



MONEY MASTERY THE SIMPLE WAY

By Elsa Lim

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Managing your money is nothing more than following a pattern of good practices.

Picture money as your servant who follows your guidance, leadership and control.

You should not crave it, be a slave to it, be afraid of losing it or allow it to give you sleepless nights.

If you are having sleepless nights because your money problem has become the biggest elephant in the room, it's time to change your thinking and your habits. The truth is, financial health is no different from taking care of your physical health. Here's how I would equate taking care of yourself both physically and financially:

Physical Health

Brush and floss your teeth twice a day and see your dentist every 6 months.

Avoid over-consuming sugary and high calorie drinks and food, as this will lead to obesity and life threatening diseases.

Eat a balanced diet comprised of healthy, non-processed foods. Beware of foods that come with labels you don't understand.

Exercise with cardio-vascular workouts (e.g. brisk walking, jogging and dancing) and strength-building exercises.

Schedule a yearly medical check-up to keep track of your health.

Financial Health

Track your spending – money in and money out. Work out a monthly and annual spending plan.

Control your credit card usage and pay off your bills in full. If not, this will balloon into more debt with high interest rates.

Spread and balance your savings and investments across several asset classes. Avoid exotic investments that you don't understand.

Put cash aside to create your Emergency Fund, Periodic Expenses Fund as well as your Freedom Fund.

Review your financial goals once a year and adjust where necessary.

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Except for the super fit, very few of us would be able to tick "Yes" on all the boxes under physical health, let alone financial health! I want you know that it's okay. None of us are angels when it comes to food, exercise or money. My purpose in creating this table is not to illustrate what a weak person you are but to give you a mental model and awareness of how we can manage our money consistently and unemotionally.

If we can start to apply just one habit from the list above, all the rest will follow naturally, and we will see amazing results. For example, if you choose to exercise regularly, you will feel better and look better. It would cause you to watch what you eat and make healthy habits a part of your life. Likewise, by practicing one good money habit regularly, such as using a debit card instead of a credit card, you will free yourself from becoming a debt slave and improve your financial health significantly.

THE DANGERS OF 'MONEY FOG'

However, applying good money habits is easier said than done. We are surrounded by temptations calling out to us constantly. Every day on Facebook, movies, TV, Google, on our cell phones and in hundreds of different ways, our emotional buttons are being pushed by clever marketers, tempting us with something that we must have.

When you roll over your credit card balances or sign on for a long term loan to fulfil your heart's desire – that expensive toy, holiday or home in an expensive neighbourhood that you can't afford – know that you have in fact, signed on to become a debt slave.

Life is so much more than just instant gratification and working harder and harder to pay off your bills don't you think? When we get into this state of "money fog", it keeps us from looking at the Big Picture of Life and achieving what we truly want. If property is what you truly want, then it is worth saving for. Until you have built up a sufficient nest egg to make a good down payment without taking a hefty loan.

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If financial freedom is what you want, then it is worth studying, planning and strategizing how you can achieve this. By leveraging on your skills, talents and natural born abilities in a career or business. By enhancing your knowledge on how to invest and manage your money wisely. In other words, we find our happiness and peace not through instant gratification or getting our emotional buttons pushed; but by understanding what we want out of life, setting our priorities and working consistently towards our goals. Yes, it will mean sacrificing short term pleasures. Not buying stuff. Reigning in our emotional spending.

As a former financial adviser, I've often met women who do not want to commit to a regular review of their finances because they fear that I would advise them to put more money aside for savings, investments or insurance. Yet these same women would splurge on a designer handbag without any hesitation! Putting money aside regularly to address the larger goals in one's life is akin to having a root canal. There's pain, discomfort and sacrifice in the short term. It's not much fun because you feel a sense of deprivation.

There's anxiety, too – that the promised returns from the financial product would be disappointing. It's far easier not to think about money, carrying on as we always have, and longing for something better but not knowing what to do about it. It doesn't have to be this way. We don't need to feel deprived or out of control. We can put ourselves at the steering wheel of our financial health – steering ourselves away from trouble and towards the life that we are meant to live.

A WORD ABOUT FINANCIAL FREEDOM

But how does one get from 0 to 10 on the money fitness scale? Many wealth gurus will tell you that the ultimate goal is to aim for financial freedom. This is the ideal situation where you'll have passive income flowing in from several assets. According to Robert Kiyosaki (author of Rich Dad, Poor Dad), anyone can be a "Rich Dad" if one learns to master the property game, the business game, the forex game. Learn to invest like the rich and you will be rich.

If only this were true! But in reality, the super-rich like Warren Buffett, Jeff Bezos, Steve Jobs, Bill Gates and Richard Branson, spent years honing their skills, building up their businesses and making wise investments consistently over time. Passive income demands active work – plus the ability to spot and capture opportunities quickly.

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Here's another fitness analogy – one that all women can identify with. Do you sometimes wish that you can look amazing, with not a kilo of extra fat or cellulite, like those Hollywood actresses or supermodels? Well, have you thought about how many hours of working out and how many personal trainers, chefs, hairstylists, makeup artists and plastic surgeons they hire, for them to look stunning? How far are you willing to go to look the way they do?

In the same way, let's take a clear-eyed view of what financial freedom means to you. Stop being a copycat and emulating the likes of Warren Buffett and all the Rich Dads of this world. Stop chasing after every get rich quick scheme that lands in your inbox. Take a reality check and ask yourself very honestly: how many digits do you really need in your bank account in order to feel secure, worthy, fulfilled and happy? Ultimately, it is not the numbers but what you do with your life that counts. Mastering your money is not rocket science but building a healthy relationship with money in a way that meets your physical, emotional, mental and spiritual needs. We are wealthy when we know exactly how our money should serve us – instead of the other way round!

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