ENJOY YOUR MONEY NOW

The DOLLAR Method to Financial Fulfillment

By Douglas W. Williams
“Doogie”

Enjoy Your Money Now
The DOLLAR Method to Financial Fulfillment

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All the magic and secrets are in that section.

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Drum Rolls

Ladies and Gentlemen!

Read this book and discover a secret of financial happiness. Learn about a method of achieving financial happiness called Doogie's Obvious Life Lesson of Attitude Readjustment (DOLLAR). I've used this method for over thirty years and because of it I've always had enough money. Today is an exciting time in your life because today you can learn how to do it. If I can do it, then anybody can do it, especially you.

Ladies and gentlemen, I present to you Doogie's Obvious Life Lesson of Attitude Readjustment, the DOLLAR method.

Who Do You Think You Are?

I think I am the fortunate individual who has found one of life's secrets of happiness.

From my viewpoint most Americans are unhappy with their money. Your interest in this book shows you are unhappy also. That's OK. There's no need to feel bad just because you're unhappy. Unhappiness is common in humanity. We all seem to think, "I alone am unhappy", yet the truth is we are all unhappy about something.

No one has to be unhappy about money.

Now I give you a choice. I have discovered no one **HAS TO BE** unhappy about money. I show you an easy, doable way to live the rest of your life with financial fulfillment. I was twenty-two years old when someone showed me how to be financially happy. Then again I was twenty before someone showed me how to write a check and balance a checkbook. I believe this is a fault in our society. I believe all people should be self-functioning individuals by the time they turn eighteen. The material in this book is part of what I think everyone should learn in the high school course **LIFE 102** (the course **LIFE 101** teaches you how to balance a checkbook).

First I ask you to note three things before we start:

1) THIS BOOK WILL NOT MAKE YOU HAPPY!

The nature of the world dictates only YOU can make you happy. No one else and no thing else has the power to create or destroy your happiness. The sooner you understand this, the happier you will be. This book gives you a new look into the nature of the universe, and it gives you a tool. Like any tool, you use it when you build something. It does not do the building. You can build financial happiness without this particular tool, yet this tool makes the building easier.

2) You will again be unhappy after reading this book!

Since the DOLLAR method is a tool, you can (and will) choose not to use it all the time. Something in the nature of humans urges us to take the harder, less happy road sometimes (often times and most times). Even after experiencing periods of financial fulfillment, you will find yourself on these less happy roads. You may not have consciously chosen to be there, yet once there, remember you have the power of choice to stay or move to a better road.

3) You are the magic in your life.

The material I teach in this book belongs to the universe. I did not create the truths described in this book. I did not discover them completely on my own. Several other people taught me. Yet when I told my friends about these simple laws of money they treated them like revelations. I showed them something powerful enough to change their whole lives. Because of this impact on people I have taken a certain bigger than life attitude in teaching this material.

Teaching is nothing more than showing you what you already know.

Yet teaching is nothing more than showing you what you already know. No one can teach you something that your consciousness is not already on the verge of grasping. You will not understand it. When a "teacher" is working with students, the teacher presents material. When the student is ready, something clicks, a light goes on in the student's head, and then everything makes sense. All teaching does is package the material so you can see that you already know it. If the student is not ready, if they have not already taught themselves, then the material will never make sense no matter what the teacher does. A teacher cannot force feed material into a student's head (I know many people try, but it doesn't work). Everything we learn is self-taught. Teachers are just facilitators.

Since I want you to see and understand and use these tools, I have attempted to package the material in this book in an entertaining manner. If my attitude seems so arrogant at times that you become irritated with me, please step back and laugh at me instead of burning this book. **I am nothing more than you**. I am just another human being who happens to see something that you don't, ***yet***. Also, many of the jokes, parodies, and puns in this book are from things common in my lifetime, so if you don't understand the joke, just move on.

The purpose of anything in life is to learn and to have fun. I attempted to make this book a fun way to learn. The more you laugh about money, the closer you are to financial fulfillment.

If you only read one section of this book, read the WHAT? Section

All the magic and secrets are in that section.

This book has five major sections – the WHY?, WHAT?, HOW?, WHAT NOT?, and HUH? sections. The first section, WHY?, is the "Why should you read this," topics. The WHAT NOT? section is about what to stop doing. The third section is "What to do differently," discussed in the WHAT? section. The HOW? section in the book is a "How to do it," guide. The last half of the book is a huge section, the HUH? Section. This last section discusses the application of the DOLLAR method to many topics. If you read only one section of this book, read the WHAT? section. All the magic and secrets are in that section.

A tool is only useful if you use it. Many people will not understand why they need to change. The WHY? section is important to get you motivated. If you didn't know you were hungry, you would never eat. Just having a tool is not always enough. Tools take time to master and use effectively. The HOW? section gives you information on using the tools described in the WHAT? section. As most things in life, the "Why" and the "How" take a lot longer to explain than the "What."

Money Makes the World Go Round

Everybody Needs Some Money Sometime

Let's look at the role money serves in our lives and how it affects our happiness. Money is a part of this life. We have to have money to exist and function. Many people try to exist on a minimum amount of money because they have some strange idea that money is bad. "Money is the root of all evil!" Nonsense. Greed of money is indeed evil, and people's unhappiness about money may even be the root of all evil, yet the money itself is not bad. It is a normal part of this world. If you are from another world, you may not need money, yet while you're here, you do.

You have to have money, and if you have to have it you might as well enjoy it. Many people do.

A Checkbook Divided Will Not Balance

*More couples split over disagreements about **MONEY**.*

Money is extremely important in your life. Many people believe that love is the most important thing in the world and if you have love you need nothing else. Well, this is a wonderful fairy tale, but the reality is money is the number one cause of divorce. Ahead of sex problems, ahead of infidelity, ahead of abuse, ahead of drunkenness, money is the crucial issue. More couples split over disagreements about **MONEY**. Even couples that love each other will split over disagreements about money. They say that Love conquers all, but remember, a checkbook divided will not balance. If you want to increase your chances of staying married, find someone who lets you handle your money the way you want. (And, of course, you must extend the same courtesy to them.) Money is a very important issue. Money can make the difference in a happy or an unhappy marriage.

Love makes the world go round? Nonsense. Love makes your head spin. Money makes the world go round. Money makes ***your*** world go round.

I'm Only Here For the Money

Hey, what do you do for a living? Now that's an interesting question. When we meet people for the first time and we want to find out all about this new totally unknown person, we don't ask, "What do you do for fun?" or "What do you do to make the world a better place?" We ask, "What work do you do to make **MONEY?"** and, "How much do you make?" We work at the places we work because they pay us **MONEY**. The issue of money has influenced one of the most important decisions of your life, where you work. We spend more time at work than we spend doing anything (except sleeping). Most of us would spend our time doing something extremely different if money was not an issue. When I was age 40, I found myself stuck in a job I hated. I made too much money to leave, so I stayed year after year.

When you learn how to be happy with any amount of money, then you'll be able to go out and spend time doing something really meaningful. Won't that be great? Unlike the rest of the world, stuck doing a job they don't like, you will be free to do what you like. Unlike those people saying, "Well, I'll work here until I'm rich and I make a whole lot of money, then I'll do what I've always wanted to do," you will be doing what you want.

The Filthy Rich

A Whole Lot Of Money

How much is **a whole lot of MONEY**? Suppose you found a suitcase loaded with a whole lot of money. How much is in it? You just won a sweepstakes for a whole lot of money. How much did you win? You just had to pay a whole lot of money for taxes. How much did you pay? Ask a person these questions and they'll give you different answers. Our definition of "a whole lot of money" changes depending on the topic we are talking about. There is no absolute value for "a whole lot of money." It's relative to the topic.

Our definition of "a whole lot of money" changes depending on the topic we are talking about.

It's also relative to whom we are talking. Different people have different opinions of what is "a whole lot of money." For some people winning $20 is a whole lot of money. For some people, $20,000 is a ***small*** tax bill. Our opinion of "a whole lot of money" depends on how much money we make. Everyone has a different sense of value for money. To some people, $20 is a whole lot of money. To others it's small change.

Our sense of value for money is a learned sense. We base it on our past knowledge of how far our money can go (how many toys can I buy) and how much an item normally costs. A child has no concept of value for money. The phrase "learn the value of money" means just that. People have to learn how to manage money and what's a wise purchase and what's not. We consider people who spend money foolishly as childish.

People who have lived in two countries develop a different value of money for each country. When I lived in Norway most things cost about twice what they do in the USA. At first I didn't want to buy anything because it was too much money for the value. After some years I adjusted to the high costs and developed a second value system. I noticed this second set of values when I traveled. On a trip to Spain I'd find something and convert the cost to dollars. Ah, too much. It's not worth that many dollars. Then I'd convert it to Norwegian kroner. Oh wow! This is cheap. I'd have to pay a whole lot more for this in Norway. So I bought two.

It's all relative to our individual value systems. A part of that value system is how much money we make. While I worked in Norway I made twice the take home pay I did while in the USA. When I returned to the USA I felt as if I had suddenly become poor. I talked about the things I used to do when I was rich. I was never a millionaire, but compared to the reduced take home pay I was making I was rich with the money I took home in Norway. Compared to what I've made any time since college I was poor in college, yet I didn't feel poor while I was in college, and I didn't feel rich while I was in Norway. People usually use the word *rich* to mean "significantly more than I make" and the word *poor* means "significantly less than I make." No fixed amount of money makes us poor or rich. Rarely do people think of themselves as rich or poor. We all think ***WE*** are normal. Other people are rich or poor.

People usually use the word rich *to mean "significantly more than I make."*

The word poor *means "significantly less than I make."*

When I Get Rich

We talk a lot about how happy we'll be when we're rich. We seem to believe the only way to financial happiness is to have so much money it's just bulging out of our pockets.

We learned a lot of wonderful stuff about money as children. We asked Mom to buy us something and she replied, "I can't, I don't have enough money. I'm not **rich**." So we asked Dad and he said, "No, I can't. Do you see a money tree in the back yard? Don't ask for such things." This is how we learned that wonderful lesson that if we can find a tree that grows money or become rich, then we can have whatever we want. As we grow older we learn money doesn't grow on trees. So we set our hopes on becoming rich.

When we set our hope on being rich, we tell ourselves to wait to be happy until then. The longer we wait the more we hope that being rich will solve our problems. We start looking at people who are rich. We tell ourselves how happy they are. We look at all the things the rich can buy and all the places they can go. We envy all the things the rich can do. Then we look at all the bills we have to pay and we say to ourselves, "When I'm rich, I'll never have to worry about bills again."

The only thing that changes when you make $1,000,000 is now you have trouble paying a $50,000 bill.

Bills, Bills, and More Bills

WRONG! Reality is not like that. The truth is the rich have bills to pay just like you and me. The only difference is that since they make **a whole lot** more money their bills are **a whole lot** bigger. Both the rich and the poor have to balance income with outgo.

It's normal human nature to try to spend just a little bit more than we make. The more we make, the more we spend. If you make a million dollars a year, you'll try to spend a million and one.

You can't run away from financial unhappiness by making more money. Even if you are the fastest runner in the world, you always take your biggest problem with you – yourself. If you have trouble paying a $500 bill when you make $10,000, the only thing that changes when you make $1,000,000 is now you have trouble paying a $50,000 bill.

Making ends meet is a skill that is independent of the length between the ends. The measure of a fine money manager is not how much money a person manages but what that person does with the money. Very often people with low incomes manage money better than people with large incomes because they can't afford to waste any. They learn to be very efficient at getting their money's worth.

The Poor and Suffering

It's also a misconception that the poor are unhappy. Looking back in my own life some of my happiest times were in college making under $5,000 a year. I had $20 a month to spend on me, but hey, the cost to get into the 2-for-1 at the movie was only $1.50, and a pitcher of beer was only $3.00. I needed about $8.00 a month for gas, and if I had a lot left over, I could splurge at McDonald's and get change back from my dollar.

True, this is not the lifestyle of the great American dream, but what's the point of a great lifestyle if the stress at work is so tough that all you can think about is when your ulcer will go away? What value is a $300,000 home if your spouse decides it's impossible to live with you and takes half (or more)? What enjoyment is there in wonderful children if the only chance you get to see them smile is in the photo on your desk?

I was poor by any of my own standards, yet I was happy. I enjoyed life, partly because I knew things were going to improve – this wasn't forever. A major factor was my expectations were in line with the money I made. I knew how to enjoy the money I did have.

From the day we are born, the feeling bombards Americans that we **MUST** have more than we do. During the cold war one of the horrible things we accused the USSR of doing was brain washing their population. We all knew the Soviet government had programmed them to behave (and have) just as the government wanted. Well, look in the mirror. Our society invaded the privacy of our homes with the world's most efficient brain washing device. We sit like zombies in front of little boxes letting the programming repeat over and over and over – **Buy! Buy! BUY!** This programming is highly effective. Every American from age 10 to 100 measures happiness by the size of a paycheck.

The feeling bombards Americans that we ***MUST*** *have more than we do.*

Nothing is Certain Except Death and Taxes

Every year we get a chance to watch people express their true feelings about money. They have an Uncle Sam who asks them to donate a little something for the good of the country. It seems as if all of us wish we had a rich uncle who would give us a whole lot of money. We aren't too cheerful to have an uncle who wants us to give away a whole lot of money.

People get quite emotional between January 1st and April 15th. Some people seem quite happy and walk around with a smile on their face. Others look as if they just found out Death himself is coming to the door. Why so much difference in attitudes toward taxes?

Surprisingly what determines whether someone is happy or not on April 15th is not the amount of taxes they paid. It's whether or not they get a refund. The person who paid $600 in taxes for the year and still owes another $100 is glum. Yet the person who paid $6,000 for the year and gets back $1,000 is on top of the world. Does this make cents (or even sense)? The happy person paid $5,000 net and the glum one paid $700 net.

The most beneficial tax situation is to owe taxes. That way you get the use of your money early. Yet people aren't happy when they owe more taxes. They want a refund. Happiness doesn't care about the amount of money involved. We feel pleased or displeased based relative to where we are on April 15th. What we did to get there is ancient history. We want more money NOW!

The Answer is 42

So what's the answer? What's the meaning of life? What's the purpose of the world? Ah, I know that one.

According to "The Hitch Hiker's Guide to the Galaxy," someone built the entire Earth long, long ago to answer a single question. It's all sort of like a giant ecological computer. The question was of such extreme importance that it justified such an extravagant and lengthy method of solution. Now the Earth has reached an answer to this important question after these millions of years of calculations. The answer is 42, yet so much time has passed that no one remembers the question. (If this means nothing to you, that's OK. It has nothing to do with money).

The Search For Happiness

What is Happiness*? It's avoiding* Unhappiness.

What is Unhappiness*? Things that are not* Happy.

All of us are on the ultimate quest, the search for happiness. We can safely state that everyone is seeking Happiness and trying to avoid Unhappiness, yet ask people what Happiness is and you'll get as many answers as people you ask. Many answers are circular: What is *Happiness*? It's avoiding *Unhappiness*. What is *Unhappiness*? Things that are not *Happy*.

People tend to define Happiness compared to their own situations as we saw with the definitions of *rich* and *poor*. And so, as situations change, the specific item or event that brings you Happiness changes (especially after you obtain it). What generated Happiness one day may not work another. Worse yet, the person who is our ultimate source of Happiness one year may become our ultimate source of Unhappiness a few years later. Happiness seems to be extremely difficult to define and impossible to possess. Many times we've felt that it will be a never-ending quest, that there is no answer.

Today I tell you: there is an ANSWER! You can have financial happiness. You can know how to Enjoy Your Money Now.

What's the answer? Simple. **IT'S ALL IN YOUR HEAD.**

Reality Is a Figment of Your Imagination

That's right. Happiness is a state of mind. Happiness has nothing to do with how much money you make. Your personal happiness with money depends only on your personal attitudes about accepting and spending the money you do have.

*It means no matter how much or how little money you make, **you can be HAPPY RIGHT NOW.***

This is a wonderful insight. It means no matter how much or how little money you make, **you can be HAPPY RIGHT NOW.** There is nothing more you need than what you already have. Financial happiness is within your grasp. All you need is someone to show you how to recognize it and how to hold it (when you hold it so tight that it cannot move or change, it breaks) and how to play with it.

Your happiness is dependent ***solely*** on your attitudes. That's why the DOLLAR method works. The focus is on Attitude Readjustment (that's why the name of this is Doogie's Obvious Life Lesson of *Attitude Readjustment*). Attitudes are something you can control and influence (if you **really** want to). Therefore, you can control and influence the one thing that determines your happiness. You only have to work on the Attitude Readjustment of your ***own*** attitudes (well, you might **try** to improve the attitudes of your immediate family or ex-family, but good luck). This absolute control over your attitudes gives you absolute control over your happiness. I realize changing any attitude can be difficult, yet you ***can*** change any attitude. Believe it! You have absolute control of your own happiness about money (or anything else for that matter). After all, whom do you think put you where you are now? (If you answer Fate, Luck, or the Wrath of God, you can quit reading, you're doomed to an unhappy existence.)

Your happiness is dependent **solely** *on your attitudes*

Attitudes are an interesting part of you. You are conscious of some of them, some of them you are not. Some require you to consciously choose how to respond to a certain event. Others enable you to react without thinking. Attitudes are part of the bio-computer that functions within you. The bio-computer is a very helpful tool. As we go through life we put programs into this computer. We run those programs as necessary. This helps us cope with the many complicated aspects of life. The immense complexity of life prevents us from relying on just our consciousness. So we give power to these programs to take care of many of the important things. When something important happens we don't want to have to stop, look up all the millions of data about the issue, evaluate, compare, and finally select a response. Often we don't have that much time available. We don't have more than about 10 microseconds to decide to run from a tiger we stumble upon unexpectedly. So we create programs that run instantly that say things such as "If *this* happens, do *that*." We let the programs choose how to feel, what to think, what to say, and what to do. This is a fantastic saver of time and effort. We use these tools called programs to make life easier and more enjoyable.

Sometimes we find our programs failed because we experience an event that is almost a *this*, but not quite. So we modified the program to include anything that even remotely resembles a *this*. If it even **looks** like a tiger, run away **without** stopping to think. Like any computer, our bio-computer doesn't evaluate the true nature of the programs. It just knows when to run the program. We end up with so many programs running on autopilot we seem to lose control. Events happen and we instantly react in a programmed way. We find ourselves running for our lives and ask ourselves, "Self, why am I running from a cardboard sign with a life-size picture of a tiger on it?" We have forgotten that ***WE*** created that program and why. So it's now a mystery to us why we react, feel, say, and do some of the things we do. The reason is we are running an old program.

*If it even **looks** like a tiger, run away **without** stopping to think.*

The programming of the bio-computer is the responsibility of each individual human. You get to decide what programs to buy, which to keep, and which to throw away. Of course, there are many other people who will offer you their programs. Once someone goes through the pain to create what they think is a valuable program, they "offer" it to others and say, "Learn from my experience; Trust me." We tend to buy other people's programs because it's so difficult to evaluate a new program. We look around and find someone we think is an authority and just buy their programs. Then we feel confident we don't have to generate programs of our own. This other person did all the hard work and we get a free ride.

Sometimes we get a program early in life that after decades we decide we don't like. It takes us a while to figure that we keep running into the same problem because some old program is not applicable to current events. It doesn't run well and needs updating. It may be a program we got from someone else or it may be one we wrote while still a novice at this stuff called life. Children are not as wise at dealing with life's situations as an adult. While we are children we write the best automatic programs that we can. As we grow older these programs need updating. Most of us are still running age five programs at age fifty. If we let it just keep running along, it keeps running the same old program as if nothing has changed. We keep responding with feeling and actions that are not appropriate to today's world. Sometimes when we try to get rid of these old programs we find they have self-protection mechanisms. They don't want to let us change them. Fortunately there is a part of humans that is a bio-hacker. It knows how to get in there and modify those old programs. The DOLLAR method offers the hacker in you some utility tools. It gives you the tools to diagnose out-dated programs and adjust the attitudes that make up those old programs. With new attitudes, you can write new programs. With new programming your bio-computer runs more efficiently and accurately.

It takes us a while to figure that we keep running into the same problem because some old program is not applicable to current events.

Finding the Key

By the way, this philosophy of personal control, personal responsibility for your own personal happiness is not new. Some of you may be reading this idea for the first time. If so, this one philosophy can change your entire life, yet the purpose of this book is not to educate you about such a cosmic revelation. Many people have written many other books on this topic, since the philosophy is indeed thousands of years old. Many teachings (positive thinking, self awareness, success, and religious) include this concept. Thinking positive thoughts brings positive things to your life. Thinking negative thoughts brings negative things to you. You are the person you are because of the attitudes and beliefs you have chosen to develop. Only your expectations of yourself limit your success at anything. Life will give you whatever you ask for through your faith (your beliefs and attitudes).

The ideas presented in this book represent a certain philosophy of Happiness. You start evaluating the ideas in this book as soon as you read them. People evaluate philosophies in different ways. It's like finding a key in the dirt and wondering if it's good for anything. You have many locks in your life, yet how do you figure out if this particular key will open any of them?

Some people try to immediately judge this philosophy right or wrong, true or false, correct or incorrect. As soon as they find a key they want to decide if it's useful or not. If they cannot imagine any use for it, they discard it. They feel there are so many keys in the world that there is no sense in carrying around a bunch of keys just in case you might need one. They want only the keys they ***know*** work. They use their past experience with problems and whatever they have learned from "authorities" to ***know*** if it works or not.

The difficulty in using this method of evaluation is whenever a person encounters a brand new philosophy, they must rely on the opinions of other people. The evaluation gets contaminated by past biases. It's very difficult to know for sure if a key will work without trying it. Even when you know you have the right key, it's difficult to know which of the many keys you have will open the lock in front of you. Judging a new philosophy without testing it is like evaluating a key without trying it in the lock. You never really know if it would have worked or not.

Other people use the scientific method to ***prove*** whether a philosophy will work or not. The scientific method requires a scientist to set up a controlled, repeatable experiment, and test a new theory. This is how scientific facts are proven. If it cannot be proven right or wrong, it remains a theory. Once it is proven to be right in absolutely all situations, it becomes a scientific law.

So to test a new key, a scientist would set up several known types of locks and see which ones the key will open and which ones it won't. Generally, square keys open square locks, triangle keys open triangle locks, star keys open star locks, and so on. Then he would repeat this experiment a thousand times and see if the key always opens the same locks. On the basis of the results of his experiment, the scientist would evaluate the usefulness of this newfound key.

The scientific method has one huge difficulty – it requires a controlled, repeatable experiment. Often the disagreement over particular theories is only in the opinion of how well was the experiment controlled and how repeatable was it. Many things determine whether a key opens a lock. Will it fit into the hole? Will it turn the right mechanisms? Is the lock rusty? Do you have to jiggle the key just right? Can you push the key in too far? Can a lock get opened by several shaped keys? Will a certain shaped key open several shapes of locks? Do you have to hold your mouth just right? Often the scientist doesn't have the time to test all these factors. Sometimes it is impossible to control some of the factors.

Philosophical theories are extremely difficult to prove because they involve human nature. Humans respond to so many million factors, it is impossible to ever set up a completely, 100% repeatable experiment. The simple fact that you have done the experiment once changes the factors for the second test. Running the second test makes the situation different for the third. Controlling any factors involving human nature is near impossible. Psychologists work hard at trying to neutralize the factors they cannot control and still get bitten often by something they overlooked. When they find keys that work, all they really know is what works in a laboratory. There is no way to control real life or make it repeat itself.

So how should you evaluate a new key? Philosophy is not something one person teaches another. One person may show it to another, yet the learning is always self-taught. You must test a new philosophy in the days and years that follow the day you find it. Personal experiences are the only valid way to believe in a philosophy. When you come across a new philosophy, you examine it and decide, "This is an interesting key." You carry the key around with you waiting for a chance to test it. In the days and years that follow you test the key when the opportunities arise in the course of living (as you come across different locks). When you find a lock the key fits, then you test the key (the philosophy) in the lock (the reality you just experienced). This way you tested the key yourself. You are not relying on the opinions of others. You tested it against a real life situation, not one set up in a laboratory. When you find a lock the key opens, then you know exactly what it is useful for. It may also be useful for other locks. It won't work on many, yet now you know at least one for certain.

Philosophy is not something that one person teaches another. One person may show it to another, yet the learning is always self-taught.

Some of you already have seen the philosophy presented here and some have not. Those of you who already know and understand the cosmic basis for the DOLLAR method have already tested it in your lives. Those of you who don't already know about controlling attitudes won't learn it here, yet both, those who know this and those of you who don’t, will find the rest of the book a useful tool to accomplish your goal of Enjoy Your Money Now.

The Art of Changing Your Mind

The basic concept is: **HAPPINESS IS A STATE OF MIND.** It has nothing to do with the worldly events going on around you. People have been happy in all kinds of rough situations. The common factor in happy people is their attitudes toward themselves and the world around them. No one is happy **ALL THE TIME**, yet some people are happy more often than unhappy. These people have learned to control their attitudes and beliefs. They know how to readjust their attitudes to avoid unhappiness and experience happiness more often.

Our purpose is to readjust our attitudes so we enjoy the money we have instead of worrying about the money we don't have. Attitude readjustments occur in three steps.

1) Recognize the attitude to be readjusted.

2) Stop doing the old.

3) Start doing the new.

*People are always **so** proud of their problems*

The first step in any problem solving is to identify the problem. The next section of this book will give you a few examples of problem attitudes. Hopefully you will see yourself. If you don't, either you are a lot happier than most people, you believe *denial* is a river in Egypt, or you have problems I didn't list. In the latter case, please send me a description of your unique problem and I'll put it in my next version of this book. That way we'll both receive benefit. I'll learn a new way to mess up life, and you'll get the enjoyment of telling the world about your problems. (People are always **so** proud of their problems – especially when they think they're unique).

You will spend much effort learning to stop doing destructive thinking. It's often hard to break old habits. Once you've found them you must practice self-awareness to stop yourself whenever you catch yourself misbehaving. It takes practice and diligence, yet it is doable.

The DOLLAR method concentrates on doing the new. This book gives you tools to work on developing new beneficial attitudes toward money. As you use these tools, new attitudes will gradually replace the old. Some of the changes will be immediate, most will not, yet most will be permanent attitude readjustments. Once a person successfully converts to DOLLAR, they gain the understanding that they never have to be unhappy about money again. (Of course, being humans, they will be unhappy again. I don't promise eternal happiness. We are all human, and one of the privileges we enjoy in being human is the freedom to choose and accomplish great misery and suffering. Even though you know exactly how to obtain happiness, you will spend time being unhappy just to remember precisely how much it does hurts.)

One of the privileges we enjoy in being human is the freedom to choose and accomplish great misery and suffering.

What? Me Worry?

The second step in being happy is to stop being unhappy.

I'm not sure if it's human nature or just a part of being American, yet people spend all their time concentrating on their problems. They are fighting with someone over problems, telling someone about their problems, or trying to run away from their problems. They seem to enjoy worrying about problems. They spend very little time engaged in fixing problems because once it's fixed, life is boring and there's nothing exciting to tell your friends. Chances are your friends would rather hear about your problems than your successes. We like knowing those around us are as miserable as we are. It makes us feel as if we belong. We are a lot more occupied with being unhappy than with being happy. We spend a great deal of time and effort on being unhappy. It's almost as if we enjoy being unhappy more than we like being happy since we try so hard to be unhappy. The English language has a lot more words to describe the various types of unhappiness than happiness:

We like knowing those around us are as miserable as we are.

It makes us feel as if we belong.

> *addled, afflicted, agitated, agony, ailing, anguish, angry, annoyed, awful, bemoan, bewail, bewildered, black, bleak, blue, bored, broody, bothered, capricious, cheerless, confused, concerned, crabby, cross, crushed, cynical, dejected, depressed, desolate, destroyed, dire, disastrous, discouraged, disheartened, dismal, dispirited, disquieted, distracted, distraught, distressed, doleful, dolorous, doubtful, dour, down, downcast, down in the doldrums, drab, dreadful, dreary, dumpy, fickle, forlorn, fretting, frowning, gloomy, glum, grave, grieving, harrowed, heartbroken, heartsick, heavyhearted, hostile, hopeless, keen, lamenting, listless, low, malevolent, malicious, malign, mean, melancholy, mirthless, miserable, moaning, moody, mope, morose, mournful, muddled, nonplused, oppressed, overcome, overwhelmed, pathetic, perturbed, plagued, pouting, racked, regretting, rueful, scowling, sickening, solemn, sorrowful, sorry, sour, stressed, strickened, suffering, sulky, sullen, surly, tear-jerking, temperamental, terrible, tormented, tragic, troubled, unbearable, unfortunate, unstable, upset, wailing, weary, weepy, wretched, woebegone, and vexed.*

That's forty-five for the unhappy list. We don't have so many to describe happiness (you can look up the short list). Happiness may be the American dream, yet unhappiness is the most common American way of life.

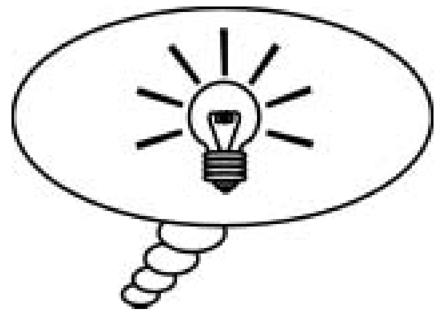
Being unhappy is a habitual attitude

Being unhappy is a habitual attitude, and you can change your habits. The first step is to realize you don't have to be unhappy. You really do have a choice in the matter. Unhappiness is an attitude and attitudes change. The next step is to recognize when you are choosing to be unhappy so you can consciously stop working toward unhappiness. I call this act of trying to be unhappy **stinking thinking**. The WHAT NOT? section lists several examples of stinking thinking, things we want to stop doing. The WHAT? section continues the attitude readjustment with the new things we want to start doing.

Holy Light Bulbs, Batman!

The WHAT? Section

And now for some enlightening ideas. This section talks about the new attitudes. This is the important stuff. The stuff before this was why you need this. The WHAT? section is what you need. The stuff later in the book is what not to do and how to use it.



We've taken a look at the rich and the poor and realized that happiness is independent of how much money a person makes. Rich people are often unhappy despite all their money, yet some poor people somehow manage to find happiness. We've realized happiness is an attitude. If you change your habitual attitudes about money you can achieve financial happiness. You can achieve Happiness through the proper attitude readjustments. You readjust attitudes by recognizing your attitudes, stop doing the old attitudes that don't get you what you want, and start doing the things that will achieve financial fulfillment.

Our goal is to have positive habitual attitudes toward the money we make – the money we make right now.

The following is a quick summary of Doogie's Obvious Life Lesson of Attitude Readjustment (DOLLAR). This lesson in has five parts:

Here are the tools you've been looking for!

1 Have Enough Money

Spend money on yourself

2 Have More than Enough Money

Give money away, gaining nothing in return

3 Have Enough Money Tomorrow

Invest money, so some day you can make money without working

4 Have a Better Tomorrow

Spend money to improve yourself, your Life, and your World

5 Have a Better Today

Enjoy Your Money Now

The secret to the DOLLAR method is not based on how much money you have. It's not based on where your money goes. The secret is the **habitual attitudes** you have toward your money as you **Spend** your money.

So it doesn't matter how much money you have. It doesn't matter what you spend your money on. All that matters is in your head. And the DOLLAR method is design to mess with your head – even to clean up the mess in your head.

You do the DOLLAR method by dividing your money into five categories. Currently your money goes into one big category called The Money. To achieve balance in your life, the DOLLAR method recommends you allocate the following amounts to these categories.

10%	**Self Money**
10%	**Give Away Money**
10%	**Invest Money**
10%	**Improvement Money**
60%	**Expense Money**
100%	**Income**

*You must convince yourself that you **have enough money**, so you **pay yourself first***

First we work on convincing ourselves we **have enough money**, not an easy task, but absolutely our top priority. If you don't believe you **have enough money**, it doesn't matter what else you accomplish in life, you'll never be truly happy about your money.

The way you do this is to **pay yourself first**. Most of us work hard to produce a huge feast, but we let everyone else eat first (all the bills). So all we get are table scraps that even the dog's not happy with. To get a sense of satisfaction from our efforts we must benefit personally from those efforts. **Pay yourself first!**

The next DOLLAR step is to convince yourself that you not only **have enough money**, but you actually **have more than enough money**. Hey sounds spectacular I know, but this part is actually pretty easy after convincing ourselves we have enough money.

Convince yourself that you not only have enough money, but you actually have ***more than enough money!*** *–- GIVE.*

The how-to here is an old lesson – GIVE. When you give money away – give in a manner in which you can get NOTHING in return – you are telling yourself, "I don't need this money. I can give this away because **I have MORE than enough money**." The trick here is for you to believe deeply and truly that you don't need this money. You do not accomplish the psychological purpose by giving out of a sense of obligation or to gain in some way. Give freely and joyfully.

Once you have taken care of the immediate needs, you know you **have enough money** today, and you know you **have more than enough money**, the next step is to make sure you will always **have enough money in the future**. Any successfully retired person knows the solution to this step is to invest. Investing a part of the money you work for today will allow you to someday have enough money without working.

Make sure that you will always have ***enough money in the future*** *- Invest*

Notice I use the word *invest*. Saving is not the same as investing. Saving is a way to accumulate a large amount of today's money to spend tomorrow, but it does not allow you to quit working. You cannot save yourself rich, yet you can get rich through investments.

Another step, knowing that you **have enough money tomorrow** is not enough money. Humans want to grow. We want to mature. We want tomorrow to be better than today. We are not content just to do as well. We want to do better. The fourth step is to create **a better tomorrow**. To become better you have to improve today and you have to spend money on those improvements. Improvements cover many items. Anything that makes you, your life, or your world better is an improvement. Education is an obvious choice. Travel also improves you. New clothes, a new car, a new house, even a new attitude will make your life better.

You want tomorrow to be better than today – ***Money for Improvements***

This category has a tendency to overlap with the other categories in that the purpose of the entire DOLLAR method is to make your life better. The routine practice of allocating money to be spent specifically for improvements will ensure a better tomorrow.

*You get **a better today** for free!*

The fifth step is not a step at all. If you accomplish the first four steps, the fifth step is automatic. If you learn to believe you **have enough money** today, that you even **have more than enough money**, that you will **always have enough money**, and that **tomorrow will be better**, you get **a better today** for free. Hey, what a bargain.

These five steps are all you need to achieve financial happiness today. If the only thing you read is this single section you have all the knowledge required.

You may already know methods to accomplish these five steps. If so, that's terrific. You don't need this book. Go do it. If you think you can develop your own methods to produce the attitudes that these five steps will, great. Go do it.

If you want to understand more about how this attitude readjustment takes place and how to implement these steps into your life, read on.

You achieve financial fulfillment by allocating a part of the money you make today for each of the purposes in the five steps.

The DOLLAR method achieves financial fulfillment by allocating a part of the money you make today for each of the purposes in the five steps. You will divide each paycheck and set some money aside for spending on yourself, some for giving, some for investing, and some for improvements. The rest will go for paying the expenses. The HOW? section presents some instructions on how to actually do this allocating. The HUH? section discusses the rules for allocating money in the different accounts, yet essentially they are your rules. You decide where you spend the money in each category.

The secret to the DOLLAR method is not where you spend the money – it usually goes to the same places it would if you didn't know about the DOLLAR method.

The secret is the attitudes you have while spending the money.

Allocating the money in different categories has a tremendous influence on those attitudes. Before we get into the doing, let's understand what the money in each area accomplishes and how.

Enough Money

This is **THE MOST IMPORTANT STEP**. If you are not successful in convincing yourself that you have enough money you will never achieve financial fulfillment. Oh, you can still become rich, and you can still become saintly, but you will never be happy about the money you make.

You must **PAY YOURSELF FIRST** to be happy with the money you make. Human nature drives us to look for rewards in our labors. The feeling that I have benefited in some way from what I have done is part of the sense of accomplishment. Even acts of self sacrifice that benefit others, carry a value that benefits the doer. Without this value the doer would not do these things.

If you are not successful in convincing yourself that you have enough money you will never achieve financial fulfillment

People perform because of the motivations that come in the guise of the carrot and the stick. Many of us toil at our daily jobs because we fear the stick. If we don't work, we don't make money. Making money only to avoid the stick is not rewarding. A far greater sense of accomplishment and satisfaction arises from working to gain the carrot. In the noblest of activities the carrot may not be monetary, yet in endeavors involving money the greater satisfaction comes from personal monetary reward.

Remember, you would not work for your boss if he didn't pay you. So now ask yourself, "Self, will you work for me if I don't pay you?"

Consider personal reward. How do you get the greatest personal reward from money? What rules about how you spend your money would give you the greatest enjoyment of that money? Why, no rules at all, of course. The money you spend on yourself, Self Money, should have no rules attached to how it's spent. This is money for **YOU** to spend on **YOU** anyway **YOU** want. You don't have to justify what you spend it on. You don't have to get value for your money. You don't have to spend it on things you NEED. You don't have to pay bills with it. You don't have to spend it on anything worthwhile. You spend it on anything you FEEL like spending it on, and NOBODY else has any say in how **YOU** spend it. You don't have to ask your parents, your spouse, your children, your boss, your best friend, or even God. Throw out all the old programs of how you ***should*** spend your money. There are no rules for this money. You have absolute freedom of choice. **THIS IS <u>YOUR</u> MONEY.**

The money you spend on yourself, Self Money, should have no rules attached to how it's spent

Self Money has several psychological influences on a person. I have already mentioned one. It gives you that personal benefit of your efforts. This is the primary theme behind the title of this book. More than anything else, this personal benefit will give you the feeling of Enjoying Your Money Now. Yet there are more wonderful things that happen to a person because of Self Money.

More than anything else, this will give you the feeling that everything is worthwhile.

Having Self Money to spend for your own personal benefit satisfies that desire for MINE. You get to have MINE money. You get to buy MINE things with it. You get to do MINE things just for the MINE self in you.

Spending money on yourself may not be noble or saintly, yet it still feels wonderful, and it's necessary to obtain happiness. Financial fulfillment is a matter of balance. You must spend money to cover all the areas of your life, and your self is a biggie.

Throughout all the changes in your life, you are always with your self. If you make an enemy out of your self then you truly are your own worst enemy because you make this enemy for life. More than anybody else, you should be extra nice to this person.

Satisfy your self's desire for MINE money. Allocate a certain amount of money from each paycheck that your self can just blow on anything your little self desires. Then with your self satisfied, you can enjoy the more noble and saintly uses of money without interference from your greedy little self-centered self.

Your Heart's Desire

All of us enjoy getting presents. Some of the happiest memories we have are of times when we got presents. Well, Self Money gives us a chance to give ourselves presents.

Giving yourself presents has some advantages over the presents you get from other people. The people in your life rarely know what you REALLY want. They often give you what they think you SHOULD have or they give you something GOOD FOR you. Remember your mother telling you, "Take this. It's GOOD for you." Do you really want presents that are ***good*** for you? If they do know what you really want, they probably can't afford it (and if they can afford it, why should they spend THAT much money on you). The really neat stuff in life, you have to give to yourself. To be able to pay for it, you have to have Self Money.

You glow with the joy of getting what you urgently wanted out of life.

Once you give yourself that something special, that fantastic gift that you've been wanting, those new clothes, that new music system, that terrific bike, that new car, that "This is MINE" thing, you glow with the joy of getting what you urgently wanted out of life. That item is special, and it makes you feel special to have and use it.

The only way to get that special feeling about yourself is to have Self Money that you spend on yourself. Nobody else is going to buy them for you. (Well, maybe if you're still under 19, some fool of a parent might get you something you think is really neat, but only because they haven't figured out how to get untwisted from around your little finger, but even so, do your parents know what you really want?) The best gifts are the ones you buy for yourself with Self Money.

Too nice for the likes of me

Another special feeling that comes from buying nice expensive items just for yourself is the feeling that you ***deserve*** them. How often do you get to tell yourself, "Self, this is an extremely valuable item that only a good, hard-working, deserving individual can have, and you ***deserve*** it!" Most of us look at the nicer than average stuff and say, "Oh! I'd love to have that, but I can't. I ***don't deserve it***."

The deeper feeling behind this thought is that we can't have it right now because we haven't earned it yet.

The deeper feeling behind this thought is we can't have it right now because we haven't earned it yet. We literally do not believe we deserve nice things. We programmed ourselves (or let others program us) with an attitude that we can't have what we want unless we deserve to have it. We have to work hard, be good, and follow all the rules to deserve the things we want. Then life will reward us with what we want. When we find something we want very, very much, yet feel we don't truly deserve it, we find ourselves in deep conflict. A part of our selves wants to get it and another part says we can't have it. If we finally give into the part that wants it and we do buy it, then the other part creates so much guilt that we can't enjoy it.

My guilt wouldn't let me enjoy them as I expected.

This used to happen to me when I wanted to buy a new computer game. I needed a new game like Mrs. Marcos needed another pair of shoes, but this was such a wonderful game. I just had to try it out. If I bought it when I felt I couldn't afford it, then I felt guilty while I played it. There were more important things I should have spent the money on. I didn't want to tell my wife I had wasted money on another waste of time. So I'd play it at night after she went to bed, and those games were never as great as I'd thought they would be. I just didn't enjoy them as I thought I would. My guilt wouldn't let me enjoy them as I expected.

When you spend Self Money on yourself, you don't have to feel guilty. There is no conflict because there are no rules. The DOLLAR method requires the whole family agree that you can spend this money on ***anything***. They have already given you permission to spend this as you wish. You don't have to answer to anybody. You have no obligation to spend this money on anything specific. No one and no thing has any claim to this money. There are no emotional strings attached to this money telling you that you must feel guilty if you spend it on yourself. With this method you get a lot more enjoyment out of the things you buy for yourself because you have complete certainty that it is Self Money.

Also, if you have your own Self Money, you can reward yourself. When you go out and buy your self that special something, when you see yourself with it, when you get that feeling of "OOOOOOhhh! Look at ME! I must be a fantastic person to have this!", then you get the benefit of feeling worthy of nice things. It may be something you always thought was too good for the likes of you, yet now you have it, and by golly gee, if you got it, then you **must** deserve it. (Psychology is not logicology.) Salesmen and professionals are aware of how the clothes they wear, the car they drive, and the place they live, all effect their job performance. How you perceive yourself determines how you perform. The better your self image, the better you perform.

The psychological effect of feeling that you do deserve nice things is a spiraling self improvement cycle. The better you feel about yourself, the better you perform. The better you perform, the more you earn, and so the more you really do deserve. The more you feel you deserve, the better you feel about yourself. We measure self worth (at least partially) by the things we have. The more nice things you have for yourself, the more you are able to obtain the sense that this ***is*** all worth while. Take Self Money and buy yourself things nobody else thinks you deserve, you ***are*** worth it.

