



Putting Money in the Context of Life™

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RETHINKING WHAT MONEY CAN BUY

In their 2010 consumer sentiment report, the Boston Consulting Group (BCG) concluded, "Recession anxiety has triggered a clear shift back to basics in what consumers say they value most."

The BCG researchers found, for example, that home and family, stability and calm, saving, and the environment have all increased in importance while luxury and status are becoming less and less of a priority.

“The truth is money can buy happiness, if we spend it on the right things.”

For many individuals, this change in focus will not only lead to wiser financial decisions, but to greater and longer lasting happiness as well. The truth is money can buy happiness, if we spend it on the right things.

There is now a growing body of research that has identified what types of purchases give us the biggest bang for our buck. Based on mounting

empirical evidence, Dr. Sonya Lyubomirski, a leading happiness researcher, describes the types of expenditures most likely to increase life satisfaction:

1. Activities that will help us to grow as individuals, strengthen our connection with others, and/or contribute to the well-being of our communities.
2. Experiences that will provide lasting memories (such as a rock climbing expedition, a wine tasting tour with friends, or a destination family reunion) rather than material possessions.
3. Many small pleasures (such as regular massages, a weekly delivery of fresh flowers, or frequent lunches with your best friend) rather than on one big-ticket item like a new car or super sized flat-screen TV.
4. Purchases that represent something that you have worked very hard to earn or to achieve will make the item or experience seem all the more valuable and rewarding. In addition,

scholars have found that anticipation increases happiness.

More importantly, Lyubomirski reminds us that **happiness is a choice**. She writes, "We can choose to become never-satisfied janitors of our possessions, or we can use our money in ways that improve our worlds and, as a bonus, supply us with genuine and lasting well-being." 🌿

Sources: "But Will it Make You Happy?" by Stephanie Rosenbloom, *New York Times*; *A New World Order of Consumption*, Boston Consulting Group; and "Can Money Buy Happiness" by Sonya Lyubomirski, *Scientific American*.

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FINANCIAL HAND UP, NOT HANDOUT, FOR ADULT CHILDREN

by Rick Kahler, CFP®

"Boomerang Kids." It sounds like a TV reality show: Kids grow up, kids move out, kids get into financial trouble, kids move back in with Mom and Dad. In real life, there's nothing particularly entertaining about adult children moving in with their parents.

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The situation is often a response to a financial or life crisis, and it can result in family tension and conflict that is anything but funny. For anyone considering this option, here are some important points to think about and discuss ahead of time:

1. Have a clear end in sight

Don't allow a child who is in financial trouble to move in "just until she gets back on her feet." This vague arrangement is asking for trouble. Instead, assess the child's circumstances together. Agree on clear goals like paying off credit card debt or finding a full-time job. Establish a clearly identifiable trigger for moving out, such as "three months from the date you find a full-time job." An open-ended agreement based on paying off debt or accumulating a certain amount is too easy to extend indefinitely.

2. Charge rent

If the goal is to help your child save money, charging rent seems counterproductive. Yet it is important for the child to contribute to the household expenses, and even more important for them not to get used to a budget that doesn't include rent. Check local ads to find

out how much rent is fair for a sleeping room with kitchen and laundry privileges, then add in a reasonable amount for groceries and other expenses. This ought to be less than the cost for a one-bedroom apartment.

If you can afford it, you could even stash the rent in a savings account and give it back to the child as a surprise moving-out gift. If the child is in such financial crisis that paying rent is simply not possible, agree on services like cooking, yard work, and housecleaning in lieu of rent.

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3. Agree on a recovery plan

Help the child create and agree to follow a bare-bones budget. It might include commitments to buy clothes at second-hand stores, get rid of car payments by replacing a more expensive car with a clunker, and spend only a very small allowance on entertainment. It's also essential to agree on consequences for not following the plan.

