ENOUGH?

HOW MUCH MONEY DO YOU NEED FOR THE REST OF YOUR LIFE?

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How Much Money Do You Need For The Rest Of Your Life?

Paul D. Armson

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Dedication

To Lynn, my soulmate.
And to Adventurers everywhere
who follow their heart,
their soulmate, or their passion,
knowing that it's not supposed to be easy;
who visualise the life of their dreams,
and do whatever it takes
to make those dreams come true.

Respect.

Contents

Foreword

Paul Armson has written a wonderful, easy to read book, on money and the importance of living a good life while you're fit and able.

Throughout the book Paul reflects on his personal and professional life to explain:

- The importance of doing things now. Time is whizzing by, so what are you waiting for?
- Why learning the Truth About Money will lead you to being able to maintain and enhance your lifestyle over time, no matter what happens.
- How true financial independence is having the ability to jump up out of bed in the morning and being able to do whatever you want.
- How to understand real wealth management with a simple bucket concept.

As you read through this book reflecting on your own thoughts, experiences, and desires, ask yourself; "What is my bucket going to look like"?

Although we, and maybe you, may challenge Paul on a few of his thoughts, his overall process and intent are sound.

This book helps to create a structured system that will keep you on track, to get the best life possible with the money you have.

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Introduction

How much money do you really need for the rest of your life?

This book will help you find out.

The fact is the majority of people have no idea where they are heading financially. They may have assets, investments, and high levels of income, but most people have no idea what it all means, or what sort of financial future awaits them.

On the one hand, they don't want to retire too early only to discover their money runs out. On the other hand, they don't want to retire too late, only to discover they've been working when they could have been playing! Then again, because of savage taxes that may be due on death, they don't want to die with too much money … but they're afraid to spend it or give it away!

What we all need to know is: "How much money do I really need for the rest of my life?"

This book will show you why knowing 'How much is ENOUGH?' - for YOU - is so vitally important.

Having an insight into how much money you actually need can be enlightening. It can put you in control. Knowing 'How much is ENOUGH?' will give you the freedom to live your life smarter. After all, life is not a rehearsal; it needs to be lived to the max.

In the following pages I'll introduce you to the concept of Lifestyle Financial Planning: a way to help you find this freedom. I will explain the basic principles of Lifestyle Financial Planning, and show you how liberating it can be.

I'll also introduce you to the concept of the Number.

You know lots of numbers. Your phone number, your PIN number, your account number, your social insurance number. But do you know the most important Number of all?

It's the amount of money you need for the rest of your life - not just to survive but to live it to the fullest.

It's different for each of us, of course. So what's your *personal* Number?

Is it a million? 2 million? A lot more? A lot less? Is it 5 million? 10 million? How much do you really need?

You need to know.

Here's the thing. You can probably have a lot more fun at 55 than you can at 85. So, the earlier you can understand your Number the better. But how much do you need, to do everything you want to do, without ever having to worry about cutting back?

Without knowing your Number, how can you plan? How can you decide what's best?

The great thing about discovering your Number is that once you've found it you can then start to build it, nurture it, protect it - and most importantly - ENJOY IT!

About this book…

You'll find this book to be a quick read - and that is deliberate. I want it to be the first book about money that you feel inspired to read from cover to cover.

It was never intended to be a literary masterpiece. It isn't crammed full of confusing industry jargon and there is no expectation for its reader to know a TFSA from a hedge fund. There are no chapters educating you on the myriad of financial products and investments; no tedious ramblings about the pros and cons of active versus passive investing; no boring chapters on the impact of a falling FTSE and a rising oil price on your pension plans … it is not that kind of book.

Instead, this book is about YOU. It's about what YOU want.

I firmly believe that good financial planning changes lives. It is the essential tool that can help you to get and KEEP the life you want; to envision your future and find real peace of mind in this hectic world.

I'm hoping that the feeling you get when reading this book will be rather like having me sitting next to you, talking you through my ideas. It is intentionally delivered in a conversational style, which will hopefully help to make a potentially overwhelming subject really accessible to everyone. I've included some real-life case studies to help illustrate the key messages, and I hope you'll find my 'bucket' analogy priceless. It is my intention that you will find inspiration, motivation and direction inside these pages.

Why have I written this book?

After years of being a successful financial planner, and more recently training thousands of other financial advisors to deliver more meaningful outcomes for their clients, I feel it's time to step up to the mark. This is due to my increasing frustration with the self-serving vested interests of the financial services industry.

I believe it's time consumers understood 'The Truth About Money'. I want to help more people understand what they need to know most - the things the financial services industry doesn't necessarily want you to know. I want to dispel the myths that the world of financial planning is daunting and convoluted. I want to empower everybody to take control of their financial future - with the help of Lifestyle Financial Planning.

This book is therefore intended to simply and clearly explain what good Lifestyle Financial Planning really is and how it can help you secure your financial future with more clarity and more peace of mind than ever before.

I'm hoping, that by the end of this book, you'll know a lot more about financial planning than the majority of financial advisors!

More importantly, I hope it inspires you to think about - and do - what's possible.

Paul

Chapter One

Enough?

Imagine. You have more than enough money to last you for the rest of your life.

Imagine that.

You need never worry about money again. Ever.

Financially, everything is perfect. You can keep living the life you want - and you're NEVER going to run out of money. Imagine that.

The only trouble is…

…you just don't know it!

If you didn't know you were going to be OK, how would you live your life?

Chances are, you'd still worry about money. You'd go without. You'd skimp on the nice things in life.

If you were still working, perhaps you'd plan to retire at 65 when in fact, you could retire at 55. Perhaps you'd keep working when you could be playing. Perhaps you'd be stressed out and tired, doing a job you no longer enjoy, when instead, you could be having fun.

Already retired? Perhaps you'd often worry about your money and about how long it was going to last.

Perhaps you would not treat yourself and your family when you could easily afford to do so.

Or worse, you might spend money - and then feel guilty for doing so!

Imagine that! Paying for a wonderful, once-in-a-lifetime vacation - and all the time thinking to yourself: *"I shouldn't really be doing this!!"*

That's no way to live or to have fun. Thinking and worrying about your money is the best way to miss the most important thing of all - the precious moment! Miss enough precious moments and you miss a lifetime!

Here's another thing: you'd probably take more risk with your investments than you really need to. After all, you'd always be seeking a better return on your money.

It can stress you out. Sunday mornings might see you worrying over the money pages. You'd easily fall prey to the financial propaganda ('financial porn', I call it!) and all the financial scaremongering that fills newspapers and websites every day.

When markets fall - as they always do, sooner or later - you'd be even more worried. Naturally, you'd be tempted to try and protect your money. You might be tempted to switch out of equity-based investments into something "safe". By then you'd be too late, of course. Your money will already have gone down! Then, when you feel confident the market has recovered, you'd reinvest. But again, it's all too late! Selling low, buying high, this is a surefire way to devastate wealth.

Worse though, what about your precious time on this wonderful planet?

If you didn't know you had 'ENOUGH' you'd probably let opportunities pass you by. You wouldn't climb those mountains. You wouldn't sail those seas. You wouldn't do stuff while you have the chance.

Then, sadly, the time would come when you realize that you've become *'too old to enjoy yourself'*. Your knees gone . . . your hips gone . . . soon you'll be in a wheelchair. And then … you're dead.

Perhaps you'll realize you didn't live life to the fullest, you didn't do stuff when you had the chance! Perhaps you're lying on your deathbed, with all that money . . . but no time!

Then … it's too late!

All this, because you didn't realize that you had ENOUGH!

There are millions of people who suffer from this problem. But you needn't be one of them.

The big question is: *'How much is ENOUGH?'*

How much do YOU really need for the rest of your life?

What's YOUR Number?

An equally big question is: *'ENOUGH, for what?'*

That's what this book will also help you to think about and discover.

In my 30 years as a financial planner, I've found there are only THREE types of people when it comes to financial planning. In the next few chapters we're going to take a look at these three types - and you can decide which one best applies to you.

First though, I've got something really important to tell you. I need you to understand where I'm coming from and why I wanted to publish this book.

You'll see why it's important…

Chapter Two

A Smart Career Move?

Before we go any further, I'd better spill the beans.

I'm an 'alternative' financial advisor.

Now, before your throw this book at the wall or burn it, I want you to notice the word *'alternative'*.

Many years ago, I noticed how financial advisors were, for good reason, the least trusted professionals.

So I saw an opportunity. I vowed to do the complete opposite to most financial advisors.

I decided to tell my clients the truth. It wasn't always what they wanted to hear, of course. But I told them anyway. I believed it was my job to do so.

Sadly, most financial advisors don't tell the truth. They're not lying as such. It's just that they're not telling you the truth. You'll see why over the next few chapters.

I've been a financial advisor since 1982. That's when I fell into financial services. I was 22.

I say 'fell' because that's exactly what happened. I never set out in life to be a financial advisor. Who on earth does?

Back then, I was working in the construction industry as a trainee quantity surveyor. I remember the day like it was yesterday.

It was a cold January day. I'd just got back to the office after being out on site since very early that morning. My manager, George Downes, a Geordie from Newcastle, came into my office all excited. He'd just been given the keys to a new company car. He rushed me over to the window, pointed out into the frosty car park, and he said: *"Wey aye, man! Look at that! Canny net, that, like!"*

Then he said some magical words: *"Howay, man! If you work long and hard in this Company, one day, lad, one day, you might get one of those!"*

I think he was trying to inspire me.

It had the opposite effect.

He was pointing to a new, 1982 reg, sky blue, Vauxhall Cavalier.

Wow! Let me think that one through, George…

'… One day … if I work long … and hard … in this Company … then … one day … I 'might' get one of those!'

He was 58. I was 22.

"One day?!", I thought! *"I want one of those NOW! Not when I'm 58!!"*

Thanks George. You did inspire me … to go out at lunchtime, buy a newspaper . . . and look for another job!

That's when I saw a rather enticing advertisement for a new career. It was in this thing called 'financial services', whatever that was.

Intrigued, I called the number in the ad.

The guy on the phone was very eloquent. I got an interview.

I put on my best suit - the one I'd got married in just a few months earlier - and off I went for my interview. It was in Bennett's Hill, Birmingham.

I got the job!

Don't be too impressed. Back then, anybody could become a financial advisor. All you had to do was pass the 'mirror test'.

Basically, it went something like this …

Ready…?

You were asked to breathe on a mirror. If it misted up, you got the job!

Ta da! I was now a 'Financial Advisor'. More on that in a minute …

First, I want to share something really, REALLY important.

By the way, the next couple of chapters are about me so you can skip these if you want and jump straight to the chapters concerning your money. But I feel compelled to tell you the following details about my own experiences. They carry an important message which gives context to the rest of the book.

Chapter Three

The Early Days

When I was growing up I hardly saw my Dad. He was always working.

He worked as a welder in a factory, working all the shifts he could. He worked days and he worked nights.

On top of that, when he wasn't working in the factory he was always doing odd jobs for people. He'd cut hedges, he'd mow lawns, he'd paint houses. He'd do anything he could to earn extra money so that he could provide for my Mom, me and my three sisters.

All the time he'd be out there - working - so we could have a better life. I'm proud of my Dad.

When I was about 14, something happened between my Mom and Dad that I'll never forget.

It happened early one evening. My Dad had just got back from the factory. He'd changed out of his dirty boiler suit and into his gardening gear. He was halfway out of the door on his way to do yet another odd job. That's when my Mom said, with a sad look on her face: "*So …what time will you be back for your tea, Derrick?*"

I think the word '*So …*' must have hit a nerve.

I can still remember my Dad, raising his voice and replying to my Mom: "*I'm doing this for us, Mary!*" he said. "*I'm doing this for us! One day, when I've retired, then we'll have plenty of time to spend together . . . but right now I have to go to work!*"

And my Mom, trying her best to understand, said, "*Yes, yes, I know, Derrick.*"

Then he was off. Gone. To work. Again.

For 35 years or more, that's what Dad did. Always working, working, working; always *'doing it for us'* - and always for the right reasons you understand.

As you can imagine then, when I was growing up, my hard-working Dad was my role model. He taught me his work ethic.

So … guess what? I did odd jobs. I had 3 paper rounds. I cleaned windows. I cut hedges. I mowed lawns. I painted houses. That's what you did when you had a Dad like mine.

The result? I had money when my pals didn't. I had a mega record collection: Motown, Soul, Funk, Jazz & Blues. I bought my first car at 17 - a Mini. All thanks to my Dad inspiring me to get out of bed in the morning and work!

When I left school at 16, I became an apprentice carpenter. I worked hard at work and I worked hard in college. I won an 'Apprentice of the Year' award. My first success. My Mom was really proud.

Spurred on by my early success I paid for myself to go to college - 4 nights a week - so I could eventually get off the tools and become . . . a Quantity Surveyor!

You see, I'm a smart cookie! When I was working as a carpenter, I soon realized something about Quantity Surveyors. They all had company cars! And I wanted one!

So, I worked hard as a trainee Quantity Surveyor.

That brings me back to January 1982, when George got his new company car.

And I saw that ad … I quit my job . . . and I became a 'Financial Advisor'.

With my Dad's work ethic, I began to work hard as a financial advisor. Just like him, I worked days. I worked evenings. I worked weekends. I took work home. I never stopped. I studied. I took exams. I got more and more qualified.

I paid the price to become 'successful'. I got good, really good. I was soon married. Earning a great living. Following in Dad's footsteps, working hard as could be and providing for my young family.

But I was busy.

Busy. Busy. Busy.

Then I plucked up courage and ventured out on my own and started my own financial advisory business. And I got even busier!

My business then took over my life. It was growing. I'd work even later. I'd miss my children's school concerts - and other stuff, too.

Worse, I'd be at home playing with my children, but I was often distracted. I was at home, but I wasn't really there. You see, my head was always somewhere else. My head was still full of work stuff!

Has this ever happened to you?

Ever noticed how easy it is to miss those precious moments because your head is somewhere else?

That's what happens when you get busy.

And then, suddenly, it happened …

Chapter Four

It Happened On A Thursday

It was a Thursday. Dad was hard at work when the telephone call came. The factory manager rushed over, tapped him on the shoulder and said: *"Derrick! You'd better get back home fast, something's happened to Mary!"*

He dropped everything. He rushed out of the factory and jumped into his car.

Sadly, by the time my Dad had raced the 3 miles to get home, it was too late.

His wife - my Mom - was dead. Age 59.

Gone.

My Mom was the first person who mattered in my life to die. It really hit me hard.

But my grief? That was nothing compared to my Dad's.

His world fell apart. He'd lost the only woman he'd ever loved. It tore him to pieces.

He's 90 now. And to this day he still misses my Mom. He still lives his life full of regret. My Dad lives a life full of *"If only …?"*

"If only I'd spent more time with your Mom" he says, *"If only I'd been there for her…", "She loved her flowers… if only I'd bought her more flowers…"*

"If only . . ." "If only . . ." "If only …"

But it's too late.

In fact, just the other day he said to me: "*Do you remember when you were little, Paul? How you'd say "Daddy, please will you play with me… please?" and I'd say "Sorry son, but I've got to go to work". Do you remember that?"*

Damn right I remember it! My Dad had never spoken to me about that before.

Then, with tears in his eyes, he said: *"I wished I'd played with you more often . . . I wish I'd taken you to watch the football, to see the Wolves play . . . I wish I'd gone fishing with you like you wanted!"*

Ouch! That really hurt.

But he never did, you see. Because he was always working. And for all the right reasons, you understand. He was a hardworking man living his life the best way he knew how.

Yes. I'm really proud of my Dad.

Here's the thing … Mom's death? It was my wake-up call.

My Mom's death made me have a long, hard look in the mirror. I suddenly realized - back in 1989 - that it was now ME who was working all the hours I could. It was me who was running around like a busy fool. I was the guy who wasn't spending enough time with his family!

Suddenly it dawned on me …

… I was making exactly the same mistake as my Dad!

The financial rewards were different, yes. But I was making exactly the same mistake! Work! Work! Work!

But then I witnessed my Dad's grief. And it hurt.

That's when I decided to change things.

That's when I decided NEVER to work another evening, ever!

That's when I woke up!

My Mom's dying woke me up to the one Universal truth:

LIFE IS NOT A REHEARSAL!

Have you noticed? The older you get the more it feels like time is speeding up? It's scary. We only have so long on this beautiful planet, we have to make the most of each and every minute. We have to make sure we do the things we want to do in the small amount of time we've got left!

That's when I decided to be lazier and crazier than I've ever been before! That's when I decided to start booking time off BEFORE I booked time on.

But something more important happened …

Just a few days after my Mom died, I had my first appointment with a prospective new client.

Suddenly, in an instant, I found my purpose! I found my 'WHY'!

I found my reason for me being a financial advisor …

Chapter Five

The Penny Drops. Thanks Mom.

I guess, for the first 8 years of my life in financial services, I was like most other financial advisors.

I was busy selling financial products. Whizzing around, seeing one client after the next. Mortgages, investments, savings plans, life insurance . . . you get the picture.

I can't say I was proud of myself. In fact, I was always a little embarrassed to call myself a 'Financial Advisor'.

If you want to have some fun, you try it. In any social situation, if someone asks you what you do, just say you're a Financial Advisor! I promise you, it's the easiest way to clear a room!

But then something happened that completely changed my opinion of my role in life.

A week or so after Mom died, when I finally plucked up enough enthusiasm to face a potential new client, something weird but rather magical happened.

Bob and Sandra were both in their early 60s and approaching retirement. I was enjoying a really interesting first meeting with them. They told me all about themselves - about their work, about their family, their interests, their hobbies.

I asked them what plans they had for their future.

Bob said: *"Well, one day we'd like to go trekking in New Zealand, … and one day we'd like to climb Machu Picchu. And, you know what Paul, we've often both talked about learning to sail and one day buying a boat …"*

"Yes," Sandra added *"… one day we'd like to cruise the Mediterranean!"*

That's when it happened.

