

# SIMPLE MONEY JOURNAL

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## PART 1: PLANNING FOR LIFE

*Personal finance is more personal than it is finance.*

### CHAPTER 1: ENOUGH

Redeeming Wealth

#### *Defining True Wealth*

*(Courtesy of Money Quotient)*

1. How do you define success in your working life?

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2. How do you define success in your family (or home) life?

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3. How do you define success in your financial life?

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4. What do you need to be content?

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5. How do you hope to be remembered someday?

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## ***Top 10 Money Scripts***

*(Courtesy of Kahler/Klontz)*

Here are the top 10 Money Scripts:

- “Money is good.”
- “Money is bad.”
- “I don’t deserve money.”
- “I deserve to spend money.”
- “There will never be enough money.”
- “There will always be enough money.”
- “Money is unimportant.”
- “Money will give my life meaning.”
- “It’s not nice (or necessary) to talk about money.”
- “If I’m good, the universe will supply all my material needs.”

***Do you recognize any of your Money Scripts in this list?***

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## ***Rewriting Money Scripts***

1. Is the Money Script true?
2. Can you *absolutely* know it is true?
3. What happens when you believe the Money Script? (Who are you when you think that? How do you react?)
4. What or who would you be without the Money Script?

*Now, rewrite your Money Scripts:*

Money Script #1: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #2: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #3: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #4: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #5: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #6: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

Money Script #7: \_\_\_\_\_

*Rewritten:* \_\_\_\_\_

***What INSIGHTS and ACTIONS did you take from Chapter 1?***

| INSIGHTS | ACTIONS |
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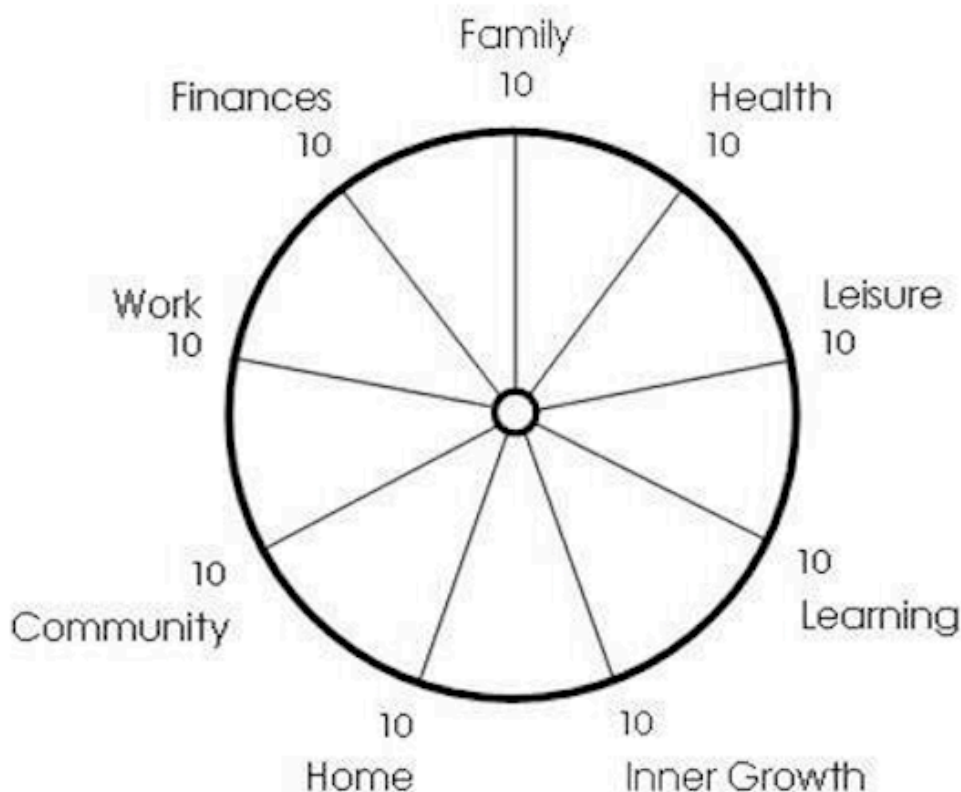
## CHAPTER 2: VALUES

### Three Questions to Guide You

#### *Wheel of Life*

*(Courtesy of Money Quotient)*

The Wheel of Life instructions are, dare I say, simple. You rate your satisfaction of each area of life between 0 and 10. Zero is the worst, represented as the center of the wheel, and 10 is the best, at the end of each spoke. After you plot your satisfaction for each facet of life, then connect the dots to behold the size and shape of your wheel. Go ahead, give it a try!



*Now, what reflections do you have from completing the Wheel of Life?*

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## *Kinder's Three Questions*

*(Courtesy of The Kinder Institute of Life Planning)*

Question One: I want you to imagine that you are financially secure, that you have enough money to take care of your needs, now and in the future. The question is, how would you live your life? What would you do with the money? Would you change anything? Let yourself go. Don't hold back your dreams. Describe a life that is complete, that is richly yours.

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Question Two: This time, you visit your doctor who tells you that you have five to ten years left to live. The good part is that you won't ever feel sick. The bad news is that you will have no notice of the moment of your death. What will you do in the time you have remaining to live? Will you change your life, and how will you do it?

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Question Three: This time, your doctor shocks you with the news that you have only one day left to live. Notice what feelings arise as you confront your very real mortality. Ask yourself: What dreams will be left unfulfilled? What do I wish I had finished or had been? What do I wish I had done? What did I miss?

