

MONEY RULES

NEW EDITION

HOW TO MANAGE
YOUR MONEY SUCCESSFULLY
BEFORE IT DESTROYS
YOUR LIFE COMPLETELY!

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Kanyin[®]
PUBLICATIONS

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INTRODUCTION

“How can I make more money?” This is a question that people ask me all the time. My usual answer is: “Which is easier? To make more money or to control your spending of money?”

The choice is yours: to make more money or to control your spending. This book is not about teaching you how to make more money. There are plenty of workshops and seminars that aim to show you how to make millions of dollars from different types of investments and business opportunities.

This book is about helping you understand what makes you spend your money the way you do. It discusses the individual’s financial behaviour, and helps you know yourself better as well as how you use money to shape your world and relationships with people. This book will give you an insight into human behaviour and attitudes towards money, to help you achieve emotional happiness, give you a better sense of security, and put you in control of your financial future.

By applying an understanding of human psychology to money matters, I have combined the psychology of human behaviour with financial literature – a field termed as Behavioural Finance Personal Money Management – to help you understand and learn key personal attitudes that will have an impact on your behaviour and help you manage your money better.

Living in a World of Consumerism

Remember the days when there were no Game Boy, Sega Genesis, Nintendo, PlayStation or Xbox, and as young adults, we had fun playing board games such as Monopoly, Scrabble and Snakes and Ladders?

It's a very different world that we live in today. We live in a world of consumerism, where people derive personal happiness from material possessions, and purchase goods and services in excess of their basic needs.

In this age of consumerism, individuals, regardless of culture, race or age, consciously seek an alternative lifestyle to the simple living practised by their parents and grandparents.

Today's lifestyles are heavily influenced by the temptation and desires stimulated by advertisements and other promotional tactics in the mass and entertainment media such as movies, music, magazines, TV shows, and the Internet. Working parents, feeling guilty about not being able to spend time with their children, compensate by inundating their offspring with material goods, from iPods and the latest mobile phones to cars and extensive wardrobes.

Money is but a medium of exchange for living and survival, yet this fact is often overlooked. Instead, money is perceived these days as a medium of exchange for relationship, friendship, happiness, pleasure, power and status. And as a result, many people today become 'victims' of money.

Financial institutions are not helping people to be money-wise either by making almost 'free' money easily available through credit cards, loan facilities and mobile money

(using mobile phones to make a credit purchase). With the proliferation of such forms of payment, money is no longer 'physical'. We hardly touch and feel the paper notes and metal coins these days! This is dangerous, particularly for someone who is unable to control his or her spending habit.

Some parents compound this problem by providing their children with free use of a supplementary credit or debit card. If young adults have such free use of money to go shopping or splurge on their friends, before they have even begun to earn their own salary, what sort of spending habit will they demonstrate eventually? Will they end up spending wisely or lavishly? Will they know how to save for their future retirement?

If we were able to control our emotions and perceptions about living, would we really need to spend so much on consuming material goods and services?

It's like trying to lose weight; too much exercise may not help, and for some, neither will slimming programmes. One of the better ways would be to eat moderately. Given this, how can we feel comfortable living in today's world of consumerism, and be purposeful without owning too many material goods or overspending for convenience and enjoyment? How do we live a life of moderation and thus avoid bad money habits?

In writing this book, I hope to help readers – especially Asian readers – to achieve this. Why do I want to focus on Asians? Because the Asian region has been – and still is – enjoying tremendous business growth over the past decade, and this has given rise to greater wealth among Asians, resulting in higher consumer spending by Asians.

And because being an Asian myself, and I am experiencing these effects of consumerism, I believe my fellow Asians

are struggling with being financially comfortable while surrounded by the temptation of consumer spending.

How can this book help you?

Is money a common topic of discussion at home among you and your family? Probably not. The subject about managing one's personal money is hardly taught in schools, colleges or universities, and neither is it a topic that your boss is likely to guide you on at work or your spouse will help you with.

Most people are at a loss when it comes to handling their personal finances, and often lack proper money management skills to solve their money issues. This can often affect marriages and families.

Many people also tend to keep their money problems to themselves, fearing embarrassment should their problems be revealed. Hence, they suffer in silence until the 'boiling point' when they have no way out but to declare bankruptcy. Some may even give up on life and choose suicide.

I believe that by sharing with you these insights into human behaviour, I can provide you with tools to help you unload some of your money burdens and secrets so that you don't have to suffer in silence any more! This book will help you take ownership of your money and build an intimate relationship with it.

Money Rules: How to Manage Your Money Successfully Before It Destroys Your Life Completely! is a sequel to my first book ***Smart Money-User***, which was written for young adults. This is because I believe that as we progress from being a young adult to being a matured adult, you and I go

through many influences and challenges. You and I need to learn important skills to help us manage and control our money in order to live a meaningful life.

What's unique about this money book is its down-to-earth practicality in providing knowledge. The subject of money is made simple in this book, with clear explanations and exercises. I have combined both 'soft' and 'hard' facts about you and money in this book to improve your handling of money.

You will find that I will ask insightful questions about your life and your personal views about money; you may find them challenging, but they are to help you understand better your own attitudes about money in order to change your behaviour.

Money Rules: How to Manage Your Money Successfully Before It Destroys You Life Completely! features many financial behaviour tools and exercises that I have developed over the years, based on the experiences of individuals I met at my public talks and workshops, and those to whom I have provided coaching in managing their money.

