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Our belief is that you can achieve a more rewarding career, a more productive organization and a more satisfying life.

March 2018

This Month's Message:

A Smart Money Tool - Frugality.

Paths Forward:

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A Smart Money Tool - Frugality.

Over the holidays I had the opportunity to read Walter Isaacson's recent biography of Leonardo da Vinci by Walter Isaacson

It is an impressive piece of writing and research but I ended up being more in awe of Leonardo than having a sense of knowing who he was as a person. A librarian at one of my local libraries suggested that if I enjoyed this volume then I would really enjoy Isaacson's earlier biography of Benjamin Franklin - and boy, was she right. [Benjamin Franklin: An American Life by Walter Isaacson](#). Thanks for that heads up, Eloise.

It turns out that Franklin and da Vinci had a lot in common. While da Vinci may have been the original Renaissance man.

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Franklin, who also performed brilliantly in multiple fields, well deserves that label as well. He was one of 17 children and his formal schooling ended at age ten. Nonetheless he went on to be a printer author, political activist, inventor, scientist, postmaster, humorist, ambassador and one of the Founding Fathers of the U.S.A. To use two great words I have never before been able to use, he was both an autodidact (self-taught) and a polymath (having a wide range of knowledge). Thank you for indulging me.

Franklin had two qualities that especially endear him to me. One was his ceaseless curiosity. Here is just one example. In his role as postmaster he found it baffling that it took mail ships from Falmouth, England several weeks more to reach New York than it took merchant ships from London to reach Newport, Rhode Island which is a longer and more complex voyage. From a whaling captain cousin he learned that merchant ships routinely avoided a strong eastbound mid-ocean current while the mail packet captains sailed dead into it fighting a 3 mile per hour current. Long story short - On an Atlantic voyage of his own he became the first to chart and eventually name the Gulf Stream.

Ben was also committed to self-improvement. At age 20 he envisioned a plan to develop his character and constructed a self-evaluation chart listing 13 virtues in a column on the left and noting the days of the week across the top that he used give himself daily feedback. (Maybe an early version of LifeMap. Among other virtues his list included industry, sincerity, justice, temperance and frugality.

Frugality caught my attention because it sounds so old fashioned. Ben's description of frugality was "Make no expense but to do good to others or yourself; i.e., waste nothing." I liked that description much better than the popular notion that it denotes a cheapskate or tightwad.

I read and lecture a lot on the topic of money and personal financial management. Emrys Westacott's new book, [The Wisdom of Frugality: Why Less Is More - More or Less](#), is less about penny-pinching tightwaddery (should that be a real word) and more about rejecting today's hyper-commercialism and materialism in favor of mindful lifestyle choices and simpler values. He goes a bit too deeply into the ancient Greek philosophers and 18th century theorists for my taste but the historical anecdotes make it more digestible and enjoyable.

I have had clients who only embraced frugality as a result of some kind of crisis that brought them to the brink of financial disaster. In these cases they then embraced frugality with the fervor of a religious convert because it, in fact, saved them. To me frugality is not about carrying around a sense of worried self-deprivation but of satisfaction in harnessing financial common sense in pursuit of the kind of life one desires.

Try out some of the frugal ideas below as see if they:

- * motivate you to get more value for the money you spend,
- * ease your stress over money issues,

- * give you a sense of having more control over your financial life,
- * increase your sense of security about reaching your financial goals,
- * help you to assess what truly gives you enjoyment and satisfaction in life.

Paths Forward:

Live Below Your Means. This is one of those great meta-ideas. All of what follows will fall into this category so I list it first. It's fine to celebrate when you get a raise or bonus but most folks just ratchet up their spending level. I'm not saying don't aspire to a better lifestyle. I'm saying make today's practices a powerful tool to help you achieve (not subvert) the lifestyle you want to achieve. Saving 10% of your income now may take some budgeting and reviewing your bills and receipts takes time and effort but these behaviors may well allow you to exit the workaday world somewhat sooner. This is something to consider as you decide whether you purchase that new car that loses 20% of its value when you drive it off the lot or the larger house that also comes with more taxes, higher insurance premiums and more maintenance costs.

Albert Einstein once famously stated: "Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it." You have to originally work for the money but if saved and invested the money then works for you. As they say back in Beantown, that Al Einstein was one "wicked smaht" guy.

Assess Needs Versus Wants. Our consumerist culture, the world of advertising and, yes, even some in the financial services industry are geared to separating you from your money. Advertising is worth what companies pay for it because it *works*. Ad agencies employ hordes of social scientists, talented artists and photographers, impossibly attractive actors, and savvy media experts to get inside your head - and, boy, are they good at it. Hey- full disclosure here -they can make me want to buy a kiddie-pool sized copper pan I could buy for half the price at a discount store and I don't even like to cook! A) Never buy anything over the phone the first time you hear about it. B) There is no such thing as "only on TV"; there's a whole aisle in discount stores marked "as seen on TV". C) As with all purchases ask yourself (or someone who shares your life and goals) "Do I / we really need this or is it just an immediate itch I want to scratch?" Also try asking yourself how many hours will I have to work in order to buy this item?

Full Price is for Chumps. I'm not saying buy cheap stuff. I'm saying people with more money than you probably pay less than you do for the nice stuff they purchase. Households with more than \$100,000. income use more coupons than households with less than \$35,000. income. They don't need to look rich, they already are. Keeping up with the Jones? Really? The Jones couldn't care less about you; why would you care what they think? They ask for discounts, they use low price guarantees. they shop online. compare prices. use

low price guarantees, they shop online, compare prices, use Craig's List and eBay. They may wear Brooks Brothers or other designer names but they are as apt to find them in a thrift store as not. (And take pleasure in the hunt.) Good deals don't come looking for you. Consider what it is you need to purchase and then go to the link nerd.me/2CzFGlj for a yearly calendar that will help you plan your purchases while those items are most likely to be on sale. You wanna get rich? Act like the rich - who never pay full price.