Splurgaholics Anonymous

On the other extreme are the splurgers – those people who will go out and spend money ***because*** they don't have enough money. Psychologically a splurger has found a way to deal with uncomfortable emotions. An alcoholic drinks. A workaholic works. A splurgaholic spends. The DOLLAR method helps the splurgaholic limit the impact of a wild spending spree. Splurgaholics recover from compulsive spending by learning healthy spending – the same as a compulsive over eater learns healthy eating. Self Money is available for any purpose, but when it's gone, it's gone. When it's gone that's depressing, yet there will be more in the next paycheck. When people know they will get more in the near future, they learn they don't have to over indulge. They learn discipline. It doesn't matter whether it's food, alcohol, sex, power, or money. Getting a little on a regular basis is better than too much all at once.

Family Values

It is very important for you to **allow** *your family members the freedom to make their own choices (and their own mistakes)*

I mentioned you don't have to feel guilty spending Self Money because the whole family has already agreed that you can spend it as you wish. When you first start using the DOLLAR method, the members of the family will still have some old programs that tell them the other members should or should not spend money on certain items. These are old attitudes that the DOLLAR method is trying to readjust. You have attitudes about how the other members should spend money. These old programs cause conflict within yourself and within the family. They prevent you and your family from fully enjoying money. Self Money sets aside a portion of money for each family member to spend without adhering to these old programs. It is very important for you to ***allow*** your family members the freedom to make their own choices (and their own mistakes). It is also important that you have this same freedom without hassles from others.

It takes time for these new attitudes to sink in. For a while some people will continue to react with bitterness at the way someone spends their Self Money. They will continue to try to control how others spend all the money. When this happens, bring it to everyone's attention as an unhealthy ***old*** program. No one is to control or influence how someone else spends their Self Money.

A Question of Balance

The idea that paying yourself first is more important than giving to others offends some people. Some religions strongly emphasize the benefits of giving. I agree there are truly many great and wonderful benefits to giving, and I do not intend to belittle that activity, yet all the benefits of giving have their basis on giving WILLINGLY and JOYFULLY. From my experiences among givers, only those who believe they personally have more than enough money are the ones who give joyfully. When people feel they do not have enough money for themselves they give out of obligation or with intentions of getting something of greater value (not necessarily money) in return. In order for giving to function correctly, the first step is to believe you have enough money for yourself. Take the steps in order. It doesn't matter whether you take two steps to get to the magic of giving. The important part is to do it willingly and joyfully. If you try to get there in one giant leap and fail, then you fall and roll downhill. Take the first step first. Pay yourself first.

Enough's Enough, But What's Enough?

You can use the money you set aside for Self Money for anything you want to spend it on. One way to identify what falls into Self Money is by elimination of what's in the other categories.

Expenses are those things that you must have. A wonderfully broad category that could include everything or nothing. In distinguishing between Expense Money and Self Money, you have to decide for yourself "Do I really need this, or is it an extra that I'd just like to have?" Food is necessary, but is ice cream? A car is necessary (in most places), but is a BMW? A roof is necessary, but is a $300,000 roof? Clothes are necessary, but how many clothes do you need?

Money that you give away is generally Give Away Money. (How's that for profound). Some households may want to modify this rule a bit. The activity of giving gifts includes an evaluation of how much of ME do I want to put into this gift for YOU. In buying presents, you may want to force yourself to sacrifice some of your Self Money to buy gifts for others. Other households will include presents in the Give Away Money category. My household has agreed that presents we give each other come from our Self Money accounts and presents to people outside the household come from the Give Away Money account. We make up the rules, yet once we make them we stick to them (until we change them, or someone begs and pleads, or doesn't play fair by making me an offer I can't refuse).

Investment Money is money set aside so that eventually you don't have to work. Investment is not a savings account so you can take that big summer vacation. Investing is not the money you save to get that new music system. Money you set aside to accumulate for things you want to buy may be Self Money depending on how you spend it. If it doesn't enable you to quit working for a living, it's not Investment Money.

Many items that you may want to spend on yourself are things to make life better. Thus they could fall into the Improvement Money category. Improvement Money could be those name brand clothes, that $300,000 roof, that BMW, that ice cream … Well, probably NOT the ice cream.

This leaves many things that are Self Money. The rest of the section is a list of some things usually considered Self Money.

- ✓ Toys for yourself (this is a long, long list).
- ✓ Extravagant Edibles
- ✓ Entertainment (also a long list, as small as a $1.00 video rental, as big as a trip around the world).
- ✓ Luxuries (often very similar to Needs except much, much nicer)
- ✓ Services that benefit only you (gardener, maid, cook, car wash)
- ✓ Personal obligations (speeding tickets)
- ✓ Expenses that the rest of the household does not wish to share
- ✓ Vacations
- ✓ Clothes that you "just have to have."
- ✓ Jewelry
- ✓ Things "for the house" (the house doesn't really care).
- ✓ Blow Money
- ✓ Mad Money
- ✓ Sports (spectator, fishing, boating, social)
- ✓ Gadgets (nifty gizmos that "make life better" but you could do without)
- ✓ Special things for the *baby*. (the baby doesn't care)

More Than Enough Money

The DOLLAR method wants you to give and get nothing in return.

Many of you will say you know all about giving – that you have been giving away 10% since you were little. You may have a life time of giving experience, yet your experience is probably of giving because you have to. You give because it is "good" for you. You do not give willingly without any thought of return. You gave as a child because of your parents' authority. Now you give because of God's authority. Throughout the years you have learned you get something in return that makes the giving worthwhile. You believe what you give returns 10 fold. You get a pleasant feeling from giving. You feel God smiles at you when you give. You are hoping to buy your way into heaven. All these attitudes ***expect*** a return on the money spent. You would spend none of this money if you did not think it benefited you in some way, if you truly got nothing in return.

The DOLLAR method wants you to give and get nothing in return. All these benefits still happen, but they can't be the motivating factor for the DOLLAR Method to work. You must give to know you have more than enough money. You do not need this money.

Convincing yourself you have enough money is a great accomplishment. Getting that sense of satisfaction goes a long way toward happiness, yet it doesn't last. One of the frustrating aspects of satisfying needs is they don't stay satisfied. You wake up hungry. You satisfy that need by eating and what do you know? By noon you're hungry again, and so it goes with money. I once knew a man who tried to teach his mule to stop eating. When he finally had the mule trained, it died. Learning how to satisfy the hunger is part of the first step. It doesn't make the hunger go away. Like the plant in "The Little Shop of Horrors," our hunger cries **"FEED ME"!** The way to control this need for money is to develop a deep psychological belief that you have more than enough money.

The feeling that you have enough money will put an end to financial unhappiness, but it doesn't generate happiness by itself.

The feeling that you have enough money will put an end to financial unhappiness, yet it doesn't generate happiness by itself. Some attitudes generate unhappiness and others generate happiness. Happiness is ***not*** the absence of unhappiness. We have directed most of our efforts toward avoiding unhappiness. Obtaining the feeling that you ***do*** have enough money will take care of avoiding those unhappy feelings. Having enough money will avoid tormenting your soul, but it won't teach your soul to fly. There is a difference between 'not hurting' and being joyful.

There are other things you can do with money to create happiness in the world around you. Money is a marvelous wonderment of this world in which we live. There are some truly amazing things you can do with money. There are more things humans are capable of than merely avoiding unhappiness. Experiencing joy, serenity, or bliss is more than just not being unhappy; it's more than just having enough money, **it's having more than enough money.**

Having more than enough money allows you to emerge from a world of financial darkness into the light. Things happen to you psychologically that change the way you look at every penny you spend. The bitterness of paying unwanted obligations disappears. Gone are the fears that you may not be able to survive. Gone is the guilt of spending money on yourself because you feel you should spend it on something else. It brings a smile to your face to pay more than required. You spend most of your day with a heart peaceful in the knowledge that you have more than enough money. When you achieve this deep wonderful peaceful belief that you have more than enough money, you have eliminated the panic associated with money. That panic gets replaced by fun. Much fun becomes associated with spending money on someone other than yourself. You start looking forward to the next time you give away money.

All this magic comes from giving. Giving effects your life in many ways. People have written and taught much about giving. We have probably written more and discussed more about giving than any other subject relating to money (other than the lack thereof). For the DOLLAR method, the important aspect is the feeling of more than enough money that comes from giving.

More than enough money – how does giving generate a sense of having more than enough money? Giving does many things. It can make you feel saintly, noble, charitable, loving, kind, generous, protective, supporting, caring, righteous, and respectable, yet how does it give yourself a selfish feeling?

The best way of giving away money to satisfy the psychological purpose of the DOLLAR method is to take cash, lay it on the sidewalk and walk away from it.

Let's look at a particular method of giving. Giving comes in all forms, donations, tithing, gifts, forgotten loans, and hand outs. The best way of giving away money to satisfy the psychological purpose of the DOLLAR method is to take your Give Away Money as cash to the nearest park, mall, or busy street, lay it on the sidewalk and walk away from it.

The DOLLAR method is unconcerned with ***where*** your Give Away Money goes. The DOLLAR method is readjusting ***your*** attitudes. The important part is that you give away money in such a manner that you expect absolutely nothing in return. When you can drop your Give Away Money and walk away from it without concern for what happens to it after you let go of it, you're living a healthier attitude. It's all in your head and the attitude in your head is what makes the difference. It's not where you spend your money. It's the attitude in your head when you spend your money.

The attitude is "I don't have to be concerned with this money. I have more than enough ***other*** money. I give up this money to demonstrate I have more than enough money." Other more dramatic demonstrations would be acts such as burning money, throwing it in the trash, feeding it to the garbage disposal, or lining your bird cage with it. The point is, do something to show yourself that you can throw this money away and still have enough money.

I don't have to be concerned with this money. I have more than enough **other** *money.*

Doing one of the more dramatic examples might be a psychological trip, but I don't recommend any of them. I do recommend if you are going to dispose of money, find some fun ways to do it. As mentioned earlier there are some marvelous things that happen to a person who gives. Experiment with the different ways you can dispose of money without gain. Explore and discover the unexpected impact that giving money has not only on you, but also on the people you give to.

An instant joy you will experience is the deep emotional response from those you touch with your gifts.

The Joy Of Giving

One of the first mysteries you'll discover is that it is not easy to give money to people. Our society has some very strict rules on accepting money from other people. When you start trying to give money to people for no reason at all, they will not readily accept it. Part of the fun is trying to devise ways to give money to people in such a way they will accept it willingly.

Often this entails a scheme to give the money anonymously. I have hidden $20 bills in people's apartments, deposited money into people's bank accounts, and sold people items at 5% of their value to give to people who would not take money from me. A part of the fun of giving money away anonymously is watching the results.

One family got very excited about the money we put into their bank account. The dad had lost his job just before Christmas so I put $100 in their bank account and mailed them the deposit slip from "Santa". They spent a lot of time trying to figure out who had been so nice to them. They told me it was someone else we know.

An instant joy you will experience is the deep emotional response from those you touch with your gifts. (Of course, if you give to someone on the other side of the world with your money going through 50 people on the way, you don't get much emotional feedback.) Unexpected kindness effects all of us deep in our souls. Helping others is a basic part of human nature and it creates its own rewards. Give Away Money provides the means to help others that you may never have had before. Each paycheck you set aside some Give Away Money. With every paycheck there is some money available that can be used for the common benefit of all humanity, not just at Halloween and Christmas.

It isn't important WHERE it goes or whether the other person DESERVES it.

Here's a Tip

We give to others in many ways on a regular basis. People give extra money to other people every day, often strangers in the form of tips. There are some rules for figuring out just how much tip you should leave with a waiter, bellboy, taxi cab driver, or porter. From my experience working in a restaurant, 10% was the minimum expected, 15% was normal, and 20% meant excellent service. Now imagine the reaction when you leave a 50% tip or even a 100% tip. "A 100% tip! Are you nuts?" you ask – well, the jury's still out on that – yet think it through.

The DOLLAR method gets you to allocate a part of your paycheck as Give Away Money, preferably 10%. It's your choice where you throw it away. Leaving it on the table is the same as rolling tobacco in it and smoking it. So leave a $10 tip for a $7 lunch. You are going to give away the money anyway. It isn't important WHERE it goes or whether the other person DESERVES it. The only thing you get out of it is the fun of spending it. So make someone's day. Leave a huge tip.

Another fun way to make someone's day is to spend Give Away Money at the office. Every office has things that are "we really need this but we can't afford it" type items. So take your Give Away Money and buy it.

Unavoidable Giving

Sometimes you may want to use Give Away Money for problems that are not exactly giving away money. The purpose of Give Away Money is to get that **feeling of having more than enough money.** Giving money away generates this feeling of having more than enough money. Whenever an overwhelming or unexpected bill comes along and destroys that feeling, you can use Give Away Money to deal with it.

The only rule with Give Away Money is that you can't gain from it. When you send money to places you would rather not, you are giving in a sense. Sometimes events force us to spend money. Somehow our power of choice becomes limited and we have to send money to a particular place. The distinction is rather subtle and is an area that requires discussion, cussion, and agreement from all members of the household, yet you can conceivably allocate extraordinary expenditures to Give Away Money. This ability can make some tremendous impact on attitude readjustments.

One example is you can use Give Away Money for items where there is an obligation to give. If the obligation creates bitter feelings, then readjust those attitudes and feelings by allocating the expense (or some of the expense) to Give Away Money.

Some people even use a part of their Give Away Money to pay part of their taxes based on the premise that paying taxes is a sure way to throw away money. Using Give Away Money for some of the taxes affects their attitude toward taxes. All of a sudden they don't gripe about taxes any more – why – because they have more than enough money even after paying taxes.

Some people even use a part of their Give Away Money to pay part of their taxes based on the premise that paying taxes is a sure way to throw away money.

You can also spend Give Away Money to replace damaged, broken, stolen, or lost items. You essentially throw away the money because you aren't increasing the things you have. You are only bringing things back to where they were.

I've often seen the unexpected money problem pop up and all of a sudden, there's not enough money. Everything was under control. Now it's all haywire. Just because of one stupid bill. This bill becomes the target of much bitterness and hatred. This cursed bill just devastated the entire happiness of the most important family in the world. This bill has accomplished an attitude adjustment on the family. It has created stinking thinking.

The solution to this stinking thinking can be Give Away Money. The spending of Give Away Money is a matter best decided by the agreement of the family. When a SNAFU occurs, give it money – give it Give Away Money. The purpose of Give Away Money is to create a sense of more than enough money. If a culprit is destroying that sense of more than enough money, then fight it with Give Away Money.

People often ask me what's acceptable to spend Give Away Money on. Usually their questions derive from a sense of obligation to give in a certain manner. Again, the rules are yours. The only important part of Give Away Money is how it effects your own personal attitudes. The guide I give people to follow is simple; if it feels nice, do it. If it hurts, don't do it. True giving feels great.

All we can influence is the briefest of moments in the now of Today.

Enough Money Tomorrow

Today is tomorrow's yesterday. Time is a fascinating concept. Yesterday is past. Tomorrow never comes. Today is the eternal Now. Yet as human beings we have the mental capability to comprehend Time. We remember the days gone by. We can imagine the days to come. Yet all we can influence is the briefest of moments in the now of Today.

Different people tend to focus on different time periods. For the very young there is no other time than Now. For the very old there seems to be no Tomorrow, only the memories of Yesterday. Those in the middle tend to focus on Tomorrow, when the "good life" will be.

If we do choose to use time as a tool we can do some neat things with it – like retire!

Time is a part of being human just as being happy and unhappy. You have to deal with Time the same as you have to deal with money. You have a choice in how you deal with Time. You can choose to ignore it. This is easy since Time doesn't really care if you pay attention to it or not. It will continue to slip away without your concentration, and even if you do spend a vast amount of effort concentrating on Time, it continues to slip through your grasp into the past.

If we do choose to use time as a tool we can do some neat things with it. When we combine the tools of time with the tools of money we can do some really neat stuff – like retire!

All of us know that someday we will be too old to work. The youngsters among us (those under sixty) don't really understand what that means. It means someday your body and your mind will become so undependable that no one will hire you because they can't afford the effort and risk that employing you would entail. It's one thing to be young and not be able to find a job doing something you like. It's quite another to be incapable of working anywhere. All of us will someday reach that condition. Hopefully just before we become totally worthless to any employer, we'll get to retire. This is an honorable way to quit while we're ahead.

One of the problems with retiring is that your need for money doesn't go away just because you don't work any more. The older you get the more new things you need to spend money on (like batteries for your hearing aid), and for a truly happy retirement you want to stop working while young enough to enjoy it. Someone once told me the trouble with youth was it gets wasted on the young. Similarly, retirement gets wasted on the old.

Having enough money Tomorrow when you do retire doesn't just happen. I've met a few people that think the world owes them a living for some reason or another, and they manage to get by while young, yet there's nothing out there to provide all the money you really want for retirement. Sure there's Social Security and Medicare. The money available from these two sources is not quite enough to keep you alive so you can get the full benefit of a rotten life. Nobody enjoys the good life on the money Social Security pays, and besides Social Security is here today, yet who knows where tomorrow. When they take Social Security out of your paycheck they label it F.I.C.A. That stands for "Financially Irresponsible Congressmen of America". Do you really want the United States Congress responsible for providing the money for your retirement?

There is another option you might consider. It's called investing. It's a sure fire way to use money to make money. It doesn't take brains so much as it takes patience. It's not a get rich quick scheme. It's a get rich slow scheme. The way it works is you set aside a part of every paycheck and this money goes to work making more money.

It's not a get rich quick scheme.

It's a get rich slow scheme.

Five Will Get You Ten

How does money make money? Magic! One of the mystical qualities of money is you can produce money without producing anything else.

In the old barter system, you had to have something of value to trade for something different of value that you wanted. It could be a material, an item, a product, or a service, yet you traded your valuable item for someone else's valuable item. If you had nothing of value then you were out of luck. Then someone hit upon the idea of using money as a measure of value.

With this new stuff called money, you could now get something of value just by trading in an abstract concept used to measure that value. We call this abstract concept of the measure of value "worth." With money as a measure of value, we could talk in terms of "How much money is that item worth?" Items of equal worth could get traded. Money by itself is worthless (unless it's used to plug the cracks around a drafty window), yet you can trade it for valuable items.

This creates a situation where you can get valuable items without having valuable items at the start. You trade an item to get money. Then you trade the money for something else. If you have money, which is essentially worthless, you can still get something of value.

The trick is "How to get money without giving up something?" When people started using money (a physical item to represent worth) it became possible to borrow worth. You can borrow worth by borrowing money. With this borrowed worth, you buy the things you need to produce something valuable. You sell the item you produce so that at some time in the future, you pay back the borrowed worth from the increase in products made possible by that borrowed worth. (In other words, you borrow money to start a business, which makes money so you can pay back the loan.)

This opportunity to borrow worth without having anything of value became such a popular thing to do that soon people started offering to loan worth as a service. Since the service of loaning worth was valuable in itself, they were able to charge a fee for this service. People who borrow money pay back the money plus a service charge. Thus just by having some extra worth lying around in the form of money, a person was able to turn that money into more money. The only additional item was the service of loaning it. It's simple – right?

You don't have to understand any of the above paragraphs to invest your Investment Money. In today's world there are many people who provide the service of loaning money. To loan money, they have to have money, preferably a whole lot of money.

Most of them do not have lots of money (not their OWN money). So they borrow money from you so they can loan your money to someone else. They make a little money for themselves due to the difference in the interest rate they charge their borrower and the savings rate they pay you. This is their fee for arranging this money lending. You don't have to understand how it all works. All you have to do is allow the guy to borrow your money, and he will slowly pay it back to you plus more. You give him a hundred and he'll give you back a hundred and five. Magic! You've made money using nothing but money.

I mentioned earlier this is not a get rich quick scheme. If you only make five for every hundred you invest then you have to invest $100 twenty times to double your money. Savings accounts at banks have paid rates ranging from 1 to 10% per year. For an interest rate of 7% it will take 10 years to double your money. This is a slow way to make money, yet it does work. It just takes a long time. Because it does take a long time, you need to **start early**.

*Because it does take a long time, you need to **start early**.*

People often argue they can't put enough money into investments to make a difference. What good does turning $100 into $200 after ten years? It doesn't seem to make a difference unless you already have a whole lot of money to invest in the beginning. With the first ten years this is true, yet look what happens the second ten years. That $200 (that was $100 ten years ago) turns into $400 from year ten to year twenty. So for a $100 investment you get an extra $300 back after twenty years. In the third ten years it becomes $800. In the fourth ten years it becomes $1600. After the fifth ten years it becomes $3200. So if you set aside $100 when you are 20, it will be $3200 by the time you retire at age 70. So even a little set aside early makes a big bundle when you're ready for it.

Safety Nets

There's another advantage to investing. It's called security. If you are regularly setting 10% of your paycheck aside for investments that means after one year you have just over 10% of a year's salary tucked away. That's more than one month's pay. After ten years of doing this, you have more than a year's salary tucked. The planned purpose of this money is to finance your retirement, yet it also serves as a marvelous security net. If something happens and you can't work for a year, that's OK, you have the funds available to see you through. How many people do you know age 30 or more who could not work for a year and still have enough money?

People ask me where to invest. That's a whole different issue. The DOLLAR method is unconcerned with where you invest your money or how fantastic a financial whiz you are. It just requires that you do set aside some part of each paycheck and let it grow. Some investments offer faster growth than others, but at a higher risk of losing money. The investment vehicle considered to be safest is a CD (certificate of deposit). It usually pays a rate higher than a checking account, but lower than the returns possible by trading in stocks, bonds, real estate, gold, or collectibles (in which you could eventually end up with less money than you started with). Investing in CD's will insure a steady growth. If you want to consider more rapid growth, ask someone else to teach you about the other investments.

Your Uncle's Advice

One of the items you must consider when investing is the tax man. (Now there's a wonderful way to generate unearned income – let's get a part of the money other people earn). You may consider taxes Give Away Money since you get nothing for most of what you lose, but from an investment viewpoint you want to lose as little as possible while the nest egg is incubating. There are several ways to invest either tax free or by deferring taxes (pay the taxes later – not "I'll gladly pay you the second Tuesday of next week.") Consult an investment website for information on tax free stuff.

Two of the easiest tax deferred plans are 401-K's and IRA's. 401(k)s are plans your employer may have where you can set aside some of you paycheck into an investment account for use when you retire (Wow! what a neat idea!). The company selects what investment vehicles are available then they give you limited control over your money. Your nest egg grows until you retire or quit the company. You pay no tax on the earnings until you withdraw the money from the account. The catch is you cannot withdraw any money (without a SUBSTANTIAL penalty) until age 59½. An individual can create his own retirement investment account (Individual Retirement Account – IRA) if not participating in a pension plan at the job. Again, you pay no tax until you take out the money after retirement.

This deferring of taxes helps your nest egg grow faster since it doesn't progress by taking two steps forward, one step back each year by paying yearly taxes. You will also save on the amount of taxes paid if your tax rate when you retire (withdraw the money) is less than when you made the earnings. This may or may not be true.

Home Sweet Home

A big reduction in expenses occurs when you have your home completely paid for.

There is one place you can put Investment Money that is not necessarily an investment, yet it does prepare things for your retirement. Your home can be a beneficial place to put Investment Money if you do it right. The amount of income you need from your investments will depend on what your retirement expenses are. A big reduction in expenses occurs when you have your home completely paid for. Eliminating your rent or mortgage payment is like having extra income – a whole lot of extra income. Normally the mortgage interest on your house will be higher than what you would have received for a CD. Using Investment Money to pay off your house provides a better return on your investment than a CD.

In order for putting Investment Money into your home to work, you must own your home when you retire. Many people manage to get away from renting, but they never get away from paying for the mortgage. If you want to retire at 65 with no more mortgages, then the latest you can get a 30 year loan is at age 35. So when you upgrade to that new house at 40, you better get a shorter loan, and the latest you can pay off a 15 year loan is age 50. Any upgrade after age 50 should include payment with a large amount of cash to keep the mortgage payments small.

Having an expensive home is not investing.

There is disagreement on how much of the money put into a house is truly Investment Money. I have seen people who buy the most expensive house they can afford even though it is far more than they need on the basis of investing in real estate. At every opportunity they upgrade to a more expensive house. They claim this is investing because their home increases in value, but having an expensive home is not investing. It's accumulating wealth. Investing in real estate requires that someday you sell the real estate for cash (preferably at a profit). Putting money into an expensive home would be an investment if someday you trade the expensive home for a less expensive home. This would generate extra cash. But the people I've watched don't do that. They get hooked on an expensive life style. When retirement comes, they can't stand to part with that life style and so they keep making payments on that wonderfully lovely home until the day they die.

Since the home you buy at age 50 may be the last one you can pay off by age 65, you need to put quite a bit of thought into what you buy. This house may be the last one you get. This may be the house in which you retire. You should consider what it will be like in 15 years. Is this the place you want to live out your retirement? If it isn't then will this house provide the cash required to buy another house when you retire?

This part of the DOLLAR method provides two things most Americans will never have; financial security and the money for a happy retirement.

The above section shows that putting Investment Money into your home can indeed be a worthwhile investment for retirement if done correctly, but putting ALL your Investment Money into your house will not provide the cash income you will need for retirement. Retirement is a period of not having to work to make a living. It is not a time of having no more bills to pay. You will still need money for utilities, food, medical costs, travel costs (hopefully), telephone bills (definitely), and many of the bills you have today. You must put some Investment Money into investments that generate that needed cash.

When your family draws up the rules for allocating Investment Money, it's OK to use some of that money to pay off the mortgage, but be careful not to use all of it.

This part of the DOLLAR method provides two things most Americans will never have; financial security and the money for a happy retirement. Investment Money ensures you will have **enough money tomorrow**.

A Better Tomorrow

"Why do I try to solve tomorrow's problems today? Do I think I am wiser today than I will be tomorrow?" Hugh Prather asked himself this in his book, "Notes to Myself."

You can find Happiness only in the present

You can find Happiness only in the present. That is the whole point of this book. Leave tomorrow's problems for tomorrow. Don't wait until tomorrow to be happy. Yet there is a nature to people in that we do expect things to be better tomorrow. We have a deep belief and hope that no matter how miserable things are today, they will be better tomorrow. The thought that tomorrow may be worse than today leads to despair. We get the greatest sense of accomplishment from the things we do to make life, the world, and ourselves better. It's not good enough for tomorrow to be as good as today. To be successful, tomorrow has to be better.

The world we live in has a dimension called time. Time has always been a mysterious and fascinating phenomenon. As time goes by we watch everything change. Some things change quickly, like the shape of a wave crashing onto a rocky coast. Some things change slowly like the color of leaves in the fall or the creation of flowers in the spring. Some things change even slower and get measured in terms of ages. I remember being with a geologist friend in the middle of a huge area of gigantic granite boulders that had been part of a rock slide thousands of years ago. He commented this was an exciting place because geology was happening all around us.

As humans we associate with change. We tend to compare the changes and evaluate them. We look for signs that indicate direction and progress. As humans we also try to effect changes that help us progress toward the goals of our choosing. We want to make things better as time goes by.

There is no such thing as coasting.

If you are not making progress and making life better, you are actually sliding backwards.

The more significant changes we make in ourselves we call learning. We devote a great deal of our efforts to learning new things so that our lives are better as time goes by. One of the things we learn as time goes by is the learning never ends. No one ever knows all there is to know. There is no point where we stop learning. All of life is an opportunity to learn a little more. Everything is an opportunity to make life a little bit better.

Another thing we learn as we go along is there is no such thing as coasting. If you are not making progress and making life better, you are actually sliding backwards. Life is a journey. Living is the going there. There is no end to the road. There are no stopping places. There is only onwards or backwards.

You must make yourself and the world around you a better place everyday to live a fulfilling life.

You must make yourself and the world around you a better place everyday to live a fulfilling life. You can do this in many ways. You can exercise. You can study. You can help others. You can clean up the environment. You can travel. You can make a living by providing a service to others (such as flipping hamburgers). You can diet. You can develop skills. You can also spend money to make things better.

Money plays a large part in how we measure what is getting better. All over the world people compare one place to another by something called a standard of living. We measure one generation against another. We have a belief that each generation should raise the standard of living for the following generation. We want our children to have things better than we did.

We tend to look at school as a temporary time where we learn what we have to, after which we don't have to learn anything ever again. We look at money in the same way. We think we can go to work for a few years; make a whole lot of money; make things better; then sit back and enjoy the easy life. I see people doing this. As I watch, they sit back and relax. I watch as they slowly drift away, drifting backwards as time passes them by. There are no stopping places to relax, only forwards or backwards.

To make the world a better place you have to spend money all through your life. The DOLLAR method sets aside money just for this purpose. You budget Improvement Money every paycheck and specifically spend this money thinking about ways to make things better.

The New Improved You!

You can use Improvement Money for many things, most are fun. Improvement Money is similar to Self Money in that you will spend much of this money on things you want for yourself. The main difference is Improvement Money always brings something better to your life whereas Self Money has no rules. You can waste your Self Money and that's ok. You always get value for your Improvement Money.

Setting aside some of your money that you spend for fun with the goal of improving things ensures you don't waste all your money. All of us have gone through times in our lives where we can't understand where the money went. We look around us and ask ourselves, "What have we accomplished?" We have slaved to make money for some long period and have nothing to show for it except that we stayed alive. Nothing is better. Nothing has really changed except that we are older.

Even though we hunger for the accomplishment of making things better, it doesn't just happen. It takes conscious effort. Setting aside Improvement Money provides that conscious decision that I will make things better with this money. I will not waste this. I am moving forward, maybe slowly, but definitely forward.

*I think of the Self Money and the Improvement Money as the **fun money**.*

I spoke of Improvement Money as fun. I think of the Self Money and the Improvement Money as the fun money. We get enjoyment from all the categories in the DOLLAR method. There are great rewards and joy in giving. There are security and future well being in Investment Money. There is balance in the Expense Money. These two categories, Self Money and Improvement Money, are **fun**.

What can you spend Improvement Money on? Anything that makes things better is acceptable. That's an enormous area. I place a great deal of value on learning so I consider any money spent to learn as Improvement Money. We learn by traveling. We learn by reading books (some books, others are just entertaining), we learn by doing something we have never done before.

Most people measure *better* by their standard of living. Things that improve your standard of living are Improvement Money. The things you buy for your house that make life better are Improvement Money. Money spent to keep up with the Jones is Improvement Money.

Speaking of keeping up with the Joneses, I want to address the yuppie syndrome. The DOLLAR method places heavy emphasis on balance. Making your life better is an important **part** of life. It is not your **whole** life. Improvement Money ensures you do not slip backwards by wasting your money. Allocating a balanced portion of your income to Improvement Money ensures you do not overspend on trying to make things better too rapidly. When the Improvement Money is gone, it's gone. Money serves many purposes. To get full enjoyment, a balance is necessary (or you fall flat on your face – and all your wealth comes tumbling down on top of you).

It is not as important to **accurately** *decide what is Improvement Money as it is to make sure you spend some.*

When allocating expenditures, it may be difficult to clearly decide what is Improvement Money. Almost everything you do in life **should** be to make life better. Later in the book is a section about Creative Juggling. Many expenditures fall into more than one category. Most of the Improvement Money expenses we could consider as something else. It is not as important to ***accurately*** decide what is Improvement Money as it is to make sure you spend some. You will set aside Improvement Money. The only real requirement is that this money gets spent on things that make you or your world better. Use it as you wish and enjoy it to the fullest.

The only real requirement is that this money gets spent on things that make you or your world better.

A Better Today

After using the budget for a year, my friend described the changes in her life regarding her feelings toward money as more security, more control, more freedom, more fun, and getting more of what she wants out of her money. She feels less anxiety because she now knows where the money has gone and how much gets left. There is no uncertainty of whether we have enough money.

Anxiety is fear of the unknown. Often people go through life never knowing for sure whether things are OK. If nothing is wrong it seems to be sheer luck. The budget and ledger enable her to keep track of where she is and where she wants to be. When things are off track she knows immediately. When her expenses were unpredictable, the chaos was overwhelming. She found herself on shaky ground and unsure of what she could or should do. The DOLLAR method gives her a solid foundation to stand on. She is able to keep oriented and see just what is happening. Unexpected things still happen, but now they are no longer earth shaking. She has learned she can handle whatever comes along.

My friend has more control over her financial dimension. She is able to plan with the confidence that her plans are accurate. With a year's practice my friend has learned more about what she can realistically do with her money. She knows how far it will stretch. She has been through some tough times and knows what the warning signs are. She can foresee problems and plan for them. She knows how to prepare for changes. She has a stable foundation and excellent tools. The important money decisions in her life used to seem out of control. The DOLLAR method has given her a way to effectively make those decisions.

She has more freedom to do what she wants because she knows whether the money is available. She can spend money without guilt or feeling that she shouldn't be spending it. She doesn't have any additional money, but she has more options of what to do with her money. Fear limits our options. Although the rules the family has made specify limits on her money, they also give her the freedom to spend what is available. People often see rules and budgets as things that tell them what they ***cannot*** do. The DOLLAR method tells us what we ***can*** do.

She has more fun with her money. She particularly enjoys figuring out a way to spend money on what she wants yet stay within the rules her family has made. This creative juggling between the accounts gets discussed later. She enjoys finding something she wants and working out a way to justify the spending. She also gets to experience the greater joy of giving without guilt or bitterness. She is able to help people with money that "wasn't there" before.

She summed it up best when she said that she gets to do more of what she wants to do with her money. Again, she doesn't have more money, she doesn't spend more, and sometimes she gets more bills, yet now she gets more satisfaction from what she spends. She Enjoys Her Money Now.

W H A T ?

The New Happier YOU

All the comparisons I've used here are relative. If you use the DOLLAR method your life will be better. It's not going to be best, it's not going to be perfect, it's not going to be so wonderful that you can't stand all the happiness. Better means that more happiness will be around more often. It doesn't mean you will be happy all the time. When you use the DOLLAR method your life will change because you change. For things to be better they have to be different. If you don't want to change; if you don't want to be different; then you don't truly want life to be better. When I wrote this book, I assumed you wanted to learn how to Enjoy Your Money Now because ***<u>you don't now</u>***.

Your life will be better.

It's not going to be best, it's not going to be perfect, it's not going to be so wonderful that you can't stand all the happiness.

Better means that more happiness will be around more often.

If you learn to use the DOLLAR method you will change your attitudes to believe that you have **enough money**. You will change to believe that you even have **more than enough money**. You will discover that you will have **enough money tomorrow**. You will discover wonderful ways to make **a better tomorrow**. By using the DOLLAR method you will experience **a better today** and you will know absolutely that you can **Enjoy Your Money Now.**

Mirror, Mirror on the Wall,

Who's the Stinkiest of Them All?

As they say, if the stink fits, everyone else can smell it.

Stop doing the old. This section serves as a mirror. You are reading this book because you are unhappy about money and want to change. You are unhappy about money because you suffer from stinking thinking. The first step in attitude readjustment is recognition. You need to look in the mirror and see yourself and your attitudes as you are today. This is not easy because we have spent our whole lives learning how to hide our attitudes. *Denial* is not the river, de Nile; it's a way of hiding from the truth of who we are. We've become masters at disguise and wear many masks to pretend we are someone other than who we are. Looking in a normal mirror will tell you very little about your true self. (If any one knows of a mirror that shows your true self, I request you contact me immediately). Lacking such a mirror, this section will describe several types of stinking thinking. It's up to you recognize which stink is yours. As they say, if the stink fits, everyone else can smell it.

I highly recommend honesty at this point. You don't have to be honest with yourself to use the DOLLAR method, but it makes things a whole LOT easier.

What's Mine is Mine, and What's Yours is Ours

Children begin to understand the word **MINE** by the time they are one or two years old. At that point everything becomes **MINE!** This need to have **MINE** starts the great competition. The game is played for the rest of one's life. Everything in the whole world has to be **MINE.** The one with the most toys wins! Nobody else can have anything. It's **All MINE, MINE!**

The one with the most toys wins!

Nobody else can have anything.

*It's **All MINE, MINE!***

"That's not me," you say, yet families often smell this stinking thinking. It’s true a two-year-old child will shout "**MINE!**" and just grab what they want. As a child over twenty you have to be more subtle. Each member has some possessions of their own. Maybe two or more members have incomes. Yet there will be one member who treats everything as it's own. A wife may explain that she and hubby are partners. He makes the money and she spends it. A teenager may pout to emphasize ownership of **everything** in the house. The Money Manager of the house says, "I will **LET** you have $5.00 if you promise not to spend it all in one place." There are the silent many that radiate bitterness and resentment whenever anyone else spends money foolishly on things they see as useless.

This stink also odorizes the workplace. "The company may have bought this, but it's **MINE!** You can't use it." Employees often smell the office Money Manager. "I can't justify spending the company's money on what you want," he says. "The company only buys what I want."

More than any other possession, people hate to share money (except for maybe underclothes. . . and hair brushes. . . and toothbrushes). People want more money **FOR THEMSELVES**. The breadwinner doesn't really want more income for his family. He wants more income so more gets left over for him. We only agree with the interest of the many so long as we get more money for us. We compete with those around us to make more money. Competition is great for productivity and accomplishments, but it stinks when it comes to happiness. The general attitude is you have to win to enjoy a race, but there is only one winner, and if it's not you then you're a loser. Losers have no reason to be happy.

WRONG! Life is not a competition with only one winner. You don't have to have the most to be happy. You can even generate happiness by sharing money. Doing things for yourself is important, yet doing things for others is a whole lot of fun. Smiles from the people around you are some of the most precious items in your life. It doesn't take very much money to bring a smile to someone's face, yet you do have to share money to make smiles.

Life is not a competition with only one winner.

You don't have to have the most to be happy.

Look in the mirror. Do you constantly compare how much you have with others? Is it important that you have more? Do you stink?

Everyone has the desire to get something out of life. We want stuff to be **MINE**. Often this need for **MINE** does not result in happiness. Our craving for **MINE MONEY** often results in conflicts with the other people in our life who also crave their own **MINE MONEY**. The DOLLAR method shows a way to have your own **MINE MONEY** without generating unhappiness.

Double Coupon Days

The true measure of a money manager is, "How many of the things you really want to do with your money do you get to do?"

This smell permeates every grocery store in America. It is strongest amongst certain wives who spend hours collecting and organizing coupons, but the smell originates from their husbands. The husbands in these cases control the money and they give the wives just enough to take care of the household items. The wives have no money for themselves and too little to do anything special for the children, yet wives have a champion – the sellers of household items. These champions created a way for wives to steal money from their greedy stinking husbands – the coupon.

Coupons provide a way for wives to get just as many groceries and extra cash as well. Coupons provide cash to spend on really important things like a new lunch box for the kids; or a new potato masher since the handle's broken on the old one; or some fake flowers to set in the kitchen window since they can't afford real ones; or to get new soles put on her shoes since the cardboard has worn through again; or some stronger glue to hold down that spot where the carpet's torn.

Of course Dad thinks this is great. See how thrifty his wife is. See how **his** decision to force her to live on such a small allowance has made her so clever. Yes, Dad is proud, and everyone can smell his pride.

Many people equate being thrifty or frugal with being an effective money manager, yet the true measure of a money manager is, "How many of the things you really want to do with your money do you get to do?" No one gets to do everything they want, true, yet everyone ***does*** have enough money to live ***happily***.

A part of being happy is being involved in deciding how the money gets spent. When one person sets the rules, and forces another to follow, the follower is going to feel resentment when the amounts set are too small. This form of dictatorship implies the other members of the family are too stupid to be included in the decision making process. It is disheartening to see this disrespect among family members. The DOLLAR method shows how all the family members should discuss and agree upon (true agreement) the allocation of money. This way all members of the family understand and accept the limitations (even teenagers will respond more positively). Agreements are not always easy to reach, yet love and respect for each other demand a certain diplomacy.

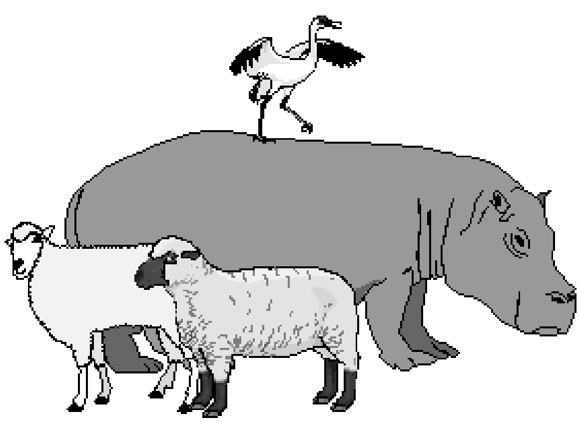
Hippo Birdie, Two Ewes

Hippo Birdie Two Ewes,

Hippo Birdie Two Ewes,

Hippo Birdie Deer Ewe,

Hippo Birdie Two Ewes.



Don't you just love it when birthdays roll around and one person goes to the other and says "Deer, will you give me $20 to go buy you a birdie present?" This is the way it is in some families. Mom lets the kids pick out Dad's gift. Then she pays for it with Dad's money, and Dad thinks, "How thrilling; how thoughtful; the only difference between this and what I would have bought is that this is close enough to what I wanted to remind me I didn't get what I really wanted."

Somehow the spirit of giving just gets lost. People like to say it's the thought that counts. That's easy to say when you're spending someone else's money, yet give any kid $10 and tell him he can spend this on himself or buy his brother a gift and see if it's just the thought that counts.

W H A T N O T ?

Giving presents is a wonderful part of this life. It has a tremendous potential to bring happiness and joy into the lives of many, both the givers and receivers. At Christmas time everyone shifts over to an attitude of giving and good will, yet there is a big, big psychological difference between giving a present to someone and going shopping for them. The main difference is whose money gets spent. When you buy someone a present with their own money all you did is go shopping for them.

Give any kid $10 and tell him he can spend this on himself or buy his brother a gift and see if it's just the thought that counts.

Giving requires people to give of themselves, of their time, of their effort, of their **own money**. To give of your own money, you have to have your own money (is this stuff profound or what). Unfortunately, in most households nobody has their own money. If they do have an allowance, it doesn't cover the costs of personal items ***and*** gifts for others. The DOLLAR method provides a way to increase your capacity to give.

Don't Feed the Dog at the Table

Many dogs get the privilege of living as second-class citizens of a family. The family comes to a table loaded with all kinds of sumptuous edibles, and the dog sits patiently watching everyone else eat. After everyone else has taken what they want, the table scraps go to the dog. Of course, he would like to have been in on the feasting at the beginning, but hey, he's just the dog.

