

## THE BUDGET BUDDY

*Financial Awakening is a process of paying attention to what genuine needs we are seeking to satisfy and evaluating how our financial choices and attitudes are facilitating or deterring our longings.*

I believe one of the most powerful yet underutilized tools to help us reconnect to our personal authenticity and restore to us the happy, satisfied, and fulfilled life we long for is the budget.

In my 25-year professional advisory career of working with clients, I have seen the “B” word put sheer terror into the eyes of many people! We’ve all seen a budget as an Authority Figure of Deprivation, reminding us that we can’t have what we really want. In fact, recalling the days of our adolescent rebellion, the budget makes what we’re not supposed to have just that much more desirable!

If that weren’t bad enough, the Budget Cop constantly reminds us that we’re *bad*. If we were *good*, we could stay within our budget. About the only positive experience any of us have had with a budget is when we established one without really even knowing it. Remember a time when you wanted something so badly that you figured out you would have to go without something in order to get it? Maybe it was a special vacation or just a weekend away, but focusing more on what you wanted rather than what you were giving up was the key to the success of those unconscious budgets.

How is it, then, that the budget can become such a powerful tool in helping us find the lives that we long for? The first and most powerful way of transforming your attitude about a financial budget is to see it as a *buddy* rather than some sort of authority figure ruling your life. Most of us have had positive experiences with a buddy. Maybe it was in scouting, when our buddy kept us from getting lost in the forest. Maybe some of you have had experience with scuba diving when a buddy is absolutely essential to a safe and enjoyable diving experience. In these situations, a buddy provides companionship and helpful feedback—an outside perspective—to help us see when we’ve lost our way or are on the verge of danger. Such are the attributes of an Authentic or genuine financial budget.

In the first two weeks of TEN WEEKS TO FINANCIAL AWAKENING, each of you has accomplished something you have most likely never achieved before with your finances. You have captured a comprehensive view of what actually is taking place with your cash flows and the effect those cash flows are having on either the growth or decline of your financial net worth.



*“In the midst of winter, I finally learned that there was in me an invincible summer.”*

—Albert Camus

It is not unusual that you may discover actual cash outflows exceed recurring cash inflows. Taking the time to summarize your financial information into Quicken® has confirmed your fears. You are going in the hole financially. There’s a hole in the bottom of your *financial ship*—and you’re sinking fast! The conversation you’ve entered into with money leaves the opportunity for significant changes to flow into your life. You are willing to surrender denial as a primary survival skill.

For others of you, your financial statements may not paint such a dire picture. Even though cash flows are sufficient to pay your bills, you’re still concerned about the adequacy of your savings for retirement, your children’s college education, or reserves for future “extra expenses” such as medical bills and car repairs.

What each of you brings to a conversation with a financial budget, as a result of your work so far in the TEN WEEKS program, are two very important factors. These factors can transform your budget from a *cop* to a *buddy*.

### ***Help to Meet a Need***

First, you can clearly identify, after seeing “what is” with your finances, at least one critical need. Whether that need is to control excess expenses over your income or to finally establish a savings program for one of your children’s college fund or to determine if you are saving enough for retirement, you are willing and eager to see how you can apply your financial resources to the attainment of that objective.

In the TEN WEEKS CD, you will be shown how to integrate those specific needs into the creation of your Authentic Budget.

The *What Is It I Really Want?* questionnaire has revealed that the biggest need we all have is to start asking “Why?” and not just “What?” when thinking about our finances. This is critical as you create your Authentic Budget, your buddy, to guide you into the life that you want.



### ***Timely Feedback***

The second critical thing you have accessed as you develop an entirely new relationship with a financial budget, is an ease of implementing the budget—of knowing, before it's too late, how your actual finances align with your intentions.

What good is a budget if it serves as a constant reminder of your failures—nagging you, after the fact, of your inability to limit your spending or achieve your financial objectives? If the only words that come out of your budget's "mouth" are negative, critical, and full of condemnation, you'll be sure to sever your relationship with your budget.

On the other hand, if you develop an ongoing conversation with your budget buddy—noticing what is going on with your finances before you deviate from a plan that you have established as important in your life—you'll welcome the friendly reminder that alerts you to diverging values and behaviors.

The reason that TEN WEEKS encourages you to establish on-line access to your credit cards and investment accounts is to facilitate a friendly conversation with your budget buddy. If you take 5–15 minutes every evening, or possibly even 30–45 minutes once a week, you can categorize all your financial transactions, update your financial reports, and be fully aware of the categories that are close to exceeding your objectives for your Authentic Money Guide. With that knowledge, you can proceed, empowered to make choices that are aligned with the budget you established to reflect what it is that you really want.

You are finally empowered to take action before it's too late.

### ***Discretionary and Nondiscretionary Expenses***

This week, you will learn how to fine-tune your Cash Flow Statement. During that process, you will assign all your expenses to one of two categories, discretionary and nondiscretionary.

