



Your Money or Your Life
By Joe Dominguez and Vicki Robin

This book was first published in 1992, but its wisdom is timeless. Here's what I've learned from it.

- “The single most important contribution any one of us can make to the planet is the return to frugality.” – Robert Muller.
- Keep it simple, beautiful, and inwardly rich.
- For many people, material possessions went from fulfilling needs to enhancing comfortable to facilitating luxury—and even beyond to excess.
- Financial integrity is essential for anyone who wants to a clear, relaxed relationship with money. Until you can *think* independently you can't *be* independent.
- The book has you ask yourself: Is this all? How do I get out of this trap? They call this making a living?
- We “make a dying” at work so that we can spend more than we make on more than we need.
- The Poverty of Affluence is the myth that by having more we will somehow be more. As a result, we suffer from upward mobility and downward nobility. We no longer live life, we consume it.
- As Lilly Tomlin stated, “Even if you win the rat race, you're still a rat.”
- Money—it's not necessarily how much we have, but how much we feel about it—governs our lives as much or more than any other factor.
- What do you have to show for your efforts? How do you feel about it?
- “Every time I make ends meet, someone moves the other end.”
- For many people, financial security means emotional security.
- **Money is something we choose to trade our lives and energy for.**
- To be truly effective in our desire to make a difference in the world, we need to master money.
- We need financial integrity, financial intelligence, and financial independence.
- “Men do not desire to be rich, only to be richer than other men.” John Stewart Mill
- Financial independence allows you to be free from the slavery to unconsciously held assumptions about money, and free of the guilt, resentment, envy, frustration, and despair you may have felt about money issues.
- Never buy things you don't want or don't need. (“Doodads” as Kiyosaki calls it.)
- Understand the true cost of going to work—including the purchase of clothes, cars, gas, makeup, office supplies, lunch, lattes, and so on. It impacts on what you really earn.
- Know where every penny you spend goes. Success in this program is a shift in attitude from one of laxity and leeway to one of accuracy, precision, and impeccability. (By the way, such integrity might work miracles in other aspects of your life.)
- Do you know exactly how much you're spending for necessities and non-necessities?

- Break down your food expenses, including what you eat at home, work and outside. For example, you can greatly reduce your food expenses by no drinking alcohol at restaurants, bringing your lunch to work, shopping once a week, planning meals in advance, staying away from processed foods, and so on.
- Create a fixed budget for items such as clothing, recreation, eating out, giving, and other non-necessities.
- Reexamine your transportation expenses, communication, health, utilities and household maintenance. A tremendous insight is that much of these expenses are incurred because we're worn out from running so hard. The quick cocktails after an exhausting day, eating out because we don't have the time to prepare food, putting kids in aftercare classes because we can't be home, etc.
- Twenty five hours of life's energy spent on eating out may seem fine—until you realize upon reflection that you devoted only eight hours this month to one of your children.
- What level of fulfillment do you receive from your expenditures in proportion to the amount of life energy spent? For example, is that latte at Starbucks worth fifteen minutes of your time to get there and wait in line, and \$5 of your earnings; which equates to additional life energy spent. What would be the impact on your lifestyle if you eliminated that vast majority of these “luxuries.” Would you know what to do with all the free time?
- As mentioned throughout this book, when we were young we didn't worry about how much money we had as most of our needs were met. It's important to watch the noise of how much is enough in our society, how much will define you as a good person, how much will define you as a success. Are you still competing with the Joneses?
- “I learned early and painfully that you have to decide at the outset whether you are trying to make money or sense—I feel that they are mutually exclusive.” Buckminster Fuller
- How much time do you have to enjoy life? Are you skipping vacation days? Would you like to slow down? Would you like to spend more time with your family, personal interests, or hobbies?
- Keep a long-running wall chart of your income, expenses, and earnings (savings). Over time this will allow you to identify financial independence points.
- The book provides 101 sure ways to save money. In general, it is suggested that we eliminate interest and finance charges, reduce transportation cost, go to a four day 10-hour workweek, engage in preventive medicine (proper rest, diet, and exercise), do all the repairs you can yourself. (Here is a perfect example: Instead of regluing the linings on the expensive suitcases that came apart, I went to a luggage store to ask them to have it done. Based on the time I spent driving there and back to drop it off, the time I spent driving there to pick it up and the gas expense I could have simply fixed those myself in no time and at less than half the cost!)
 - Swapped services – I have consulted for food with restaurants for years and my wife trades out chiropractic services for anything from haircuts to massages.
 - Babysitter cooperatives – At this point in our lives at least make sure that Kyle can stay at a friend's house overnight instead of a babysitter's. We can then return the favor.
 - Borrow books, movies, and magazines from the library rather than buying them. This alone will probably save me \$100 a month.
 - Do one big shopping trip every seven to ten days.
 - Make up menus and prepare meals ahead of time. Buy from local markets and produce stands and make homemade solar iced tea.
 - Check your insurance policies to make sure they reflect the accurate value of your automobiles, home, etc.
 - Lessen the toys in your kid's closet.
 - Your kid does not need to go to Harvard to get a good education. If you're doing a good job as a parent, your kids won't need Harvard to be a success in the world.
- “Desire is the source of all suffering.” The Buddha.