In this book, you will learn the **3-Sequence Intervention of Money Thought (3-SIMT)** process, with steps like 'Uncovering Your Real Needs', 'Wants and Desired Wants', 'Your Choice Script' and 'Thought-Stopping'. This process will help you to self-actualise the strength, ability and power within you to 'off-load' or get rid of the behaviour, thoughts or emotions that are affecting you negatively in managing your money.

Practising these methods will energise you with positive attitudes that can help you reinforce your personal values and beliefs as you learn to take ownership of and trust in

your own ability to solve whatever financial problems you may be facing.

Realising that many people give in to the weakness of spending more money than they earn, I have also created a four-week **“Controlling Your Overspending Behaviour” (CYOB)** programme, which I will reveal it in this book.

To be wise and skilful in handling your money, you should constantly apply the financial behaviour tools taught in this book whenever you face a change in your life situation or circumstances, for instance, marriage, the arrival of a new baby, or unexpectedly losing your job. Use these tools together with your spouse or partner, children, parents, siblings or friends. They can be fun exercises to do together, as they will show you each other’s perceptions and behaviour towards money, and help each other enhance money knowledge and skills along the way. Working together can also help improve relationships that have been affected by money problems.

I believe you are ready to embark on a journey of self-discovery about your relationship with money, so let’s start by understanding with the POWER of money...

PART A

YOU, MONEY AND YOUR LIFE

Chapter 1

The Power of Money

*Money is power, freedom, a cushion,
the root of all evil, the sum of blessings.*
~Carl Sandburg~

Money is a very important necessity of our lives, as it helps us achieve many things. Understanding the importance of money will give you an extra edge in terms of building your financial success. By learning early in life good money habits and how to avoid mismanaging money, you are taking the first step towards building wealth for your future.

Gaining personal financial knowledge and learning money skills and techniques are just as important as going to school to get an education because financial knowledge empowers you to make good decisions with your money. And this in turn helps ensure a successful financial future!

Creating a successful financial future is no different from building your dream house. You must know what you want for your financial future, just as how you know what you want your dream house to be like. The idea of your dream house starts with you, right? In your mind, you imagine the house that you want.

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To turn your dream into reality, you first need to draw the design of the house on paper, and translate the design into an architectural plan. You make sure you get all the expert advice you need from architects, engineers, house builders and interior designers before you start on the house. You then need to work out how much it will cost you to build the house. Most importantly, you make sure that it is a house that you will be happy and comfortable living in because you do not want to have any regrets once the house is built.

Sometimes, the house that you dreamt of may not be a practical one for living in. For instance, your dream house may have many staircases or large windows that may be dangerous for young children, should you have a family later on. Or it may not be suitable for your aged parents, who may find it difficult to climb many stairs to their bedroom.

Along the way while the house is being constructed, you may face many challenges. People may give you the wrong advice or better ideas and suggestions, or you may be tempted to spend more than you can afford on expensive or better building materials and finishings. The cost of construction may increase due to inflation, and you may not have enough money to pay the bill. Or you may be cheated by a dishonest contractor.

Similarly in constructing your financial future, you will face a lot of challenges. Not knowing what you want in life and how much wealth you wish to create may result in many wrong decisions, and you may end up wasting time and money along the way. People may cheat you of your money, or you may be tempted to spend more than you can afford due to the influence of the people around you. You may invest wrongly because of bad advice, or you may use your money unwisely simply because you did not educate yourself in personal financial matters.

That's why it is important for you to learn the right personal and money skills, so that you can manage your money well, and this is exactly what this book is about.

The Power of Money

Many people underestimate the power of money, and end up suffering from a lack of it. As a result, they become victims of money. The power of money can never be taken too lightly. It can be used for many good purposes – to buy wonderful things and experiences like a nice house, good food and holidays; to pay for the best education and healthcare; to help others by giving to charities and contributing to good causes. At the same time, a lack, or misuse, of money can bring misery.

It is a very unpleasant experience to find yourself short of money to pay for groceries, rental, petrol or medical bills, and sometimes this can be a result of misuse of money, where money is wasted on paying for drugs you do not need, alcohol, or gambling. Lack of money can also lead to arguments, family break-ups and illegal activities such as theft, murder, prostitution and drug trafficking.

Unless you know the purpose of having money and what it can do for you, you will not be able to appreciate its power in being able to create the type of life you want. And if you are not careful, money can also make a mess of your life!

There are two important things in life that money cannot buy – your time and your life. You cannot use money to buy time that you have lost or not used properly. And neither can you use money to buy back the life you would have lost upon death. Therefore, making use of your time wisely to learn good money management skills, and to create opportunities to build wealth, must be an important priority in your life.

How Money Grows

Keep your money like treasure – that is the first rule of thumb in managing your money well. In order to build your wealth, you need to save as much money as you can. This is because money can grow if you know how to save and invest it wisely; this is known as the compounding effect of money growth.

Let’s say you put aside as savings, \$3.35 a day (equivalent to a bowl of noodles or a plate of chicken rice at the coffee shop); this works out to about \$100 a month, and \$1,200 a year. Watch how your money grows over time if you put it in a savings account that pays interest (see Table 1.1 below).

