

Money and Life (the inseparable pair)

Money is intertwined with life and how we manage it changes through the course of Life. This defines the financial seasons that occur through Life. We defined this so that people can see a bit into the future and begin to plan ahead. This may appear to provide what seems as counterintuitive advice but when you know what is coming, you can take action earlier than is typical for example the sooner you start saving for retirement the better prepared you will be. Likewise if you know college costs are coming you can start to save early on well before it is time to pay for Tuition.

This strives to help you understand and prepare for each new season in your life we define:

1. What starts a new season in life
2. Why each new season is important
3. How you can use this information to your financial advantage

Knowing the future seasons should inform your current plans

We want to debunk some common myths about managing money:

"There is plenty of time to save" Truth = there is rarely enough time to save

"I can skip the starter home" Truth = skipping the starter home can seriously impact your finances over a long period of time.

"I can make a fortune in the market" Truth = Very few make it big in the market and most do it using Other People's Money (OPM) not risking their own money.

"If I can just make more money my finances will be fine" Truth = Managing money well has very little to do with how much income you have more money does not fix poor money management habits.

"If I can just get rid of my debt things will work out" Truth = Many people who eliminate their debt go right back in to debt because they never changed how they manage their money (old habits die hard)

"I don't need a Budget" Truth = you wouldn't buy house that was built without a plan would you? Virtually everything we do in life starts with a plan and if you don't have one then your finances will likely be a mess too.

"If I account for what I spent that is all I need to do" Truth = this is what many people think but, accounting for what you spent is not the same thing as comparing what you spent to how you planned to spend it! Summarizing all your transactions is only really valuable if you have a plan to compare it to.



The very first day your children receive an allowance, they experience a part of life that will stay with them forever. The issue of money is intertwined with life, and, as such, learning to manage money is an important aspect of life. So much of the marketing on TV, magazines, and the internet is targeted to children. Children today must learn, at an early age, how to see through what is being sold to them. It seems unfair, but our children need to learn how to cope with financial decisions.

The first step in teaching children about money is giving them an allowance. Slowly, as they age, parents should insist that their children use their own money to purchase what they want. At this point, they start learning from financial decisions that they make. The process of managing an allowance will teach them basic principles of managing money.

Typical financial concerns in this stage are:

- Learning how savings grow
- Learning what items cost
- Managing an allowance
- Determining needs verse wants



The teenager stage is a time of first jobs and first paychecks. This stage also includes the realization that taxes take a chunk out of take-home pay. For many in this stage, there is a lack of understanding in regards to how much income it takes to own and maintain a car. In this stage, many earn more money than they actually need and, as budding consumers, begin to find more and more ways to spend that extra money.

College is right around the corner, and for those planning to pursue a college degree, there is generally a poor understanding of the real costs involved. The challenge in the teenager stage is to develop discipline to save for the future, and to begin to understand and prepare for the costs that come with getting a college education. Learning ways to save and accumulate money is very important in this stage.

Typical financial concerns in this stage are:

- Managing money
- Saving for college
- Evaluating student loans

Financial Planning Stage

Wealth Protection Stage – Building financial security

Things to consider: College scholarships, grants and loans and check into your local Community College many community colleges have 2 year programs that provide 4 year college accepted classes and at much lower costs than at the 4 year school.



The freedom available at this stage in life can be euphoric. For the first time in your life, your parents aren't calling the shots and you are contemplating what you want to do with the rest of your life. For many, this stage is the transition from being a child to becoming an adult. But many people in this stage of life know very little about financial management.

The financial challenges during this period of life can be daunting. Most college students will take out student loans to pay for college, and they will use credit card debt in order to bridge the gap between the income they have and their spending. Many college students will have the added costs of a car as well.

This stage is a great time of growth, both academically and socially, but, large debts can accumulate during this time. This stage is an important time to learn and apply money management concepts.

Typical financial concerns in this stage are:

- Managing your money
- Funding for college
- Consolidating student loans

Financial Planning Stage

Wealth Protection Stage – Building financial security

Things to consider: Get a job, use a credit card for only true emergencies, evaluate your living options, and use federal loans first and conventional loans second.



The independent stage is a period of transition from student to working adult. Having a steady paycheck for the first time can be very exciting, but knowing how to manage your money is the biggest challenge of this stage. For those who have just graduated from college, this may be the time to pay back those student loans and to get a handle on those credit card bills.