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## *Your Life's Priorities*

As you consider your answers to Kinder's questions and revisit your Wheel of Life, what comes through as that which you most value—your life's priorities?

Please consider that if you have too many, then nothing is a priority. I challenge you to keep the number of priorities small—no more than seven, maybe fewer.

If lists don't suit you, that's entirely fine. Write a statement, sentence or paragraph to express what is most important to you. And if you, like me, are a particularly visual person, I encourage you to create a collage of pictures or drawings representing your primary motivators. (Here's a [great example](#) from author and early Twitter hire, Claire Diaz-Ortiz. Keep it in your home or office as a vibrant reminder.)

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### *What INSIGHTS and ACTIONS did you take from Chapter 2?*

| INSIGHTS | ACTIONS |
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## CHAPTER 3: RIDING THE ELEPHANT

### Unconventional Goal Setting

#### *Unconventional Goal Setting*

##### Ensure that goals are...

1. *Self-selected*, yours, not someone else's
2. *Authentic*, consistent with your personal gifting and attributes
3. *Others-oriented*, a cause that is bigger than you alone

##### Now, you're ready to...

4. *Articulate* your goals, with as much specificity as possible
5. *Test* them for attainability
6. *Confirm* that the actions required don't conflict with values or priorities
7. *Schedule* next actions and/or establish habits

#### *Write out a Fully Articulated Goal (or Two)*

##### Goal Construction Exercise

Goal: \_\_\_\_\_

##### Criteria:

*How is it self-selected?* \_\_\_\_\_

*Authentically mine?* \_\_\_\_\_

*Others-oriented?* \_\_\_\_\_

##### What actions need to be taken?

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What is the next action? \_\_\_\_\_

Date completed: \_\_\_\_\_

## Goal Construction Exercise

Goal: \_\_\_\_\_

\_\_\_\_\_

Criteria:

*How is it self-selected?* \_\_\_\_\_

\_\_\_\_\_

*Authentically mine?* \_\_\_\_\_

\_\_\_\_\_

*Others-oriented?* \_\_\_\_\_

\_\_\_\_\_

What actions need to be taken?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What is the next action? \_\_\_\_\_

Date completed: \_\_\_\_\_

***What INSIGHTS and ACTIONS did you take from Chapter 3?***

| INSIGHTS | ACTIONS |
|----------|---------|
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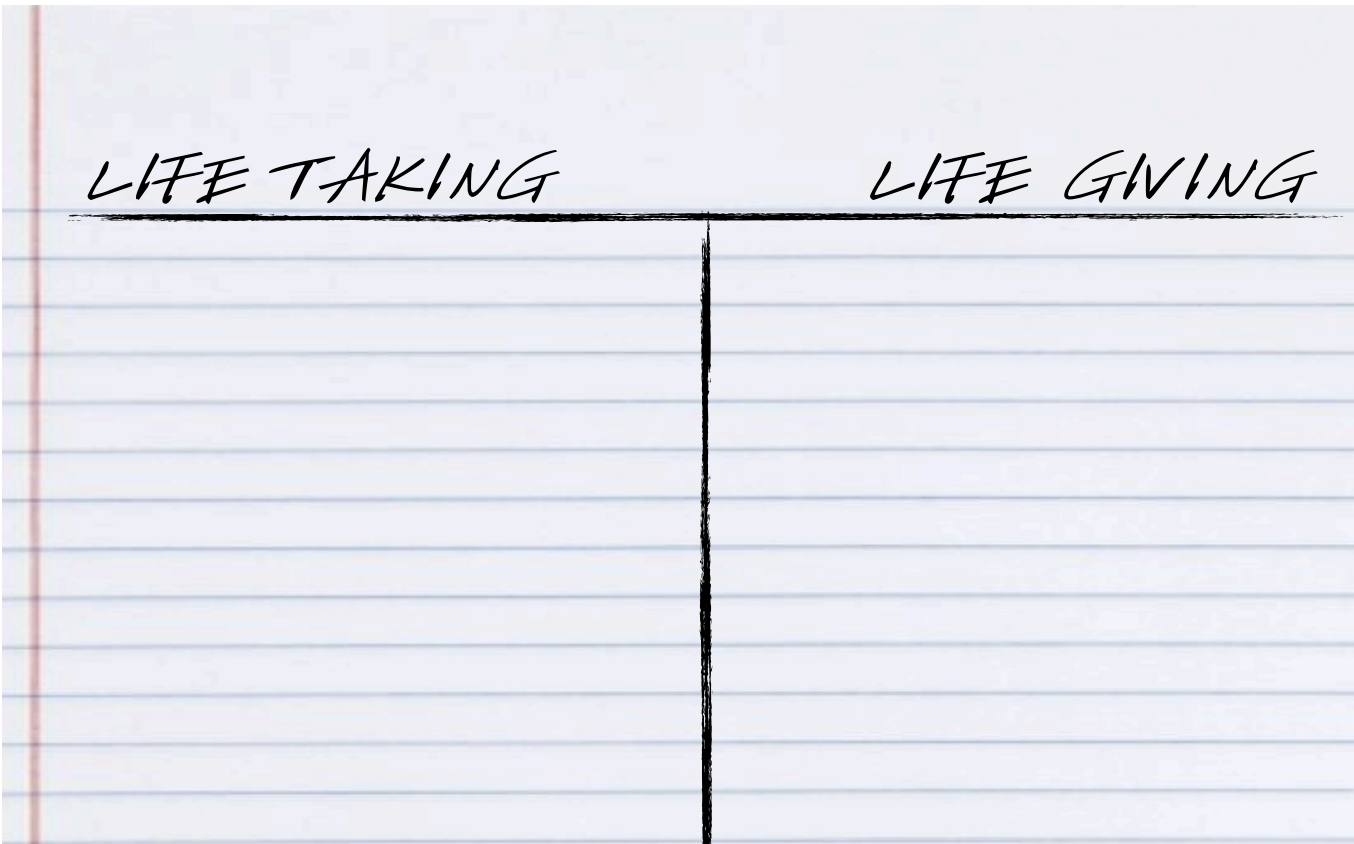
CHAPTER 4: CALLING