Table 1.1 : The Power of Compounding

No. yrs	5	10	15	20	25	30	35	40
Interest rate / yr	\$	\$	\$	\$	\$	\$	\$	\$
2 %	6,315	13,294	21,006	29,529	38,947	49,355	60,856	73,566
3 %	6,481	14,009	22,754	32,912	44,712	58,419	74,342	92,837
4 %	6,652	14,774	24,691	36,800	51,584	69,636	91,678	118,590
5 %	6,829	15,593	26,840	41,275	59,799	83,573	14,083	153,238
6 %	7,012	16,470	29,227	49,435	69,646	100,954	143,183	200,145
7 %	7,201	17,409	31,881	52,397	81,480	122,709	181,156	254,012
8 %	7,387	18,417	34,835	59,295	95,737	150,030	230,918	351,428
9 %	7,599	19,497	38,124	67,290	112,953	184,447	296,385	471,643
10 %	7,808	20,655	41,792	76,570	133,789	227,933	382,828	637,678

Imagine this: you are 18 years old now and you save \$100 each month in an interest-bearing account that pays 2 per cent. In just five years when you are 23, you will have \$6,315 in your bank account (see above table) which you can use as a down payment for your first car. Of course, we know that the first car is very important, as you will need it to take you to work to make more money!

If you decide not to use the money in five years’ time but continue to save \$100 each month for 15 years, you will

have \$21,006 (see above table) when you are 33 years old. You may then use this as an initial deposit towards your first property investment worth \$250,000.

By doing so, you would have just converted your \$21,006 savings into a \$250,000 investment that may give you rental income and increase your wealth later in life.

So, the earlier you start creating your savings fund and the more money you can save, the faster you can gain your first million! Now that you see the power of money in how it grows, wouldn't you want to start saving and investing? Putting aside \$100 a month may seem difficult, perhaps because it requires you to change your spending patterns, like shop less, eat out within your means, take fewer holiday trips, give up some of your favourite activities or reduce the time spent hanging out at cafes and clubs.

Are you prepared to do so? If you are not prepared to change some of your spending patterns to save \$100 per month, where is the source of that \$100 for your savings? Where does money come from?

The Source of Money

As the old sayings go, "Money does not fall from the sky," and "Money does not grow on trees."

Where does money come from? You and I have to work for it. And we all work hard for money. Unless you receive money in the form of a gift, inheritance or a lottery win (but not from gambling!), you will need to find a job or start a business to make money. You have to use your time, energy and effort to earn money. Therefore, it is only logical and sensible that you keep your money safely and spend it

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wisely so that you can use your hard-earned money to be successful in achieving your life goals instead of living in debt and being miserable.

Aside from working to make money, whether in your career or your own business, you can borrow money from the bank or a friend. But this money doesn't belong to you, and you will have to repay it to the bank or your friend, with an interest charge (unless your kind friend lends it to you at no interest!).

Why would you have to pay the bank or your friend for using the money? Well, it is only fair and logical for the bank or your friend to earn some money from you because you are using their money to get what you want.

In this case, you have to make sure that you make effective use of the money that you have borrowed, which is to make more money with it and not to pay for things that will not create higher value for you. When someone says, "There is no free lunch in this world," it means you never get anything for free; you either pay in terms of your effort or time because you have done some work for someone; or because you are nice to the person who buys you lunch, or because the person wants you to do something for him or her, or because you bought him or her lunch the last time.

Neither is there 'free money'. Money that you take for 'free', at no cost, may come with some personal sacrifices for instance, your personal or family's members safety could be compromised if you don't pay your debts to loan sharks. Or there may be paybacks in other ways that could damage your integrity i.e. you are forced to steal money from others, become a prostitute, sell illegal drugs or stolen goods. Even in winning a lottery or a gamble, you run the risk of losing money in terms of buying the lottery ticket and not winning,

or losing money as you continue to gamble because you are addicted to it.

What is money then?

Money is currency in the form of notes and coins used as a medium of exchange for things you want. It is a means to an end. But why it is so important to you? You can see the importance of money in your life only when you have begun to reflect on your life, and see how it has evolved around money. Let me now share with you an important method of writing down your financial story so that you can re-live, re-create and reconstruct your relationship with money. Reflecting on your financial story will help you examine your beliefs, assumptions and values about of money that have had an influence on your choices and actions with regards to money.

Let's begin now...

Chapter 2

Your Financial Story

*A wise man should have money in his head,
but not in his heart.*
~ Jonathan Swift ~

How meaningful has your life been so far with regards to money? I would like you to reflect on your attitude towards money, from your childhood to adulthood.

What are your roles and responsibilities as a mother or father, husband or wife, son or daughter, son-in-law or daughter-in-law, sister or brother, uncle or aunt, niece or nephew, or even as a friend, a boss or an employee? Reflecting on your life according to the roles that you play will help you examine your beliefs, assumptions and values about money, which in turn influence your choices and actions with regards to money.

You need to realise how these roles and responsibilities have impacted your actions to do with money before you can move forward to plan for your financial future. More often than not, many of these roles and responsibilities will cause you to spend more money that you can afford, and

you may end up not having enough for yourself when you retire later in life.

For instance, as a son or daughter and a father or mother, you have responsibilities to take care of both your parents and children. We know that responsibilities must come with financial ability. Having the responsibility of taking care of your parents and children means you need to have money to be able to provide for their living expenses.

