

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern, layered effect on the right side of the slide.

The Joy of Money

How much is enough?

The Joy of Money - 6 sessions

1. The connection between money and happiness
2. Importance of calculating one's surplus (or deficit)
3. To maximize happiness retirees need to *manage* their money wisely
4. To maximize happiness retirees need to *use* their money wisely
5. Estate planning rules to maximize happiness
6. Philanthropy - the secret to happiness

Rich or Happy

If you could choose - would you rather be:

Very wealthy (100 million) but lonely and unhappy - Or

Poor (living on social assistance) but happy with many good friends?

Some money is necessary - but you don't need a lot of money to be very happy.

Happiness - is the goal not more money!

Why do we want more money

If one wants greater wealth, it can only be for one reason - because it is assumed that with greater wealth will come greater happiness.

Wisely used and understood wealth can provide many opportunities for happiness - but wrongly used wealth can cause problems.

To be happy we need to understand the source of happiness and how wealth can be used to deliver happiness.

How much is enough?

In his book 'Your Money and Your Brain' - Jason Zweig reports that in a survey of 800 people with a net worth of \$500,000 or higher - on average 19% agreed with the statement "having enough money is a constant worry".

Interestingly - for those with more than 10 million - 33% agreed with this statement.

In a Boston College survey of 165 wealthy households (lowest net worth was \$25 million and average net worth was \$78 million) the average household believed they needed 25% more than they had in order to be financially secure.

Arthur Schopenhauer

“Wealth is like seawater....the more you drink the thirstier you become.”

Big occasion Happy/Joyful events

Falling in love, first car, graduating from University, first real job, getting a promotion, buying first home, first child, first grandchild, fantastic vacation, a feeling of accomplishment.

But a happy life does not consist primarily because of big occasion happy / joyful events.

We're lucky if we experience 'big occasion happy / events' a few times per year.

Happiness in daily routines

We spend most of every day doing routine tasks, routine activities and having routine interactions with others.

Routine events include getting dressed, commuting to work, preparing and eating meals, answering emails, watching TV, shopping, walking the dog, looking after kids, household chores, etc.

Everyone, including billionaires, spend most of every day doing routine things.

Recognizing opportunities for happiness

We always want the best from our experiences - best vacation, best dinner with friends. But we lose an opportunity for happiness if we think that others get greater happiness from a similar event.

Child graduates with honours, you've lost weight and people say you look 10 years younger, your team won the championship, your candidate won the election, enjoying a good book or a movie.

On these occasions greater wealth is not likely to increase happiness.

Happiest person on the planet

Happiness may come from favorable comparisons and it's nice to know that for part of every day you are as happy as the happiest person on the planet.

These are the times when you're 'living in the moment/ experiencing the moment' and you're free of any unfulfilled desires or any wants.

Happiness and Sadness are Thoughts

Understand that the event/ your circumstances, is usually not the problem - it's how we interpret it.

We can be enjoying a happy event and be reminded of a problem. We start to think about the problem and then we're sad.

We can be sad and be reminded of something good. We start to think about it and become happy.

Understand - that happiness and sadness are thoughts and thoughts can be changed.

Dr. Richard Carlson

As Dr. Carlson says in his book *You can be Happy - No Matter What*, it is your thoughts - not our circumstances, that determines how you feel.

We are only one thought away from happiness or one thought away from sadness.

Happiness is a state of mind - not a set of circumstances.

What makes you happy?