Finding Life-Giving Work

Life-Taking vs. Life-Giving

My mentor recommended a very simple exercise that I still use to this day. On a blank sheet of paper, he drew a line down the middle. At the top of the left-hand column, he wrote the phrase “Life-Taking.” On the right column, he wrote “Life-Giving.”

Then he had me pick a side on which to write down each of the numerous roles and obligations I had assumed were all somehow part of my calling. That I was capable of fulfilling any of these roles was beside the point. Instead, if there was anything I’d said yes to that seemed to slow the clock and sap my energy, it should likely be placed in the “Life-Taking” column. Those items were probably not part of my calling, and should be the first on the chopping block when it came to seeking out a more livable life.



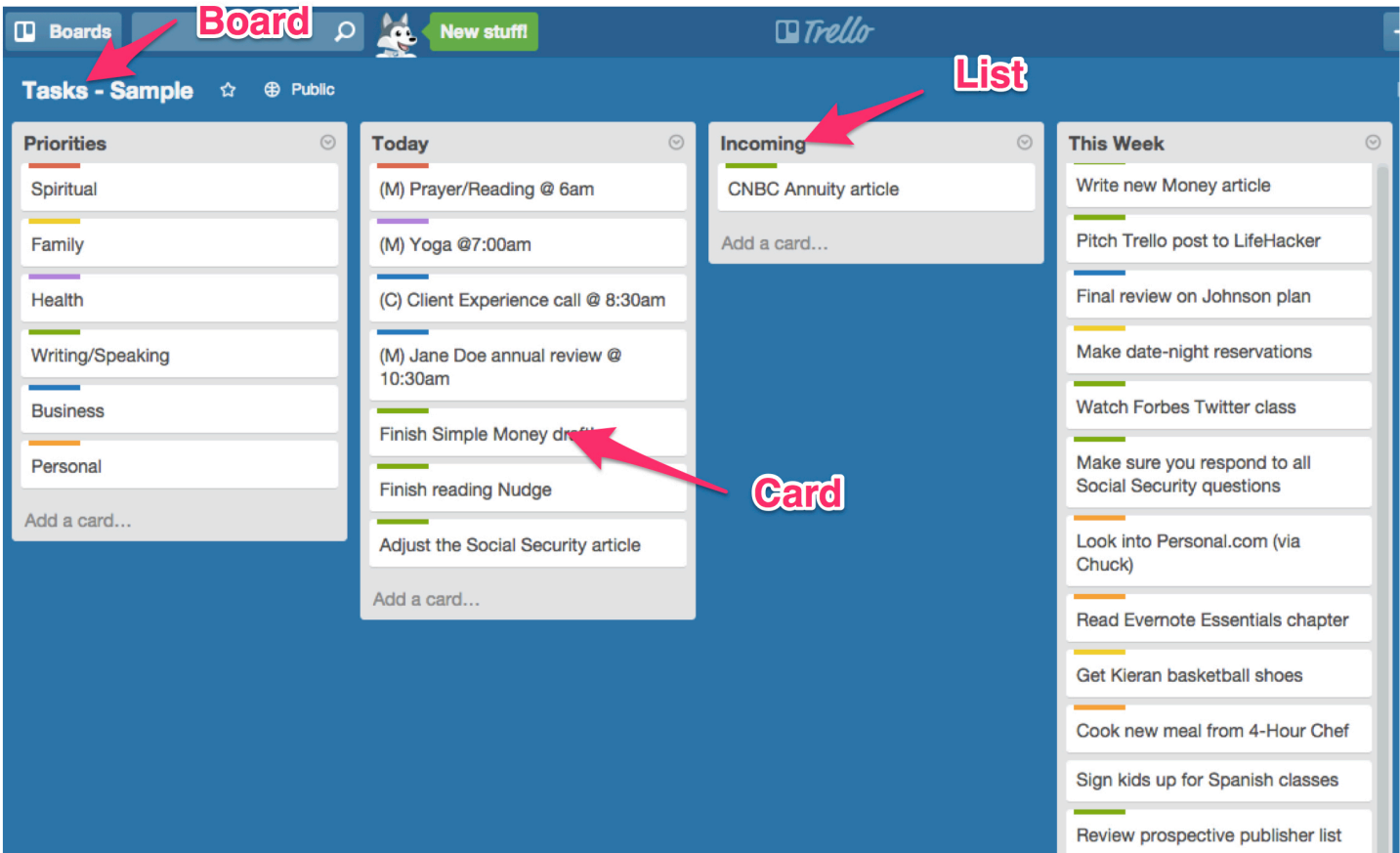
What INSIGHTS and ACTIONS did you take from Chapter 4?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 5: TIME