In this stage many will likely buy their first new car to go along with their first job. The Independent stage is a period where you have a lot of free time to pursue your interests. This is a time of optimism, where the sky is the limit, developing good habits in terms of work, life, and financial management will help your future goals become a reality.

Typical financial concerns in this stage are:

- Living on a budget
- Buying a car
- Paying off student loans

Financial Planning Stage

Wealth Protection – Building financial security.

Things to consider: Find a job, evaluate your living options and costs, come up with a college debt pay-off plan, manage your income with a budget plan and make this a habit, start saving for retirement using your employers' plan, set up an emergency fund and start to add money to it.



Young Couples

The Young Couples Stage is one of the most exciting times of life. It's a time for a fresh start and a time for settling down. School loans are typically a major part of this stage in life, and finding a place to call home is a high priority. Many young couples will begin to save for a house, or may actually buy a starter home. The challenges facing the young couple's stage are usually related to developing careers, which may require specialized training or earning an advanced degree. Another consideration in this stage is preparing to have children and raise a family.

Typical financial concerns in this stage are:

- Living on a budget
- Paying off student loans
- Going back to school

Financial Planning Stage

Wealth Protection – Building financial security

Things to consider: Discuss and agree on how you will manage your collective money and bills, Discuss when you want to start a family, become educated about housing costs, mortgages and the hidden costs of a home (taxes, insurance, utilities), Set a goal to save for a house and begin to save, continue to save for retirement.



The young family stage is typically a period where life changes forever with the birth of a child. No one can adequately prepare for this change, but somehow, in the midst of this momentous event, consideration must be given to this new financial responsibility. For the first time in life, responsibility for someone else takes center stage, impacting priorities and how time is spent.

The young family stage is when you first consider your child's education, and when owning a home becomes a primary goal. It's also a time when the family car(s) may need to be upgraded to support a growing family. Not to mention, the student loans that may still need to be paid off.

It's a great time of change. Sons and daughters become fathers and mothers, and for the first time in life, you must consider how to get a handle on home finances.

Typical financial concerns in this stage are:

- Living on a budget
- Paying off student loans
- Paying off car loans
- Buying a house

Financial Planning Stage

Wealth Accumulation – Faithfully saving money for retirement

Things to consider: The school district with the best schools; moving to and/or buying a house in that location. Start saving for college for your kids, pay-off your debt's and keep saving for retirement.



Middle-Age Family

The middle age families stage is a time in life where you can see the "light at the end of the tunnel", the kids are well on their way through school, and are only a few short years away from graduating from high school. College looms on the horizon, and the kids may be working towards buying their first car. For those who bought a new, larger home, it may still seem new. On the other hand, your family vehicle may need to be replaced.

This is when retirement becomes a critical consideration and changes to your plan may be required. Most have already saved towards this goal, but other priorities have dominated home finances. Now Retirement is a fast approaching reality. In the midst of figuring out how to pay for college and helping the kids buy their first car, the prospect of retirement grows. A key step during this stage is learning that it's never too late to get your financial house in order.

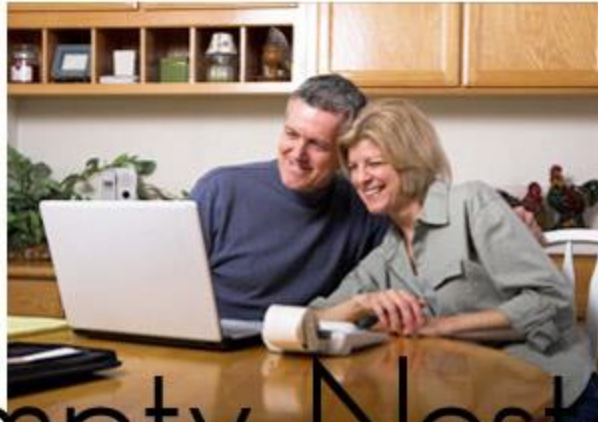
Typical financial concerns in this stage are:

- Living on a budget
- Paying for your kids college
- Buying your kids first car
- Planning for retirement

Financial Planning Stage

Wealth Accumulation – Faithfully saving money for retirement

Things to consider: Learning more about scholarships, grants and loans. Consider starting your kids in Community College while they live at home, reassess your retirement plan and what steps you will need to take to retire on time.



Empty Nesters

This is the time in life where the kids are out of the house and the house is a lot quieter than it used to be. College bills may linger for a few years. This may be a time to re-evaluate careers or change career directions completely. At this time retirement is a few years away, and when we learn more money needs to be saved. The time when your kids are getting married and may need help buying their first home.