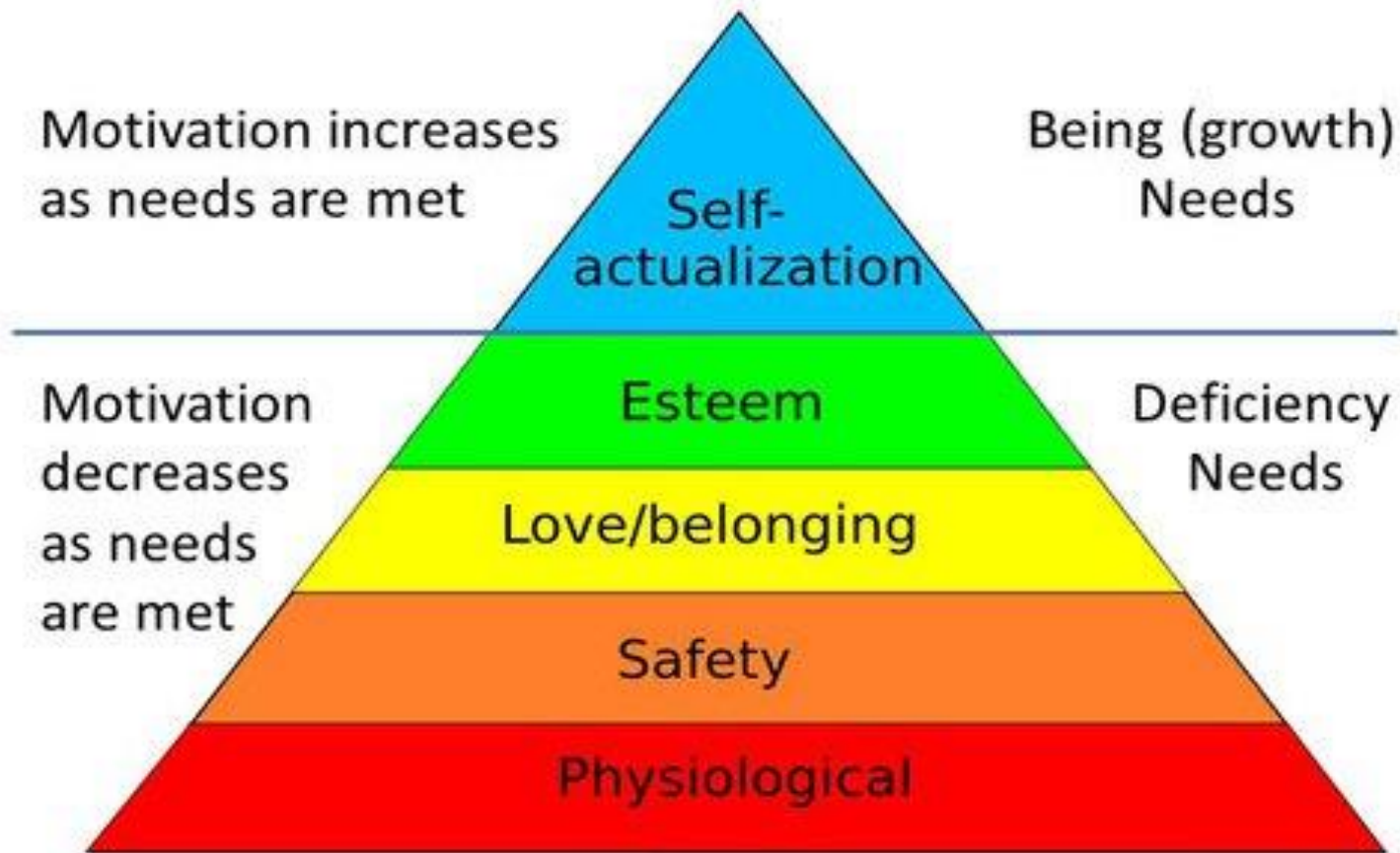
Financial

- Many consumer goods
- A large investment portfolio
- Possessions - homes, cottages, works of art
- Feeling of financial security
- Being wealthier than your neighbour

Non-Financial

- Friends and family
- A sense of accomplishment from overcoming challenges
- Having a purpose and working successfully to achieve the purpose
- Being involved in helping other people

Maslow's Hierarchy of Needs



We all have problems

Even happy people have problems - but they don't let the problem ruin everything.