Investing Your Most Precious Commodity

A Visual System for Investing Your Time Wisely



What INSIGHTS and ACTIONS did you take from Chapter 5?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## PART 2: PLANNING FOR TODAY

*The most important elements of personal finance are, thankfully, the simplest—but they're not easy.*

### CHAPTER 6: PERSPECTIVE

#### Where Do You Stand?

In order to know where you stand, we work toward a gauge of your level of contentment, the Enough Index. We begin by getting a handle on how much you have in emergency reserves.

|  |                 |
|--|-----------------|
| How many months' worth of living expenses do you have in emergency reserves? | _____           |
| Please multiply the above number by 8:                                       | <u>  x  8  </u> |
| <b>YOUR SAVINGS INDEX:</b>   | _____           |

The chances are good that if your Savings Index is low, you're also suffering with too much in RUC debt—revolving, unsecured consumer debt:

|  |                 |
|--|-----------------|
| How many months' worth of living expenses do you have tied up in RUC debt? | _____           |
| Please multiply the above number by 10:                                    | <u>  x 10  </u> |
| <b>YOUR DEBT INDEX:</b>  | _____           |

The Retirement Index is a little trickier than the Savings and Debt Indices. Getting to your number is a three-step process:

Step 1: Determine Your Retirement Multiple (YRM)

Step 2: Once you have your YRM, you can determine your Retirement Readiness Score.

Here's what I drew in my journal to show you how these two steps work together:

$$\frac{\text{Your total retirement savings}}{\text{Your current salary}} = \text{Your Retirement Multiple (Y.R.M.)}$$
  
$$\frac{\text{YRM}}{\text{Fidelity's Target Multiple}} = \text{Your Retirement Readiness Score}$$

Of course, you'll need Fidelity's retirement savings chart in order to determine what Fidelity's Target Multiple is for a person your age. Again, directly from my Journal:

| If you're<br>this old... | ...you should have<br>this much saved. |
|--------------------------|--|
| 30                       | 0.5 X current salary                   |
| 35                       | 1 X                                    |
| 40                       | 2 X                                    |
| 45                       | 3 X                                    |
| 50                       | 4 X                                    |
| 55                       | 5 X                                    |
| 60                       | 6 X                                    |
| 65                       | 7 X                                    |
| 67                       | 8 X                                    |

Now, you're ready to calculate your Retirement Index:

|  |             |
|--|-------------|
| What is your Retirement Readiness Score? | _____       |
| Please multiply your score by 56:        | <u>x 56</u> |
| <b>YOUR RETIREMENT INDEX:</b>            | _____       |

There is a connection between how much we willingly give to those in need and our own contentment, hence the Giving Index:

|  |            |
|--|------------|
| What percentage of your income do you give on an annual basis? | _____      |
| Please multiply this number by 2:                              | <u>x 2</u> |
| <b>YOUR GIVING INDEX:</b>                                      | _____      |

Now, it's time to put all of these pieces together and see where you land on the Enough Index...

## Enough Index

|                            |  |
|----------------------------|--|
| Savings Index:             |  |
| Subtract your Debt Index:  |  |
| Add your Retirement Index: |  |
| Add your Giving Index:     |  |
| YOUR ENOUGH INDEX:         |  |

*Does your Enough Index score accurately reflect your feelings? Do you feel like you have Enough?*

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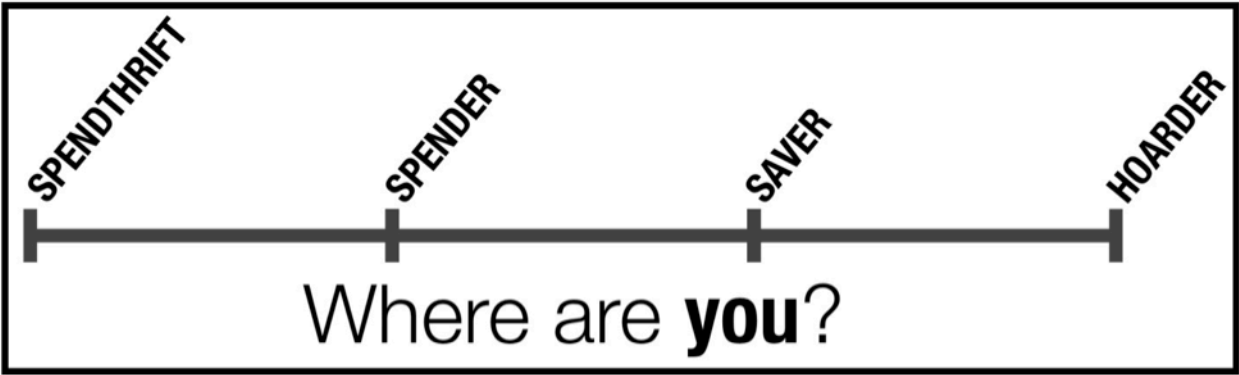
*What INSIGHTS and ACTIONS did you take from Chapter 6?*

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 7: ESSENTIALS

Straight Talk on Savings and Debt

The Cash Flow Personality Continuum?



Are you pleased with where you put yourself on the continuum? If you’re in a relationship or a parent, where do you put your spouse or loved ones?

What INSIGHTS and ACTIONS did you take from Chapter 7?

