

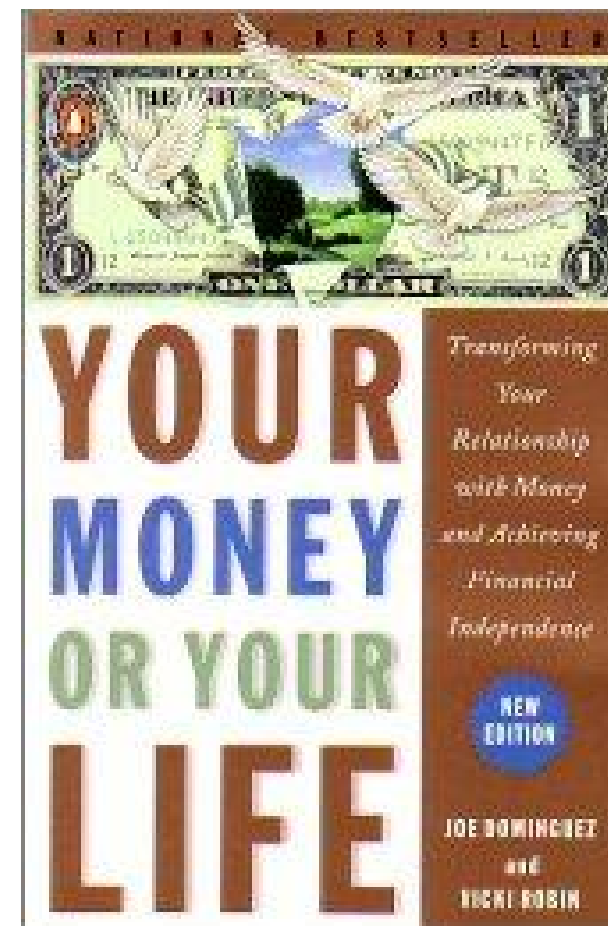
Your Money or Your Life

© 1992, 1999 Joe Dominguez and Vicki Robin

This classic work claims to unlock the secret to achieving financial independence, early.

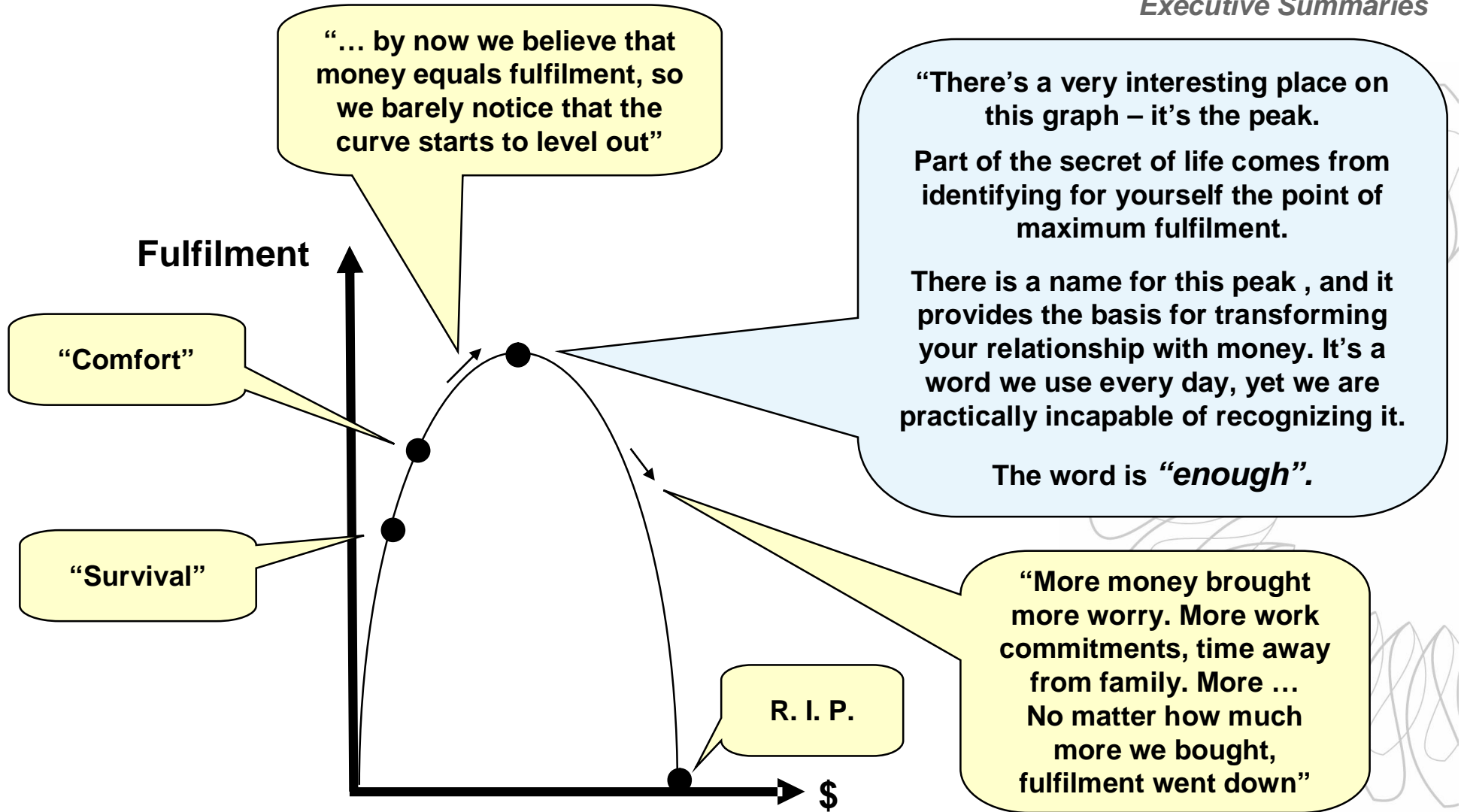
Dominguez and Robin challenge people to transform their relationship with money and offer a nine step plan to becoming free from paid work. While the complete application of their ideas might not suit everyone [*and we think a more sophisticated approach to investing is warranted*], there are many relevant insights for the busy professional who wonders, when can I stop working?

