



Putting Money in the Context of **Life**[™]

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INVESTING IN YOUR FINANCIAL & LIFE PORTFOLIOS

In their book *Life Matters*, authors Roger and Rebecca Merrill write:

Both what and how we spend dramatically impacts the quality of our lives, the quality of our relationships, and the legacy we leave to our children—not only in terms of dollars and cents, but also in terms of character, financial intelligence and the ability to interact in positive ways around money matters.

Likewise, many individuals express greater financial success and satisfaction when they see a direct link between their financial planning activities and their life goals. They also feel more motivated to make improvements in their money matters when they view their financial resources as a means to express and support their values and priorities.

To make this critical connection between financial planning and life planning, it is helpful to think of your life as being multifaceted. In addition, it is important to regard each “facet” or area of life as a significant component

of your total “life portfolio,” and your investments of time and energy as resources to make your portfolio grow. If you are not experiencing the “value” for your investment you expected, it’s time to rebalance your life portfolio!


As you reflect on each facet of life, ask yourself these four important questions:

- What is my current level of satisfaction in this area of life?
- What “riches” do I currently enjoy?
- In what ways do my behaviors and attitudes influence my overall quality of life?
- In what ways can I “invest” in this facet so that I can enrich my life and the lives of others?

When you clarify for yourself what is most important in each area of life, you can begin to formulate life goals that are significant and meaningful to you at a very deep and personal level. You will discover that by identifying your values and clarifying your

priorities, you will be able to make both the big and little decisions in life with greater clarity and purpose.

The next step is to think about the role that money can play in helping you to achieve each life goal. It is at this point that you will make the connection between your financial activities and your personal life goals.

As the Merrills remind us, our time and our money are important resources and both are “languages of value.” “They are highly interrelated, and the way we spend both communicates what’s important in our lives.” 

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WHEN IT COMES TO CHANGE, YOU ARE OF TWO MINDS

In the *Happiness Hypothesis*, psychologist Jonathan Haidt wrote that long ago he developed a metaphor to help him make sense of his often self-sabotaging behaviors:

The image that I came up with for myself, as I marveled at my weakness, was that I was a Rider on the back on an Elephant. I'm holding the reins in my hands, and by pulling one way or the other I can tell the Elephant to turn, to stop, or to go. I can direct things, but only when the Elephant doesn't have desires of his own. When the Elephant really wants to do something, I'm no match for him.

Later he realized a broader application to his metaphor. He wrote that to understand the most important ideas in psychology, we need to consider how the mind is divided into parts that sometimes conflict. The Rider represents our rational side that engages in conscious, controlled thought and can plan for the future. In contrast, the Elephant represents our emotional side including visceral reactions, intuition, and our need for more immediate gratification.

He also explained, "The Elephant and the Rider each have their own intelligence, and when they work together well they enable the unique brilliance of human beings."

When Chip and Dan Heath wrote their best-selling book *Switch: How to Change Things When Change is Hard*, they adopted Haidt's metaphor as the organizing theme in their book. They also added a third element, the Path, which represents the environment or context in which the Rider and the Elephant operate.

According to the Heaths, all human change—whether large or small—depends on these three factors:

- **Direct the Rider**
- **Motivate the Elephant**
- **Shape the Path**

They write that when change efforts fail, it is usually the Elephant's fault because most types of change usually require short-term sacrifices for long-term payoffs. In other words, the Rider can't keep the Elephant on the path long enough to reach the desired destination:

Most of us are all too familiar with situations in which our Elephant overpowers our Rider.

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*WE ASSIST OUR CLIENTS IN ACHIEVING
THEIR LIFE DREAMS WITH COMPREHENSIVE
FEE-ONLY FINANCIAL PLANNING SERVICES
THAT CREATE PEACE OF MIND NOW
AND A ROAD MAP FOR THE FUTURE*

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WHEN IT COMES TO CHANGE, YOU ARE OF TWO MINDS

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You've experienced this if you've ever slept in, overeaten, dialed up your ex at midnight, procrastinated, tried to quit smoking and failed, skipped the gym, gotten angry and said something you regretted, abandoned your Spanish or piano lessons, refused to speak up in a meeting because you were scared, and so on.