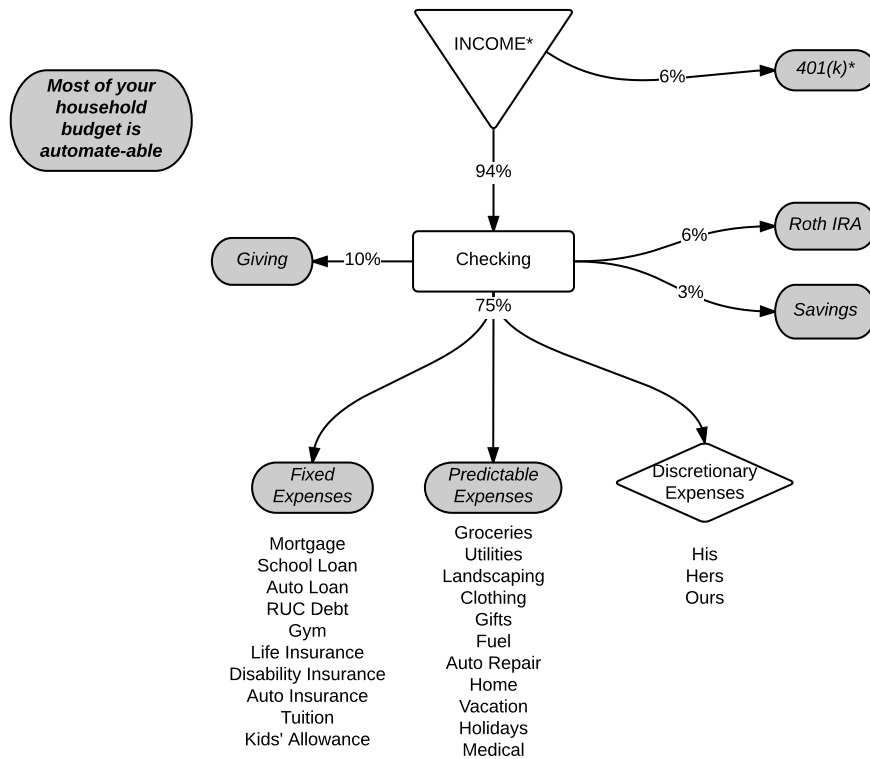
| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## CHAPTER 8: FINANCIAL STATEMENTS

### Introducing Your New CFO

#### Life-Giving Budgeting

Here's an example of a budgeting system from *Simple Money*:



\*Most 401(k) contributions will be "pre-tax," but most other expenses will come out of after-tax earnings and may or may not be subject to tax deductibility.

Think about this system and the tools mentioned in *Simple Money* (like [YNAB.com](https://ynab.com) and [Mint.com](https://mint.com)).

Consider the method I put into place, setting aside time each Saturday morning with some strong coffee and great music to review the household finances. I'm not suggesting you duplicate my routine—but what would a life-giving budgeting exercise look like for you? Make sure that it's self-selected (your initiative, not someone else's), authentic (consistent with your personal gifting) and others-oriented (a cause bigger than you alone) in order to increase the success of your new system:

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### *For Richer or For Poorer*

If you're married—or headed in that direction—how well do you understand your spouse's financial past and the impact that it has on the present? How about your own past?

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### *What **INSIGHTS** and **ACTIONS** did you take from Chapter 8?*

| INSIGHTS | ACTIONS |
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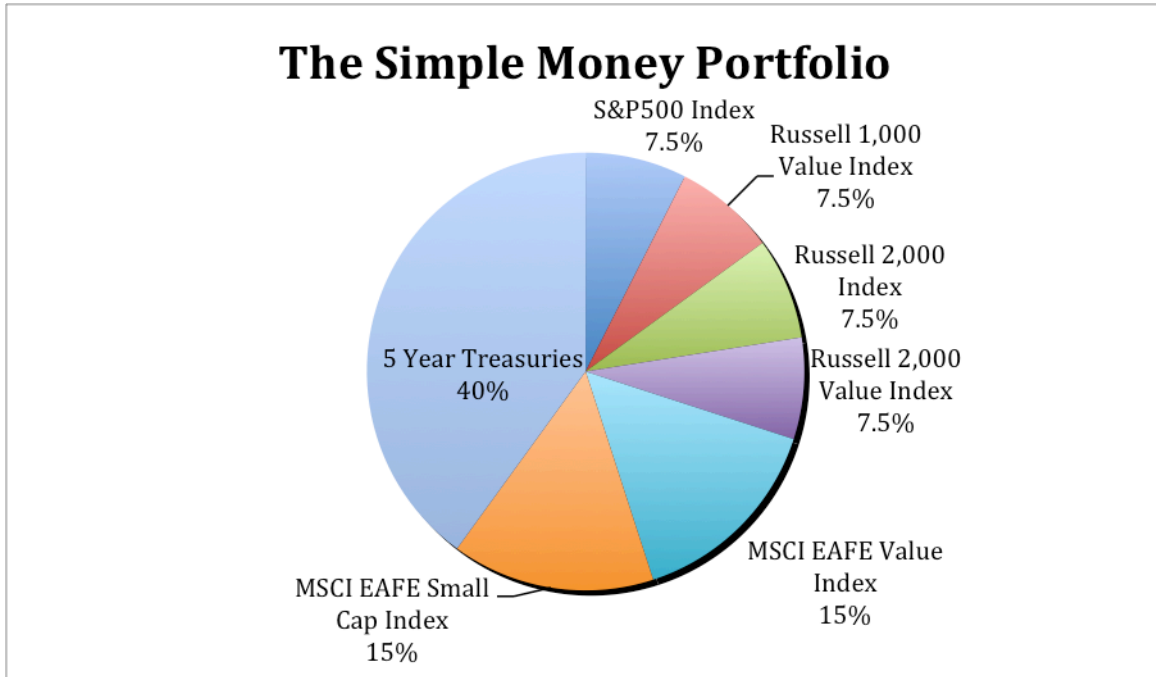


