

YOUR MONEY OR YOUR LIFE

VICKI ROBIN & JOE DOMINGUEZ with Monique Tilford · Penguin, revised 2008

Joe Dominguez left Wall Street in 1969, at thirty-one, and never took money for his work again. With Vicki Robin he turned how he did it into a course, then this book: nine steps that make you see money as *"something we choose to trade our life energy for"*, find out what is enough, and let savings, not a job, pay for your life.



9 STEPS TO TRANSFORMING YOUR RELATIONSHIP WITH MONEY AND ACHIEVING FINANCIAL INDEPENDENCE

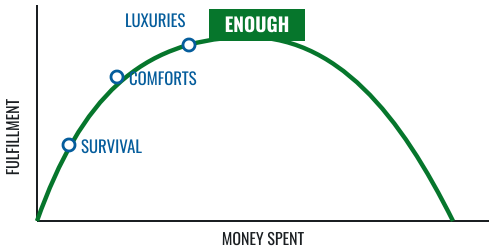
LIFE ENERGY

"Our life energy is our allotment of time here on Earth, the hours of precious life available to us." At forty you have about 349,763 hours left.

> **Real hourly wage:** add the hours your job really takes (commuting, getting ready, decompressing) and subtract its costs. In the book's example **$17** an hour turns out to be **$6**.

Then price things in hours: $84 of magazines ÷ $6 an hour = **14 hours of life energy**.

THE FULFILLMENT CURVE



Spending buys real fulfillment up to a peak, then less and less. *"Enough is a fearless place. A trusting place. An honest and self-observant place."*

THE THREE QUESTIONS *step 4*

Ask them of every spending category, every month, and mark it +, – or 0:

1. *"Did I receive fulfillment, satisfaction and value in proportion to life energy spent?"*
2. *"Is this expenditure of life energy in alignment with my values and life purpose?"*
3. *"How might this expenditure change if I didn't have to work for a living?"*

Aim for *"0s or +s in all your columns."* *"Step 4 is the heart of this program."*

THE NINE STEPS *no need to do them in order; the authors suggest reading the whole book first*

1 MAKING PEACE WITH THE PAST
Add up everything you have ever earned. Draw up a balance sheet of what you own and owe.

2 BEING IN THE PRESENT
Work out your real hourly wage. *"Keep track of every cent that comes into or goes out of your life."*

3 MONTHLY TABULATION
Total each month by your own categories and convert dollars into hours. *"This program is not about budgeting!"*

4 THREE QUESTIONS THAT WILL TRANSFORM YOUR LIFE
Score each category for fulfillment, values and life without a job.

5 MAKING LIFE ENERGY VISIBLE
A Wall Chart: monthly income and expenses as two lines, hung where you see it daily.

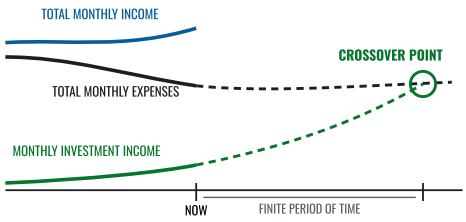
6 MINIMIZING SPENDING
"Learn to choose quality of life over standard of living."

7 MAXIMIZING INCOME
Trade your time *"for the highest pay consistent with your health and integrity."*

8 CAPITAL AND THE CROSSOVER POINT
Each month chart what your savings would earn. Where that line crosses your expenses, you are free.

9 MANAGING YOUR FINANCES
Learn long-term income investing. Build three pillars: capital, cushion and cache.

THE CROSSOVER POINT *step 8*



$$\frac{\text{capital} \times \text{current long-term interest rate}}{12 \text{ months}} = \text{monthly investment income}$$

At 4%, $1,000 earns *"$3.33 every month"*. When that line meets your expenses, work becomes optional: *"The essence of FI is choice."*

CAPITAL
Invested; pays the crossover income.

CUSHION
Cash for six months of expenses.

CACHE
Surplus savings beyond both.

TEN WAYS TO SPEND LESS *step 6*

First, **stop trying to impress other people**.

1. Don't go shopping.
2. Live within your means.
3. Take care of what you have.
4. Wear it out.
5. Do it yourself.
6. Anticipate your needs.
7. Research value, quality, durability, multiple use and price.
8. Buy it for less.
9. Meet your needs differently.
10. Follow the nine steps.

"To be frugal means to have a high joy-to-stuff ratio."

IT WORKED FOR THEM

- Amy and Jim D. saved $49,000 in seven years on Jim's income of under $30,000 a year, with four children.
- Kevin C. reached the crossover in 18 months: *"I'm bulletproof!"*

IDEAS THAT STICK

- **Making a dying:** *"For many of us, isn't the truth of it closer to "making a dying"?"*
- **Gazingus pins:** the item you can't pass without buying.
- *"net worth does not equal self worth."* No shame, no blame.

READ WITH CARE

"Nothing in this section is to be construed as specific investment advice." Joe held only U.S. treasury bonds; the 2008 edition adds index funds and other options. The 4% rate is *"not a prediction or a promise"*.

"Enough is not the minimum amount for survival; it is the exact amount that gives you fulfillment without excess."