Suddenly, without thinking, I blurted out: "*What was that you both said?"*

They looked at me, a bit shocked.

"*What was that you both said?"* I exclaimed raising my voice even higher!

"You both said "One day!!!!"

"ONE DAY????", I said, almost slamming the table…

"*WHAT MAKES YOU THINK THERE WILL BE A 'ONE DAY'?"*

To this day, I'm not sure what caused me to be so forceful. But in that meeting, perhaps spurred on by the loss of my dear Mom, I got a bit emotional. Something made me challenge what Bob and Sandra were saying.

"*What do you mean by one day?"* I said. "*Why not do these things NOW? Why not book these trips NOW, before it's too late? You're not getting any younger! Life is not a rehearsal! Why not do these things NOW?!!!"*

It went quiet.

He looked at her. She looked at him.

Had I blown it?

They looked at each other again, in silence.

What had I done? How rude had I been?

Feeling somewhat embarrassed, I apologized for my outburst.

I thought I'd better explain…

So I told them about the recent loss of my Mom, and how I'd already noticed my Dad living a life of terrible regret. I shared with them how I remembered my Dad always saying to my Mom *"One day …"*

But, for my Mom and my Dad, there was never going to be a '*One day'!*

I explained that my Dad would give ANYTHING to be in their position. They had each other. They had money. They had choices. They had time!

Sadly, my Dad had none of these things.

They were moved.

That's when they surprised me. Bob said: *"You know what Paul? … You are absolutely right!"*

They both then admitted how they had been going through their lives always putting things off, always working too hard, not spending enough time together. Always saying "*One day …"*

Bob confessed, looking at Sandra, *"It's crazy, … we've been acting like we have forever. But we don't!"*

Then I had turned up in their life. They said it seemed like I was there for a reason… to *give them a good shake!*

Bob and Sandra both looked at me and said: "*But, Paul, it's all very well you saying, "Book it now"* and "*Do these things now", but … really … can we afford to do these things now?!"*

Luckily, I'd just invested in some comprehensive financial planning software that could help me crunch all the numbers. Although I didn't realize it at the time, this software would help to change the lives of my clients. It would give me the all-important answers to this question!

In other words, it would answer the one big question that everybody has: *'How much is ENOUGH?'*

After gathering their financial information, and putting it all through my new software, the eventual answer for Bob and Sandra was: *"Yes! You can do all these things now - and, based on really prudent assumptions, you'll never run out of money!"*

I can tell you, that changed Bob and Sandra's life.

They both quit their stressful jobs and retired early. They got on with the business of living life to the fullest - because now they knew they could.

But something more important had happened in that meeting.

Something so incredibly important …

The penny had dropped … for ME!

Suddenly, I realized that I had engaged with these clients on a whole different level. We hadn't talked about normal 'boring financial advisor stuff' (pensions, investments, etc).

Instead, with just a little bit of help from my Mom and Dad, we had focused on something far more important!

You see, I'd connected with them about something they could not deny. In fact, the ONE undeniable fact that nobody can deny …

LIFE IS NOT A REHEARSAL!!!

Bob and Sandra knew, deep down, that **life is NOT a rehearsal.** They knew that their precious time was slipping away.

Just like you, reading this. Deep down, YOU know this to be true.

Life is NOT a rehearsal! Precious time IS slipping away!

Suddenly, as if by magic, my service proposition had changed.

I realized in that meeting, because of my change in focus, we were all on the same team.

I was no longer on the opposite side, doing what most financial advisors do, trying to sell Bob and Sandra some financial product on behalf of the financial services industry. Instead, we were all on the same side.

It was me and them, together. Me helping them, inspiring them, cajoling them, challenging them to live their dreams now, before it's too late, reminding them about this looming thing called 'old age' - the time when you do become too old to enjoy yourself.

That's when the penny dropped!

That's when I realized the power and purpose of PROPER financial planning.

From that moment on, I embraced the fact that my job as a financial advisor was to help clients to GET and KEEP the life they want; to motivate people to do the things that inspire them; to do the things that they have always wanted to do. Most importantly, to do all these things before it's too late. It was my job to help clients identify, achieve, and maintain their desired lifestyle - WHATEVER HAPPENS. I realized - that was my job!

I suddenly realized that clients don't really want financial products or investments. They never have and never will.

They want the peace of mind and security of knowing they are going to be OK. They want the clarity of knowing where they're heading financially - and knowing what they need to do to secure their desired lifestyle.

When you think about it, apart from good health, 'lifestyle' is the only thing that anybody wants. It's what they've worked hard for. It's what they want to keep.

Of course, lifestyle is different for everybody. Some have a big lifestyle. Some have a little lifestyle. It's all about lifestyle.

Big lifestyle, big Number. Little lifestyle, little Number.

I knew then and there, that my job was to help clients understand 'How much is ENOUGH?'; to help them discover their Number. That Number is the amount they need in order to keep living the life they want. Because once they understood their Number, I could help them to accumulate it, manage it, protect it and, most importantly, ENJOY IT! Before it's too late! That is PROPER financial planning.

I started to understand that regardless of what the financial services industry says (including the financial services regulators), my job had little or nothing to do with financial products. These are just *'tools in the bag'*, to be used - if and when required - to get the job done.

I started to acknowledge how the financial services 'industry' dominates the minds of financial advisors everywhere, so that they conveniently keep focusing on selling the Industry's products and investments. That's how the Industry gets rich. But clients don't.

I became more and more aware of what I started to call 'financial porn' - the excessive advertising of mostly expensive and often unnecessary financial products and investments to gullible financial advisors - and to an unwary public.

These were the awakenings I experienced in the early 90s. That's when I decided, there and then, to become an *'Alternative Financial Advisor'* delivering just ONE service - to ALL clients.

I called this service *'Lifestyle Financial Planning'* - helping clients to identify, achieve and maintain their desired lifestyle - whatever happens. Armed with brilliant 'number-crunching' software and the right mindset, I realized I could help any client, anywhere.

More importantly, from that moment forward, my confidence increased. I became more congruent. More authentic. I knew exactly what EVERY client wanted - and I knew how I could help them get it.

I also recognized that I had to walk the talk. I had to plan my own life first.

So, I stopped being a busy fool.

I got good at delivering Lifestyle Financial Planning. Really good. This enabled me to achieve my own lifestyle goal. I semi-retired at 45 and started sailing my yacht, *'Spellbound'* around the world. Life is too short.

Seeing what happened to my Dad after the death of my Mom made me vow to live my life differently. For the last 15 years, I've spent 6 months working and 6 months sailing with my soulmate, Lynn. We spend precious time together because you never know when your time will be up. I'm confident my Mom would endorse my decision.

I don't say any of this to impress you. I say it to impress on you that **life is NOT a rehearsal.** Precious time IS slipping away.

I no longer advise clients. Since I semi-retired, I've been helping thousands of other financial advisors to become PROPER Financial Planners. More specifically, I've been training them how to become Lifestyle Financial Planners so they can help their clients to live a great life without fear of running out of money - or dying with too much.

Over the last 10 years I've had a ball. I've spoken to audiences of financial advisors all over the world. I know, from the testimonials I receive, that I've helped them change the lives of thousands of their clients who now understand *'How much is ENOUGH?'*

All thanks to my Mom!

But there's a problem. And that's why I've written this book.

There are some fantastic financial planners out there (many of whom I've trained) who put their clients at the forefront of everything they do. Their focus is firmly on helping their clients understand 'How much is ENOUGH?' and helping them to live life to the fullest with Lifestyle Financial Planning. (In fact, there is a good chance that you are reading this book because it was given to you by one of these 'good guys'!)

But unfortunately, … the majority of financial advisors still don't get it!

Sadly, the majority of financial advisors only want to focus on peddling financial products and investments so they can earn their commission - or accumulate their 'assets under management' so they can rake in their fees. Sadly, they still work on behalf of the Industry.

They have no interest in telling their clients what I call '*The Truth About Money'*.

It is out of immense frustration that I decided to write this book in the hope that I can help impact more lives by helping more people discover Lifestyle Financial Planning and understand why it is so important to know: *'How much is ENOUGH?'*.

Let's see how all this applies to you.

Chapter Six

What Are You Waiting For?

We all know that precious time is slipping away. The trouble is, because we're 'busy, busy, busy,' we tend to forget. We end up paying lip service to the fact that **life is not a rehearsal.** We fall into the trap of going through life acting as if we have forever. But we don't.

Let's up the ante.

I'm quietly confident that what follows will sound familiar to you …

Have you ever been on vacation for two weeks?

Of course you have!

Let's say you're going on vacation for two weeks, Saturday to Saturday. You know what it's like. You leave your house early in the morning and the whole of your first Saturday is spent travelling. You eventually arrive at your hotel. It's late, you're tired - you can't wait to hit the sack.

You know the feeling?

Next morning you wake up … in a strange place.

Firstly, you think: *"Where am I?"*

Then you realize!

"Hey, hey! I'm on vacation! I've got TWO WHOLE WEEKS to enjoy myself! I'm going to have so much fun. I'm going to do 'this', I'm going to do 'that'! Fantastic!" And off you go to start enjoying yourself. You've earned it!

Then, after a few days, it's Wednesday of the first week. By now you are well and truly settled in. You know your way around your hotel. You're in the groove!

You think to yourself: *"This is brilliant! It feels like I've been here for ages … but it's only Wednesday! I've still got another week and a half left of this! Fantastic!"* and off you go to have even more fun.

Then, after a few more days that seem to go on forever, it's Saturday - the start of your second week. And then you think: *"Hey! That first week was great! And I've still got another week to go! Fantastic!"*

But then, suddenly, in what seems like a blink of an eye … you're repacking your bags … you're checking in at the airport … and you're on your way home!

Have you ever felt like this?

What the flip happens to that second week!!!?

Has this ever happened to you? It's certainly happened to me! And it's happened to hundreds, no, THOUSANDS of people I've shared this story with.

Here's my point …

Are you over the age of 40 or 45?

Guess what?

You're already into your second week!

It's speeding up fast, isn't it?

Your life is speeding up!

It's a fact. The older we get the faster time seems to slip by.

As I write this, it's 2016! All the fuss and celebrations surrounding the Millennium seem like only a short time ago. Freddie Mercury died, when? Princess Diana, when? 9/11, was when? All seem like 'not long ago'.

My kids? It only seems like five minutes ago that they were toddlers. Now look at them!

I'm now in my late 50s! (Gulp! Typing that just doesn't feel right!)

Yet, it feels like only yesterday when I was sat on a bench down at the park with my best pal, Pete. I was in my Wolves jersey and Pete was in his Aston Villa gear. We were just kids.

For some reason, we were trying to work out what year it would be when we would hit 50. It would be 2009. How we laughed! It seemed so far off! We just couldn't believe it! 2009!

And then… 'BOOM'!

50? That's several years ago, now!!

Now, I'm a lot closer to 60 than I am 50! Yet 50 seems like 5 minutes ago!

Precious time IS slipping away. You know it. I know it. Before long, you and me, we might be in a wheelchair or in a nursing home. It will be too late - and then, we'll be dead.

Sorry to put the screws on you - but someone has to!

Therefore, what is it that YOU want to do BEFORE IT'S TOO LATE?

What do you want to do before you're dead in a box?

What needs to happen for you to have had a life well-lived?

As Mark Twain said: *"Twenty years from now you will be more disappointed by the things you didn't do than by the things you did do".*

We all know this to be true. But we get caught in the *"if, when, then"* trap. *"When I have more money…"*, *"When the kids grow up…", "When I have more time…" "When I've retired…"* - then it's too late, and we're dead in a box with our name on it!

Life is for living! Yet both you and I have seen way too many people die, or succumb to illness, without having experienced life to the fullest.

This book is about waking up to the inevitable fact that we are here for the blink of an eye. It's not about being the wealthiest man or woman in the graveyard. It IS about lying on your deathbed with a mischievous grin on your face, while you giggle to yourself: *"That was so much fun!"*

I'm hoping this book will help you do just that.

We're going to take a look at the three types of people I've come across in my time as a Lifestyle Financial Planner. You can then decide which most applies to you and plan accordingly.

But first, I want to share a simple idea with you that could completely change the way you look at your money and how you see your financial future. It's my bucket analogy.

Let's get started.

Chapter Seven

Understanding Your Bucket

I hope you understand why I felt I needed to share my story with you in the earlier chapters. Hopefully, you now understand that it's not all about the money. It's about your life, and what you want to do with the time you have left on this planet.

In this chapter I want to show you a simple idea that I have been presenting to clients for 20 years or more. It really helps them to understand their money. In fact, this simple concept has changed many lives.

If you can come to grips with this basic idea you really will know more about financial planning than most financial advisors!

What I'd like you to do now is to imagine a simple bucket. Let me draw one for you, here you go:

We've all got a bucket. This is YOUR bucket.

Now, inside your bucket you have some money:

But - and this is really important - the ONLY money we can include inside your bucket is LIQUID money. It must be easily accessible money: cash, bank savings, redeemable GICs, and shares, bonds, etc. that can easily be liquidated.

You see, here's the thing about money inside your bucket: you must be able to get at it! It has to be accessible. You must be able to get your hands on it whenever you want, normally within 7-10 days.

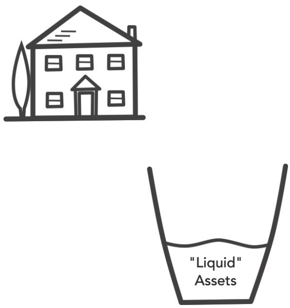
In other words, it's YOUR money - you can spend it whenever you like. And that is why money inside your bucket is very important money!

OK? Got that?

Pretty simple so far?

Now, you've probably got other assets that you've accumulated over the years. For example, you might own a house. In fact, your home could be your most valuable asset.

But, you've guessed it … your home is NOT inside your bucket!

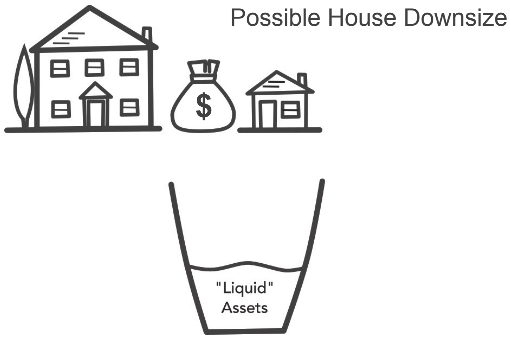


Your house sits up here, outside of your bucket, for one simple reason: it's tied-up money. You can't spend it.

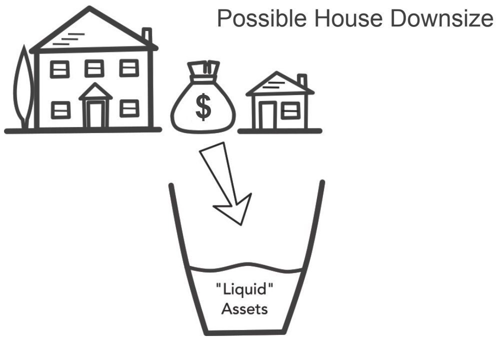
You can't take a door knob off your front door and pay your food bill with it at the supermarket.

For many people, although their house is an asset, it's also a liability - perhaps with a mortgage to pay, utility bills, operating costs, maintenance etc.

Of course, one day in the future you might decide to downsize your house and move somewhere smaller and less expensive, like so:



At that point, any difference in value between your current house and your next house will then become 'liquid' and fall into your bucket, like so:



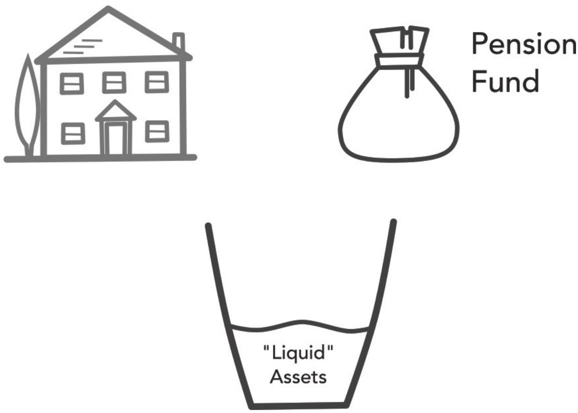
So, at some future date, a house downsize might top up your bucket.

Are you with me so far?

This could obviously help your financial plan immensely which we'll see in future pages.

Your Pension Funds

Another big asset outside your bucket could be your pensions. Here you go:

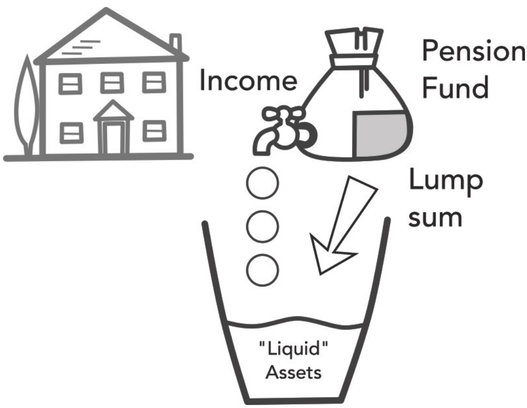


You likely think about *'your pensions'* as your money, but they are not really 'your' money. You likely can't access that money to spend as you wish.

The good news is, depending on the terms of your specific pension plan, once you are over 55, you can usually access your pension fund pretty much however you see fit, (subject to a tax deduction). This flexibility has applied in countries such as the USA, Canada and Australia for a number of years, whereas in other countries flexible access to your pension is still not an option.

The thing to remember though, is this: your pensions are OUTSIDE of your bucket UNTIL you take chunks of them (or draw regular pension income) into your bucket.