4. Focus on learning and changing behavior

If the child is in trouble because of destructive financial behavior, it may be appropriate for parents to monitor spending and make sure commitments are being kept.

Do your best to do this as a mentor and teacher rather than being punitive. Focus on one issue: How can this experience help you learn to manage money differently?

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5. Put it in writing

Beware of unvoiced expectations and unwritten “contracts.” Have your agreements in writing—everything from moving-out deadlines, to use of the parents' cars, to rules about entertaining and overnight guests. Include the same issues you would cover if you were renting space to a stranger.

6. Don't give until it hurts

Be realistic about what you can afford. Don't spend your retirement fund or borrow to help an adult child. In the long run, sacrificing your own financial health is harmful for all of you.

“ Be realistic about what you can afford. Don't spend your retirement fund or borrow to help an adult child. In the long run, sacrificing your own financial health is harmful for all of you.”

All too often, parents who allow an adult child to move home end up enabling the child to continue destructive money behavior and postpone learning important financial lessons.

Sometimes it's better to offer counsel instead of living quarters. This is a very individual decision. Finding the right answer means focusing on how to provide a helping hand rather than a handout. 🌱

Editor's Note: Rick Kahler is a Certified Financial Planner™, speaker, columnist, educator, and the co-author of four books: *Conscious Finance*, *The Financial Wisdom of Ebenezer Scrooge*, *Facilitating Financial Health*, and *Wired for Wealth*. For more information, visit Rick's blog at <http://financialawakenings.com/>.



EMBRACING ELDERHOOD

It is not uncommon for individuals to avoid thinking about growing old because it conjures up feelings of dread and anxiety as well as images of inactivity, sadness, and decline. The truth is, however, that life can remain rich, satisfying, and meaningful throughout one's lifespan. Each life stage offers challenges, but incredible rewards as well.

“ The skills, values, interests, and attitudes you accumulate along your life’s journey will continue to serve you well in later life.”

Therefore, it is important to view “old age” as one of many transitions in a continuum of life experiences. Those who navigate well through other life transitions will likely have the same experience as they move through the various phases of growing older. The skills, values, interests, and attitudes you accumulate along your life’s journey will continue to serve you well in later life.

The **secret of successful aging** is to always maintain a “future focus” by acknowledging the impact of choices made today on life in the future. In addition, it is important to seek growth and development in all areas of life throughout adulthood. Those who do will be more likely to find meaning and purpose in every stage of life.

Erik Erikson was a 20th century psychologist who greatly contributed to our understanding of how humans develop—both socially and psychologically—and how they age. He was the first to recognize the potential for growth and development throughout our lifespans, even into very old age.

Erikson taught us that the developmental task of elders is to look back and evaluate their lives. He believed that those who are able to look back and accept the course of events and choices made, and to view their lives as being necessary and important, will experience a sense of peace and satisfaction.

Erikson wrote that the successful outcome of this later life developmental milestone is **wisdom**—the ultimate gift to one's self and to others. Likewise, many experts on aging promote the concept of **Elderhood—a role in later life that brings a deep sense of meaning and purpose**. But, what does it really mean to be an Elder? What qualities do we look for or try to cultivate?

Barry Balkan, co-founder of the Live Oak Institute, describes an Elder in a way that defines—in a clear and concise way—the characteristics, rewards, and responsibilities of Elderhood:

"An Elder is a person who is still growing, still a learner, still with potential, and whose life continues to have within it, promise for and connection to the future. An Elder is still in pursuit of happiness, joy, and pleasure, and her or his birthright to these remains intact. Moreover, an Elder is a person who deserves respect and honor and whose work is to synthesize wisdom from long life experience and formulate this into a legacy for future generations."

As you think about yourself in old age, it is essential that you identify and visualize the various components you want to include in your life composition. In fact, the greater your understanding of what is truly important to you, the easier it will be to “paint a picture” in your mind of **what you want your life to mean to you and others** and what you want to experience as you grow older. 🌿