In other words, the Rider can't keep the Elephant on the path long enough to reach the desired destination. On the other hand, the Rider can get stuck in analysis paralysis and never take action.

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Therefore, your change strategy needs to appeal to both—the Rider provides the planning and direction, and the Elephant provides the energy.

To make progress toward a goal, whether it's noble or crass, requires the energy and drive of the Elephant. And this strength is the mirror image of the Rider's great weakness: spinning his wheels. The Rider tends to overanalyze and over think things. ... A reluctant Elephant and a wheel-spinning Rider can both ensure nothing changes. But when Elephants and Riders move together, change can come easily.

In addition, there is one more important element to consider. The Heaths call this third factor

shaping the Path and explain that what often looks like a people problem is a situation (aka environment) problem.

Shaping the Path considers the needs of the Rider and the Elephant, and puts in place conditions that support the change efforts of both.

They explain, "When you shape the Path you make change more likely, no matter what's happening with the Rider and Elephant." Shaping the Path considers the needs of the Rider and the Elephant, and puts in place conditions that support the change efforts of both.

Chip and Dan Heath also suggest the development of habits and routines as ways to shape the environment because they create a kind of "behavioral autopilot." In addition, they encourage the use of checklists to remind us of important behaviors that might otherwise be overlooked.

In other words, the Heaths believe that in order to make the changes that are important to us, we have to influence our hearts, minds, and our surroundings:

We can say this much with confidence: When change works, it tends to follow a pattern. The people who change have clear direction, ample motivation, and a supportive environment. In other words, when change works, it's because the Rider, the Elephant, and the Path are all aligned in support of the switch. 🌱



WHEN PLANNING FOR RETIREMENT, “NO RULES” APPLY

The concept of retirement is undergoing a metamorphosis. Demographic, societal, and workplace trends have all converged to offer a period at midlife and beyond that is much more fluid and flexible than what most of us ever imagined.

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When planning for retirement, individuals are discovering that the “old rules” have been thrown out and “no rules” apply. In fact, “retirement” has become a matter of personal definition.

For this reason, the No Rules Retirement model advocates proactive planning throughout adulthood and in all areas of life. Retirement should not be viewed as a single event, but rather as one of the many transitions in a continuum of life experiences.

Those who prepare to successfully navigate through other life transitions will likely have the same experience with retirement. That is because the habits, attitudes, skills, values, interests, and relationships that have been honed and developed along life's journey will continue to serve them well in midlife and later life.

With that in mind, it is important for you to explore the secrets of physical, emotional, and intellectual vitality, and to be diligent in your quest. Remember, health, happiness, and productivity

are not blessings bestowed on a lucky few. Instead, they are the results of long-term life choices brought to fruition by the decisions you make on a daily basis.

As you think about your future and the kind of life you would like to have, it is important to acknowledge the personal accountability aspects of both your current and future well-being. In his book, *Prosperous Retirement*, Michael Stein wrote, “Retirement is something you should spend your lifetime building.”

Therefore, an important mantra for anyone, regardless of age, is “If it is to be, it is up to me!” Make it a priority to invest in all areas of your life. Remember, the choices you make on a daily basis are cumulative and will determine the quality of life you experience 10, 20, and 30 years in the future.

When you think about the lifestyle and quality of life that you would like to have in midlife and beyond, remember that the secret to realizing your dreams is to maintain a “future focus.” This perspective will not only help you to keep your eyes on the prize, but will also require you to acknowledge the influence of choices made today on your life in the future.

... creating the life YOU desire is all about identifying, pursuing, and living in sync with your personal values and priorities.

Most importantly, creating the life **YOU** desire is all about identifying, pursuing, and living in sync with your personal values and priorities. In fact, the greater your understanding of what is important to you, the easier it will be to plan your unique No Rules Retirement. 🌱