Busting Five Myths Women Buy into
That Keep Them Scared and Broke

A Gentle Warning … and an Invitation

If you're reading this report, it's because you're looking for ways to get your finances under control and want to feel that you and your life are headed towards the Financial Independence you dream of for the rest of your days. I'm thrilled! But there's one thing I'd like you to know.

I'm real straightforward and tend to tell it like it is.

Your financial peace of mind is much too important for me to sugarcoat things. If something's true, I'll say it. If something's a way to weasel out of fixing what's wrong, I'll say that too.

It's not that you don't have my heartfelt support. Boy, do you ever! It wasn't so long ago that I had that panicky feeling in the pit of my stomach. I've been where you are. I too was wondering how the heck I was ever going to catch up after spending five decades focused on the day-to-day … and being totally oblivious to my future needs.

With this to-the-point, direct approach, I can get right to the most important, most useful information that you need in order to be successful. So, if you're looking for someone who will just commiserate with you—instead of someone who can help you make the necessary changes in your life—then I'm the wrong person for you.

This information is for women who want to figure out what's wrong with what they've been doing all these years, change it, and go on to make the last third of their life absolutely glorious.

Are you with me?

The Back Story

Probably the most common fear women share is that we'll be poor in our old age. That fear has been given the name of the "bag lady syndrome."[1] When we see an older woman pushing a shopping cart down the street, it's virtually impossible for us *not* to think that one day that could be us. Since fears don't necessarily come from rational places in our brains, we find all sorts of supportive fears to reinforce that one.

But that's hogwash.

Yes, there are women who (for reasons we can relate to) do not prepare themselves financially and who do try to live out their days solely on Social Security or family support. However, there's little reason why someone *can't* get beyond the major myths that keep them scared and thinking small, and build a secure future instead.

This report is about identifying those myths and getting you started on your journey away from that potential scenario … and firmly on your way to Financial Independence.

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[1] Almost every recent reference to the "bag lady syndrome" rests on a study conducted by Allianz Life Insurance Company of North America entitled *Women, Money and Power Study of 2006.* Over 1,925 women and 1,258 men were interviewed regarding their beliefs and feelings towards money. Fully half of all the women interviewed said that they fear losing everything and living on the streets. Even more astonishing is that 48% of the most affluent women—those earning above $100,000 per year—feared ending up on the streets as a bag lady.

What is Financial Independence?

Where you are in your life right now will affect how you define "Financial Independence." It's mainly a matter of perspective: How big can you dream? How far can you see? And each of us starts the journey in a different place.

If you're deep in debt and spending (or have spent) uncontrollably, for example, Financial Independence may be when you have your spending under control and can see yourself on the path to a more stable financial future. There you're *emotionally* free from your personal money demons.

If you're already paying down debt, and have taken ownership of money to where you control it … and it doesn't control you … Financial Independence may be when you're debt free. There you're *physically* free from the clutches of the greedy credit industry.

But the ultimate Financial Independence is where you have assessed your lifestyle, found a place where your purpose (however you define that) is being fulfilled, and have enough income from passive sources not to have to get up each day to earn it. There you will have put the *spiritual* forces of money to work for you.

Financial Independence is not about being "rich" in the traditional sense of the word. (Lots of rich people aren't free … or independent.) It's actually far easier to achieve Financial Independence than it is to get rich. And it's infinitely more satisfying.

NOTE: Sharon has both a book and a program launching soon, entitled *Money after Menopause,* that deal with the three critical aspects of money: the physical, the emotional, and the spiritual. Be sure to sign up on her blog http://sharonoday.com to hear when they're available.

Tearing Down the Barriers

Getting started on the path to Financial Independence seems overwhelming because we don't know *where* to start. We've created so many barriers by allowing myths to grow that we don't know which one to tear down first. In the end, it doesn't matter which one you tackle first. Removing any barrier will start empowering you and building your confidence to take on more and more difficult myths, until you feel what little David felt after he defeated Goliath. Victorious. And free.