Checklist: Think Before You Spend

1. Don't shop.
2. Live within your means.
3. Take care of what you have.
4. Wear it out.
5. Do it yourself.
6. Anticipate your needs.
7. Research value, quality, durability, and multiple use.
8. Get it for less.
9. Buy used.
10. Borrow or rent.

Note: Robert Kiyosaki gives us a similar approach in Rich Dad, Poor Dad when he talks about buying doodads (i.e. Sea-Doos, luxury hotel stays).

Higher Pay: A Matter of Attitude

I agree with the discussion re pay. Many people are passive, even fatalistic, about the size of their earnings. They act out of a victim mentality, totally at the mercy of outside forces—the boss, the wage scale, the unemployment situation, the recession, the poor local economy, the President's economic policy, foreign competition, and on and on. The attitude is one of “I *can't* find a good job—and it's because of *them*. They are keeping me in a low-paying job.”

While economic realities may at times be harsh, it is also the nature of the human mind to make real the thoughts and beliefs that we hold (a fact that should encourage great care in how we think about ourselves). If you see yourself as a victim, you may well be too busy feeling sorry for yourself to notice the many opportunities to change your dismal destiny.

Think how valuing your life energy might transform your experience and performance on the job, as well as your ability to get another job should you want one. With such an attitude, every moment you spend at your paid employment is connected to your every internally generated personal goals, purpose, vision, and values. Wherever you are working, you are working for yourself. You experience yourself as valuable, as responsible for the way you distribute your life energy, as someone freely choosing to give your life energy to this particular job.

- “Concentrate on making money now so you won't have to make money later. You're committing yourself to intensively earning and saving money for a limited period of time (without selling out your integrity or endangering your health in the process).”
- Lastly, and this comes as a breath of fresh air for me, only invest in treasury bonds and T bills. Do not put your life energy into worry about making a greater return on investment and, at the same time, putting your capital at risk. By taking this approach you will allow yourself to know exactly what you are getting paid every month. Remember that brokers are sales people, brokers are sales people, brokers are sales people. I will take this advice to heart and limit my investment portfolio to only 20% of my savings and that 20% will go equally towards Berkshire Hathaway, indexes, and a few individual stocks I pick. The rest to T bills.

Conclusion: The book is summarized in nine steps, but let me try to reduce it further:

1. Get clear about what it's costing you to make what you do right now. How much time and energy go into producing every single dollar?
2. Know where every dollar goes and create a monthly tabulation of all income and expenditures. Maintain that on an ongoing wall chart.
3. Reduce your overhead. Make sure you spend substantially less than you earn. It's not as difficult as it may seem.
4. Understand where your financial independence point is.
5. Lastly, put your money into safe investments such as treasury bills and government bonds even though there's a greater potential to earn more elsewhere.