Joe Dominguez, now deceased, was a wall street analyst who reportedly “retired” at the age of 31. Vicki Robin remains active in the so-called Voluntary Simplicity movement. The book title refers to Joe’s observation that many aren’t making a living, they are making a dying.



A Penguin book
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Key is knowing when you have “enough”



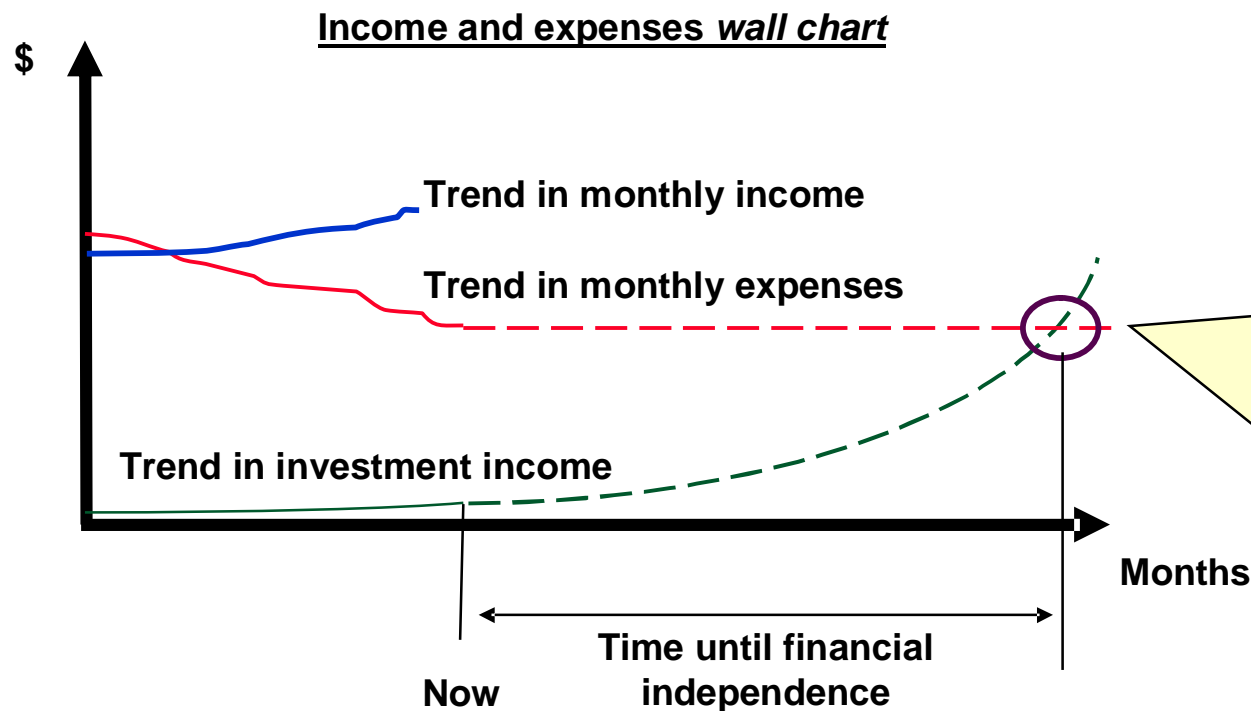
Steps 1- 3

No.	Action	Comment
1	<p>A. Estimate how much money you have earned in your <u>lifetime</u></p> <p>B. Estimate your current net worth (all you own, less all you owe)</p> <p><i>[suggest you also calculate net worth excl. home & lifestyle assets]</i></p>	<ul style="list-style-type: none"> • This is to clear the “fog” people may have about how much money has entered their life • The ratio of these two #'s may be a shock • Your net worth establishes a starting benchmark • <i>Lifestyle assets don't fund independence</i>
2	<p>A. Estimate how much you are trading your life energy for, your real hourly wage</p> <p>B. Learn about your money behaviour by tracking all \$ in/out of your life</p>	<ul style="list-style-type: none"> • Establish the actual cost in time & money required to maintain your job (eg. commuting, extra clothing, “decompression costs”, extra meals, job related illness ...) • Deduct these additional costs from your income, add these hours to your work hours, and then recalculate your true hourly wage <ul style="list-style-type: none"> - You might find this 20-30% less than thought • This is what you are trading each hr of your life for; and the time cost of buying something, eg. sooner/better car upgrade = # hrs. “life”
3	<p>Track and categorise all your expenses (eg. for 1 month), add them up and convert them to “hours of life energy” using above rate</p>	<ul style="list-style-type: none"> • This isn't about budgeting, it is about creating an awareness of what you are trading your life for

Steps 4 - 9

No.	Action	Comment
4	<p>Question each expenditure</p> <p>Did I receive fulfilment in-proportion to life energy spent?</p> <p>Is this aligned with my “life purpose”?</p> <p>Would this change if I wasn’t working?</p>	<ul style="list-style-type: none"> • This is to challenge link between consumption and self-esteem, and work out where “enough” may be (<i>earlier graphic</i>) • Answers can direct where to spend <u>more</u> \$ (ie. on a high fulfilment per \$ item), not just less
5	<p>Make and update a monthly income and expenses wall chart</p>	<ul style="list-style-type: none"> • A feedback tool and perhaps inspirational • Used also for important Step No. 8
6	<p>“Value your life energy” – be frugal (not cheap)</p>	<ul style="list-style-type: none"> • 101 tips offered incl. buy quality, buy used, buy for less, DIY, wear it out, don’t go shopping ...
7	<p>Maximise your income – exchange your time for the highest paying role consistent with your integrity and health</p> <p>- Consider breaking the link between wages and your creative work</p>	<ul style="list-style-type: none"> • Only intrinsic purpose of paid employment is getting paid; don’t be afraid to look elsewhere for your identity, emotional, intellectual ... • You could work three hrs / day for money and spend the rest of the day for yourself
8	<p>Work out your “Crossover Point” <i>[financial independence date]</i></p>	<ul style="list-style-type: none"> • Extrapolate your monthly expense and your rising passive income lines on your wall chart - <i>see graphic on next slide</i>