Well, that's how we treat ourselves. We prepare this huge feast with the rewards of our toil. We set out the best our livelihood will provide. We invite all our most important relatives, the light company, the gas company, the city water, sewer and trash collectors, the telephone company, the mortgage company, the insurance company, the car loan company, the insurance company, the family doctor, the insurance company, the dentist, the insurance company, the IRS, the grocery store, the credit card company, the gas station, and the church, and then we sit patiently while everyone else eats first, and **IF** there is anything left over we get to keep that. Only there's never anything left over.

No matter how much money you make, no matter how big a feast you provide, all you're ever going to get are the table scraps.

This is stinking thinking. That is why you feel as if you will never Enjoy Your Money. Because no matter how much money you make, no matter how big a feast you provide, all you're ever going to get are the table scraps. Nobody is happy with table scraps. Even the dog wants more than that.

Our sense of responsibility pushes us to pay our bills before anything else. As a simple method of managing money this will teach you to live within your means. You will become a good upstanding citizen with an excellent credit record, yet you will not achieve financial fulfillment.

If all the rewards of your hard work and effort go only to others, are you truly Enjoying Your Money Now? To make it all worthwhile, to get this sense of fulfillment, you have to make sure **YOU** get something out of your efforts. The DOLLAR method provides a way to ensure that it's all worthwhile, that you Enjoy Your Money Now.

It Is Better to Give Than to Receive

If everyone gave and cared nothing for receiving then what a wonderful world it would be.

A strong sense of pride has become attached to not needing help from anyone else. There's pride in saying, "I don't need **charity**," or "I only take what I **earn**." Society scorns those people who do not have this pride, those who are living comfortably on welfare. To willfully take what you have not earned is disgraceful. In recent times more and more people resent the freeloaders who live off other people's money, and our pride will make sure no one ever tries to put us in that category. (Unless you're a lawyer or congressman in which case pride has nothing to do with money matters.)

We don't allow ourselves to accept anything from anybody, just to make sure we don't share that freeloader label. We give to others. Nobody needs to give to us, and if anybody tries to give us something we haven't earned, we respond in some rather interesting ways.

A man takes a woman out to dinner and offers to pay. **NO WAY, JOSÉ!** She wants to avoid becoming obligated to him. She counters by insisting on paying. They argue for 15 minutes. Eventually he counters by declaring if ***she*** pays then ***he*** will feel obligated to show his gratitude by having sex with her.

Some friends go out for drinks. At the end of the evening, it's important to make sure the total bill gets divided precisely to the penny to make sure no one gets a free ride.

A lady takes her old clothes to Goodwill even though she has a friend who wears the same size. She knows the friend would never accept second hand clothes.

A son is having trouble making ends meet. He moved out of the house in anger determined to make it on his own. His pride will not let him ask his parents for help even though they would gladly do so.

A fellow is showing off his new lawnmower to his brother-in-law. The brother-in-law asks about the old lawnmower, so the fellow says he could have it for free if he wants, yet the brother-in-law insists on paying something.

This is the Utopia for which so many people strive. To counter the greedy attitudes of **MINE, MINE, MINE** people push to the other extreme. They teach to give all and take nothing. But if everybody is giving, who's receiving?

If everybody is giving, who's receiving?

To give is noble, and giving often does create more joy than receiving. People should bring up their children with a desire to earn a living, yet the act of giving requires someone to receive by definition. There is also a joy in receiving. Sadly, many people do not allow themselves this joy. Their pride is so strong that they meet anything resembling charity with harsh resistance. They prevent anyone from sharing the joy of giving through giving to them. So the only way the people close to them (their friends, their relatives, and their loved ones) can experience the joys of giving, is by giving to strangers. People send millions of dollars overseas to needy strangers, yet they won't offer help to those for whom they care deeply.

The DOLLAR method shows people there is a balance between giving and receiving. Giving is wonderful. Receiving is wonderful. To fully enjoy money a person has to do both.

A Penny Saved is a Penny Earned

Stretching your dollar is wise, yet it won't make you rich.

Benjamin Franklin once said, "A penny saved is a penny earned." "A penny saved," means different things to different people. When a lady comes home and tells her husband "I just ***saved*** $3,000 at the most expensive store in town," is he happy? No way, man. Why isn't he? Because he knows ***you can't save yourself rich.***

The word, *save*, often gets equated to the word, *sale*. Many people think of saving only so far as comparative shopping is concerned. To these people saving is a thrifty way to spend money, but saving at sales does not generate more money. It just makes the money you have go farther. Stretching your dollar is wise (unless you use rubber checks), yet it won't make you rich. Rich is making tons and tons of money. Rich people don't have to buy the cheapest items in town.

You can lead a Man to the Garden

I also hear people trying to save themselves rich by saving on their tax bill. I know people who buy a more expensive house than they need because they think it's a good investment. **WRONG!** Buying a more expensive house than you need is a fine way to accumulate wealth yet it will not make you rich. Just because you save money in taxes by paying a higher mortgage does not make this a wise investment. The basis for investments in real estate is the value of the property going up, selling at a profit, not tax savings.

Here's an example. Adam and Eve are a cute young couple looking for a place to call home. They find a lovely house with a lovely garden that will run them $1,000 a month in mortgage for principal and interest. Eve, being the brains of the family, works through the numbers and determines that with a 30-year loan at 10% interest the house has a value of about $112,450 (it's also what the sticker in the window says). Their total payments over 30 years will be $360,000 (360 months at $1,000 per month) of which $247,550 (the number bankers pick out of the air) will be interest. Since Adam and Eve are blessed, they make good salaries and are in the 28% tax bracket. Therefore, his Uncle Sam lets them deduct $69,314 (28 ÷ 100 x $247,550) from their tax bill. In the final days the couple will spend $290,686 ($360,000 - $69,314) for a $112,450 house.

Eve persuades Adam to do **ANYTHING** *she wants*

Now a snake comes along. He knows that figures impress Eve and only Eve's figure impresses Adam. So he tells Eve, "Hey, take a look at this apple." There's a house just outside the garden that's a lot nicer than this one in the garden. Of course, it's $500 a month more, yet by putting that extra money into your house, you'll get a house that's worth $168,700 and you'll save big bucks in taxes. This temptation was just too much to resist so Eve persuades Adam to bite the apple (Eve persuades Adam to do ***ANYTHING*** she wants) and they move to the house outside the garden.

After they move in, Eve does the numbers. She discovers that over 30 years with the same 10% loan they will pay a total of $540,000 (360 months at $1,500 per month) with $371,300 (another banker's magic number) going to interest. Their Uncle Sam will let them deduct a whopping $103,964 (28 ÷ 100 x $371,300) from their tax bill.

God sadly watches the couple leave his garden. He knows the snake's figures are true, yet He also sees that the couple will spend an extra $180,000 ($540,000 - 360,000) to get a house that's more than they need just to save an additional $34,650 ($103,964 - $69,314) in taxes. In the final days they will spend $436,036 ($540,000 - $103,964). That works out to an after tax cost of $145,350 ($436,036 - $290,686) more to get an extra $56,250 ($168,700 - $112,450) in house value.

God feels more depressed because in His infinite wisdom He knows the couple would have been just as happy with the less expensive house with the magnificent garden. He knows they could have taken the extra $500 a month and paid off the house in the garden in 11 years. They would have paid a total of $198,000 (132 months at $1,500 per month) with $85,500 (the bank's number) going to interest. Their Uncle Sam would have let them deduct $23,940 (28 ÷ 100 x $85,500) from their tax bill. Their total after tax cost would have been $174,060 ($198,000 - $23,940) instead of the $436,036 they will spend on the house outside the garden.

God is sad, yet in His wisdom He realizes that although you can lead a man to the garden, you can't make him stop listening to his woman.

The Houseboat and the House Poor

In this post 2008 world, young Americans have had a chance to learn what older Americans knew all along. Your Home is not an investment.

A Home is very much like a Houseboat. It sits on the water. As the tide comes in, the water goes up and the value of the house goes up. As the tide goes out, the value of the house goes down. If you try to invest in Homes, you could buy a Home at low tide and sell it at high tide.

There's a catch though. Now that you've sold your Home, where are you going to live? Since it's high tide, ALL the Houseboats are at high value. There is no way to sell your Home, buy another Home (of same worth) and pocket the money. Any Home of the same worth is the same price. The only way to pocket any money is to buy a Home of lower worth. Oh, and remember, the tide comes in, the tide goes out.

Another lesson that crashed on some young Americans in 2008 is the state of being House Poor, a state that occurs when your mortgage payments are too large compared to your income. When someone takes on too much debt, all the money goes to the bankers. There is nothing left over for the day to day living stuff, such as eating out, buying new clothes, buying new toys, fixing broken stuff. A couple may be living in a $500,000 Home, yet not have the money to take the family on vacation.

An OLD rule of balance is that a family's total fixed bills (house, utilities, insurance, anything that is steady) stay below 1/3 of your total income. In the decade leading up to 2008, families took on mortgages that were more than 1/3 of their income for just the mortgage payment. Many wiser loan officers attempted to warn them, yet unfortunately, greed won and the loans were approved. After all, the customer's always right, right?

Ain't Gonna' Work No Mo'

Everybody wants to be rich, and most people know they should save, yet few people are actively becoming rich by saving. When people do save, put money into a bank account, it's usually saving for something, saving for new clothes, saving for a fantastic entertainment system, saving for that new car, saving for the down payment on a house, saving for the kids' college tuition, or saving for vacation. In other words, savings are big expenses for which you accumulate money instead of borrowing money. The policy of saving up for something instead of borrowing shows your wisdom, yet it won't make you rich.

Rich is not having to work for a living.

Rich is not having to work for a living. Rich is not just having money set aside. It's having money set aside that makes enough more money that you don't have to work. Calling this *investing* would be better. "A penny returned on investment is a penny earned," but if Ben had said that, who would remember?

The King Was in His Counting House

One famous character is the world's most successful investor. That character is, of course, Scrooge McDuck. Uncle Scrooge is the ultimate moneymaker. Uncle Scrooge has only one goal in life and that is to have more money. He has vast experience in every kind of money making venture. If there is a way to make money, he has not only tried it, but has done it when no one else could. If it has anything to do with money, Uncle Scrooge knows all about it.

To have gold plated everything, to have our own private bank vaults bulging with money

Uncle Scrooge is the hero and idol of many people. What a wonderful life it would be to have gold plated everything, to have our own private bank vaults bulging with money. To have so much money we have to have wheelbarrows to haul it around. Ah yes, **the GOOD LIFE**, and so we strive to copy Uncle Scrooge. We set our goals high. We accumulate wealth. We set higher goals. We accumulate money. We set higher goals. We accumulate power, and we set higher goals. **More. More! MORE! and still MORE!**

There's another famous character, also named Scrooge, also a successful investor, also wanting more. One Christmas Eve, Ebenezer Scrooge discovered there is more to life than wealth, money, and power.

To both Scrooges the only joy in life was the joy of money. Yet these two Scrooge's achieved financial unhappiness in slightly different ways.

Scrooge McDuck loved to be able to see his money. He wanted to accumulate wealth. The wealth people accumulate comes in all forms – clothes, cars, houses, horses, stereos and, of course, money. The pleasure of accumulating wealth is a basic instinct (at least, it is in every American I've ever met). We all get pleasure from possessing wealth. Experiencing joy by having personal property is normal, and we all feel wonderful watching our savings account grow, adding things to our house, fixing up our car, and collecting anything we consider of value. This normal emotion is fine in moderation.

> *"The King was in his counting house counting out his money.*
>
> *The queen was in the parlor eating bread and honey.*
>
> *The maid was in the garden hanging out the clothes.*
>
> *Along came a black bird and pecked off her nose!"*

Many children dream of growing up and being the King (or Queen) who can sit all day in the counting house just counting money. I've seen more than a few adults who have come to realize this dream. Every pay day (and for some – every day) they come home and pull out the account records and count the money to see how much it has grown. There is something magical about watching money grow – something entrancing about watching ***your*** money grow! I spent some time investing in the stock market. I grew a lot of money in four years while the soil was rich. I put all my spare time and all my spare money into that stock account. I gave it lots of TLC and all the love and devotion I could and my money tree grew.

It was only after a drought came along and my money tree died that I realized how much of myself I had invested in that tree. I had invested a lot more than mere money. I had invested my time, my work, my skills, my genius, my love, my hopes, and my dreams. I gave that tree my soul. After I recovered from the shock and depression when it died I could see how my entire being had depended on the health of that tree. When the stock market was up, so was I. When stocks were down, so was I. My friends didn't need the Wall Street Journal to follow the markets. They could read it all on my face.

I gave that tree my all. In truth I gave that tree so much of myself there was nothing left for my family. That tree got all the "spare" money. You know the "spare" money that every family has a whole lot of. The tree was healthy and growing strong while my family was starving. I gave that tree all my time. I spent hours with that tree instead being with my sons who were infants and toddlers. I gave that tree my love because it treated me better than people do. I gave that tree my hopes and my dreams because it promised me the moon. I worshiped that tree and it gave me life.

The One With the Most Toys Wins!

Accumulating money and wealth is a beneficial part of life when done in moderation. People start to stink when they go overboard with this accumulating. For example smell yuppies – those young upwardly promotable professionals of the 80's. They liked fancy real estate, BMWs, and anything the average person couldn't afford. Their whole lives centered on getting more. They decided every choice in favor of getting more. Where they went to school, whom they dated, where they worked, whom they married, where they lived, and whom they even talked to, were all decided on the basis of getting **MORE!**

They got more, but did they get more happiness? Ask them, if they'll talk to someone as lowly as you.

The yuppies did not survive into the 90's. Ten years of trying to have the best of everything just about stretched their resources to the limits. They eventually found out this strategy doesn't work. They didn't understand why and blamed their spouse or their boss or the economy for the failure. Yet if they had looked in the mirror they would have seen that they had based their happiness on an illusion. Someone convinced them that if they had the best of everything then they would be better than everyone else and therefore they would indeed be the happiest people in the world.

Material possessions have never made one person better than another.

Material possessions have never made one person better than another. The accomplishment of earning nice things is a source of personal pride. The prestige associated with having the best in life originates with the accomplishment of earning those nice things. The yuppies suffered from the delusion of believing that prestige corresponds only with the material items. They focused their prestige on the having, not on the earning. They also focused their entire happiness on this prestige. They absolutely must have the best of everything or they are nothing.

Striving for nice things is healthy. Having nice things is healthy, yet focusing all your energy into making sure you get only the best is destructive. For starters you have to accept someone else's standards of what is best. You lose your individuality. You lose your freedom to choose what makes you happy. You have given control of the rudder of life over to the advertising industry. Now they decide what you should have in order to be happy.

You cannot have it all. Eventually every yuppie reaches a point where they feel as if they are a failure. There will always be something else they don't have and can't get. They sit surrounded by the nicest and best and wonder why they don't Enjoy Their Money any more. They ignore all the things they have and only see what they still lack. No matter how much they have, it's never enough. There's always more to get. The advertising industry needs to sell to the ultimate consumer. Yuppies became that ultimate consumer. They agreed to put all their happiness into having it all. They agreed to go for the big prize at the finish line. The catch is there is no finish line. The TV can run a whole lot farther than you can.

Forcing all your energy into making sure you get only the best is destructive.

You lose your freedom to choose what makes you happy.

Great men and women have done great things by focusing all their energy into a single vision and making that vision a reality, but the vision was always their own. The single minded discipline of the yuppies is a virtue. Their failure lies in chasing someone else's changing vision. Satisfaction comes from making your own dreams come true, not the dreams the advertising industry puts in your head.

The Best Protection Money Can Buy

There are also other people who like to accumulate wealth who are not yuppies. These people hoard. One of the negative impacts on life is the crippling inability to let go of anything of value. The Hoarder's attitude is if something was worth getting in the first place it's too valuable to lose. The Hoarder's purpose in life is not to spend, but to accumulate.

I use the word ***crippling*** because these people do become handicapped. The very thing that they thought would bring them freedom actually limits their ability to act. A person with thousands, even millions of dollars in the bank should be able to do anything, yet in reality the vast wealth these people have stashed away limits what they can do. You see, a stash is a stash only if it's stashed. If you spend a stash then it is no longer a stash. It's a gone.

A stash is a stash only if it's stashed.

If you spend a stash then it is no longer a stash.

It's a gone.

People hoard wealth for different reasons. For some, accumulating wealth satisfies their definition of success. The wealth is the ultimate trophy case rewarded for all that hard work and effort (honest or otherwise). For others it provides the security net that keeps the fears under control. For others it is the ultimate game. Every dollar is a point. The one who has the most points wins!

To preserve wealth, a person adopts an attitude of spending as little as possible. This attitude limits their options severely. The wealth they have accumulated becomes a ball and chain. They must drag it around with them wherever they go. The decisions available are only those options that will keep or accumulate wealth.

Successful Hoarders also have a problem that poor folks don't have – pirates. Part of keeping wealth is not spending it. A bigger part is defending it. Once a person accumulates wealth, they attract attention from pirates, thieves, con men, and ex-spouses who would gladly relieve them of their burdensome load.

Shop ‘till You Drop!

Another group of great accumulators includes Shop-aholics who suffer uncontrolled accumulating. Anything that makes you feel better when you are down can become a compulsive addiction. These people have learned that having something new will cheer them up. Also when things are great, the best way to celebrate is to go shopping. So when they are down they go shopping. When they are up they go shopping.

If almost all the stuff in your house you bought on the spur of the moment to make you feel better, you are a hooked addict just like a heroin junkie. A junkie can't stop buying his stuff and you can't stop buying your stuff. You have to go shopping to "feel good".

Take a look in the mirror you have created around yourself. Look at the things you have accumulated in your house and in your bank. Why do you have the things you have? Do you truly get joy from having them and using them or is the joy only in the having? Have you put all the effort in the **getting**? Do you get more enjoyment out of telling your friends what you have than you get out of using it? Do you have lots of stuff that you've only used while it was new, forgotten once it was old? Is the best part of your life when you're looking forward to your next purchase? Does the next thing you buy have to top the last thing?

I can hear most of the people reading this thinking "Are you kidding, I can't afford to spend money on stuff like that," Yet you others, you know what it's like. You've felt the joy of getting some new bauble, and once it's an old bauble you never notice it again. You just keep it tucked away safely. Life has brought you wealth, but did it bring the happiness you expected?

W H A T N O T ?

He could have thousands tucked away for a rainy day but was too cheap to buy a good umbrella.

All Work and No Play Makes a Dull Boy

Ebenezer Scrooge had a different outlook on money. Scrooge McDuck accumulated money in all forms including wealth. He enjoyed spending money as much as counting money. Ebenezer's lust for money was his only goal. He devoted his whole life to making money 24 hours a day. If it didn't make money, he didn't do it. If it cost him money he didn't spend it. He always chose the cheapest of everything so he could keep his money. He could have thousands tucked away for a rainy day but was too cheap to buy a good umbrella. The only purpose in life was to make money and you make money by working. So Scrooge worked and he expected everyone around him to work – all the time.

We learn to dislike Scrooge very early in childhood because he was mean to other people. At the end of the story we like him because he is nice to people. Yet there is more to the story than how Scrooge treats others. The Bah Humbug Scrooge is also mean to himself.

Scrooge is a workaholic. He gets absolutely no enjoyment out of life other than by working. He measures all happiness by one standard – money. We see Scrooge as a mean, cranky, cheap old man. Yet Scrooge saw himself as thrifty, disciplined, and old but wiser in his old age. To himself, Scrooge was a very successful man. He was the richest man in town in (terms of money). He had enough money to buy anything he wanted. He would often sit by the fire and think about how rich he was. He would sit there in his worn chair. He would sit wrapped in his twenty-year old house coat. He smoked his cheap tobacco in his old pipe. He kept his gloves on, the ones with some of the fingers missing because he wouldn't put enough coal on the fire to keep the house warm. He would sit there in the dark because light cost money, and he would think about how he could buy anything he wanted, because he was the richest man in town.

Somewhere in Scrooge's childhood he decided money was his chance for happiness. He decided if he could just make enough money then he would be happy for the rest of his life. This decision was so strong it overshadowed everything else in his life. He devoted his whole life to making money. He became very successful at making money. So successful he indeed became the richest man in town. Yet as Scrooge built his success he also built his prison. The lesson Scrooge learned that Christmas Eve is there is more to life than money. Money of itself does not bring happiness. Money must get spent to bring joy to the world.

As Scrooge built his success he also built his prison.

Scrooge is a perfect Scrooge since he is a fictional character. No one in real life could ever be as mean, cheap, money oriented, or as much of a workaholic as Scrooge. Yet workaholics do exist. The ones I've met are either people who have no other life than work – they are single or wish they were – or they are people who think it is correct for them to work long hours so their families can have more. In both cases, life becomes a matter of all work and no play.

When I was in Norway I discovered the high tax rates discouraged workaholics (America's tax rate is actually higher, just hidden better). People therefore learned to work in order to live, unlike Americans who tend to live in order to work. The American bosses encouraged their American employees living there to work 50 hours a week while getting paid for 40. The Norwegians only worked 37 1/2 hours a week. So while the Norwegians went home to enjoy the daylight at 4:00 p.m., the Americans stayed behind until 5:00 or 6:00. The Norwegians often joked that the reason Americans had pictures of their families on their desks was so they could remember what they looked like.

The phrase is "make a living" not "make money."

The emphasis is "living"!

So much of a hoarder's life becomes occupied in the pursuit of wealth, that the other aspects of life get overlooked. Being able to see and touch a vast fortune is nice, yet the whole purpose of money is to buy and sell things. In the financial dimension of humanity, money is to people as water is to a funnel. It's not so important how much water the funnel holds as how much water flows through the funnel. Consider this, which person has received more joy from money, the person who has accumulated a million dollars or the person who has spent a million dollars? The million in the bank holds a future promise of joy, yet the realization of that joy doesn't occur until it's spent. There is no joy without spending. The purpose of money lies not in the money itself, but the things that money enables the spender to do with it. A hoarder spends very little and therefore enjoys very little of the marvelous things that money can bring. Do you have plans to spend that wealth in the bank or is it more important to count the zeros? (Do ten zeros add up to more than three zeros?)

What you do to make a living is important to your happiness, but the phrase is "make a living" not "make money." The emphasis is "living". Take a look in the mirror. Are you spending all your life working so that you can afford anything you want or are you spending your life doing the things you want? Don't be a water cup. The water cup only gets to see one cup of water. Be a funnel. Experience the joy of gallons and gallons.

Just Desserts

You get only what you deserve. You shall reap what you sow. You made your bed, so sleep in it. That guy got just what he deserved. This is a very deep attitude in the American culture (or was). You have to earn a living. You should only get what you deserve. It runs so deep that people use it to show the shift in the new generation. The older generation says the younger expect life handed to them on a silver platter. More and more people are standing up and saying society owes them a living. Now some are saying if they aren't given what they want, it's OK to cheat and steal to get it.

Yet even those demanding someone else pay their way believe they are only getting what they deserve. The attitude of just desserts is important to whether a particular person (particularly ***you***) will become rich or not. Most of us suffer from the programming that we will only get what we deserve. Therefore in order for life to make us rich, we have to believe that we deserve to be rich. Anybody out there think they deserve to be rich?

Think about it. What does it take for ***you*** to become rich? What could you do to become filthy rich? These are very important questions because of what they say about your attitudes about yourself. Most people will answer that to become rich something like the following must happen:

What does it take for **you** *to become rich?*

1) *A rich relative dies and they inherit a whole lot of money, or*
2) *they win a whole lot of money, or*
3) *they get a job making a whole lot more money than they deserve.*

For most of us these are the only ways we can become rich.

We could also rob a bank. We could invent something fantastic. We could start a successful business. We could be a doctor, lawyer, movie star, sports star, or rock star. We could own a gambling casino. We could lower ourselves to become a drug pusher or a prostitute or even a politician. For most of us those are not practical options. The most likely possibility is the 1 in 16 million shot at winning the lottery.

For some reason we have forbidden those options for ourselves. I'm not smart enough to invent something. I'm no business man. I couldn't be a doctor. I'll never be president. Nobody will pay me a whole lot of money. Robbing a bank is not worth the risk. Selling drugs is wrong. I won't be a prostitute. I don't have the connections to buy a casino. If I were a politician, I'd have no self respect. If I was a lawyer, I'd have to shave without a mirror. There is no way for me to be rich. I don't do anything to deserve being rich.

There is no way for me to be rich.

I don't do anything to deserve being rich.

So say most Americans. The middle class (in 1990) were those households making between $25,000 and $50,000 a year. Fewer than 10% of Americans made over $70,000 a year. Less than 5% made over $125,000. Less than one in a thousand is filthy rich. If you're rich, you're a minority. The popular attitude is to believe a few other people can be rich, but not you.

There are many books that tell you how to become rich. They've been available for years, yet only 20% of you have learned what they teach. I want to teach you something everybody can use. It doesn't matter whether you believe you deserve to be rich or poor. You can still be happy with the money you make and Enjoy Your Money Now.

Take a hard look at this. This is your life. Whatever you do with it is up to you. A few of you will make a whole lot of money and be called rich by those who make less. Most of you will go through life wishing you had more money than you do. How much enjoyment you get out of this life is also up to you. This life is all you have and you're stuck with it. If you don't enjoy it, then what's the use of being here? If you believe your purpose in life is to be a poor suffering wretch for eighty or ninety years so you can spend the afterlife in eternal bliss, then give this book to someone who's interested in this life. This life is too important to waste. If you can't be rich you ought to at least be happy with what you have.

Not everybody can be rich – if we were all rich, we'd call ourselves middle class – yet everybody can be happy with what they make because everybody deserves to be happy.

All Rich People Are Crooks!

I graduated during the mid-1970s. Chemical engineers were in big demand in those days when the oil companies were making all those huge windfall profits (unlike the huge windfall losses in the 1990's, more like the windfall profits of the mid 2000's). I was fortunate because I received what I thought was a huge salary right out of school, $1374 per month. That doesn't sound like much today, yet it's huge when compared to the $4,000 per year my wife and I made together in college. It was so huge it bothered me that I made $3,000 per year more than my father did. I thought it was unfair anyone 22 years old should make more money than someone over 40.

My brother-in-law would have thought it was more than unfair. He would have thought it was criminal. He was over 50 and raising a family of five on $500 per month. By his standards, I was rich since I made more than double his salary, and by his standards, I was a crook since all rich people are crooks.

My wife and I never told him just how much money we made. He never treated us like crooks, yet it bothered me to see the effects of his beliefs on his family. Rich people are crooks and there was no way this man was ever going to be a crook. There was also no way this person was ever going to be anything close to rich.

The readers who understand success see this man limited his earning potential by his avoidance of being rich. His belief that all rich people are crooks limited his ability to make money. It also harmed his family's enjoyment of the money he did make. Because there was something dishonest in being rich, this man had a pride in being poor. He wore his poverty like a medal of honor. In an unfortunate way, it was actually important to not be able to afford things. It was important not to have enough money.

His pride in being not-rich had a tremendous effect on his attitude toward his money. He constantly talked of how little money they had, showing us how poor they were. He would often say something such as, "We're not like those rich folks." This attitude prevented him from enjoying the money he did have. He never enjoyed spending the money he did have because he had to be poor so people would know he was an honest man.

He labeled himself poor because it was important to be poor.

I felt the tragedy in the situation since I was already familiar with the principles that make up the DOLLAR method. I knew he had unknowingly chosen to be unhappy when he had everything he needed to be happy. The amount of money he made did not truly effect his ability to have enough money. The family had enough to do the things that needed doing. He bought what he bought. His money went as far as it did. He labeled himself poor because it was important to be poor. There are other people making the same amount of money, yet happy with what they make. The amount of money he made was his reality. There was no direct relationship between his unhappiness with that reality and how much money he made. His unhappiness came from his attitudes as he spent his money.

There's a flip side to this attitude. One that's more scary than tragic. According to a Wall Street Journal article in July 1992, 30% of men under age 30 believe you have to be crooked or dishonest to become wealthy. This means 1/3 of our nation's young men believe they have to lie, cheat, or steal to get ahead. They can choose to be the good guys who finish last or they can compromise their own principles and become successful. There's no wonder the cheaters in schools and colleges are becoming more sophisticated. The effort spent learning to cheat offers a bigger reward than the same effort spent trying to get ahead honestly. Two hours pushing drugs pays a lot more than two weeks pushing a broom.

Today the message going out from the older generation is that money, power, and prestige are more beneficial than honesty, honor, or integrity.

"Shame! Shame," cry the older generations. Yet take a look at the world in which people are growing up. We tell our kids they must ***buy, Buy, BUY*** to be happy. Then we tell them the way to be rich is to be first and the only sure way to be first is to cheat. It seems to me the kids reached the logical conclusion. Honor and integrity have no place in our courtrooms. The only trait that matters is being "legal." You don't need honor or honesty to be "legal."

People make all their decisions based on what they think will benefit them most. Today the message going out from the older generation is that money, power, and prestige are more beneficial than honesty, honor, or integrity. It's not true, but that is what our kids are hearing, that's the programming they receive from the adults around them. Ask any kid what will bring him more happiness 1) finding $100 and keeping it or 2) finding out who lost the $100 and returning it. Better still, don't ask the kids, ask yourself.

I'm broke, Let's Go Shopping!

One of the things that makes people so much fun to live with is that we can do such illogical things. Art Linkletter used to have a TV program called "Kids Say the Darnedest Things." Well, people DO the darnedest things. (If you remember seeing Art Linkletter on TV, you're old, by the way).

I've met many people in the stores (including myself) that are out shopping because they feel down. We learn at an early age that getting something new makes us feel better about ourselves and about life as a whole. So we choose to use this pill to cheer us up when we are down.

Getting something new makes us feel better about ourselves and about life as a whole

The illogical part comes in when we go shopping 1) when we don't need anything and 2) when we can't afford it. When we are down these factors are not important. We know buying something, anything, will make us feel better and by golly gee, we're going shopping.

To some degree this illogical approach to life is healthy. It has many of the same qualities that allow us to laugh at our mistakes, throw caution to the wind, and declare, "Don't confuse me with the facts, my mind is made up!" In other words, it helps us cope with the mess we made.

It becomes unhealthy when it gets out of hand. We have goals and in trying to get to those goals, we develop plans to get there. Often those plans require self discipline and restraint. Often our lack of a money tree requires financial restraint. When we decide to splurge and spend money we don't have, we cross a line in the sand. Once we've crossed the line we've broken the restraints of self discipline. Unrestrained, we tend to splurge big time. I mean, hey, if we're going to be bad, we might as well be really bad and enjoy it. The act of spending becomes compulsive behavior – it becomes uncontrollable.

The DOLLAR method helps to keep these splurges to manageable levels by providing some mad money to cover them. Just saying "no" is a single-limit boundary – once it's broken there are no more limits. By setting aside a certain amount of mad money, there's a brake to stop things once they start rolling down hill. This way we can still get that boost without crashing our finances. Unfortunately, shopaholics and other compulsive spenders will not be able to control their compulsive behavior with the DOLLAR method. The handling of compulsive behavior requires the assistance of a higher power. The DOLLAR method is merely a human tool.

Hey, if we're going to be bad, we might as well be really bad and enjoy it.

You Are The Grand Prize Winner

Texas joined the other states collecting tax through lottery tickets in 1992. Ed MacMahn has become almost as famous for his personalized letters to all Americans as for being on TV. Eight out of ten items in my junk mail are offering to make me rich. Easy street is just around the corner. All I have to do is win just one of those sweepstakes.

We are all wrapped up in the American dream of being rich. Yet we look around at where we are and where we want to be and we don't see many roads going from here to there. One road everyone sees is the Big Winner Road. It doesn't matter who you are. It doesn't matter how much education you have. It doesn't matter how smart you are. It doesn't matter how much you make now. It doesn't care what you deserve. It's going to make somebody rich and it might as well be you.

All of this is true. Some people do become rich overnight by winning sweepstakes and lotteries. The two big questions are "How many people become rich this way," and "Do these few find financial happiness?" Your chances of winning are about like getting struck by lightning. It could happen. It's worth a shot. Nobody should pass up an opportunity to become wealthy. Just remember it only takes one ticket to win. Also realize if your only chance of being financially happy is to win big, then you'll probably win just before being struck by lightning.

I've seen people buying tons of lottery tickets to improve their chances of winning. The logic of what they are doing is correct – the more tickets you buy the better your chances, but from a practical point it doesn't matter how many tickets you buy unless you cover all the possibilities. When it's all over, either you win or you lose.

Statistics (calculating the odds) define the odds as the number of ways to win compared to the number of ways to lose. Your chances are defined as the number of ways to win out of the total number of possible ways. I irritated my statistics teacher when I insisted the chances of anything happening were always 1 out of two. Either it happens or it doesn't. There are only two ways (the I won way, and the I lost way) so the odds are always 50/50 that you will win. It doesn't matter how many lottery tickets you buy, In the end you either win or lose.

The knowledge of managing money doesn't come with the package.

The wisdom to enjoy money doesn't come with the check in the mail.

Another question is "What happens to the people who win big?" What's it like on easy street? Most of these people win millions of dollars paid out over several years. They see the millions they are going to get and start spending right away. Unfortunately the bills go up faster than the winnings come in. Within a few short years most of these people are worse off than before they won. The knowledge of managing money doesn't come with the package. The wisdom to enjoy money doesn't come with the check in the mail.

There's a sure way to find financial fulfillment. You have it in your hands right now. If you follow the instructions, you have a 100% chance of winning. Should you keep buying those lottery tickets? Sure, you bet! After you learn the DOLLAR method, you'll have the wisdom to fully Enjoy Those Millions Then.

Look!

Do You Smell Something?

Now I know all of you have perfectly valid reasons for living your lives the way you do. Of course you do. Everything we do is because we think it's "good" for us.

Now I want you to see that some of the things you do that are *good* for you can get out of hand (too much of a good thing, so to speak). Also something that is good from one standpoint may not accomplish what you want out of life from another standpoint. Different methods of handling money can create material wealth, stretch your dollars, or create spiritual wealth, but they don't all create financial fulfillment.

As we grew up, each of us created several billion bio-programs to help us cope with this complicated life we live. We had a reason for every bio-program. Nothing we created is "bad." Programs by themselves are not "bad" or "good." Programs don’t kill people (TV does – most Americans die from sitting on their… uh… couch, in front of the TV). They are just different. Some are useful for some purposes. Others do other things.

All the stinking thinking programs had a purpose. There is something important that you wanted your bio-computer to take care of when you created each boil-program. Now those programs are out of date or ineffective. They still function. They still run. They may still be useful for some other purpose (such as control of people, or accumulating wealth), but they don't bring you the thing you want out of life **now** – financial fulfillment.

The examples listed will generate financial unhappiness when used to extreme. All these attitudes (the MINE mind set, the inventor of the coupon, the birthday blues, the table scraps hunger, the all for all except me cheer, the savings spree, the Uncle Scrooge, Scrooge, the yuppies, the poor me, and the big winners) are harmful to your financial health. This stinking thinking must end.

Attitudes and beliefs are things we as humans use to function in this world.

Attitudes and beliefs are things we as humans use to function in this world. They are tools we use. We should control them, not the other way around. If your stinking thinking attitudes run your life, please stop. See what is happening. Take control of the situation. Go look in the mirror and take a big whiff.

If You Don't Stop, You'll Go Blind!

If you don't stop, it may be because you are already blind. Stinking thinking is hard to see, particularly in ourselves. Stopping even when we do see is also hard. We had important reasons for starting these habits in the first place. It's not so easy to cast them aside after becoming so attached to them.

Undesirable habits and destructive attitudes are changeable. When you catch yourself guilty of stinking thinking, stop everything. Just sit back and do nothing at all for a moment. If you try to keep doing anything, your mind will run along on autopilot and nothing will change (except you dig yourself in deeper). So just kick your mind out of gear and let the wheels spin for a moment (this part is very easy for some people).

Undesirable habits and destructive attitudes are changeable.

Now, while everyone is wondering why you are standing there with your mouth open and a glazed look in your eyes, think about the different options you have. At this point you have the power to choose what to think, what to say, and what to feel. It's finally ***your*** choice.

Interrupt the autopilot when you catch yourself in the act of doing something you want to stop. Force yourself to do something different instead of what you would have done automatically. Don't let yourself react with a reflex. Consciously choose how to respond to the situation, and choose to do something from the WHAT? section.

Everybody's Doing It, Doing It, Doing It

Everybody's doing it, doing it, doing it.

Picking their nose and chewing it.

???

No, No, No! This section is about "Doing It," – making it happen.

The WHAT? section completed the revelations. I have exposed the secret and solved the mystery. Light has illuminated the darkness. Now you can see the light at the end of the tunnel. But seeing is not doing. Many think that once you see the light it's an easy matter to reach it. Sorry, life doesn't work that way. You can stop walking around in circles once you see the light, but you still have to go to the light to get out.

You have a journey ahead of you to reach financial fulfillment.

You don't have to reach the top of the mountains to accomplish your goal.

Walking through the mountains is the goal.

You have a journey ahead of you to reach financial fulfillment. Fortunately, it's an enjoyable journey because the journey is rewarding in itself. The journey to financial fulfillment is like walking through the mountains. You don't have to reach the top of the mountains to accomplish your goal. Walking through the mountains is the goal. You can experience many wonderful sights before you reach the top. When you do reach the top of the mountain, you find still taller mountains yet to climb.

Like any journey you must pick a direction and start walking. The WHAT? section has shown you the light. You may now throw this book away and set out in any direction you wish or you can use the rest of the book as a map to help you on your journey. I call this a map because it is not an instruction book. An instruction book will show you exactly how to do something. You don't need instructions to walk through the mountains. You need something to give you an idea of where you can go and hints on how to make the journey easier and help to keep you from getting lost.

The HOW? section presents some how-to information for getting started, agreeing on rules, and getting organized. (Those of you who dislike organization can simply ignore those instructions. I recommend you go ahead and agree on rules yet you are free to change the rules as often as you wish.) You gain more control over your money with a little organization. It's also easier to figure out what you should be doing if you can easily see all the pieces. You have a huge task in front of you similar to eating an elephant. The best way to eat an elephant is one bite at a time. So let me show you how to divide an elephant into bite-size pieces.

No Job is Finished Until the Paper Work is Done

The title of this section is a quotation from one of the walls in a rest room I once visited.

I am about to use a word that instills fear and trepidation in the hearts of men (and women), yet please do not despair. I promise to make this monster manageable. The word is *budget*.

To use the DOLLAR method you must allocate a portion of your paycheck for different purposes. After you allocate the portions, you have to monitor the money available for each purpose and know how much is there. The act of allocating and monitoring is budgeting.

I think everyone approaches their first budget with bitterness. The budget is that thing that tells you not to spend money in the ways you really want to, and it's complicated and confusing and even accountants can't understand it.

DOLLAR budgets tell you something more important than how much money you ***can't*** spend. DOLLAR budgets tell you how much money you personally ***can*** spend. It's very important to know where you are in order to figure out how to get to where you want to be. It's also useful to know where you've been.

DOLLAR budgets tell you something more important than how much money you **can't** *spend.*

DOLLAR budgets tell you how much money you personally **can** *spend*

One of the common comments I hear from people is, "I don't know where the money goes." It's surprisingly simple to know where your money goes. All you have to do is record it. When you record where you spend your money in a ledger (any book will do), you immediately know where your money went.

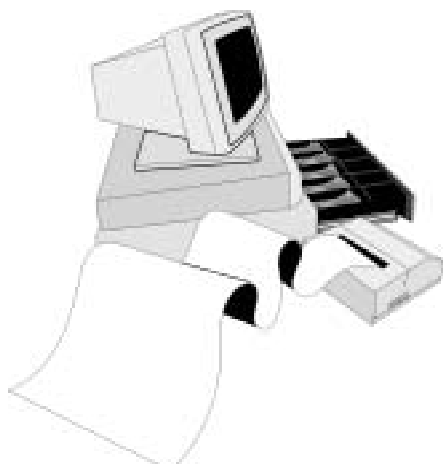
This is more useful than many people realize. By grouping expenses into different categories and seeing how much you spend on each category in a month you get a tremendous understanding of money and it's role in **your** life. These records are the basis that you use to plan your financial future. A ledger will tell you where you've been and where you are today. A record of what you have spent your money on is so valuable that American Express sends its Gold Card members a record of their yearly expenses divided into several useful categories.

Setting these priorities and allocating money to these priorities is budgeting.

By looking at where your money goes today, you can evaluate your financial priorities and plan where you want it to go tomorrow. Setting these priorities and allocating money to these priorities is budgeting. By comparing your ledger and budget you can see how well you are doing at meeting your own objectives. This gives you a method to measure your accomplishments. You immediately see your successes and you immediately have a chance to correct your shortcomings.

The Envelope Please

Yeah, but budgets are complex things. They don't have to be. Budgets come in many sizes and shapes. Some are complex because the people who use them want to know many things about their money, yet a budget can be as simple as it takes to meet <u>your</u> needs.



The simplest budget I know of consists of a bundle of envelopes. Each envelope gets labeled with the different purposes in the DOLLAR budget. You label the envelopes *Dad's Self Money, Mom's Self Money,* and *Give Away Money*. The moneys for spending on yourself and your self improvement money go in the same envelope. The money for investing does not go into an envelope since it cannot grow there. Even if you water it and fertilize it, it will not reproduce (zoos have been trying for years to get dollars to mate in captivity – it just doesn't work). Leave the money for the expenses in the checking account. If you do not use a checking account, put the rest of the money in an envelope marked *Expenses*.

This very simple method will allow you to set aside part of your money to each purpose when you cash each paycheck. The status of how much is in each account is found just by counting how much is in each envelope. The method is simple, yet it accomplishes much.

Some people will want the benefits of a more complicated budget. They may want to put the budget in a book or on a computer (or they put it in a book that sits on a computer). They may want to separate the expenses into several sub-categories. They may want to set up savings accounts for big expense items and big Self Money items also. There is no limit to how complicated a budget can be. In the beginning I recommend you keep it as simple as necessary to fulfill your needs. As you gain experience you can add snazzy little fun items that complicate things and make your head spin.

At this point set up the accounts. I recommend you either set up the envelope system or simply write the amount of money in each account in a book (spiral notebook, ledger, etc.). As you read the following sections think of the separate accounts for each purpose, Self Money, Give Away Money, Improvement Money, Investment Money, and Expense Money. Also think of the accounts for each person of the family. Each time you budget money, add the amount to each account as actual money in the envelope system or as a calculated amount in the book. As money gets spent decide where it originated. In the book system keep track of how much gets spent for Self Money, Give Away Money, and Improvement Money. You should not spend the Investment Money until you retire, then it becomes income. It is not necessary to keep track of the Expense Money account. Expense Money is what ever gets left. Keeping track of it helps you manage your expense, yet for the DOLLAR method it's not necessary to know where every penny goes.