Those barriers might take the form of money behaviors you observe in yourself … that you *know* are destructive and you're not proud of, but you do them anyway ... as if they had a life of their own. Or it could be the belief that you're incapable of dealing with numbers, although what's needed is no more difficult than Miss Mandine's sixth-grade math class. Maybe you're afraid to invest what you do have saved and you hear that your cash is losing value every day in the new economy … but dealing with investments is like speaking a foreign language.

Whatever the barrier, one thing to remember is that you created them. So if you had the power to create all the barriers, you have the power to tear them down.

And what is the greatest motivator to start on this journey? It typically takes a crisis or life-changing event for us to snap out of our reactive relationship with money.

The fact that you're reading this says that's already happened.

Good for you.

So What Are the Five Big Hairy Myths That Keep Us Scared and Broke?

Let's take a look.

<u>Myth #1</u>: People with money somehow *deserve* it … and you don't.

People typically try to demystify money for you by saying that it's just "a neutral instrument for facilitating the exchange of goods and services." Like Monopoly money. Somehow, that's supposed to cause you to let go of all the emotional baggage you've attached to money and change your mind about whether you should or shouldn't have any. It won't. But here's what will.

What busts the myth actually goes back to something much more basic: let's look at the concept of deserving.

If you're dividing up a limited pie, you might do so by deciding who should get a slice and what size the slices should be. When it comes to money, you're presuming that a limited amount of money is going to be shared. (Of course, we know the amount of money isn't actually limited. Heck, you just have to watch the news to know that the Federal Reserve simply turns on the printing presses anytime it needs more money in the economy.)

Back to the pie. In short, if money were limited, we'd be dealing with what's called a zero-sum game, where if you get something, someone else doesn't. So it's natural that you'd have to compete to get it, or be compared to someone else to see who merits it.

Now, if it were true that we had to compete for it, wouldn't you agree that competition is only meaningful if it has rules? So my question is: who's the authority who writes the rules of who wins in the game of having money or not? Have you ever seen any rules? Or have you just carried forward a bunch of hearsay from childhood that you never thought to question?

As for meriting money, the vocabulary we use reinforces that idea. The word "deserve" comes from the Latin *deservire* (c. 1300 A.D.), initially meaning "to serve fully," then "to be entitled to because of good service." Today it's evolved to mean "to merit" or "to be worthy of."

Being "worthy of?" What about all the dishonorable people who have tons of money? Do credit card companies deserve the money they bilk out of unsuspecting cardholders? What about drug lords and arms dealers? Corrupt politicians?

Once you realize that:

- the money in your world is not limited,
- having money doesn't mean you're taking it out of someone else's pocket,
- there are no rules about who should and shouldn't have money, and
- many people who are dishonorable (hence, unworthy) have money,

this myth has been busted!

<u>Myth #2</u>: You have to be good at numbers in order to get control over your finances.

It's true that our parents and our teachers told us we didn't have to bother our pretty little heads with things like arithmetic. Besides, it would be harder to find a husband if we were too smart ...

This was a carryover from our mothers' and grandmothers' social reality, perhaps, but not ours.

However, traces of this nonsense still lingered when we Baby Boomers were growing up, and many of us turned off to math as teens. This happened despite study after study that proved only a minor difference in the biologically driven aptitudes of boys and girls. It was almost entirely social.

The social pressures may have softened a bit over the years, but somehow the belief about women's difficulty with numbers has persisted.

One small detail: we're not talking about rocket science here.

In fact, until you get to the point where you're analyzing the beta coefficient (risk factor) of a particular investment in your portfolio, everything you need to get control over your finances you learned before the sixth grade. You can add, subtract, multiply, and divide, can't you?

Another myth debunked!

On the other hand, it could be that the real resistance isn't "being good at numbers," but rather what the numbers might tell you.