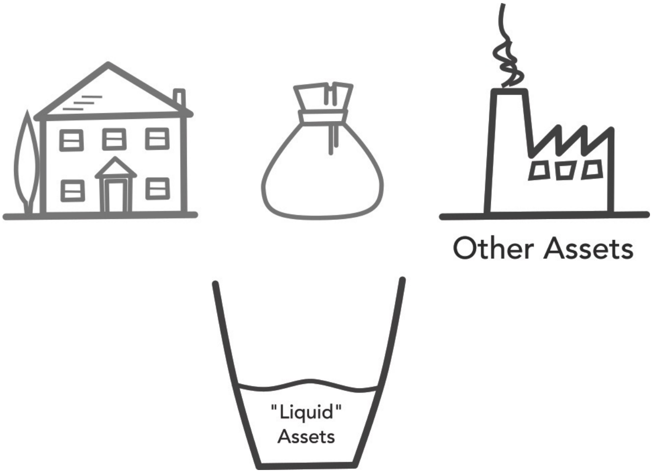
For example, at retirement you might take a lump sum and then draw regular pension income from your pension fund which then flows into your bucket, like so:



OTHER ASSETS

You might have other assets outside of your bucket, such as a second property, etc.

If you are a business owner, you might have the value of your business, or the value of your shares in your business. Again, this sits outside of your bucket, like so:



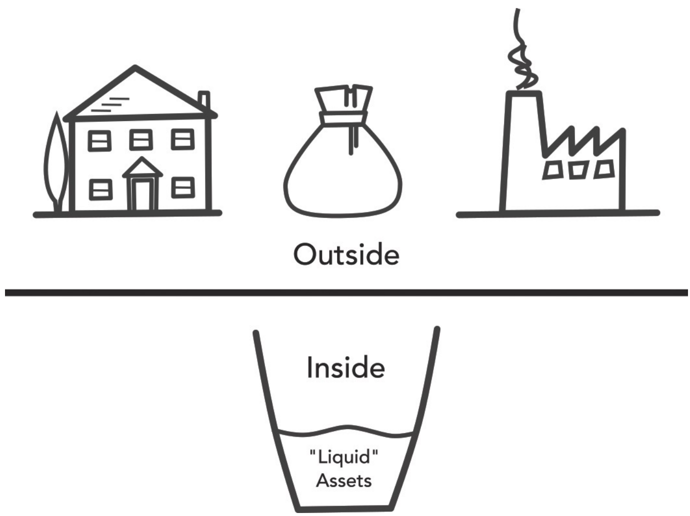
Obviously, if you have a business, it could be valuable. But until you sell it you can't spend it. So, it has to stay outside of your bucket until it is sold. At that point, the sale value will come into your bucket.

This applies to all other 'non-liquid' assets: second properties, etc.

If you own a business please read: 'A Special Word For Small Business Owners' in Chapter Twenty for a more detailed analysis of this topic.

The important thing to remember about assets outside of your bucket is this: although this is your money, you can't spend this money until you sell those assets. That's why they have to be treated differently in the context of your financial planning.

To summarize so far; you have money INSIDE your bucket which is yours, you can spend it whenever you like. You have other money and assets OUTSIDE of your bucket, which, although it's your money, you can't spend it until you sell those assets.



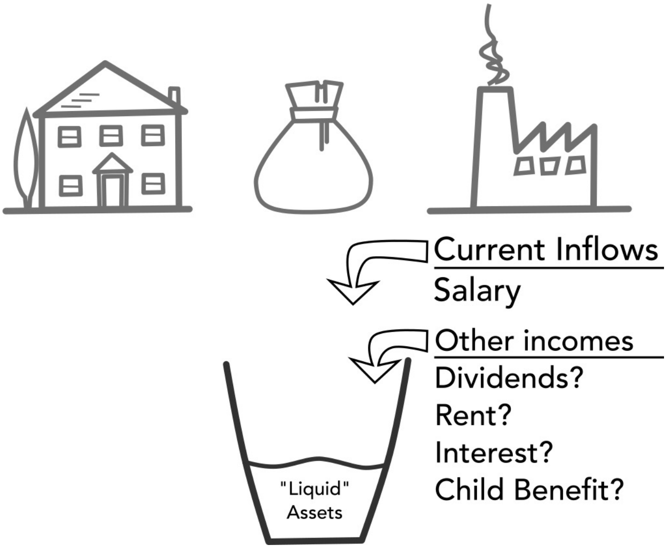
CURRENT INFLOWS

OK?

Let's now move on to current inflows into your bucket.

If you're still working, you will have a salary or earned income for yourself and/or your partner coming into your bucket.

These CURRENT incomes are flowing into your bucket (on the right).



You might have other income as shown. For example, if you run your own business you might pay yourself dividends from your business. Or you might have young children and receive child benefits.

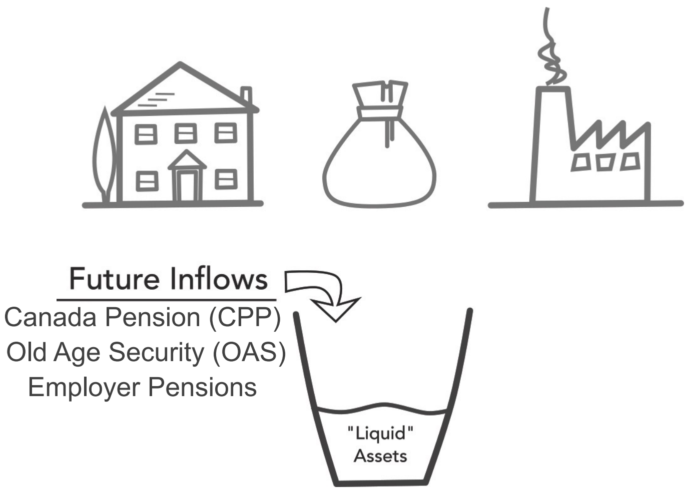
Interest on savings, income from rental properties, or maintenance payments from an ex-partner are other examples. (You likely know what your current inflows are, but if not, don't worry. I'll help you identify these later).

The chances are (certainly if you are still working) that all these inflows are temporary. In other words, they are going to stop one day. For instance, your salary might stop when you retire. If you have a business, your dividends or share of profit will stop when you sell or close down your business. So, these are temporary inflows.

The good news is, at various stages of your life, other inflows will start.

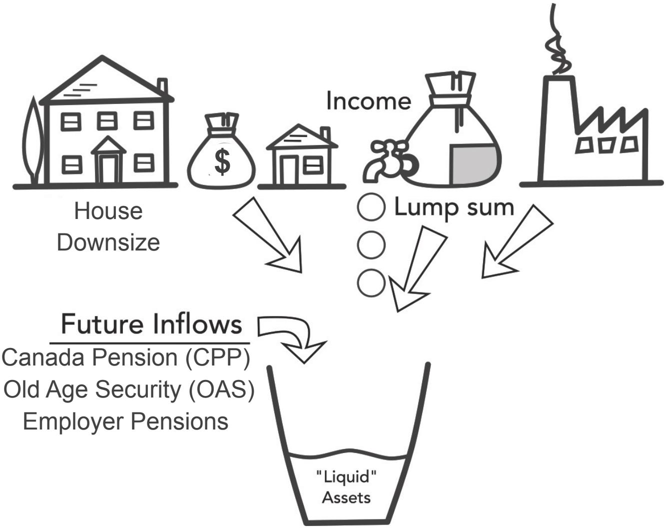
FUTURE INFLOWS

In the future other inflows might start:



For example, you might start to receive your Canada Pension (CPP) and Old Age Security (OAS) for yourself and / or your partner; you might also receive a pension from a current or past employer.

As I mentioned earlier, at some future date, you might downsize your house, in which case a lump sum will be added to your bucket, like so:



You might take cash from your Registered Retirement Income Fund (RRIF) or draw an income, as shown.

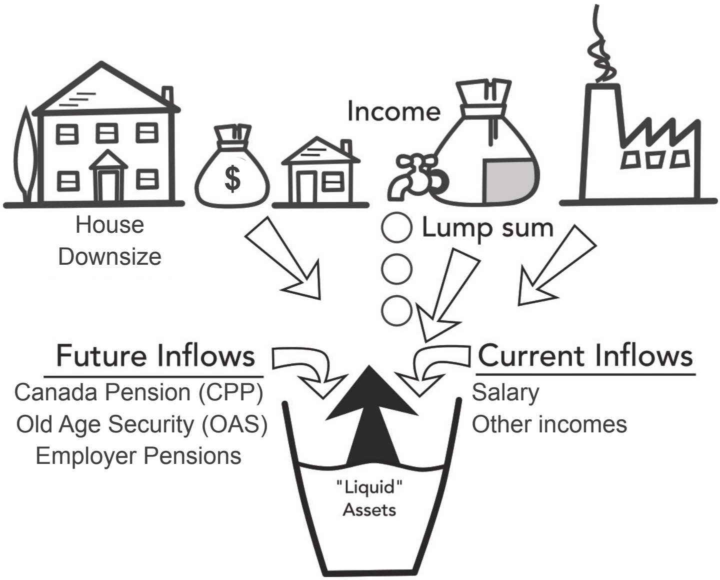
If you have a business, you might sell that business.

I say 'MIGHT' sell your business because selling your business is probably the one thing you can't control.

So, it all looks pretty good so far, don't you think?

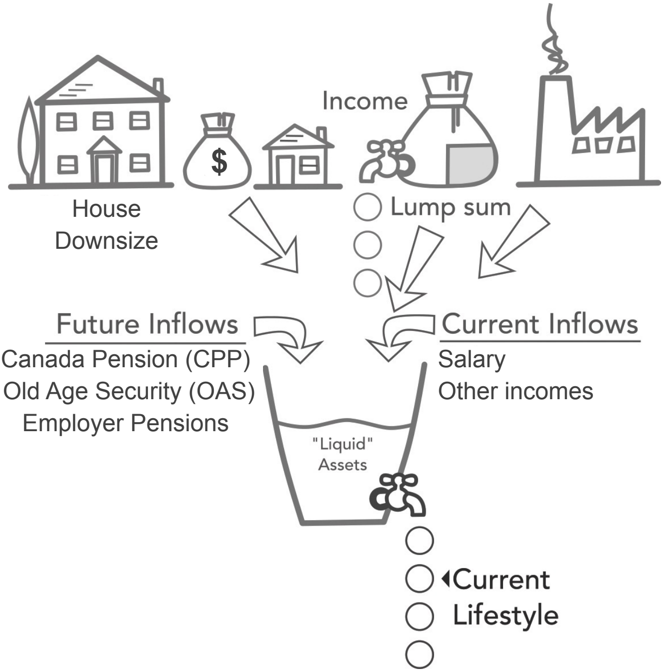
You see, on this basis, over your lifetime, your bucket should just fill up, and up, and up!

Like so:



The only trouble is, this doesn't happen.

YOUR EXPENDITURE REQUIREMENTS



At the bottom of your bucket, you've got some TAPS.

This first tap, your CURRENT LIFESTYLE TAP, is effectively the cost of you living the life you currently choose to live. To illustrate: it's the cost of you running your BMW convertible, your partner's Range Rover Vogue. It's the cost of educating your children privately, the cost of your weekend breaks, your annual skiing trip, and your vacation in the Seychelles … you get the picture?

In other words, however you live your life, there's a cost to it, and that's what is draining money from your bucket.

Now you might not drive a BMW Convertible - or a Range Rover Vogue - and you might not take your vacations in the Seychelles. This was just an example. Everybody is different. Your bucket needs to be personalized to your situation.

But don't worry about that for now.

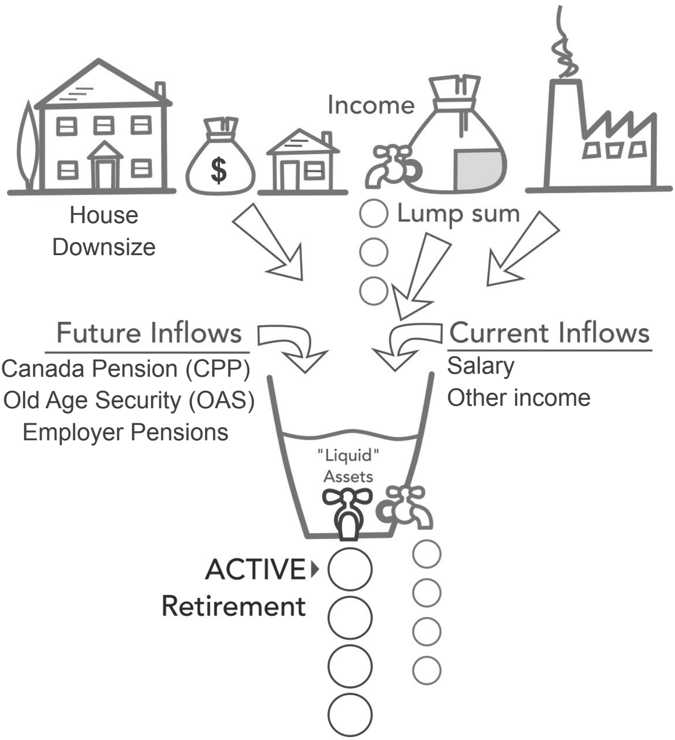
Remember! It's important to live a good life now!

Why?

Because life is not a rehearsal!

Here's the thing …

One day, this first Current Lifestyle Tap will get turned off. This will be when you reach your chosen retirement age. At this point a different tap gets turned on - your second tap.



This is your ACTIVE RETIREMENT TAP - the cost of you living a good life in retirement. (Remember, that's the plan!)

This will include the cost of the things you want to do when you retire - while you are still young enough - and fit enough - to do so!

For example, you might want to travel more. You might want to go trekking in the Himalaya. You might want to learn to fly. You might want to go on more cruises.

You might want to eat more meals out … take more city breaks … or more walks down to the pub …

You will probably want to do lots of things you never had time to do when you were working.

Here's the thing: whatever you want to do - big things or small things - there's probably a cost to it.

In fact, it may even be that at this stage of your life you would like to spend more money than you ever did before!

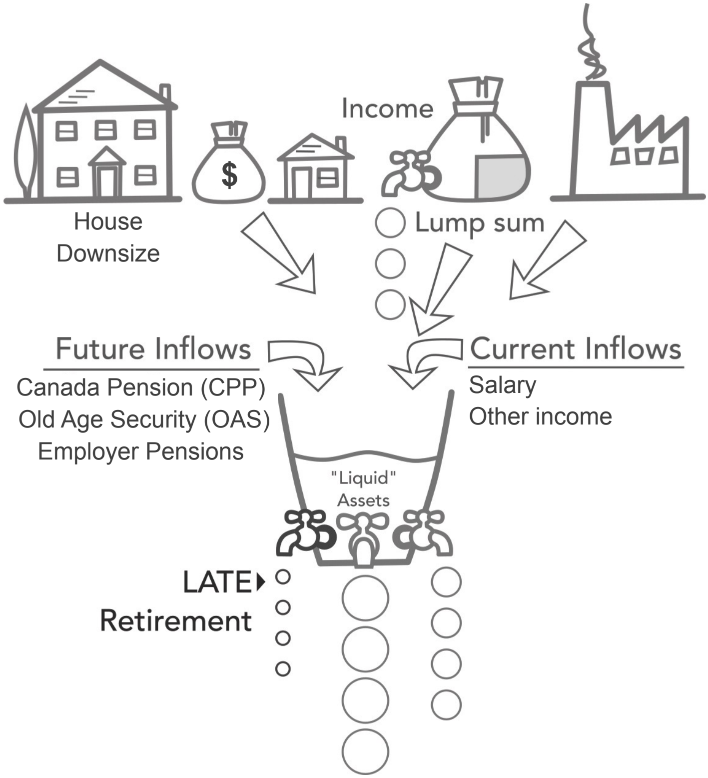
Why?

Because now you've got all the time in the world to enjoy yourself! And so you should!

Remember….

Life is not a rehearsal!

Time flies when you're having fun. So, sadly, there will come a time when your ACTIVE RETIREMENT TAP gets turned off and a different tap opens, this will be your LATE RETIREMENT TAP.



This is the stage of your life when you become, what I call, *'too old to enjoy yourself'*.

It's the time in your life when you just have to accept it. You can't 'do stuff' anymore. Your knees might have gone. Your hips might have gone. Your hearing or eyesight may be impaired. It's hard to come to terms with, but you have no choice. You're worn out. You're exhausted!

In fact, if you're anything like me, it's starting to happen already! I've always tried to keep fit. But now I just can't do the things I used to do. I might try some physical pursuit that I could easily do 10 years ago, but now, when I do, I'm stiff as a board and can't walk for 3 weeks afterwards!

It's a stark reminder that becoming *'too old to enjoy yourself'* is inevitable. It's on its way. When you reach this stage of later life you'll have trouble getting up the stairs, never mind getting up a mountain. You'll find it hard to get in and out of a wheelchair, never mind in and out of a yacht! You get the picture? It happens to us all, sooner or later.

At this stage of your life your needs WILL change. Now you'll want peace of mind and security.

It could be you'll now spend a lot less money. The time for having F-U-N will have probably gone. Of course, it is highly likely that other costs may now arise, like health and long-term care fees.

