



Sound Financial Bites 027 - Paul Adams

Episode Transcription

“The idea of contentment is being able to set a strategy a head of time.”

What happens too often now is people live a life that's pretty good, and as a result of living a life that's pretty good, they just sort of spend their money on that life. Then they're trying to save as a function of what's left as a residual after they've already spent their money, and what we want you to be able to do is cultivate contentment first. Design what is a good life for you first, then go after building it.

Hello, this is Cory Shepherd, vice president of Sound Financial group and I'm excited to welcome you to Sound Financial Bites, where we bring you bite-sized pieces of financial knowledge to help you design and build a good life.

Hello and welcome to Sound Financial Bites. I'm your host, Paul Adams, and the president and CEO of Sound Financial Group. We're glad to have you with us today. As many of you know, we're breaking up these podcasts into several different types of podcasts. One type is personal financial philosophy, another is analytical financial cast, so we get deep into the numbers, next is personal philosophy where we are going to go deep into things that matter deeply to our clients, which could be on their body and health like bio-hacking things, or could be people that are marriage counselors or people helping us build better marriages. But something personal, having nothing to do with money, but as you've probably heard in our prior podcast, everything to do with what it means to design and build a good life, what does it mean to build wealth. Then last is going to be career in business philosophy topics, where we're having guest speakers in, speaking about how to grow your business if you're an entrepreneur or business owner, or how to build your career if what you're doing is growing your human capital inside of a larger corporation. So, we are really glad that you're here today on the topic of cultivating contentment.

So, cultivating contentment is this idea of what we should be doing is actually being conscious on a consistent angling basis to reflect about what is a good life for us. Now this will likely be a two-part series, one having to do with how to cultivate contentment today in the current, which I'm going to introduce you to, and second, how to continue to have the cultivation of contentment lead you to more financial success both in your investing and in retirement because that's the key. The key is for us to cultivate contentment, it doesn't happen automatically.

Now first, let me dispel a little bit of myth around contentment. Too often when people hear the word "contentment", what they think about is -- or being content is everything is good enough and it's just fine, and I'm going to sit back and just let life happen to me. In fact, many of you who are that top 1% income earning alpha in the marketplace may even have disdain for the word "contentment". So let me just start to pull that apart a little bit.

The idea of contentment is being able to set a strategy ahead of time to cultivate it. It would be to say, here is what I say about my life that is enough money. Here is what I say about my life that is a good enough lifestyle. Here is what I say about my spouse and why I desire the spouse that I have, that helps me build contentment in my marriage or with my children, or with my coworkers, or with the amount of financial capital I have in the bank. Too often, what people do



Sound Financial Bites 027 - Paul Adams

Episode Transcription

“We can afford it, but to afford it doesn't mean we should acquire it.”

is they don't do anything to say what's going to make them content ahead of time. They just continue to talk about the next thing they're going to have.

So, an easy one to think about this with the people see on a consistent basis even in their own lives, is something simple like a car, that people will find themselves desiring that next car. I'll just share with you a story for me. You see, I was one of those people that was living within my means years ago, and yet what I found was, I would still desire somebody else's car. I would still desire that whatever version was a Tesla at that time of this cool new car, that cool new Corvette, the Audi A8 is one of my favorite vehicles in terms of looks and feels, and I've test-driven them, and yet I didn't take action wanting to purchase one of those because I knew to do that would compromise this strategy my wife and have of living radically within our means. We can afford it, but to afford it doesn't mean that we should acquire it.

You see, when we're cultivating contentment what we're going to do is create constant reflection of what is that's really important to me, and then am I doing the things that take care of what's really important to me. Because anything that's going to be important to me now, is likely going to be important to me for the rest of my life, and so many people are hanging on to things like, well I'm just a car guy. "You know, Paul I'm just car guy. It's what I like to do. I'm really into cars." Yep, except many people who are "car guy," if their finances were really looked at with the great deal of rigor, what you would find is that their finances are not strong enough to allow them to continue to be a car guy, or car gal, when they reach old age.