Managing money well does not require strict control over every penny you spend.

Trying to strictly control anything in life always leads eventually to failure and bitterness.

Managing money well does not require strict control over every penny you spend. Trying to strictly control anything in life always leads eventually to failure and bitterness. Control is an illusion.

Money Rules

These profound words of graffiti glare from the walls of the alleys near Wall Street, "***MONEY RULES***."

You are going to set up a household budget. The budget will have rules. Rules are necessary because money is one of life's games. Just like basketball, football, hockey, soccer, tennis, and golf all have rules, so do life's games – traffic, school, work, insurance, dating, taxes, marriage, shopping, parenting, etc. These rules are not there to punish us. They help us define the game. They tell everyone involved how to play the game. Rules set boundaries. They eliminate confusion. Your household budget will need some rules to let everyone involved know how the game gets played.

The easy way to get voluntary compliance of rules is to let everyone involved be included in making the rules.

It's very important to have some rules. The DOLLAR method works because of our attitudes about where we spend our money. The budgeting and rules are what tell us the correct places for the money to go. They remind us of what we're trying to do here. They keep us on track and ensure that we win this game.

Along with the bad word *budget* goes the bad word *rules*. Rules have gotten a bad rap because we often use them to oppress people, yet rules are just tools. They are tools that can help you obtain what you want out of life. People can even enjoy following rules. Life is more enjoyable with established boundaries.

In the DOLLAR method I want everyone to enjoy following the rules. The trick to this enjoyment is a voluntary willingness to follow the rules. The easy way to get voluntary compliance of rules is to let everyone involved be included in making the rules.

In the DOLLAR method I strongly recommend that the rules be decided in an open family discussion. I realize that an open family discussion session in some families quickly turns into a family cussing session, yet these are going to be rules that affect everyone's happiness. In order for the rules to obtain that happiness, everyone must be happy with the rules. Sounds difficult and in some families it may be, yet many families already do this with all the family rules. It does work.

Because I Said So!

Being forced to follow someone else's rules has never generated happiness, no matter how wise the rules

Voluntary acceptance of rules is essential for the DOLLAR method to work.

People react to rules with mixed emotions. Some of us see rules as those things that force us to be good. Some of us see rules as things to be broken. In almost all cases somebody else made the rules and forced them upon us. Much of American's relationship to rules goes back to our religious roots. Our social laws originated with a part of our culture that believes man is basically evil and destructive if left to himself. They believe that man will only harm himself and others if given absolute freedom. Although we like to call America the land of the free, we are not free. We have many rules these wise people want us stupid people to follow. They are wise people because they think they know what's good for everybody (a truly great feat of wisdom). We are stupid people because they think we are not capable of making choices that benefit ourselves, a true characteristic of stupidity.

Dictatorships, slavery, and repression do not generate happiness. Being forced to follow someone else's rules has never generated happiness, no matter how wise the rules. Being persuaded that certain rules are beneficial to follow can bring happiness and good will, but then the individual chooses to follow. Voluntary acceptance of rules is essential for the DOLLAR method to work.

If your household is a dictatorship; if someone in your house sets all the rules and everyone else follows; if this is not going to change; then put down this book and go back to your doomed-to-unhappiness life. If someone in your family is so self-righteous that everyone must do as they say, then the DOLLAR method has no chance of helping you. You can wait until that person dies or you can wait until you leave the family, then read this book. Tyrants are like brick walls in that when you try to move them, you only beat your head against the wall. This book will only get you in trouble. This book teaches freedom of choice and the finding of individual happiness. Tyrants will find this book very disturbing.

What am I doing here?

The point here is that rules are tools to help us, not a club with which to beat us. The first step in the DOLLAR method is to get everyone in the family to understand the method. The second step is to get everyone to discuss the following items. The next step is to get agreement on the rules. You may take days or weeks or months discussing some of these before you reach complete agreement. Many rules will change as time goes by. None of the rules reside in concrete. The family makes the rules, the family changes the rules. So long as it's done as a family, it's OK to change the rules. (The families in the world are really going to envy you single people). Discuss and agree about:

1) What money gets budgeted?

Obviously income gets budgeted, yet what part of the income? Your choices are a) everything, b) all after tax income, c) exclude certain types completely (like investment income and gifts from others), and d) use special rules for special money (like overtime, refunds, unexpected income).

2) What percentage of the income goes where?

A simple budget sets aside 10% each for Self Money, Give Away Money, Improvement Money, and Investment Money (the quality of life areas). That leaves 60% for expenses (the just surviving area). You can adjust the percentages to your special needs.

3) Who gets how much?

If you're single the answer is easy. If you're married with no children at home it's still fairly easy. If you have ten kids it's tricky to say the least.

4) What category do specific expenditures fall into?

Is eating out Expense Money or Self Money? If it's Self Money, whose Self Money? Does Mom's new dress get allocated to Expense Money or Self Money or Improvement Money? Is the cost of Dad's new car Self Money or Expense Money or Improvement Money? Are presents Self Money or Give Away Money? Is the house payment Expense Money or Investment Money?

Simple, right? Setting the rules is often a lot of fun. It's important, so everybody gets emotional about it. Everyone eventually expresses their opinions and you end up learning things about each other that you didn't know.

Let's go through the making of a simple budget. We'll use an average American family with 2.3 kids, a dog, a cat, a hamster (or a gerbil), a minivan (or a SUV), a Dad, and a Mom, and they own their house (ignoring the mortgage company of course).

Thank Goodness It's Payday!

When someone asks you how much you make, it seems as if the answer should be easy. You normally reply in terms of how much you make per hour, per week, per month, or per year. You normally refer to how much your employer pays you (assuming you are employed by an employer – if you're not employed by an employer, who employs you?)

The IRS doesn't prefer such simple answers, however. Taking a look at the 1991 form 1040, we see that income can fall into several categories: wages, salary, tips, etc. (nobody has ever paid me *etc.* yet I guess somebody pays somebody *etc.* since the IRS wants to know about it), interest income, dividend income, refunds, alimony, business income, capital gains, capital gain distributions, other gains, IRA distributions, pensions, annuities, rents, royalties, partnerships, estates, trusts, more etc., farm income, unemployment compensation, insurance, social security, and other income (just in case you found some money someplace the IRS didn't specifically list). Other income includes winnings from gambling, sweepstakes and lottery winning, debts forgiven (do people really do that), proceeds from garage sales, insurance payments above costs, inheritance, gifts of money, gifts of property, profits you made by selling anything (your house, your car, your cookies, your neighbor's lawnmower). Once you total these incomes you arrive at your Total Income (how profound). Then you get to adjust this number resulting in an Adjusted Gross Income (is gross income like obscene profits). Then you get to make some deductions and end up with a Taxable Income. I'm so glad life is simple.

In the DOLLAR method you have to decide which parts of your income get budgeted. The simplest answer seems to be everything, but it's not. You'll spend much effort figuring out how to budget every penny that comes into your household. An easier approach is to budget what you get with each paycheck. Every time you get a paycheck, put some money in the Self Money accounts, some in the Give Away Money account, some in the Improvement Money account, some in the Investment Money account, and the rest in the Expense Money account.

This is Different It's Special

The first choice you have is whether you budget gross income or net income. Your gross income includes the taxes and other deductions that get removed from your paycheck before you get it. It doesn't matter to the DOLLAR method which income you use. You will put more money into each account (other than Expense Money) if you budget on gross income, but your amount of Expense Money to live on will be smaller. If you can afford the smaller amount of Expense Money, this method (budgeting on Gross Income) will bring more satisfaction because you get to personally use more of your money. For people first switching to the DOLLAR method, there will be an initial shock period of trying to live on less Expense Money. Budgeting on take home income is probably best for beginners. As you become comfortable with the DOLLAR method, I encourage you to budget based on your gross income.

Some of your income will require special consideration and perhaps special rules. Money is compensation for effort. Some income requires extra effort and therefore the compensation may need special handling. One example is the money a child earns working part time to get pocket money. If the family considers this money as family income, the child only gets back 10% for itself. At the wages children can earn, I doubt that many kids would consider it worth the effort if they received only 10%. This money needs special rules. Two obvious choices are 1) it's all Self Money for the child and 2) the child budgets it according to the DOLLAR method on his own. Even if the child has to contribute 60% of his earnings to family Expense Money, he keeps 40%. (If you get a kid to go along with giving up 60%, let me know.)

The DOLLAR method allows special rules and you can make them on the spot.

The only requirement is that the whole family has to agree.

Just as a child wants all the money from extra efforts to be Self Money, so do adults. A working adult can make extra money by working overtime, a second job, and through bonus pay. Depending on the nature of the work, this may truly be extra money, meaning that it's not regular income. It only comes with the extra effort you chose to expend. To contribute 60% of this extra effort money to the Expense Account stings a bit. I recommend that you split the money from extra effort between Self Money and Give Away Money. Giving away part of the money prevents any feelings of guilt to surface. You have a choice who in the family gets a piece of the Self Money. When I was married, my wife and I split my overtime pay into three equal shares. Give Away Money got 1/3. I got 1/3, and my wife got 1/3. That's partly because I'm a nice guy and mostly because the family made the rules.

Money given to you as a present is also special. My family considers this as entirely Self Money. Consider any winnings as Self Money. We've never won a whole lot of money. If we did, then we would probably use the normal budget on it. Also any money made with Self Money gets returned to Self Money. This would be like if someone wanted to try out the stock market, but the family wasn't willing to use the family's Investment Money. So the individual used Self Money. Any profits or losses belong to the Self Money account of the person taking the risk.

There are going to be profits on your Investment Money. All these profits should stay in your Investment Money account. The purpose of this money is for it to grow. If you keep pruning it, it won't get very big. You get to spend Investment Money only after you retire. Of course, there will be taxes to pay on the profits as it grows (unless you have the money in a tax-free investment). The family has to decide which account pays the taxes. The Investment Money account can pay the taxes, but then it grows slower. Or the Expense Money account can pay since it pays other taxes anyway, but then it has to cover more expenses. Give Away Money can pay taxes. After all the goal in Give Away Money is to spend it in a manner such that you get nothing in return.

When you do finally retire, that Investment Money account becomes an income source. As income it gets budgeted the same as your income did before, except that now you don't set aside any more Investment Money.

The DOLLAR method allows special rules you can make on the spot. The only requirement is that the whole family has to agree.

For the standard family just starting to use the DOLLAR method, budget your normal regular net income. Split unexpected income between Self Money and Give Away Money. Pay taxes on Investment Money out of Expense Money. After 2 or 3 years try to increase the budget to dividing up gross income.

Cut That Pizza In Six Pieces, I Can't Eat Eight!

If it takes six men two hours to dig a hole, how long will it take four men to dig half a hole? The answer is that a hole is always a whole, just as a pizza pie is always a whole, yet the size of the pie can vary, and how you cut it can make a big difference.

The second question in budgeting is how much does each category get. What percentage of the total does each account get to spend? This is a question of priorities. How much of your money do you want to spend on the different areas of your life?

A quick answer might be that 90% of it should be Self Money and the other categories get to divide the rest. Wouldn't that be great? When you get that money tree to start producing a decent crop, you can do that.

The reality in your life now is that Expense Money is taking 100% (more like 105%). Reducing that amount might be painful. How painful depends on how much you reduce it. So some excessively responsible family supporters will contend that Expense Money should be reduced only to 90% and every thing else can split the remaining 10%.

The first priority is that you have enough money in the quality areas to feel as if there is a whole lot of money there.

The family gets to decide the amounts. They are your decisions and not mine, but you can prevent the DOLLAR method from working if you don't take care of the true priorities when you set the amounts.

The first priority is that you have enough money in the Self Money, Give Away Money, Improvement Money, and Investment Money accounts to feel as if there is a whole lot of money there.

If most of your money is still going to Expense Money, then you are not really using the DOLLAR method. You are doing the same old unhappy routine, just calling it by a new name. If you want to change (become happy instead of unhappy), then you have to change. It always amazes me to see how people who say they want to change, then struggle so hard to keep things the way they are.

If you want to change (become happy instead of unhappy), then you have to change.

The second priority is balance.

The second priority is balance. The categories in the DOLLAR method are a package deal. They work as a system. Each one affects the other. The guilt of spending money on yourself gets balanced by giving money away. The money given away gets balanced by setting money aside for retirement. The money set aside for retirement gets balanced by spending money to make things better today. The money spent on living gets balanced by the money spent on quality of life.

As a standard rule, I recommend that the categories of Self Money, Give Away Money, Improvement Money, and Investment Money get equal shares. These four are normally of equal priority in your life. The money you give away is of equal value as the money you spend on yourself. The money set aside for the future is of equal value as the money to improve today. Another standard rule is that Expense Money is more important than the others combined, by just a little bit. By allocating 10% to each of the first four accounts, Expense Money gets 60% compared to the 40% for the other accounts. This balances the needs for living with the money used for quality of life (it also makes the math a lot easier).

Some people will want to deviate slightly from this standard. Your family may decide that quality of life is equally important as living expenses. In this case the first four categories may get 50% and Expense Money gets 50%. Other families may evaluate their life and decide that one particular area has become neglected in the past and needs an extra amount **temporarily** to get back into balance. My family has done this with Investment Money. During hard times we had negative Investment Money. To bring it back into balance we allocated extra for Investment Money.

There may be special circumstances beyond your control that you can deal with easier by allocating more to one account than normal. Alimony is one such item. Alimony can get considered an expense or Give Away Money. If the amount of alimony required uses up all your Give Away Money, bitterness will set in because you don't get full enjoyment from deciding how your Give Away Money gets spent. Allocating extra Give Away Money to take care of the imbalance can balance your attitudes.

Remember, the goal is a balance of priorities.

When you set the rules for how much goes where, remember the goal is a balance of priorities. Each account must have enough money to fulfill its purpose. If you get stuck trying to decide the amounts the first time you use the DOLLAR method, go with the standard 10% to the first four categories. This set of rules will work for most families. It provides enough for each category to feel as if they have a whole lot of money, yet leaves enough to pay the bills.

Who Gets How Much

Many family members will think the most important question is "Who gets how much?" Specifically "How much do I get?" Deciding how big a slice Self Money gets is just half the decision. The other half is deciding who gets how much of the slice. Single people are extremely fortunate on this one.

A single person decides to use the standard budget and sets aside 10% for Self Money and another 10% for Improvement Money. That's 20% of his income that goes for the greedy stuff. If a husband and wife each get 10% for Self Money and another 10% each for Improvement Money, that comes to 40%. With another 10% for Give Away Money and another 10% for Investment Money, the first four categories get 60%. Which leaves Expense Money with 40%. If your family can do it, it's a fun way to live. If you add one kid, expenses get dropped to 20%. With 2 kids, expenses go to zero. Now, in every family I've ever seen the expenses don't go down as you add kids.

Instead of each person getting a 10% slice, it works better if each category gets a 10% slice and the family members share that slice. This maintains the balance required to keep you from falling flat on your face. Dividing slices can still be tricky. Husband and wife usually agree that each gets an equal share for their own Self Money and Improvement Money. Then along come junior and young lady. Are you going to let them have equal shares? Do they get to spend as much on video games and doll clothes as Mom and Dad spend on sports and dresses? Unlikely. Of course, the first question is do children get in the budget at all? Are they just expenses? If they do get money of their own, do they follow the DOLLAR method or is it just an allowance, essentially all Self Money?

Learning to Walk by Falling Down

Families that want to teach their kids the DOLLAR method (because they find that it is a wonderful gift) have to evaluate how much of the budget each child can handle at what age. My boys started getting their own money at age 4. By age 8 the oldest had them swapping and selling stuff around the neighborhood to get the money to buy a $100 Nintendo. By age 10 he was capable of understanding the DOLLAR method. He couldn’t understand all there is about investing, yet he understood having to work and not having to work for a living.

You must remember that learning always includes making mistakes.

Teenagers need to learn all the complicated parts of money. By age 14, parents could give teenagers some Expense Money and require them to pay for some of their expenses. Clothes are an excellent way to start. Teenagers want to start feeling independent and responsible for themselves. You can help them by giving them their own Expense Money to help speed that learning. You must remember that learning always includes making mistakes. When you give them the money, it's **theirs**. They get to buy what they want. If they make poor choices, fantastic! It's better that they learn what poor choices are while still young than when older. If they run out of money, fabulous! Everybody runs out of money sometime. The sooner they learn how far they can stretch a dollar before it breaks the better. Also remember that learning isn't everything. The teenagers get to enjoy their money. Money is a fun part of life. Include lots of love with the money you give your kids. Then prepare yourself to laugh at the hilarious things they do with it. I guarantee they won't spend it the way you would.

Love and respect insist that Husband and Wife get equal shares.

Yours, Mine, Ours

Setting the amounts for each family member is easy if every one gets equal shares. If they don't then here's some simple math to make it easier. Start with the person in the family who gets the smallest amount. The younger child, Young Lady, would get the smallest amount, so she gets one share. Everyone else's shares are a multiple of hers. The older boy, Junior, is a few years older so he gets 2 shares. Since the adults are a whole lot older Mom and Dad get 30 shares each. The 0.3 kid left over from the 2.3 kid family doesn't get a share because frankly, the kid's not all there. Do not give pets a share. I know they are equal members of the family, but believe me they won't get full value for their money. The cats will shred theirs and scatter it all over the house. The dogs will bury it in the back yard. The birds will just poop on it. The fish will just float under it trying to figure out how to eat it. The only one who gets any benefit at all is the gerbil who makes a nest out of it.

So, on a family budget income of $3,000 a month, the Self Money and Improvement Money account each get $300. The adults get equal shares so they split $300, 300÷2=150. Each adult would get $150 Self Money and $150 Improvement Money. Young Lady gets 1 share for every 30 shares an adult gets, 150÷30=5. Young Lady would get $5 Self Money and $5 Improvement Money. Junior gets 2 shares for each share Young Lady gets, 5x2=10. Junior gets $10 Self Money and $10 Improvement Money. (Keep the math simple – not necessarily correct.) You can divide the Give Away Money into individual accounts or leave it as one account. Keeping the Give Away Money, Investment Money, and Expense Money as whole family accounts makes things simpler and still accomplishes the goals.

When you keep Give Away Money and Expense Money as family accounts, it should take family decisions to spend the money, theoretically. In practice some lucky member usually gets designated as banker. They pay the bills and manage the accounts and keep things straight. The family **allows** the banker to make decisions on spending everyone's joint money. **Warning!** The banker must remember that this is a privilege that can get taken away. A wise banker consults the other members of the family on important issues. A thoughtful banker keeps the entire family informed. If a family cannot find a fair banker, then the family must divide the accounts so that each member gets to use their share. A fair banker is a whole lot easier.

Set your family money rules with love.

The priority here is that each member gets their own money to spend. Under no circumstances should Self Money or Improvement Money be kept in a joint account controlled by one member of the family. Each member who gets Self Money and Improvement Money should have full control over spending that money.

Each member who gets Self Money and Improvement Money should have full control over spending that money.

Power struggles are not appropriate in family budgets. Tyrants are disrespectful people. The other members may be helpless to stop a tyrant, but they will remember the bitterness for a long, long time. Money can be a wonderful part of life. That's what the DOLLAR method is trying to do for you. We want money to be a way to experience and share the love and joy of the world. Set your family money rules with love. Love and respect the ones you love and they will return love and respect.

Creative Juggling

Now comes the exciting part – the spending. At this point the money is in the accounts (recorded in the books or set aside in the envelopes) and everybody is ready to spend. Unfortunately it's not as easy as just allocating the money and letting everybody spend what they want. You also have to allocate the expenditures. If you let everybody pay what they want, there will be some items that nobody pays for, i.e., each account can validly argue that the cost of eating out should get paid by some other account. To settle these disputes, the family must agree on some rules. You can set these rules as the issues arise or you can use some foresight and discuss them before the fights begin. After the fighting begins your family members will have already made up their minds how they think things **should** be, since they have something specific to lose. Agreements are harder to come by when people have to lose something to compromise. It's easier to give up what you don't yet have.

Allocating expenses after the fact is sort of cheating.

There is no right or wrong place for each item. The best system is the one that fits you and your family.

Almost everything you pay for can fall into more than one category. Food, clothes, rent, mortgage, school, gas, cars, hair cuts, gifts, medical, even taxes, all these things can have some characteristics that could put them in two or more categories. When you spend money on an item, you then deduct that amount from one of the accounts. You have to allocate expenditures to accounts. There is no cosmic formula for allocating items to accounts. There is no right or wrong place for each item. You place items where you think they belong. We are dealing with **your** feelings and attitudes toward **your** money. The best system is the one that fits you and your family.

Some consistencies will make things easier. It's OK to allocate something like eating out to Expense Money one time and Self Money the next, yet your attitudes will respond better to some predictable rules. It helps you more to sort out your feelings of "How should I spend this money?" before you spend it, if you already know which account is going to pay for it. Allocating expenses after the fact is sort of cheating and what's the point of cheating when you're the only one playing? You only cheat yourself. With agreed rules, you evaluate your options before you spend your money. If the rules say that clothes are Self Money but your Self Money is low on funds, you don't buy a new suit and then change the rules. You have to be more creative than that. Fortunately the DOLLAR method does allow for some creative juggling between the accounts.

Rules are rules, yet you can bend rules without breaking them. In the example of wanting a new suit, let's fill in some details. Number one, the money is there. You and the family can afford this expense. Some account has the cash to cover it. Number two, there's a reason to buy this suit now instead of waiting until next payday, i.e., it's on sale or it's some other once in a life time opportunity that you just can't pass up without regretting for the rest of your life. Number three, your Self Money doesn't have enough to cover it.

Rules are rules, yet you can bend rules without breaking them.

OK, you have a few options here. The main condition of the rule says that your Self Money pays for the suit. OK, so we make sure that your Self Money pays, only it doesn't have the money **today**. So what? People buy lots of stuff they don't have the money for today. Sometimes they use plastic money when they don't have the cash today. Put the suit on your charge card and deduct it from your Self Money account when the bill comes due **after** next payday.

That works fine if the family allocates charge card expenses on the day the check to pay the charge card gets written and not on the date of transaction. If your family has a rule that expenditures get recorded on the date of purchase (probably because **some dumb individual** keeps running up huge charge card balances) then more creative juggling becomes needed.

For normal people (not to imply that you are not normal) if they want something they can't afford and they can't use a charge card, they get a loan. You can borrow the money and then pay it back after payday. We know that the money exists. Some account has enough money to satisfy your desires. It just doesn't belong to you. Now, if you happened to be the cute little girl of the family, this next part is easy. You use the "Pretty please, can I?" approach to persuade the account with the money to loan you what you need to cover the suit. Of course you must sign in blood to seal your promise to pay it back after payday, but what's a little blood to get a once in a life time suit like this?

You can borrow from any of the accounts so long as **all** members of the family agree. You can even make long term loans. Since I am an old little boy and have never grown up, my toys are just more expensive. When I want a new computer, or a boat, or season tickets, or custom tires for my Chevy Caprice Station Wagon, one paycheck's Self Money just won't cover it. For these super important items you have two choices. Save (not invest) your Self Money until you have enough or borrow the money from one of the family’s other accounts. If you whimper and pout enough to get a long term loan then again you sign in blood to agree to pay back so many dollars each paycheck until the loan gets paid off. Interest is optional and not standard.

Now that I've shown you how important it is to have consistent rules and not to break them, I'll tell you that you can always change the rules or make exceptions. You have to have the agreement of all the family members (particularly the banker) prior to making the expenditure. If you can convince the family that this suit is necessary for your work and is not necessarily Self Money (or maybe not completely Self Money) and that Expense Money is appropriate then the Expense Money account can pay for it **this one time**.

Some items are going to fall into more than one category every time you spend on them. Eating out is one example. You have to eat so Expense Money is appropriate, but you could eat at home. So eating out is a luxury for which you should use Self Money. Your family will probably make some general rules about eating out. Then when it comes time to eat out, the banker may evaluate the Expense Money and see whether it would be best to use Expense Money or Self Money to cover this today.

This creative juggling is fine. This uses the DOLLAR method fully. When you juggle between the accounts like this, your attitudes are fully aware of the differences between the accounts and you evaluate your options using the DOLLAR method. The desired outcome is **what brings the most enjoyment of your money.** You're not just stuck to a rigid, cruel budget. You use a dynamic system that encourages you to make happy choices by stopping and thinking about what you will accomplish in your life **as you spend this money**.

The desired outcome is what brings the most enjoyment of your money.

Surviving Switch Shock

By this point, you've become convinced the DOLLAR method is a drastically different approach to managing money from what you do today. Even if it is a better approach, you may not see how you could possibly switch over. Your money goes where it goes because you have requirements and even good reasons for spending it like you do.

The big differences between what you do today and the DOLLAR method are the long term benefits of the DOLLAR method. After years of using the DOLLAR method your attitudes will change with regard to all aspects of managing and planning your money. These long term benefits won't happen the instant you switch. Nor will your money go to places much different from where it goes today. The money goes where the money goes. The DOLLAR method is not about where the money goes. It's about your attitudes as you send the money on its way.

"How am I going to live on less when things are so **bad** *now?"*

You're not.

When you first switch over to the DOLLAR method your Expense Money will probably get reduced. If you use the standard 10% for the quality categories, Expense Money gets reduced to 60% of your paycheck. This drastic reduction creates a fear bordering on panic just before the switch. People think, "How am I going to live on less when things are so ***bad*** now?"

You still make the same income and you still spend the same.

The obvious answer is that you're not. You still make the same income and you still spend the same outgo. The difference will be how you think about the money as you spend it. At first the most drastic change will be a shifting of priorities. Instead of Expense Money being top priority always (the bills come first), the other categories will get equal treatment. The difficulty will be in making sure they get equal treatment. It will be tempting to push other things to the back when the pressure of expenses comes knocking at your door (I have noticed they kind of sneak in through the mail box). You will also discover that things are not "***bad***" now, just difficult. Using the DOLLAR method will make them better.

Here's a minimum shock approach to switching. For one month just spend money as you normally would. Only this month pay attention to where every dollar goes. Record each dollar spent into a ledger. Put labels on every dollar and divide them (not literally) into the different DOLLAR categories.

This one month of labeling is a start of the DOLLAR method. The labels you put on things ***are*** your present priorities. For one month find out how much you spend in each of the DOLLAR categories today.

At the end of the month work out the percentages you spent on each category. It may work out that you spent 3% on your self; you gave away 6%; you spent 2% on improvements; you put nothing aside for investments; leaving 89% for expenses. Now it's easy to see that this is a long way away from the standard budget of 10% each for the four quality of life categories. Switching to the standard budget could be difficult.

So don't switch to the standard budget – not immediately. For starters just continue putting labels on the money you spend. This doesn't change where the money goes at all, yet it does start changing your attitudes.

Presently you spend some money on yourself, but you feel guilty about it. Presently you give some money away, but you do it unwillingly. Presently you resent that expenses take up **All** your money and more. You can switch to the DOLLAR method just by changing these attitudes. Presently all your money gets simply labeled "The Money." When you put new labels on things there are new attitudes available for that money.

Presently all your money gets simply labeled "The Money."

When you put new labels on things there are new attitudes available for that money.

After the switch when you spend Self Money you don't have to feel guilty. You can get full enjoyment out of that 3% you spend on yourself. You can give away that 6% without missing it. You can spend that 2% on improvements and enjoy the knowledge that you have done something that makes your life better. You don't get any benefit from spending nothing on investments, yet you become aware that some money **should** be going there. You start thinking about investing as something deeply important to do instead of something you might start someday before you die.

You still feel that expenses take up too much money, yet the feeling has changed to "too much money" instead of "**ALL** the money." This is a tremendous change. All you did was to put labels on the money you spend. You didn't change where it goes. You didn't get more money. You didn't get fewer bills. Just putting the labels on things makes a huge difference.

This is fine for a start. Once you start putting labels on things, the DOLLAR method sort of directs you toward further progress. With the labels, you can see the imbalance in your finances. Something inside you wants balance. It hates imbalance. Once the imbalance is visible, your inner self will strive to correct it.

Slowly, gradually, the amount you spend in each category will change and come into balance. It takes a while, maybe months, maybe two or three years. You have spent your entire life throwing trash into your closet – it will take a little time to clean it out. Within two or three months the changes should be noticeable. Slowly the percentages will shift as the opportunities for change arise. Your inner self always brings you health if you let it. Just be patient and let it do its thing at its own pace.

Switching On Time

There are some other things you can do to make the switch easier. You can switch at a time in your life when your income increases drastically. I managed to make my first switch just as I completed college and went to my first full time job. My income went from $5,000 a year to $1,375 a month. The transition was smooth as silk because I felt like I had a whole lot of money. I never missed the reduction because I hadn't gotten used to spending more. Another time of large increase may be with changing jobs. A 25% raise with a new job makes the switch easier. You know you have more money at the same time you feel you are trying to live on less. Unfortunately, chances are that you are not about to get a large increase in income just as you read this book. (If that does happen to everyone who reads this book, I'm going to sell a whole lot of books).

One way to get the discipline of the DOLLAR method and still spend money where it goes today is to use the creative juggling between categories. As you set up the family rules, set many of the things that are Expense Money in the other categories. This is not ideal. You will have a conflict inside yourself wishing that your Self Money didn't have to cover things that you think are Expense Money. You may need to spend Investment Money on the house payment, which is not a great investment. A less than ideal beginning is enough for a beginning.

The important thing at first is to think of the separate categories as separate categories

The important thing at first is to think of the separate categories as separate categories. You tend to think of everything as Expense Money because that's all you have now. You have many emotions tied up with spending Expense Money on other things, negative emotions. We deal with those negative emotions by thinking of the money in the DOLLAR method categories. After a while you will find ways to control your expenses to fit the Expense Money budget. This will allow you to spend the other categories where you wish. The DOLLAR method is not an overnight process. It's a foundation to build your financial desires on. It takes a little time to lay the foundation.

Baby Step Switching

Another way to ease switch shock is to start with something less than 10% for the non-Expense Money categories. Start by putting 5% into each of the quality of life categories. Expense Money then gets the remaining 80%. In practice this is the same as having to spend some of the other categories for expenses. It allows you the freedom to spend all of the budgeted amounts where you feel they should be going. You get the benefit of working the DOLLAR method. All of your Self Money gets spent however you wish. All of your Give Away Money gets given freely. As you get used to the benefits of the DOLLAR method you will gradually increase the budgeted amount of each category to the standard 10%.

Making the full transition to the DOLLAR method may take two years or more. You didn't set your present level of expenses overnight and you won't reduce it overnight (unless you get laid-off). It gets reduced as you make future decisions on how much to increase your expenses. With the DOLLAR method you will evaluate where the money will be coming from before agreeing to big increases in expenses. Also you will find that much of your money gets spent on low priority items. With the DOLLAR method you will find that managing your money is easier so that your money goes only where you want it to go.

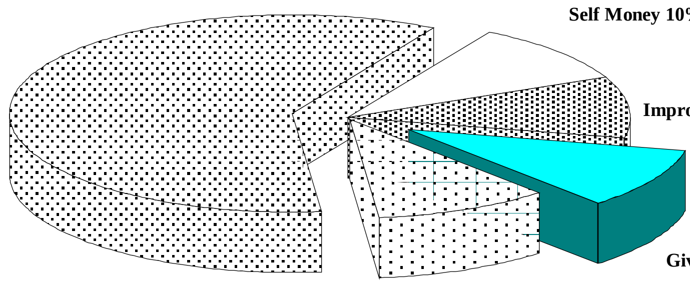
Another thing about Switch Shock, it seems a lot worse before you make the switch than it is when you make the switch. As humans we are capable of imagining great horrors. Of all the monsters we have created that can kill us in horrible gory ways, we are most afraid of the ones that steal our money. This slow death is more agonizing than any other. Thoughts of trying to live on less money are indeed horrifying. So horrifying that you may tend to put off switching to the DOLLAR method. Your fears are understandable, yet are also invalid. The DOLLAR method is the answer to your fears. It is what finally makes it all worth while. So remember nothing is as bad as you think it will be, close your eyes, and jump! Start Enjoying Your Money Now.

Another thing about Switch Shock, it seems a lot worse before you make the switch than it is when you make the switch.

HELP!

That's enough psychology for now. You are ready to start some actions. To get started doing something you have to decide what you are going to do. Evaluating your infinite number of options all at once can overload your circuits and result in non-activity as you stare mindlessly at your paycheck. Scattered among the previous sections I have presented a standard budget. Here is a summary of that standard. Use this standard for a beginning, for making the switch. Do not try to get the best budget possible the first time. Get started, and then get better.

The Standard Budget



Base your budget on the net take home paycheck of the husband and wife. Allocate money to each account when you get a paycheck. If you get paid once a week, then budget once a week. Budget twice a month if you get paid twice a month. My family gets paid every two weeks. We managed to get our expenses down to where this slightly smaller paycheck is enough. Twice a year we get an extra paycheck.

Allocate 10% of your after tax income to the first four categories; Self Money, Give Away Money, Improvement Money, and Investment Money. Put the rest in Expense Money. The 10% amount may not be the best for your family, yet it's an excellent starting place. Try it for several (more than three) months before you start changing it.

Split the Self Money and Improvement Money among each family member based on shares. Husband and wife get equal shares **(ALWAYS)**. Do not budget children below age 5. Children under age 5 should receive an allowance to introduce them to **MINE** money. Give 1-3% of what each adult gets to each child from age 6 to 9. Give 2-5% to each child from ages 10 to 13. Give children from ages 14 to 18 from % to 25% of what an adult gets.

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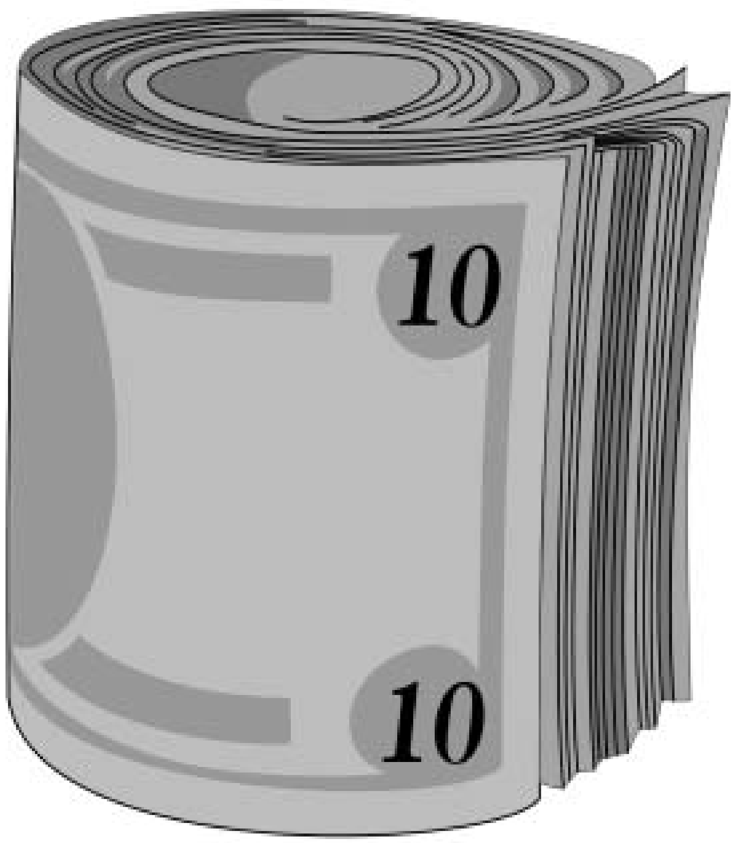

The Stories You Are About to Hear

The following stories are some real life examples of the decisions and alternatives that people have had to make on different topics. Different items present different options and different priorities. What makes life fun is doing the same things over and over a thousand different ways. My discussion of the sections is not a do-it-like-this lecture, yet rather here's how somebody did it.

In most books this section would contain countless testimonies from thousands of people who have used this book to change their lives. Since this book isn't published as I sit here writing it, thousands of people haven't read it. Hopefully, the next edition of this book will burst with the testimonies of the thousands who will have read and used this as yet unfinished book. Not to worry! The DOLLAR method existed before this book. I do know people who have used it. Their stories and testimonies appear in the following sections.

This book will give you is the knowledge that there are other options

These stories show you some of your options. I have a friend who once told me that the purpose of parenting is to show children what their options are and how to make wise decisions – not to make the decisions for them. The most valuable item this book will give you is the knowledge that there are other options – that the ways that people have tried that don't work are not the only alternatives. Important also is your freedom to evaluate those options and make your own choices. There are no right or wrong choices – only results from actions. The DOLLAR method is not a law. It is only a map. My purpose has been to show you where you are, where you can go, and how to avoid collisions. It's your choice where you go and which roads you take.

The options presented are the ones I can think of today. As this book evolves through usage, hopefully people will tell me of options they have found. As their experiences fill future editions, this book will take on a life of its own and better serve to help people find the sources of happiness in their lives.

Accidents
The Price of "OOPS"

The balance between order and chaos is one of the more fascinating aspects of our world. Humans are central figures in this balance. Many people struggle to achieve order and predictability in the world around them. They practice intense discipline in an attempt to control their unpredictable natures. Other people claim that it is this unpredictable nature of humans that make us so valuable to the universe.

Regardless of who is right, the reality of the world is that unpredictable events do happen to humans. Normally we called these events "accidents." The DOLLAR method doesn't care if you believe everything in the world is completely set and unchangeable or that everything is decided by the toss of a coin. It is important how you deal with the unexpected.

The DOLLAR method is concerned with balance. Some people have trouble keeping their balance while walking and chewing gum at the same time (have you noticed that as it became popular for girls to chew gum, they stopped wearing high heels?). Some people like to make things difficult so they try riding a bicycle while facing backwards. We do a lot of things by choice that make it difficult to keep balance (i.e., all the stinking thinking stuff). Occasionally there are events outside our control that shake things up – financial earthquakes so to speak.

Accidents come in a variety of sizes and shapes; car accidents, fires, burglaries, floods, earthquakes, tornadoes, teenagers, lost items, lost jobs, medical requirements, lawsuits, unemployment, and lots of other fun stuff. When these things happen, they can be disruptive to your financial balance. There are some things you can do to minimize the disruptions.

Every family should have some kind of disaster fund. This is not a DOLLAR method principle. It's a Middle-Aged-Man principle. Everyone should have at least six month's pay tucked away in a security blanket somewhere. That way if you are unable to work you have at least six months of normal income to get started again. For most people six months is enough time to get back on their feet.

Everyone should have at least six months pay tucked away in a security blanket somewhere.

The DOLLAR method provides funds that can be used for this disaster fund. You will accumulate six months pay in about six years if you set aside 10% into your Investment Money account. The purpose of the Investment Money account is retirement, but if you aren't working, you are retired. It seems like an appropriate time to use that money.

If you've been working for less than six years you won't have six months security blanket, yet it is not as disastrous for a young person to start over from zero as an older person. Starting over after five years is a lot different from starting over after twenty years.

You may also need Investment Money to cover costs that would otherwise be impossible to manage. When disaster strikes you may be fortunate to still have a job, yet you may have lost almost everything else. You may decide you have to use Investment Money to rebuild. It's tragic to lose your future security, but present welfare does come first.

Not all accidents are disasters. Smaller accidents occur that don't set you back to zero. They just set you back a little. These items you must allocate to some account. The account you choose will depend on the nature of the accident.

Some accidents are avoidable. They occur because someone was careless. Someone can be held responsible for the accident (traffic tickets, broken windows, etc.). In these cases your family may want to hold the guilty party responsible for the financial shortages also. It's appropriate for a family member to have to pay for broken or lost items out of their Self Money accounts if they were responsible for the accident.

Some accidents "just happen" or Mr. Nobody did it. These can be allocated to the Expense Money. You just grit your teeth and pay.

Unexpected expenses are the things that upset the financial balance. Forcing the Expense Money account pay for these is the disturbing event. There is a way to ease some of this disturbance. Some families find it useful to allocate a part of these unexpected accidents to their Give Away Money accounts. This requires family agreement. The items are discussed one by one. Letting the Give Away Money account pay for these is a quick way to take some of the sting out of accidents. When money is used that you "throw away" anyway, then the personal hurt is lessened.

From a religious standpoint it doesn't matter whether the accident was just a random event or a punishment sent by God. Your part in this is how you deal with it now that it is here. You can choose to react with hurt, pain, and irritation or you can find ways to have nice attitudes. Just because something "bad" has happened doesn't mean you have to be miserable. It's OK to feel "good" when "bad" things happen. The DOLLAR method lets you.

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Over 50% of the marriages in the United States have ended in divorce.

The rest end in death.

Alimony

If you can't give love, give money

The Prince slipped the glass slipper onto Cinderella's foot and they lived happily ever after. Most American's grew up in the Cinderella Era. We meet. We fall in love, and we live happily ever after. This is the way we expect things to be. When it doesn't work out that way we feel cheated. All of our lives we have been told that all we have to do is fall in love once and we are set for life. Then suddenly without warning, our true love ups and leaves. The bitterness and sense of wrong demand justice. They demand more than justice. They demand alimony. If I can't have happiness, at least let me have lots of money.

Over 50% of the marriages in the United States have ended in divorce. The rest have ended in death. Far less than a few have met, fallen in love, and lived happily ever after.

Years ago marriages were arranged by the older, "wiser" members of the family. Then came the Cinderella revolution and we started marrying for love. We have convinced ourselves that if we have love we can conquer anything. We believe that love is the only requirement for marriage.

Our divorce courts show that is not true. It is far more important to marry someone you enjoy spending time with than someone you love. Slowly American society is coming to the end of the Cinderella Era. Hopefully it will also be the end of the Alimony Era. People are slowly learning that it takes more than love to make a marriage work. They are also learning to deal with the pain of separation and abandonment in healthier ways than through a whole lot of money.

From the viewpoint of the DOLLAR method, the receiver has some options. Alimony can be included in regular income or treated as special income. It doesn't matter. As long as you feel that another person owes you money for past wrongs you will never achieve financial serenity. The DOLLAR method can make some things easier for you, but it won't right perceived wrongs. You won't find happiness in this book. Try the fairy tales.

The DOLLAR method can help the person sending the alimony. You have no control over the requirement to send alimony or the amount. The major impact on your life now is the act of sending the money and the feelings you have when you do so. The DOLLAR method can do something about these feelings.

The first tendency is to allocate alimony paid to the Expense Money account. You resent paying alimony more than anything things else so it has to be in the same category as bills and taxes.

Alimony – you get absolutely nothing of value in return.

"Get nothing of value in return?"

Sounds like Give Away Money.