Now, I would like to ask: Do you know to what extent your roles and responsibilities have impacted your current financial position?

When it comes to a man and his money, most would say, "Till death do us part." So, what is your purpose in life? To earn and make more money or to live a purposeful life with memorable moments and good relationships with people, since you have roles and responsibilities towards them? As you look back and recall the moments of your life, you will realise that each encounter in your life has a Financial Story behind it - it is the story of your life with financial responsibilities!

Will your story have a happy ending? Or you will have an unpredictable life due to unforeseen circumstances that will cause financial difficulties?

In this chapter, I have included several real-life financial stories. Before you go on to read them, however, I would like to know, how is your Financial Story so far? As the saying goes, "No Money, No Life." Like it or not, our lives are inevitably intertwined with money.

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You and I cannot live without money. We need it to survive. It is just as important as air and water to us, isn't it? Some of us live well; some of us don't exactly have a comfortable life. Some of us come from poor families, and some from middle-class families. And some have the good fortune of being born into rich families. Regardless, all of us still have to live and face the realities of life. As you age, you will face financial challenges that come in many different forms, at different phases of your life. This includes your roles and responsibilities towards yourself and others.

For instance, as a single adult you may have financial responsibilities towards your aging parents. If and when you decide to get married and have children, you will have additional financial responsibilities towards your spouse and children.

What happens if your marriage doesn't work out? If you decide to divorce your spouse and gain custody of your kids, your financial responsibilities may increase. And what would your Financial Story be if you had a special-needs child who has a physical or mental disability? Most likely, your financial responsibilities will increase as you will need to continue providing for your special child even when he or she is an adult, and perhaps even beyond your death.

Let me now share with you some real-life Financial Stories of people I have met (their names have been changed to protect their privacy):

Financial Story 1: Alan

Alan is a businessman in his late 60s, and has grown-up children who are in their 20s and 30s. He is emotionally distressed. Alan has been married twice and is now divorced from his second wife, who has asked him for a substantial amount of divorce alimony. Meanwhile, Alan's business is not doing well, and his creditors are suing him for outstanding payments. He faces the dilemma of whether or not to wind up his business because none of his children are interested in taking over from him. Imagine the emotional distress that Alan is going through at his age, facing both personal and business problems when instead, he should be enjoying his blissful golden retirement years with his family. I am sure that he never planned to have any of this happen when he was younger.

Financial Story 2: Peter and Jane

Peter and Jane were a young couple with two lovely children. One fine day, Jane discovered that she had cancer at a very severe stage. She sought all the necessary treatments, spending huge sums of money on medical expenses. With a positive attitude and support from her husband and family members, Jane was on the road to recovery, but she received a second cancer attack within the next six months. This time, she went overseas for treatment. While she and Peter were away, the most unfortunate and unthinkable thing happened; her elder daughter fell out of a window and died. You can imagine the sadness and grief both Jane and Peter have had to bear.

Throughout the whole time, Peter has been a pillar of strength. He resigned from his job to look after Jane, giving her emotional support, hoping and wishing that she would recover. However, not long after their daughter's death, Jane passed away too. Peter is now a widower and a single parent to his second daughter. Can he recover from his emotional distress to start making a new life for himself and his daughter?

I believe that after reading these financial stories, you may be recalling some of the sad financial stories that you have heard or experienced personally. Why am I telling you sad financial stories, you may ask?

Sad financial stories tell us how much we need to value ourselves, the people around us and money. They show us how we can be affected emotionally and financially by people and money. You and I need to manage both our emotions and money well if we want to live a life that is meaningful at the end of the day. We aim do our best but our best will only come when we are able to sit back and accept our Financial Story as part of our life.

Writing Your Financial Story

Now that you have read some real-life financial stories, of people whom I have encountered during my work, it's time for you to write your own Financial Story.

To help you write down your Financial Story, I will ask you some challenging questions to guide you:

- 1. What were your childhood and adolescent days like where money was concerned?**

What were your parents' influences on you in terms of money? If they were not around while you were growing up, how did those around you – your grandparents, aunties and uncles, caretaker, nanny, or maid – influence you in terms of money?

For example, I have a friend who says that while she was growing up, her grandmother always

took her shopping, and her parents would always give her money to shop because she was going out shopping with her grandmother! Therefore, she was conditioned from young to go shopping as part of her 'recreation', and some of her happiest memories are about shopping. Now that she is married with her own family, it is little surprise that shopping is part of her 'recreational' activities with her family!

2. How did your school days and your experience with friends, relatives, and lifestyle influence you in terms of money?

Did you ever envy friends who spent every school holiday overseas with their parents, or those who had nice things? Did you feel that somehow, they were more fortunate than you because their parents were rich? Similarly, did your relatives like to compare among family members, who was better off financially, i.e. who had the bigger car or house, or who had a more lavish lifestyle? Perhaps you didn't like living in poverty when you were growing up, therefore you made a promise to yourself that you would enjoy your life once you got a chance to earn your own money. This would have an impact on how you perceive money and how you spend it.

3. In the family, how do your parents and siblings communicate about money?

Did you grow up in a family where your parents often quarrelled about money or where you and your siblings always fought over new clothes, food or pocket money because there was not enough for the whole family? Or perhaps you have a brother who always

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complained that your parents treated him unfairly because he didn't get the same amount of pocket money as you did.