Can you fix the problem? Is there anything you can do about the problem right now? If you can't solve the problem - thinking about it doesn't help.

Happiness is not a life without problems - it's having the ability to face and solve problems.

Can you fix the problem

The Dalai Lama says: “If the problem is such that it can be remedied, then there is no need to worry about it. The appropriate action is to seek it’s solution”.

“Alternatively, if there is no way out, no solution, no possibility of resolution, then there is no point in being worried about it, because you can’t do anything about it anyway.”

Everyone has problems and disappointments. When dealing with a problem that can be solved, we should focus 100% on solving it.

Everyone has financial problems

Some worry that they'll leave so much their children will have no incentive to work and have accomplishments.

Wealthy people worry that a large inheritance will increase the likelihood that the children will quarrel, and the family will be torn apart.

They worry that they're not managing their wealth wisely, they're paying too much in management fees and income tax, their children will be critical when they see how the money was managed.

Wealthy people worry that their heirs will start to judge people by what they have instead of by what they do.

Financial problems cont.

Others worry that:

They'll run out of money and not be able to maintain their desired lifestyle.

They'll not be able to help family members.

They'll not be able to handle the cost of long-term health care.

The Dalai Lama

From *The Art of Happiness*

Once basic needs are met - the message is clear:
We don't need more money, we don't need greater success or fame, we don't need the perfect body or the perfect mate - right now, at this very moment, we have a mind, which is all the basic equipment we need to achieve complete happiness.”

Relationship Between Wealth and Happiness

Unless you're living in poverty - more money is unlikely to significantly increase your happiness.

Understand the Marist poll of groups earning \$10,000 or \$50,000 and \$100,000 or \$1,000,000.

Dr. Robert Anthony

- ▶ In this book “Ultimate secrets of total self - confidence” he says, “ If a high value is placed on money and material possessions, it is not unusual for the child to grow up spending money he doesn't have, on things he doesn't need, to impress people he doesn't know.
- ▶ As materialism destroys the child's perception of his own true worth, he is committed to a life of chasing wealth to compensate for feelings of inferiority.

The solution to Financial problems

The solution to financial worries/problems is not just to have greater wealth - the solution is to:

1. Understand connection between wealth and happiness.
2. Understand the source of happiness and sadness.
3. Understand that happiness is just one thought away.
4. Have an essential capital/surplus capital financial plan.
5. Manage **and use** your capital wisely.

Chinese philosopher Lau Tzu...

He who knows he has enough is wealthy! Lau Tzu

Unfortunately some retirees who already have enough waste time and opportunity - by focusing on getting more than enough.

But in order to know if they have enough - retirees need to be clear on their goals and have a proper financial plan.

Hidden cost of hoping a large investment portfolio will protect against all risks

Foregoing opportunity to travel and enjoy a richer lifestyle. More cruises. Flying business class. Drink better wine.

Foregoing opportunity to help children or heirs when they most need the help.

Foregoing opportunity to get involved and support causes you care about.

Paying more in income tax, probate fees, and investment management fees.

Increasing the probability that the family will be torn apart.

Thinking about Money

“The love of money is the root of all evil.” 1 Timothy 6:10

“He who knows he has enough is wealthy” Lau Tzu

“The desire for more money is a big source of unhappiness”. WM

Thinking about money cont.

- ▶ Money is only a tool to help us achieve some goal- money has no inherent value.
- ▶ More money is not always better. Just as more food and more wine is not always better. More free time is not always better.
- ▶ When thinking about money there is a time to 'shift gears' - but this is difficult.
- ▶ To be happy it helps to know the relationship between more money and happiness.

Two types of happiness

Conditional happiness

We achieved our goal. We got what we wanted. We're pleased by some external condition. Our team won the game. Our candidate won. Our stocks went up in value.

Two types of happiness

Unconditional happiness

Living in the moment

Being 'in the zone' / in a 'state of flow'

Being completely absorbed in what we're doing.