Shelves of books have been written on the role of self-worth, fear, blame, guilt, and shame in people's unwillingness to know where they stand financially. We won't go into all the details here, but I can assure you that everyone I've worked with has told me (once they were willing to get honest about their financial reality) that it was never as bad as they had imagined.

It never is. When we don't know, we imagine the absolute worst. And, somehow, by knowing the numbers, they suddenly hold far less power over you. They become *just numbers*.

NOTE: Sharon upcoming book and program entitled *Money after Menopause,* will provide excellent tools to help you look at (and even befriend!) the numbers in your life!

Myth #3: Your beliefs about money are with you for life, and can't be changed without years of therapy.

Some psychologists say that, from birth to age six, we are functioning entirely in our subconscious brains. That is, we have no ability to analyze what's going on around us. Therefore, everything we hear and experience, every interchange with others, absolutely everything lands in our little subconscious minds, like throwing everything into a huge bucket.

What we see as memorable incidents could include something as innocent as not being fed when we wanted, or hearing our parents fighting and not understanding why. It could be having a favorite toy given away to another child because "you have too many toys anyway, and he comes from a poor family." Maybe it's a survival reflex from not being allowed to have that yummy candy in the supermarket checkout line with mother's admonition, "I don't have any money for that. I barely have enough for our food."

We each installed millions of these impressions in our brains, and called them Truth. (I call them *Gremlins* because of the mischief they cause.) Since we had no tools to decide what was right or wrong, we just left the impressions there, whether they were meant for us or not—whether they were rational or not. Then, as we grew older and acquired the skills of critical thinking, we never bothered to go back and revisit all those old impressions.

So guess what? Many Gremlins are still sitting in your subconscious, unchallenged. Many are still classified as Truth. Some no longer affect us because they were innocuous. Others were disproved as we grew up. But, like it or not, some of the more damaging Gremlins that were never addressed still seep into the decisions we make today in the form of emotional mischief, including decisions related to money.

Turning around our less-than-healthy money behaviors is only possible once we're *aware* of the Gremlins we've brought into adulthood. And the good news is that most of them require only that: *awareness*. As soon as we look at these supposed "truths" as an adult, they appear powerless and ridiculous.

While serious money-related addictions (such as compulsive gambling, hoarding, and over-spending) may well require long-term therapy, the vast majority of us are dealing with garden-variety Gremlins that can be released just with the help of a good program to provide that critical awareness.

NOTE: Sharon's *Money after Menopause* book and program will provide excellent tools to uncover and release Gremlins.

Myth #4: If you're over 50 and don't have a sizeable nest egg already, you'll never be able to catch up, so why bother?

Granted, the younger you are when you start saving for retirement, the more years you have to let your savings grow through compound interest (earning interest on interest), so you'd have to set less aside over the years.

That said, you shouldn't despair if you're older and you haven't started saving yet. Okay, maybe your $50,000 nest egg won't grow to as much as a 30-year-old's nest egg will by retirement age. But just because you can't grow it to a million dollars by then doesn't mean you should throw your hands up in the air and do nothing.

Two things to keep in mind: (1) Every dollar you invest brings you closer to your goal. (2) You won't need your entire nest egg the moment you hit retirement age, so what you start saving now still has plenty of time to grow for distribution when you're in your 70s, 80s, and 90s. (Yes, you'll probably be needing money in your 90s.)

The recent economic disaster has had one silver lining: many more people are facing their money realities than ever before. And the amount of literature and valuable low-cost advice has multiplied dramatically. You also see people resorting to solutions that are more creative in order to make up for losses to their savings … or simply to jumpstart their savings because of their late start.

Despite the lousy *housing* market, people are downsizing their residences, doing house sharing, and selling to move abroad at an unprecedented rate. Despite the lousy *job* market, people are taking on extra odd jobs and starting side businesses to supplement what they have.

Want some peace of mind? Find out from the Social Security Administration what you'll be receiving by retiring at age 66 … 68 … 70. Figure out what a modest retirement lifestyle would cost on a monthly basis. What's the shortfall between the two? It's much easier to get your head around how to fund that shortfall than it is to target accumulating $2 million in 10-15 years, especially if you're starting from scratch.

