

Life, Liberty and the Pursuit of Financial Happiness

Two-hundred forty-six years ago the thirteen British Colonies that dotted the Eastern seaboard of the New World finally had enough. They had had enough with taxes, limits on imports, restrictions on being able to move West and so many other oppressions King George had placed on them to try and keep control of them. In a unanimous decision, 56 representatives from the 13 colonies came together and declared their independence from British rule, the youngest signer of the Declaration of Independence was only 26 years old! It took great courage to finally draw a line in the sand and declare independence. Many of the signers went on to lose loved ones to the Revolutionary War and the country went through challenging times as it was officially being born free of England.

What does this have to do with finance? More than you know! What kept this country from growing and prospering was the control that England had over us. And while England's reign ended long ago and Boston Harbor no longer has the brown tint of tea, everyone has things in their life, in their past, built from their experiences, that controls them and keeps them from being truly financially happy. What grievances would your Self Declaration of Independence list against the internal controls that are keeping you from life, liberty and the pursuit of financial happiness? Here are a few of the most common ones we hear, any sound familiar to you?

You only live once! I am going to spend what I want to enjoy life now.

I have heard in numerous conversations people exclaim the equivalent of they want to live hard and die young. They don't save for later, because they want to live their best life now. I also have conversations with those in retirement who had that viewpoint when they were younger and wish they could go back in time and tell their younger self to plan better and save more! The average age of death in the US is over 75 for men and over 80 for women. Yes, this being the average means that half will pass younger, but it also means that half will live beyond this age. Most often when I hear statements like this, I believe it is driven by fear that they already feel behind on saving and are uncomfortable with money and would rather not face making hard decisions to plan better. While I would never want you to stop enjoying life to its fullest, there are some healthy boundaries you can set to find a better balance. Make this declaration: I will not let fear keep me from starting to better understand more about saving and planning for my later years.

I have to save every penny for a rainy day.

On the opposite side of the spectrum is the people who just squirrel away every penny and don't do the things that bring them joy in life now. This is almost as unhealthy as spending every penny you earn! Those in this mindset very seldom have a well thought out financial plan. Because of the uncertainty, they also are living with fear, but this fear is keeping them from enjoying their life now. While the above group is sacrificing tomorrow for today, this group is sacrificing today for tomorrow. Once again, there is a healthy balance that needs to be found! Make this declaration: I will not let fear keep me from better understanding more about how much capacity I have to spend to enjoy life now while still meeting my financial goals for later.

I'm already so deep in debt I might as well keep spending.

This is a common statement I have heard. Credit cards carrying balances they can't pay off every month and often living paycheck to paycheck with student loans hanging over their heads or home equity loans

they have driven up to handle overspending. Imagine being in this situation and then a friend calls you and asks you to go out to a fancy restaurant for dinner. Of course, you will say yes and pull-out whichever credit card still has some available credit and worry about it later. What's another \$50 thrown on top of the mountain of debt that is already there? There seems to be a disconnect with the reality that you will actually have to pay off all this debt at some point. If you avoid it and don't acknowledge it, maybe it will go away? While there are some government programs in place to alleviate when things get really bad (bankruptcy, student loan forgiveness, etc.), if you haven't dealt with the underlying money habits that led you to this point, even if you are bailed out by the government, what is to stop you from racking that debt right back up? Make this declaration: I will stop avoiding my debt and better understand my options to make better decisions to get the debt paid off and be able to move past it.

If I just have what they have I will be happy.

One of the most common challenges I see people face who don't have a healthy relationship with money is trying to fill a void in their life with things! If I just had that same purse I saw Mrs. Jones with, then I would be good enough to fit in and be happy. If I just had a larger home in a more prestigious neighborhood, then I would be happy. If I just had my hair done or my nails painted a certain way or drove a nicer car, I would be happy. When you start to try and buy-away your insecurities instead of loving yourself for who you are and being content with what you have, your money health, among other areas of life, will suffer. Make this declaration: I will find happiness with who I am and what I have and not try to shop my way to happiness.

No matter what your money story is, and which of the above you relate to the most, acknowledging it is a great first step. And just like those 56 representatives who signed the Declaration of Independence, having the courage to declare these grievances with yourself, and declare that you are going to take action to change it, can help start to guide you in the right direction. Here are few basic things that can help, no matter which you struggle with the most:

- 1) Write everything down! Whether it is on paper or in a spreadsheet on your computer, put all your money inflows, outflows and standing debt down where you can see it all. Getting organized and knowing what you have and where it is can help you face it head-on and get a game plan to start making positive changes.
- 2) Get a plan! Even if you haven't started saving for the future yet, you need to see what your money future would look like if you don't make any changes and what it could look like if you do make changes. This is also important for those who are saving all their pennies for a rainy day. You need to know what that will translate to later in life. How would you feel if you woke up at age 80 with millions of dollars but millions of regrets of things you didn't do when you were younger and healthier?
- 3) Be kind to yourself. Making changes is a hard thing to do. There may be times where you slip back to your old habits, and you need to be ready for that with a positive internal script. When these times happen, forgive yourself and encourage yourself to get back on track. If you slip up and tell yourself, "See, I knew it. I knew I could never do it", you may believe yourself and will easily fall back into your old habits. Instead say, "It's ok! Change is hard and I am doing my best. I just need to get back on track and not let this drag me down."

As we celebrate our great Nation's independence, let's celebrate each other's independence from fear and negative internal scripts around money. When you make financial decisions from ordering that book online instead of going to the library to buying a house that may be outside your reach, really start to look inside yourself and ask, "Why?". Is there something I am trying to fill with money that needs to be filled another way and how can I better address that underlying need. You have made your declarations of financial independence, now march bravely forward. Remember, after the Declaration of Independence came the Revolutionary War. No one said it will be easy to break free from what is controlling you, but with enough hard work and dedication, facing one battle at a time, you too can proudly fly your own stars and bars of success!

Do you have a specific question? E-mail me at: anne.e.schutt@nm.com and we can include your question in an upcoming article.

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