Your money. And your life.

By Mark Stevens

When we were brainstorming our business slogan (Your money. And your life.), we came up with many ideas. Some were good; some were awful. We had to eliminate the awful ones (even if they were fun or made us laugh), and also eliminate the good ones (even if they were fun or made us laugh). Why eliminate the good ones? Because, they weren't good *enough*. Settling for good enough would never take us far enough.

It's the same with your finances. There are many thoughts and habits that make you feel good in the short term, but that are bad for your financial life in the long term. There are also many thoughts and habits that are pretty good and worth considering, but that may not take you far enough toward your own and your family's personal and professional goals.

Call it Mind Over Money. There's a reason my financial philosophy is stated as "Your money. And your life." They are totally interconnected. Your financial philosophy affects your financial habits, and largely determines your lifestyle. Consider how much of your thinking and acting is consumed with making, saving, spending, fighting for, fighting about, money. Think about how many relationships you know that are based on money, or busted by money?

Here are a few questions I want you to ponder. It just might positively impact every single area of your life:

What kind of life do I want to live, today and tomorrow?
Do my thoughts, feelings and actions about money contribute toward that lifestyle?
How are those thoughts, feelings, actions helping?
How are those thoughts, feelings, actions hindering?
What changes must I make right now to lead the life I want to lead tomorrow?
What example am I setting for my family?
What financial legacy am I leaving for my descendants?

These questions probe a lot deeper than "What stock should I buy?" But the answers to these questions will make a much more meaningful contribution to your life, and to the lives of those you influence.

Since 1985 I have interviewed and sat across the table from a few thousand clients and prospective clients, discussing financial issues. After the first few hundred interviews, I began to see a common thread. I was surprised to find that many people held the same Middle class "Financial Blocker" core beliefs that I did early on in my upbringing. But they were faulty beliefs. Had I held on to some of those same "financial blockers", I would not have created the sound money mindset that I live by and teach to others today. Here are a few of those observations:

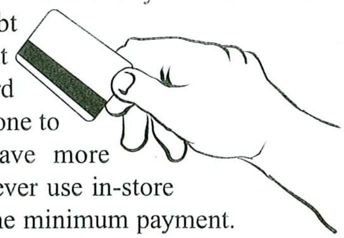
WHAT THE JONESES NEED TO KNOW:

Your home mortgage with taxes should equal no more than one week's salary. The rule has been around since Jesus; use it. If you don't, your mistake will be seen 20 or 30 years from now. Too many people sacrifice their savings ability by overspending on that "look at me" home; avoid the trap.

Reputable bankers and lenders are your friends. I was brought up to distrust their judgment regarding loans. When they just say "no" to a loan, accept it. Indirectly they are protecting you from your own self-created lust to "keep up with the Jones" regardless of the costs to your future monetary well being.

Put your car loan in perspective. To many, car loans cost almost as much as their mortgage. Ouch. Automobiles are ingrained in my middle class head as the true status indicator. You know what? The new Jaguar looks just like the Ford Contour, so save $20,000 and get the Contour with cool tires. Don't play into high car loan debt; it's a fool's purchase.

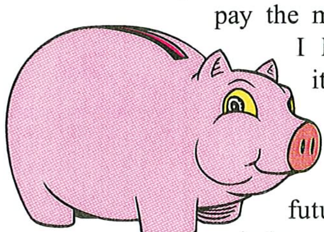
How to use your credit card: Did you know you can get a savings account attached to your credit card? The more you use it, the more credits you get to your savings. A good idea? Or financial folly? Answer: folly. Credit card debt is the most negative debt you can have. Never put more on your credit card than you can pay off in one to two months. Never have more than one credit card. Never use in-store cards. Never pay only the minimum payment.



What debt is good debt? How about well thought-out home purchases. Follow your banker's or a quality broker's advice and do not get lured into over-financing a home by boosting or inflating your mortgage application; like getting $10,000 "gift" from Mom when really it's a loan, to boost a lenders formula.

Education is a wise investment. The federal government bends over backwards to give people credits to educate themselves. I still use them myself. If you need a loan to educate yourself, got for it. Note, I said for you. Many of our middle class core beliefs have lead to the incessant desire to "pay johnnies way" through college. The result? Many kids now have the classic "I want I need ipod" attitude, with no desire to work for it. (Does our 2006 Olympian, Bode Miller ring a bell?) Never over exceed debt to pay all of your child's college, especially if you sacrifice your personal financial well being to do it. (Kids need to develop personal responsibility and they need to invest in themselves. That starts as soon as they understand money. See "What are we teaching our kids?" or "I want I need ipod" on my web site.)

Savings is good debt. That's right, look at savings as a debt – the most positive debt you can have. "I've got to pay the miserable "Me, Myself and I Mutual Fund" today, darn it!" Make your savings hurt, just like credit cards hurt. Remember, you owe yourself a good future, financial wealth and independence.



Blaming is bad debt. Had a hardship? Who hasn't? But always claiming that it was someone else's fault dooms you to more disaster. Admission: in 1984, my divorce year, I made sure that my ex would see me have a good time; even if killed me financially. Fortunately, I finally got wise. Do yourself a favor, don't learn this the hard-ship way.

Hardships happen. Create them. Most people never change a thing until there's a crisis. So don't wait; create one. *Imitation hardship*. Be proactive, not reactive. If you want to change your financial behavior, try one of these imitation crises:

A) Get your paychecks auto-deposited and pretend you are laid off or downsized. Now force yourself to live on 20% less per pay period. Does it hurt yet? Well, it does when it really happens, so adjust now, and save the difference.

B) Ask your human resources department to maximize your auto-deduct benefits, like your 401k, (you don't save enough) your disability, (you're not covered enough), or your life insurance. (you don't have enough)

Rainy days happen. Prepare. Children of the 60's never felt hardships. To us, hardship was getting a 5 speed bicycle for our birthday, not a 10 speed. Now, not getting an iPod requires Prozac and counseling. Today, we are teaching our kids consumerism on steroids.

Oh, another middle class belief my parents got trapped into was "I got good benefits" Over reliance on company benefits can be a trap. Your benefits won't benefit you. Well, they will, but not as much as you think. If your benefits beliefs are "If they don't give it to me, I don't need it," you're setting yourself up for disappointment. Many people look at their benefits package as not only their safety net, but also their entire lifestyle net. Relying solely on your employer to maintain your long-term financial stability is an indirect middle class trap. Unfortunately, many workers at Delphi, General Motors, and Ford are beginning to see how over-reliance on such benefits can cause crisis effects at retirement, if not sooner.

So do all you can to stop spending, and start saving. After all, it's your money.

And your life.

Learn more at MarkStevensFinancial.com