

What You Need to Know About Financing Your Reinvention

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Announcer: Welcome to The Lift Your Life Project with Coach Pamela.

Pamela: Welcome to The Lift Your Life Project. I'm Pamela Mitchell, also known as Coach Pamela, and this is the podcast devoted to helping you meld your personal self and your professional self into an enhanced version of your best self. My goal is to help you take control of your work and your life, feel more relaxed and confident, and experience the satisfaction and fulfillment of a sustainable, successful life. Today, we are talking about "What you need to know about financing your reinvention". In other words, "What about the money?" Such an important topic in reinvention. Obviously, one of the fundamental pieces of this whole process. It is such a critical topic that I've brought on Jean Chatzky today to hear her insights on this.

Now, Jean ... If you don't already know her ... Is an award-winning personal finance journalist. She's the financial editor for NBC's Today Show. She's also AARP's personal finance ambassador. She is a New York Times best-selling author of eight books, the latest of which is "Money Rules: The Simple Path to Lifelong Security." Jean believes that knowing how to manage money is one of the most important life skills for people at every age, and she has made it her mission to help simplify money matters by increasing financial literacy. Obviously, Jean has a lot to say on this topic, and so we are just going to dive right in. Let's get this show started. Thank you so much Jean for joining us today.

Jean: Oh, thanks for asking me. I'm happy to be here.



Pamela: I was checking out your story online, and I saw that when you were in school you wanted to be a journalist. When you got out, what was interesting is that you took a department store job, even though you had this big dream to be a journalist, and that you took that job because it offered double the salary, and that, ultimately in a couple of months you quit. But, what's interesting is that that would be a move that most people would say from a financial perspective, "Hey, yeah, definitely take that job and earn that money." Maybe you can tell us a little bit about that story and that decision that you made, and how it shaped your viewpoint on money.

Jean: Sure. Absolutely. I went through college pretty much knowing that I wanted to be a journalist. I did a ton of internships and worked at the school paper, lived at the school paper. When I graduated I got a job offer at a magazine for \$12,000 a year ... Granted, this was 1986 ... But, looking at that amount of money and thinking about living in New York was a little daunting. I got a job offer for a management training program in retail, which paid double that, \$24,000 a year. I looked at the money and I said, "How can I not do this?" I took the job. I bought a car. I moved to Connecticut where it was based.

I knew from about the second day that it was just wrong. It felt wrong. It just didn't feel authentic. I struggled with, "How can I? Oh my gosh, I just bought a car. I just signed a lease. How can I get out of this?" It took me about three months to extricate myself and quit and find another job in New York for \$11,000 a year. I should have taken the \$12,000 one, but I basically decided that I would work a second job, which I did. I taught SATs on the side too for enough money to support myself.

My parents very kindly helped me with a few hundred dollars a month, and I made it work until I could get to the point where I was completely self-sufficient again. It taught me that you can't just do something for the money. You've got to make sure that what you're doing is something you love, because we spend so much of our lives working, when we work full-time. It's got to be something that feels really true to you.

Pamela: What I love about that ... And first, I have to say that I am impressed that it took you three months, because myself in that same situation ... I always had this big dream to work on Wall Street, and I got there and found out in about six months that it wasn't right for me. It took me five years to extricate myself from that. Kudos to you for making that move right off the bat. Because, it's hard. It's really hard to turn that down and walk away, when you know something doesn't fit.

Jean: Yeah. You feel it when it doesn't fit.



Pamela: Yeah. I remember that feeling when I would be walking to the office, and my stomach would start to churn as I was walking down Wall Street. As I got closer and closer to the office, I could feel the anxiety rising in my throat until literally, I could barely breathe as I was walking through those doors. I just remember every day thinking, "How am I gonna get through this?" So many people live that way in service of money. Tell us Jean, if we're going to make that break and we say, "Okay, we're gonna follow something that makes us feel more authentic in our lives." What do we need to have laid out from a financial perspective, so that we feel like we have the space and the freedom to make that kind of a decision?