If you have grown up with disharmony in your family due to money, the experience could leave you feeling sad, disappointed and angry. These experiences could leave you unmotivated to make more money because to you, more money means more arguments due to greed and selfishness. Or they can make you stronger and determined to create a better financial life for yourself and your own family.

Or perhaps your family had good communication about money; for instance, your mother taught you from a young age to be thrifty and to save and budget your pocket money.

For example, I have a friend whose parents would communicate freely with her and her sisters about money. They took the effort to explain to them the importance of spending wisely the pocket money that was given to them.

Her parents also shared with their daughters the difficulties they faced in earning the money that they had. And to help their daughters understand the importance of managing their money properly, they provided them with 'live' examples of family members who had good money habits and who were financially free upon retirement. They would also highlight the bad examples in comparison to show them what to avoid.

4. **What are the turning points in your life that have made you realise that you have to be money savvy?**

For each of us, there would be a time in our lives when we will encounter a crisis, a disaster or an emergency, and we may find that there was not enough money to help us pull through the difficult period.

Such difficult moments can cause a person to experience stress, disappointment, anger and depression, and this will leave a 'scar' in our memory bank to the point where we vow to never be in that situation again. Have you experienced such a moment? If so, this would have been a turning point in your life where money is concerned.

For example, a client of mine realised that the turning point in her life was when her mother passed away due to poor health. She didn't have the financial means to pay her mother's medical bills and had to resort to borrowing money from friends. By then, it was too late to do anything for her mother, but she now knows that money is equally, if not more important, than health; without money, she can't 'buy-back' better health and live a little longer.

By now, you would have realised that lessons on money come in many forms, starting from the day you were born. More importantly, your experiences with money are presented to you in various ways, whether directly or indirectly, and they are all kept in your conscious and subconscious mind. When you start to think about the questions above, you will begin to recall (and you can actually picture those incidents in your mind) the experiences in your life that have had an impact on you where money is concerned.

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Writing down these thoughts will help you put together your Financial Story. And once you have written down your Financial Story, reflect upon those significant events in your life that have impacted you and your relationship with money.

To give you an idea of what to look at, here are financial stories written by two of my clients who talk about some of the significant events that have affected their relationship with money. (Once again, their names have been changed to protect their privacy.)

Financial Story 3: John Weng

For John, the most significant event in his life that impacted him and his relationship with money was his parents' teachings about proper money values, the importance of saving and appreciating the simple things in life. They have helped him to appreciate money and be able to live comfortably now in his retirement age. He shared this story with us.

To a great extent, the lessons imparted to me by my parents, and others from their generation, have influenced the way I perceive money. Theirs was a generation that did not come from abundance, but instead experienced hardship and the fight for survival that came about from the war (World War II), the Emergency and the struggle for independence. Among my siblings, I was the more fortunate one as I was born in 1951 during the Korean War, when commodity prices were booming and the Malayan economy benefited. So, nourishment wise, I had sufficient milk powder and clothes, unlike my siblings who were born during World War II. I guess that confronting and overcoming adversity reaffirms one's values and makes a person cherish the simplest of things. Such values were core to my parents' being, particularly my father.

As such, the primary message that was constantly being drummed into me from a tender age was to work hard, be thankful for basic necessities (read that as no luxuries!) and of course, to save, as no one could predict when the next calamity will strike! My relationship with and knowledge of money was not even rudimentary, and, at first, hardly exciting. To me, money was an unknown entity, like a distant uncle. It came to me infrequently, in the form of dull copper-coloured one-cent coins, to purchase an ice cream, a luxury to savour in those days.

Your Financial Story

"My saving habit only kicked in when my sister started working at 18 and she was generous enough to give me a princely sum of 50 cents every month, and slightly more to my brothers.

So, at a young age of 5 years, upon my parents' suggestion I started 'hoarding' my allowance, like a miser, in a small biscuit tin can which I kept under my bed. As I grew older and my sister's salary increased, my allowance grew to 50 cents a month, and much later to \$5. "By then, the biscuit tin had given way to two sizeable wooden 'piggy banks' stuffed full with coins and dollar notes, big enough to be book ends! No savings accounts then! I wanted my money close to me to touch, smell and to count. And like a Scrooge, I did. Every month, I would savour counting the money, giving my parents a status report, and exchanging the coins for notes.

This savings habit continued during my primary and secondary school days when my parents gave me daily pocket money from about 30 cents to a dollar. Invariably, the urge to save more rather than to spend all of it was very strong, even when I am now in my retirement!"

Financial Story 4: Kah Wei

Kah Wei, who is in her mid-20s, sent me her financial story after reading my first book, Smart Money-User. For her, the difficult financial situation faced by her parents while she was growing up – and the fact that they hid it from her had a significant impact on how she perceives and deals with money.

I still remember how in my secondary school days, my mum would give me only \$1 as pocket money. Those days, a bowl of noodles and a plate of fried rice cost about \$0.70 per bowl or per plate. Most of my friends could eat whatever they liked, but I would have to be careful, and often chose to eat bread that cost about 50 cents. Sometimes, I would save the \$1 and not have anything to eat.

One day when I was in Form 2, a bank came to my school to promote a savings plan. I really liked dragons and guess what, the bank's logo was a dragon! I told my mum I wanted to open an account with only \$1. When I received the savings passbook, I was very happy.