## PART 3: PLANNING FOR THE INEVITABLE

*Planning for the future is made simpler by bringing it into the present.*

### CHAPTER 9: INVESTING

A Simple Portfolio That's Beaten the Pros



There are no Simple Money Journal entries for Chapter 9, per se, but there's a ton of actionable material and some additional online resources for you:

- A webpage devoted to the Simple Money Portfolio: [www.SimpleMoneyPortfolio.com](http://www.SimpleMoneyPortfolio.com)
- For those who want to take it a step further, customizing the Simple Money Portfolio, a password protected (the last header in the investment chapter—hint: a movie) webpage to walk you through that process: [www.SimpleMoneyPortfolio.com/customize](http://www.SimpleMoneyPortfolio.com/customize)

***What INSIGHTS and ACTIONS did you take from Chapter 9?***

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 10: EDUCATION

Getting Schooled

*The Nonconformist’s Four-Step Education Savings Plan*

**Step #1: Determine if you are financially able.**

Before you tell your kids (or grandkids) what you’re willing to help pay for college, it’s important to be honest with yourself. Can you afford to help?

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**Step #2: Determine whether or not you will choose to pay.**

This is the missing step for a lot of benefactors who feel they’ve been bullied by the financial industry into footing the bill for their kids’ college. Paying for college can be a great decision—but it’s still your decision. Do you choose to help?

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**Step #3: Develop a Family Education Policy.**

A Family Education Policy is the clear articulation of the answer to a question most parents will hear from their children: “So, how much will you pay for my college education?” What’s your Policy?

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**Step #4: Develop a college savings plan.**

How much are you going to save, and where are you going to save it?

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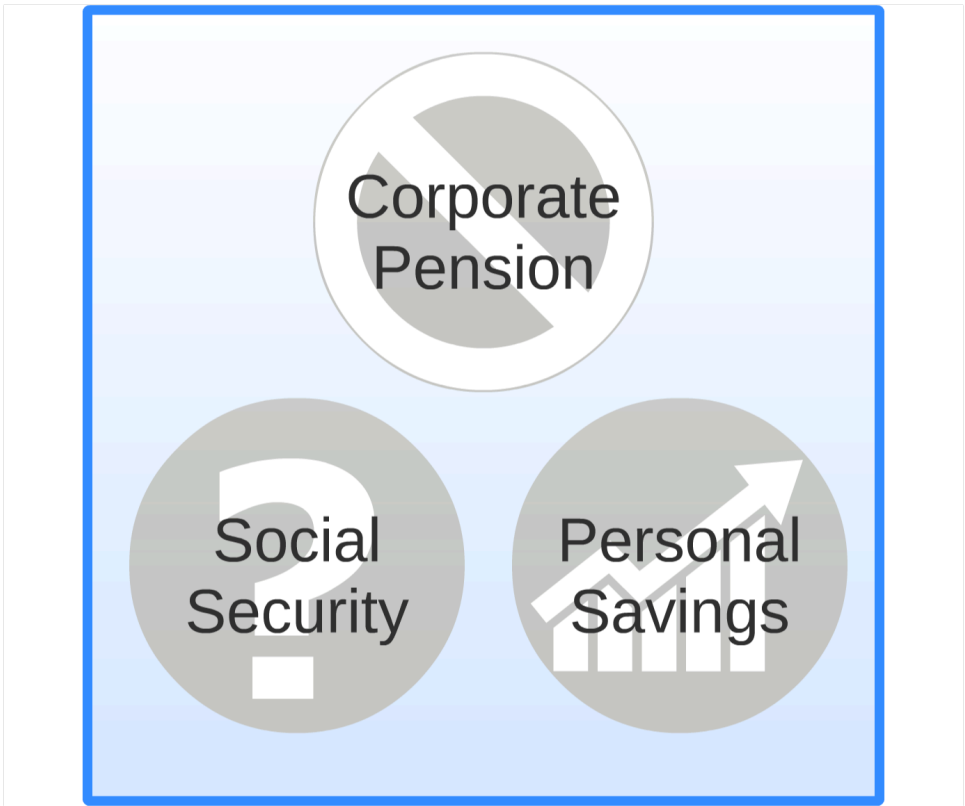
*What INSIGHTS and ACTIONS did you take from Chapter 10?*

| INSIGHTS | ACTIONS |
|----------|---------|
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CHAPTER 11: RETIREMENT

The Wobbly Three-Legged Stool

*The Wobbly Three-Legged Stool of Retirement*



What’s the state of your three-legged stool? Are you one of the decreasing number of future retirees with all three legs of the stool, or are you dealing with stilts—or a pogo stick?