Jean: I mean, and to be completely honest, when I did this?

Pamela: Mm-hmm (affirmative)

Jean: The fact that I was so fresh out of college, with no assets and very little in terms of financial responsibilities was really a gift. I didn't know what I didn't know, and so taking that step was easier for me than I think it is for a lot of people who are mid-career and who have a mortgage, and who might have kids that they want to help through college, and who have responsibilities. I like to talk to people about saving in advance.

If you are in a position where you feel like whatever you're doing is just not working for you, starting to live on a little less right now in order to create a fatter emergency safety net is a really, really smart idea. The other thing that's smart is to not go "whole hog". Do not quit your day job and jump, until you've tested the waters to make sure that you actually do want to do what you think you want to do. You can do that at night. You can do that on weekends. You can do it by taking a course. You don't have to dive in head first.

Pamela: Yeah. Those are really great suggestions, because those strategies of sort of "testing the waters" from a low-stakes perspective, can really give a lot of key information to people, and not take a big bite out of their budget as they're doing it.

Jean: Exactly. I mean, I always sort of come back to stories of people who've decided that they want to retire to some state that's warmer than where they live now. They buy a house and they sell their house, and they pick up and they move, and then they realize they don't like it. You should always, if you're making a change like that, go spend three months there. Test it and make sure that this is something that will actually work for you. Only once you know it will work for you do you dive.



Pamela: Right, yeah. Absolutely. That "testing phase" is so critical, because when people come in they say, "Well, how do I know this is going to make me happy?"

Jean: Exactly.

Pamela: That's one of the reasons that people don't make a move, because they're unsure, so they kind of feel like ... and the world kind of shows these stories of people who just made that leap and jump. And while that makes great copy, that's actually ... at least from what I've seen, and I'd love to hear your experience ... But, from what I've seen, that isn't always the healthiest way of going about it. Nor is it the way that most people actually make a change.

Jean: No. I think most people try it a little bit before they jump.

Pamela: Yeah. Yeah. Let's go back to where you talked about people kind of setting money aside for an emergency fund, for a cushion. If they're thinking about making a change. One of the things that I saw in one of your pieces is that Northwestern Mutual had done an interesting study showing that there's a correlation between your level of discipline in financial planning and your level of happiness. I was interested to ask you about that particular piece, and what kind of habits people could actually build around that where it would seem less like, "Oh, you know, I'm just doing this", but sort of tap into that side of them that is positive and forward-moving?

Jean: Saving money, which is really what we're talking about here ...

Pamela: Mm-hmm (affirmative)

Jean: ... is really hard for human beings to do. It involves delaying gratification ...

Pamela: Right.

Jean: ... and that's not something that we are particularly "wired" for. But, there are a lot of tricks that you can play with yourself to get yourself to actually save more money. I tell people, "Look at a 401K and think about why a 401K works." 401K works because the money's swiped out of your paycheck before you have a chance to see it or touch it, and if you do want to get your hands on it, you face taxes and you face penalties, so it's sort of a one-two punch that keeps the money working for you. No matter what your goal is you want to try to replicate that as much as possible. If you are saving for a particular goal, set up a series of automatic transfers that'll just move the money out of your primary spending account to a place where it's a little harder to actually access. That could be an online savings account, where there's no ATM card attached to it, and so, if



you want to get the money, you have to transfer it back to your brick and mortar bank which is going to take a couple of days, which is going to force you to think about it, which is entirely the point. The other thing to do ... And this ties really strongly into the "happiness" equation that you asked about...

Pamela: Mm-hmm (affirmative)

Jean: ...is saving money, because it's so hard, it's not an activity that makes us happy. Having money saved on the other hand? Makes us really happy. It makes us feel secure. It makes us feel successful. It makes us feel independent, and so, when you start on this path of trying to accumulate more savings for tomorrow, it's really important that you visit your savings. That you sign on to your online account once a month, and you just say, "Gosh, look at me. Look at what I'm doing." I did a big study on money and happiness several years ago, and found that people who could put away at least five percent of what they were bringing in on a regular basis were significantly happier than those who were putting away less.