You choose how you think about alimony. It's your choice to think of it as forced taxes. If you stop and think a bit, alimony is actually different from your other bills. You got something you wanted for your other bills. Alimony you get absolutely nothing of value in return. "Get nothing of value in return?" Sounds like Give Away Money.

If your goal in life is financial serenity – and an honest look may tell you that it is not – then you have to stop doing things that encourage bitterness. If the war with your Ex-spouse is the most important thing in your life, then you will never achieve anything close to financial balance. I guarantee you will never be happy for any length of time.

The DOLLAR method can help you change. It won't happen over night. As with most difficult changes you start out with a small step and gradually the world looks different as you move from one place to another. Today you are in the land of hate and bitterness. The first step is to view the alimony as part of the money you are going to throw away anyway. This is not money that you have to have to survive. The loss of this money has no significant impact on you. You ***CAN*** be happy without this money. (I didn't say it would be easy.)

One step is to recognize that you do have a choice. It seems as though you ***must*** pay the alimony. In truth you don't ***must*** anything. Everything you do, you do by choice. It seems like a must because you have decided the consequences of not doing it are overly undesirable. You are in a box with only one way out, but you made the walls of the box. You decided that the other ways are not allowable.

I'm not encouraging you to stop paying alimony. I just want to point out that everything you do, you do by choice. If you have decided to pay alimony, then be aware that you are paying out of your own choice. You are actually paying willingly. Now if you had strong enough reasons to decide to pay, then there are strong enough reasons to enjoy paying.

Think it through. You picked this path because you did not want to go the other ways that were open to you. There may have been some other ways that would have been better (like not paying alimony), but they weren't possible. You got something you wanted and now you get to pay for it with alimony. Focus your attitudes on what you got. What you have is always more valuable than what you lose. That's the way life works. It just takes time to adjust to the changes.

You cannot control your Ex-spouse. We all try to control them through money, but we can't. All you can control are your own attitudes inside your own head. You get to choose those attitudes. You can choose love, peace, and serenity or you can choose hate, bitterness, and pain. The DOLLAR method is a way to make changes to your attitudes. It gives you a tool to make even difficult changes. You do have the power to change from this world of unhappiness to a world of happiness and now you have the tools.

You cannot control your Ex-spouse.

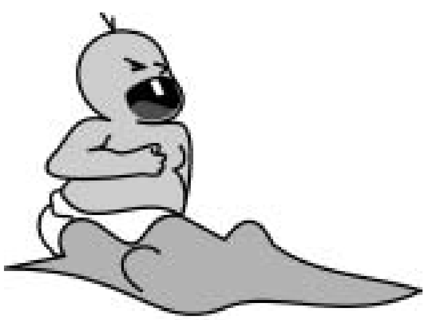
You do have the power to change from this world of unhappiness to a world of happiness and now you have the tools.

By the way, you don't have to decide to change all at once. Sleep on it. You have the rest of your life to learn that serenity is a lot better than bitterness. The problems won't go away until you are ready to deal with them.

Baby Stuff

Make Up and Footballs

One of the toughest challenges any budget faces is the arrival of a new baby (do OLD babies ever arrive?). Part of the problem is that babies are expensive, yet you can buy other expensive things without blowing the budget. The danger lies in the baby's primary defense mechanism – it is cute. Babies like to have 110% of your time, your attention, your efforts, and your money. The only reason anyone will give all that to a baby is because it is cute. If you take away cute all you have is something that cries, eats, sleeps, and needs cleaning. Without cute most children wouldn't be able to keep parents longer than two or three years. Cute is what gets a parent to do all those frustratingly unreasonable things for a baby, and breaking the budget is one of those unreasonable things.



The first response is always, "Let Expense Money pay for it." Expense Money is the appropriate place for many of the expenses that come with the baby. All the things you think are necessary to care for a baby are valid Expense Money items. The difficulty you will have is thinking straight. Because of the powerful influence of cute you will find yourself thinking that everything you **could** buy for this baby is necessary.

Two questions will help to remind you of sane logic. The first is, "Does the baby care?" If the baby doesn't care whether you buy new clothes or get second hand, then it is not a necessary expense. If the baby doesn't care that the curtains match the bedspread, then it is not a necessary expense. If the baby doesn't care that the room needs painting, then it is not a necessary expense.

The second question is "Will it harm the baby if I don't buy this?" This one is tougher. The only valid way to answer this is experience. People do things differently with the second child than the first mostly because they have learned things such as babies bounce and they've watched them eat dirt. You need to remember that babies have grown up for thousands of years without the things you can buy today. Your parental hormones will try to tell you that this cute thing cannot survive without a whole lot of expensive stuff, yet history tells a different story.

If you take away cute all you have is something that cries, eats, sleeps, and needs cleaning.

Without cute most children wouldn't be able to keep parents longer than two or three years.

The bad news is that you have only two categories to allocate baby expenses from – Expense Money and your own Self Money. The money you spend on a baby is not Investment Money. You will not retire early because you have a new baby. You may end up working longer and harder. The money you spend on this cute thing does not improve your life. If it wasn't for cute this would be very clear. Giving presents to the baby does not count as Give Away Money. So either you find a way to cover it with Expense Money and all the other things Expense Money is having trouble covering anyway or you use your own Self Money.

In the beginning most of your Self Money will get spent on the cute thing. Gradually your hormone levels will come back to normal. You'll decide that spending all your money on cute is not worthwhile and you'll spend some on yourself (Self is one of the few things that can resist cute).

The important points here are that babies are expensive so plan for them and they don't need everything you will want to buy for them. It possible to have cute and financial fulfillment, but it is difficult.

Bills

Oh No! It's Mr. Bill!

You may have decided (hoped) that when you start using the DOLLAR method all your bills will magically disappear. **WRONG**! The bills don't go away. They still pile up. You still have overdue bills. You still have shortages. You still have headaches. You still have fights over bills that magically appear when "no one" bought anything. I know this will come as a big disappointment, but bills will always be a part of your life here on Earth.

H U H ?

I know this will come as a big disappointment, but bills will always be a part of your life here on Earth.

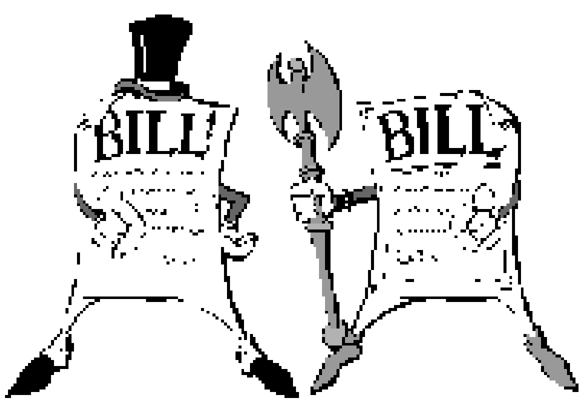
Not only will bills stick around, but all the problems associated with bills will stick around. Some cosmic intelligence has decided that bills and the problems they create are a wonderful learning tool. Just as roses have thorns, money has bills.

The DOLLAR method puts a lot of emphasis on the four quality areas of your money, yet 60% of your money will still go to pay bills with the standard budget. The magic of the DOLLAR method is not that the bills disintegrate, it's that bills take up only 60% of your income. I know some people will think this is like having ten mosquitoes flying around while you are trying to sleep. Getting rid of four doesn't seem to accomplish a whole lot since there are six left.

The DOLLAR method is more like trying to get ten hours of sleep and having a mosquito in the room. If you now get four hours of quality time without any mosquitoes, things are definitely better.

One of the great myths about Happiness is that a person must become totally non-disturbed to be Happy. We try to eliminate 100% of all disturbances in our quest for happiness. Fortunately this is a myth and not fact. It is possible to be happy while being disturbed. It is possible to be happy while having problems.

The quality areas of the DOLLAR method give you the enjoyment of your money to obtain that happy attitude toward money. Once your quality needs have been fed, it is easier to deal with the less enjoyable aspects of money. It's a lot easier to spend a whole lot of money on the family food bill when you're wearing the fantastic new clothes you bought just last week. It's a lot easier to pay the utility bills as you listen to that new music player. It's even easier to write Uncle Sam a check after you write the check to pay for a friend's rent while he's out of work.



We all have an attitude about paying bills. With the DOLLAR method we get to choose what kind of attitude we want. Bitterness and resentment are unnecessary now. The bills can be approached while being more level headed. Each family member will treat the others with respect when each member behaves responsibly when creating bills.

The difficulty in behaving responsibly in creating bills is old habits. Right now your habit is to spend all the money you get plus a little more. If there is money available, it will be spent. With the DOLLAR method, that's not the case anymore. Expense Money can be zero when the other accounts still have money.

This is a monster that will gobble up all the money it finds laying around. Your family needs to find a way to keep Expense Money contained.

BEWARE! Your habits toward Expense Money will not change quickly. Think about the way you contain Expense Money today. Most likely the only controls you have amount to when it's gone, it's gone. You need to find some ways to create this same control over your Expense Money account.

A lot of people get burned by Expense Money by leaving the quality money in the checking account. They have a ledger somewhere that says that quality money has $634.50 in the checking account. The checkbook says there is only $210.50 in the checking account. Expense Money has gobbled up the difference.

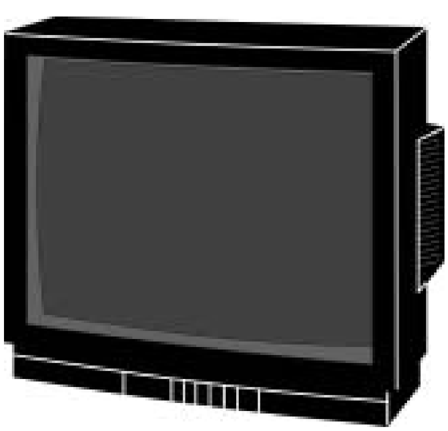
One method to contain Expense Money is to not leave any money lying around. If your Expense Money is in a checking account, get everything else out of the checking account ***early.*** This way when the end of the pay cycle comes around, the only thing lying around is Expense Money.

As you gain years of experience with the DOLLAR method, your Expense Money will become more controllable. It sort of gets domesticated. Today your financial life is out of balance. Relative to the quality areas, your Expense Money is like a tiger that eats anything it wants to. As you feed the quality areas of your life, the Expense Money seems less like a tiger and more like a pussy cat. Even pussy cats can be irritating at times, yet they are a whole lot easier to control than tigers.

Cable TV (Paid TV)

Entertainment Junkies

As I mentioned (or will mention) in the section on stories, the quest for a better way to tell stories is the motivation behind all human technology. Television has been one of the more magnificent achievements in our entertainment technology. Broadcast television took the picture show into every living room (eventually every room) in America. Cable television enhances the service by providing more channels and better quality transmission.



Many entertainment junkies consider cable TV to be an absolute need. It is a "must" to have for the bare essentials of life. Without cable there is nothing to live for. Why do you think the homeless go crazy wandering around on the streets? It's because they are deprived of cable. If you really wanted to help the homeless, pay for their cable fees.

We all want the Expense Money account to pay for the things we enjoy the most. It just seems correct that if this is what we get the most out of then it should be a necessity of life paid for by Expense Money. Unfortunately, cable TV is not a necessity of life. There are people who survive without cable (even without TV) without going bonkers.

Once again the rules are up to your particular family. In some families it will be easy to agree that the Expense Money account ***should*** pay for cable. If your family brings in over $100,000 a year, your Expense Money account can probably afford it. In most families the Expense Money account is still trying to figure out how to pay for groceries and insurance in the same month. It doesn't matter what the Expense Money account ***should*** pay for. It doesn't have enough money to cover cable in most cases.

Cable TV is a quality of life item. It belongs in one of your fun accounts – either the Self Money account or the Improvement Money account. I know it seems as if all the great stuff in life ends up in these two accounts, yet that's why they are the fun accounts – all the fun stuff does end up here. This has advantages and disadvantages. The advantage is that you know for certain how much fun money you have to spend each paycheck. Obviously the disadvantage is that it won't cover everything you can think of buying. You have to evaluate and prioritize your fun items.

Many entertainment junkies consider cable TV to be an absolute need.

Without cable there is nothing to live for.

How important is cable TV? Is it the number one most important fun item in your family's life? It could be. If so then the family shares the cost and everyone helps pay for cable from either their Self Money accounts or their Improvement Money accounts. Some members may not think that cable is number one.

Do not take these members to the doctor. Just because they are different doesn't mean they are sick. Respect their feeling and work out an arrangement with them. No one should be forced to pay for things they feel are low priority. It's their money. No one else gets to spend it for them. I know that you think you know what is best for them, but that's not a valid reason to spend someone else's money. If you had to spend all your money on the things other people thought were best for you, you would never get anything you wanted. So take pity on your weird family members and pay for cable out of your own pocket.

Car Repairs

To Fix or Not to Fix

I've seen some companies whose policy is "Don't fix it unless it's broke. And even if it's broke, don't fix it until you have to." You can choose to treat your car the same way. When you decide to fix the things that need fixing on the car, you have three choices as to where to allocate the expenses. The old reliable Expense Money is probably going to get a share. Keeping that car running is a necessity. It could also be an unexpected oops that is too large for the Expense Money to handle. To maintain your attitude of having more than enough it might be appropriate to use some Give Away Money to cover part of the costs. The other category is Self Money.

If fixing that car is truly a necessity, which would mean the family can't function unless this car runs, then Expense Money is appropriate. If this car is a hobby or a convenience that may not be the case. The car for the teenagers to drive around their friends may not be considered a necessity by all members of the family. If the car is the one that is in pieces more than it is together, it may be more of a hobby than an Expense Money item. If you could do this repair yourself yet you decide to pay extra to have it done for you then maybe that extra is Self Money (remember the days when we fixed our own car?). These are issues the family needs to discuss and agree on. Knowing where the money comes from will help decide how much has to be done to the car when.

Cars

More than Pretty Wheels

Look at all the fabulous people and their magnificent driving machines. Three machines define America more than any other; the automobile, the television, and the coffee maker. I am an unusual American in that I rarely watch TV, I don't drink coffee, yet I do drive.

People like to think of their cars as an extension of themselves. Automobiles are similar to clothes. They are very personal. We put much emphasis on which car will be **MINE**. A car is much more than mere transportation.

H U H ?

In the world of the DOLLAR method, the Expense Money part of a car is mere transportation. You can validly expect Expense Money to pay for a car that gets you where you want to go in a safe reliable manner. You can even justify spending extra to obtain a vehicle that provides an extra service such as a van or pick-up truck.

A Volkswagen Beetle is cheap, reliable transportation. That's why people want it manufactured again. A Lexus is classy, reliable transportation. Cadillac is an American status symbol. I've seen poor people who live in shacks, yet drive a Cadillac. They'll spend more on that car than they spend on rent. New cars are a luxury. Old cars are… old cars. (I once heard them referred to as Used New and New Used Automobiles, but they're just old cars.)

I've seen poor people who live in shacks, yet drive a Cadillac

. They'll spend more on that car than they spend on rent.

Many extras are just that – extras. Many people will insist that comfort is a necessity. For example people in the South will insist that an air conditioner is a necessity. Nonsense – look around at the other cars in your area. There are many cars without air conditioners. "Ah," you say, "but those people are POOR." Well, yes, that's true, yet so is your Expense Money account. If you want an air conditioner, or a stereo, or plush seats, or a big engine, or special tires, or a "quality" automobile, these things are extra.

Who pays for the extra is an item for discussion. If the entire family agrees that all these extras are Expense Money, then no problemo. Go buy what you want. On the other hand, what I normally see is disagreement within the mind of the person doing the wanting. Yes, I want a big engine. I want plush interior. I want special tires. I want special paint. I want a special size. I want special class. I want more than I think Expense Money can afford.

In this case be honest with yourself. Just because you think Expense Money cannot afford it does not mean you can't have what you want. You have other sources of money since you are using the DOLLAR method. You also have Self Money and Improvement Money. By using these two accounts you can get the extras you want and not feel guilty about it. The DOLLAR method defines your boundaries. **It tells you how much money you CAN spend.** Allocate the correct amounts to each account. Try it. You'll like it.

Child Support – Income

I Deserve That Money!

Child support income is special income. If you don't think so, wait until your spouse stops sending it (because… of Death or some such). Then you will realize how special it was to get anything at all.

As special income you can do special things with it. Here's a suggestion from off the wall. Give everything you get from your ex-spouse to your kids.

WAIT! Do not barf on this book! Give me a chance to elaborate on some of the benefits of such a drastic action.

First the DOLLAR method is concerned with your attitudes and those of your immediate family. Our goal is financial serenity. I don't think I have ever heard any divorced parent talk about child support with serenity – neither the sender nor the receiver. There are some special things you can do with child support to increase serenity for all concerned.

One of the immediate benefits to the receiver is that when the sender knows that the money will go directly to the children, the sender is more willing to send the money. There is not a court in the land that can force a parent to write a check they absolutely don't want to write. Voluntary compliance is much better for everyone – especially for the receiver.

The receivers may complain that they don't have enough money as it is. How can they afford to give away money to the kids? The answer to the question, "How you can afford to give away money when you don't have enough now" is in the WHAT? section.

The answer to what you want to know is called creative juggling. When you give the money to the kids, it becomes their income. They have to budget it just like your income. They allocate 10% to each of the quality categories and 60% goes to expenses. The part that makes this work is that the whole family sets the rules about what is Expense Money. So the parent is guaranteed to get 60% of the money back hassle free.

With a little thoughtful guidance you can convince your children to set up budget rules to where the child support money that becomes theirs stills goes mostly to the same places as when it was yours.

Here are some examples of categories:

Self Money:

Junk Food, Vacation Blow Money, Money for Activities, Movies, Videos, Junk Toys, Arcade Games, and in general anything that is fun, but of no lasting value.

Give Away Money:

Presents they give, Money for dating – kids tend to give to a limited list.

Improvement Money:

Clothes they want, music, vehicles (bikes, etc.), valuable toys and games, books, sports equipment, room decorations.

Investment Money:

The down payment on a car. The beginnings of a college fund.

Expense Money:

Money for eating out, Clothes you want them to have, Money for the groceries they eat, Money for their Travel costs on vacation, phone bills, eventually car payments and car insurance, speeding tickets (maybe that should be Self Money).

With a child support payment of $100 per month per child, the kid gets to put $10 a month in each of the quality categories. That may be a lot for a six year old, yet a ten year old will quickly learn to get full value for his money. The most a kid can waste is $10 a month. It provides $60 a month to cover expenses. It will take a little effort on the part of the parent to invoice these expenses, yet it's a wonderful life lesson for the kid.

One of the items I particularly like is getting the kids to pay some of the cost for vacations. I find that kids plan for vacations better than adults do.

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So the receiver doesn't "lose" much. The receiver gains a bunch of extremely excited children who think they are rich (until they learn just how far a dollar can stretch). The receiver will also end up with 18 year olds who know exactly how far a dollar will stretch. They will also know a thousand and one ways to stretch a dollar.

Child support money doesn't have to be a source of bitterness for all involved. It can be a source of joy and happiness. All it takes is for the receiver to let go.

If giving away money always made us happy, we would all be so happy we couldn't stand it and I wouldn't be writing a section on paying child support.

Child Support – Outgo

It's My Money!

If giving away money always made us happy, we would all be so happy we couldn't stand it and I wouldn't be writing a section on paying child support. Giving willingly brings joy. Giving out of obligation brings resentment. Which brings us to paying child support.

When you already have 65 % of your income committed and a judge decides you should pay 30% to your ex-spouse, it doesn't matter how willing you are because the money doesn't exist. This is one area where the DOLLAR method cannot help you much. The legal system is beyond the bounds of normal human abilities. The simple truth is that you are going to be forced to give away a large chunk of your income and you will have to adjust to living on less income. The DOLLAR method is a tool you can use to help you adjust to lower take home income, yet even the DOLLAR method will not adjust your attitudes to this injustice.

One of the ways it can help is to lessen the bitterness. Most people I know agree that they are responsible for some part of the expense of raising their children. People agree that child support is a valid concept. It's the numbers the courts set that people object to. There is some amount of child support that you consider a fair and just amount to pay to help with child support costs. This amount you would pay willingly and even somewhat joyfully. Everyone enjoys giving to their children. The bitterness comes from being forced to pay more than considered fair.

The DOLLAR method allows to you juggle expenses and allocate them to different accounts. The costs of child raising would come from your Expense Money account if the children lived with you. You have the option to allocate the amount you consider fair to the Expense Money account and allocate the rest to Give Away Money. This way you balance the obligations with the waste.

It's not an ideal solution. You still have to learn to live on less money. You still send money to someone you may not care for a whole lot. Also, your Give Away Money could grow to 30 % of your income. I think it will be difficult, to say the least, to convince yourself that 30 % of your income is extra money that you don't need at the same time you are moving into a smaller, less expensive house. You also lose the full benefit of getting to decide where you spend that Give Away Money each pay period. If it all goes to child support, there is no thought process at all. Lack of choice is what most people die of.

Lack of choice is what most people die of.

If the extra child support over what you consider fair is less than 10 % of your income then you have a fair chance of attaining financial fulfillment even while paying child support. Every time you write a check for child support, fill the envelope with love for your children and tell yourself that you would give this money away to someone anyway. Tell yourself that it's wonderful to be able to give so much to your children. This won't take the sting out of writing the check to the mortgage, yet it will help adjust your attitudes toward child support.

Clothes

I need a bigger closet

I'm going to make a wild guess that you are wearing clothes as you read this. I'm not psychic (well, I am, but not like that). It was just a lucky guess. Yet it is rare for an American to take off their clothes to read, but then it's rare for an American to be completely naked at any time. About the only two things we take our clothes off for are to take a shower or have sex (maybe that's why we confuse sex with nudity, it's easy to tell when we are not taking a shower). Little kids don't confuse clothes with abstinence. I know some two year old grand daughters that think it is great fun to run around the house totally naked and I know that they desire neither a bath nor sex.

We wear clothes for a variety of reasons. Some clothes are necessary. We have to have them to perform some special function. Doctors have to wear hospital stuff or nobody would know they were doctors. How would you recognize a cowboy without his hat? Just because he drives a pickup truck and has long hair doesn't mean anything for certain. It's the baseball cap that tells.

Some clothes feel wonderful to wear. There is very little that's as cozy feeling as a sweat shirt and jeans. Old clothes feel comfortable to a man. Nothing makes a man more furious than when his wife (or mom) throws out his favorite clothes just because they are 20 years old. A woman likes new clothes. This year's fur coats are SO much cozier than last years.

Some clothes exist solely to make us look fabulous. A string bikini has very little functional use. Some clothes don't make us look fabulous, yet they make us look "normal." The suit jacket has no functional purpose. Men take them off as soon as they reach their destination. It doesn't close in the front and is cold when the weather is chilly. It's hot when the weather is warm. The only thing it's good for is to hide big people.

Some are important because ***everybody*** else has one. It's very important to have clothes that are totally radical and different just like every one else at school.

We buy some clothes because we can't afford what we'd rather have. The reality of the discount store is that our money will only buy so much and it often needs to buy more than it will. Some clothes get bought because they are only things that look decent at the right price.

The "why" of buying clothes comes in many categories.

The "where" to allocate the money to buy those clothes falls in many categories also.

The "why" of buying clothes comes in many categories. The "where" to allocate the money to buy those clothes falls in many categories also. Some clothes are definitely a necessity. Just as eating, some can get allocated to the Expense Money account. The question "Do I have to have this?" is the deciding factor. Different families will have different perceptions of what clothes they "must" have. If an item is something that your family agrees you have to have then it can be allocated to the Expense Money account. These would be items such as uniforms, work shores, school clothes, one set of clothes for leisure, and one set for special occasions.

Many clothes can get allocated to the Self Money account or the Improvement Money account. Many items will fall into a "I want this," category, but are not a "must have" item. Most of these are going to fall into your fun money accounts. There are many neat clothes out there for people of all ages and price ranges. We get a wonderful feeling from buying new clothes. We should be able to have money that enables us to obtain that wonderful feeling. Unless you are extremely wealthy, your Expense Money account doesn't have the resources to let you buy a whole lot of clothes just to feel wonderful. Money for that purpose is available in your Self Money and Improvement Money accounts. Use it and enjoy it, yet remember, when it's gone, it's gone.

Like most wonderful things in life, we can give away clothes. Just as buying clothes for ourselves gives us a wonderful feeling, so does giving clothes to others. Clothes that we give to others as presents are a fantastic use of Give Away Money.

Sometimes we give away clothes that are not presents. Many people cannot afford the clothes they need. Many people have clothes sitting unused in the closets. Giving away clothes to the needy is a wonderful way to get a little extra joy out of life. It can also help your finances. You can transfer some of the money from your Give Away Money account to your Expense Money account by giving clothes away. Since you have allocated a certain amount of money that you are going to give away with each paycheck, you can sell the clothes to your Give Away Money account, put the money into your Expense Money account, and let the Give Away Money account give away the clothes.

Clothes are a tremendous amount of fun. Most people who spend a week or more on a topless beach discover clothes are a lot more fun than nudity. Most Americans will never get the chance to discover this for themselves, so take my word for it. Enjoy clothes and use your money to increase your enjoyment of clothes.

College Fund
I owe it to my kids

A small portion of the American population gets to experience something called "college." For most college students this is an opportunity to put off working for a living for a few more years (ranging from 2 to 20 years) while they learn some of the more important things in life (like beer and sex). Many of them are not aware that they have put off working since they are continuing the same pattern of "let someone else pay for it" that they've enjoyed all their life. For most college students, their parents supported them in their youth and their parents support them through college.

I've met many parents who feel ***obligated*** to support their children through college. Planning for their children's college education takes up a large part of their finances during their 30's and 40's. The large amounts of money are disruptive to the parents' financial balance, yet it is something they consider necessary.

There is another group of college students who don't get financial assistance from their parents. These students have to scrounge for the money to get through. Some financial assistance is available through loans, grants, and scholarships. A sizable portion of the money must come from working for it. Working part time during college is an interesting phenomenon. Supposedly college requires so much money that it will wreak havoc with your parents' ability to pay, yet students making minimum wage have to earn the same amount of money working part time. Sounds impossible, yet a lot of students do it.

Sometimes it takes compromises to get through. The first thing to get compromised is which college to attend. If a college requires more money than is available, you don't go there. This hurts for about a year or two. After graduation, students learn that for 90% of college graduates, a diploma is just a license to get a job. It doesn't matter what color it is. You just need to have one.

Sometimes students discover that having a diploma doesn't guarantee a job. I've seen people with psychology degrees working as computer operators.

For some people what you do between the ages of 18 and 28 is more important than what you do during the rest of your life.

So what use is a college degree? The theory behind a college degree is three fold. The first is status – spelled SNOB. For some people what you do between the ages of 18 and 28 is more important than what you do during the rest of your life.

The best reason for going to college is to learn the skills required to do the career you desire. This is great for personal satisfaction, but it doesn't guarantee you a job.

Another aspect of college is money. By looking at the section about investing, we see that a person who goes to college for four years and starts a career at $30,000 a year ends up way ahead of the person who started a career at $10,000 at age 18 (making $12,000 four years later). In this sense the money paid for college is an investment. It creates more money.

Here we have three reasons for going to college (I've excluded those people who don't intend to ever graduate – i.e., the ladies looking for a Mrs. degree and the professional students). For the purposes of the DOLLAR method, you must allocate the money spent or set aside for college. If you are a student, the money you spend on college can be considered Expense Money, Improvement Money, or Investment Money. It is essentially a "job expense" so Expense Money is appropriate. Education is a fabulous way to improve yourself, in both academic and social education. You hope to get a large return on the money spent so it is also an investment.

For the parent things are different. I've heard parents claim that setting money aside is Expense Money. They claim they ***must*** pay for their children's college education. George Burns once stated that he didn't "must" anything. Everything he did, he did by choice. So it is with parents. Somewhere in their lives they choose to decide that they will pay for their children's education. Then to make sure they do so, they tell themselves that they are ***obligated***.

Nonsense. The American legal system makes you semi-responsible for your children until age 18. After that they are on their own. After age 18 you have no more obligations to your children. Anything you do for them after that is by choice. A college fund for the baby is not Expense Money.

The next thing I hear from parents is that the college fund should be allocated to Investment Money. Their reasoning is that since it takes "a lifetime" to save for college the only way to get that much money is through wise investments. They are correct that investing wisely is the fastest way to save a large amount of money, but this is not investing for the DOLLAR method purposes. This is saving. Investing enables you to quit working. Spending money on your children's college education does not enable ***YOU*** to quit working. It may give your children a better chance at investing for their own future, but it is not an investment in ***your*** future.

Which brings us to another category, Give Away Money. In my opinion your children are no longer a part of your immediate family after age 18. This is very clear if they live somewhere else. If they live in your home, it's very difficult to treat them like equal, independent adults. According to my family rules, money given to people outside the family is Give Away Money.

This is clear for the money given after the kid turns 18, yet what about the money set aside for college while the kid is still 10? I don't know. (Hey, I don't know everything). When I use money to buy presents for my family members, it comes from my Self Money. I don't want to set aside several thousands of dollars of my Self Money for my kids to go to college. I want to spend those thousands on **ME!**

I do allocate other expenses paid for the welfare of the kids to Expense Money while they are under 18, yet a college fund is optional welfare. What happens if I set aside thousands of dollars for the kid and he decides not to go to college? Do I keep the money or let him buy a car with it?

I give up. Money I understand. Parenting is not so clear. I suggest you discuss it within your family. I've presented the issues and the different viewpoints. The DOLLAR method does give you the absolute flexibility to do whatever you feel comfortable with. I have one request. What ever you do, do it with love for your children and yourself.

Compulsive

I can't help myself

This section is for a small portion of the population involved with compulsive behavior, either their own or someone they live with. I hope it's a small portion of the population. I don't think anyone knows just how many anonymous addicts of all the different types there are. Also many people with compulsive behavior have not recognized the problem. The DOLLAR method can help recognize that a problem exists as well as help the recovery.

People are addicted to all kinds of things; drugs, alcohol, eating, sex, work, sports, TV, arcade games, cigarettes, coffee, shopping, shop lifting, gambling, stealing, fighting, cell phones, web surfing, power.

Most people refer to people with compulsive behavior problems as addicts. An addict is someone who likes to do something so much that they cannot resist the urge to do it. People are addicted to all kinds of things; drugs, alcohol, eating, sex, work, another person, sports, TV, arcade games, cigarettes, coffee, shopping, shop lifting, gambling, stealing, fighting, cell phones, web surfing, power. In all cases the addiction provides the user a chance to escape from the reality of feelings. Whenever uncomfortable feelings come around the addict feels compelled to medicate those feelings. Just as we've been taught to take a pill to get rid of a headache, the addict wants a pill to get rid of the heartache, the anger, the fear, the sadness, and the hurt. The pill can be anything that allows them to escape the feelings.

Lots of people do things to "feel good." We all tend to do things that feel good more often than other things. The difference in an addict is that the compulsion is irresistible. An addict has lost the ability to choose how to behavior. This is a very subtle difference between "normal" people (if any actually exist) and the victim of compulsive behavior. The difference is so slight that addicts think they **are** normal.

One of the characteristics of compulsive behavior is doing things that you know you should not do. A part of you knows that a certain action is not beneficial in the long run but you do it anyway. Often the harmful part of the action pertains to money.

Many of these addictions cost money. The user has to buy something in order to feel good. It doesn't matter whether it's food, drugs, cigarettes, sex, clothes, or gambling. When it takes money to feel good and you keep trying to feel better and better, you spend more and more money. Often the addict spends more money than they have. So they have to come up with money. They sneak it from people they live with. They steal from others or they may steal from themselves. During the high times they put money aside. Then during the down times they steal from themselves to get that up feeling back again.

A fast way to recognize compulsive behavior is to ask yourself if you catch yourself spending more on something than you intended over and over again. Do you set a limit on how much to spend then break it?

When you start using the DOLLAR method you will set limits for your money. The money for doing things just to "feel good" are Self Money. You allocate a certain amount each month and that's all you get. When it's gone, it's gone. "Normal" people can stick to their limits because the DOLLAR method is beneficial. If you cannot stick to your limits because you keep spending money to "feel good," then you better seek help. Compulsive behavior will keep encouraging you to go beyond the limits. It's not something you can control on your own. Get help.

After an addict gets help they get to become a recovering addict. Unfortunately addicts never get cured. Fortunately they can learn to control their behavior. A part of this control is setting up lots of mirrors so they can see themselves and check out what's going on. The DOLLAR method provides a lot of financial mirrors. What you do with your money says a lot about what's going on in your life. If you get out of balance in one aspect of your life, it will show up in your money.

Compulsive behavior will keep encouraging you to go beyond the limits.

It's not something you can control on your own. Get help.

The DOLLAR method also helps in that it sets some intermediate boundaries. Usually the addict only has one limit – just say "NO." Once the addict says, "Yes," there are no more limits. With the DOLLAR method the recovering addict has a limited amount of Self Money. Once that's gone they have to dip into the family money accounts. The addict can't spend that money without his behavior being recognized – no more denial. Everyone can see what's happening so the family can help the addict cope.

Compulsive spending is destructive. If one member of a family is a compulsive spender, it will destroy the whole family. It is impossible to maintain a balanced budget in such a situation. If you use the DOLLAR method and the money still disappears, check out some books on compulsive behavior.

Cost of living allowance

Extra Money!

Some companies pay their employees a cost of living allowance when they live away from home for long periods of time (usually more than a year). This extra income is to cover the extra costs of normal living items. You can treat it in ways similar to per diem (discussed later). You can budget it along with your normal paycheck or treat it special. Again the importance to the DOLLAR method is that you plan where to allocate this money so that you have beneficial attitudes when you spend it. I recommend you treat it as extra money while you have it. You'll miss it when it's gone.

Credit Cards

Plastic Gold

Try to guess this material I'm thinking of. We feed it to cows and get milk from it. We use it to improve the gas mileage of cars. You scatter it all over your offices and most work places. It's pretty. It's functional. It's trash. We use it to make airplanes fly farther. It burns. It even explodes. You let your infants play with it. It saves trees, yet might be the death of dinosaurs. It's as white as snow, as black as tar, and it's invisible. Putting it over your head can save your life or it can kill you. It's as hard as metal. It is as soft as clay. You have to use a chain saw to cut it or you can just poke your finger through it. It's heavy. We use it to make things lighter. Most important of all, we can buy anything we want with it. What is it? It's called plastic.

You walk out with everything you walked in with plus something you wanted to buy.

Now that's magic!

The magic of money drastically changed the bartering system. With money, if you wanted something you just had to give up a few metal tokens. With plastic you don't have to give up anything. You just let the sales clerk borrow your card for a few moments and then they give it back to you. You walk out with everything you walked in with plus something you wanted to buy. Now that's magic!

I know some people for whom that's just how credit cards work. They believe that there is nothing more to the process. The bankers in their families just can't seem to get them to understand that the bills that show up are directly connected to that plastic card.

Organizations have popped up which help people who have filled all their credit cards to the limit and are hopelessly in debt. Many people do not have the financial skills to handle a buy now, pay later tool like a credit card. If you are in deep debt I can't do much for you. You need to get help from someone who specializes in helping get out of debt. About all I can do is encourage you to destroy all your credit cards and go to a strictly cash basis soon (this is true for Uncle Sam too).

There are some aspects of credit cards that the DOLLAR method does deal with. The first item is the reality that credit card bills are associated with purchases. I know this comes as a major shock to many people, but you must accept this truth if you are ever to attain the financial serenity that comes from self responsibility. (If you have a sugar daddy who pays the American Express bill and never scolds you about it, you can stay in your dream world; you don't need this book).

Credit card purchases are just like any other purchases expect that you get to delay when you pay for them. You must allocate them just like other purchases. It's not correct to claim that the credit card bill is automatically Expense Money. You must allocate the bills according to who spent the money and why.

The second issue is "When do you allocate the money?" With credit cards you get three choices of when. There's the day you made the purchase. There's the day the bill shows up. There's also the day you pay the bill. With some credit cards the first and last date may be a month apart. With other cards it may be years apart.

Your choice depends on your family and how easy it is to keep track of who bought what when. Allocating purchases when the bill shows up gives everybody a chance to "borrow" money for a few days. That's nice. It also provides a list of purchases to allocate. You go down the list, allocate each one, and you're done. (If it's that easy count yourself fortunate.)

Some people have "difficulty" paying back the money they "borrow" from the credit card company.

Some people have "difficulty" paying back the money they "borrow" from the credit card company. When the bill shows up, they have somehow forgotten about "that bill" and have spent their money elsewhere "a long time ago." Now there's no money available.

Memories become improved if the family members must turn in credit card receipts immediately. The money immediately gets deducted from the appropriate accounts and is ready and available when the bill arrives. Wouldn't it be nice to already have the money for the credit card set aside ***before*** the bill shows up?

This method is a bit more difficult to enforce because members are expected to turn in receipts promptly. For some families it's worth the extra effort to get instant accountability.

Another issue is "Who pays the interest on the revolving credit?" Some credit cards allow you to borrow money and pay interest on the unpaid balance. It seems like a nice friendly service so people use it a lot. The interest payments each month are small so people use it more and more. Even on a yearly basis, it doesn't seem like much to pay for the privilege of an instant loan.

Lots of people want to loan me money!

Why should I hassle with a bank loan when I could rack up $50,000 in loans from credit cards in no time flat?

Speaking of interest, I get a lot of pre-approved credit cards offering to loan me money. I find this strange because I keep hearing how hard it is to borrow money. If I went to the bank and ask to borrow $5,000 at 10% interest, they want me to list my life history, sign away my first born child, and swear in blood that I'll repay within the time limit. These credit card companies are lot more generous. They will loan me $5,000 with no question asked. They even seem eager to loan me the money. They never hassle me about paying it back. It seems as they'd prefer that I never pay it back (just so long as I pay the minimum each month). It's not just one company. I can open credit card accounts with five or ten different banks. Lots of people want to loan me money. Why should I hassle with a bank loan when I could rack up $50,000 in loans from credit cards in no time flat?

The reason is that 19% interest rate (19% seems so much *lower* than 20%). Right now house loans are going for about 8% interest. Auto loans range anywhere from 0.0% to 11% interest. I've seen a few auto dealers give their customers a "discount" price when they finance through the dealership at 20% interest rates. There's a big difference between 10% and 20%. Over several years, it's not just a matter of paying double the service fee. At 10% interest $100 becomes $200 in about seven years. At 20% interest $100 becomes $200 in about three and a half years. In seven years at 20% interest, $100 becomes $400! That's how fast the money you ***owe*** goes up – four times as fast.

Credit cards got started when interest rates were high. In the '70's a 20% interest rate was somewhat reasonable. It's not today. In some states it's not even legal.

Here’s some advice for healthy use of credit cards. First off, pay the whole balance each month. This is called living within your means. It’s nice to have instant credit available for special circumstances. Yet to have healthy finances you will pay off all the credit cards each month.

Secondly, you can easily get the credit card companies to lower your rate over time. So long as you stay “good” with your payments (no delinquencies), you can request a lower interest rate now and then. I ask for a lower rate about every six months. I can do this through the web site of my credit cards. A simple message “I request a lower APR please.” Does it. Since it was important enough to you to request it, the bank figures it’s important enough to give you their best rate available to you. Doing this over several years will get you the best rate that credit card offers.

Credit cards are a nice, easy way to borrow money. Whenever you use them, be sure to check the true cost of that convenience. Also figure out who gets to pay for that service. Since it's so small, I guess Expense Money will pay for it. After all, your Expense Money account is rich enough to pick up a little "extra" for great service, right?

Donations

Giving for Good Reasons

An almost perfect way to spend Give Away Money is through donations. In their defined nature donations ask that you give money with no requirements to give. The giving is willingly without obligation.

You make donations for two purposes – one is to give simply because you want to, expecting nothing in return. The other is to donate with the expectation of returns. A donation to a political fund raiser, a church building fund, the travel fund for a kids' club, all these are special because you benefit in some special way. If you were not a member of that particular political movement, that particular church, or attached to that particular kids' club, you would not make a donation.

You make donations for two purposes – one is to give simply because you want to, expecting nothing in return.

The other is to donate with the expectation of returns.

Giving money from your Give Away Money account to places where you get something in return is still OK with the DOLLAR method. The purpose is to get that feeling of more than enough money. It still feels good to have more than enough so that when particular groups close to you ask for donations, you already have money set aside that you can use. This is fine.

There are some donations I consider not so fine. Those are the ones where a donation is actually a requirement. Someone once offered me a book for a donation of $20. I offered $10 and they told me that a minimum donation of $20 was "required". I see a lot of "charity" organizations that pass out special bonuses to people who make "special" donations. If they were not an official charity this would be selling.

The DOLLAR method is your tool. You set the rules. If your family decides that buying something by making a required donation is where you want your Give Away Money to go then that is your choice. Buying anything only for what you get in return violates the spirit of the DOLLAR method.

The other way of making donations is true giving. These are great. We all have people calling us or coming to our door to ask for donations to their cause. It feels pleasant to have the money available to give the kid who takes the time to walk the streets to raise money. It feels satisfying to tell the little old lady on the phone, "Yes, I can afford to make the time you've donated worthwhile." Donations are a wonderful way to express Love to the people around us. All of us benefit whenever anyone donates to our world.

Donations come in other forms than money. We can also donate our time and effort. Also our trash. Well, not the actual garbage, but things that we don't want anymore and are thinking of throwing away. Things we "throw away" – sounds like Give Away Money. Giving things to others is a form of spending Give Away Money. Money is a representation of the value of things. Giving the things themselves accomplishes the same purpose as giving money.

One of the more creative ways I've seen to spend Give Away Money is by giving things away for free. Then charge the Give Away Money account for the value of the things given away. The money gets transferred from the Give Away Money account to the Expense Money. This avoids the hassles of trying to sell something for what you think it's worth. You get to be buyer and seller so agreeing on a price is a lot easier

Look around for creative ways to donate and contribute to the world around you. Very few other things in life will bring you such immediate satisfaction.

Entertainment

The Essence of Life

Entertainment has some interesting psychological effects on people. When we are little we are constantly asking someone else to buy us something – something entertaining. If we aren't asking for someone to buy us something, we are asking someone to do something with us – entertain us. Eventually we attach a sense of importance to entertainment. It means a lot more than just having something to do.

This importance shows in our society at many levels as the idea that if you want to impress someone, pay for their entertainment. In business, in courtship, in families, and among friends, it's special to say, "Let me pay."

If you want to impress someone, pay for their entertainment.

People often wish they had a job where they had a huge expense account so that they could charge all the costs of entertaining their friends to expenses and get the company to pay for it. It seems as if there is never enough money around to pay for the entertainment we would like to have. Our tendency is to try to find ways to get someone else to pay for it. When using the DOLLAR method, there is a tendency to let Expense Money pay for this. Entertainment becomes so important that it's just another necessary expense.