Nondiscretionary expenses are items you would have difficulty changing within six to 12 months. These are recurring bills and expenses to which you have made a commitment, e.g. house mortgage, loan payments. One of the largest components of your nondiscretionary expenses includes your income and payroll taxes. These tax obligations can consume as much as 30–50 percent of your overall income.

*"Teach us to delight in  
simple things."*

*—Rudyard Kipling*



As you establish your budget, focus mainly on your discretionary expenses.

Let's take a brief glimpse into a life that challenged the whole concept of discretionary and nondiscretionary expenses. Charles Gray took the approach that nearly all of our expenses were discretionary.

There are few within our society who take seriously the question, "How much is enough?" At the age of 52, Charles Gray, a successful college professor from Portland, Oregon, seriously asked himself what was enough. He asked himself what a "nonviolent" economy would look like.

*"I thought a good and modest first step would be to neither own nor control nor consume more than my equal share of the world's wealth and to do my share of the world's work to produce that wealth...In October, of 1977, I began to live on my equal share, what I have now dubbed as the World Equity Budget (WEB)."*

—Charles Gray, *Toward A Nonviolent Economics*

To do this, he liquidated his assets and gave away all but \$1,200. He lived on an average of \$99 per month from 1977–1993, less than the actual World Equity Budget, which was \$160 per month in 1993.

From Mr. Gray's testimony, nondiscretionary expenses can be as low as \$100 per month. What he really shows us, however, is the power of living an examined life around money. Do we realize that when we give money our attention, our lives cannot help but be transformed?

When asked whether or not it was worth it to sacrifice a simple meal in a restaurant, a beer with his friends, and his right to a place to call home, Mr. Gray responded,

*"On balance, how do I feel about the path I have chosen, or the path that has chosen me? Most of the time I feel blessed and at peace."*

—Charles Gray, *Toward A Nonviolent Economics*

How many of us, with all of our money and possessions, can say the same?

This is the reason Mr. Gray's story is included in TEN WEEKS—not to make us feel guilty that we spend more than our fair share of the world's resources. (Sadly, that goes without saying, and we will talk more about that in Week Five.) The point here is that in a relatively



short period of time, say within one to two years, we could drastically alter our nondiscretionary expenses if we were to choose to do so. In many instances, that choice is made for us when we lose our job or are faced with a similar financial crisis in our life.

Deborah Knuckey discussed this on my radio show:

*“You just may assume there’s a base level of costs that you face in terms of housing and a car and so forth, but at some point you’ve chosen what sort of neighborhood you live in, what sort of house you live in, what kind of car you drive. There are choices being made every day in every aspect of your life. And when it comes to the money choices, there are a lot of things that are really optional. I mean, you can choose to live in a nice home or you can choose to downscale your living a little to get more of something else that’s important to you. So it’s about getting really clear...the next time I get a car do I want to automatically upgrade my cost of living?”*

Your involvement in the TEN WEEKS program indicates your willingness to take a good look at the financial assumptions you have adopted. You have summarized your financial affairs and can finally face the realities of your expenses. The Authentic Budget process gives you the opportunity to reevaluate everything, including your housing and transportation needs.

Having given money the attention it requires, you are now equipped to make wise financial decisions that flow from an awareness of your unconscious and conscious longings.

Remember Wally’s Electrical Diagram? The part of his diagram labeled #9 referred to the “load” or “output.” This is the component that transfers the electricity to the lamp, appliance, or whatever else was waiting to be plugged in to the outlet and receive energy it needed to function properly.

I recall the day in Wally’s shop after he fixed my broken fan. This is what he said about that “load”:

***Output or Load***  
***(Diagram Component #9)***  
***\*\* a flashback \*\****

*Wally turned off the fan and unplugged it. As he talked, he showed me the male plug on the end of the cord.*



*“The whole point of installing any electrical system is that it energizes something. Whether that be to light a dark room, run a fan like yours, or just percolate my morning coffee, each of these modes of output must allow for the flow of energy suited for its particular needs. Most appliances are fitted with a cord and plug that prevents them from being used in a noncompatible energy source. See how easy this plug fits into this outlet receptacle?”*

*Wally inserted the fan’s plug into the wall outlet and flipped the switch. The fan’s motor began to hum and its blade to stir the heavy air.*

*“Yes, I see that, but I doubt that a stove cord would fit in that receptacle.”*

*“Even if you were stubborn enough to try and make it work, the stove is wired for 220V, and most household receptacles are wired for 110V. That’s what I mean; there are different plugs for those 220 systems, so it’s extremely difficult to make that mistake.”*

*“I do remember one repair job,” Wally grinned. “This determined do-it-yourselfer had managed to strip the wires on his microwave and plug them into his range receptacle. To say the least, he ended up with some kind of newfangled dual-phase oven for a few short seconds until the microwave literally exploded!”*