When I say old age, I'm not talking about a specific age of 55 or 65 or 70, but rather, when's the point at which in the future, people are no longer going to transact with you to provide you an income, that you can no longer sell your services to the marketplace. So in cultivating contentment, what we must do is set a strategy and lifestyle that's sustainable both today, and into the indefinite and yet uncertain future. So, how do we do that? How do we actually cultivate contentment?

First, it's important that we think about the current that's affecting all of us. The current is the situation we all live in today that puts us in a situation where everything is like Tyranny of the Urgent, it's coming at you, there is an email that has to be answered, there's a meeting that has to be gone too, there's a vacation that has to be missed, current like it's going on right now. Then to also have you think about this distinction, the current, as like a river running through that if you're not careful, you are swept up in it. So what is the current look like?

Well, the current has us in certain philosophies about what it means to be successful, it means driving a certain car. Or that when you have more kids you automatically get a bigger house. Or that you should go on certain kinds of vacations. You see, the current is what we naturally feel like we ought to be doing if we've not set a strategy for what we want to be doing. What are you reflecting on about the fact that you should have wants, want to be doing. Set a strategy of here's what I want my life to look like, and not the ought to, like how much of my current narrative about the way I think I should be living life have I just caught like a cold? Because I picked it up reading Money Magazines or I picked it up reading Fortune, or I picked it up reading Wall Street Journal, or on the news, just like think about the sheer amount commercials that are pushed to us, or Facebook.



“What does it take minimally to have a good life?”

Then on Facebook, we are seeing a filtered version of everybody's lives and all the great things that they're doing, and it seems like that would be normal, and we're not keeping up if we're not doing it. But what we're doing is we're creating an avatar and unreal construct of what other people's lives look like. The current is sweeping us up.

So what does it look like to really set a strategy that has you begin to cultivate contentment? Not surprisingly, it starts by reflection. One of the things I would encourage you to do, especially if you're married you got to include your spouse in this, but take some time, sit out on the patio one night. Share a bottle of wine, take out a yellow pad and a pen, and start to talk about different areas of your life, and what you'd like of them to look like. But what I'm going to have you to do, in terms of shaping what they look like, is what does it take minimally to have a good life. That's your sufficiency. What's at minimal to lead a good life.

As you're reflecting on this, perhaps sitting outside with the yellow pad and a pen, you may be thinking 6 months from now, I would like a new car. Six months from now, I would like a bigger house. Six months from now, I would like a big vacation. We're not talking about goals. We're going to first start with this reflection of sufficiency which builds contentment. What is the minimum that you could have in life and still have it be a good life. You see, all the marketing that's pushed at us, even the people that are around us, their friends and family, you could put yourself in a bubble protected from any social media or marketing emails, or news media that would draw you off center, and have you want to consume, it doesn't matter. Everybody around you is being exposed to those things and because of coupling the fact that we are always in conversation with other people, their influence will influence us, we can't help it. It's one of the reasons why we recommend our clients introduce as many people that they know, love, and care about as possible to our firm, because at least it starts new conversations in that community. Bring them to our client events, send them this podcast. It will help you.

So, your first blush at this is well likely going to be, I want big more successful things. Scrap that. I want you to do the minimum, like, I could keep my current car ad infinitum, or I could sell my current car as long as I had a car that had 4 doors and a bike rack on the back. That would be a good enough car for me. It would need to be dependable, so my ideal would be is it's still in warranty of some kind. Boom! There's my minimum.

Now for some of you it might be, it must be a BMW that is less than 5 years old. Maybe that's your -- it is absolutely not a good life for you if it's not that. Now for me, one of the big things that I've got and a lot of people don't have is I want to own an RV. We have an RV now, it's part of a good life for me that we at least have either an RV or a camper trailer. We do an enormous amount of camping every year. I think we're going to get over 20 camping trips with the family this year. So that's one for me that may not be there for you. So what is yours? What is the minimal -- good, it is a good life if I have these things.