While the exhaustive work of raising a family is nearly over, a college education is costly and someone has to pay for it. Weddings can be expensive and helping your kids with their first starter home may stress an already stressed financial situation. In a few short years it will be time to retire.

This is the time to take a hard look at your finances, to determine how much can be saved, what living expenses can be reduced and to consider down-sizing to a smaller home.

Typical financial concerns in this stage are:

- Living on a budget
- Downsizing your home
- Saving for retirement
- Paying off debts

Financial Planning Stage

Wealth Accumulation – Faithfully saving money for retirement

Things to consider: Downsizing to a smaller house, increasing your savings to retirement, paying-off your debts, determining where you want to live and what you want to do in retirement.



The retirement stage is the final stage in the financial life-cycle. It is the culmination of a work life. In the retirement stage, people no longer work at their previous occupations. They no longer want to continue a 9 to 5 work routine. At the same time, health care concerns and costs increase dramatically.

Retirement can, and should be, a great time in life. It's a time where the ability to enjoy life should be at an all-time high. Suddenly, you have the time to do many of the things you always wanted to. You have time to travel and see new places, and you have time to pursue those hobbies that you have neglected for so long. However, health care costs are real, and engaging in your hobbies and traveling may cause you to spend more than you should.

The key message for the retirement stage is that having free time is a blessing, but time is not free. To enjoy the type of life you want to live in retirement, you have to save along the way and you may also need to earn money in retirement to pay for it.

Typical financial concerns in this stage are:

- Living on a budget
- Planning Investments
- Finding part time work

Financial Planning Stage

Wealth Consumption – Plan the consumption of your retirement savings with an eye on your future needs

Things to consider: What you want to leave to your children, helping set up a college fund for each grandchild, traveling in the early years of retirement but make sure your money will last too.

The Money Lifecycle Map

Stage	Managing Money	Handling Debt	Planning Retirement
Childhood	At this stage it is the parents who must be aware and get involved with their kids. Teaching the difference between a need and a want. Helping them to understand what things cost and giving them an allowance and using it to teach them about managing money.	Kids borrow from friends and sometimes from family members. It is important to teach them the responsibility that comes with borrowing money. That they must pay it back. Most importantly do not pay your kids debts for them.	
Teenage	Get a job and learn to save money.	Prepare to pay for college, become familiar with loans available as well as scholarships and grants.	
College Student	Manage the money you have. Evaluate living options to lower costs. Use a credit card only for true emergencies.	If you have loans consider consolidating them as you move through your college years.	
Independent	Purposefully manage your spending to stay within your income, evaluate added expenses to make sure you can pay for them. Get a prepaid card and use that for daily expenses like food, gas, dinners out, etc. Add money to this based on your weekly budget amount.	If you buy a car determine what you need and what you can afford. Then follow a plan to pay-off that debt. Create and follow a plan to pay-off your student loans.	If your employer offers a retirement savings account like a 401k save to that 6% from each check or up to the percent that the employer matches.
Young Couples	Discuss how to manage your money as a couple. Determine how you will manage your collective money and who will pay the bills. Get a prepaid card for daily expenses like food, gas, dinners out, etc. Add money to these based on what you have budgeted weekly.	If you buy cars make sure you know what you need and what you can afford before you even look. Also begin to learn about the cost of real estate including the hidden costs of taxes, insurance and utilities. Pay-off or continue to pay down your student loans.	As you progress in your career continue to add money to your retirement account, If you change jobs move your 401k (s) into an IRA where you have many more investment options and can manage just one account.

