

It's *your* life

Live it, control it, afford it....*love it*

Lisa Duggan

Acknowledgments

If you had asked me a few years ago to write a book, I would have told you that you were mad, that there was no way I could afford the time, that I was too busy, yet here I am...

So what changed?

I stepped back and looked at my life afresh – thanks to a nudge from an unexpected anxiety attack – and discovered I did have choices, I could live a life I loved, I just had to plan for it and make it happen.

This book could not however have been written without the support of my wonderful partner Basil, who has put up with me being slightly unavailable, completely undomesticated and at times slightly mad.

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Thank-you!

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Part I

HOW TO WRITE YOUR OWN SONG

Chapter 1

THINGS I DO FOR MONEY¹

Introduction

“Tell me, what is it you plan to do with your wild and precious life?”

Mary Oliver

It's Friday, my day, the day I can do whatever I feel like; read a book, tend the veggie garden, go for a ride, star fish on the lawn with the dogs, or – as is my usual habit – take the opportunity for a nice lunch out while I do the weekly shop.

It wasn't always that way though, and that's what started me on the journey to write this book.

Before I made changes I was working as a financial planner, helping my clients to become more confident and in control of their finances and their ability to lead the life they were seeking, yet I wasn't practising what I preached. I hadn't sat down and delved into my values, what made me tick, what was really important to me, and then linked that to my financial management. Now I was lucky that I am self-employed as it definitely made some of the changes easier to implement, and many of you

1 Northern Pikes (1987).

reading will not be, but importantly **you still have options and you still have choices**. At times it doesn't feel like you do, that you are bound to the situation in which you find yourself, but there are *always* trade-offs if you want something badly enough.

What role does money play in those choices? Sure, we all need it – you can't get away from that fact – but do we really need the million dollars at retirement that the media keep sprouting? Some people will and some people won't, and that's precisely the point. In establishing your financial plan it's all about deciding how *you* want to live and what it is that drives you in life, no-one else! If you want to spend the next 10 years travelling around Australia, fine, you just need to understand the impact of that decision on your future lifestyle and what you value. You need to make informed decisions. As an example, we have friends with a truly magnificent holiday house, more like a hotel actually, and we often enjoy having a few days there. Yes, we could purchase our own holiday getaway, but this is where the trade-offs come in and the ability to understand the impact your decisions around finances have on your lifestyle. If we were to pursue such a place I would probably have to give up those Fridays I love so much. It's about understanding your values and priorities, and for me Fridays at leisure rate above a holiday home!

Busy, busy, busy

You may have noticed that the world around us just seems to be getting busier and busier as we all search for more and more: more money, more material things, more status...just more. But is this making us any happier? Most of you would have heard the quote from David Lee Roth, "Money can't buy you happiness but it can buy you a yacht big enough to pull up right beside it." Increasingly I feel we are focusing on the yacht.

In our quest for more money we are all ending up busier than ever, with less and less time for meaningful human interaction. (I couldn't help think this recently as I tried to organise a catch up with a girlfriend and we had to book three months in advance to find a date where she was free.) Remember the days when we had the time to have a chat with the butcher and the fresh fruit and veggie shop owner, rather than a flying impersonal visit to the giant supermarket that is open 24 hours a day? With a focus on money and materialism we can lose focus on some of the other important things in life.

Travelling home from the airport in a taxi recently I was chatting with the driver who was of an African nationality about the differences between here and home. He commented that, "in my village everyone is poor, they may only have a dollar, but they are happy, always smiling, everyone helps each other if someone is sick," and yet he contrasted this by stating that he couldn't help notice here as he picks up business executives in their expensive suits that they always seem so "stressed out and unhappy". He also commented on the lack of community, being astounded that it took six months of residing in his current home to even meet the neighbours! Perhaps the search for "bigger and better" has contributed to this plight?

But how much is enough?

Money should be viewed as an enabler, a means to an end, not the end itself; yes it's a necessity to a certain point, but how much is enough? That comes down to you. While in the car recently I heard yet another advertisement for property announcing that we need \$1.5 million in order to retire – kinda makes you want to stick your head in the sand, doesn't it? But \$1.5 million based on *what*? Is this for a single person or a couple? Retire at 40 or 70? Own your home or rent? As an illustration, if you were to

retire today as a single female aged 60, requiring \$42,254 *after tax in today's dollars* (the Association of Superannuation Funds of Australia's current estimate for a comfortable retirement), based on current legislation and social security rulings you may only require approximately \$700,000, with funds lasting until your 100th birthday.²

In the words of George Lorimer, "It's good to have money and the things that money can buy, but it's good, too, to check up once in a while and make sure that you haven't lost the things that money can't buy." I guess I've always been of that opinion. I recall around 10 years ago I was offered an employment position which involved a threefold pay increase on what I was then earning. I turned it down. Why? Nothing comes without cost, and in this case it would have been longer hours commuting, working in the CBD and loss of flexibility, all things that I either value highly (flexibility) or dislike greatly (commuting, CBD).

Perhaps I have inherited my views from my father. Dad started life in poverty, sleeping two to a bed in a home that had holes through the walls. He left school at the age of 12 to earn an income. Later in life he went back to night school to finish his matriculation (although this was probably at my mother's insistence), and he proceeded to build a wonderful life for himself and his family. He transformed his life, and his goals were clear: a comfortable home environment for his family and the ability to provide a good education for his children. Those aims being fulfilled, he is now aiming to spend everything that's left. He believes in living. At age 55 he took up the sport of downhill skiing, and now at 71 he gets his lift passes for \$5 (there are some advantages to ageing). His adage is that he could drop dead tomorrow, as many of their friends have in recent years, and it's important to enjoy your short and precious life. Now as a financial planner I probably would not advocate that you aim to emulate his exact

2 Assumes 6.94% return on funds invested and CPI of 3%.

attitude, but it's a good insight into how I formed the views I have – and why Dad is one of my more frustrating clients!

The Western attitude to money

It's interesting to look at the different attitudes to money and wealth across the world, particularly the differences between us in “first world” countries and those in developing nations. Sometimes I think that we could learn a thing or two. I recall listening to Tim Costello at a conference as he was describing taking some of India's poorest slum children to England. During the trip Tim and his group took the children around central London. What astounded Tim was that at the end of the trip the children announced that “they felt sorry for all the Westerners”. Here were some of the poorest children in the world, yet they were feeling sorry for well-off westerners? What was going on? They felt sorry for them because of their lack of community and time spent with family.

A more recent example was on a recent trip to Vietnam, where I was struck by the smiling and happy locals living in what we would deem poverty. Now, I'm not saying that there aren't horrific problems associated with poverty; just look at the statistic quoted by Christina Noble of the Christina Noble Children's Foundation that the most highly traded commodity in the world today is human flesh (more about charitable endeavours later). What struck me however was the local people's generosity. A girlfriend celebrated her birthday there, and when the local ladies heard about it they ordered in an amazing, fully decorated cake, put together bunches of flowers and showered her in gifts such as silk scarfs and bags, all from people with an average monthly wage of US\$150.

Tim Costello raises another example of the different views we Westerners hold of wealth. In an opinion piece of his titled “The More We Have, The Less We Enjoy”, Tim relates a story where