Now, it's going to change over time, so I don't expect this to be a static thing, but now what is the minimal look like for you to start a good life? What's enough food, shelter, safe neighborhood, all of that, like there's a certain area of town I still want to live in because it's very close to my church, it's very close to my parents, so it could conceivably be not a good life if I



Sound Financial Bites 027 - Paul Adams

Episode Transcription

had to move. Now, I could do with a much smaller house, my wife and I have talked about that, we could have a much smaller house. As you do this, what you're going to notice is how much more appreciation you have for how much you have in excess, in surplus of that sufficiency level right now. That creates the personal, mental, and emotional reset needed for every couple. You can combat the current, you can combat all of these messages flowing at you by simple reflection of what's good enough for us. What could we get by with. It doesn't mean you got to go do it tomorrow, but I nearly guarantee you it will have you reflect differently about every new purchase.

Let me give you a couple of things my wife and I have done to go to the extreme in this department. So we read a book called Simplify by -- Jaminet is actually a youth pastor, and what he did in this book -- what stands out most for me in having read the book, and depending on if your faith, the book also talks about how much our stuff gets in the way with our relationship with God. So if that's there for you, it's a great book to read for that, but let me give you the biggest gist of the book. This gentleman was with his son in the front yard, cleaning out the garage, mowing the lawn, doing everything they needed to do to just keep the house maintained. He sort of sees his neighbor across the street, also cleaning their garage, and mowing their lawn and weeding, and as the day went on about 2 o'clock in the afternoon, the neighbor shouts over "Hey, it's the American dream, huh? Spend all weekend in taking care of our stuff," and the author said, "I realize that's really what's happening to me and there's no way I want to do that." I don't want to spend the rest of my life taking care of stuff. I want to be with people, I want to have experiences, and as a result he came up with this philosophy that's not always about spending less money, but it's always clear on whether or not our stuff is getting in the way of our life. That started a journey for my wife and I that begin at the beginning of the last year.

Now, prior to this, my wife and I had read the book, Stop Acting Rich by Dr. Thomas Stanley, which is the same gentleman that 10 years, prior had written The Millionaire Next Door. So a great book on the fact that most of the things that other people consume, so when you see the Tesla driving down the road, or you see the huge beautiful house, there's almost zero likelihood that that is correlated with net worth. Even if they have net worth, they don't have the kind of net worth they need to continue that level of consumption for the long run most of the time. I really encourage you getting that book, Stop Acting Rich.

So we had already gotten over this idea of we don't need to live this lavish lifestyle, and we're actually going to become someone that lives radically within our means. On top of that, we read this book Simplify, which then had us go through everything we had already acquired. Just the stuff that accumulated in our house, in our garage, and one year, we took 9 trips, full truck loads to the local Goodwill and 6 trips to the landfill in one year. Now this year we've decided to take it to an entirely new level, we actually put our own personal residents up on Airbnb. We actually listed our own house for rent, to vacation rental owners because of two things. One, we wanted to say is there a lot of stuff that we're so attached to, that it would really mind -- it would bother us if other people were in our house, so that was number one. That was a really great mental reset for us.

Now, I am one of those people that's big time theory in practice where I want to test the



Sound Financial Bites 027 - Paul Adams

Episode Transcription

boundaries of things, and I do that, I'm not necessarily recommending any of you run out and Airbnb your own home, yet we did it because I wanted to see what happen to me and my wife personally, in our own personal relationship with stuff. If we could divorce ourselves from stuff being super important especially in our own home. So that was one.

Two, have you ever gone into a vacation rental? You walk in, it's clean, it's uncluttered, stuff is everywhere where it belongs, and we thought, if we had our house doped out like that for other people, then we also get to walk in and enjoy this uncluttered environment at home, and it's been amazing. It's taking our simplification of our stuff in our lives to a whole new level, where before not only where we after it, but now we have a structure that encourages it.