*What INSIGHTS and ACTIONS did you take from Chapter 11?*

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 12: FINANCIAL INDEPENDENCE

The New Retirement

Preparing for Retirement

Despite its seemingly utopian promise, retirement is one of the more stressful events an individual or household will endure—financially and personally. Therefore, it’s highly recommend you proceed with deliberate consideration and planning. Consider the following exercise:

1. **Think about it.** Considering the magnitude of the retirement decision, isn’t it interesting that it’s usually the Elephant driving this decision—not the Rider (chapter 3)? This phase of retirement planning is intended to get the Elephant and Rider working together on this big project. To get the juices flowing, Carol Anderson of Money Quotient suggests answering the following “yes” or “no” questions:
- I’m counting the days until I can retire.

I expect my retirement to be very different from what my parents experienced.

I don’t want to retire “cold turkey.”

I worry about not having enough money when I retire.

I wonder what I am going to do with my time when I retire.

I worry that Social Security will not be available when I retire.

I haven’t thought much about what I want to do when I retire.

I like being productive and would like to continue working after I retire.

I’m worried that my health will fail when I retire.

I have a clear vision of how I will invest my time and energy when I retire.
2. **Plan for it.** Now let’s start moving into the realm of the practical. What would life actually look like in retirement? Not the first week, but the thirty-first. What’s the typical week in retirement for you? Write out your ideal week as well. Sunday through Saturday, what would you be doing morning, afternoon, and night?
3. **Practice it.** Now, put your planning to the test. Take a week of vacation (or two if you can manage it), and live out your typical, ideal week in retirement. Kick the tires.

What INSIGHTS and ACTIONS did you take from Chapter 12?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 13: ESTATE AND LEGACY

Cheating Death

Legacy

An *estate* is the stuff we leave behind when we’re gone. A *legacy* might include tangible belongings, but it’s also the intangible collective impact we have on the world around us. Consider the following three questions, which resonate with those asked in chapter 2:

1. If today was my last day, what would my legacy be?

2. How would I like it to be different?

3. How would my goals (Chapter 3) change if I viewed them as legacy-building opportunities?

What *INSIGHTS* and *ACTIONS* did you take from Chapter 13?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

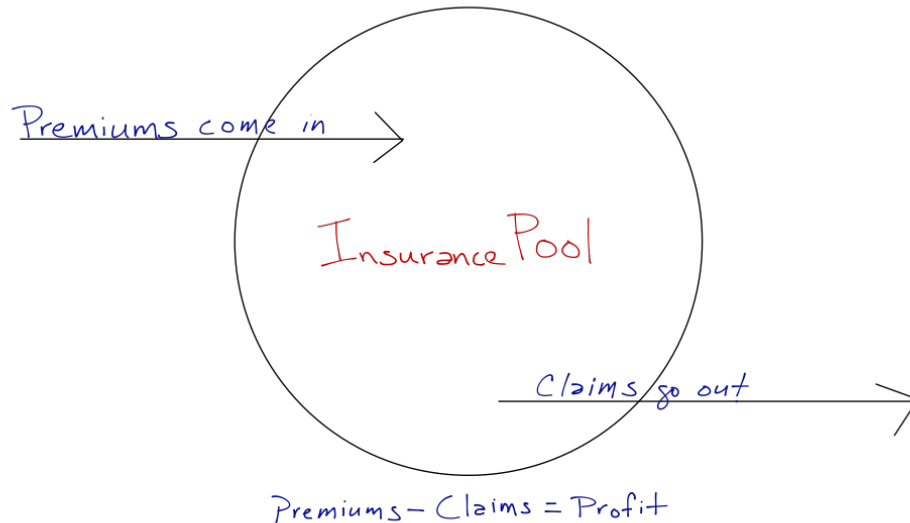
## PART 4: PLANNING FOR THE UNEXPECTED

*Avoid, reduce and assume the risk you can handle, and transfer the risk that you can't—with insurance.*

### CHAPTER 14: INSURANCE

#### WARNING!

It's hard to know when we should be using insurance without understanding how it works:



#### *The Simple Money Risk Management Guide*

1. Eliminate risks that offer little reward.
2. Reduce risks by employing common sense.
3. Assume risks that you can endure.
4. Insure catastrophic risks.

*What INSIGHTS and ACTIONS did you take from Chapter 14?*

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## CHAPTER 15: LIFE (INSURANCE)

Harder Than It Needs to Be

### *Life Insurance Needs and Wants*

| Needs  | Wants   |
|--|---|
| 1. Payment of final expenses<br>2. Repayment of debts and mortgages<br>3. Pre-funding expected educational expenses<br>4. Funding replacement of household duties<br>5. Replacement of lost income | 1. Pre-insuring future needs<br>2. Creating an estate<br>3. Funding charitable bequests<br>4. Replacing an estate lost to taxes<br>5. Building cash value |

### *The Simple Money Life Insurance Guide*

*For income earners, multiply your income by 15. Then purchase a term life policy for as many years as you can conservatively expect to need the income.*

***Income X 15 = Life Insurance Need***

*For a stay-at-home spouse, purchase a policy with a death benefit of between \$250,000 (if children are older) and \$500,000 (if children are younger).*

### *What INSIGHTS and ACTIONS did you take from Chapter 15?*

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## CHAPTER 16: DISABILITY INCOME (INSURANCE)

