to your financial trajectory are 80% dependent on how you think about money: Which frameworks do you use, and which mindsets do you adopt?

Only 20% of financial success lies with how you execute on the technical side of managing, budgeting, and Investing. Not because these technicalities aren't important – but because they simply become ”par for the course mechanics” - once you are all dialed in mentally.

**The 9th framework** UNDERSTAND EXPECTATIONS VERSUS HAPPINESS.

In the book ”From Strength to Strength” by Harvard professor and social scientist, Arthur C. Brooks, happiness is defined as ”Reality minus Expectation”. It turns out that when an expectation is met – then within long, a devious recalibration takes place and a new one materializes.

This “expectation-inflation” is a pathway littered with stress, misery, and debt. We probably know it from our own lives – maybe you remember the joy of your first car or small apartment. Now that same feeling may take a 50K car or a 500K home to achieve today....and even so the hurray is typically short-lived because the baseline just resets. Very important – I am not saying one should not have expectations in life at large, but I am after the wants, likes, and chase for rewards that never ends. Somewhere – at least intuitively – I think we all recognize that contentment with what we have in life, is highly relative. Once you embrace this, the bell cannot be un-rung.

In summation: Debt and Expectation inflation are the two things standing most in your way of financial independence – and they are even related.

If you have enjoyed this post, please like, share, and comment. If you want a deeper dive into these frameworks (plus much more) check out my book "Household Finance 101 – your Flight Plan to Financial Independence"

If you want the journey started, I invite you to a complimentary strategy session booked here.