WRONG! Entertainment comes in as many varieties as food. A young child can spend hours playing with the box and paper that the new toy came in. A boy can find many entertaining things to do with a stick. A girl can make dolls out of almost anything. Money is not necessary to make entertainment – imagination is. Money allows us to buy luxury entertainment (I'll bet you never thought of that $1.00 video as a luxury before).

Usually the appropriate place for entertainment is Self Money. Occasionally, buying entertainment for someone else will be Give Away Money. Sometimes entertainment will be Improvement Money.

Since the rules for using the DOLLAR method are your rules, you and your family may decide that some entertainment is Expense Money. They are your rules, so I cannot prevent you from doing that. I will not show up on your door step scolding you because I've learned that you are charging entertainment to your Expense Money account.

I recommend that you charge entertainment to some other account so that you can enjoy the full use of all your money better. Entertainment has an unpleasant aspect of leaving you with nothing but memories afterwards. It's difficult to say that your life improved just because you've been entertained for a short time. It's difficult to say that you could not survive without some specific entertainment. I know that teenagers often say that they will "just die" if you do not allow them to go, but I've never seen one keel over dead when told, "No."

The reality is that mischarging entertainment will creep into your guilt generators. "The Shadow knows what lurks in the hearts of men." The Shadow within you will not allow you to enjoy cheating on your Expense Money. Besides, cheating is unnecessary. The DOLLAR method has given you a way to pay for the entertainment that you can honestly afford.

Entertainment comes in many forms: golf, bowling, eating, dancing, drinking, arcades, ballet, movies, music, toys, clubs, vacations, sports, reading, recreation parks, museums, zoos, videos, cable TV, hobbies, and lots, lots more. To get the full enjoyment of your money, balance how much you spend on entertainment (both time and money). Spend enough to make life grand, yet not so much as to create guilt or resentment.

Food

Enough Talk, Let's Eat

Everyone will have expenses for food. The first inclination for allocating food is the idea that you have to eat, so food is obviously Expense Money. **Wrong!** There are many types of food. Some are truly Expense Money, yet others are not. Food can also be Self Money, Improvement Money, or Give Away Money. I don't think food can be Investment Money.

The easiest way to identify what food is Self Money is to identify the child in us. Children are blunt about what they want for the sheer enjoyment of it. They select food solely because it tastes good. They don't care if it's what they need or not. They don't care how much it costs or if they can afford it. If they want it for themselves, they will not easily give it away. When the child in you wants to eat something there's a large chance that Self Money should pay for it.

How many times have you heard "Eat that. It's good for you!" Well, it's true that eating different food has different effects on your health. There are times when people should eat certain foods to accomplish certain goals. When you are spending money for special foods to improve your health (such as health food) then it's appropriate that Improvement Money pay for it. So when your wife goes out and spends $100 a week on something she thinks will make her young again and nobody else can stand the taste of the stuff, it's not Expense Money. Make her use her Improvement Money.

Gifts come in all kinds of packages. There are probably more ways to give to others than there is to do anything else in the world. We can give of our time, our effort, our toys, our joys, our machine, and our imaginings. We can also give food. The examples that come quickest to mind (since I have to think of something quick while I write this) are birthday cakes and cookies. Baking for someone has always been a special gift in my life (Ah, make that having someone bake FOR me). The gift of food that I give most often is taking someone out for dinner. "Let me pay for this," is definitely a time to use Give Away Money. Anytime you are expressing the joy of giving through food, let Give Away Money pay the bill. If you are grumbling because you have to pay for someone else's food when you don't feel like giving, then let Give Away Money pick up that bill too.

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It may take you a little while to go through the list of the two thousand and three things you buy each week at the grocery store and allocate each item to the appropriate account. How much time the family spends on discussing who pays for different groceries will depend on each family and the people directly in charge of banking and shopping. Families can hold discussions about such common items as ice cream, soft drinks, snacks, top quality meats and vegetables, and name brand canned goods. The variety of quality and prices available at the store provides families with many choices. The family needs to decide if Expense Money is going to pay for the best available or just the basic needs. The family buys many extra nice things that are truly Self Money. It's OK for the shopper to be the family's agent in making these decisions. When the Expense Money account is tight then the Self Money accounts should take up the slack.

It may take you a little while to go through the list of the two thousand and three things you buy each week at the grocery store and allocate each item to the appropriate account.

Eating out is a wonderful activity we get to enjoy here in America. We have a wide variety of fast food places (have you ever been to a slow food place – do hot dogs run faster than mashed potatoes) and restaurants ranging from fine dining to the "greasy spoon". We also have a wide variety of reasons to go out to eat. One reason is that we are already out and we don't want to go in to eat. Another reason is that we have been in all day and we think that eating is an excellent excuse to get out. For some people the simple reason is that there is no food in the house and so they have to go out if they are to eat at all. Or as they say, "Eating out is Fun!" You can sort of figure out who should pay for eating out by looking at why you are eating out. The size of the bill may also give you a clue. If the bill is more than $20 a person, it's probably not Expense Money.

People can view allocating food costs as a miserable chore, yet they can also see it as an enjoyable activity. The DOLLAR method is a way to ENJOY your money. If it makes you miserable to apply it, you're doing it wrong. My family has a lot of fun figuring out ways to justify getting Expense Money to pay for our meals out. We also get immense satisfaction from knowing that we have enough Self Money that we can afford to go eat whatever we wish. The basis of the DOLLAR method is what do you think and feel as you spend your money. It's not a game of who gets to keep the most money at the end of the month. It's a game of who gets the most fun and enjoyment out of their money by the end of the month.

It's a game of who gets the most fun and enjoyment out of their money by the end of the month.

Furniture

House Beautiful and the Pig Pen

If you were like me, you didn't notice furniture much until after you were age 25. Until then it didn't matter what I sat on, what I ate off, or what I slept in. I just didn't care because I hardly noticed. I know many women who become insulted when they get treated like pets, yet they all agree that it is worst to get treated like furniture.

New furniture was rare in my youth. The important aspect of furniture in my college days was functionality. Stereo cabinets made of bricks and 1x8s (boards) were very functional. The holes in the couch were functional because they gave you something to play with while you listened to the stereo. TV served no functional purpose so I didn't own one. The best price on any furniture was free. Most of our furniture was free – either acquired second hand or made from things nobody wanted.

When you buy furniture there is a subtle blend between Expense Money, Self Money, Improvement Money, and Investment Money.

As I grew older, I became educated on the subtle qualities of furniture. My furniture education started as soon as I got married. Eventually I learned that functionality is not the only valued aspect of furniture. I also came to believe that free is not the best price. Eventually I too found myself paying for brand new expensive furniture. I still don't understand how it happened. This mystery is beyond the revelations of this book.

There is more than a 50% chance that someday you too will buy furniture. If you haven't yet, be assured that you will. If you already have then you know you will. If you are female then of course you will.

When you buy furniture, someone has to pay for it. My initial recommendation was that the female head of the household pay for all furniture out of her Self Money account on the basis that everyone else finds free furniture satisfactory. I was not able to get total family agreement on that proposal. I became informed that if the wife had to pay for all the furniture, then the husband was going to have to pay for many things he now gets for free.

So now we discuss which accounts pay for what. Usually the discussions have two main components. Do we need this now (discussed above) and who has extra money (no one). Somehow we buy it anyway. Then we decide who pays the bill after it arrives. I don't recommend that method. Decide first, then buy.

The first incident I won the battle (and lost the war) about was the washer and dryer. I was content to do laundry at the Laundromat. The cost of a washer and dryer would pay for many trips to the Laundromat. So my wife used her Self Money to buy a washer and dryer. This was acceptable use of the DOLLAR method. I was not willing to pay Expense Money on something I considered unnecessary, so she used her Self Money.

A few months later we bought a dining table and chairs. Somehow I became convinced that we did need to replace the existing dining set since the table as well as the chairs were broken. (That never mattered when we had no money.)

When you buy furniture there is a subtle blend between Expense Money, Self Money, Improvement Money, and Investment Money. You have to buy something so Expense Money has a share. You usually buy something nice. Why do you want to bring something ugly into your home to look at for the rest of your life? It's worth a little Self Money to have nice instead of ugly. New furniture is definitely an improvement over broken furniture. New furniture to go with the new wallpaper is Self Money, yet better furniture is Improvement Money. You can also invest in furniture. Some furniture is indeed estate quality – meaning that your grandchildren will someday get this for free. What is more important, if you manage to pick just the right one, you won't have to buy another one as long as you live. (If you believe that I have this great deal on some swamp land…)

Since there are many valid options as to who pays for furniture it usually comes down to who wants it and who has the money. If everybody wants it and the Expense Money account has the money then Expense Money pays. If not, then work something else out. If the people who should pay for it don't have enough money today (and of course, the furniture is on SALE only for today) then a loan from an account who has money (perhaps Investment Money) is acceptable. Pay the loan back over the next several months.

The purpose of the DOLLAR method is **not** *to tell you that you can't buy the furniture you want.*

It is to show you how to find a way to get it.

The purpose of the DOLLAR method is ***not*** to tell you that you can't buy the furniture you want. It is to show you how to find a way to get it. My wife was able to go out and buy a washer and dryer that I wouldn't spend a dime on. She got it anyway and I didn't get upset. Whenever I upgraded the stereo (is that a toy or furniture) I always spent what I wanted because my Self Money paid for it.

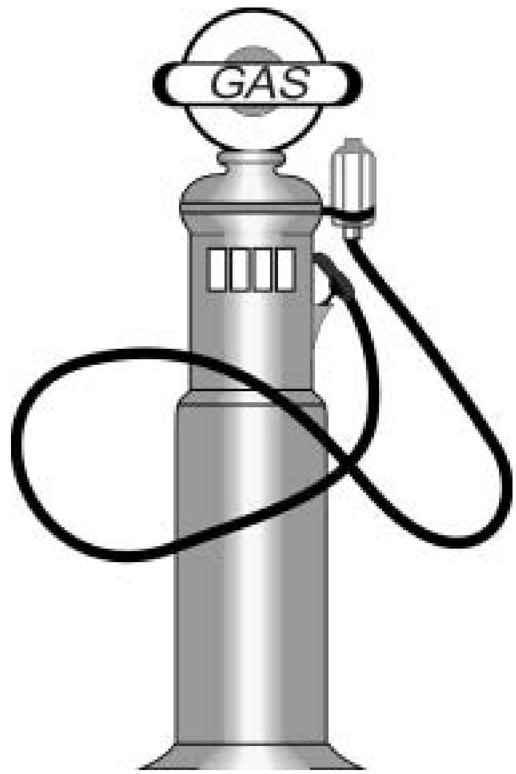
A side benefit is the discussion. When both parties contribute to the purchase, they get more involved in the selection. Often in families without the DOLLAR method, the male has to resign himself to the fact that more of his money is going to get spent on things he considers unnecessary. He feels helpless to prevent it and so tries to be as uninvolved as much as possible. In the DOLLAR method, people feel that if part of their Expense Money is going to pay for it, then they get to help make the selection. People will talk more openly about money than about any other subject. If you want to know how people feel, ask them to pay when they know they don't have to.

Gasoline

Gotta' get some pushaline

Having a section on gasoline may seem like a waste of time since gasoline is obviously appropriate to Expense Money. For most Americans that's true, yet to some American families and for people in countries where gasoline is three or four times the price in the States, it deserves some special treatment. When you start paying over $4.00 a gallon for gasoline it is no longer just an expense, it's a luxury. It's also a luxury when the teenagers are using up a tank a week just driving around. There are times when these costs are applicable to Self Money.

Now that I have brought up gasoline it provides me with an opportunity to expound on one of my solutions to one of the great crises in America today – the continuing energy and pollution problem. The solution is very simple – $100 a barrel for oil will solve all our energy and pollution problems. A high cost on petroleum fuels will limit their demand, increase their supply, and encourage development of cleaner alternative energy. If the additional cost per barrel is used to clean up the oil industry then we pay for old problems as well as preventing new ones.



I worked in the Oil and Gas industry from 1977 until about 1993 (when I first wrote this book). The world saw high oil prices in the 1970's. During the 1980's the energy companies (oil and gas in those days) bought up large parts of "alternative" energy. By the 1990's, those companies had sold away those investments or put them on the "never use" shelf. The reason was economics. Most "alternative" energy sources make less profit than oil and gas unless oil is trading over about $50 a barrel.

Nobody does anything in America unless they can make a profit. In other countries, there are incentives to create an energy infrastructure that benefits the country. In the USA, if it doesn't make money for someone, we don't do it.

Do if you want alternative energy in the USA, getting it is simple. Force oil to be well above $50 a barrel.

Giving

The Art of Burning Money

Magic is the area of the world that defies understanding. Our history contains many legends of people who have learned to master the non understood and practiced magic. Magicians, wizards, demons, and witches were the names of old. Today we look for ESP, miracles, contact with aliens, or with the unseen worlds to give that magical edge. We are not looking for powers that are impossible for humans to have, but those that no other humans know how to use. The powers do not defy the laws of nature. It is only the mastery of obscure laws that holds the key to magic.

Such are the laws concerning giving – giving of anything – money, time, love, effort. When people give away a part of themselves something magical happens. History contains many stories and legends of people who were special because of the giving they did and the things that they experienced because of the giving.

When people give away a part of themselves something magical happens.

To the common ordinary non-giver these stories do seem like magic. They appear to be unbelievable and are often passed off as not completely true. Such is the nature of magic. Often the people effected by the events are not sure what has happened. It is sometimes hard for them to believe as well as those who hear the story. Often the connections of events that describe magic and miracles seem to be coincidence except that the probability for coincidence is so extremely small.

People who give, especially people who give often, experience some unusual benefits that often seem like mere coincidence. Some are subtle events. Some are astonishing. Over time enough coincidences have occurred that a few theories have been created to explain the laws of giving. In the rest of this section I will describe some of those theories. I will also describe some of the events I have personally heard or experienced. In addition to the magic events I will describe some of the less magical benefits of giving. Sometimes just having a pleasant enough feeling to smile is magical. Rarely does the sky open and the giant blue hand of God reach down to perform miracles. Miracles occur more often in the blooming of a flower or the birth of a baby.

The magic is not impossible. It is not a super human phenomenon. It is simply obscure.

The first magic to talk about is of course the DOLLAR method magic. Creating a feeling of having **more than enough money** is difficult magic. If this was easy you would not be reading this book since everyone would already know how to be happy. The magic is not impossible. It is not a super human phenomenon. It is simply obscure. Part of the obscurity is that is seems illogical at first. There seems to be a contradiction in the theory that you obtain plenty by giving. Logic seems to indicate that we should keep to obtain more. Such is life. The human bio-computer is filled with complex interacting programs. It is difficult to accurately use logic to predict what happens. The experiences of frequent givers state the truth of this law.

Another magical theory is that what you give returns ten fold. This theory applies to everything you give – time, money, love, anger, hate. I laugh whenever I hear a nagging, irritating, obnoxious, rude person ask why all the bad stuff always happens to them. The reason is that what goes around comes around and that like attracts like. "Bad" stuff doesn't happen to everyone equally. How much "bad" stuff the world sends to you is directly related to how "Bad" stuff you send to the world. You don't receive directly from the people or things you give to. You receive from the world and all it's infinite sources.

I know – it sounds like that superstitious nonsense that you learned to ignore a long time ago. I agree, it does sound like nonsense, but consider this. What if it's true? What does it mean about you, your life, and the world around you if it's true?

What you give returns ten fold

You can do a quick check to see if the results in your life conform to this theory. On a scale of one to one million rate the amount of "bad" stuff that happens to you. I'll take a guess that you rate it at one million. OK. Now rate the "good" stuff that happens. I'll guess that's only about 1%, around 10,000. Now evaluate how often you are sending "bad" stuff to the world. This means, how often you think, feel, and do mean, bitter, angry, sarcastic, aggressive things? How often do you want to hurt someone or something? It includes all the people you can think of. It includes all the things in your world, your house, your car, the store down the street, they job, the government, the establishment, everything. If people around you say that all you ever do is gripe, whine, or complain then this puts you at about 100,000. You probably put out about 1,000 of "good". Meaning that you do nice things more often than extremely rarely, yet you do "bad" stuff about 100 times as often.

The results:

	Give to the World	Receive from the World
"Good" Stuff	1,000	10,000
"Bad" Stuff	100,000	1,000,000

Check it out. These numbers may not be close to yours, yet you will find that generally you give more "bad" stuff to the world than “good” stuff. Generally what you get back from the world is about ten times as much as you give.

I've known people when they have started to consciously give more of themselves (The "good" stuff) to the world. After giving away 10% of their income, my friends have reported getting money back in different unexpected ways.

One friend got money back from the telephone company. Now that's a miracle!

One friend had a bill disappear when the company sent a later bill saying the first one was a mistake.

I've seen cases where repairs (to houses and cars) actually cost less than the original estimates.

I've seen cases where people find items on sale that are "never" put on sale.

I've seen people balance their checkbook and discover that they have $500 more in the bank than they thought they did.

People get higher raises than expected.

People get opportunities to make more money than normal by working overtime or receiving per diem for a while.

Their real estate taxes get reduced.

The wife gets half her fare free to go with the husband on a business trip to Florida.

A friend has extra tickets to a sports or concert event.

Most of the receiving of money does not come as a cashier's check in the mail special delivered from "The World" with Pay to the Order of YOU printed on it. It comes as real life believable events that are possible ways to make your money go farther. They are usually unremarkable by themselves. It's the timing that makes a difference.

On the flip side, "bad" stuff can happen unexpectedly also.

A forgotten credit card expense can pop up with the next bill after you "forget" to spend any Give Away Money for the third month a row because the balance is the check book is low.

You accidentally smash your car shortly after trying to minimize the amount you spend on Christmas shopping.

You get extremely upset that there's not enough Self Money for you to buy a new music device and the following month the old one dies.

When I became an independent contractor, my income jumped substantially. So instead of paying off the credit cards, I used that plastic gold more and bought a bunch of stuff. So after a year Life arranged for my workload to take a six-month vacation. I got a lesson in priorities. My Investment Money was out of balance.

Life is a progression of lessons. There are lessons you must learn from Life. It will keep giving you the same problems until you learn to overcome them. It also has a tendency to use a special technique called "getting your attention" if you learn too slowly. Most of us are very good at ignoring the lessons that Life tries to teach us. In order to get our attention Life hits us with a stick. If we continue to ignore the lesson, Life uses a bigger stick. Whenever you get unexpected money problems you need to step back and look at what Life is trying to tell you. With practice you will discover that there is always something that connects with this unexpected event.

Most people give often because they find out it feels pleasant and it's fun!

Enough of mystical magic. Most people give often because they find out it feels pleasant – because it's fun!

Every month you will hear the people around speak of money problems they have. Everybody needs money. Occasionally the people around you will have special money needs. This is where your Give Away Money can go. Giving to the people in your immediate world gives you the chance to watch the effects of that money. With a little observation you can find people near you that need money to do something extra for the community.

Some of these people usually come knocking on your door. There is something in their life they care about strongly enough to go ask people for money. Think about that for a moment. How strongly do you have to feel about something to go ask people to donate their money? That kind of feelings is what makes life worth living. You can share in the enthusiasm of the people around you by donating to their causes.

Another place to give away money is to the people around you in special trouble. One of the first people I met like this was a young woman with a baby who needed to get away from her husband. He was beating on her and the baby. We lived in an apartment near hers and knew from several months of friendship what was happening. One day she said that she would go to her Mom's if she had the money, only she had none. We bought her a bus ticket and gave her moral support to go. While we were making travel arrangement and helping her pack she starting crying about the wedding ring she would have to leave. It had been her grandmother's and they had pawned it for money. We checked and it would cost $20 to get it back. This girl didn't have $5 to her name let alone $20. Fortunately our Give Away Money had more than enough. She was already amazed that we would help her with bus money, yet she saw that as helping do the necessary. She couldn't understand or believe that we would spend our money to get her grandmother's ring back. We explained about Give Away Money. We told her the only thing she owed us was to give away some of her own money to someone else when she could.

My friend found a special place to give in her sister's ex-daughter-in-law. She was working at minimum wage and had two children. One was handicapped. This created lots of extra expenses that just couldn't be met. One Christmas my friend decided to send them extra money for Christmas even though there was no family obligation to send gifts to them. Then it developed into a little bit every month. An extra $20 or $50 a month for a while made a big difference in this family's life and her Give Away Money account had more than enough. Again the only thanks she would receive was that someday the ex-daughter-in-law give to others.

The two examples above are people who know they need help. Even when they know it is hard for them to accept the money without feeling guilty. They don't like needing help. When you try to give to the people around you who do not need help you will find them very reluctant to let you give to them. For these people you get to play a game called anonymous giving. We occasionally find out that someone we know could use a little extra cash now and then – we all could use a little extra now and then. These people would never ask for money from you and they would refuse if you offered. So you find ways to give them money without them knowing where it came from. You can mail it. You can hide it in their apartment. You can drop it on them in the form of pizza or Chinese food.

There are special times when you can do something for someone that no one else can do

There are special times when you can do something for someone that no one else can do.

While I was working in the Norwegian North Sea making a whole lot of money I was able to give three of my nieces and nephews a trip to Norway for high school graduation.

Occasionally I would pay the plane fare for a relative to come visit at Christmas or Thanksgiving.

When I was in college, I noticed there was no way for married students going to school full time to get financial aid when I tried. So I set up a scholarship just for people with problems like I had.

I attended a "free" course that was offered by a church group. When they asked for a donation I gave $1000 so that they could help others the way they had helped me.

We all have special things that happen only to us. Look at *your* world and see how you can make a difference. That is why you exist – to do the things only you can or will do. Your Give Away Money is there to be used. The DOLLAR method wants you to spend it for its impact on you, yet the nature of the world is that you must spend money to do the special things you are destined for. This is the money you use to find out why the world thinks you are special. It's very important that you use it to your fullest.

Hair Cuts

The Essence of Beauty

Have you ever wondered how someone can make a living by giving hair cuts? I guess in the old days there were not many barber shops. Then beauty parlors started doing more than just cutting hair for women. Now we have hair stylists for men and women. When I get my hair cut it takes about 15 minutes and $20. That's half of what I pay the doctor.

The point being that getting your hair styled is not a basic necessity for most people. There are some who insist that it is a requirement for their particular line of work. For these people the cost may be Expense Money, yet for most of us it is Self Money. If you don't want to spend a lot of your Self Money on hair then don't do so much to your hair. If you have the Self Money and think it's worth it then do it and enjoy it.

Health Clubs

Modern Body Shops

Most people will say that health is a necessity. The old often comment that as long as you have your health you are in great shape. There are a lot of purchasable items out there to help you keep that health. Some of them are quite expensive. How much you spend on health is your choice. When you get ready to allocate those you need to be honest with yourself. Health costs are not necessarily Expense Money. They are Improvement Money. You won't die if you don't go the gym.

Hobbies

The Important Stuff

Hobbies are a necessary part of life so Expense Money should pay for them. Here we go again. Hobbies do have many benefits and they do improve your quality of life. From the DOLLAR method point of view it is not appropriate to use Expense Money. Normally your Self Money or Improvement Money accounts are appropriate places to charge your hobbies. Occasionally a hobby will make some money of its own. After it starts making more money than it uses you can allocate some Investment Money to it.

The important aspect of hobbies may not be where to allocate the money as to do it. Sometimes doctors advise their patients to get a hobby. Hobbies are beneficial. They do add to the quality of life. If you don't have a hobby, you are missing out on a very rewarding part of being a human being. Hobbies do take money. So set aside some of your Improvement Money and start buying interest in a hobby. Try it, you'll like it.

Home

Home Sweet Home

We all need a roof over our heads. It could be a mansion, a ranch house, a town house, a country house, a beach house, a lake house, a condominium, a town home, a cabin, a boathouse, an apartment, a flat, a room, or a cardboard box on the street.

Several topics fall under the discussion of a home. Some of the topics listed below are DOLLAR Method discussions of Home and Housing issues. Some topics are my ranting on the state of American housing attitudes. Since the point of the DOLLAR method is Attitude Readjustment, I include some verbiage, which I hope will help readjust the attitudes of our nation. Home Business is here only because it has the word Home. Whether to own or rent your home. Buying that first house. Buying a newly built house or an old one. Upgrading to a better home. Affordable housing. Conventional Housing wisdom.

Home

A Man’s Home is His Castle

I began my home life as most men. I lived in a room in my mother’s house. For a brief time I lived in a room someplace with a bunch of guys. Then I lived in a room in my wife’s house. It wasn’t until I was 45 years of age that I lived in MY HOUSE.

This section has NOTHING to do with the DOLLAR method. It’s just my chance to show the men of the world that we are slaves to the women in our lives.

Listen guys. You start life in your mother’s house – not your parent’s house (by the time you are a parent you’ll figure out that the house doesn’t really belong to both parents). Your mom controls everything in the house. If you’re lucky, you get a room that you can do your stuff in so long as you obey her rules. There may even be rooms that you are not allowed to go in.

Many men then go from their Mother’s House to their Wife’s House. Now your wife sets the rules. If you are lucky you get a garage, a basement, or an attic to do your stuff in so long as you obey her rules. There may even be rooms that you are not allowed to go in.

And then you die.

Home – A New House

A Better Habitat

One of the bigger improvements every family looks forward to is a new house.

The typical American can look forward to getting married, raising 2.3 kids, having a house, a dog, a cat, and an SUV or mini-van. One of the great desires of people is to have a new home. There is something about a new home that is extremely exciting. The old home sounds a bit dull and boring, yet when the people living in the old home buy a new home, then other people come along and buy the first people's old home as their new home. Then that old home is not boring anymore. So even an old home can be exciting when it becomes a new home.

One of the bigger improvements every family looks forward to is a new house. This section is different from rents and mortgages because it doesn't deal with how you allocate what you spend on a roof. This section deals with that new roof you want. Where is the money for that new roof going to come from? Unless you just sold a house or got a big raise, there isn't much money to cover it.

If this is your first house then you have been paying rent. When you save up enough down payment you can buy a house for about the same monthly payments as you pay for rent. The monthly payments get allocated the same as you do for rent – about 20 - 30 % of your income can be allocated to housing Expense Money. Where does that down payment come from? It's best if it comes from the same place. That means you have to save up Expense Money in a savings account and then spend a big chunk of Expense Money all at once. Eventually you will pay off that mortgage. In this way, some of it can count as Investment Money.

If you are already in a house then you get to trade up. You sell the old house, combine the money from that with some more money and presto – you get a new house. If the money from the old house is all used for the new house, you don't have to decide which account that money belongs to. You do need to decide where that "some more money" comes from. If you can manage, it's beneficial if you can keep the costs within the abilities of your Expense Money account. You may have to save up Expense Money to cover the closing costs on the new house. The money from the old house may cover all the closing costs and Expense Money just has to pick up larger monthly mortgages. This is the ideal way to trade – after you have built up equity in an old house and received a few raises. Repeating this process several times over your lifetime, will allow you to trade up to a nice place that's paid for by the time you retire somewhere around age 60-70. In this way the mortgage is part Expense Money, part Improvement Money, and part Investment Money.

Home - Affordable

The Land of Opportunity

While I lived in Europe during the 1980s, I met many people who wanted to live in America, the land of opportunity – the land where all your dreams come true – where everyone lives in a nice house.

When I returned to America in the late 1980s I took a realistic look at American housing. I discovered that although America does have some nice housing (just as Hollywood says we do) most Americans are not living in nice homes. Most American homes are considered run-down after 30-40 years. Most are considered dumps after 60 years. The homes in Europe are kept in nice condition for centuries.

Most Americans cannot afford to live in a newly built house – the nice ones. I was astonished at the number of homes that have one or two family members working at minimum wage (about $15,000 a year) supporting a family of four or five. Most Americans have to live in the old dumpy run-down places – because that's all they can afford.

Why?

Well, because here in America, we do things to make money. And we don't do things that don't make money. Unfortunately there have been little or no incentives for the housing industry to build nice affordable housing for decades. So they build big, huge, expensive homes and sell them to the rich. The trickle down principle works just as planned. The rich sell their houses to the less rich who sell theirs who sell theirs who sell theirs. The result is the homes affordable to the tens of millions of families trying to get by on minimum wage are run-down dumps.

The Norwegian community I lived in had an interesting incentive to get the community to build nice affordable housing for those with less income. (I don't say poor, because in the 1980s there were no poor in Norway. 85% of the people were middle class. 15% were wealthy.)

The local government would allow homeowners a tax break if they built an efficiency apartment within their house. So if a person built a new house with 2000 sq ft of family living space and they included an 800 sq ft apartment in the building they got a tax break. The extra 800 sq ft was free of property taxes for ten or twenty years. Thus a family could build a 2800 sq ft house and only pay property taxes on 2000 sq ft. Some low-income person (usually a single person just entering the workforce, or a student, or an elderly) got to live in a nice new house and pay an affordable rent to the family. The neighborhood is natural mix of middle class and low-income people.

Thus the Scandinavian countries have effectively used their social democracy governments to encourage their capitalist businesses to build communities that are the highest standard of living in the world. Everyone Gets to Enjoy Their Money now.

Home "Businesses"

Dreams

Sometimes a person will get involved in a gray area between a hobby and a job called a home business. It occupies all an individual's spare time. It has the potential to make money, but so far all it does is eat money.

When you decide to try something new as a home business, you need to make some rules for yourself if you want to maintain financial fulfillment during this process. Every new business has start up costs (refer to the section on small business development). Once you are running a business from your home the money budget gets a bit more complicated. It's a simple idea to keep the business money separated from the family money – it's simplistic. There are going to be times when the two accounts overlap. The business needs a faster computer so you upgrade the family computer. The business needs a second phone line so the old phone line gets dedicated to the kids.

There are no clear rules for allocating these expenses. The DOLLAR method does provide a framework to use to discuss them and find appropriate places to allocate them. With each major expense that comes along discuss it with the family. Decide how much of the costs are family and which are business. You need to keep better track of things to juggle these extra balls.

Home – Cost of Buying

One for Three or Three for One

A hundred years ago a family struggled to build a home of their own. They raised their children in that home. Then some of the children raised their children in that home. At least three generations of the same family used that same house. No money was borrowed. The family paid the cost of building the house only once. Three generations used it.

In today’s world, a family borrows the money to buy a house. The loan includes the principle, which is the cost to build the house once. The loan also includes some fees and interest, which typically amount to twice the principle. The family will eventually pay three times the cost of building the house. Each generation is doing this.

So in a hundred years our nation has moved from a society where three generations benefit from the cost of building a house to a society where each generation pays three times the cost of building a house.

Thus we have a growing, robust economy fueled by the housing market. The mortgage companies and Wall Street thank you very much. They have Enjoyed Your Money.

Home – Conventional Wisdom

The Wisdom of the Middle-Aged Man

I became an adult during a time when there was some conventional wisdom concerning housing – wisdom developed over decades. Currently, in 2009, the USA is deep in a financial crisis brought about by poor practices in the housing markets over the last ten years. Most of these current practices were implemented out of greed. The conventional wisdom concerning the housing market was ignored by some. The result was a global economic melt down.

I think it's appropriate to discuss what is the wisdom of the decades. American attitudes toward Homes have changed over the last century. Here are some of the things wise people say about homes.

1. The purpose of owning a home:
    a. A stable, safe place to raise kids.
    b. A place you can modify anyway you wish. Landlords usually disapprove of knocking down walls while you rent.
    c. A place that is paid for by the time you retire.

2. Save up enough cash to put down a 10-20% down payment. This gives you equity in the house form the start. This reduces your monthly payments. This protects both you and the bank if house prices fall.

   A 20% equity will usually allow you to get a loan without you having to pay for PMI loan insurance (which protects your bank, but not you).

3. Keep your total regular obligations below 31% of your income. The sum of all regular payments for loans, utilities and such need to be low enough that you have enough left to live on.

   This includes car loans and credit cards. You may need to pay these off before you buy a house. There are people who contend that the only loan you ever need to have is a house loan. Everything else you can save up to pay for in cash.

4. Start small. Starter houses for first time homebuyers are typically small one or two bedroom places.

5. Upgrade to bigger, better, nicer homes as your income and your equity grow. You don't begin the process in your dream home. You grow your ability to afford your dream home over decades.

6. Sometime after age 50, when the last of the kids are gone, you can down size that family house to something smaller for the two of you. At that time your Uncle Sam will let you take a whole lot of money out of the equity tax-free.

Home – First Time Buyers

The Dream House

When I was young, we had to walk ten miles to school – in the snow – up hill – both ways.

When I was young, we had to save up for a down payment in order to buy our first house. The minimum down payment was 10%. You couldn't borrow the down payment. You have to prove you had the cash. This gave you some equity in the house from day one. More importantly for the mortgage company, it meant if you default on the loan they have a good chance not to lose money. Even if the house drops 10% in value (because house prices do go down) the bank could sell it and recover their money.

A choice many couples had to make with regards to that down payment was whether to save up the minimum required 10% or wait until they save up 20% for a down payment. They extra 10% in cash would reduce the principle of the loan (the borrowed amount) and make a huge reduction in the monthly payment. Many banks required you, the borrower, to buy PMI (private mortgage insurance) unless you had 20% equity in the house. So if you put 20% down, you could reduce your monthly payment by this amount as well.

Then the banks found out today's young people will gladly pay through the nose in order to have tomorrow's dream today. So they allowed zero-down loans. Sigh.

Another trend away from Conventional Housing Wisdom is the size of the first house. For the decades I grew up in, saving up a down payment was hard. Yet simple math showed that it was faster, easier to save up 10% of a $50,000 house than to save up 10% of a $300,000 house. First time buyers tended to buy smaller houses, because that's what they could afford. They settled for something less than their dream house as their first house. The goal is to become a homeowner.

Today's young want their first house to be the same or better than the house they grew up in. They want the newly built house with all the latest appliances, three baths, four bedrooms, five swimming pools, a ten-car garage, and an ice skating rink. They ignore the fact that it took their parents twenty years or more to move up from a cheap 30-year old dump to the nice place they raised their kids in. Today's young folk want to start at the top. Sigh.

They'd all be better off if they had to walk ten miles to school – in the snow – uphill – both ways.

Home Improvements

The Never Ending List

The clothes you wear, the food you eat, the car you drive, and where you live are important aspects of your material world. Improving any of these is a way to improve your life. After living two years in the best of houses most people are ready to improve the place. Home improvement is a big business.

As with most things there never seems to be enough money to do all the things you would like to do to your home. If you try to cover home improvements with Expense Money there will never be enough money. The DOLLAR method gives you some other places to look for money. The first is Improvement Money. Spending money to redecorate is an excellent use of Improvement Money.

Another place is Self Money. If you get an urge to paint the bathroom split pea green, it may not be Improvement Money you're spending. If you have decided to fix up the old house so you can retire in it, then the costs may be Investment Money items. If you are adding on a new bedroom because of a new arrival in the family the costs may be Expense Money.

You have many options. Again, the important part is to use money that is set aside so that you can make those home improvements without wrecking the home finances.

Use money that is set aside so that you can make those home improvements without wrecking the home finances.

The purpose of the DOLLAR method is not to frustrate your desires to improve your house. It's to enable you to do what you want to your house. Once you figure out which account pays for what, then you can start planning how to get the money into that account to cover what you want. If home improvements had to fight with everything else for Expense Money, you might not ever get to improve the house. By using your Self Money and Improvement Money accounts you set money aside because it is important to you to improve the house. The DOLLAR method gives you money that you can use for the things you feel are worth it.

Home Investments

My House is my Money Tree

Many people will tell you that your home is an excellent place to put Investment Money. They will tell you that you should buy the most expensive home you can afford so you can eventually sell it for a whole lot of money.

I first heard this from a work colleague when I was about 25 years old. He and his wife (double income no kids were rare in those days) were buying a four-bedroom house for just the two of them. Since I had almost no financial education in my 16 years of formal education, I had a hard time understanding the wisdom of this approach.

The argument to buy as big a house as you can afford (slightly bigger in fact) goes something like this.

Part 1. In 1980, when I first heard this, raises were about 15% per year. So even though you might not be able to make those mortgage payments “comfortably” today, your salary will increase in a few short years so that you can handle that big payment easily. True.

Part 2. The bigger the principle (the cost of the home), the bigger the equity. If homes prices are increasing at 10% per year, you'll make more equity on a $200,000 house than you will on a $100,000 house. True.

Part 3. Once your salary goes up and you get some significant equity, you can trade that old home for a new bigger one. Thus repeat the process over and over to obtain huge wealth. Doing this with bigger houses creates wealth faster than doing it with smaller houses. True.

Part 4. Taxes. The US Government gives homeowners some tax breaks, which no other investors get. The interest we pay on the money we borrow on our home can be deducted from our income. The profit from the sale of the home is excluded from that year's taxes if the profits are rolled over into another home. And at some point we can sell a home and take a whole lot of the profits out as cash without paying taxes. True.

Over the years (decades now) I have watched people do this… or try to do this. The more I understand it, the more doubts I have.

The first three parts I understand as a fine way to make money in real estate. The forth part applies only to the home you live in. And that's where I have problems with this strategy.

At the end of this life-long pouring of your money into your home, you get to sell it for a big tax-free cash prize. And then what? Where do you live? Where's your home now?

The answer I get is you go live somewhere else – somewhere cheaper. Do I have this right? You live beyond your means for 30 years in houses that are way more than you need, paying interest to the mortgage company on a whole lot of money, so that around age 50 you can get a stash of cash and a new smaller mortgage?

I don't get it. Every time I work out the numbers, the only people who win are the mortgage companies.

Take Part 1. The average American doesn't make 15% raises anymore. For the last 20 years we've made about 3%. If you are a corporate executive or a member of Congress, you still get 25% per year raises so, this part will certainly still work for you. For the rest of us. If you can't afford the payment today, it's going to be a long time before you can afford them.

Take Part 2. If house prices are going up at 10% per year. That's an unpredictable if. Prices go up, prices go down. When prices go down you loose money on a big house faster than you do on a smaller house.

Take Part 3. This process does work. Yet it works just as well for a house you can afford as for a house you can't afford.

Take Part 4. You can thank the Housing Lobbyist for making the owning a home so attractive from a tax standpoint. I wonder where all the money came from that those Lobbyists paid Congressmen to get them to make these laws. Oh yeah, from us.

And then at the end you get to live where? Somewhere cheaper. The only way to benefit from all this is to give up wealth (which you've become accustomed to) for cash, another mortgage, and something less nice than you've had.

If you use those 30 years to pay off a mortgage you can afford, you end up wealth and lower living expenses. If you trade houses a few times and it takes you 40 years, you still end up with a debt-free house.

House prices across the country rise and fall together. Just because the Housing Industry says your home has increased in value does not mean you have more wealth. All the other houses you could trade for have also increased in price.

I still contend there is no way to invest in the home you live in. There is a way to improve the wealth of the home you live in by trading up as you can afford it. Yet I see no way to make money to live on while maintaining that wealth.

House – Private Mortgage Insurance – PMI

I Trust You, But…

When you get approved for a House loan, the mortgage company says, Congratulations! I trust you enough to give a whole lot of money just because you gave me your word to pay it all back." That's mighty generous of them.

On the other hand, if you put down less than 20% of the loan principle as cash (which would have given you a 20% equity in the house) the mortgage company says, "I trust you … but…" In this case they require some insurance to cover their losses if you default on the loan. And they require you to pay for the insurance.

This mortgage insurance is called PMI. It protects the bank in the case you don't pay back the loan. In which case the bank forecloses and sells the house for less than they planned. If they loose money in this process, the Insurance Company pays the bank. So the bank can't loose – you pay the cost of buying the insurance – the insurance that protects NOT you – the insurance that protects the bank. That's mighty generous of you.

This is Give Away Money. This is throwing your money away to benefit someone else. It's a not-very-fun way to spend Give Away Money. Yet if your family thinks this is the place to put your Give Away Money, I can't stop you.

Home Ownership

To Buy or Not to Buy

Americans are encouraged to own a home. From an early age we are told that part of the American Dream is Home Ownership. Much of our society has organizations whose purpose is to help Americans own homes. Why?

I didn't start asking Why until I was around age 40. By then I had "owned" three homes. After I lost money on two of them, I started asking Why?

For starters, let's define "own". To "own" your home by society's terms means to borrow a whole lot of money from a mortgage company so you can live in one spot. The only thing you own at this point is a huge, HUGE debt. Yet even though you own nothing except a huge debt, you are now one of society's homeowners. Congratulations!

So why is this so much more wonderful than signing a lease? The people who want you to own your home tell us that this will allow you to build equity. Great, what's equity?

Equity in a home is the cash you can get by selling your home. When you sell your home, you take the cash you get for selling it, pay off remaining debt to the mortgage company, and what's left over is the equity. In all these owning-a-home-is-good conversations equity is always a good thing.

In reality, there are two types of equity, positive equity and negative equity. Of the three houses I sold, one had positive equity and the other two had negative equity. In other words I owed more money to the mortgage company than I sold my house for. Why would I do something so stupid? Easy – I had to. You don't always get to choose when to sell your house.

Let's take a look at this equity stuff. When you sign a mortgage you agree to pay back the money you borrow (that whole lot of money) plus some interest. For a 30-year loan that interest is a whole lot of interest. The mortgage company is very interested in that interest (which is probably why it's called interest). They want to make sure they get it back and they want it back soon.

So the payment schedule is slanted to pay off the interest soon and pay off the principle (the whole lot of money that you borrowed) later. Thus for the first few years of the mortgage you have almost negligible equity. Most of the money you pay the mortgage company counts toward the interest and a small, tiny amount goes to reduce the principle. So even after a few years, you still owe as much principle as you started with. The lump sum cost to pay off the loan hasn't changed much.

This lack of equity in the early years is not a problem if you stay in that home until the later years, when there is significant equity. It becomes a problem if you move in those early years.

America is now a mobile society. We've shifted from a cradle-to-grave live-in-one-town society to live in several places in one lifetime society. Between the ages of 19 and 30, I never lived in the same home for more than two years.

I discovered there are some significant financial penalties to selling a home within the first five years of a mortgage. You have almost no equity.

Plus there are these things called closing costs – fees paid to real estate agents, mortgage companies, and a horde of other people who skim… err.. live off this industry.

There is also the costs of repairs to that home. Home repairs can eat up a whole lot of money. Thus the term Money Pit.

After I sat down and compared all the economics of renting compared to owning a home, I found that I had to stay in the same home somewhere around 6-9 years for owning to be cheaper. For this comparison I estimated all the costs of home ownership including repairs and the cost of buying / selling compared to the cost of renting. For less than 5-10 years, renting wins.