Pamela: Interesting. Really interesting. I love, love, that tip of "visiting your savings", and kind of tapping into the feelings and giving yourself credit for that.

Jean: Absolutely.

Pamela: Let's continue that theme of "emotional shifts" around money. I think that's a really interesting one, because it's something that really carries so much baggage for people. What other kind of tips do you have for helping people shift their relationship to money, so that they can view it more as a partnership rather than a burden?

Jean: I think that boils down to your goals, and thinking about "What do I want my money to do for me?" When you know what you want your money to do for you, to accomplish for you, both in the short-term and in the long-term, then, you can truly think about how you're going to get there, and how you're going to meet the benchmarks that are in between you and your goal. It can't just be about a long-term goal. It has to be about steps along the way, because that long-term goal is too far in the future. You've got to sort of "map it out" ...?

Pamela: Mm-hmm (affirmative)

Jean: ... and again, allow yourself to take pride in the fact that you're meeting your benchmark.



Pamela: What's your thought on bringing it from the long-term goal to what you're doing today, and kind of tapping into that happiness? Are you an advocate of people building in rewards for themselves along the way? Kind of to pat themselves on the back for accomplishing those goals? Or, are you kind of saying, "No, all in." Just take emotional pleasure as opposed to maybe, giving yourself a treat now and then?

Jean: I'm not a fan of the "crash diet". I think that if you're depriving yourself too much of joy in everyday life, or comfort in everyday life, then you're going to fail. I think you need to figure out a way to both reach for the long-term, as well as live in a way that you're not feeling totally deprived in the short-term. That could be rewards, but it could also just be figuring out a level of comfort that you need, and understanding based on the level of comfort what sort of a timetable you will need in order to meet those goals.

Pamela: Okay. Explain a little bit more about that. In setting these goals, then, you kind of lay out your timetable and then, you sort of build-in what you need to kind of get there along the way, so that you don't feel deprived?

Jean: Exactly. Exactly. I mean, you know yourself, right? Especially if we've gotten to mid-life, mid-career. We know ourselves. I am more of a television-watcher than I probably should be, but I know that if I didn't have the ability at 10 o'clock on a particular night to tune-in to my favorite show and tune-out, that would make me feel not so happy, not so comfortable. For me, building in the cost of cable for that reason is something that makes sense.

Pamela: Okay. What I hear you saying and recommending to our listeners here is that, "It's really about being honest with yourself about those things that matter in your life, and then, carving out space to give them to yourself, while you're also sort of laying out your plan to accomplish your future goal."

Jean: Right. That also means, "Thinking about the things that don't matter." One exercise that really, really works is when you buy something, journal it. Keep track not only about how much it costs, but how it makes you feel. Not just when you buy it, but a week later and a month later. What you'll start to see is what has value to you and what you could've done without. It's those things that you could've done without that will free up the cash that will enable you to save more.

Pamela: That's really interesting, because of course, in that initial flush of say, buying a new hand bag, it's like, "Wow. That's exciting", and, "Ooh, I love this", put then to visit it again a week later, a month later, then maybe, maybe not. Or, maybe, depending ...

Jean: Exactly. Maybe. Maybe.



Pamela: Right. That's right. Or, it might be just that one hand bag instead of three. If you can tell, I'm a "purse person".

Jean: There you go, like my mom.

Pamela: Yeah, exactly, but to your point, not everything is created equal. It's like maybe those key pieces that continue to give me pleasure over the years ... I mean, there's certain hand bags that I've invested in that five, ten years later, I still love them.

Jean: Yeah.