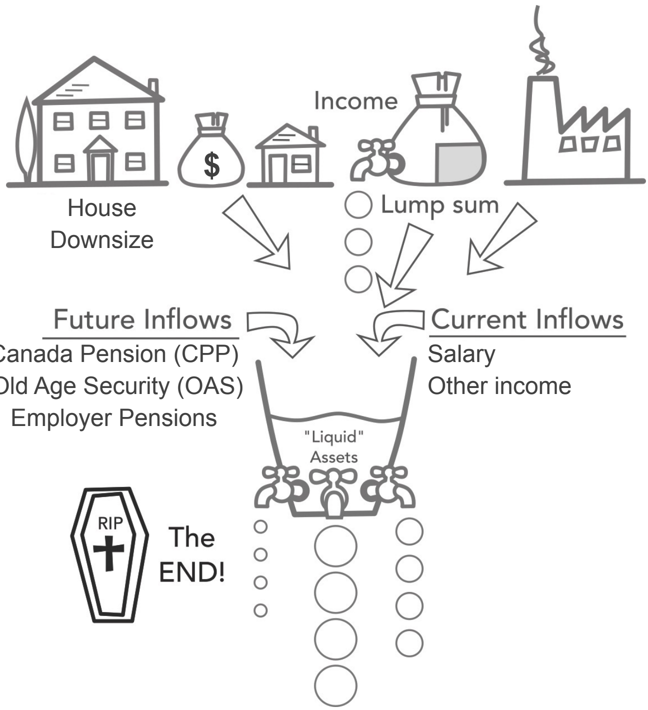
This is the stage of your life when you definitely don't want to be worrying about money. And there's no need to, if you plan ahead using the ideas in this book.

AND THEN YOU'RE DEAD!

Then, sadly, you end up in a box with your name on it.

You're dead!

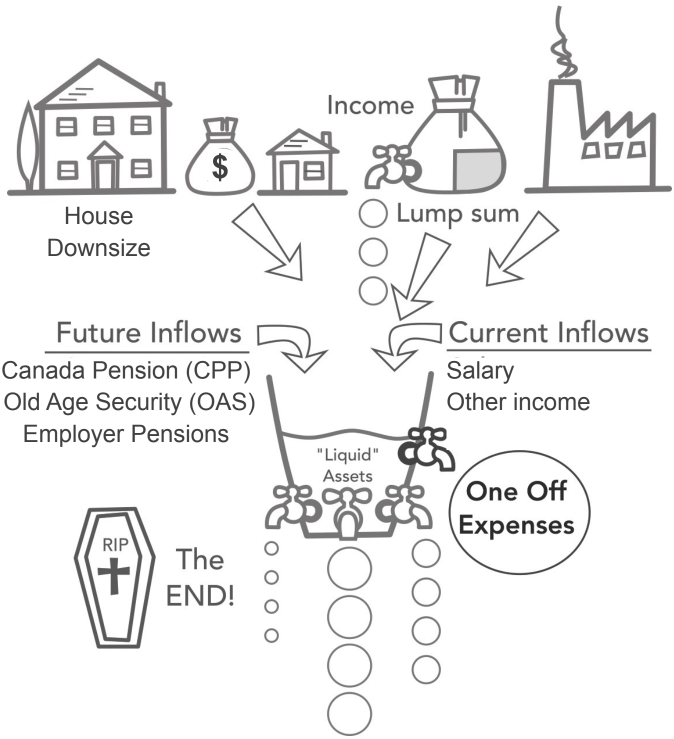
Like so:



A full bucket will be of little use to you now, don't you agree?

We'll discuss other reasons why you shouldn't die with a full bucket later on.

Now, there is one other additional tap that you might need to turn on and off from time to time, and that's what I call a 'One-Off' tap.



This additional tap (on the right) is for 'one-off' expenses that need to be paid for from time to time. It could be the cost of a child's wedding. It could be the one-off cost of a special vacation or world cruise. It could be the purchase of a brand new motor home. In other words, this tap is for 'one-off' events that occur at various stages of your life that could seriously impact your bucket.

You get the idea?

So, just to summarize …

You've got money inside your bucket - you can spend this money whenever you want.

You've got money outside of your bucket which you can only spend when you sell those assets.

You've got money coming into your bucket now (current inflows) which one day might stop.

You've got future inflows that one day might start coming into your bucket.

And, of course, you've got your three stages of expenditure - your three main taps:

1) Your Current Lifestyle Tap - your expenditure requirements before retirement (assuming you're still working).
2) Your Active Retirement Tap - when you want to have the most fun - while you're still fit and able to do so.
3) Your Late Retirement Tap - when you start to become less active and 'too old to enjoy yourself'

Plus, you've also got:

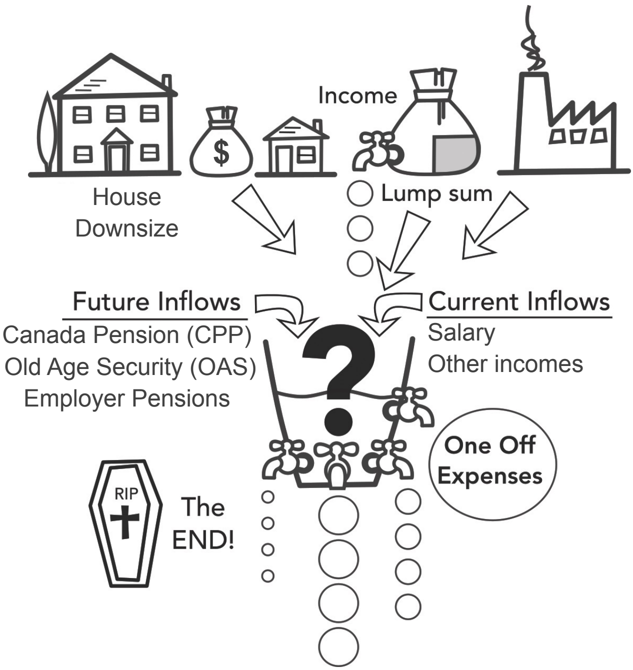
4) Your One-Off Tap - for one-off items that need to be allowed for.

Make sense so far?

So, here's the REALLY big question …

Chapter Eight

What's Going To Happen To YOUR Bucket?



From a financial planning point of view, what's going to happen to your bucket is really the only thing that matters.

Never mind the detail about which savings account is best or which investments you should choose. None of that really matters.

What matters MOST is … what's going to happen to your bucket?!

I can tell you now, one of TWO things is likely to happen.

Either:

1) Your bucket is going to run out.

In other words, there's not enough money in your bucket now or in the future to support the cost of your desired lifestyle.

What this means is, when the money runs out, your future lifestyle taps will have to be turned down - or turned off! Which means one thing: that you won't be able to continue to live the life you have become accustomed to.

That's not a good outcome! Why work for 30 or 40 years only to find out that your bucket is going to run out?!

Here's the GOOD NEWS! When you understand your bucket, you can forecast what is likely to happen. You can start to exercise control now over how full that bucket needs to be. You can prevent your bucket from ever running out. More on this later.

Or,

2) Your bucket NEVER runs out.

The next thing that can happen to your bucket …is probably worse!

Instead of running out, your bucket could fill up and up and up! It NEVER runs out.

This means that you eventually go to your grave … with TOO MUCH money!

Why is this worse?

Let me explain.

If you go to your grave with too much money in your bucket, here's what's probably going to happen.

No doubt, you will have paid tax throughout your whole life. Income tax on everything you've ever earned; sales tax and Goods and Services Tax (GST) on pretty much everything you've ever spent; you pay tax on your capital gains; and tax when you fill up your car with fuel! You even pay tax on your booze!!

Think about it, throughout your life you've paid tax, tax, TAX!

So, to go to your grave with TOO MUCH money in your bucket and risk paying **one final, possibly large, tax bill** is crazy, don't you think?

I'm talking here about estate administration taxes (also known as probate fees) due on death.

Surely, you've paid enough tax already! To go to your grave with too much money and lose another large chunk of your hard-earned wealth to the Tax Man through estate taxes is madness. Think about it! This is tax on money that you've already paid tax on!

But that's exactly what is happening to an increasing number of people who don't understand what's going to happen to their bucket. In other words, they don't know 'How much is ENOUGH?'

The good news is, once you understand the concept of the bucket, you can make planning your future a lot easier. You can PLAN to avoid 'dying with TOO MUCH'.

In fact, understanding your bucket could save you and your family hundreds of thousands in unnecessary tax, depending on where you live when you die.

But there's something I haven't told you …

There is something far worse about dying with too much. It's not the tax!

No.

It's something far, far worse.

If you go to your grave with too much money it probably means one thing …

You didn’t do stuff!

You didn’t enjoy your money when you could easily have afforded to do so!

Imagine, lying on your death bed, with all that money - but NO MORE TIME!

Then, you realize … that you didn’t do things!

You didn’t climb those mountains! You didn’t sail those seas! Perhaps you worked more than you needed to! Perhaps you worked until 65 when you could easily have retired at 55! Imagine that! You were working when you could have been playing! You didn’t have that dream trip on the Orient Express with the love of your life before they died! You didn’t help your children out when they really needed it most! And then … there you are … on your death bed … with all that money … but no time!

And the Tax Man is lurking…

And you’re thinking … _“@&@*!! @&@*!!! @&@*!! <insert your preferred expletive here!>”_!!!

You’d probably be thinking _“I wish I’d known this was going to happen! I’d have done more ‘stuff’! I’d have lived more! I’d have been less stressed about money! I’d have given more! I’d have gone First Class!”_

But, it’s too late!

Well, that’s what this book is all about: making sure that this doesn’t happen to you.

(Sorry to be so dramatic - and repetitive - but you get the point?!)

You need to know what's going to happen to your bucket! **So you can enjoy your money!** So you can have peace of mind about where you are heading financially.

Now, let's take a look at the three different types of people I mentioned earlier, and the challenges they face. Then we can see which one best applies to you.

Chapter Nine

Which Money Type Are You?

In my 30 years as a Lifestyle Financial Planner, dealing with clients from all backgrounds, with various levels of wealth, I've only ever come across THREE types of people.

Just three.

These are:

Type 1) The *'Not Enough'* - their bucket is going to run out.

Type 2) The *'Got Too Much'* - their bucket is going to overflow.

and

Type 3) The *'Just Rights'* - these are people who will have ENOUGH - but the only trouble is, they might not realize it!

So which type are you? Are you a 'Not Enough', a 'Got Too Much' or a 'Just Right'?

You need to know.

Let's take a look at each of these and get a feel for the problems they face. I've also included a couple of real-life case studies, which I hope you'll find useful.

But I want you to promise me something …

When you read these case studies, please forget about the amounts of money involved.

It's easy to think "*That doesn't apply to me, I don't have that much money!*" Or "*I have much more money than that! This doesn't apply to me!!*"

You see, it's the principle I want to get across.

I promise you, no matter how much money you have, or don't have, you WILL fall into one of these three camps.

Let's find out …

Chapter Ten

The 'Not Enough'

As the name suggests, these are people who haven't yet got enough money to last their whole life through. Their bucket is most definitely going to run out. More often, they are people who will NEVER have enough UNLESS they start accumulating wealth. They need desperately to know, 'How much is ENOUGH?'

Solving their problem is not as complicated as you might think. In simple terms, they either need to increase the inflows going into their bucket, or they need to reduce the outflows going out of their bucket (expenditure / lifestyle) now or in the future.

It's no crime!

It's no crime to be a 'Not Enough'. If you think you might be a 'Not Enough' you most certainly aren't alone. Millions of people are in this situation.

It’s not your fault. No one has ever helped you work out ‘How much is ENOUGH?’ No one has ever explained to you about your bucket!

This is where I blame the financial services industry including most financial advisors. The Industry has failed consumers - its only real interest is in selling financial products, when really it should be answering these much bigger questions.

One thing is for sure: the Government isn’t going to look after you. They’ll have you working until you drop!

The fact is, if you're currently a ‘Not Enough’ person, you're not going to be able to maintain your current lifestyle. It's as simple as that. Your taps are going to have to be turned down, or turned off. Unless YOU do something about it.

The good news is this: it's easy to do something about it and it needn't be painful. It just needs you to face up to some simple facts. Then, step by step, you can start doing something about it - so you accumulate ENOUGH - so that your bucket doesn't run out!

Or, it might mean facing up to some harsh realities and accepting that certain things are going to have to go, now or in the future.

Let's now take a quick look at an example of a ‘Not Enough’ couple and how an understanding of what was going to happen to their bucket really helped them.

CASE STUDY 1

Mr & Mrs 'Not Enough'

Steve and Sue worked hard. Very hard. But they played hard too - they enjoyed the lifestyle which they had worked hard to create for themselves and their daughters, Rebecca and Lucy.

Steve was 45 and he had a plan. It was his own financial plan. He wanted to retire at 55.

Steve hated three things:

His mortgage
Pensions
And, most of all… financial advisors!

So, Steve's plan was simple. Pay off his mortgage as quickly as possible. Then, when he was mortgage free, he intended to accumulate as much as possible – so that he could retire early.

Simple!

Steve didn't think he had a problem. He didn't need any 'advice'.

However, Steve's accountant recommended that Steve should speak with me.

At our meeting I spent some time getting to know Steve and Sue. I wanted to understand the life they'd had, the life they currently have, and the life they'd like to have in the future. I helped them to think about the lifestyle they desired throughout their life. I also wanted to understand why retirement at 55 was so important?

The reason?

Steve wanted to 'escape' at age 55 and pursue his passion! His passion was Motor Sport. He loved it! He wanted to do a lot more of it while he was still young enough and, more importantly, fit enough to do so. He wanted to do more hill climbs, more rallying, some saloon car racing and Formula 3. Better still, both Steve and Sue wanted to travel the world together, ticking off more Formula One events. They wanted to 'do stuff' – *'before it's too late!'*

But for Steve, why 55? Why was that so important?

Steve shared with me the fact that his own father had worked hard his whole life, retiring at 65, only to drop down dead at 67.

It turned out that this was Steve's main motivator. He could not bear the thought of that happening to him. More than anybody, Steve knew – and understood – that **'Life is NOT a rehearsal'** and Steve lived it accordingly. That's why Steve worked so hard now, so he could 'escape' early.

With this knowledge, I agreed to work with Steve and Sue using my Lifestyle Financial Planning process to help them understand where they were heading financially.

I helped them to identify the cost of their current and future desired lifestyle. I built in the cost of continuing private education for Rebecca and Lucy. I built in the cost of their daughters' weddings. I encouraged Steve and Sue to really focus on the lifestyle they expected at various stages of their lives. We then put all of this into a simple expenditure questionnaire. I went back to my office and crunched the numbers.

Unfortunately, at our next meeting, I had to break the bad news.

I carefully explained that using the assumptions we had agreed to, Steve and Sue's current plan would see them running out of money early - by age 67! That's not a good plan.

Fortunately, using meaningful, prudent assumptions, it was possible to help Steve and Sue discover 'How much is ENOUGH?' This would be the amount of money they needed to accumulate by age 55 to ensure they could live the life they wanted – without fear of ever running out of money.

You guessed it! Due to the cost of their current and future desired lifestyle it was a BIG NUMBER.

But once they understood 'How much is ENOUGH?' they realized immediately that they needed to do something about it. Better to know, than to blindly head into the future not knowing what was in store. I then worked with Steve and Sue to help find ways of accumulating the money through savings and investments. More importantly, I showed them how they could utilize their greatest asset, their business, to help build their Number.

Once Steve and Sue began to understand 'How much is ENOUGH?', an amazing thing started to happen. In their business, Steve started to see opportunities everywhere to increase turnover, reduce costs and create profit, all of which would help Steve and Sue achieve their Number. The funny thing is, those opportunities were there all along! But Steve didn't need to look for them - UNTIL HE KNEW HIS NUMBER!

Steve and Sue are now well on track to achieve their Number and to achieve their intended retirement at age 55. Steve now has a reason to work hard - a real 'WHY'. Steve is motivated. Steve is inspired. Steve knows where he is going.

For the first time ever, he could see his target. And now, as it gets closer, it becomes even easier to hit.

IN A NUTSHELL

When you know what you are aiming at it becomes easier to hit. Knowing your Number - 'How much is ENOUGH?' - is the single most important thing you need to know when planning your future.

When you know what you are trying to achieve, miraculously, your mind starts coming up with ways to achieve it.

Chapter Eleven

The 'Got Too Much'

These are people who have more than ENOUGH already, or they are well on the way. Their bucket is definitely going to overflow. They are likely to go to their graves with way TOO MUCH money.

That sounds like a nice sort of problem. But it is a problem nonetheless!

Again, the answer is knowing 'How much is ENOUGH?' to last your whole life. Then, if there's going to be a surplus - because you're a 'Got Too Much' - it opens up a whole host of possibilities.

For example, I mentioned earlier that the biggest problem about being a 'Got Too Much' is potentially becoming the richest man or woman in the graveyard. Nobody wants that. As they say, *"You can't take it with you"*.

So, once you know 'How much is ENOUGH?', you can plan your life accordingly. In particular, you can SPEND MORE - and feel good about it!

A good reason to spend more is that you ain't coming back! THIS is it! **Life is not a rehearsal.** Now is your chance to do stuff, while you still can. It's no good being stuck in a wheelchair or in a nursing home wishing you had done more with your life when you still had the chance.

Another good reason to spend now is that spending your money is one of the best ways of reducing your estate. This means it's a great way to avoid taxes on your death. If you spend more, you leave less for the Tax Man. Simple as that.

Or, perhaps you've done all you want with your life. You don't need or don't want to spend more. In which case, once you know your 'Number' - 'How much is ENOUGH?' - you can start to feel comfortable about giving money away.

Perhaps you could help your children or grandchildren - and feel really good about it. Why? Because you know it's OK to do so! Because you know it makes sense. Far better to gift money now when you are alive so you can actually see the benefit it brings to those you help, rather than to miss all that when you're dead and gone.

Of course, it's also an opportunity to help good causes - to leave a legacy - to do or create something that lives on after you're gone.

Again, it's all about knowing 'How much is ENOUGH?' - for YOU.

Here's another great thing. Once you understand that you are a ‘Got Too Much’, once you've worked out that you've got more than ENOUGH, you can do something rather wonderful - something that will bring you more peace of mind.

You can reduce risk!

It never fails to amaze me how so many people - who have more than enough money - still stress and worry about their money. More often than not, this is because they've got their money invested in all the wrong places. They often invest their money with a view of still trying to make MORE, MORE, MORE. But, when you think about it, for whose benefit is this, really? The Tax Man?

Once you realize that you are a ‘Got Too Much’, you can start thinking about investing for ‘prudence’, rather than ‘performance’.