My target was to have three zeros in my bank account: \$1,000. From that day onwards, I started saving my \$1 every day. I also saved up my 'angpow' money, and finally reached \$1,000 when I was in Form 4.

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One day, my mum told me that she needed my savings because our family did not have enough money. I really wanted to say NO, but my parents needed help and so I withdrew my \$1,000 for my mum. I was really sad and couldn't understand why my parents had to take my precious savings. But this incident motivated me to save another \$1,000; I knew how hard it was to live without enough money. In 1997, the economy was very bad and my father faced financial difficulties, so we had to mortgage the house. My father also changed jobs to one that offered a higher salary, but it was a bad move because he didn't receive a salary for three to six months. We mainly depended on some really good friends and relatives who helped us out; without them, we wouldn't have been able to survive those days.

My father eventually found a job as a factory manager, and we thought we had managed to pull through the difficult times, but a year later he resigned when the factory wasn't doing well. Once again, there was no income. Then, my father's schoolmate offered him a job at his company, but it was a totally new environment for my dad and again, things were just as difficult as before.

By then, I had completed my Sixth Form studies and was choosing which university to go to. My parents could only afford to send me to a local university, and I was very angry at the time because I wanted to be far away from home and study what I liked. In the end, I had to stay in the same place I had been living in for the past 20 years, studying courses that I didn't understand. I showed my anger and disappointment in my parents, and this caused my father a lot of stress that he went into depression. I now know it was wrong of me to have acted like that, but back then I didn't understand the financial difficulties my family were facing, or my mother's financial fears.

I was brought up in a family where parents did all the talking and children were not allowed to listen to their conversation. Therefore, when my parents were discussing their financial problems, I didn't know what was going on and I couldn't do anything about it either. I now understand that they hid their problems from me because they didn't want those problems to affect my studies and cause me stress too. From my point of view, if my dad had known about managing money better and had involved the whole family, he wouldn't have been in such financial difficulties. If my family had had a proper budget or understood simple cash flow, we could have actually planned ahead and cut down on unnecessary expenses. That way, even if financial turmoil still hit, we would have been able to get out of it as a family.

When Kah Wei wrote her Financial Story, she felt that she was not making enough money working as an executive in a local company; she faced difficulties in managing her living expenses on the salary she was earning. She was not motivated to work, and was constantly looking for better opportunities to make more money but without much success.

She often felt frustrated, and blamed her parents for not having been able to pay for her desired university degree, as she felt that that would have given her a better career and enabled her to earn more money. However, once she had written down Financial Story, Kah Wei felt relieved because she was able to identify that her money problem was due to her disappointment and frustration with her family's lack of financial planning.

She was able to 'separate' her money problem from herself as a person, and this enabled her to view her money problem objectively, instead of feeling overwhelmed and blaming herself and her parents for creating the money problem. She is now able to consider her money problem constructively, and to make the effort to take responsibility for managing her money better. She now sets goals to earn more money by focusing on enhancing her work skills and knowledge so that she can find a better job that pays more.

As you can see from Kah Wei's example, writing down Financial Stories can be therapeutic. It allows you to 'pour out' your negative thoughts and emotions about the financial problems that have been bothering you. Moreover, writing your Financial Story – and reflecting on it – will help you to focus on identifying the root cause of your money problems. During this story writing process, as you separate yourself from your financial problem, you are able to look at your financial problem objectively by deconstructing it. In

doing so, you do not allow the problem – and the negative emotions it creates – to drain your energy away.

You are then able to identify the preferred direction you want to take, and seek the solutions that will solve your problem so that you can rewrite your Financial Story as one that is happy and successful.

Narrative Interview

Aside from writing down their Financial Stories, I have also helped some of my clients unload their financial burdens by interviewing them for their Financial Story. This is known as the *Narrative Interview*, a unique dialogue between my clients and me that enables them to verbally relate their experiences with their financial problems.

During the interview process, my clients are able to identify their emotions relating to the financial problem. I am then able to help them separate the emotions from the problem, and empower them to find solutions to solve it. Often, the questions asked during the interview help my clients to reflect on how their financial problems came about (identity the root of the problem) and what they should do to get out of the experience or solve the problem.

There is a turning point as a result of the interview, when my clients decide whether to continue to live by the Financial Stories they are currently ‘acting out’, or to create a new Financial Story that will empower them to move forward towards a better life financially.

Let me show you how a Narrative Interview works between one of my clients and me: Demi, a 36-year-old single woman (the name has been changed to protect my client’s privacy).

I have extracted some of the important answers to help you see why she behaved in a certain way with money.

Q: What were your childhood and adolescent days like where money was concerned, and how did your parents influence you in terms of money?

A: *My Dad believed that children would be spoilt and would not know how to manage money properly if they were given a lot of money at a young age. Therefore, during my childhood I wasn't given a lot of money. Although I was sent to and picked up from school every day by a driver in a Mercedes, I was given just enough pocket money to buy food in school. If I needed to buy anything extra for non-school purposes, I had to ask my Mum, and my request would then be subject to disapproval if it was not relevant to my studies. I remember envying my friend who had a cool pencil case, and when I was an adolescent, I envied my girlfriends who had a collection of pretty clothes and accessories.*

I suppose what this goes to show was that as a child, I did not learn how to save from my daily pocket money because I never had enough left to save. It also never crossed my mind that I could earn more money by working, like doing household chores for my Mom, because I was living in a comfortable home with maids doing almost everything for us. My childhood experience of being deprived of the nice things that my friends had turned me into a big spender when I started to earn my own money. I feel as if I had finally found financial freedom to spend and shop as I wished!