Stage	Managing Money	Handling Debt	Planning Retirement
Young Family	Now that you have children begin to save money for each in college funds. Now you must account for the added cost of raising a family and all this must fit within your income. Evaluate whether one of you should stay home and raise the children verse paying for daycare.	If you haven't already, make sure you pay off your student loans, create and follow a pay-off plan.	Continue to add to your retirement savings consistently over a long time is the key to providing for your retirement.
Middle Age Family	Financially this stage is crunch time for your finances. Paying for college costs is just around the corner. Your kids will soon want their own car(s) and your car(s) may need to be replaced. Family vacations are important in this stage too and somehow you need to balance all this within your income.	You may have upgraded your home along the way, if you haven't already, see if you can prepay your mortgage or refinance it to a shorter payback time. Cars can be expensive but there are a number of good used cars available these days, so carefully evaluate what you can afford.	You may be tempted to reduce or stop saving for retirement during this stage, don't do it. When you look at the support that exists in scholarships, grants and loans for college and compare it to the how dependable you think your pensions and social security plans are, you will likely conclude that you must save for your retirement!
Empty Nester	This is the time to take stock in your finances, assess your work situation, your savings and may be revise your goals. Also grandkids may soon come into your life. You must decide if you will start a college fund for each and possibly help your kids buy their first home. These can be large financial considerations.	Now is the time to pay-off your home and/or downsize to a smaller home. Looking ahead you should make sure you carry no debt into retirement.	This is the stage where you start to really focus on your retirement situation, have you saved enough, can you save more and what is the right age to start to receive your pension and social security income. Now you must fine tune your retirement plan can you work part time in the early years can you take out a reverse mortgage in the later years, etc.

Stage	Managing Money	Handling Debt	Planning Retirement
Retired	At this stage you begin to live off fixed resources you must have a spending plan and follow that plan closely. How you spend now determines how long your money will last, consider working part time in the early years of retirement.	Debt what debt? Honestly you shouldn't have any debt in this stage. But if you do make sure you have a plan to pay it off.	In this stage you live off what you have accumulated over your work life. The more you have the better for you. Carefully manage your investment and see if you can manage some for a higher return. Evaluate what a reverse mortgage might mean in the later years of your retirement. The market goes up and down and you must adjust and remember the silent consumer of your resources, inflation, is always present. The key goal in this stage is to plan to leave an inheritance!

So there it is the **Money Life cycle Map** and what does it tell you? Do you see that being able to manage money well affects how you minimize or manage your debts and helps you put money away for retirement and other goals? Here are solid proven money management principles that work:

Follow a Plan Do Review Process



- Everything we do in life starts with a plan that is how we build homes, make meals, repair cars, etc. Budgeting should be focused on what you want to do, funding goals and meeting obligations, not focused on the past!
- Plan to spend and spend to plan - success comes from following your plan whether it is your budget, your goals, your debt pay-off plan or your retirement plan.
- What gets measured is what gets managed – we do this in school, sports and many other areas of life because when it truly matters it gets measured.

We used these principles and the lifecycle map to create **a new way to manage home finances** using Simple Home Finances Master Money Toolkit;

- Budgeting – Income and expense planning and payment management
- Debt Management – Debt planning and payback management
- Retirement – Planning before and during retirement
- Goals – Tied to your budget and paychecks for funding, allows you to plan and achieve your goals.

Accessible from a single home page and tightly integrated to save you huge amounts of time.

First let me share that there are some issues with our products....

1. They are only for those who are very serious about managing their finances better because there is a learning curve you will have to endure to use this software.
2. If you love the budgeting tool you use today then the Master Money toolkit might not be for you, but you can buy the debt and retirement toolkits separately!
3. We work only on your desktop because our products are built in excel and you will *need to have excel*.
4. Finally we do not yet pull information in from your bank but it is in development, we are however concerned that using this can support the bad money management habit of only looking at our finances at the end of the month. Our approach will be to encourage you to import bank transactions weekly or bi monthly or as an alternative charge your daily/weekly expenses to something other than your bank using a pre-paid card, this will give you similar spending control as cash while providing all the benefits of an advanced debit/credit card.
5. Sometimes Microsoft will eliminate functionality we use, but over time we will provide an update to you with a fix.

We understand there is no product that will work for everyone however here is why you might want to consider Simple Home Finances Master Money Toolkit:

1. This software **saves you huge amounts of time**, while keeping you completely on top of all of your financial matters. Because we provide complete Income, Expense, Debt, Retirement and Goal planning. But we go beyond just planning, these toolkits help you better manage your finances and are integrated to save you time.
2. This software **lets you keep all your usernames, passwords, account numbers and web-addresses in one place**
3. This software **faithfully highlights which bills are due or past due each week** (starting on Sunday)
4. This product may not be on the web but it **lets you use the web to pay your bills and update your retirement and goal savings account totals**.
5. Since it is built around a lifecycle it **provides capabilities almost everyone will need at some point in life**.
6. Also and we think this is big, **you will know more about your finances than anyone and you will drive your finances where you want them to go, in short you will be put firmly in control of your finances!**

Like we said this is not for everyone but if you want to learn more about our products please contact us at: shfmarketing@simplehomefinances.com