



Sound Financial Bites 047 - Paul Adams *Episode Transcription*

“At the end of 2017, what do you want your body to look like?”

Hello, Paul Adams here. Welcome to Sound Financial Bites, where we help you with bite-sized pieces of financial and life knowledge to help you design and build a good life.

Hello, and welcome to Sound Financial Bites. My name is Paul Adams. I'm your host for the podcast today as well as the president of Sound Financial Group, and we are so glad to have you with us today. Today, what we're going to talk about is what are you aiming at in 2017? What are you aiming at in 2017? And the topic of 2017 comes, you should be getting this podcast, if you're listening to it freshly between Christmas and New Year.

This is a great time to be able to reflect. Many people don't have that much on their schedule for work this week, and have the ability to really think about, "What do I want my next year to look like?" and not just, "What do I want my next year to look like, because too often, people draw us toward business plans, or too often, people draw us toward, "What is my career plan for the year?"

We're going to talk about a different way for you to be able to set up your aims of what's important to you in life, and be able to carry that forward. So, as usual, this is going to be one of those topics that's going to be the good life topic/crossing over to business career. We're not going to get very deep into any financial stuff today. We're going to mainly stay on this topic of what it means to set aims in your life and go after them.

For those of you that don't love our analytical podcast, this is going to be a great one to sit in on and listen to. And then, of course, as always, reach out to us. If there's something that you want to hear on these podcasts, we're getting great feedback from our audience, and we'd love to hear what it is that you're sitting there with questions about having to do with finances or designing and building a good life, because we want nothing more than to use these podcasts as a venue to deliver you information and knowledge that you'll need to help yourself design and build a good life.

As always, our team is here ready to help and support and assist you on all of those financial fronts to help you really take a holistic look at your money and help yourself design and build a good life. If you're a regular podcast listener, this may be one of those podcasts today that's going to be wonderful for you to connect someone you care about to our podcast to help them get some better insights and some continual improvement in their financial knowledge so that they can help themselves design and build a good life. I hope you're noticing a theme there.

Let's look, today, on what it means to set our aims. Now, for most people, when it comes to planning for the future, where are most people doing that? You know, if I were to say, "Hey, do you have your business plan done?" Well, for the most part, your "business plan" or whatever your departmental plan is if you're an executive, is largely prompted because somebody else said you had to do it. If somebody else said, "You need to do this." So, in many ways, people are often doing those plans because they're required by somebody else. They're not doing that plan for



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“What do you want your relationship with your family to be like in 2017?”

themselves. They are doing it to check the box to get something done for someone else. Or, you could be a couple and you and your spouse, and maybe one spouse is really, "The goals for the next year are really important," and then for the other spouse, they're not that important. So, they're not doing the goals for themselves. They're doing them for their spouse.

That's where I want all of us to settle in is to first acknowledge that, oftentimes, when we do these sorts of plans, we're not really diligently doing them for ourselves. Second, when we're doing these plans, oftentimes, even if we did them for ourselves, or did them for a boss, what happens? Or, we did them because we're in a study group. We're a business owner, and we're in a study group of other business owners and we're all doing our business plan for next year. So, that's why we put it together.

Well, here's the thing. The second problem is that you often do the business plan, or the goal plan, and you do it like an event. My business plan is done. But, that's not what it should be. The business plan needs to be a practice. You're setting some aims for the following year, some objectives that you want to go after, and that needs to become a regular practice.

Now, if you've ever wondered, "Well, I don't think I'm doing that." Well, have you ever gone part way through the year, like maybe nine months of the year, and then look back and say, "Oh my gosh, there's my business plan. I wonder how I'm doing on that?" because it wasn't right square in front of you the entire year. It wasn't something you looked at once a week or once a day or something you lived with every day. You may have lived with a concept of it, but you didn't live with the, "Here's what I said at the beginning of the year I was going to do." It needs to become a living, breathing set of practices rather than a, "I hope that this works out. I put it in writing once. I hope this is going to produce the result."

Let's talk about the fact that maybe even the career and business plan isn't even a place that we should start. So, we talked about the fact that, oftentimes, we do those career and business plans for somebody else, and second, we're looking at them as an event. But, our third issue is that, oftentimes, we probably shouldn't even be doing the business plan yet.

The business plan, the career plan, whatever it is you're going to do that, oftentimes, is aimed at producing a higher income, is the last of three things we should be doing. Because, one of the first things that we need to do is we need to really look at our aims, our personal aims. What's important to us? Aims, A-I-M-S. What are we aiming at? What do we want to set our objectives on for ourselves personally? And that's where it needs to start.