Being temporarily unaware of one's self or where the time goes.

Unconditional Happiness

- ▶ Living in the moment and not thinking about yourself in any of the roles we normally see ourselves in, i.e. Spouse, Parent, Grandparent, Sibling, Neighbour, Friend, Investor.
- ▶ And also being in/experiencing the moment rather than thinking about the future or the past.

One source of all unhappiness

An unfulfilled desire/something you want but do not have - is always the source of unhappiness. The desire could be for more money, to lose weight, for a more loving spouse, world peace, or the end of poverty.

It doesn't matter what the desire is for, it could be selfish or altruistic - if we have unfulfilled desires/unachieved goals - these are the only source of unhappiness.

More Money/Financial Success is not the Answer

- ▶ If wealth was the secret to happiness the richest person in the room would always be the happiest.
- ▶ If more money was the key to happiness - rich people would never commit suicide
- ▶ Wealthy people would spend less time with Psychiatrists
- ▶ One big difference between a rich person and a poor person is that the poor person thinks all his problems would be over if only he had a lot more money.

Marc Shaffer on setting goals

According to Marc Shaffer setting goals can be a good thing:

They give us purpose and direction

Help us convert our thoughts into concrete actions

They give us motivation

They provide us with guidelines especially in times of confusion or crisis

Success / achieving goals is not enough

There are two reasons why achieving goals or success may only be a temporary source of happiness:

1. We do comparisons. We can always find someone who has a larger investment portfolio, or a more lovely home or spouse.
2. We have imaginations and we can always imagine a larger yacht, a nicer home, more wealth or a more peaceful world.
3. The elapsed time between reaching one goal, i.e., a low golf score, and setting a new goal is about one day.

John Lennon

“ Life is what happens to you while you’re busy making other plans”

The Mother of all goals is to be happy!

Dalai Lama.. “the purpose of life is happiness”

Aristotle ...”Happiness is the meaning and the purpose of life, the whole aim and end of human existence”

What makes us happy

Friends and family

Accomplishments

A purposeful life

Setting and achieving goals

Helping other people

What makes us happy

Accepting responsibility

A good work ethic

Liking other people

Self confidence and self esteem

Living in the moment/ being 'in the zone'

10 things that money will not buy

- | | |
|----------------|-----------|
| ▶ Manners | Morals |
| ▶ Respect | Character |
| ▶ Common sense | Trust |
| ▶ Patience | Class |
| ▶ Integrity | Love |

Time to rethink goals?

- ▶ A financially secure retirement is an important goal for most working people.
- ▶ But once that goal has been achieved it is important to replace that goal with a new goal.
- ▶ To be happy we need to have a purpose/goal in life after retirement.

Retirement Goals

Some goals require a lot of money. Travel, collecting art, owning multiple homes, large gifts to family or charity.

Other goals don't require much money, i.e., if the goal is better health long walks and drinking less wine might do the trick.

If the goal is more friends and feeling of purpose volunteering will often deliver this result.

Steve Jobs

- ▶ Now I know that when we've accumulated sufficient wealth to last our lifetime, we should pursue other matters that are unrelated to wealth... We should be focused on things that are more important:
- ▶ Perhaps relationships, perhaps art, perhaps a dream from younger days ... Non-stop pursuing of wealth will only turn a person into a twisted being, just like me.

Estate Goal

Four common estate goals:

- ▶ Spend my last dollar the day I die!
- ▶ Leave as much as possible to my heirs.
- ▶ Leave what I consider to me 'an appropriate amount' to my heirs.
- ▶ My heirs are welcome to what ever is left over - bit I'm not going to sacrifice my lifestyle to leave a larger estate.

Homework/ Questions / Comments

Go to warrenamackenzie.com

Complete the goals questionnaire

Choose an 'estate option' i.e., leave as much as possible, leave some 'appropriate' amount, or whatever is left over.

Complete the class profile worksheet

List last week's 'living in the moment' experiences.