When I was in my 20s, I was earning a good salary and every month, I would spend all of it. I would travel to Singapore and shop for designer clothes. I spent a lot on

my credit cards, and also partied a lot. Unconsciously, I was also trying to show off to my dad that I was financially capable and I could afford to live a luxurious life. However, all that spending was not good for me financially because I never thought about any savings or investments, and I was spending on my credit cards. I never knew that credit card debt was such a great risk that would destroy my financial well-being.

Q: How do you communicate about money with your dad and siblings?

A: *During my childhood and adolescence, my family never discussed money. I sensed that the word ‘money’ was a taboo word at home. As a child, I never really talked to my dad. I would see him in the morning before he went to work, and hardly at night because I would already be in bed by the time he got home. Dad and I never really had conversations during which we could get to know each other better. Whenever I wanted money, I would ask my Mom and she would refer to my dad.*

Later on when Mom passed away, I had to ask my dad for money and he would say: “Do you think money grows on trees?” or “Wow! That’s a lot of money you are asking, what do you want it for?” I didn’t mind him questioning me about money but sometimes, the tone of his voice made me feel irritated and angry because I felt that he didn’t trust me or respect my request. Often, I had to haggle with him to get money. If I needed \$100, I would ask dad for \$150, and he would nag and scold me before he finally gave me \$100.

Q: What are the turning points in your life that made you realise you have to be money savvy?

A: *There were several turning points in my life, but I will share with you two:*

1. *While studying at architecture school, I went through my final term where I was really short of money. I was late in paying my school fees, and I had little money left for the rest of the month because I had spent a lot on books, architectural modelling equipment and workshop equipment.*

I had to print out my presentation on low-grade paper, and there were blots on the line drawings. My tutor told me off and said: “You know, you spent years in this school and most of your waking hours just creating and designing. And all you can do is present your work to me on this crappy paper!”

That comment made me blow up!

YES! That’s it! I think you are right! I have spent too much time thinking about this design when in actual fact, I should be thinking about my financial problems!

2. *When I finally obtained my degree, I happily returned to Malaysia, expecting to earn a lot of money because I had a degree.*

To my disappointment, my dad offered me a job that paid me much less than I expected. I couldn’t even cover monthly expenditure and the credit cards debt I had accumulated as a student in London! I called up several other organisations and they offered me a lower position. In the end, I had to forgo the idea of being employed and instead worked freelance, which led to several other turning points in my life.

Q: Imagine that you were given a wish list. What are your wishes where your money management skills are concerned?

A: *I wish that my dad had trusted me with the family's wealth. If only he had shared with me how his wealth was created, communicated more with me about the importance of money, and taught me how to manage money better, I could have learnt this important skill of managing money. I would not have experienced money blues with my credit cards debts, and could have even helped my dad create more money for him and myself from his business!*

These two approaches, **Writing Your Financial Story** and **Narrative Interview**, are crucial to helping you identify the root cause of any financial problem you may have.

Both approaches however, deal with very personal details of your life. Therefore, I would recommend that you write your Financial Story in the privacy of your own space and time. Only you will know what you have written.

If you opt for a Narrative Interview, bear in mind you will need a trained person to conduct the interview and ask the right questions. Be sure that it is someone whom you can trust and with whom you are comfortable sharing your deepest and darkest financial secrets.

Once you have written down your Financial Story and identified the root cause of the problem, the next step would be to ponder on the following five questions. These questions help to set you on the right path of getting to know yourself better in terms of your personal belief and behaviour towards money.

Question 1

What are the current challenges, issues or problems that you have with your money?

Question 2

Why is it important that you get the best out of your money now?

Question 3

What will happen to you (the consequences) if you do not solve your money problem or get the best out of your money now?

Question 4

What are you doing now that does not enable you to achieve the best out of your money?

Question 5

What can you do now (action you can take) to solve your money problem or achieve more out of your money?

You may answer these questions better as you continue to read this book.

Chapter 3

Your Life Mission

Do not value money for any more nor any less than its worth; it is a good servant but a bad master.

~ Alexandre Dumas ~

Companies have a business mission to justify their existence.

What about individuals? Do you have a life mission that guides you in living a meaningful life? Having a life mission helps us understand the purpose of our existence in this world; it gives meaning to our lives. Therefore, we need to identify our life mission that creates our life values and beliefs, together with the key elements of what we believe is a successful life.

Your life mission, like a company with a business mission, creates a path that you will walk for the rest of your life. For example, let me share my life mission: *“I have a mission to promote personal financial education to all levels of society, starting from young children to families and retirees. The purpose of my mission is to help people learn personal money skills, which I believe is an important life skill to enable us to live a meaningful life with emotional freedom and financial security.”*

What is your life mission?

Here are some questions to help you think about the mission that you want for your life – your life purpose with good life values and beliefs.

- I. What do you need to do to make your life meaningful – finding your purpose in life?
- II. How do you want your family to remember you?
- III. How do you want your friends to remember you?
- IV. In what way would you want your surroundings to be a better place to live in?
- V. What would bring you the most joy and satisfaction in your life?
- VI. What would be the next meaningful accomplishment of your life?