Now, what's great about this, for those of you in households where you have one spouse that stays home, or you're both working and it seems like you're almost just passing by each other as you do everything you can to get kids out the door and get them educated every day, and periodically, you slow down long enough to exchange counters for the week, setting your personal aims is a great way to reconnect as a couple. And if you're single, setting your aims is a great way to get yourself centered to realize this is the first place we need to start before we go anywhere else.



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“What are the things that bring you deep joy, and what are the things that bring fulfillment?”

When I talk about aims, what do I mean? I mean there's major areas of your life that need to be squared away or you'll have a serious breakdown. Let's talk about the first two. The first two are just something as simple as health. What do you want your health to look like? At the end of 2017, what do you want your body to look like? What do you want to weigh? What do you want to be physically capable of? Because, I will tell you right now, if your body isn't in good repair next year, two years from now, three years from now, no amount of good life in any other area is going to seem like it makes up for that. So, your body.

You want to know how do you want things going with your family. Those are two key ones. What do you want your relationship with your family to be like in 2017? How much time do you want to be spending with your children, or your parents, or aunts and uncles? How about friends? So, that whole segment of family and relationships, what should that look like? What about being able to play? What about the relaxing parts of life? Now, I'm giving you just a few of these. What do you want your work to look like? Now, this is not work like what you're going to be doing every day, but what kind of freedom and autonomy do you want to be able to have in your work life?

At this stage, while we're still on all of your personal aims, I'm not yet talking about your business plan. I'm more talking about how much time in the year do you want to work? What do you want your day to look like? Do you want to go in and work 16 hour a day? Some people like that. In fact, some occupations allow you to go in. If you're an ER room physician, you might very well be able to go crank out several very long days and then have a lot of time off. Is that by design or by default?

If you could do that by design, then what would you want to do with those extra days off? Are there vacations that you want to take? And what I want you to think about as you're building out these aims for your life is what are the things that bring you deep joy, and what are the things that really bring you fulfillment? Those are the things that you want to be focused on as you do this. This is not about, "I want to buy a Tesla next year." I mean, you might, but the first draft of these personal aims really should be your sufficiency. What are the things that, if they were there, you would have a good life? Because, the rest of whatever your good life is not going to be created or satisfied by your stuff, but it's going to be created and satisfied by your commitment to producing certain outcomes and structures in your life. But, it's not about the cool car. It's more about how to we do spending time with the family. Did I take care of my body? Did I take time away from work to recharge?

You'll notice every time that the time away from work to recharge is far more important than what hotel you were at. So, it's not a money thing. This is a life thing. Now, if any of you want some additional deeper reflections on this, you can Google something called "The Permanent Domains of Human Concern", an author, leader, coach, educator by the name of Fernando Flores. He is one of the first men who the term "coach" was used in a non-athletic sense as a business coach, I think, in the 1980s, and was originally referring to Fernando Flores, Dr. Fernando Flores.

Now, if you've ever heard him speak, he has a very, very heavy Chilean accent, but his writing is



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phenomenal. This 13 Permanent Domains of Human Concern can be found in his book that is a collection of essays you can find on Amazon. If you guys want our help and you just want a list of them, email us and we'll send you kind of this list of permanent domains, and then you can dig deeper into it on the internet, if you'd like. You can send us that at info@sfgwa.com, and we'll get that out to you.

What I'd want you to do when you're setting these personal aims is just take all these different areas and write out, like writing a little paper, what do you want life to look like in all these areas? And maybe do a little self-assessment. "Here's where I think I am right now in my health and my body, and here's where I am in my faith right now," and those are two different domains. Here's where I am in my faith and then here's what I want to do in 2017 to make that better.

Now, if you want to get beyond 2017, you really want to consider saying for yourself, "Here's what I want next year to look like in all these different areas: things like body, things like faith, family." Build all of those out and then what do you want them to look like in three years? What do you want them to look like in five years? What do you want them to look like in 10 years? Now, we know 10, 15, 20 years, you're totally guessing. But, I will tell you right now that you'll make more progress setting an intention of what you want life to look like, and then trying to close distance on it then you set no destination at all.

Writing might be a three or four or five-page paper, but then you and your spouse can get on the same page and say, "Hey, is this kind of where you want to go too?" It might take one of you to initiate it and then say, "Hey, here's what I'm thinking. What do you think?" This might take more than just a yellow pad and a bottle of wine in a single evening. Once again though, this is not an event. This becomes a practice.