*“Now I understand why you carry that yellow hard hat in your pickup! Home repair is a dangerous occupation when you’re dealing with experts like me!”*

*“Yeah, maybe if you excuse me for just a minute, I’ll run out to the truck!”*

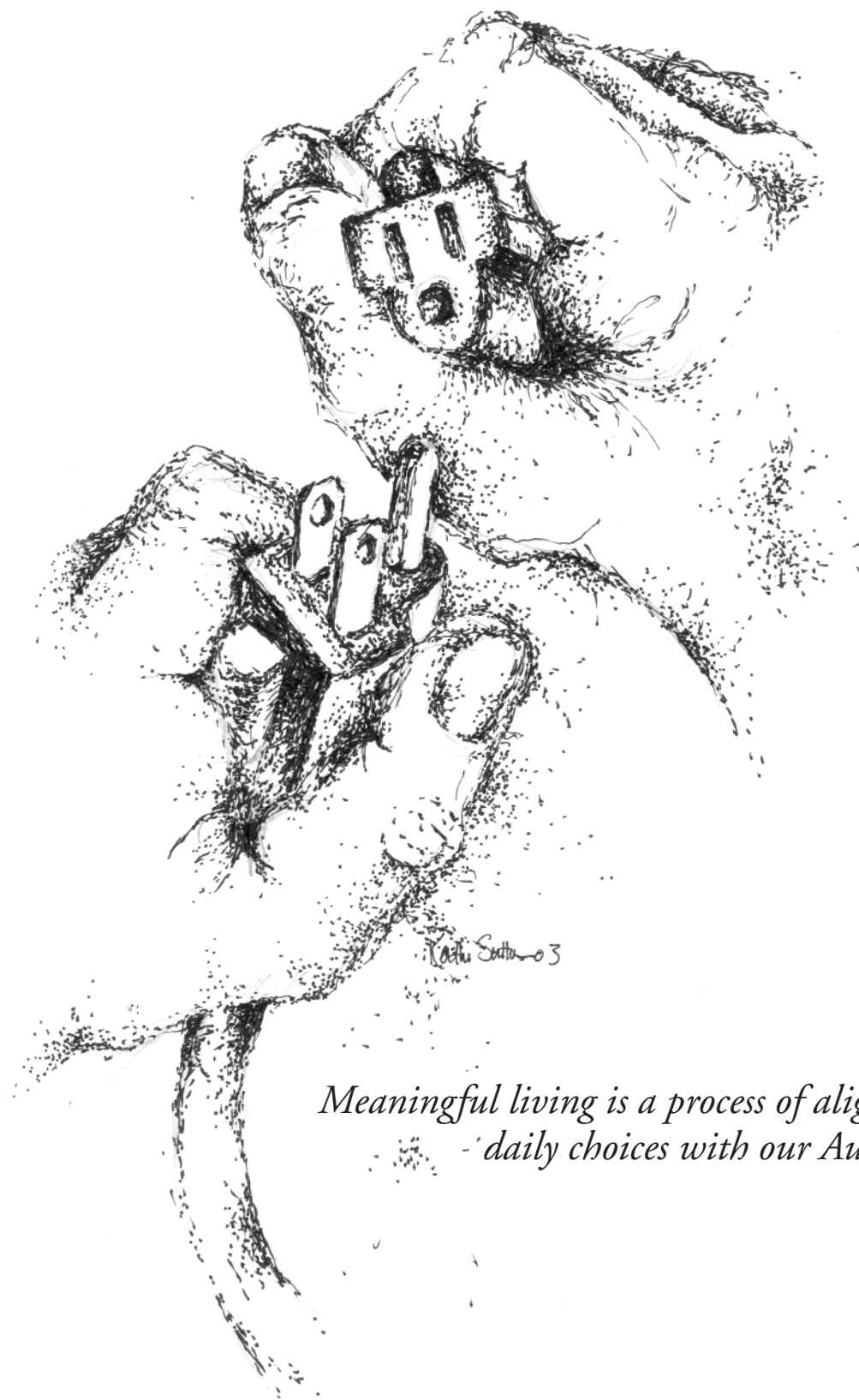
As Wally explained it, the male end of the cord has to be suited to fit into the female receptacle in the wall outlet. Trying to force a 220-volt cord plug into a 110-volt receptacle ends up creating a lot of “suffering.”

Your budget buddy helps you align your “cord”—the actual details of your life—with the “receptacle,” the ever-expanding awareness of your Authentic Self.

It is that compatible connection that results in an abundant flow of power into your experience and a whole new relationship with money—a genuine Financial Awakening!

Insert the TEN WEEKS CD in your computer now and begin the creation of your Authentic Budget in Quicken®.





*Meaningful living is a process of aligning our  
daily choices with our Authentic Self.*