Let's now take a quick look at a typical ‘Got Too Much’ client …

Remember, when you read these case studies, please forget about the amounts of money involved. It's the principle I want to get across.

CASE STUDY 2

Mr & Mrs 'Got Too Much'

John and Mary were in their late 60s and happily enjoying their retirement. And so they should!

John had worked long and hard in a Company that he had helped grow over many years. He had benefited from his share options. He had accumulated some real wealth.

They had plenty of income in retirement: from their Canada Pension Plan, their Registered Retirement Income Fund (RRIF), interest from their savings, and dividends from their shares. They had accumulated a lot of money and they were enjoying it!

House-wise, John and Mary were 'empty nesters' and were about to downsize to a smaller, more manageable property. Their three children had all moved out some time ago and their five-bedroom house was now far too big for them. They had found an apartment overlooking John's golf club. It was perfect! The proceeds from downsizing their home would soon see over $1,000,000) going from bricks and mortar (outside their bucket) into savings (inside their bucket).

But what did all this mean?

John was encouraged to meet me by one of his golfing pals, a client of mine.

As always, I spent some time really getting to know John and Mary. I enquired about the life they'd had and their current life. I wanted to fully understand what John and Mary had planned for their future. I wanted to know if they had any plans to help their children and grandchildren. By asking these questions, I helped them identify the cost of the lifestyle they wanted to continue to enjoy – this gave a good indication of their expenditure requirements throughout their life.

I also encouraged them to think about what else they might like to do in their lifetime in order to really enjoy their remaining years. I gathered the facts about what they had accumulated, their assets, their liabilities, and their many sources of income. I also asked them to complete my expenditure questionnaire.

With a thorough understanding of their circumstances, all of the required financial information, and my cutting-edge financial planning software, I could now calculate what was going to happen to their bucket.

This is what I found …

Based on the conservative assumptions they had made, allowing for inflation and for the potential costs of long-term nursing care, John and Mary would NEVER ever run out of money.

In fact, John and Mary's wealth would continue to increase, even after allowing for extra expenditures.

Instead of running out of money, John and Mary were well on track to die… with TOO MUCH!

This sounds like great news. It is great news! But this meant John and Mary had a big problem.

John had paid a huge amount of tax throughout his whole life.

Tax, tax, tax.

Unfortunately, unbeknownst to them, a potentially big tax bill was still lurking …

So I helped John and Mary understand the size of their problem.

They had three children. They wanted THEM to be the beneficiaries! They did not want the government to be entitled to a very large chunk of their hard-earned estate at the time of their death.

I helped John and Mary work out just how much more they could afford to spend each year, and how much they could confidently afford to gift to their children NOW and over the next 10 years - without fear of ever running out of money.

Effectively, I helped John and Mary create a 'spending and gifting program'. They just needed permission!

John and Mary are now well on track to minimize their taxes on death. They are on track to manage their money to give them the life they want while gradually transferring wealth to their children and grandchildren while they are alive to see the benefits.

They also booked a First Class Round-the-World Cruise. And why not?

They can do this, because John and Mary now know – and more importantly, understand – just 'How much is ENOUGH?'

IN A NUTSHELL

When you understand 'How much is ENOUGH?' you can enjoy your money and feel good about it. I call this 'REAL wealth management' - managing your wealth to give you the life that you want.

Why have wealth if it doesn't give you the life that you want?

Chapter Twelve

The 'Just Right'

Many people have just the right amount of money for the rest of their life. The only trouble is, they just don't know it!

The 'Just Right' have no idea what's going to happen to their bucket. Because no one has ever shown them.

They stress and they worry about money. They invest in all the wrong places. They take too much risk, which of course ruins their peace of mind and possibly erodes their capital.

You may be one of these people.

Have you ever considered you might not be enjoying life as much as you could? You might be going without. Perhaps, you're saying 'no' when you could be saying 'yes'. You might have the heating on low in the winter and feel cold, when you could easily turn up the thermostat and be comfortable. You might buy cheap plonk instead of good wine. You might be taking one vacation a year when you could easily afford three. You might be missing out big time!

Or worse, because you don't know what your financial future looks like, (because you don't know what's going to happen to your bucket), you might spend your hard-earned money but then regret it! You might buy something then immediately wishing you hadn't. Again, that's no way to have fun!

Perhaps you're over saving and under living!

You could still be working when you could be playing!

Yet, through all this, you could already have ENOUGH. You might have the right amount of money to last you for the rest of your life.

There are millions of people in this situation. The 'financial porn', the newspapers, the money pages, all pray on folks like this. They want you to feel insecure. They want you to feel like you don't know enough - so you keep reading their scaremongering articles - all the time helping them make zillions out of advertising stuff to you.

Perhaps you're better off than you thought? Perhaps you're going to be OK?

It's time to find out.

Here’s the thing …

If, based on prudent assumptions, you knew you were going to be OK, you could relax. You could simplify things. You could de-risk. You could enjoy your money without feeling guilty. You could do more, you could live more.

Let's take a look at a couple of real-life examples of the 'Just Rights' …

CASE STUDY 3

Mr & Mrs 'Ten Years Younger'

Graham and Pauline were in their late 50s, but looked and felt like they were in their 70s …

Working 60 to 70 hours a week in their engineering business, their Sunday mornings were spent finishing off the week's paperwork. Like so many small business owners, their business was slowly killing them.

Vacations? They were few and far between.

Hobbies? None.

Stress? Lots.

It's a common problem.

After spending time getting to know them, I identified their one, major, overriding objective - to escape from their business and get on with their life!

Graham's ambition was to learn to fly … *'before it's too late'*.

I asked Graham why he had not yet learned to fly. He said that since the flying lesson bought as a 'birthday treat' - a gift from Pauline some 10 years earlier - he had always put it off. Their business did not really allow any time off to take up such a time-consuming hobby. Furthermore, business pressures were always too much of a distraction to focus on something as intense as learning to fly. So, for 10 years or more, it had remained just a dream. The trouble was Graham wasn't getting any younger!

In talking further with Graham and Pauline, it soon became apparent that substantial funds had been accumulated in various investments and retirement plans. These had been ignored for many years and, because no one had been meddling with their money, they had performed quite well.

Through further discussion, I helped Graham and Pauline identify the cost of their current and desired future lifestyle, including the cost of flying lessons. I needed to understand this in order to calculate for them 'How much is ENOUGH?' – how much money they needed for the rest of their lives.

I asked about the chances of them selling their business. Graham and Pauline then surprised me by announcing that an offer had recently been made for their business but they had turned it down! They felt that the $2 million offered by the buyer was unacceptable and well below the $4-5 million of potential value that could be realized in the next 5-10 years.

So! That's why they were still working! That's why their business was slowly killing them! That's why Graham hadn't fulfilled his dream of learning to fly!

With my years of experience, I just knew something wasn't right. I went back to my office and ran my calculations to find out what was going to happen to their bucket. Here's what I found …

Using prudent assumptions - and after 'stress testing' those assumptions - Graham and Pauline needed just an additional $500,000 to retire NOW!

If the cost of flying lessons AND the purchase of a light aircraft was built in, they needed just $750,000. NOW.

And this was to start living the life they wanted NOW … not in 10 years' time!

Trouble is, they'd recently turned down $2 million!

When they heard the news, they were amazed. With my help and that of their accountant, they eventually managed to get the deal back on the table and ended up selling their business for $1.8 million.

They escaped from their business! Graham learned to fly. And both he and Pauline continue to enjoy their retirement. Better still, they both now look – AND FEEL – 10 years younger!

IN A NUTSHELL

Some people already have ENOUGH. They just don't realize it.

Life's too short to spend it doing things that don't fulfil you.

CASE STUDY 4

Mr & Mrs 'Are We There Yet?'

Mike and Sarah were nearly there, or so they thought. Trouble is they didn't really know where 'there' was!

Mike was a Senior Pilot for a major airline. One night, flying at 35,000 feet over Outer Mongolia, out of nowhere a thought slipped into his mind: *"How much longer do I have to do this …?"*

Increasing pressure, tighter regulations, continued testing, and regular cut backs - it was no longer the same. The fun had gone. And now, aged 57, he was thinking *'WHY am I still doing this?'*

What he really wanted to do was fly his own single engine, two-seater bi-plane. That was real flying. That was what he wanted - to buy and fly his own beauty.

He had a great pension. He'd built up some capital inside his bucket. He'd nearly paid off his mortgage. But what did it all mean? Was he 'there' yet? He needed help.

So he was recommended to see me to help him make sense of it all.

Firstly, I assisted Mike and Sarah to get a fix on what they wanted and when they wanted it - the sort of lifestyle they would enjoy. Travel? No thanks, not for them. They'd done enough of that! Now, their interest was in staying at home:

Mike flying his bi-plane and Sarah breeding goats on their 20 acres of land.

I helped them to understand the cost of their desired future lifestyle. We identified what was inside their bucket, what was coming in (current and future inflows) and what was expected to be going out of their bucket (current and future expenditure requirements).

I crunched the numbers to see how they fared.

Great news! Based on conservative assumptions, their bucket was just fine!

They'd already arrived - it's just they didn't realize it!

Immediate retirement was possible for Mike, as long as they downsized to a smaller property in around twenty years at the age of 75-80.

So, knowing this, Mike gave up long haul and retired immediately. He now enjoys being at home with Sarah and the regular thrill of the wind in his face at the controls of his bi-plane - enjoying life on his own terms.

Sarah's goat population is coming along nicely, too.

CASE STUDY 5

Mr & Mrs 'Do It Yourself'

David and Elaine were living off the income from the capital they had accumulated over the years. After allowing for various pension incomes, David and Elaine were supplementing their income with dividends and interest from their savings. If interest rates went up they spent more. If interest rates went down they spent less.

Over the years they had accumulated a collection of GICs and a portfolio of shares. Most of these had been purchased directly from leading investment firms who tempted them with 'top performing funds' and 'promises' of high returns.

The trouble is, knowing when to buy investments is one thing, but knowing when to sell is another! They admitted that over the years they had gradually built a portfolio that they didn't really understand. It had become a big worry.

Every weekend they wrestled with the money pages in the newspapers, and spent many hours each week wading through piles of direct mail, statements, and articles from their various investment providers.

There was so much paper! What should they keep? What should they throw away? What should they ignore? What should they take seriously?

Now all of this wasn't too bad … while their money was going up!

But when markets went down David and Elaine were really worried. A friend of theirs suggested they ask me to look at their situation.

As usual, I spent time getting to know them, about their current lifestyle, and their plans for the future. I asked about their hobbies and interests, their family, their goals, their hopes and dreams, their fears and worries.

That's when it became clear that their money was causing them sleepless nights.

I analysed their financial position, looked at all of their various investments, and scrutinized their income situation. I identified what was already inside their bucket and what was coming into their bucket now and in the future.

More importantly I got them to think about their future expenditure requirements and how much they would LIKE to spend to give them the life they wanted.

Then I used my software to help identify what was going to happen to their bucket.

Here's what I found …

Based on conservative assumptions, their bucket was never going to run out.

They had TWO main options.

Their first option was to keep doing what they were doing - live off their fluctuating interest and dividends, forever worried about market movements, condemned to feeling guilty about dipping into their savings whenever things got tight. Forever going without. Forever cutting back. Not living life to the fullest.

I showed them the consequences of this action. Using my software to illustrate what was going to happen to their bucket, they could see that their bucket would always remain about the same. What this means is: they would die with too much money!

They'd never thought about it like this before.

I then showed them another option. The second option was to change their mindset and plan to spend their liquid capital in their lifetime. They could then leave the assets outside of their bucket - their home and personal effects - to their children when they eventually died - but they could enjoy spending the rest. This struck a chord. Even their children were saying that they wished their Mom and Dad would stop worrying and spend it!

This 'bucket' exercise helped David and Elaine understand just how much return they needed to earn on their investments so their money inside their bucket lasted their lifetime.

This meant they could actually take LESS risk with their investments - and in the process consolidate and simplify their portfolio to reduce fees.

More importantly, David and Elaine could get their life back.

No more wasting precious time stressing over the money pages every weekend! Instead, a lot more fun, more eating out, more vacations, more treats for the grandchildren.

For David and Elaine, the bucket concept made their money make sense. They now knew 'The Truth About Money'.

Let's move on to the MOST important thing that drives your financial planning.

Chapter Thirteen

What If You Are Already There?

What if you already have ENOUGH?

There's a little story I sometimes used to tell my clients, it's called *"The Mexican Boatman"*.

It's a great little story. So much so, that when I first heard it, it changed my personal definition of 'success'.

The story goes as follows …

There was a high-powered Management Consultant, who had a Harvard MBA. He was on vacation on a beach in Mexico.

Early one morning he saw a local boatman come up to the shore in his little boat. Inside the boat was a large yellow fin tuna. He got talking to him and he said to the boatman: *"Tell me, what do you do with your life?"*

The Mexican said, *"Well, I go out fishing early in the morning and I catch a yellow fin tuna. I come back and I sell it, then I go home, have breakfast or an early lunch with my beautiful wife. We chat a while. Most days we make love followed by a snooze in the afternoon. Then in the early evening, I play with the kids when they get back from school, I have dinner with my wife and then I go down to the local cantina where I play guitar, sing and have a drink with my amigos!"*

The Management Consultant said: *"I think I can help you, because I have a Harvard MBA. Here's my advice: instead of coming back so early, why don't you stay out and fish a little longer and catch more tuna. That way you can make more money so you can then buy a bigger boat."*

"Really?" said the Mexican. "*Then what happens?"*

"Well, then you can catch even more fish. Then what you can do is employ some of your amigos and set up a fishing fleet to catch even more yellow fin tuna!"

"Wow!" the Mexican said, *"… and then what happens?"*

"Well …" said the Consultant, "*Eventually, you can bypass the middle man altogether and have your own cannery! Over the years, you can build a fantastic fleet and a marvelous business!"*

The Mexican was fascinated by all this and he said, *"That is brilliant, what happens next?"*

"Well, eventually, you'll have thousands of employees, you will have to move to a new Head Office in New York. Then what we'll do is we will help you do an IPO and sell the business and you will make millions!"

…and the Mexican said, *"How many millions?"*

The Consultant said, *"Well … about twenty!"*

The Mexican says, *"Wow! Twenty million! What happens then?"*

And the Consultant says: *"Oh, that is the best bit! You can then relax! You can retire to a little fishing village and in the morning, you can get up and go fishing for a yellow fin tuna and in the evening, you can play guitar and have a few drinks with your amigos!"*

When I first heard that story, it stopped me in my tracks.

I thought really hard about it.

It was one of those great lessons in life. I suddenly realized that I already had some of the success I was looking for. I had reached where I wanted to be. I just wasn't capitalising and maximising or thinking about the wonderful life that I had already got. I got caught in the trap of wanting more, more, more.

The moral of the story is, you might already have the life you really want. So why work harder or longer than you really need to? Life's too short.

Something to think about, eh?

Remember, it's about LIVING BIG and LIVING RICH - and that has very little to do with money.

It's all about knowing 'How much is ENOUGH?'

Chapter Fourteen

Relax. Help is at hand!

Do you feel it's time to find out what's going to happen to YOUR bucket?

Would you like to see what your financial future might look like, so you can get an idea of 'How much is ENOUGH?' for you?

Would you like to discover opportunities that might be available to you to have more fun now - while you are still fit and able to do so - and all with more financial peace of mind?

The likelihood is that this book has been given to you by a Lifestyle Financial Planner. These are members of a growing community of forward-thinking and highly-qualified financial advisors who are committed to doing the complete opposite to traditional money-focused 'product-flogging' financial advisors.

Instead, they put your life, not your money, at the centre of every conversation. They are devoted to delivering client-focused Lifestyle Financial Planning, as described in this book.

They can help you become one of the lucky few who experience PROPER Lifestyle Financial Planning - so you, too, can experience the clarity it provides. It can be life changing. As discussed already, knowing what your bucket looks like can facilitate all sorts of life enriching decisions.

In the next few chapters I will explain in more detail exactly what you can expect a great Lifestyle Financial Planner to do for you, and the kind of working relationship you will establish with them. I will obviously simplify the process, but it is really important for me that you understand the general steps involved in creating a great financial plan. Knowing the information that is required to forge a plan may also be useful because you can even start to collate some of the information required in preparation for your initial meetings with your financial advisor.

If you still aren't sure whether you need assistance in this department please read on, regardless. This book is designed to help EVERYONE learn more about planning for a good financial future and it should be an informative guide to taking control of your financial life, with or without further assistance. Simply being aware of the pitfalls of the financial services industry can put you in a much stronger position so you can build a better financial future for yourself and shape a stronger tomorrow.

Chapter Fifteen

What's In? What's Out?

The starting point in any meaningful financial plan is knowing what's inside and what's outside your bucket. This will help you to quantify your current net worth.

Remember, money inside your bucket is money that is 'liquid'. It's easily realizable. It's accessible. It's money you can get hold of at any time, normally within 7-10 days. This means you can spend it. It's YOUR money!

Money outside your bucket is still your money, but you can't spend that money until you sell these assets. Sometimes you can't, or don't want to, sell these assets.

Money inside your bucket will include the following:

Cash
Bank accounts
Tax Free Savings Savings Accounts (TFSAs)
Cash value of insurance policies
Investment portfolios, including stocks and bonds

Money outside your bucket will include:

Value of your current home (after deducting any outstanding mortgage)
Value of any other property (after deducting any outstanding mortgage)
Registered Retirement Savings Plans (RRSPs)
Registered Retirement Income Funds (RRIFs)
Company pension plans
Business value - your share of the value of your business (but ONLY IF POSSIBLE TO BE SOLD - see Chapter Twenty - A Special Word to Small Business Owners).

Other assets that you intend to sell someday (e.g. yacht, antiques, stamp collection)

Depreciating assets such as cars etc. should be ignored, as should general house contents etc.