Once you've figured out how to survive in the long term in your modest scenario, take a deep breath. Then use that peace of mind to start focusing on how to increase your nest egg so your lifestyle can bump up as well.

The sky's the limit.

<u>Myth #5</u>: No one else has messed up her finances as badly as you have.

You're kidding, right?

How many people who are millionaires today have gone through a bankruptcy? The first one people cite is Donald Trump, but there are so many more. Robert Kiyosaki of "Rich Dad, Poor Dad" fame also did. Even television financial guru Dave Ramsey had to file for bankruptcy early in his career.

How many people mismanage their money? Look at all those who receive windfalls from a lottery or a settlement, and decide to take the cash in a lump sum. A 1992 California study said that 90 percent of all personal injury settlements were dissipated within five years of the settlement, and up to 30 percent blew through their funds in less than a year. Some September 11 families faced similar challenges.

Athletes fare no better. According to the Toronto Star, 60 percent of NBA players are broke five years after they retire. What about Mike Tyson? He went from $300 million in the black to $27 million in the red before he told the bankruptcy court he could no longer pay his bills.

We mere mortals aren't exempt from declaring bankruptcy either, whether the result of mistakes or bad judgment. The filing statistics are proof: 1.5 million personal bankruptcies were filed in the year ending June 30, 2010, up 21 percent over the prior year, according to the Administrative Office of the U.S. Courts.

In Elizabeth Warren's "The Fragile Middle Class: Americans in Debt," she says the average age of a bankruptcy filer is 38. Forty-four percent are couples, 30 percent are women, and 26 percent are men. They're slightly better educated than the general population. Two-thirds have lost a job, half have gone through a serious health problem, and less than 9 percent didn't suffered a job loss, medical event, or divorce.

Because of the recent housing crisis and high unemployment rate, the typical filing profile has changed to include more people with high income and high education levels. According to one California bankruptcy attorney, in 2008 her clients were typically people who earned between $40,000 and $80,000. In 2009 that changed to a string of people who earned $100,000 to $300,000.

We're not endorsing bankruptcy. We're just pointing out that many people have "messed up" and gone on to thrive. And if all you're dealing with is no retirement savings, or even no savings and an uncomfortable level of personal debt, you're doing far better than many. "Messing up" is no reason *not* to turn the page and start getting your finances under control. The sooner, the better.

Just ask me how.

Your Next Steps

Now that we've busted five of the myths that could be holding you back from taking control of your finances, it's easy to take just *one* step forward. Pick any step.

Here's one example: Pull out a bank statement or a credit card statement and start marking what the expenses were for. You don't need to beat yourself up over past expenditures. Remember, today's a new day. But think about each one as you mark it. What joy do you feel today for having spent that money? Would you do it again? Get familiar with how you spend money. Start to de-fang it. Start to control it.

Each of the myths we debunked holds the key to an action ... or two ... or ten. Start with the first action you think of and move to another. With each action, as you become more empowered, you'll also be tempted to take on one more and you'll be on your way.

Then, if you're not on Sharon's email list, go to http://sharonoday.com and sign up so she can send you more free reports like this one and let you know as soon as her *Money after Menopause* book and program are available.

Sharon O'Day has spent 40 years in the world of international finance and marketing, specializing in developing international trade and taking companies into foreign markets. She has an MBA from the Wharton School of Finance, University of Pennsylvania, and was told she was the first person accepted into their full-time MBA program without an undergraduate degree.

She has dedicated the past eight years to understanding why so many women put off preparing for retirement, however they envision it. At age 53, she too woke up one night in a cold sweat and said, "What was I thinking? What the heck do I do now?" During these years, Sharon has studied and developed effective strategies to change all of her financial, emotional, and spiritual attitudes towards money. She practices what she preaches by helping others reach the same financial independence that she enjoys today.