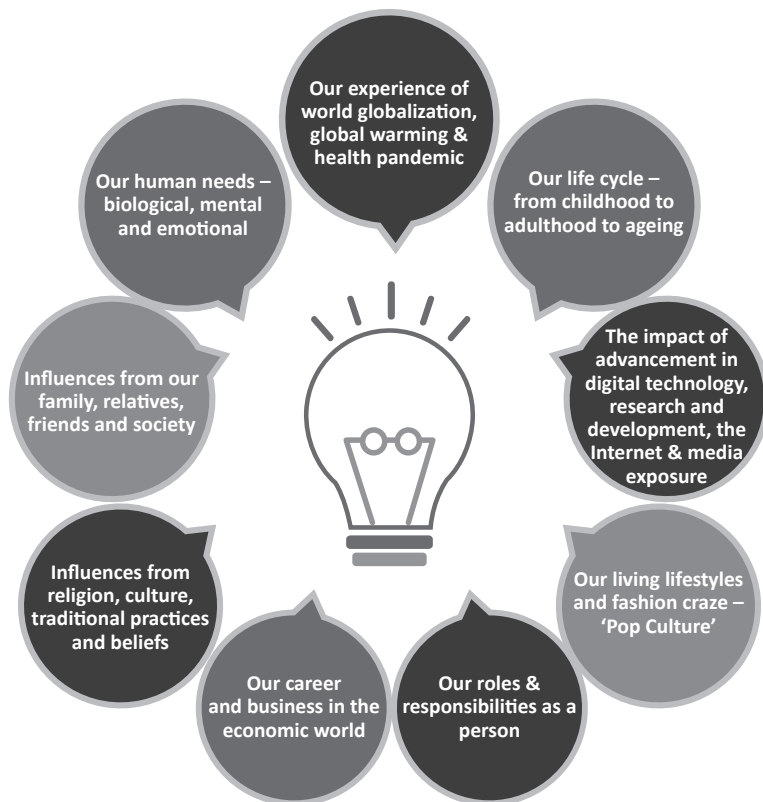
Your life mission will guide you in creating your life values. Life values are the principles that guide us through our daily lives, through every task and every encounter with another person. Life values are enduring beliefs and self-needs that are important to make life meaningful, like honesty, integrity, teamwork, respect, helpfulness, trust, love, family support, accountability, unity, commitment, faith, health, fun and empowerment.

What are your life values? Do they make good sense to and have a good purpose for you and your loved ones? How would your life mission and values influence your view about money?

MONEY RULES

To begin with, money cannot buy your life values; it is how you live your life according to your life values that will make your life purposeful and meaningful. Remember that money is only a mean to living life; it is not an end in itself i.e. self-gratification. However, money can help you achieve your life mission if you know how to use it properly and purposefully.

In fulfilling our life mission, we can, however, be distracted by external factors and influences. We live with many clouds above our head (see figure).



If you look closely at each of these clouds, you will see that money is involved in just about every experience that we go through. Here are some examples:

1. *Our human needs including biological, mental and emotional needs* – money buys us food, shelter, education, goods and services that make us happy.
2. *Our life cycle, from childhood to adulthood to ageing* – money is used to pay for our living expenses and medical expenses from womb to tomb (we even need money for funeral expenses!).
3. *Influences from our family, relatives, friends and society* – how we spend our money can be influenced by our relationships with family members and the people we meet.
4. *The impact of advancement in digital technology, research development, the Internet & media exposure* - manufacturers spend money to create products and services that provide variety and convenience for us. Media exposure influences us to spend more money, while the Internet is an additional channel for spending.
5. *Influences from religion, culture and traditional practices and beliefs* – some cultural and traditional practices involve money, like providing ‘angpow’ (red packet) during Chinese New Year, ‘duit raya’ (celebration money) during Hari Raya Puasa, or gifts during Christmas. Often religious and festive celebrations cost money (including birthday celebrations); wedding dinners can cost us an arm and a leg!

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6. *Our living lifestyles and fashion craze ('Pop Culture')* – money is spent on a lifestyle that is set by others, i.e. when we feel compelled to follow fashion trends so as not to be left out among our friends and acquaintances.
7. *Our roles and responsibilities as a person* – all of us play different roles: as a parent, as a daughter or son, as an in-law, as a boss or employee, as a business partner, the list goes on. Money helps us carry out the tasks and responsibilities that are expected of us in these roles.
8. *Our experience of world globalisation and global warming* – the value of our money is deteriorating due to inflationary effects caused by the imbalance of demand and supply of resources (including manpower) and competition in the face of globalisation. At the same time, prices are on the increase due to the depletion of natural resources caused by global warming. Unexpected crisis like Covid-19 health outbreak in 2020 have caused historic unemployment crisis and wave of company bankruptcies in the world.

You may have noticed that of the nine clouds shown in the figure, eight of them involve spending money. Only one cloud – Career and Business in the Economic World – represents a source of income. Your career can be different jobs that you do or businesses that you manage; such activities generate income for you. Even then, there is no guarantee that your careers and/or businesses will be a stable source of income through life, given the possible risks like loss of employment, business failure, or career changes, which are becoming increasingly common these days (see box).