So why does American society want us to own a home? Well, how does that benefit them? Wait a minute, who is them anyway?

There's the local governments. They make more money in taxes from homeowners than they do from renters. There's the local Businesses, employees who own homes are less likely to move (because they loose money) than renters, so they are a more "loyal" workforce. And of course, there's the housing industry. In 2009 the housing industry's political lobbyist spent more money than all the lobbyists from all the other factions combined. Somebody, a whole lot of somebodies, make a whole lot of money from home sales.

Everyone involved in the sale of homes makes more money with higher home prices. The builders make more money on more expensive houses. The real estate agents make more money on more expensive houses. The mortgage companies make more money on bigger loans. The government makes more in taxes on more expensive property. The only person in the process that wants a lower home cost is… well… you.

Another way that mortgage companies benefit from home ownership is the second mortgage industry. Again that magic equity gets involved. Once you have stayed in your home long enough to grow equity (because you had kids and couldn't change jobs because you had a mortgage to pay), you can borrow on that equity in the form a second mortgage. The tax laws allows you deduct the interest on this loan from our income. Remember that whole lot of money paid by the Housing Lobbyist. They like second (and third) mortgages.

Now that I've let some air out of the home ownership balloon, let me tell you how it can benefit you to own your home.

Let me define "own" a different way. You have a home. You pay nothing to live there.

After you pay off the mortgage, you truly own your home. You pay no rent. You pay no mortgage. You own your home. Your cost of living has just dropped by a whole lot of money.

This is the DOLLAR method's goal. Own your home. If you do this by the time you retire, then it's easy to see how you can retire on a smaller income than you had before. You can Enjoy Your Money Now.

House Poor

Penniless in the Lap of Luxury

The USA government has a plan to deal with the millions (as in a whole lot of people) of Americans who will have their house foreclosed on. A part of the 2009 plan to fix the housing mess is to work with the mortgage lenders to first reduce a family's regular debt to income ratios to 38% then strive for the healthier ratio of 31%.

These numbers are found in the Housing Conventional Wisdom. For decades wise financial experts advised people not to commit more than 31% of their income to regular expenses – things you have to pay each month – utilities, mortgage, insurance, car loan type stuff.

Why? Simple. If you send more than 1/3 of your income to banks, utility companies, and insurance companies, and about 1/3 to your Uncle Sam, you don't have much left to spend on you.

You are essentially House Poor.

Yes, you can buy that huge magnificent house, that dream house, and enjoy it every day – every single day – of every single month – year after year. You can sit in that house and enjoy the house. Because you have no money do anything except sit in the house. No money to eat out. No money to buy clothes. No money to buy a new car. No money to fix the broken car. No money for vacations. No money for new toys. All your money goes to the mortgage company (and they thank you very much).

DON'T DO THIS!

There are many respectable mortgage agents out there. If you are honest with them about your income, they will be honest with you about what you can afford. They will make sure you still have enough money left over so you can Enjoy Your Money Now.

Incentive Pay

The Carrot

In some circumstances a company will pay employees an additional incentive pay to work in some locations around the world. For example companies used to pay Americans additional incentives of 20% to work in London, 25% to work in most of Europe, 30 % to work in the Far East, and up to 45% to work in some locations. This extra incentive was necessary when companies could not find enough qualified workers in the work locations. The employees accepted unusual hardship in the form of being in a foreign land away from home and family in exchange for more money.

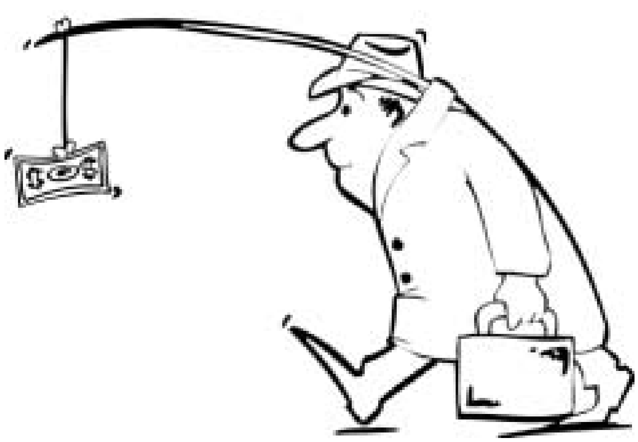
Employees do a lot of different things with incentive pay. Some put it all into savings and build a sizable nest egg during their overseas assignment. This allows them to live a better lifestyle when they return. Others use the extra money to take advantage of once-in-a-lifetime opportunities to travel and go site seeing.

For the purposes of the DOLLAR method this money is special income.

Special rules are appropriate.

For the purposes of the DOLLAR method this money is special income. Special rules are appropriate. Of course, the first option is not to make the money special at all. You can consider incentive pay to be just another part of the paycheck. You would then budget it just like the rest of the paycheck. This would maintain balance between spending on today's unique opportunities and the unique opportunity to stash a lot of cash.

Many people accept assignments in less favorable parts of the world just to make a whole lot of extra money. They don't want to stay there forever, just long enough to create a large bank account. In these cases the purpose of the extra incentive money <u>is</u> to accumulate money. You can certainly allocate the full incentive pay to Investment Money. For example if an employee accepted a job with a 45% incentive, he could put that 45% plus his normal 10% into Investment Money. This could be 55% of gross if his Expense Money account can afford the taxes, or it could be 55% of take home. If the employee is able to get a 10% return on his investments, he will have accumulated 3.7 times his USA salary base in five years. In ten years he will have 9.6 times his USA base salary. That means if a person making $40,000 in the USA works overseas for ten years at 45% incentive he can go home with $384,000 in the bank without ever getting a raise. Now that's what I call incentive.



Of course, not every country in the world requires a 45% incentive to get people to go there. Some places are quite nice. So nice that they offer unique opportunities to enjoy oneself. Often the employee does not know how long these opportunities will be there. When I worked overseas I knew that I had to be out of the USA for 18 months, yet I had no idea how long I would live where. It turned out that I spent seven and a half years at a "temporary" job. At any time I could have been returned back to the USA within two months.

When you only have two months of future to plan for, you tend to spend a lot of money on things that you may never get a chance to do again. This created an extra need for Self Money and Improvement Money.

There are several ways to get extra Fun money when a person is making 25% extra incentive. The first adjustment that can be made to the DOLLAR method is to budget on Gross Income. This shifts more money from the Expense Money account to the other four quality of life accounts.

The second thing a person can do is to allocate 10% of Gross income to each adult for both Self Money and Improvement Money. This gives each adult a whopping 20% of gross to spend on once-in-a-lifetime expenditures. For a family USA base income of $40,000, that's $8,000 a year for each adult. That should allow you to pick up a few souvenirs in Europe or the Orient.

A third special way to allocate this extra money is special rules just for that money. Often companies will also pay the employee extra money for flights back to the USA. This used to be $5,000 a year for my family of four. We then bought El-Cheapo air fare tickets at half price. This left us with $2,500 in extra vacation assistance money. We made a special rule for this money – it was used to pay for other vacations throughout the year.

Not everything in the DOLLAR method has to be allocated as a percentage of income. If the family wants to stick an arbitrary $800 a month aside just for vacation, that's okay. When there are once-in-a-lifetime opportunities coming up you need to have some extra money set aside at all times. Very often your friends will walk in and announce that they are planning another trip and everybody needs to get travel costs paid for in the next two weeks. There is a whole lot less irritation if you have already allocated the money and it's available.

You can treat special money any way you want to. The important thing is to enjoy the fact that it is special while you have it because when it's not there anymore you're going to miss it.

Insurance

The Cost of Falling Down

This section on insurance is a bit of a surprise to me. I wasn't going to include one, but a friend asked me about it. I guess some consideration as to how to allocate insurance is appropriate. As a simple statement it is fair to treat insurance the same as taxes. In most cases it is something you have to do so it's mostly an expense. You have to suffer great misery to get your money's worth so you hope that it's a losing gamble. So it's a lot like throwing money away, if you're lucky.

Most people will say that insurance is to protect us from unexpected disasters.

If you expect them to not happen, then why do you plan for them?

Then I thought of the many types of insurance. Some are necessary, even mandatory. Others are optional. Some are foolish. Some are even paid through taxes. We have a lot of choices about what insurance to buy and how much. These choices get back to the priorities in your life.

Most people will say that insurance is to protect us from unexpected disasters. If they are truly unexpected, then why do you plan for them? It's like taking an elephant gun to work in New York just in case a wild elephant gets loose "unexpectedly." Insurance is gambling. It's financial speculation. It's a way to cover your bets in case you lose.

As any form of gambling eventually the system adjusts to where the only one who always makes money is the gambling house. In the American insurance system, the insurance companies are guaranteed a profit. If that profit gets threatened, insurance rates go up. Similar to the individual players who "win" big at gambling, there are the people we hear about who were so glad that they had insurance after the disaster struck.

Of course, there are some winners who have a sure bet. I've noticed some furniture stores have a fire sale every three or four years. They have a fire. They have a sale. The insurance company pays for whatever can't be sold. They start a new furniture business. Did you ever wonder how the insurance company can afford to pay these guys every few years? Where does all that money come from?

When you consider insurance, evaluate what you need it to accomplish. What purpose does insurance serve in your life?

Insurance got started as a group of people pooling some money over time to help take care of themselves. It was a community taking care of its members. When a tragic accident happened to a member, the community had the funds available to help out. In this sense, insurance is Give Away Money. It's not money that you plan to use for your own purposes. You HOPE you never need it. You give it to the community insurance fund to help others in their time of need.

As the community funds got larger, someone decided that all that money just sitting around should be put to use making more money. In return for providing the service of investing that money, this someone charged the fund a fee. Pretty soon this someone discovered that they could make a whole lot of money just investing community insurance funds and skimming off a bit of the proceeds for themselves. Since the more money the fund contained the more they made on their investments, they started encouraging people to put more money into the funds. So was the birth of the first insurance salesman.

At that point insurance took on a new characteristic. Before that time it was a community service, a gift to the unfortunate. Then it became a way to make a living for some individuals. It became a business. As the business grew it became an institution. The concept of a community helping its fellow members got lost. The new system was companies promising to lend a hand in return for pay. The larger the pay the larger the hand. Eventually the need of the individual member of the community, indeed the needs of the community, were forgotten. Everything became strictly a business of pay for service.

So today insurance is a commodity you buy just like clothes.

I recommend you select insurance the same way you select clothes.

So today insurance is a commodity you buy just like clothes. I recommend you select insurance the same way you select clothes. What do you have to have to keep from being naked? What items are nice yet dressier than your needs? What items are all frills that you would never miss if you hadn't heard about them? Which items are you buying just because everyone has one?

People can take three approaches to insurance. In the old, old days, everyone was self insured. You covered everything out of your own pocket. Then we went through a time of catastrophic insurance. We each took care of our normal living expenses, yet some money was available to help out those hit by great misfortune. Insurance was there to do the things people couldn't do by themselves. Today we have an attitude of "You owe me this because I paid for it." Need has nothing to do with it. The company pays only what it owes. If it's paid for, then it's paid out.

When you buy insurance in order to collect on the pay out at some later date, it's gambling. In my house gambling comes out of Self Money. The insurance you buy to protect your family from catastrophe is your security blanket. It belongs in the Expense Money account. If you find a way to donate money to an insurance group that you deeply hope benefits someone other than yourself, you can allocate that to Give Away Money. Unfortunately I don't know of any insurance companies in this last category. Perhaps some charities serve this purpose. Insurance companies are not interested in helping people just to help people any more. They are not community service organizations.

Investments

Growing Money Trees

Saturday Night Live used to feature a character known as "Middle Aged Man," a super hero who knew all kinds of neat How-to stuff simply because he had lived long enough to become middle aged. Well, folks I resemble that remark.

I learned about investing at the ripe old age of 28. I say "old" because this is ten years late to start investing. Investing should start with your first paycheck after reaching age 18.

I would like to speak to the 18 year olds out there. If you're over 18, please take a moment to regress. If you are under 18, store this info.

Age 18 is a transition time between childhood and adulthood. Childhood was supposedly a carefree time while you were taken care of by others. We all know that the teen years are far from carefree. Yet how you are going to pay the rent next month is not usually a teenage problem. As an adult such money matters are your problem.

Let me give you a glimpse of the future. You are going to grow old!

Even at age 18 the farthest into the future a person plans is six months at the max. Six months for a child is a lifetime. Six months at age 18 is unimportant. That's where Middle Aged Man comes in. Middle Aged Man has wisdom and experience that 18 year olds cannot even begin to grasp on their own.

Let me give you a glimpse of the future. You are going to grow old!

I know, I know. It sounds unbelievable and totally insignificant, yet it happens to everyone. I guarantee.

Growing old is not something you should worry about at age 18. It is insignificant enough that it should not occupy your valuable thought energy from more important things like the opposite sex. It is however important enough for you to a do minor amount of planning.

The fact is that 42 years from now you will be 60 years old and very tired of working for a living. Today you only know what it's like to go to classes for roughly nine months out of the year. Imagine what it's like to go to class five days a week, twelve months a year, for 42 years. At the end of those 42 years you get a big summer break, called retirement. It's a special time and you should treat it special.

It doesn't require much effort for you the 18 year old to plan for your retirement. Actually I recommend you think about it as little as possible. All I ask you to do now is to set aside 10% of each paycheck into a retirement account.

I know, I know. You have more important things to do with your money, and I agree. You do have more important things to do with your money. You think that you should start setting money aside for retirement after you reach middle age when you start going downhill. You want to wait until there is nothing important to spend the money on anyway. Where the money goes is not the issue. Money is only one of the components required to build a retirement account. Another is time.

At age 18 you have something you will never have again. You have 42 years before age 60. When you are 40 years old you will have only 20 years until you turn 60 (that's basic math that I assume 18 year olds can still do).

The more years you put money aside for retirement, the more money is available at retirement. I've estimated the money for retirement for a set of scenarios where a person begins investing at age 18, begins at age 30, begins at age 40, or begins at age 50. In this example, this person gets to retire at age 62 with a different amount of his age 60 income based on when he starts investing.

Begin Investing at age	Percent of age 60 Income for Retirement
18	83%
30	49%
40	27%
50	11%

You have no more important use of your time than planning for your retirement.

You have more important uses for your money at age 18. That's unarguable, yet ***you have no more important use of your time than planning for your retirement.*** All else being equal, 20 years can mean the difference between retiring at 83% or 27% of your age 60 income. You can always make more money to replace what you spend today. You cannot replace lost time.

Now that I have convinced everyone that it is important to start investing at age 18 because lost time is a deep sorrow, all you people over 18 may feel some despair at having missed your golden opportunity to be financially independent by age 60. Well, you did.

Since what's done is done and you can't change it, let's look at what you can do. The example for starting at age 18 used a growth rate of 6% per year. When you start late you can still get to the same retirement income by investing in methods that provide a higher growth rate. Starting at age 30 you need an average growth rate of 8%; at 40 you need a growth rate of 11%; and at age 50 you need a growth rate of 23% per year. To get a higher rate of return you have to accept high risk investments. If you waited until age 50 to start you probably cannot afford the amount of risk required to grow 10% of your salary to a desired level.

Another option to achieve the same level of retirement income is to set aside more than 10% of your income. With the same growth rate of 6%, you can start setting aside 16% of your income at age 30 and retire with an income of 84% of your age 60 income. Since you are taking 16% out of your income and living on the remaining 84% from age 30 on, this is the same as living on the smaller retirement income 30 years early. You can start setting 27% of your income aside at age 40 and get a retirement income of 73% of your age 60 income. At age 50 you can set aside 45% to get a retirement income of 55% of your age 60 income. This throws your money out of balance for those later years, yet they sort of balance with the unbalance you had in your earlier years. When you start late you have to live on reduced income sooner, yet if you manage to do so, you can still have your self provided retirement fund. To wait until age 50, you have to both set aside a large part of your income and accept moderate risk. People typically are willing to accept higher risk when younger than when older, yet if you greatly desire to have a wonderful retirement income, you can still get there from here.

The following tables show the results of starting to invest for retirement at different ages. Hey, if this stuff below confuses you, just ignore it. It works regardless of whether you understand it or not.

The numbers are in percentage of salary at age 60 since these laws are independent of actual dollar amounts. If make $10,000 a year and set aside 10% for investments from the time you hit age 18, (with 4% inflation, 4% raises each year, and earn 6% return) you can retire at age 60 and live off your investments until age 90 with a retirement income of 83% of your income at age 60. If you wait until age 30 to start setting aside that 10% you get a retirement income equal to 49% of your age 60 income. Starting at age 40 you get a retirement income of 27% and starting at age 50 you get a retirement income of only 11% of your age 60 income.

Typical Investment Plan Starting at Age 18

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 1,000	Invest Percent	10.00%
20	$ 11,038	$ 1	$ 2,111	$ 1,104	Interest	6.00%
30	$ 16,836	$ 1	$ 21,320	$ 1,684	Raise	4.00%
40	$ 22,762	$ 1	$ 63,576	$ 2,276	Retire	83.00%
50	$ 27,239	$ 1	$ 146,468	$ 2,724	Inflation	4.00%
60	$ 28,809	$ 1	$ 299,395	$ 2,881	Delta Interest	2.00%
61	$ 1	$ 23,822	$ 320,240	$ -23,822	Delta Raise	0.00%
90	$ 1	$ 23,822	$ 1	$ -23,822	Retire Interest	-49.99%

Typical Investment Plan Starting at Age 30

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 0	Invest Percent	10.00%
20	$ 11,038	$ 1	$ 1	$ 0	Interest	6.00%
30	$ 16,836	$ 1	$ 1	$ 1,684	Raise	4.00%
40	$ 22,762	$ 1	$ 25,395	$ 2,276	Retire	49.00%
50	$ 27,239	$ 1	$ 78,092	$ 2,724	Inflation	4.00%
60	$ 28,809	$ 1	$ 176,945	$ 2,881	Delta Interest	2.00%
61	$ 1	$ 14,064	$ 190,442	$ -14,064	Delta Raise	0.00%
90	$ 1	$ 14,064	$ 1	$ -14,064	Retire Interest	-40.84%

Modified Investment Plan Starting At 30

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 1,620	Invest Percent	16.00%
20	$ 11,038	$ 1	$ 1	$ 1,788	Interest	6.00%
30	$ 16,836	$ 1	$ 2,629	$ 2,727	Raise	4.00%
40	$ 22,762	$ 1	$ 45,848	$ 3,687	Retire	84.00%
50	$ 27,239	$ 1	$ 134,940	$ 4,413	Inflation	4.00%
60	$ 28,809	$ 1	$ 301,749	$ 4,667	Delta Interest	2.00%
61	$ 1	$ 24,052	$ 324,521	$ -24,052	Delta Raise	0.00%
90	$ 1	$ 24,052	$ 1	$ -24,052	Retire Interest	-37.43%

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Typical Investment Plan Starting at Age 40

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 0	Invest Percent	10.00%
20	$ 11,038	$ 1	$ 1	$ 0	Interest	6.00%
30	$ 16,836	$ 1	$ 1	$ 0	Raise	4.00%
40	$ 22,762	$ 1	$ 1	$ 2,276	Retire	27.00%
50	$ 27,239	$ 1	$ 32,613	$ 2,724	Inflation	4.00%
60	$ 28,809	$ 1	$ 95,499	$ 2,881	Delta Interest	2.00%
61	$ 1	$ 7,749	$ 104,110	$ -7,749	Delta Raise	0.00%
90	$ 1	$ 7,749	$ 1	$ -7,749	Retire Interest	-50.94%

Modified Investment Plan Starting at Age 40

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,513	$ 1	$ 1	$ 2,660	Invest Percent	27.00%
20	$ 11,038	$ 1	$ 1	$ 2,936	Interest	6.00%
30	$ 16,836	$ 1	$ 1	$ 4,478	Raise	4.00%
40	$ 10,000	$ 1	$ 5,907	$ 2,660	Retire	73.00%
50	$ 27,239	$ 1	$ 91,595	$ 7,246	Inflation	4.00%
60	$ 28,809	$ 1	$ 262,702	$ 7,663	Delta Interest	2.00%
61	$ 1	$ 21,067	$ 286,127	$ -21,067	Delta Raise	0.00%
90	$ 1	$ 21,067	$ 1	$ -21,067	Retire Interest	-25.60%

Typical Investment Plan Starting at Age 50

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 0	Invest Percent	10.00%
20	$ 11,038	$ 1	$ 1	$ 0	Interest	6.00%
30	$ 16,836	$ 1	$ 1	$ 0	Raise	4.00%
40	$ 22,762	$ 1	$ 1	$ 0	Retire	10.90%
50	$ 27,239	$ 1	$ 1	$ 2,724	Inflation	4.00%
60	$ 28,809	$ 1	$ 37,094	$ 2,881	Delta Interest	2.00%
61	$ 1	$ 3,128	$ 42,201	$ -3,128	Delta Raise	0.00%
90	$ 1	$ 3,128	$ 1	$ -3,128	Retire Interest	-45.22%

Modified Investment Plan Starting at Age 50

Age	Income	Retire Income	Investment	In / Out		
18	$ 10,000	$ 1	$ 1	$ 4,500	Invest Percent	45.00%
20	$ 11,038	$ 1	$ 1	$ 4,967	Interest	6.00%
30	$ 16,836	$ 1	$ 1	$ 7,576	Raise	4.00%
40	$ 22,762	$ 1	$ 1	$ 10,243	Retire	55.00%
50	$ 27,239	$ 1	$ 12,106	$ 12,258	Inflation	4.00%
60	$ 28,809	$ 1	$ 188,604	$ 12,964	Delta Interest	2.00%
61	$ 1	$ 15,786	$ 212,884	$ -15,786	Delta Raise	0.00%
90	$ 1	$ 15,786	$ 1	$ -15,786	Retire Interest	-45.54%

The Poor Shall Be Rich

Making Money the Old Fashion Way

The family I grew up in was not rich. My parents knew nothing of investing. They didn't "need" to know about investing because investing was only for rich people. They were wrong.

Investing is for everyone. When people speak of investors we think of Wall Street, stocks and bonds, real estate, and gold and silver. We believe that the world of investing is only for the people who already have more then enough money. We believe that since it takes money to make money and we are poor, then we have nothing to start with.

WRONG! The magic of investing works for everyone. Just as gravity affects everyone, investing affects all money. Just as a light weight object falls just as fast as a heavy object, a small amount of money grows just as fast as a large amount of money.

The magic of investing works for everyone.

We each have roughly 40 years from age 20 to age 60 to create our retirement accounts. We all have the same amount of time. We all have the same tools available to us. The only true difference is that we start at different places and we end at different places. Someone who starts with less money will end up with less money than someone with more money, yet both accounts will grow at the same rate.

The table below shows what happens when a person sets aside 10% of income until age 60. As the person gets raises, the amount set aside each year goes up. These graphs assume that the individual gets a 4% raise each year. The money invested earns more money. The rate at which the invested money grows varies from time to time. These charts assume that the invested money grows at an average of 6% per year over the entire investment period. The accounts grow at the same 6% rate. Each account has a different starting and ending dollar amount. These cases show how much retirement income you can get **for the rest of your life.** The money never goes to zero. This money will become a part of your estate for your children to enjoy.

These cases show how much retirement income you can get for the rest of your life!

The first row in the table below is based on someone starting at $10,000 (close to minimum wage) at age 18. At age 60 this person's investment account is worth $308,681. At age 60, this Retirement Money generates a retirement income of $18,524, which is .645 of age 60 income for the rest of life – whether this person ever works again or not – not counting any money from Social Security. This person created this money completely on their own.

Start Age	Start Annual Salary	Annual Salary at Age 60	Retirement Money at age 60	Retirement Annual Income	Ratio of Retirement Income to Age 60 Salary
18	$10,000	$28,809	$308,681	$18,524	.645
20	$20,000	$52,199	$538,534	$32,315	.621
22	$30,000	$71,274	$679,446	$40,787	.574

The account shown on the second row is based on a person spending two years in a trade school to start work at a salary of $20,000 a year at age 20. By age 60, this person's investment account will have grown at the same 6% per year rate to a total of $538,534. The income generated from this Retirement Money is $32,315 each year, which is 62.1% of the final (age 60) salary. This .621 ratio of Retirement Income to Age 60 Salary is almost the same ratio of .645 for the person who started with only $10,000 at age 18. The two year delay has reduced the values a bit. On a relative basis, both people were equally successful based on where they started.

The third account is based on a person spending four years in college to start work at a salary of $30,000 a year at age 22. By age 60, this person's investment account will have grown at the same 6% per year rate to a total of $679,446. The income generated from this Retirement Money is $40,787 each year, which is .574 of the final salary at age 60. This ratio of Retirement Income to Age 60 Salary is almost the same ratio as the .645 and .621 for the people who started with $10,000 or $20,000. Again, starting late reduces the final results a bit.

… all were equally successful…

On a relative basis, all were equally successful based on where they started. They all used the same investment tools and achieved equal benefit.

Looking at these numbers you notice that he person who spends time getting an education ends up making a lower amount of Retirement Income relative to their final Age 60 Salary as a result of starting to invest later. Lost Time means lost Retirement Income. On the other hand, the education enabled them to start at a higher Start Salary, which increased all the dollar numbers. The investment in education paid off in bigger dollars.

You can easily retire at age 60 with a retirement income, which is 50-60% of your age 60 salary for the rest of your life!

The big news for everyone here is that by investing 10% of your pay from the day you start working, ***you can easily retire at age 60 with a retirement income, which is 50-60% of your age 60 salary for the rest of your life.*** This is true no matter who you are – no matter how much or how little you make – with no help from anyone but yourself. How many of your friends over age 60 did that?

10% IRAs – FAIR

Keeping more of your money

This section is political. If thinking about politics will spoil your learning of how to be happy then skip this one.

(Note: things have changed since 1993 when I first wrote this. Yet as I read through this, I see things are not that much different – unfortunately.)

The reason I include a political section here is that I believe that, as difficult as it is at times, the American people do influence the government. There's a whiz bang social innovation just around the corner. If those of you who are politically active push the cheese ball in the right direction, all elderly Americans will have financial security.

We have the elements of this innovation already. They are Social Security and IRA's. Both are far from perfect as they are, yet there may be a fine product in the combination. The objective of both items is to provide financing for retirement. The problem with both of them is that they were designed by committees. Somewhere along the legislative process, the interest of the special overwhelmed the benefit of the many. We have two tools that sound wonderful until you try to use them to do what you need to do. They have some useful parts though.

The useful part of Social Security is everyone who gets paid sets aside money for retirement. Wow! What a fantastic idea! The deduction is mandatory. Everybody participates. In theory, this provides old age security.

In practice we have many problems because of the way the program is funded and managed. For starters, the program is not a closed system. The money to provide for the elderly this year must come from the younger this year. The program functions so long as the younger make more money than the older use up. The program has a pyramid structure. It works like a giant Ponzi scheme. It relies on there always being more young people than old people. The program just shuffles money from the young many to the older few. Many states have laws prohibiting pyramid corporations, Ponzi Schemes eventually fail, because they can't support themselves. I'm not sure why Congress thought that a funding structure that is illegal in most states would be the ideal security for society.

The second problem with Social Security is Congress has access to the money. This sounds a lot like letting the fox guard the hen house. You can see on your pay stub that the money for social Security goes to F.I.C.A. That stands for Financially Irresponsible Congressmen of America.

The IRA program has the benefit of keeping your money separate from Congress' money. It's a closed system in that the money starts with you and it ends with you. The broken wheel is the amount of money you can set aside and what you can do with the money. As discussed in the previous section, there is a great advantage in setting aside 10% of your income for all the years you work. The IRA program lets you set aside $2,000 each year (1993). For people making over $20,000 a year (about 70% of Americans in 1993) this is less than 10%. It's not really enough money to create a retirement fund. It's just enough to make you think you have some money set aside when all you have is enough for a trip to the hospital once. A fixed limit, such as the $2,000, doesn't allow people to invest what they are able to as their income changes. A fixed amount doesn't get fully used by people who can't afford that amount and it doesn't cover the needs of people who can easily afford it.

Now here's the deal. Let's call it a Funding Account for Individual Retirement (FAIR). We want a program that encourages (not forces) everyone to set aside enough money while working to quit working at age 60 such that this program will provide a substantial retirement income from then on. We want minimum government involvement. We want it funded directly by the people who benefit. We want it simple which means minimum regulations and tax issues. We want it to benefit as large a portion of society as possible. That all sounds FAIR. Here's how:

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- $ *Everyone gets to set aside a substantial part of their income for a retirement account tax free.*
- $ *Everyone has control over their own account. They can manage the accounts themselves or select someone to manage the accounts for them.*
- $ *All returns on investments in these accounts are 100% tax free provided the money is not withdrawn before age 59½.*
- $ *Any and all money may be withdrawn at anytime. The only penalty is payment of regular taxes on the money withdrawn.*

This is a program that's simple and FAIR. The first part is everyone gets to set aside a **substantial** part of their income. If people don't set aside enough for things to work then what's the point? You can't get into orbit if you don't put enough fuel in the rocket. What's enough. I think 10% of each year's income *on average*. Many people will start late and want to try to catch up, so the system should allow that. You may think that most people cannot afford to set aside 10% of their income, yet the government takes 15% of your income for Social Security today. You pay 7.5% and your employer pays another 7.5%. The FAIR program would cost you less and pay you more.

F unding

A ccount for

I ndividual

R etirement

I think everyone should be allowed to set aside 10% (rich people need to retire too), yet I feel that the populous will want to keep the rich from using this tool to become super rich. The American dream is to become super rich, but nobody wants someone else to do it. The government seems more interested in keeping people from making money without paying taxes than encouraging people to make more money. This is the stinking thinking that got us here. It's time to change. We want something that works. The FAIR program has enough juice to do the job.

The American dream is to become super rich, but nobody wants someone else to do it.

Part two is people control their own money. Social security was set up on the premise that the average American is too stupid to manage their own money. This is probably true since we, the American People have so few brains that we just sit back and let Congress manage it instead.

This part of FAIR is designed to get people's pride involved in providing for themselves. We have all seen the ills of the Welfare State. We don't want another handout program. We need a tool that enables people to take care of themselves. The FAIR program puts the responsibility for your retirement right where it belongs – on you. You can choose not be directly involved. You can select some money manager wiser in the ways of breeding dollars to make your stash multiply. Uncle Sam may even offer to help, yet the decisions and choices are yours.

Item three is a biggie. Most people will look at this and think "No way the government will allow that to happen." That does seem to be the government's attitude – never pass up an opportunity to tax, yet why not? Presently the United States is in troubled financial shape because we cannot fund our social programs and America owes more than it has in savings. (I first wrote this in 1993. After 16 years, things are worse.)

Supporting our social programs is what FAIR is intended to help with. FAIR eliminates the largest budget item in the national budget. Sending $1,000 to Uncle Sam so he can pay a $700 medical bill has never made sense to me. FAIR makes each person able to take care of themselves so that Uncle Sam doesn't have to carry them.

Then there is the national debt. How we got here is another story or two, yet the situation is that our banks don't have enough money available to loan to the people. The FAIR system would pump trillions of dollars into the investment systems. Every American would have a substantial amount of cash on hand. Economic fears would drop to a minimum because all people would know they will be taken care of since they are doing it themselves. I don't think there are any economists in the country who would argue against Americans having an average of two or three year's salary in investments. The benefits to the nations economic health would greatly out weigh the loss of tax revenue. Besides, taxes can only be used to put bandages on the economic wounds. The FAIR program can heal the wounds. (Wow! This stuff I wrote in 1993 fits the problems of 2009. Either this stuff is timeless or the problems of the nation never change.)

You earned it and as long as you pay due taxes, you should spend it when and how you see fit.

The fourth item is a tax issue also. The simple point is that this is your money. You earned it and as long as you pay due taxes, you should spend it when and how you see fit. The incentive to get tax free investments is enough to get people to use the program. It's not FAIR to take extra taxes just because people have chosen to spend their own money earlier than some Congressional Committee thinks they should.

Also the program provides a second social security net. Many of today's economic problems were created because people had no way to carry themselves through hard times. If the average American had just six months salary available during the 80's, the S&L bailout would not have been necessary. Or again in 2009.

I know that a self-sufficient working force is not popular with some employers (if you don’t desperately need your job, why would you work for the pittance it pays?). Yet it's time we started teaching all Americans how to take care of themselves. It’s time we give them the tools to do it.

Financial security, social security is not a privilege to bestow only on the upper class. America has never been able to afford to carry its less fortunate, yet the time is past when we must sit back and watch them fall. Give a man a fish and he eats for a day. Teach him to fish and he need not go hungry again.

Maids and Gardeners

The Good Life

STOP! Some of you may look at this title and say, "Maids and Gardeners, I can't afford no maid or gardener." and think of skipping this section. Read it anyway maybe you'll learn something you never thought of before.

Some of the fantasies we have about being rich are the things we would ***not*** do if we were rich. Everybody has things to do around the house they dislike. Most of us come from families where the only option was to grit our teeth and do it anyway. So we dreamed of being one of those rich families with lots of servants to do all the little dislikable tasks for us.

When we think of ***rich***, we think of a grand mansion with 50 servants. Yet remember how the word rich is relative? We all have chores that we dislike. We would be greatly rich if we never had to do any of these chores. We can be a little rich by not having to do some of the chores sometimes. You don't need to make millions of dollars to get someone to cook for you – just go to the local fast food joint. They'll be happy to cook for you for just a few dollars.

Most of the services that servants do for the wealthy you can have done on a part time basis. Some of these services you use already. Everyday folks get other people to cook, wash their clothes, mow their grass, paint the house, clean the carpets, and fix the car. It's true enough the quantity of these services you can afford depends on your paycheck. It also depends on your priorities.

Everybody who uses the DOLLAR method can afford a maid to clean the house – ***everybody***. The DOLLAR method gives you a Self Money account that you can do anything you want with. Even if you are only putting $10 a week into your Self Money account, you can save up $50 and hire a maid every five weeks. Now, I didn't say everybody will want to do that. I said everybody can afford to do that. Whether you want to or not is a matter of priorities – ***your*** priorities.

I hear you say you would like to have a servant do some chore for you. Well, how much do you want it? Are you willing to spend your Self Money on it? If you are not, then it's not very important. So stop complaining about it. If you are willing to spend Self Money for the service, then the DOLLAR method has provided you with a way to get something you couldn't justify before. When Mom had to use grocery money to hire a maid, she couldn't justify it. Now she can use her Self Money to hire a maid now and then. It doesn't hurt the family and it's worth it to her. She gets to Enjoy Her Money Now.

My important service is mowing the lawn. I hate it. I see some guys who get a lot of enjoyment mowing the grass for two hours every weekend. I have more important things to do (like watch the grass grow for two hours). When I brought up the matter of a lawn service, my family agreed that I was capable of mowing the lawn. There was no reason why the Expense Money account should pay. The lawn service comes out of my Self Money account.

Maybe you are already richer than you thought.

When a wife saw that her hubby didn't have to mow the lawn anymore (and how much better a job the service did than he did), she decided that they should have a maid every now and then. When she brought it up in the family meeting, things were different. She was able to argue that since she also worked and hubby did very little to help with the house work, that it was unfair for her to have to do all the housework. A maid would not only benefit her, but would benefit everyone, so the Expense Money account should pay. (If you didn't follow all the logic here, that's OK, the point is that the woman won.) She was able to hire a maid now and then and charge it to the Expense Money account. She Enjoys Her Money Now.

A few years later when she lost her job and was home all day, the charge for maid service was allocated to her Self Money account. As things change, the rules change. With the new rules she had to decide how often she wanted that maid. She still Enjoys Her Money Now.

Every family has things they think would be wonderful to have someone else do for them. The DOLLAR method gives you a way to get those services. You don't have to wait until you are rich to get what you want – or maybe you are already richer than you thought. Enjoy Your Money NOW.

Medical

Staying Alive

The cost of medical treatment is a normal part of every family's Expense Money costs. The part that makes these expenses different is that they are never desirable and are often unexpected. They can also be so overwhelming as to suck up all the money available plus more. If your Expense Money can stretch to cover them use Expense Money to pay both medical insurance and medical costs.

When this is difficult for your Expense Money to handle you can consider allocating some of the expenses to your Give Away Money and Investment Money accounts. Unexpected medical bills are like other unexpected accidents – they create loss. Since the purpose of the DOLLAR method is to create balance, it's important to do what is needed to keep from falling over during these upsets. Using Give Away Money to cover unexpected losses is appropriate in that it helps to maintain your attitude that you have more than enough money.

Using Investment Money for major medical treatment is appropriate if that treatment is necessary to keep you working. Your Investment Money is for when you don't work anymore. If a medical condition is trying to put you out of work, then Investment Money is appropriate.

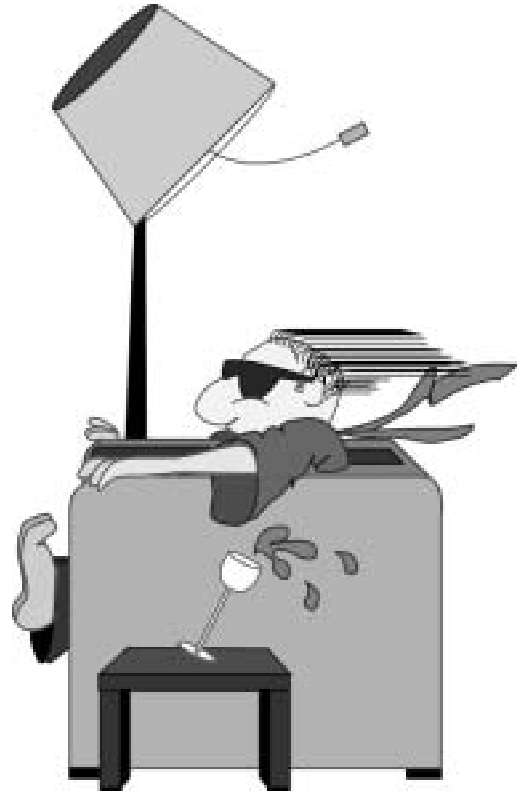
There are other medical items that are not unexpected. There are procedures that become needed as time goes by that may be cosmetic or more to improve life. The appropriate place for these may be Self Money or Improvement Money.

Music

Environmental Control

Whenever I move my stuff from the old house to the new house, the last thing packed and the first thing unpacked is the stereo. Music is important in my life. During my life I have collected over 300 albums (LP vinyl), recorded months of tapes, bought hundreds of cds, and stored gigs on my hard drive. I've spent a whole lot of money on music. Is music a necessity? Of course it is.

That works as long as I don't notice all the people who don't listen to stereos. As much as myself (and many other selves) think that we cannot survive without our sound systems, the cost of such a magnificent collection of wood, plastic, metal, and wires cannot be allocated to Expense Money. These costs fall almost entirely into our Self Money and Improvement Money accounts.



The up side of this news is that if we have the money in these two accounts we can buy what we want. If music is a high enough priority for you to spend your Self Money on it then go ahead. Enjoy yourself. With the DOLLAR method you set aside a little Self Money and Improvement Money each pay period so that eventually you can purchase your heart's desire. By spending your own Self Money for your music no one else has anything to complain about (except maybe the volume).

Overtime Pay

Giving the Job 110%

For most people one of the most enjoyable aspects of their job is walking out the door on the way home at the end of the day. The two important questions about a job are "How much do I make?" and "When do I get to go home?"

Some people go home sooner than others. Most of America works a standard 40 hour work week. Some people work extra hours. Some work 45 hours per week, some 50, and some 60. There are times when a person may put in 80 to 100 hours. Someone managed to convince the IT professionals this was “normal” in the 1990s. Naturally people tend to think they should get something extra for these extra hours.

It's customary that an hourly wage earner gets time and a half for overtime and double pay for working on holidays or weekends. Some professionals don't get premium pay like hourly folk, yet they do get straight-time overtime pay. Then there are some professionals who get a flat monthly rate regardless of how many hours they work. There are also people running their own business that spend every waking hour on the job.

For the hourly person this is a chance to make a lot of extra money. If a person works 5 extra hours a week every week at time and a half, that person gets a 19% raise. Not too shabby for an extra hour a day. The professional getting straight time can also make some extra pocket change by working extra hours. Four extra hours a week, every week, is a 10% raise. With raises averaging around 3% per year, one of the fastest ways to make extra money is just put in a few extra hours.

Then there are the companies that convinced their professionals that overtime pay is "unprofessional." Since they are professionals, they want to be professional, so they willingly forego the overtime pay. These people are America's greatest asset. These people will put in 45 or 50 hours a week on a regular basis without a whimper. These people will occasionally work 60 or 70 hours a week to meet a deadline. And all it costs the company is a smile and a "Thank you." They don't care that their average hourly pay drops below that of nonprofessionals. They don't care that they are contributing to the high unemployment rate by working for free. They are professionals. They have prestige. They don't need extra money.

Money means even less to the business owner. These are people making their dreams become reality. They hope that someday their baby (the business) will make money, but they know what it needs now is 24 hour a day tender loving care. So they give it everything they can.

If you happen to be one of the people who get overtime pay, you have some DOLLAR choices to make. You can include your overtime in with your other pay for budgeting purposes or you can treat it special. It's pretty easy to include it with the other income since it's all in the same check anyway. This is OK.

You may want to consider treating it special. In many jobs the overtime pay is not a fixed amount. Some weeks it's higher than others. Some weeks it doesn't exist at all. If you have a varying amount of overtime, you may not want to get used to spending that overtime for regular expenses. When you go through a period of regular overtime – say 50 hours a week constantly for a year – you end up expanding your Expense Money expenditures to include that extra 10 hours pay. You become dependent on it. If it suddenly disappears, your Expense Money account won't be able to adjust quickly enough.

You can choose to treat overtime pay as special. Each time you get a paycheck, look at the stub and figure out how much is overtime pay. Subtract the overtime pay from the total paycheck. Do your DOLLAR budget on what's left without the overtime pay. Then do something special with the overtime pay.

It's a lot of fun to treat overtime pay as extra money. It gives you a feeling of getting rewarded for extra effort. When the Expense Money account expects overtime, then the extra effort becomes part of the normal job load. With special treatment, you get to treat yourself special.

Treat overtime pay as extra money.

It gives you a feeling of getting rewarded for extra effort.

There are several ways you can treat overtime pay special. All categories can use extra money. It doesn't matter where you put it. You and your family get to decide. If you want the reward to go to Self Money, do it. If you have some special bills you want to stop worrying about, do it. If you like watching your nest egg grow, then put it in your Investment Money account. All I ask is that you always put part of it in Give Away Money. This is extra money. It's important to reinforce that feeling of more than enough at every opportunity.

Be nice to yourself. When you put in extra effort, you deserve an extra reward.