Now, once we're done with this, so we've built our good life. We looked at it from a sufficiency perspective. We're not talking massive luxuries. We're saying, "What does that need to look like for us to be able to have a good life?" What should we plan for next? That was how we want our life to look like, our personal aims to look like. Now, the next thing we need to do is figure out what's all that going to cost? What does it cost to actually have the life that we just wrote down we wanted to have? So, these are your financial aims.

We're still, to be clear, not talking about your career yet. We're not talking about your career yet because your career often distracts from getting these other areas handled. What I would contend is we should not know what side of the bed to get out of, let alone whether or not we should become a manager at McDonald's or an executive at Amazon before we know what we want our life to look like.

You know, what happens all too often for folks in business is that we stay focused on and distracted by what our career is doing. We're not there yet. We're going to get there, but the next piece is just the financial ambition. The financial aims are all about what's it going to take to live the life that we just said we wanted in those personal aims? Pretty easy. It's like, "Well, we want to take one vacation. That's going to be 5,000. We want to stay in our current house that's with



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mortgage and maintenance, that's 40,000. We're not going to get a new car, but we do want to continue to insure the cars we have." And you make that whole list and you figure out, "What's it going to cost to have that life that you wanted?" But, there's two types of cost on that life. One is there's the cost of the life that we want, and let's say for you to have that lifestyle is a couple hundred thousand dollars. Well then, you have to add to that what's it cost to fund that lifestyle when you're no longer in your career. Because, one day, you won't be in your career earning money, whether you're a business owner or an executive, you're not going to, forever, have somebody else transacting with you. Someday, you've got to have enough capital on the shelf from all of your past transactions to have enough money to give you income to give you freedom to live out the rest of your life the way that you want to.

How much is that? Well, for the sake of this conversation, let's just call it you need to have 20% of gross savings. So, 200,000 is what we're spending, but we didn't mention yet, to have 200,000 in lifestyle, you've got to have taxes that have got to get paid. So, now this is just rough estimate. It's just me and you talking on the podcast here. Let's say what it takes, total, is about 400,000 of income. 400,000 of income, you're going to pay, let's call it 150,000 in taxes thereabouts, and then you're going to have the goal of wanting to save about another 80, or something like that. So, maybe you have to make 440. This is what we're getting to. You're figuring out how much money you need to make. Maybe you got to make about 440, pay about \$160,000 in taxes, save 80,000 and you have 180,000 left for lifestyle. Now, I'm doing this with you with a podcast, but all I want you to be present to is that you got to do the math of how much income is it going to take to produce the lifestyle that you wanted?

In our example I just gave, that would leave us \$180,000 for lifestyle. So, you might have to go back and go, "Does that mean I have to now make 480 to have a full 200, or is there anything back in that lifestyle that could be trimmed out?" Now, here's our pause. We now know how much we have to make a year to fund that sufficiency level. If your sufficiency level was 200, if your sufficiency level was 100, it's pretty easy to back into the number again. Remember, the amount that you got to save for the future for this conversation needs to be 20% of gross. Once you're sitting down with me or one of our team, we can help you do the math of how much actually needs to be set aside to fund your lifestyle beyond today. But, for now, we're just using 20% so everybody just remains present to the fact that we have to fund two lifestyles all the time: the lifestyle while we're in our career and our lifestyle once we have financial freedom and we have enough assets that we don't have to be transacting in a business owner or executive career anymore.

Now we build our entire lifestyle, aims, what do we want. What do we want for our personal aims? Now, we built our financial aims. We actually know how much income we've got to have every year just to fund this year's expenses plus reserve enough for the future. That's our financial aims. Only when we have those two areas put together, or at least sketched out should we even consider what we should be doing to grow our career.

I was talking to a friend of mine yesterday and I said, "Just curious. What are your goals for this coming year?" And of course, the first place he went was to business. But, what he didn't have, as he's going into the conversation with his partners in that business, and this was yesterday



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afternoon, as he's getting ready to go in, he didn't have, ready to hand, how he was going to set those goals in context with how his personal life was going to work. What was needed to happen for him, personally, to have all of that work out and have him be satisfied with his career. That's what you ought to do. So, now we're looking back at lifestyle, and we say, "Okay, now in my career, I want to make a million dollars," but you look at what it's going to take to make the million dollars. Number one, we may have just determined that the million dollars is unimportant. If the financial aim is to make 480,000, it changes the career aim. It might be nice to have a million, but now what's the life sacrifice differential between making a million and making 480,000. And could we have a better life, like more time with our kids, more time off? Could we design the business in a way where you're going to work three days a week instead of five days a week to be able to do that? Could you participate in more sports with your children? Whatever those new objectives would be, because now it's not about creating more income and more opportunity in the business for the business's sake. The entire business's purpose or your career's entire purpose should only be -- I mean, there is some esoteric, don't get me wrong, there's some deep and meaningful things that we accomplished in our careers that are deep and meaningful to us, and that should be all the way back in our personal aims. Too often, we say, "Well, this is rewarding to me, which is why I grind 16 hours a day, 4 days a week, and still work 12 hours on Friday," and it's rewarding to me, and we kind of make that up after we've already compromised other areas of our life.