Debt

The next step for you and your financial advisor, is to identify and consider all debts that you may have which will obviously reduce your net worth.

This must be deducted from the value of the relevant assets (e.g. deduct any mortgage outstanding on your home from the estimated value of your home to give your net equity in your home).

Your financial advisor will create a thorough net worth summary to help make sense of all this information. If you would like to start completing a simple net worth summary you can find an example at:

www.HowMuchIsEnough.co.uk/toolkit

Assumptions

When it comes to planning your financial future, your financial advisor will need to allow for growth on your invested assets, i.e. the expected investment return you are likely to achieve on your savings and investments.

It is best to be very conservative with your assumptions. It's easy to 'hope' that your investments will earn 8-10% or more per year in investment return over the long term - but chances are they won't. Furthermore, the more risk you take with your investments the more likely you are to suffer a serious loss caused by a market fall or economic crisis at some point in the future.

When initially planning your financial future a good financial advisor will normally err on the side of caution. They will help you plan with prudence in mind, not performance. Apply this same caution when it comes to predicting increases in the value of your home, or any other asset. If you are a small business owner, be realistic about how much you hope your business will be worth in the future. Remember, if you can't sell it, you can't spend that money! (Please See Chapter Twenty - A Special Word to Small Business Owners.)

Relying on an expected inheritance

Please bear in mind that relying on the future distribution of your parents' estate may not be a sensible financial plan. Who is to say you will ever get it? What if your parents live longer than you expect? What if your inheritance is eaten up by their medical expenses and/or long-term nursing care? Not to mention taxes due on their death. Planning to be financially dependent on an inheritance can be a foolish plan. Having said that, an allowance can be made for sums that 'might' arise. A good financial advisor will help you think these things through and make reasonable assumptions.

Relying on a future house downsize

Many people believe that their financial future will be secured just by moving to a smaller house and living off the proceeds.

The relevant point here is do you want to be financially dependent on the future sale of your home? Do you want to end up selling your house because you have to, or because you want to? The same rules as above apply. Factoring an intended future house downsize into a financial plan can be a reasonable thing to do and can make a big difference to what's possible. However, remember that when it comes to planning your financial future, don't be overly ambitious with expectations of future house price increases.

Be conservative - and then you won't be disappointed.

Once you've got a good idea about how much you are worth, and what is inside your bucket and how much is outside your bucket, you and your financial advisor can then start considering what's coming into your bucket, both now and in the future, which we'll cover in the next chapter.

Chapter Sixteen

What's Coming Into Your Bucket?

You and your financial advisor will next need to identify what inflows are coming into your bucket now and how long these inflows will last. You will also need to consider what future inflows will start, when, and how long those are expected to last.

Your CURRENT inflows will include your take-home pay (salary, wages) for yourself and/or your partner and any other incomes coming in now, (e.g. child benefits if applicable, or dividend income from a business (net of tax) or rent (net of expenses) from any rental properties you may own, etc.) You will need to consider at what age you expect these current inflows to stop and also if they are expected to increase each year or stay level.

The same applies to FUTURE inflows. These will include such things as: expected income from the Canada Pension Plan and Old Age Security for yourself and/or your partner; estimated income from RRSPs or RRIFs; any income from employer pensions. Again, a good financial advisor will help you come to grips with this and provide you with greater clarity. This will provide you with more peace of mind and open up countless opportunities, perhaps to spend more, or save more.

You'll also need to think of any one-time inflows that may occur, such as cash received from a planned house downsize, or from the sale of a second property, or from a possible inheritance, etc. Your financial advisor will help you exercise prudence in these predictions.

For an easy-to-use Income Summary which will help you identify and total your sources of income, please go to www.HowMuchIsEnough/toolkit. Here you will find a simple Income Summary which you can download and complete. This will help your financial advisor immensely.

One thing your financial advisor will be considering is inflation. Are your current and future inflows expected to increase every year? Will they increase at the same rate as inflation so they maintain their purchasing power? Will they increase at a rate higher than inflation? Or, will they stay level? (i.e., they are a fixed income - such as a fixed annuity). If any of your incomes stay level, then they will lose purchasing power over the years ahead as the effects of inflation erode their value.

CONSERVATIVE ASSUMPTIONS

Your financial advisor will probably be very conservative in their assumptions when making these calculations, and rightly so.

We would all like to think that our income will increase every year by 10 or 20%. But chances are, it won't. Remember, when you start to get an idea of where you are heading using conservative assumptions, you can easily ask your financial advisor to revisit your assumptions and create additional 'what if' scenarios which might allow for slightly more optimistic expectations regarding growth in income or investments. In fact, you should be confident to work with them to revisit ALL areas of your plan to tweak and revise it. More on that concept later though…

Once you've got a good idea of what is expected to be coming into your bucket at various stages of your life, then it's time to turn your attention to the fun part! How much do you expect to SPEND! In other words, how much will you be expecting to go out of your bucket, at various stages of your life, to give you the lifestyle you require or desire.

Chapter Seventeen

What's Going Out Of Your Bucket?

Once you have a really good idea of what's currently in your bucket, what's outside of your bucket, and what will be coming into your bucket at various stages of your life, things will start to make sense.

It's now time to start thinking about your current and future expenditure requirements. Your financial advisor will need to know about all your spending habits (and spending dreams!)

This needn't be as daunting as it sounds. Getting a fix on how much you spend can be truly enlightening. It can give you power! In fact, this should be a positive experience for you. Financial planning needn't be boring or scary! Once you know how much you spend you can take control. Not knowing how much you spend is what always causes problems.

Remember, we are not talking here about a 'budget' as such. We're talking about you designing and achieving your desired lifestyle. This can often mean planning to spend more on things that matter - and less on things that don't. This should be inspiring stuff.

Remember, we're talking about YOU getting and keeping the life you want!

Your financial advisor will now be looking at how much you currently spend to live what is (hopefully) a good life. They will then use this information to help you compare how much you are likely to need to spend in the future to maintain a good life (or have a better one).

If you want to see what an Expenditure Summary looks like an example can be downloaded at:

www.HowMuchIsEnough.co.uk/toolkit.

It's a good idea to download and use this to prepare for your meetings with your financial advisor. At the very least, it will give you an idea of the kind of information they will be asking for. This example will total all the columns for you and summarize the various categories of expenditure, so you can have a little fun seeing how exercising control over basic expenditures can make a big difference to annual totals.

Here’s a quick snapshot….

EXPENDITURE SUMMARY QUESTIONNAIRE

	TAP 1	TAP 2	TAP 3
	Current Lifestyle	At Active Retirement	Later Retirement
Housekeeping Expenses	*NOTE: Keep figures in today's pounds!*		
Electricity			
Gas			
Water Rates			
Council Tax			
Home Telephone			
Repairs & Renewals			
Solid Fuel			
Oil			
Garden/Gardener/Plants etc			
Help in House			
House & Contents Insurance			
Other Insurance			
TV Licence			

In the Expenditure Summary you will see three columns.

The first column represents your CURRENT lifestyle, i.e., thinking back to your bucket, this is your FIRST TAP. How much do you currently spend per year in these areas to sustain your current lifestyle?

The second column represents your DESIRED FUTURE lifestyle. This is your SECOND TAP which is the tap you will turn on when you retire, (or semi-retire), etc. This is when you will have a lot more time to enjoy yourself, to travel more, take up hobbies, etc.

Here's the good news: if you start by filling in the first column, Current Lifestyle, it will be much easier for you to complete this second column. All you need to do is compare how much you expect that you will want or need to spend in your early retirement years compared to now. Bear in mind, these are the retirement years in which you will be likely to have the most fun - while you are still fit and able to do stuff! Remember, **life is not a rehearsal!**

Some of your current expenses will go down when you turn on TAP 2, and some will go up. And that's OK!

IMPORTANT NOTE: If you are already retired, you can simply skip the first tap and concentrate solely on the other two.

TIP: It will really help your financial advisor if you already have an idea of the annual expenditures you incur. It is a good idea to look at bank statements and credit card statements if you need help identifying these amounts. Don't forget to include things that you pay for with cash. Watch out for your regular (or irregular) cash withdrawals from the hole in the wall (ATM). Be realistic and be honest with yourself. You'll be glad you did.

The third column represents your THIRD TAP. If you recollect, this is the stage in your life when your needs change. This is the stage of your life when you become *'too old to enjoy yourself'*. I don't intend for that to sound flippant. You simply won't be able to do the sort of things you used to do.

The reason why I want you to allow for this fact is because if you can accept that you will be physically less able to do things later, it often means you can do more stuff NOW! This column will allow you to adjust for fewer vacations, perhaps. Or a smaller car, or maintaining a smaller home, if you intend to downsize. Of course, you might want to make an allowance for other additional expenses though, like health care, prescriptions, eventual long-term care costs, etc.

ONE-OFF EXPENSES

As we discussed earlier, there are likely to be large 'one-time' expenses at certain stages of your life. Maybe a son or daughter's wedding, perhaps a special vacation, or the purchase of a cottage, a yacht, etc.

Whatever the expense, it's likely to have a serious effect on what's going to happen to your bucket!

So, remember, to give some thought to the big expenses that might be incurred in the future. Your financial advisor will talk to you about these and then help you build the financial requirements into your financial plan.

Chapter Eighteen

So, Do You Have Enough?

As I mentioned in the introduction to this book, you may have income, assets and investments but what does it really all mean? What does your financial future look like? What's going to happen to YOUR bucket?

Now for the fun part!

Once you and your financial advisor have collated the information mentioned in these last 3 chapters, it's time to find out what all this means.

If your financial advisor is a Lifestyle Financial Planner, they will now use sophisticated software to enable them to crunch all the numbers and help you to 'see' what's going to happen to your bucket. This will be based on prudent assumptions.

If you are like most people, once you see this for the first time you might be amazed! You might see opportunities you never knew were there. Perhaps you've been worrying about money, when you needn't. Perhaps you could retire years earlier. Perhaps you can afford to spend more now. Perhaps you can afford to give money away.

Or, perhaps you need to save or invest more. Perhaps you need to achieve a better return on your investments. Perhaps you need to address certain expenditures.

Or, perhaps you can afford to take less risk. Perhaps you could work less.

Perhaps you could plan a career change. (I love that saying by Lily Tomlin: *'The trouble with the rat race is, even if you win, you're still a rat!'*) Perhaps you could quit the rat race!

Perhaps you can afford to work because you WANT to, not because you HAVE to.

Perhaps retirement for you doesn't mean giving up work. Perhaps you could build into your retirement plan work that will bring, or continue to bring, more meaning to your life.

Perhaps you can start earning money from doing what you love. Perhaps you can plan on bringing in a 'play cheque'.

If you're a business owner, for example, this exercise could help you work out your Number - how much you need to sell your business for in order to secure your future. In fact, this exercise could help you create a better plan for your business - or refine your exit strategy.

Whatever the outcome, your Lifestyle Financial Planner will be able to work with you to tailor your financial planning so that you feel confident about where you are heading financially. They will also show you how changing your assumptions and requirements can change projected outcomes. They will help you 'stress test' the assumptions, always erring on the side of caution. This process will give you more confidence and clarity about where you are heading financially which in turn will give you more peace of mind.

Over the years, as your confidence in the financial planning process increases, on an ongoing basis - and whenever the need arises - you and your financial advisor will review your financial planning to ensure you are on track. This will enable you to consider opportunities that may arise, such as: *"What if I retire 5 years early?"* or *"Could I spend an extra $15,000 a year for the next 10 years?"* or *"What if I died? What would happen to my family's bucket?"*

The purpose is to help you to confidently create a long-term spending (or saving) plan that will keep you on course so you can achieve the life you really want, without fear of running out of money - or dying with too much!

This is PROPER financial planning.

Chapter Nineteen

What's The One Thing Everybody Wants?

Over the last 10 years, both in the UK and overseas, I've presented to thousands of leading financial advisors via various workshops, seminars, webinars and conferences. These are designed for financial advisors who have the good sense to want to move their businesses towards a client-focused, life-centered, fee-based financial planning service. They are moving away from the commission-driven, product-focused sales-based approach which has resulted in financial advisors NOT being the most trusted professionals.

However, even when I ask a group of these cutting-edge financial advisors what they think their clients really want, I'm sometimes astounded by their replies.

I'm often told that what they 'think' clients want is *'a trusting relationship with their advisor'* - and they want their advisor *'to be well-qualified'* and *'to be experienced'*.

This is where I point out that surely these are not things that clients want. These are things clients EXPECT!

You expect your financial advisor to be well-qualified, don't you? You expect to be able to trust him or her. You expect to be given the right recommendations.

You don't say *"I always use this Doctor because he always gives me the right medicine."* You EXPECT to be given the right medicine! And that's how it should be with financial advisors.

The good news is the financial advice 'industry' is gradually moving towards being a better-qualified profession and over the next few years my hope is that many of the poorly-qualified, product-sales-based financial advisors will have left the industry. It's about time!

Anyway, with a few more hints, financial advisors eventually tell me what clients REALLY want. I'm then told it is: *'peace of mind', 'financial security'* and *'financial independence'*.

That's more like it, don't you think?

I'm guessing that's what you want: 'peace of mind' 'financial security' and 'financial independence'.

Or, is there something more important?

In fact, is there some 'thing' that is so incredibly important that it actually DETERMINES 'peace of mind', 'financial security' and 'financial independence'?

It’s something REALLY important. Let me tell you what it is.

But first, to help me make my point, I'd like to prove something to you.

Becoming financially independent is easy.

I can show you how you could become totally financially independent almost immediately. In the process, I can show you how you can also have total financial security AND total peace of mind.

Are you interested?

Are you up for it?

All you need to do is this …

FIVE STEPS TO FINANCIAL INDEPENDENCE

Step 1: Sell your car, or sell your house, assuming you have one.

Step 2: With the proceeds, get yourself a cheap flight to Kathmandu, Nepal.

Step 3: Take a short, cheap, internal flight out of Kathmandu to Lukla. You’ll enjoy the landing experience.

Step 4: Pop on your walking boots and head North. You’ll eventually come to a little village called Jorsalle, on the west side of the Dudh Kosi River, just south of Namche Bazaar, in the spectacular Khumbu region.

Step 5: Take a right turn. You'll now be off the beaten track. After another 30 minutes, you'll come to another little village. Your new home! Here you can buy yourself a little shack for next to nothing. What's more, with most of the sale value of your car or house still in the bank, you'll probably be the richest person in the village!

There you go. You're now sorted for the rest of your life!

You are now financially independent.

You may have to walk half a mile or more for your water, but you WILL be financially independent for the rest of your life! You will also have total financial security - and you'll also be in the perfect place to find real peace of mind!

See how easy achieving financial independence can be?

Ah, you say … *"What!? I have to walk half a mile for my water!? I'm not sure about that. And what about my car? I quite like my car, thank you very much. I don't want to go without that! And what about my golf club? And my high-tech music system? I can't listen to my favourite music on anything less than my top-of-the-line Bang & Olufsen!"*

So, all of a sudden, what was just easily achievable, now becomes a lot more difficult. The 'price tag' of financial independence has just gone up - because of just one thing: LIFESTYLE.

FACT: When it comes to planning your financial future, THE most important factor is the cost of your current and future desired lifestyle. That's what makes - or breaks - any financial plan. Yet it is the one factor most often overlooked, even by financial professionals.

Quite simply, a big lifestyle can mean a big problem, a little lifestyle can mean a little problem: a big lifestyle requires a big Number; a little lifestyle a smaller Number.

Think about it. Lifestyle is everything. It's what you live for. It's what you bust a gut for - day in, day out - to create a better life for you and your family.

Lifestyle: it's the way you choose to live your life - OR the way you choose NOT to live!

It's identifiable. It's what you do. It's about what you want to do.

It's also about what you DON'T want to do, and what you will pay to avoid doing those things. After all, that's why you have a private jet, right?

It's the cost of your vacations in the Maldives. It's the cost of your housekeeper or nanny. It's the cost of your gardener. It's the cost of your tennis court and swimming pool and their ongoing maintenance, it's the cost of privately educating little Jimmy and Jemima. It's the cost of your flying lessons and restoring your vintage Bentley.

I jest.

It could just be the cost of living a simple life, in Newcastle - or in Nepal.

The fact is, it's different for each of us. Only you know the cost of your lifestyle. And it's probably time you gave it some thought.

Be warned though! I'm not talking here about creating a budget. No way!

Budgets aren't fun. A budget is where you spend the same money this month as you did last month. That's no way to live.

No. I'm talking about you designing, creating - and keeping - a life worth living!

I'm talking about you getting a handle on the cost of your lifestyle so you can plan to maintain it, or make it better. You decide.

If you haven't got a clue how much you spend, then it's time for me to give you a shake!

Financial independence is being in such a position that if you work beyond a certain date, it's because you want to, not because you have to. It's about having sufficient resources to maintain your future desired lifestyle without risk of ever running out of money.

It's about having ENOUGH!

KEEPING your desired lifestyle and NOT running out of money is the key!

You see, anyone can have a great lifestyle temporarily. All you need is half a dozen credit cards. Or better still, just keep remortgaging your house every few years. That is exactly what a large chunk of the population has been doing over the years, helped, up until recently, by easy access to credit.

In fact, for many years it has been easier to take out a credit card and spend money that you haven't got than it is to put money aside for your future. To open a savings plan for your future you need to prove your identity, and follow strict money laundering rules! Not exactly a great way to encourage saving for your future. But a credit card, or that new mobile phone contract, it just takes a few clicks of your mouse!

The trouble with the easy credit culture that so many people have become accustomed to, is that it creates a situation where many people can't afford the lifestyle they have now - while they are still working. What will happen when they stop work and the money stops coming in? Some people are just going to have to get used to living on less. A lot less!

Just make sure it's not you!

Don't think of me as shallow. I'm not suggesting for one minute that your lifestyle and how much you spend is the most important thing in life. No way. But when it comes to successfully planning your financial future it definitely is THE most important thing. Period.