### Protecting Your Biggest Asset

#### *The Simple Money LTDi Guide*

|  |
|--|
| 1. <b>Analyze</b> your group plan, specifically the any/own occupation definitions and the benefit taxability.   |
| 2. <b>Lobby</b> your human resources department to suggest the benefits of enhancing those provisions.   |
| 3. <b>Retain</b> a supplemental, private LTD policy through a reputable carrier with the following provisions and/or riders:   |
| a. <b>Base benefit</b> up to at least 60 percent of after-tax income. Higher, if available.  |
| b. <b>Benefit period</b> to age 65 would be great, but at least five years.  |
| c. <b>Residual benefit</b> , to ensure you can get a partial benefit if you work part-time.  |
| d. <b>Elimination period</b> of 90 days, or even 120 days if you can afford it.  |
| e. <b>COLA</b> so that your benefit will rise annually in the case of an extended disability.  |
| f. <b>Future insurability option</b> so that you can increase your base benefit with rising income (if this isn't included in the policy).   |
| g. <b>Renewability provision</b> to ensure you'll continue to be insured. Non-cancellable/guaranteed-renewable is ideal.   |
| h. <b>Social Security offset</b> may complicate claims, but it will help save on premiums.   |
| i. <b>Disability definitions</b> might be the most important feature. "Any-occupation" is too weak, but pure "own-occupation" can be cost prohibitive. Consider "modified own-occupation," "income replacement" or the equivalent. |

#### *What INSIGHTS and ACTIONS did you take from Chapter 16?*

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |



CHAPTER 17: LONG-TERM CARE (INSURANCE)

When I’m Sixty-Four

The Simple Money LTCi Guide

|  |
|--|
| 1. <b>Be honest</b> with yourself. When considering your age, health, lineage, retirement income, assets and tolerance for risk in their entirety, is transferring all or a portion of your long-term care risk through insurance a wise move? (The default answer is “probably.”) |
| 2. <b>Get a quote</b> for long-term care insurance based on the following policy template:   |
| a. <b>Daily benefit</b> of \$100   |
| b. <b>Benefit period</b> of five years   |
| c. <b>Home-care benefit</b> of 100%  |
| d. <b>Elimination period</b> of 90 days  |
| e. <b>COLA</b> rider tied to inflation (CPI) if available  |
| f. <b>Marital discount</b> if appropriate  |
| 3. <b>Adjust the policy</b> to reflect your personal risk characteristics.   |

What *INSIGHTS* and *ACTIONS* did you take from Chapter 17?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## CHAPTER 18: HOME AND AUTO (INSURANCE)

Don't Overpay to Be Underinsured

### The Simple Money Home and Auto Guide\*

| Automobile Insurance Limits  |                               |
|--|-------------------------------|
| Bodily Injury Liability:   | \$250,000 per person          |
|  | \$500,000 per accident        |
| Property:  | \$250,000                     |
| Uninsured/Underinsured:  | \$250,000/\$500,000/\$250,000 |
| Comprehensive Deductible:  | \$500 - \$1,000**             |
| Collision Deductible:  | \$1,000 - \$2,000**           |
| Homeowner's Insurance Limits   |                               |
| Dwelling:  | Replacement Value             |
| Liability:   | \$300,000                     |
| Earthquake/Land Movement:  | Yes                           |
| Deductible:  | \$1,000 - \$2,000**           |
| Excess Liability Limits  |                               |
| Umbrella:  | \$1,000,000 up to Net Worth   |
| *The figures offered are generalizations and should only be used as a guide.   |                               |
| **Higher deductibles are only appropriate when the result is meaningfully lower premiums and you have sufficient emergency reserves. |                               |

### What *INSIGHTS* and *ACTIONS* did you take from Chapter 18?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

## PART 5: PLANNING FOR ACTION

*The best plan in the world is worthless until it is put into action.*

### CHAPTER 19: THE TOP 10

Your Next Dollar's Home

#### The Simple Money Top 10

Once you've spent the money necessary to cover your fixed and variable living expenses, consider spending your additional dollars in this order:

1. Create (or update) your estate planning documents.
2. Ensure that your insurance needs are met.
3. Pay off any high-interest consumer debt.
4. Build at least one month's worth of living expenses in emergency savings.
5. Earn free money by taking advantage of your company's 401(k) match.
6. Contribute to a 529 plan for education savings.
7. Contribute the maximum possible to your Roth IRA(s) if your income level allows you.
8. Return to strengthen your emergency reserves.
9. Come back to your 401(k) and max it out.
10. Set aside excess savings in a liquid, taxable investment account for midterm needs and projects.

***What INSIGHTS and ACTIONS did you take from Chapter 19?***

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 20: BEHAVIOR MANAGEMENT

Working with an Advisor

Minimum Requirements for an Advisor

When you hire a financial advisor, you’re the boss. So I recommend applying these minimum requirements in your search:

*Your advisor should be an experienced fiduciary who provides evidence of expertise in a field in which they are educated and credentialed.*

You deserve better than the minimum requirements, though. Read further in the last section of the chapter, beginning with “I Hope...” in *Simple Money*.

What INSIGHTS and ACTIONS did you take from Chapter 20?

| INSIGHTS | ACTIONS |
|----------|---------|
|          |         |

CHAPTER 21: SIMPLICITY

The One-Page Financial Plan

One-Page Financial Plan

After reviewing your Simple Money Journal, create a One-Page Financial Plan compiling the following:

Priorities:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_
- 6. \_\_\_\_\_
- 7. \_\_\_\_\_

Goals:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Next Actions:

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_