Per Diem

Free Money!

This item doesn't apply to most people. Per diem is fixed amounts of money that a company reimburses its employees for certain expenses, normally travel expenses. The employee gets a fixed amount regardless of actual expenses. Usually this results in some money being left over.

The per diem, the travel or living costs, and the money left over are items that may get special treatment in the DOLLAR method. One method is to add the per diem to your regular paycheck and budget it as you do your pay check. That gets it into the system and sends the money where it needs to go.

Another system is to set aside the per diem just for travel and living costs. Then if there is some money left over, that money gets special treatment. You may decide to divide it among the Self Money and Give Away Money accounts. You may want to stick it all into Investment Money.

It is useful to do some planning, discuss the options, and set some rules near the beginning. Doing so helps all the members of the family know what to expect. It helps everyone get the most from this extra money.

Pet Stuff

Beware of Cute

Cute is always dangerous to financial fulfillment.

Pets have the same defense mechanism as babies – they are cute. Cute is always very dangerous to financial fulfillment. The difference between pets and babies is that babies have the parents' hormone imbalance to help them hit both parents. Pets may be cute to only one member of the family. This leads to disagreements over how much cute is worth.

One side of the argument is that pets are totally, absolutely nonessential and therefore all costs are taken from the pet owner's Self Money account. Of course, the same argument can be made for beds, furniture, rugs, lawns, flowers, and kids. We usually end up paying for these out of Expense Money.

When you have pets you are going to have food and medical bills just as you do for people. So use the same rules. Some level of food cost is reasonable grocery money. Special diets (such as fresh hamburger) are not normal Expense Money. When the cute thing needs medical help, you pay for it just as you pay for your own medical costs. After all, this cute thing is a member of the family.

Postage / Shipping

To Send or Not to Send

People will occasionally avoid sending something special to someone they know because the shipping costs are too high. They say, "I don't need this anymore and So-And-So would just love this, but it would cost more to ship it than it's worth." When I hear this it translates to "Shipping this would be throwing money away." Hey, sounds like Give Away Money.

When you want to send gifts or other items to someone far away there is usually a shipping cost. We have grown accustomed to thinking of postage and shipping costs as Expense Money items. This is not necessarily so. The cost to mail or ship is appropriately allocated to the same account as the item being sent. If the item is a present that Give Away Money paid for then Give Away Money should pay for the shipping. If your Self Money paid for the item then it's logical that your Self Money pays for the shipping. Of course, if the shipping costs are large enough you may not want to be logical. If you can persuade some other account to pay for it, you don't have to be logical (after all, what good is logic when it costs you your Self Money). Expense Money can always be used for shipping costs if there is enough Expense Money to cover it.

The emphasis here is not so much who pays for it as to make sure that worry over who pays does not prevent you from doing what you want. If you want to send somebody something, do it. The DOLLAR method has encouraged you to set aside the money to cover such things. You should be able to find it.

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Presents
From Me to You

The giving of presents is one of the important areas of the DOLLAR method. I feel strongly about it. You will quickly see changes in your family's attitudes toward presents. Which account pays for presents makes a big difference.

The choices include the Give Away Money account obviously. When the family has a joint Give Away Money account and the present is for someone outside the family, given from the whole family, then Give Away Money is the correct choice.

If the whole family does not agree with paying for the gift then someone else may have to foot the bill. Usually there will only be disagreements about spending Give Away Money if that account is low on funds – too many presents to buy at Christmas. When Give Away Money funds are short, that account may have to do like other accounts and borrow money from someone who has some extra (somebody always has extra money, right).

There will be gifts that you want to spend from your own Self Money accounts. The feelings and attitudes are different. You will find it enjoyable to spend some of your Self Money on someone other than yourself – it means that person is special to you. We all need special people in our lives, and we need a way to acknowledge that they are special.

There will be gifts that you want to spend from your own Self Money accounts.

The feelings and attitudes are different.

Gifts within the family are a gray area. They are gifts that each member is not buying for themselves, so each member **is** giving money away. Since the gifts stay within the family, it is not money that the family is giving away. I recommend that if each member of the family has their own Give Away Money account that gifts to each other come from that account. If the family has a joint Give Away Money account, then gifts to each other come from Self Money accounts.

Another reason I like what the DOLLAR method does for me is because I am a romantic at heart. Neil Diamond and Barbara Streisand performed a song called "You Don't Bring Me Flowers Anymore". In courtship, doing special things to tell someone they are special is common. After a while the presents we give that say "You're Special" become lower in priority – other things demand our money.

One Valentine's Day I was working out of town with a man who had never sent his wife flowers on Valentine's Day. At my suggestion, he sent her a dozen roses. A few weeks later he thanked me for the suggestion and said that he never realized how much flowers meant to a woman.

I believe that nothing is as important in this world as the love we express to one another. Gifts of presents, flowers, favors, and smiles are deeply important expressions of love. I encourage you all to use the DOLLAR method to enable you to express as much love as your money will allow. Enjoy Your Money Now.

Rent

Shelter Me

Everyone wants a roof over their head and a place to sleep. As with eating and transportation a basic roof is a necessity. The question concerning the DOLLAR method is "How much of what you pay for a roof is appropriate to allocate to Expense Money?"

You have a few options as to how you pay for the roof over your head. Of course a roof is a basic need so Expense Money should pay, but I doubt that a $3000 a month roof is basic. Some of the cost for housing applies to Expense Money. Some can apply to other accounts. As with a car, some of the expenses you pay for with your rent can be extras that apply to Self Money. Rent will never qualify as Improvement Money or Investment Money. It's difficult to claim that the roof over your head is a gift to someone else, but I'm sure someone will try.

As with many things the amount of cost that applies to each category is your choice. The easiest decision is that everything associated with everything is Expense Money, but this gets you right back to where you started.

A strict logical answer would be the minimum amount that covers your minimum needs. Paying the least you can to get what you need will mean different things to different people. Some will not like this approach because their roof fees are much higher than minimum basic needs. They will argue that they need much more than that. Others will have a problem with this because they don't have enough money to cover even basic needs. They are living at a level below their needs because they don't make enough money.

There is another guideline as to how much is appropriate to spend on a roof. The mortgage industry has some guidelines it uses to assess the financial health of potential borrowers. The guideline says that your total monthly commitments (continuous bills) should not exceed 33% of your gross income. Allowing some money for the car payment, the credit card bill (which is not a wise bill to have continuously), and utilities, your roof cost should be about 25% of your take home income. So for every $1,000 you take home you can afford $250 for a roof and stay healthy.

As a guide for the DOLLAR method (all of the DOLLAR method is a guide so this a guide for a guide) I recommend that you allocate $250 for every $1,000 you take home to the Expense Money account for roof costs. The amount you pay over that requires special consideration. Improvement Money may be appropriate if you have a place to live that costs more because it betters your life. That's a valid use of Improvement Money.

It may be appropriate to use Self Money if you spend more on a place to live just because you want to. Spending an extra $200 a month for roof costs so you can be less than ten minutes from work is not an Expense Money item. The extra $300 a month for the house with the swimming pool is not Expense Money either.

So what do you do with the amount over Expense Money? That depends on honest answers as to why you are willing to spend so much money on a place to live. If you are trying to impress someone (yourself included) the extra is Self Money. If you are moving up to a better standard of living and know that your income will grow to match your outgo soon, this may be Improvement Money.

If you are spending more than 30% of your take home pay on a big house just because you think it's nice, then you got a case of stinking thinking. Americans have a lot of pressure on them to buy bigger and bigger houses. It's in the national interest, it helps the economy, and it's the patriotic thing to do. Just remember that a bigger house will not automatically make you happy. Soon that new house will be the old house. The only difference is then it will an expensive old house.

Savings

Piggy Banks

This section talks about savings, not investing. There will be times when you want to accumulate money prior to spending it. The purpose of the accumulating is not to make more money, just to make the spending easier.

Setting money aside into savings can make spending easier in several ways. First saving money prior to spending it is more cost effective in the long run than borrowing money. It actually takes less money to save the money and spend it than it takes to pay off the loan. It also takes less time. The main difference is **when** you get the item you buy. You get the item at the beginning of the payment cycle when you borrow money and at the end of the cycle when you save for it. That's the only difference. With a little foresight and planning you can get the same stuff for less money and fewer worries.

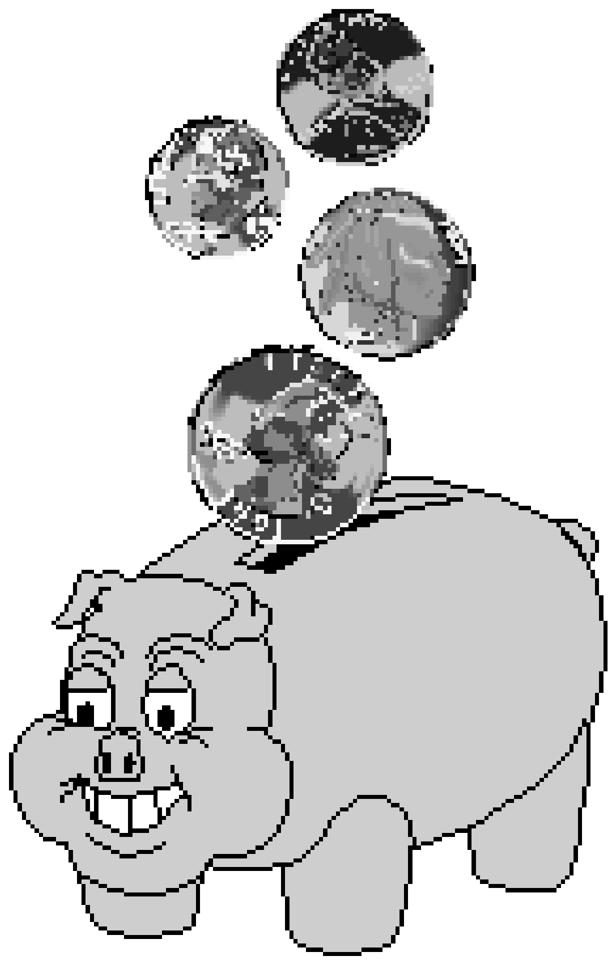
It is much easier to buy what you want when you already have the money than when you don't.

The second part that makes the spending easier is the fewer worries. One of the biggest money worries is paying bills. One of the biggest money joys is watching savings grow. So why do so many Americans spend more time paying loan bills instead of watching savings grow?

When you decide you are going to buy something expensive, such as, it costs more than you have in your account, a lot of worry feelings creep in. There are a lot of internal conflicts about do you have to have this item. There's also a big question of how much can you spend on it. When you borrow money you are stretching the existing limits. Stretching the limits a little bit is just the same as stretching the limits a lot. There are no concrete factors to determine how much you should or should not borrow. The sky is the limit and only your guilt and lack of courage will limit what you spend.

If you set money aside before you make that expensive purchase, then everything is drastically different. Now you have a concrete limit – the money actually available. Your decision now becomes, "Do I spend what I have saved so far or do I wait and save some more?" A good example of this is buying wedding rings.

When a couple goes shopping for wedding rings while intending on borrowing the money, they have lots of choices. They tend to limit their choices to the cheaper ones, because they're not sure they can afford the more expensive ones. When you have $2.00 available, $200.00 seems like a lot of money. On the other hand if the couple takes the time to save $200 ahead of time, then they tend to look at rings costing from $200 to $400. They know how long it took to save $200 and know what it means to pay off that much loan. Now instead of being limited to the cheap stuff they didn't like, they can choose to buy something of greater quality.



I guess you noticed the couple might still borrow money even after saving. That happens. Borrowing money still allows you get what you want sooner. If you think that the time difference is worth the cost difference then borrow the money.

By saving even some of the costs ahead of time the couple was able to raise their limits and get more choices. It is much easier to buy what you want when you already have the money than when you don't.

Schooling

A wasted mind is a terrible thing

I know many people immediately think of buying something new when I talk about Improvement Money. I think of education. I guess that's my personal background showing through. For most of my adult life I have been able to do and get the wonderful things I have because of my education. I also see most social problems as a lack of education. I see the cause of most people's money problems as not having the education presented in this book. I figure anybody can do anything with the right education. I also figure that the learning never stops. When you have stopped learning, you have stopped living. From then on you are just existing.

For most cases the cost of learning applies to Improvement Money. This is probably the best use of Improvement Money. There are some situations where the cost of schooling may apply to other categories. As discussed in the section on College Funds, a college education can be an investment in your own future or it can be a gift if paid by one person for another. This also applies to school costs other than college.

Taking a course in the evenings to learn something new can be allocated to different accounts depending on why you are taking the course. If it's to learn a hobby then it's Self Money. If it's to learn a required job skill it may be Expense Money. If it is to learn something just to learn more and grow, then it is Improvement Money.

Probably more important to me than deciding where to allocate the cost of going to school is setting aside the Improvement Money so that you do have the ability to learn more. Learning takes time and sometimes money. You will benefit from setting aside both time and money to learn something new on a regular basis.

Small Business Development

Be Your Own Boss

Most small business owners do not maintain financial balance while developing their new business. At the very beginning you need to be honest with yourself about your priorities. When you are in the middle of things and the beast wants just a little bit more money, it's hard to remember that it's only a secondary priority. Making a business go can take all the money you have – all the money you can get your hands on. It often requires a passion that does not recognize financial balance as a high priority.

If you want to keep financial balance while you develop a new business, you will have to set protected money aside that is for family use. The business gets a fixed percentage of your resources and the family gets to live on the rest.

You know this sounds good on paper, but I've never seen it done. People who succeed at a new business are single minded. They put everything they have into that business. They are not the kind of people who will set money aside for other purposes.

So, let me address myself to the families of small business people. You understand the passion of the business person, but you have different priorities. You want to have a life outside of the business. That life takes money. For your own sake you will need to get rules agreed and set down while you still have some money. You will have to protect your money from the beast. The DOLLAR method can give you the tools to do that. The family will have to put the beast on rations. It can have so much and nothing more. If more is needed it has to come from somewhere other than the family. Give it as much as you can because it takes a lot, yet make your own health priority number one.

Stories – Videos

A Better Story

Story time has been one of humans' earliest forms of entertainment. Archaeologists and other students of the long dead think that speech was developed as a means to warn each other of dangers. The first words uttered were probably "Run Away!"

I think that speech was developed as a way to tell stories. The first words were probably "Guess What?"

In prehistoric times people used to gather around the campfire and tell stories. They would sit and watch the flickering lights and hear of strange and exciting adventures. Even long, long ago, before prehistoric times, the Ewoks would sit around the fire and listen to C3PO tell stories using his many languages and sound effects.

Speaking of fire, some people think that man discovered cooked food by finding some animal that had died in a fire. I can see how they might believe this since some men are known to eat anything. Then after they discovered cooked food, they wanted more. So they invented fire.

Man invented fire because he needed something to look at while listening to stories

WRONG! Man invented fire because he needed something to look at while listening to stories. They needed the flickering lights to help imagine the shapes of the things they were hearing about.

Cooking was discovered after men already had fire. One night they were sitting around listening to Edward tell about this girl he had picked up and how much she weighed. The other guys are sticking stuff in the fire to watch it burn. (This is old fun.) Albert was eating some dead animal flesh he found somewhere and Ludwig grabs it and sticks it in the fire. Everybody thought that was pretty funny except Albert. He takes the meat out of the fire and goes off sulking. Well, after he tastes the stuff, he decides that's pretty edible. So he sticks the rest in the fire. Everybody laughed again. Pretty soon everybody was sticking dead animal flesh in the fire. It kind of started as a fad, "I dare you to eat burned dead animal flesh" and just caught on.

In more recent times people developed formal gathering places to hear stories; town squares, theaters, soap boxes, arenas, bars, grocery stores, and the back fence. All through history people created better and better places to meet and tell stories. They also developed better snacks. Everybody needs a snack while listening to a story. Man got pretty tired of dead animal flesh and water so he invented some better combinations; wine and cheese, beer and pretzels, coffee and cakes, milk and cookies. All these things were invented to make stories more enjoyable.

Stories have been very important in the development of society, travel, and trade. When someone happened to wander into a neighboring village, the first thing that happened was someone would say "Guess What," and tell a story. When this guy went back to his village he would tell the story to his friends. Some of his friends wouldn't believe it was true so they'd go to the other village to check out the story. Of course, they'd hear a different story and have to tell that one. This went on and on.

Pretty early on someone figured out that they could enhance stories by singing and dancing as they told the stories. These people became very popular and people came from miles around to listen to their stories.

As people traveled farther and farther to hear stories, they needed better transportation. They needed a better way of moving stuff from where they were to where the good storytellers were. So they invented the wheel. They needed towns to live in so they could be close to the storytellers. When they traveled to other places they saw new inventions being used in the telling of stories. They started trading stuff to get these things that made stories more fun. Pretty soon people were trading all kinds of stuff.

They needed a way of moving to where the good storytellers were so they invented the wheel

After a long time of telling stories, something strange happened. This guy was telling a story about the one that got away and the other guys didn't believe that any woman could weigh that much. So one fellow went to check it out. It turns out the story was kind of complicated and he was afraid he wouldn't remember it right so he invented paper and writing so he could keep it all straight. The next thing they knew everybody was writing down stories. With the need for paper came a whole industrial revolution. Pretty soon we had machines to help us make the paper to write the stories on. We had newspapers to spread the stories. Villages turned into cities, cars were invented to replace horses so we could travel farther to listen to more stories. Suddenly civilization was upon us.

As people became more civilized, they became more hungry for stories. The world's more creative people set out developing arts, drama, literature, and science to bring the world better stories. In a few short centuries, man invented radio so that people didn't have to travel to hear stories. He invented motion pictures that seem to show real life stories right on the wall. Then we found a way to record stories and songs onto a plastic disk. Now people could hear their favorite story whenever they wanted to. We put the sound into motion pictures and made talkies. Then we added color to the pictures. Then we invented TV so that we could see motion pictures right in our own living room.

And finally we have today's modern invention – the video. Now we don't have to go to a gathering to see and hear a good story. We can sit around the flickering light of the TV and eat microwave popcorn and drink refrigerated drinks right in the comfort of our own homes. My Goodness – what man has accomplished in a few short million years.

So you see, all of human development of communication and technology has been a quest for the best storyteller. Today's modern storyteller is the video – king until a better storyteller comes along.

I hear people refer to their video player as a "necessity". They don't seem aware that some people don't have video players. These people say that life without video is unbearable. Therefore they argue that the video player, the TV, and the video rentals are all Expense Money. I hear them, but I don't believe them.

Personally I've seen families spend some of their best times together when the TV was broken

Personally I've seen families spend some of their best times together when the TV was broken. Suddenly they had to "do" something to entertain themselves. What they found was each other.

Some videos, like some TV programs, are indeed educational. This quality would place them in the Improvement Money account. If all you watch is educational programs, I'll let you allocate the costs to your Improvement Money account. ***IF*** you watch any entertainment on your video system, then I'll still let you charge it as you want, but only because I haven't figured out how to stop you.

I recommend you charge entertainment to Self Money. For one reason, your Expense Money is going to get pretty loaded. It doesn't really have the funds to provide nonessentials. Secondly, you will enjoy your entertainment more if you know you have the money to pay for it. Thirdly, when you spend your own Self Money for something, it becomes more important. Even $1.00 for a video becomes a big deal when it's ***your*** money. You start thinking about what else you could do with that $1.00. You could save up a whole $10.00 and go see a movie at a cinema. Do I want to see one brand new movie or ten old movies? Also do I want to rent three videos at $3.00 each for three nights or do I want to rent each one at $1.00 per night and come back each night? Decisions, decisions – life is ***so*** complicated.

Taxes

And What Have YOU Done for Your Country Today?

I've heard that the camel is a horse designed by a committee. I think the American government has turned into a king designed by a committee.

The American people want a government that forces "bad" people to do "good" things, yet leaves **"me"** alone. We want a government that enforces freedom and liberty for all – How do you force freedom? We want a government that takes care of the less fortunate without encouraging people to stay less fortunate. We want a government strong enough to protect us, but we don't want it to protect us from ourselves. We want a government that forces the will of Americans on other countries while protecting us from the desires of those countries. We want a government that ensures everything is happening correctly without invading our privacy. We want a small government that does everything imaginable. We want a government that listens to "me" and ignores everybody else. We also want a government that gives us every conceivable service without collecting a penny in taxes.

Government reform is not the purpose of this book, yet I have heard some suggestions that I'd like to share. Being from New Mexico where Eastern United States means east of the Mississippi, I often hear people speculate on the benefits of a limited nuclear exchange. The general consensus is that the loss of everything within a hundred miles of Washington, D.C., while congress is in session would greatly improve the country. Personally I think something less drastic is called for. I think the United States capital should be in the middle of the continental USA. I've found that I do my best house cleaning when I move. The capital's been in the same place for 200 years. Maybe a move would help clean out the closets.

People also talk a lot about tax revolt. There used to be a time when this country did not have an income tax. Have you ever wondered how the US government could function without income taxes? We see the US government as a spoiled family member who can't resist filling up all the credit cards to the max. The way to handle a spoiled spender is cut off their funding. I wonder what would happen if the people of America started filing W-4 with-holding forms on January 1st claiming complete exemption. By the end of the year, 200 million Americans would have stopped paying taxes. Prosecution of 80% of America's workforce is not practical. Congress can't spend what they don't have. The well would dry up and the gears would grind to a stop. As the belts tighten, the spending for "unimportant" stuff is going to halt quickly. The necessary items will get what money is available. No one really knows how little they can get by on until they lose their source of income.

One trillion dollars is $6,700 per household.

Enough about fantasy land. In today's world the government is going to spend trillions of dollars and you have to pay taxes to cover the checks. Trillions – just how much is a trillion? A trillion is a 1 plus 12 zeros (except in Germany and Britain where it gets 18 zero's). One trillion dollars ($1,000,000,000,000) is $3,000 for each of the 330 million Americans alive today. Of course we don't have 330 million workers. We probably have about 150 million families or households. So one trillion dollars is $6,700 per household.

The only pockets Uncle Sam has are **yours.**

When the news media talks about the government spending three trillion dollars they mean that Uncle Sam just took $20,000 dollars out of your pocket. Of course, you didn't pay all of this through income tax. You paid for it in terms of the cost of things you buy, and jobs for your neighbors, and things you never had the opportunity to buy because the money was gone before you ever got it. We all tend to think that it doesn't matter how much Uncle Sam spends so long as ***I*** only have to pay a little. ***You*** always pay Uncle Sam's bills. You don't always get to spend the money yourself, but the only pockets Uncle Sam has are ***yours.***

Uncle Sam is going to decide where to spend your money and dictate what is your fair share. There's not much you can do about that, yet you can choose the attitude you have while his hand is in your pants. I know it's difficult to serenely let a mugger search your body and take whatever valuables they want. The DOLLAR method can make things a little easier to swallow.

People can cope with a lot of awful experiences. Being robbed is a terrible feeling. The worst part of it is that it happens so unexpectedly. Uncle Sam is at least polite enough that he gives us 18 years warning. We can change the distasteful flavor of taxes by changing our attitudes.

Most of us consider taxes to be Expense Money. We have to pay them. We have no choice. It's necessary. It's unavoidable. All true.

The view of taxes as expenses is a narrow focus on "me". It sees only that I spend money I don't want to. In theory, we all get things in return for our taxes. We get roads, we get schools, we get protection, we get some financial security for retirement or hard times, and we get entertainment. We also give to other people through taxes. There are activities that make the world a better place that only Uncle Sam can do.

Taxes can fall into lots of categories. Yes, some of the taxes are Expense Money because you must pay taxes just like paying bills. Some of the taxes can be consider Give Away Money because you don't benefit personally from all the money you send to Uncle Sam. Some of the taxes are part of your Improvement Money because it is used to make ***your*** life better. Part of the taxes you pay provide you with retirement income the same as your Investment Money. I don't think I can convince you that taxes are Self Money, so I won't try.

The main difference between taxes and the money you spend, is that you don't get to choose how it's spent. You don't get to decide what the priorities are. You don't get to decide what's a wise expenditure. The purposes of the money are the same as what you spend. You just don't get the fun of spending it.

You can validly allocate taxes to any category you wish. When you do so, remember that goal of the DOLLAR method is your serenity. How you think about the money as you send it to your Uncle Sam is what determines your happiness. You chose to be content or discontent. You cannot control how much you pay in taxes, yet you can control your attitudes about taxes.

It's not easy to see your Uncle Sam as a relative whom you take care of, yet if you can send money to your Uncle Sam with the same love that you would send it to a son, a daughter, a parent, or even an uncle, it will bring you happiness and joy.

Telephones

Talk is Cheap

It's easy to see the telephone bill as just another utility bill that Expense Money has to pay. You may want to consider some items as extra above and beyond expenses. If your phone bills typically run over $100 a month, there is definitely something going on above and beyond normal expenses. Perhaps someone's Self Money or Improvement Money should help.

Phone extras come in a variety of packages. The first packages are the ones offered to you by your phone company. They want you to pay extra for Call Waiting, Call Forwarding, two phone lines, texting, faxing, washing and ironing, cooking and cleaning, and anything else they think you just can't live without. If you are fair to your Expense Money account, acknowledge the extras as extra and figure out who pays for them.

The next extra package is the phone itself. Remember the old basic black phones – very plain, very simple, and very cheap. The phones today come with lots of variety and features including a wide variety of features and featuring a wide variety. If you just have to have that latest toy to whisper in your ear, maybe you should pay for it instead of the Expense Money account. If you find a justification for an expensive mobile communication Swiss Army Knife gadget phone, you can also find out who should pay for the extra costs.

Long distance calls are extra charges each month in addition to basic phone service. I grew up programmed not to spend any more on long distance than absolutely necessary. My programming was so strong I wouldn't call friends or relatives just to say, "Hi."

I have a friend who is Norwegian. For her, calling from the US to Norway just to say "Hi" is very important and sometimes very expensive. She came up with the suggestion of charging her Self Money account for all long distance calls over a certain amount each month.

After I thought about it, I'm willing to spend my Self Money to talk to my long distance friends. Now I genuinely have more freedom to do something I consider to be expensive because I ***do*** charge my Self Money account. Now I know how much money I can spend without feeling guilty. Spending $10 to talk to my Dad is the same $10 I'd spend renting movies.

I genuinely have more freedom to do something I consider to be expensive because I **do** *charge my Self Money account*

Americans have an expression that goes, "Give me a call and we'll talk." Well, you can literally give someone a phone call and just talk. A phone call can be for more than your own pleasure. Sometimes you call someone to please them. You give them a call as a gift. You keep relationships by keeping in touch. Over long distances that requires letters, phone calls, and occasional visits. When there is a cost associated with a phone call that you make to benefit someone else, it's appropriate to use Give Away Money to pay the phone bill.

Tips

Quality Service

Life presents us with an opportunity to give every time someone else does a service for us – we can tip. Tipping is an American tradition. There are other cultures where tipping is not customary. Some places in America expect tipping and include the tip in the bill.

This book doesn't concern itself with whether tipping is right of wrong or how much you should tip. I want you to think about what happens to you when you tip. Several thoughts could go through your network of neural connectors such as:

? *Has this person serving me earned a tip?*
? *What percentage is appropriate for this quality of service?*
? *Do they expect me to tip?*
? *If I don't tip will I be considered bad in some way?*

These are typical thoughts.

The fellow Steve Martin portrayed in "My Blue Heaven," had a much different outlook on tipping:

$ *Everyone gets a tip.*
$ *Always over tip.*

This person had lots of extra money. He knew it and the audience could see it by the way he tipped. Giving more than you have to; giving more than expected; giving more than deserved; all shouts, "I have more than enough money." Which is exactly what you want to tell yourself as often as you can.

The DOLLAR method encourages you to set aside a portion of your money just to give away. It doesn't matter where it goes – the trash, the church, taxes, charities, or your brother-in-law. The DOLLAR method doesn't care. What you think as you give is what is important.

The DOLLAR method also encourages you to have fun as you give. A simple way to have fun often is to over tip. You have already budgeted how much you will give away. Spend some of that each time the opportunity to tip comes along and deduct it from your Give Away Money account.

Throw away all the rules and guides on how much is "appropriate."

Throw away all the rules and guides on how much is "appropriate." These are man-made guidelines to tell you how to be a "good" person. They are not applicable to what you are doing. You are doing self development that has nothing to do with being a "good" person. (It is probably possible to be a "good" person and be happy, but I've seen a lot of people being miserable on the road to being a "good" person.)

The fastest way to personal fulfillment is to help others. Express Love to everyone else you meet. When you meet that stranger in the restaurant or hotel who performs a service for you, how are you going to express Love to that person? What options do you have? A simple option is over tipping. Think to yourself as you tip, "Here, this is for you, not because you deserve it, but because the Love in me wants you to have it, and because I have more than enough."

Trust me on this one. You'll never understand how wonderful it'll make you feel until you've tried it a few times.

Traffic Tickets

Hello Officer

It would be impolite to imply that you are the type who violates traffic laws. I know you are not a criminal. So I won't ask you to think back to that last time you got a traffic ticket. I won't ask you to remember how disruptive it was to your finances to come up with the money to pay for it. I won't ask you to remember the humiliation you had in telling your family about it. I won't ask you to remember the guilt you felt because the family had to spend money to pay for your mistake.

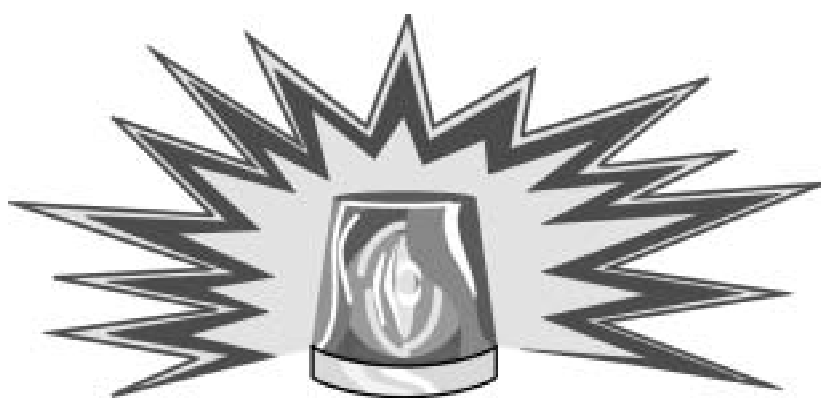
Someday, you too may have to pay a traffic ticket!

I will ask you to remember the last time you were driving close to the speed limit and you heard police sirens. I ask you to remember that tight feeling you got in your guts as you quickly slowed down. I ask you to remember the fear as you thought, "They got me!"

Someday, it might be you. You too may have to pay a traffic ticket.

When that day comes you have a choice. You can let the unexpected expense add to your guilt and anger by disrupting the financial balance you may or may not have. On the other hand, you could already have rules in place to deal with just such an event.

The rules for traffic tickets are fairly straightforward. The offender pays. If you create an extra expense unnecessarily, you pay. If you are old enough to drive, you are old enough to pay for your mistakes out of your Self Money.



Traffic tickets have effects other than just traffic fines. They also cause the family's insurance rates to go up. Who pays for the increased insurance? That one is up to the family. In my family insurance is allocated to Expense Money. So in my case the family Expense Money would have to cover the increase expenses due to my mistake.

Now, don't think I get off easy just because Expense Money pays the extra. I still have to pay the traffic fine and the banker makes sure I understand the significance of my error. My banker doesn't like extra expenses and if I make her life miserable, she makes sure I know she's miserable.

Your family rules will depend on how you handle insurance. Insurance is a part of driving and maintaining a car. If driving is a privilege, then Self Money is probably paying for some of the insurance and should pay for some of the increases. If driving is a necessity then it's all Expense Money.

Two Week Pay Periods

Two Extra Pay checks!

Some companies pay their employees every second week. Bills usually get set up for once a month. People receive 26 paychecks a year when paid every second week. They receive 24 paychecks when paid twice a month. Of course, when they get 26 paychecks each paycheck is slightly smaller. When a company switches from twice a month to every second week, the employees get only 92% of what they used to get in each paycheck. Suddenly everyone has to learn to get by on 92% when they are still spending 110%.

Somehow they all manage. Necessity is a marvelous teacher. The bills still need paying each month. They still get the same amount of money each six months, their monthly money to cover the bills is smaller. Families will evaluate their money priorities. They will come up with a way to survive. I don't know anyone who quit their job because they couldn't adjust to a smaller monthly paycheck. Once they have adjusted to living on 92%, they discover they have an unexpected gift. They get two extra paychecks each year.

It's a strange phenomenon. They still make the same amount of money each six months. They still have the same bills. Once they adjust, that thirteenth paycheck is truly an extra paycheck. The other twelve cover the bills. I think it's similar to letting Uncle Sam take more out of your paycheck each month than you owe. At the end of the year you get "extra" money back from your uncle. The magic is that this money is not dedicated to any bills. You haven't already spent it before it arrives.

From the DOLLAR method viewpoint, your income for budgeting has changed. Most people operate on a weekly or monthly time period. A monthly schedule is excellent for matching up income to monthly bills. Twelve out of thirteen paychecks match up to a monthly schedule and are budgeted as per your normal DOLLAR method budget. You have some choices how to budget that thirteenth paycheck each six months.

Every family has things they would like to do or need to do that they don't have enough money for. These are things that are not high enough priority to get a piece of the monthly budget. They fall into all categories of course. The first choice is to budget it as per your normal DOLLAR budget. This way everyone gets to enjoy the extra money. Every self gets more Self Money. Extra money gets given away. Extra money is available for improvements. Your nest egg gets some extra. Even Expense Money gets to take care of some things that have been piling up.

You also have the choice of treating the thirteenth paycheck as entirely special income. It's a matter of family priorities. What is important to your family (everyone in the family, not just the banker)? Perhaps the family needs a break and the best use of extra money is a fantastic vacation. The thirteenth paycheck every six months is an easy way to set aside that vacation fund. Perhaps new clothes for everyone are timely. Updating your wardrobe every six months is timely for some people. Perhaps you are getting close to retirement and see a large shortage in your retirement fund. Perhaps the car needs repairs that you have put off.

The car needs repairs? What about the house, the washer, the vacuum, the lawnmower, the can opener, the coffee maker, the TV, the kids' teeth, that unexpected surgery, the carpet, the walls, the roof, the garbage disposal, the fence, the boat, the computer, the sidewalk, the trees, and the sky that is falling? What about everything that can and will break? There is a chance that your Expense Money account has some "extra" items to take care of.

The choices are yours. The priorities are yours. I strongly encourage you to always allocate some to Give Away Money. No problems are so big that you don't have extra money to give away. I also encourage you to spend some on your self. Extra money should be enjoyed. All of us need a little extra enjoyment every six months. The rest I leave up to you.

Vacations

The Purpose of Life

Vacations sometimes get referred to as those two weeks of the year that we work the other fifty weeks to pay for.

During my vacations, one of the more interesting things to watch is other vacationers. It's humorous to watch these people who have looked forward to this time for almost a year (and will be paying for it for almost a year) yet they don't spend time doing the things they enjoy. Much of their time gets spent arguing over how much money they can spend while on vacation. Observing other people has taught me over and over again that during the vacation is not the best time to budget one.

When you go on vacation, you take as much as you can afford in cash and then fill up the credit cards with twice that amount

When you buy a house you get a loan approval that tells you exactly how much you can afford. When you buy a car you sit down, figure out how much you can afford, and then spend a little bit more when you find what you want. Yet when you go on vacation, you take as much as you can afford in cash (or travelers' checks) and then fill up the credit cards with twice that amount.

On the trip home from vacation everyone mostly returns disappointed. Most of the family gets disappointed that they didn't get to do everything they wanted because there wasn't enough money. The family banker gets disappointed because they spent three times what they could afford as it was. Everybody returns, not ready to get back to normal life, but feeling like they need a vacation.

Things can be different. My family took a trip back to Norway one summer. We had been away for a while so we were looking forward to it. A trip overseas is not something you do on the spur of the moment so we had lots of time to plan for it. The first part of the planning was coming up with the $2,000 in airline tickets. The family decision was that the Self Money and Improvement Money accounts were going to pay for this vacation. Other obligations were such that no one had money. We had to buy tickets far in advance of the flight in order to get cheaper tickets. Because it was important and we started early, we had very little difficulty setting aside the required money to pay for the tickets.

After we had the tickets we started planning what we would do while in Norway. We also started talking about the things we wanted to buy. It became obvious that we had a whole lot of things we wanted to buy.

We had struggled for years to get the credit cards paid off and it looked as if we were going to rack up some big bills again on this trip. I didn't want to do that. Since we had been successful in setting aside the money for the airline tickets, I suggested that we set aside money for the trip itself, using Self Money and Improvement Money.

We both managed to set aside an amount that we thought was more than enough for the trip **before** the trip. While on the trip we found many things that we would "never" have another chance to buy. Some of the things we found early in the trip we decided not to buy because we didn't know what else we would find. At the end of the trip we had a very nice shopping spree to spend the remaining money. We were able to stick to our limits and return with a whole lot of goodies and NO BILLS.

The family spends less time fighting over money and more time spending money

The joys of a vacation come in three parts – planning and anticipation, doing fun stuff, and memories. Planning a vacation far in advance enhances the joys when it finally arrives. Setting a family rule that each member must set aside Self Money and Improvement Money to pay the expense and spending cash for the vacation gets everyone involved in the planning. When each member has their own Self Money to spend on the vacation there are fewer arguments about what to spend money on. There are no arguments about how much money to spend – that limit is already there. When the money's gone, it's gone. The family spends less time fighting over money and more time enjoying spending money. When you return you don't return to a mailbox full of new bills. The memories you take home are the ones you decided were worth your money.

Setting money aside for vacation in advance will not give you more money on your vacation. You may actually spend less because it will be easier to stick to your limits. There will still be things you cannot do because you don't have enough money. There will still be disappointments because someone's money ran out too soon, yet the things you do will be the things the whole family agrees are worth their money.

After a few vacations using this method, everyone will have a totally different way of looking at vacations. The whole family will become more involved in the planning. The spur of the moment decisions get made with more total agreement. Everyone will enjoy all the activities, even the things they didn't really want to do, because there will be more balance and respect among family members. Vacations are valuable times. Everyone should get to make the decisions that affect how their time and money get used on vacations.

That's a Wrap!

You have just finished a large section concentrating on how to perform the DOLLAR method. A reality check is appropriate here. The goal of the DOLLAR method is **NOT** to perform a perfect budget; the goal is **NOT** to perfectly allocate every expense; the goal is **NOT** to make sure that the guilty party pays for expenses. The goal of the DOLLAR method is to provide you with a tool you can use to get more enjoyment out of your money. The goal is **NOT** to get perfect enjoyment out of 100% of your money. You won't.

The goal is to give you 40% of your income that you can always enjoy.

There will always be money problems. There will always be bills that are difficult to cover. There will always be unexpected expenses. You may never have a month that budgets perfectly. All of that is OK.

The goal of the DOLLAR method is not to get rid of all 10 mosquitoes for all 10 hours a night or even to get rid of part of them for all night. The goal is to give you 4 hours a night that you can enjoy. The goal is to give you 40% of your income that you can always enjoy.

This may seem far from perfect to many people, yet for most people to even be able to enjoy 2% every now and then is only a dream. If you are dreaming you might as well dream of perfection, but the DOLLAR method is not a dream – it's reality.

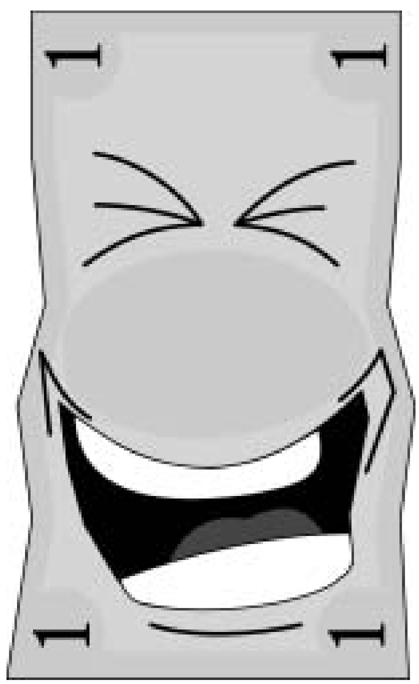
This reality check is important because after using the DOLLAR method for a while you will find members of the family so intensely trying to apply the DOLLAR method that their efforts at attaining perfection are creating more unhappiness. The DOLLAR method is a tool – not a master. Every now and then it is important to step back and evaluate the progress you are making. Are things better now than they were? Is the trend still toward a better life? Have you substituted the god of Control for the god of Spend? What is working and what is not?

Pick up this book and read it again three months from now and after one year.

You cannot learn a new philosophy of life in one reading and apply it correctly the rest of your life. You will need to review the DOLLAR method every so often. Pick up this book and read it again three months from now and after one year. It may sound strange, yet you will find things in the book the second and third times you read it that weren't there before. As you change, the book will tell you different things. The DOLLAR method is not a quick fix tool. Do not assume that you will know it all just because you have read the book once. As with any tool it takes a long time of practice to master this tool. This book is an instruction manual and guide book. To get the answers on how to use the DOLLAR method you have to know what the questions are. You won't know those until you have tried to use the tool for a while.

Cost Item	Self Money	Give Away Money	Improvement Money	Investment Money	Expense Money
Accidents	x	x			x
Alimony		x			x
Baby Stuff	x	x			x
Bills	x	x	x		x
Cable TV	x		x		
Car Repairs	x	x	x		x
Cars	x		x		x
Child Support		x			x
Clothes	x	x	x		x
College for the Kids		x			x
Compulsive	x				
Credit Cards	x	x	x		x
Donations	x	x			
Entertainment	x	x	x		
Food	x	x			x
Furniture	x		x		x
Gasoline	x				x
Hair Cuts	x		x		x
Health Clubs	x		x		x
Hobbies	x		x		
Home Business	x		x	x	x
Home Improvements	x		x	x	x
Insurance	x	x			x
Investments				x	
Maids & Gardeners	x				x
Medical		x			x
Music	x	x	x		
New House	x		x	x	x
Pets	x		x		
Postage	x	x			x
Presents	x	x			
Rent & Mortgage	x		x	x	x
Savings	x	x	x		x
Schooling	x		x	x	x
Small Business	x		x	x	x
Taxes		x			x
Telephones	x	x	x		x
Tips	x	x			x
Traffic Tickets	x	x			
Vacations	x	x	x		x
Videos	x	x	x		

Hopefully you know something you didn't before. Hopefully you will find this new tool useful in your life. I might wish you "Good Luck" at this point but I don't believe in Luck. I might wish you Happiness but I know that you will find only what you want to find. What I wish most for you is Life. Be alive and be what you wish to be.



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