Pamela: Then, there are others that, yeah I bought, and eventually I ended up putting them on eBay without really carrying them, because they weren't great. Kind of putting it in both the short-term and the long-term is something that, as you said, can really help you make those decisions along the way. What other tips do you have for people partnering with both their money and with themselves? What other emotional pitfalls do people tend to face? That they should know about up-front, and then, can kind of lay a plan to kind of avoid?

Jean: I think that the last really important thing is that if you have a partner in your life, it's really important that this person be a partner with these financial decisions that you're making, because if you're going "whole hog" in trying to decide these things on your own and by yourself because of your career, without thinking about how it's impacting your family or your spouse, you're setting yourself up for resentment.

Pamela: Since it's getting to the end of our time together, I want to close by asking you to share two things about yourself. First of all, tell us about a project that you're working on that we should definitely check out.

Jean: I just finished a book about money for military families. Military families are different. They've got different challenges where finances are concerned. It's a project I did with NBC and it's free. If you go to my website, which is Jean Chatzky.com and click on "Operation Money", that's the new e-Book. You'll see it front and center. You can download it for free. If you don't have a tablet or another device on which to read it, you can just read it right there on my website on your computer.

Pamela: Wow. Thank you so much for that service, really, because people who protect our country really are such a valuable resource. I mean, they're the ones who keep us safe, so anything that we can do to help and support is really, really important. Thank you for your service in that.



Jean: Oh, sure.

Pamela: Then, lastly Jean, I want to hear two strategies that you use personally to "Lift Your Life".

Jean: Two things ... I exercise, pretty voraciously actually. I'm a runner and it's my sanity, so I make time in my day to get out and put in a few miles, pretty much wherever I am and whatever I'm doing, because it keeps me grounded. That's the first thing. The second thing ... And I don't manage to do it all the time, but I really try ... Is, that we all fail. We fail when it comes to things like work-life balance ... And balance, by the way is a word I hate ...

Pamela: I'm with you on that one.

Jean: We fail. We fail when it comes to meeting our goals. Sometimes it takes us a little longer to get there. I just try to roll with it, and give myself a break. We all work very, very hard, and sometimes it all doesn't come together in the way that we think it will. Acknowledge it, try to figure out why, but move on.

Pamela: Those are great strategies that we can all use. Giving ourselves the space to fail is so important, and then, knowing what it takes to keep ourselves emotionally grounded and centered and ... And I'm right with you on that exercise, and I know when I don't do it ... Forget it.

Jean: Yeah. Exactly. I'm very, very cranky.

Pamela: Thank you so much Jean for your time today, and for all the really valuable input that you've given us that we can use.

Jean: My pleasure.

Pamela: That was such a great conversation with Jean. You are definitely going to want to head over to her site, Jean Chatzky.com, and check out all the resources she has there, including her free e-Book called, "Operation Money", which is a financial guide for military service members and their families. You can download it for yourself and share it with your loved ones, pass it along. That's it for this segment of "The Lift Your Life Project". Be sure to visit our website [Lift Your Life Project.com/podcast](http://LiftYourLifeProject.com/podcast) where you can download a transcript of today's episode, and get the written information that Jean and I talked about today. Also, if you have a question for an upcoming segment of "Ask Coach Pamela" go to [Lift Your Life Project.com/question](http://LiftYourLifeProject.com/question), and you can leave me a voicemail there.



If I select your question to be answered in an upcoming episode, I will send you a free gift of reinvention cards. Skee-daddle on over there, and leave me a voicemail with a question. You can also connect with me on Twitter, Facebook and Instagram at @thecoachpamela. Lastly, if you enjoyed this episode, please leave a review for the show on iTunes. Your input, feedback, comments, really do make a difference. Today's lift off inspiration comes from Walt Disney who says, "All of our dreams can come true, if we have the courage to pursue them." Have some courage this week. Thank you for listening today. Remember, "Why settle for good when great is waiting?" Take one small step this week to "Lift Your Life". Bye for now.

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