I once heard it said that "*Money isn't the most important thing in the world, but it's high on the list, right up there with oxygen!*"

The fact is, with it you can do a lot. Without it, you're doomed!

What's important is getting enough of it to satisfy your needs. And that's where the problem starts.

What are your REAL needs? What do you REALLY want?

Starting to think about your lifestyle, and the cost of maintaining it, can be an eye opener to something much deeper.

Remember, I'm not talking here about you having more, more, more. Not at all.

I'm talking about LIVING BIG and LIVING RICH.

Living BIG and living RICH can often be about you NOT having more, more, more. It can be about you having less, less, less! It can be about you quitting your $500,000 a year job in the city - a job that perhaps no longer fulfils you - to go and live on an acreage in the country, earning very little - but being really happy and fulfilled doing what you love. That's living rich.

You live big by following your heart, by following your passion. Living big can mean devoting your life to breeding a brand new type of rose or teaching yoga.

The question is, what do you want your financial future to look like? In particular your desired lifestyle. Only you can answer that.

"But I don't know what I want."

One of the most common things new clients have said to me in my years as a Lifestyle Financial Planner is this:
"The trouble is Paul, I don't really know what I want - so how can I plan my future?"

My answer to that is simple. You might not know what you want, few people do - and that's OK. But I'll bet that you do know what you DON'T want! And what you don't want is probably *'anything less than what you have right now'*. Am I right?

Therefore, the starting point in creating any financial plan is to identify what you have now, in other words your current lifestyle.

This becomes the starting point for planning the rest of your life and achieving financial independence. You can then plan to adjust your lifestyle costs (perhaps in later life) by choice, rather than by being forced to make those changes.

The way you do this is by coming to grips with what your current lifestyle looks like and how much it costs you. A good Lifestyle Financial Planner will help you do this. This can then help you identify the cost of various stages of your life, to see how it might change, possibly uncovering opportunities you didn't know were there.

Planning your financial future successfully is all about waking up right now to the cost of the life you have. It's about comparing that to the life you want and the life you don't want - and understanding the cost of each.

Chapter Twenty

A Special Word to Small Business Owners…

If you run your own small business, either as the sole owner, or as a partner or co-owner, you have an incredible opportunity that must be maximized.

You have an asset that could help you accumulate ENOUGH!

But first, let me ask you a question….

Have you ever bought a ticket from British Airways?

Have you ever looked really closely at it?

Next time you buy a ticket, I want you to look really closely at it. Really, really closely.

In particular, look in the bottom right-hand corner.

If you look really closely, with your best reading glasses on - or preferably with a magnifying glass - you will see something hugely important….

Hidden, almost in the fibres of that paper ticket (even if you printed it online) you'll see, in the smallest print imaginable, built into the ticket, these words….

"Ticket price includes the cost of retirement of Pilot and Cabin Crew"

It's all built into the ticket!

What I'm getting at here is British Airways has incorporated into the price of their tickets the cost of providing for the retirement of their key staff.

The question for you, as a small business owner, is have you built into the price of your 'tickets' the cost of YOUR future? (Remember, your 'tickets' are your widgets, your products, or your service.)

British Airways has - so why haven't you?

In my 25 years' experience, I've found that many business owners build into the price of their tickets/widgets/service the cost of their staff, their premises, their heating, lighting, stationery, and toilet rolls, but most fail to build into their prices the cost of their own future!

What about YOU?

Your future is an overhead! Probably one of the most important overheads you have. It's easy to forget it. But it MUST be built into the price of what you sell. No one else is going to do it for you.

This is where your Lifestyle Financial Planner comes in. They can help you to make sense of it all. They will help you work out 'How much is ENOUGH?'. They'll also help you utilize your business to accumulate money each year in the most tax efficient ways possible.

Here's the key: start making your future an important overhead in your business. You owe it to yourself.

Here are a few more mistakes business owners or anyone thinking of starting a business need to avoid.

Relying on a Business Sale

Many business owners factor into their financial future the possible sale of their business. The first question you need to ask yourself though is: *"Is my business a 'saleable business', or an 'owner-dependent' business?"*

A 'saleable' business is a business that functions superbly without depending on the day-to-day, week-to-week, month-to-month input of the owner. The owners are mere shareholders in the 'corporate entity' that delivers the results of the business.

If you are a business owner there is an easy way to find out whether you have one of these businesses. Just ask yourself this question: *"If I take 6 to 12 months off to go sailing (or whatever) will my business still exist when I get back?"*

If your honest answer to this question is yes, (assuming you haven't been running the business remotely via satellite phone!) then chances are you have a very 'saleable' business - the business doesn't depend on you.

But if your answer is no, then think again.

If you do have a saleable business (or you can definitely make the changes necessary to turn your business into a saleable business) then an allowance for the realistic sale proceeds of your business can be made as a future inflow into your bucket. Your financial advisor should be able to help you decide on a realistic valuation for your business. My advice is to always err on the side of caution: it's your future we're talking about! Do not overvalue your business or expect to receive that exact amount on the exact day that you need it. It rarely works out like that. Moreover, don't forget to allow for tax!

Always remember, that until such time as you physically sell your business, if you include it in your financial planning - if you believe that one day that money is going to come into your bucket - then you are planning to be financially DEPENDENT on that business.

Personally, I'd rather help people to plan to be financially independent - WITHOUT relying on the future sale of a business. That's because businesses and business sectors have a nasty habit of suffering from changing fortunes over time.

Look around your own local area at the successful businesses that once were! In the UK, what about those local, friendly DIY stores - completely wiped out by B&Q. Or those high street book and record shops whose death was Amazon and Spotify. Wherever you live in the world, it's easy to see examples of businesses that got wiped out.

Remember too, nothing undervalues a business (or any asset) more than the owners' keenness to sell!

You see, if you can plan on being truly financially independent (i.e., without being reliant on the future sale of your business) you can then become detached from the outcome.

Something amazing then happens. This will result in a higher sale value, even though you don't really need it! More importantly, it will result in less stress for you and your family. Hey, that money from the sale of your business, it just becomes icing on the cake, you can buy a bigger boat!

The 'owner-dependent' business, as you've probably guessed, is a business which continues to exist only because of the sheer constant physical, mental, and emotional input of the owner. Michael Gerber in his book *'The E-Myth Revisited - Why Most Small Businesses Don't Work and What to Do About It',* refers to these business owners not as entrepreneurs, but as technicians. They are technicians who once suffered from an entrepreneurial seizure which resulted in them starting their own business. It goes like this: One day they were working for somebody else, and the day comes when they think *"Why am I working for this idiot when I could work for myself and then make ALL the money?"*

So, they quit their job and start their own business. They then find themselves working for an even bigger idiot … themselves!

Now they're doing all the technical work they used to do, plus all the other work, the accounting, marketing, HR, recruitment, managing the business, etcetera, etcetera. For many people the business takes over their life, they're busy just getting caught up in 'doing it, doing it, doing it' with the result that they have no life!

The chances of selling this type of business is slim. Why? Because any new owner needs to replace you (and the multiple roles you fill) and that will cost money. Alternatively, you might sell it, but the deal requires that you end up working for the new owner for three or more years. That's not so good! You'll possibly be no better off than if you kept it - and kept the future profits.

The point here is simple, for many people their business is their greatest asset, and so it should be. But it needs to work WITHOUT you, not because of you. It needs to work without you, the owner, doing the work. You need to work ON it, not in it. Only then can you truly build it to sell it.

Again, when you understand your Number, i.e., 'How much is ENOUGH?', you can start to engineer your business so it one day gives you freedom from the business. The book *'The E-Myth - Why Most Small Businesses Don't Work and What to Do About It',* by Michael Gerber, is a good starting point for great advice about building a business that you can sell.

When you are crafting your financial plan with your financial advisor, just be conservative about how much you expect your business to be worth in the future. Remember, if you sell it for more than you expect, it will be a bonus.

Accountants! Another big mistake small business owners make…

Over the years I've been amazed at how many small business owners fail to fully engage the services of someone they are already paying… their accountant!

Many business owners use their accountant primarily to look backwards, at what's already happened. Auditing, bookkeeping, payroll, tax work, etc. is all they really use them for. And that's understandable.

However, they're missing an opportunity!

If you've got a business, then your accountant - working alongside your Lifestyle Financial Planner - can be your greatest resource.

Here's why…

As we've discussed, your Lifestyle Financial Planner is forward-looking. They will help you think about the life you want, the life you don't want, and the cost of each. They'll help you create a workable financial plan to help you get and keep the life you want. They'll help you calculate 'How much is ENOUGH?' i.e., your Number!

And, as we've seen already, used properly, your business can give you your Number!

This is where your accountant comes in. Working with your Lifestyle Financial Planner they can help you engineer your business to give you your Number!

Between them, the two professionals can help you make your business sing and dance. They can help you understand what it needs to look like, operate like, smell like, taste like - so you have every chance of building your business so one day you can sell it. And, if you can't or don't want to sell it, between them, they'll help you accumulate all the money you need - your ENOUGH - in the most tax-efficient way possible via your business.

Remember, your business is your 'vehicle'. Its purpose is simple: to help you get to your ultimate destination - ideally with you and your family enjoying the trip along the way!

The starting point is knowing: 'Where do you want to get to?' That's where your Lifestyle Financial Planner comes in.

The second is: 'How are you going to get there?'

When it comes to your business, your accountant might just have the answer.

Chapter Twenty-One

A Word About Investing

If you're planning your financial future, there will obviously be times when you need to invest some money.

If you already have a portfolio of investments, whether inside your bucket or inside your pension plans, you'll need to make sure these are working for you, not against you. They need to be supporting your bucket!

Here's where you can relax. A great financial advisor practicing Lifestyle Financial Planning will take the headache out of this process for you. They should make investing as simple, painless, low-cost - and low-risk - as possible. They will help you keep things simple and avoid the excessive costs of the financial services industry.

Remember, the 'Industry' likes making things complicated. Very complicated. It just loves coming up with a constant flow of shiny new funds that it can sell to unwary investors. This powers the Industry 'money-go-round'.

The Industry then spends billions each year promoting their sexy new funds - again aided by the financial porn that supports it.

This is where a good financial advisor practising Lifestyle Financial Planning, adopting the principles in this book, will help you to cut out the excessive cost of the Industry. They will identify if you are paying unnecessary fees on existing arrangements. In some cases, the savings you will make from adjusting previous bad or expensive investments could actually be substantial sums of money.

The purpose of this brief chapter is NOT to educate you about the various investment possibilities or types of investments. That's not the purpose of this book. It is to draw your attention to the 'Industry Illusion' and to remind you that your money in your bucket, is precious. So, make sure you don't lose too much of it in high fees and unnecessary investment costs - or by taking too much risk! This is where a good financial advisor will help you align your investments with the requirements of your financial plan.

I repeat… investing your money for your future should be as simple, painless, low-cost - and low-risk - as possible. Don't let the Industry, or any financial advisor, tell you otherwise.

Chapter Twenty-Two

Risk and Investments

Even if you have already decided to let a professional Lifestyle Financial Planner assist you with your investments, it is important to understand a few basic facts about how risk and investments work. You have probably already been subliminally affected by the marketing of the financial services industry, and it might be useful for me to help bring some clarity to this area.

KEY FACT: Millions of investors take far more risk than they need to take.

That is why, in recent years, millions of people have collectively lost billions of dollars in poor-performing and risky investments. For a number of reasons, they had their money in all the wrong places - and it's still going on.

Throughout the world, financial regulators, bodies set up to protect investors, may be unwittingly leading financial advisors, investment providers and their clients astray!

THE PROBLEM

The root cause of this problem is that the financial services industry relies far too much on 'risk profiling' as a method of recommending an investment solution to clients.

It goes like this …

Before selling you a financial product or investment, financial advisors are supposed to ask you a series of questions to identify your 'risk profile', also known as your 'attitude to risk' or 'appetite for risk'.

This is rather like sticking pins in you to find out how much pain you can take. In other words, they identify your 'pain threshold'.

Many financial advisors then simply recommend a product or investment to match your risk profile. In other words, they sell you a product or investment **designed** to give you that amount of pain - to keep you at or close to your pain threshold.

That's why many people could now be suffering that pain as they find themselves sitting on severe losses. They may have been advised to take risks they didn't need to take.

Has this happened to you?

It's not a good way to get financial peace of mind, is it? Particularly in today's volatile investment markets.

I believe it's completely wrong.

The Crucial Step That Most Investors (and Financial Advisors) Fail to Take

The starting point in any investment decision must always be: where are you now and where are you trying to get to? This is the crucial step that gives meaning to any investment decision. But, sadly, it's the step that most investors - and those providing investment advice - fail to take.

In order to get to the right position, investors must first fully understand what they are trying to achieve. In other words, identify just how important their need for investment return is in the first place. Then, if it is important, the big question is, what rate of return do you need? This can then determine the amount of risk, if any, you need to take.

The only real way to achieve this is through crunching the numbers to identify what's likely to happen to your bucket, using conservative, prudent assumptions. You have to begin with the end in mind. This is where having the right financial advisor is crucial.

For example, perhaps like many people, your goal is to ensure that you can live the life you want without ever running out of money - a worthy objective!

What if you found out - through Lifestyle Financial Planning - that this could be achieved with a real rate of return on your invested capital of just 2% per year? Why would you then risk your future by chasing higher returns? Why not just create a low-cost, low-risk, well-diversified, tax-efficient portfolio designed to give you what you want: financial security and peace of mind?

What if, after allowing for all of your financial needs and all your expenditure requirements projected into the future, you discovered that you were never, ever going to run out of money? What if you found you could achieve ALL of your financial objectives WITHOUT taking any risk with your investments whatsoever? If that was the case, why on earth would you want to take any risk in the first place?

Conversely, if you found out that in order to achieve your objectives you needed a higher return - which required more risk - then you can decide to either take that risk, or possibly revise your objectives - for example, spend less in retirement, etc.

Remember, those in the investment industry want you to take risk. Otherwise, how are they going to get their hands on your money?

When you know what your financial future looks like, you start to understand what level of return you really need to achieve. Then, and only then should you assess your position relating to risk. Most people, and most financial advisors, get this the WRONG way around.

It's 'not knowing' that causes people to invest with no rhyme or reason. The result being, they invest in things they don't actually need that then do things they don't expect. It's a major cause of financial stress in retirement and it costs investors dearly. A good financial advisor, practicing client-focused, life-centered Lifestyle Financial Planning will help you to avoid this mistake.

The Man Who Liked Financial Porn

I used to have a client who would constantly give me grief. We had crunched his numbers and on really conservative assumptions he had more than enough money for the rest of his life. He was definitely a 'Got Too Much' - his bucket was NEVER going to run out!

Accordingly, we advised him to invest his money in a very conservative, low-cost portfolio with very low risk. We mutually agreed that the long-term objective of his financial plan was to ensure that he and his wife could continue to live a good life without ever having to worry about ever running out of money.

When it came to investments, he was a perfect example of someone who didn't need 'performance'. He needed prudence and the peace of mind that comes with it. He needed a low but consistent return on his money with maximum peace of mind. The daily fluctuations and volatility of the stock market should never be of concern to him.

But, after a few years, he found all this just a little boring. He kept seeing articles in newspapers, often written by unqualified financial journalists punting some advertiser's new fund. He kept hearing about his pals at the golf club who were always keen to tell him about their recent investment successes and their recent big wins. (They never told him about their losses!)

So, he told me that he had decided he wanted a better return. He wanted to take more risk. I disagreed.

Against my advice, he transferred a large chunk of his portfolio to a schmoozing 'Wealth Manager' from the Private Banking division of his bank.

This 'Wealth Manager' was only too keen to give him some excitement - obviously in return for the extravagant 'management fees' they would be raking off his money.

To this day I don't know why I didn't fire him as a client then and there. But I continued to look after the rest of his money, sticking to the original plan.

What happened to his money with the 'Wealth Manager'?

At first, he did OK. But then the markets dived - as they always do, sooner or later. He became increasingly stressed. He'd go on vacation with his wife, but she'd tell me that he'd be irritated and constantly distracted. His mind was always somewhere else. His backside may have been on that deckchair, but his head certainly wasn't!

You see, instead of enjoying these precious moments with his wife on the beach, his head was stuck in the financial porn and he'd be worrying about the stock market! That's no way to have fun.

He then did what many people do. He panicked. He instructed his 'Wealth Manager' to sell everything and go fully into cash until things settled down. (i.e., sell low). 6 months later, when the markets had gone back up, he instructed them to reinvest (i.e., buy high).

That, my friend, is not how you ‘manage wealth’. That is how you devastate wealth!

It’s a sad fact, but millions of people stress over their money when they needn’t. This is stimulated by the ‘financial porn’ (the consumer financial press) who want you to be frustrated with your money.

Financial journalists want you to be looking for the ‘next new thing’. They want you to be unhappy with your returns. They want you to be searching for a better investment. Why? So they can keep advertising more of that stuff to you! All the while raking in millions in advertising revenue.

So, here's the key. Once you know your Number; once you know ‘How much is ENOUGH?’, once you realize what's going to happen to your bucket, you can make smarter investment decisions.

This is where a Lifestyle Financial Planner comes in. They can provide you with clarity and real peace of mind. They will endeavour to help you de-risk, and avoid paying excessive - and mostly unnecessary - investment costs. All of which is a no brainer.

Chapter Twenty-Three

Finding the Right Advisor

You should now understand the clear benefit of working with a well-qualified financial advisor who practices Lifestyle Financial Planning and whose main focus is understanding you and what you are trying to achieve and then helping you to identify, achieve and maintain your desired lifestyle following the principles outlined in this book. They should also charge transparent fees for their service.

The fee-based system helps to ensure that your chosen professional will not focus on the sale of financial products. Instead, they will focus on providing meaningful financial planning advice that revolves around you and what you are trying to achieve.