What I'm saying to you is match it all up, what you're going to do in your career against what it's doing for your personal aims and what it's doing to meet your financial aims because if you do those in that order, always your personal aims first then figuring it out what does it take, what do our aims need to be financially to then work in our career or our business in a way that produces the very outcomes we wanted to have personally.

Now, a couple of small things that might hit your center here, but I want you to reflect on it. For those of you that are business owners, this can create conflicts with your spouse. Because, we're oftentimes out there chasing the great white buffalo of whatever we're trying to achieve in business, and it's what we're doing in the business, we might have some semblance of what it's doing to take care of our family, but it's not stitching it together for our spouse that is not in the business. They may have their own career or they may stay home.

What we need to be able to do is make sure that we're always nesting in. We're doing this in the business because it's producing these things that we said were important back at the beginning of the year and can bring the couple really close together, because now we're reflecting and achieving those goals together because that's why I need you to pick up the kids at swimming practice to handle these things, because I'm handling this part over here, and here's what that's going to produce for us in terms of vacations, freedoms, enough retirement savings, etcetera.

Last, but not least, all of this, writing these things out -- I'm not talking like something that's so nice that you would show it to anybody else, but something that's enough that you can remember what you put together will help you escape what you heard us talk about, which is the current all of the rushing objectives of everybody else going by, and that when you're in the current, it seems normal. Everybody's sitting in their float tubes or their boats and they're going



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down the river, and there's very little effort to go along with the way everybody else is going.

But, to pause long enough and metaphorically get up on the bank and start observing other people is really hard to do at first. It's hard to fight the current to get to the shore. It's hard to climb up the shore. But, once you're on the shore and looking out, you can go, "Oh my gosh, look at what everybody else is doing." Everybody's just taking the next business objective after the next business objective, and I don't think that they are doing that in a way that is taking care of their personal life. But, not in a moral way. It's not about what I think they should be doing in their personal life, it's that they haven't stopped long enough to look at what they want in their personal life to see if their business or their career is actually going to produce that outcome.

I want to encourage all of you, as you go into 2017, pause long enough here this week to just write down what your personal aims are, what do you want life to look like. Do a mock budget for 2017 of what all the things that you said you wanted to accomplish, what are those actually going to cost? What's the financial objectives?

Then last but not least, build those career and business objectives, and as you build those career and business objectives, you're going to notice you do it in a totally different context, which means also, there are things that you have to do in your career in business that are really hard, but if those are anchored back to the things that are deeply meaningful to you personally. Not in a airy-fairy way, but in super practical ways like, "I need to increase my income by \$50,000 this year because of this exact thing I want to accomplish personally." That will keep you engaged and excited about making those achievements on the business front.

Write them out. Write out your personal aims, write out your financial aims, write out your career and business aims, and then be able to sit back and reflect on all of those with your spouse to make sure you're in a shared interpretation, and then that needs to become a practice. Go on a date night once a month where that comes out for 10 minutes just to remind yourselves about what you're committed to for 2017. What I can assure you is you'll be much more likely to arrive at a destination that you wanted to be at doing that work on a consistent basis than you will if you just let it slide.

You see, if you have ever ridden on a commercial aircraft, you may not know this, but they plot an original path for that aircraft, the most direct path, and yet as soon as they get off the runway, as soon as the wheels are up, they are having to make changes. They are having to make changes due to traffic patterns, they're having to make changes due to wind, changes due to weather, changes because of the spin of the Earth for that matter, and they're headed toward their destination, and yet almost 99.9% of the time, they are off course. They are always off course versus what their direct route would have been, but they are always arriving, constantly off course, but always arriving.

What I want you to think about is just doing your personal aims, your financial aims, and then your business and career aims. You're never going to be perfectly on course, and that's why most people don't put these together is they're afraid of not being perfectly on course. It's okay. You're always not going to be perfectly on course, but as long as you set that destination, you can constantly be arriving, and that arriving will be helping you design and build a good life. Have a



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great rest of your day.

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