Try Generic Products. Your health insurance company probably already forces you to use generics and you may not even know it. Are you really more concerned with the name on your corn flakes than you are on your medicines? I love what *Tide* detergent does for my P&G stock but it doesn't get my clothes any cleaner than the house brand. Most generic products are just as good (and some are manufactured by) the name brands you recognize from the ads. Give'em a try. If the quality doesn't measure up to your standards you can always revert back to the higher priced brand.

Pay for What You Enjoy - though you might not have to. As a nascent screenwriter I love movies. I have at least three good movie channels on my cable TV plan. I use them, I frequently use the DVR feature for when I'm not around, and I enjoy them. My good pal Bob watches some TV but is not a huge movie fan. He has an antenna set-up for network TV and a Firestick that gets him access to other video entertainment. We're both happy with our arrangements. There is no one-size-fits-all plan to save money and (a cash shortage notwithstanding) there is no need to deny what one enjoys. Some things that I enjoy (i.e. walking the dogs, reading, listening to music, writing, drumming, enjoying a home-cooked dinner) are free or cost only a little. Other things I enjoy (i.e. taking Linda out to dinner, travelling, concerts, movies, playing golf) do cost a bit but I enjoy those things as a treat and get substantial value for the enjoyment I derive. The big question isn't what stuff costs, it's are you getting good value and satisfaction for what you're spending money on?

Four Money Hacks.

1. When you pay off a loan for school, auto or other major purchase continue to make those payments but into your savings, IRA, or investment account because you've already learned how to live without that cash. Do the same with any tax refund, bonus, or (should it come to pass) any tax cut. Do some homework and see if you're eligible to join a credit union. Capital One has a no fee, no minimum deposit savings account you may want to look into.
2. If you plan to stay in your home for the long haul or the value of your house substantially exceeds the mortgage loan balance there is a way to save a ton of dough. Make an extra- that's 13th- mortgage payment each year and (this is key) make sure it is credited to only the principal balance. On a 30 year \$150,000. loan at 5% this technique will pay off your loan 4 years early at a savings of more than \$30,000. Sit with your CPA, run these numbers and see if this works for you.
3. What's better than free? Free money! If your employer

has a 401k plan determine if there is any kind of matching contribution. Many do. It may not be a huge amount but a) it actually pays you to save for your future and b) whatever money you get is free! C'mon, this one is brainless.

4. Read a book. Get money smart. Even people born with a lot of money aren't born knowing how to make it work for them. That's why there are as many riches to rags stories as there are rags to riches stories. Go to my web site (drpaulpowers.com) click on [LifeMap Archive](#) and you will see a pdf full of financial books and resources I've already screened for you. If one doesn't work for you try another; they are all geared to the ordinary person not some financial wizard.

Two Pet Peeves.

1. The Lottery.

More than a few times in the last few years the Powerball lottery jackpot has grown to more than \$100. million dollars. I admit that to indulge in the fantasy of being ultra-mega-rich we buy a ticket when it goes above that amount. But that's one ticket, maybe once every couple of years. Sadly too any people believe that the only way to financial peace and security is by constantly playing a game that has the same odds of winning as being struck by lightning, discovering oil and natural gas in your backyard, growing antlers and a tail, finding pirate treasure while planting tomatoes, getting a hole-in-one, uncovering a Rembrandt under Great-Aunt Millie's portrait, and discovering you're Warren Buffet's long-lost child - all on your birthday.

A review of the applicable research conducted by the Journal of Gambling Studies showed that the poor are the leading regular patrons of the lottery. There is plenty of blame to go around here. The government calls it entertainment when in fact it's a tax on those who don't understand math and an easy path to addictive gambling for those who have the least to lose. The ubiquitous media that celebrates celebrity over achievement is partially to blame because people who comparatively feel poor are also big lottery gamblers. Parents are to blame because the best predictor of lottery gambling is whether or not one's parents were lottery gamblers. Few schools teach financial literacy so few kids realize that such an exceedingly rare and lucky occurrence is unlikely and improbable. There is a path to financial security for the everyday working man and woman but it is long, slow and boring.

2. Credit Cards.

The way credit card companies make money is by convincing you to purchase stuff you can't afford and then charging you excessive interest rates on the money you just borrowed to buy that stuff. If you use your cards as a convenience so you don't have to carry cash and you pay the balance off every month then they are a useful tool. But if you don't have the cash to pay off the card every month then - wake up damit - you can't afford what you're buying in the first place. Period.

The lottery and credit cards are, each in their own way, games for suckers. What few financial consumer protections enacted in the last few years are currently being dismantled.

challenged in the last few years are currently being dismantled. You've got to look out for yourself and not let those who want to make a sucker out of you succeed.

LifeMap (sm) is about helping you turn good ideas and useful tools into a mindset of competence and success.

CAREER BEST SELLER

For the past 30 years I've surveyed successful job hunters and captured their proven shortcuts, insider knowledge and time-saving / stress-reducing tips.

My new book [Don't Wear Flip-Flops to Your Interview](#) is packed with strategies and techniques that are practical, market-proven, and easy to use. Added to this powerful mix, are the hard-won lessons from the personal experiences of thousands of professionals who have succeeded in the job changing game. It is not necessary for you to struggle to rediscover and reinvent the job hunting process. Here you will find the keys to a more productive, shorter and less stressful job search.



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LifeMap (sm) is about empowering you to bring the best ideas and practices to your workplace.

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