As you know already, the Lifestyle Financial Planning process is designed to help you see what your financial future looks like. This service will simplify your financial life by helping you make sense of your money.

Hopefully, reading this book has already helped illustrate that when you know where you're heading you can make smarter decisions about money.

Only then, when you and your financial advisor truly know what is necessary, should any financial products or investments be transacted: i.e., for the RIGHT reasons. These products should simply be the 'tools' to enable you to achieve the objectives of your financial plan, ideally at the lowest level of cost and - more importantly - the lowest level of risk.

Remember, until a financial advisor fully understands you and what you are trying to achieve - and only when they have helped you understand where you are heading financially - until then, they have NO right to sell you any financial product or tell you what to do with your money. Period.

So how can you benefit from choosing a Financial Advisor who delivers proper, life-centered, Lifestyle Financial Planning?

Professional financial planning advice is not cheap. But without doubt, any fees payable for comprehensive financial planning advice that truly revolves around you and your needs will probably be minuscule compared to the benefits received.

One question to keep in mind when thinking about your financial advisor (if you have one already) is, are they more interested in YOU or your money? If you already have an existing financial advisor and all they talk about or focus on is investments and financial products, (and trying to sell or recommend to you more of the same) then it might be time to change your financial advisor! They might be missing the point completely!

Proper Lifestyle Financial Planners deliver a service which is more focused on YOU than on your money. After all, money is there to serve your life, not the other way around. Life first. Money second. It's a LIFE-centered approach that provides far more meaningful advice, rather than the old fashioned untrusted money-focused approach.

Most important of all, a proper Lifestyle Financial Planner will help you to understand what's going to happen to your bucket. They will help you to think about the life you want - and the life you don't want. In other words, they help you to identify, achieve, and maintain your desired lifestyle - helping ensure that you can live the life you want without running out of money - or dying with too much! They will, of course, also help you manage your investments, take care of your money and save you tax, but - unlike many financial advisors - they don't focus their work around selling you financial products or constantly rearranging your investments in order to justify their existence.

Quite simply they work on your behalf NOT on behalf of the 'Industry'. In fact, they regard financial products (pensions, investments, etc.) as simply 'tools in their bag'. Nothing to get excited about. Just something to be used - IF and when necessary - to get the job done.

Remember, if they are delivering proper financial planning, they will focus more on YOU than on your money.

Key Points

The financial planning process is about making long-term strategic decisions. So, remember, you need a trusted financial advisor - not a product salesperson.

Don't use a financial advisor who can't explain things easily to you. You cannot simply delegate your financial planning; you must understand what your financial advisor is doing on your behalf. If they use jargon that you do not understand, or make it all sound complicated, then find a different financial advisor! Find someone who can explain it to you, so that you are part of the process. This is one of your best protections against poor advice. They should encourage you to take ownership of your financial plan.

Lastly, don't use a firm just because it is local. Thanks to technology, after the initial relationship is established, most people only need one detailed face-to-face meeting a year. Even this can be done over Zoom or Skype! If it means taking a day off and travelling once a year to meet with the right professional for you, then invest the time to do this. It will be well worth it.

Remember, when you meet with a financial advisor or planner, if they appear more interested in your money than they are in you, then it's time to run a mile.

The best advice?

I mentioned earlier that I had dedicated a good portion of my career to developing a training course to share the methods and ideals of my business model. As a result of this, there is now a growing community of highly-qualified financial advisors who have embraced the best principles of proper Lifestyle Financial Planning, as outlined in this book. Most of them are Certified Financial Planners - the highest level of qualification in the financial planning profession in Canada.

In fact, you may be reading this book because it has been given to you by a member of this community.

Some members concentrate on specific vocations. There are financial advisors practicing Lifestyle Financial Planning, who work only with doctors, dentists, or lawyers, for example, and therefore understand in great depth the specific demands on that specific profession.

Most financial planning practices, however, help clients from all backgrounds. There is now a good coverage of professional financial advisors practicing Lifestyle Financial Planning across Great Britain, Europe, USA, Canada, and worldwide.

As I explained earlier, it is my belief that everyone will benefit from knowing about their Number, from seeing what their bucket actually looks like, and by knowing 'How much is ENOUGH?'. Not all financial advisors know how to do this, but a PROPER one does. They'll help you understand your bucket. They'll help you improve the efficiency of what's inside and what's outside your bucket.

Wherever possible, they'll be able to help you make your money work harder now and in the future. They'll analyse the various inflows into your bucket and the tax efficiency of each and how this could be made better. And, of course, they'll help you analyse your expenditure requirements throughout life - to help you create a 'life well lived'. They'll help you take care of your financial future, providing you with more clarity and more peace of mind.

Remember: **Life is not a rehearsal!** - your financial prosperity should not be left to chance.

Case Study Six

This Case Study Is Quite Upsetting

I think the following story is really sad. It's a cautionary tale about what constitutes 'good advice'. It might explain my ongoing, often outspoken, frustration with the financial services 'Industry'. In particular, it might explain my criticism of financial advisors who completely miss the point when they fail to answer their clients' BIGGEST questions.

I hate going to funerals. I'll never forget that sad moment when I held the hand of Margaret, a newly-widowed client. With tears in our eyes, we looked down into her husband's grave. It still grieves me to this day. There will always be a part of me that wonders if life could have been altogether different for them both.

John, her husband, had already been diagnosed with a terminal illness when they were referred to me by one of their closest friends, a client of mine. It was clear that John's main priority was to know that Margaret was going to be financially secure after he died.

In our first meeting, I soon discovered how, in my view, John and Margaret had been badly let down by their previous financial advisor - a highly-qualified 'Financial Planner'. This 'Financial Planner' wasn't really a 'Financial Planner' and had completely failed to identify their REAL needs.

At our meeting they passed me a report containing his recommendations from several years earlier. As I glanced through the report I could see that this 'Financial Planner' had obviously spent hours researching funds; he'd made recommendations that matched their risk profile perfectly, he'd produced a beautiful report to document his recommendations - and he'd then gone ahead and invested John and Margaret's money into various investment accounts. He had done all of this professionally and in a timely fashion.

"So, where's the problem?"

Here's what he DIDN'T do…

All the 'Financial Planner' had done was satisfy John and Margaret's immediate need - for an investment account. Regardless of his job title, and his 'financial planning' qualifications, he hadn't done any financial planning.

Sadly, because he had asked all the wrong questions, he did not get to know what John and Margaret REALLY wanted. He arranged their investment account, but he failed to identify something really important: that both John and Margaret were, at that point, both stressed out working in a job they no longer enjoyed.

He was only interested in the money that was available to invest. He wasn't particularly interested in John and Margaret!

So, he hadn't asked the right questions. He hadn't bothered to find out about their goals and objectives, about their doubts and fears, worries and concerns.

He didn't find out what John and Margaret wanted out of life. He didn't identify the cost of their current and DESIRED lifestyle, he didn't crunch any numbers, and he didn't create a meaningful financial plan. In short, he hadn't shown John and Margaret what was going to happen to their bucket!

He failed to identify that, at that time, John and Margaret could have retired immediately and lived life to the fullest - without ever running out of money. They could have both left the jobs they hated and instead started having fun!

John and Margaret were *'Just Right'*. They already had enough money for the rest of their life - **but the problem was - like so many people - they didn't know that!**

Worse though, the 'Financial Planner' hadn't bothered to find out. Quite simply, he'd failed to tell his clients 'The Truth About Money'.

Sadly, 3 years later, John - still stressed and working full-time in a job he hated - found out he had a brain tumour … and just 6 months to live.

Tragically, if John had met with a Lifestyle Financial Planner, rather than just settle for traditional product-focused 'advice', he may have decided upon early retirement … he could have avoided the stresses and strains that came with his job - and this story may have had a much happier ending.

At the time, both John and Margaret regarded the service they received from the 'Financial Planner' as acceptable, in fact, they were happy with the advice they received. After all, they knew no different. Their 'Financial Planner' had broken no rules, he had facilitated the purchase of a product that he had assumed his client very much wanted. Unfortunately, he failed to realize the importance of helping his clients understand their bucket. Had he done so, John's life might have changed fundamentally.

I believe the 'Financial Planner' concerned seriously failed his client. What do you think?

Personally, I believe it is every financial advisor's job to tell clients what I call 'The Truth About Money': to help them understand what's going to happen to their bucket.

Until that's done, whether they call themselves a Financial Planner, Financial Advisor or Wealth Manager, in my view, they have no right to sell you any form of financial product or tell you what to do with your money.

So, if you are need financial advice, make sure the professional you choose focuses on you and on what you want. Make sure they help you understand what's going to happen to your bucket BEFORE they talk to you about moving your money around or selling you new products or investments.

Chapter Twenty-Four

What's Most Important to You?

Thinking about your life and your money can uncover some deeper issues.

The following questions can get you thinking about what's really most important. If you're in a relationship, it's a good idea to think about and answer these questions separately, and then discuss the answers together.

To help clients discover the deeper values in their lives, George Kinder, founder of the Kinder Institute of Life Planning poses three questions:

1. Imagine you are financially secure, that you have enough money to take care of your needs, now and in the future. How would you live your life? Would you change anything? Let yourself go. Don't hold back on your dreams. Describe a life that is complete and richly yours.

2. Now imagine that you visit your doctor, who tells you that you have only 5-10 years to live. You won't ever feel sick, but you will have no notice of the moment of your death. What will you do in the time you have remaining? Will you change your life and how will you do it? (Note that this question does not assume unlimited funds.)

3. Finally, imagine that your doctor shocks you with the news that you only have 24 hours to live. Notice what feelings arise as you confront your very real mortality. Ask yourself: What did you miss? Who did you not get to be? What did you not get to do?

Kinder says that answering the first question is easy. There are lots of things we'd do if money were no object. But as the questions progress, there's a sort of funnel. They become more difficult to answer, and there are fewer possible responses. Your highest truth comes from answering the third question.

Now some people ask, *"What does this have to do with money?"*

It has everything to do with money. When you understand what you want to do with your life, you can make financial choices that reflect your values.

So many of us are trapped in a world we hadn't quite planned for. But we can change it. These three questions can help you get to the bottom of what you really want, and start on the path of designing the life you really want.

Remember, there will come a time in everybody's life when they need to ask themselves three questions:

"Did I live?"

"Did I love?"

"Did I matter?"

I think the following piece sums it all up quite nicely. It was written by an 85-year-old who learned that they had just a few days to live…

"If I had my life to live over again, I'd try to make more mistakes next time. I wouldn't be so perfect. I would relax more.

I'd limber up. I'd be sillier than I've been on this trip.
In fact, I know very few things that I would take seriously.
I'd be crazier. I'd be less hygienic.

I'd take more chances, I'd take more trips,
I'd climb more mountains,
I'd swim more rivers; I'd go more places I've never been to.
I'd eat more ice cream and fewer beans.

I'd have more actual troubles and fewer imaginary ones!

You see, I was one of those people who lived prophylactically and sensibly hour after hour, day after day, year after year.

Oh, I've had my moments, and if I had it to do over again,
I'd have more of those moments – moment by moment by moment.

I've been one of those people who never went anywhere without a thermometer, a hot water bottle, a raincoat and a parachute.

If I had it to do all over again, I'd travel lighter next time.

If I had it to do all over again, I'd start out earlier in the spring and stay away later in the fall. I'd ride more merry-go-rounds, I'd watch more sunrises, I'd play with more children…

If I had my life to live all over again…

But you see, I don't!"

Isn't this a beautiful reminder? We only have so long on this beautiful planet.

We have to make the most of it.

IN A NUTSHELL

Whatever your circumstances, no matter how much or how little money you have, understanding your money and what's going to happen to your bucket, enables you to take control and live life more fully.

Wow! What A Ride!

Knowing what's going to happen to your bucket - 'How much is ENOUGH?' - is the best way to achieve financial security and financial peace of mind. It's also the best way of ensuring that you live the life you want.

I often remind myself of a quote by Hunter S. Thompson who said:

"Life should NOT be a journey to the grave with the intention of arriving safely in a pretty and well preserved body, but rather to skid in broadside, in a cloud of smoke, thoroughly used up, totally worn out, and loudly proclaiming "Wow! What a Ride!"

Remember how I mentioned earlier about lying on your deathbed with a mischievous grin on your face, while you giggle to yourself: *"That was so much fun!"*

Now is the time to start making this a real possibility!

We only get one life. Let's live it!

Chapter Twenty Five

Going to The Gym!

Now that you are close to finishing this book, I really hope that you have taken these key elements away with you:

- You need to know ‘How much is ENOUGH?’! For you.

- It's crazy to live this precious life worrying about money. Don't.

- Financial planning is all about ‘knowing your bucket’ and what's going to happen to it based on prudent assumptions.

- It's easier than you think to achieve financial independence. You might be there already. You need to know.

- If you're not there already, simple changes can make a big difference.

- The driver behind your bucket is your lifestyle.

- Big lifestyle = big Number required. Little lifestyle = little Number required.

- An 'awareness' of your bucket in your day-to-day helps you make smarter decisions about spending.

- **Life is not a rehearsal.** Enjoy life while you can.

- Life's too short to spend it doing something that does not make you happy. Change it.

- The starting point to living an extraordinary life is to refuse to live an ordinary one.

- It's no crime to be a 'Not Enough'. It is a crime to ignore it.

- Understanding what's going to happen to your bucket is important - a Lifestyle Financial Planner will show you how.

I hope that this book will motivate you to want to take the first steps to securing your future. I genuinely believe that your life will be improved through Lifestyle Financial Planning.

But here's something you MUST remember…

It's a fact! You can't go to the gym once and then be fit for the rest of your life. You have to keep going. Well, it's exactly the same with financial planning! It's an ongoing process. You have to do it on an ongoing basis, year after year after year.

Understanding your bucket and getting some clarity about where you are heading can give you a fantastic advantage, BUT you have to keep it under review. A 'One-Off financial plan' won't work. Period.

Here's the thing: a client of mine, the airline pilot I mentioned earlier, confirmed to me that an airplane, taking off from London Heathrow bound for New York, is actually off course around 95% of the time. Countless factors combine to constantly knock the airplane off course. The only reason it ends up in New York and not Zimbabwe is the auto pilot! The onboard navigation systems constantly correct course, pulling the airplane back on track - so it finally gets to its destination.

It's the same with financial planning. It's an ongoing process. Things change - a lot! You have to keep on top of it. Like the airplane, you have to constantly correct course - and that's easy when you have GPS.

Think of your Lifestyle Financial Planner as your 'FPS' - your Financial Positioning System - keeping you on track to achieve your goals. Over time, making little tweaks here and little tweaks there. Then . . . as you get closer to your target . . . the easier it will be to hit.

Don't forget! The 'bucket' can be fun. Just a little awareness in your day-to-day thinking about your choices and actions - and their effect on your bucket - can help you to stop wasting money so you build up your bucket.

Of course, if you're a 'Just Right' or a 'Got Too Much', Lifestyle Financial Planning will help you to see golden opportunities to enjoy your money and have some fun - because **life is not a rehearsal!** There! I said it again!

I hope this book has helped you to think differently about your money and your future. I also hope that you will feel confident about seeking help from a Lifestyle Financial Planner to help you crunch YOUR numbers and get the clarity and peace of mind you deserve about your future.

I've hopefully shown that financial planning needn't be boring. It can be inspiring, and it should be fun.

Working with a good Lifestyle Financial Planner will keep you on your toes and make sure you live life to the fullest - enjoying your money!

Remember, one life.

Live it!

About the Author

Paul Armson has been a financial advisor since 1982. He started delivering 'Lifestyle' Financial Planning to *WOW* his clients in 1990 and built a small fee-based financial planning practice, primarily focusing on small business owners and retirees.

After the sudden death of his Mom he vowed to make *'Life's Not A Rehearsal'* his mantra and live life accordingly. He semi-retired at the age of 45 to start sailing his yacht *'Spellbound'* around the world with his soulmate, Lynn.

For the last ten years, when he hasn't been sailing, he's been helping other financial advisors successfully transition to a Lifestyle Financial Planning model.

Paul launched 'Inspiring Advisers' in the UK in 2013 - an online training programme designed to help more financial advisors successfully adopt a Lifestyle Financial Planning approach. It is now a fast-growing community of Lifestyle Financial Planners from the UK and around the globe.

Frustrated with the vested interests of the financial services industry he now believes it's time to start telling consumers what he calls 'The Truth About Money'.

Paul is a sought after speaker and speaks regularly in the UK and overseas. He is passionate about changing the lives of clients and financial advisors lives through the successful delivery of PROPER Financial Planning.

How much money do you need for the rest of your life?

Research shows the majority of people have no idea how much money they really need for the rest of their life. They may have income, assets and investments but no idea what it all means, or what sort of financial future awaits.

So, if you feel like this, you're not alone! The big question is: are you going to run out of money? Or die with TOO MUCH?!

What we all need to know is how much is 'ENOUGH?'

Having an insight into how much you actually need can be enlightening. It can put you in control. Knowing how much is ENOUGH will give you the freedom to live your life smarter. After all, life is not a rehearsal; it needs to be lived to the max.

Paul introduces you to the concept of Lifestyle Financial Planning: a way to help you find this freedom. Using simple step by step instructions this book will guide you through the process of developing your own financial plan and working out 'how much is ENOUGH' ... for YOU.

Written in an inspiring, simple, non jargon style, this book is easy to read from cover to cover and, by the end of it, you might know more about good financial planning than many financial advisers.

Paul Armson became a Financial Adviser in 1982. Since 2006, he's been working tirelessly to help build a genuine Financial Planning profession in the UK and overseas by helping Financial Advisers deliver a more meaningful service to their clients with 'Lifestyle Financial Planning'. Increasingly frustrated with the self-serving, vested interests of the Financial Services Industry, he now believes it's time to start telling consumers the truth about money.

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