So in cultivating contentment, it means we need to reflect on what's sufficient, what's enough, so that we realize how much surplus we're likely living in right now. So can I lead a good life on this amount of income, then reflect. We're going talk about in the next podcast, reflect on how much money that's actually going to take to live this efficient lifestyle. You want to bring a great deal of contentment to your life, realize that if you're currently living off of \$250,000 a year, as your total consumption as a household, and then you reflect and realize, gosh, we can really have a good life on \$120,000 a year, or \$80,000 a year. One you produce that realization for yourself, a lot of career tribulation becomes easier to deal with. A lot of financial fears start to go away, saving rates increase simply because we're realizing that we don't need to buy the next thing just because we have the money for it. That is what most people do. Most people because they haven't built their own written plan for what they want their life to look like. What is sufficiency for us? What is a good life both now -- we've talked about design and build a good life. We need to design it now. That means we're going to sketch it out, that means we're going to say this is a good life for us. This is what it takes minimally to live that good life from an income perspective and then later we can do the math about what it takes financially to live that life. But those two conversations need to be separate.

What happens too often now is people live a life that's pretty good, and as a result of living a life that's pretty good, they just sort of spend their money on that life. Then they're trying to save as a function of what's left as a residual after they've already spent their money, and what we want you to be able to do is cultivate contentment first. Design what is a good life for you first, then go after building it. That's why our mission is design and build a good life. It actually has to happen in that order, and then with you and your spouse, constant cultivation of contentment, that means you need to have conversations in which you notice the amount of wealth that you really have. If you haven't done so yet, go back to one of our podcasts, there's our wealth with community event where we spend a lot of time talking about what is wealth and how different it is than money, and how you can notice special little things in your life that will help you cultivate the contentment that's required. Like contentment isn't an option. If we don't cultivate contentment, nearly guaranteed what's going to happen is that we're going to spend too much money, and as a result of spending too much money, and this is the next podcast, we will be putting ourselves in the position where that level of consumption cannot be sustained for the long run.

I hope you enjoyed today's podcast. I really encourage you to engage one of our advisers if you've not yet had the chance to do so. Any or our advisers will have a 30-minute phone call



Sound Financial Bites 027 - Paul Adams

Episode Transcription

with you. We have no idea whether or not our process would be appropriate for you at this time, but what we do know is if you spend 30 minutes with one of our team, it's going to merit the time that you invest. Also, check out our website, subscribe to our newsletter. You could download the first three chapters of our book and we look forward to connecting with you at one of our web events, or one of our live events and look forward to doing whatever we can to help you design and build a good life.

Hey, this is Cory again. I just wanted to say it's been great to have you here listening to this episode. You can find out more information about us on our website, www.sfgwa.com, or you can find us on Facebook under Sound Financial Group. We'd love to hear any questions or comments from you there. Who knows? You may hear one on a future episode. For our full disclosure, you can go to description of our podcast series, this episode's description, or our website.

Paul Adams is a Registered Representative and Financial Advisor of Park Avenue Securities LLC (PAS). Securities products and advisory services offered through PAS, member FINRA, SIPC. Financial Representative of The Guardian Life Insurance Company of America® (Guardian), New York, NY. PAS is an indirect, wholly-owned subsidiary of Guardian. Sound Financial Group is not an affiliate or subsidiary of PAS or Guardian.

This podcast is meant for general informational purposes and is not to be construed as tax, legal, or investment advice. You should consult a financial professional regarding your individual situation.

Guest speakers are not affiliated with Guardian or PAS unless otherwise stated, and their opinions are their own. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. Past performance is not a guarantee of future results.

This Material is Intended For General Public Use. By providing this material, we are not undertaking to provide investment advice for any specific individual or situation, or to otherwise act in a fiduciary capacity. Please contact one of our financial professionals for guidance and information specific to your individual situation

2016-25755 Exp. 7/18



Sound Financial Bites 027 - Paul Adams

Episode Transcription

Each week, the Sound Financial Bites podcast helps you Design and Build a Good Life™. No one has a Good Life by default, only by design. Visit us here for more details: [sfgwa.com](http://www.sfgwa.com/) HYPERLINK "http://www.sfgwa.com/"