9	<p>Become knowledgeable about managing your finances for long-term income</p>	<ul style="list-style-type: none"> • A very short chapter which conservatively suggests investing only in U.S. gov’t bonds

The magical “cross-over point”



“The Crossover Point provides us with our final definition of Financial Independence. At the crossover Point, where monthly investment income equals monthly expenses, you will be financially independent. You will have a safe, steady income for life from a source other than a job”

“This doesn’t mean you *must* stop working for money. It simply means you *can* stop working for money”

Some of 101 ideas for being frugal

Don't go shopping (you won't spend)

Take care of what you have (incl. your body)

Wear it out (what's the last item you actually wore out?)

Do it yourself

Anticipate your needs (buy items 20-50% cheaper on sale ahead of time)

Research value, quality, durability and multiple use

Buy it for less, buy it used

Pay off debt quickly, avoid bank charges, have one credit card ...

Consolidate to one car, tele-commute 1 or all days/week, car pool, pick your home/job near transport, keep your car longer, consolidate errands ...

Rent, rent out, house sit, move to a lower cost area, sell your house and travel

Share, swap, borrow

Stick to your grocery list, make up menus, bring your lunch, buy in bulk, ...

Give children an allowance – and let them spend it, rethink educational costs ..

Travel off peak, camp, “volunteer vacation”, relax at home

Some final perspectives

On our relationship with money

- Money is something you consider valuable enough to spend easily a quarter of your allotted time on earth getting, spending, worrying about, fantasizing about ... ultimately you are the one who determines what money is worth to you. It is your life energy. You “pay” for money with your time.

On work and the idea that you must find fulfilment and pay at the same place

- Many believe there is a Job Charming out there – like the Prince in fairy tales – that will fill your needs and inspire greatness ... we’re like the Princess who keeps kissing toads, hoping one day to meet their prince ... our jobs are toads!

On the virtues of being frugal

- “frugal” shares Latin roots *frug* (meaning virtue), *frux* (meaning value) and *frui* (meaning to enjoy) ... Frugality is enjoying the virtue of getting value for every minute of your life energy from everything you have the use of.

Joe Dominguez died of lymphoma in Jan 1997

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Our focus is on individuals in professional service, executives and small business owners

We strive to set a new level of professionalism, by

- providing unbiased high quality advice
- being free to recommend a broad range of investment and insurance solutions
- being remunerated only by our clients, refusing all commissions and rebates
- making education an important part of our offer

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We regularly review interesting writing on wealth topics that we think our clients will find useful

Our summaries are of the authors' views and not ours, though they often align with our beliefs

These should not be considered personal advice as your needs and circumstances will vary

Please contact us or your personal advisor to explore further how you can *Make Work Optional*™

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