

# MONEY MINDSET





# DISCLAIMER

This session IS NOT focused on how to make money, what to do with any money you have, how to invest, work or play with your money.

**It IS NOT advice of any kind.**

**For financial advice - consult a professional.**

Pay what they want - they have studied for years to gain the knowledge you can buy from them - for next to nothing.

# Money Mindset

Many people have their sense of self worth too directly connected to financial well-being.

When one's self image plummets, so do their financial results.

It is a ridiculous concept to think that we can raise our self-esteem by raising our income, but most people try it.

# The Brutal Reality

When it comes to money you are  
either the master or the slave.

If you are the slave (95% of the population) know this...

**Nothing will save you.**

There is zero evidence that lottery wins, pay rises, miracle investments, inheritances, or sudden cash windfalls will change your finances.

# The Brutal Reality

There is overwhelming evidence that if you suffer from one of the above (lottery win etc) that you will be back at square one within 24 months.

(The one big change will be that your brother doesn't talk to you anymore)

The only solution is to fight your way to financial freedom.

# The Brutal Reality

You therefore need to understand that financial success, relationships success, health success, career success have nothing to do with intelligence, effort, experience, education and knowledge.

Success is totally dependent on behaviour.

# The Brutal Reality

Most people behave badly with money.

Because we are taught to 'work for it.'

But the 'work' has a price.

That price is what we have to give up.

It doesn't matter if you get \$5,000 an hour - if you wouldn't do it for free - you know you are selling your soul.

Therefore money is not neutral - it represents what it took you to get it.

# The Brutal Reality

If what it took was gut wrenching, soul destroying, or even worse - numb inducing and mindless...

No amount of money will be enough to stop you spending it all in the search to compensate for the loss.

Given that there are no end of toys, amusements, drugs, possessions, flatscreens, iPads, foods...

**It's easy for most people to ignore Money Principle # 1.**



# Money Principle #1

Regardless of your income level - you must save some.

When you have saved enough (yes, that may feel like forever but it isn't) you need to invest it.

Because Money Principle # 1 is based on the follow true-ism...

Either you work for your money or your money works for you.

# Money Principle #1

If you work for your money - get used to it - you'll need to keep doing that until you don't need money any more.

Most people never invest because:

- They never saved up in order to do so,
- They are looking for a get rich quick scheme,
- They are afraid of losing,
- They think short term,
- They refuse to study the subject.



# Why Are They Afraid To Invest?

Remember what money is?

For most of us, money is: 'What it took to get it.'

When there is no guarantee of a return + some on top  
- and there is the grave possibility of loss...

It becomes a no brainer.

*\*Australian savings are at historic highs and credit card debt is plunging.*

# A Sobering Case Study

When the Commonwealth Bank listed in July 1991 @ \$5:40 the share price represented 1.6% of the average take home pay.

Could your average dude afford one share per pay packet?

July 1991 - July 2020 = 29 years.

52 shares x 29 = 1,508 (ave price = \$40)

1,508 x \$85.87 (March 2021) = \$129,491

Total cost of buying the shares = \$60,320



# A Sobering Case Study

Would this person have missed  
the 1.6% of their pay packet?

# Even More Sobering

Our kids banked \$5/week at school when they were 5.

It went to \$6/week when they were 6, then 7 and so on.

By the time they were 13 and 15 there was enough to 'buy' a unit in North Sydney.

They are now 35 and 33. How do you think that unit is going for them?

Is it possible that it has changed from cash flow negative to cash flow positive and now it puts money in their pocket every week?

Did they miss the \$5/week?



Knowing how to do something is NOT enough.

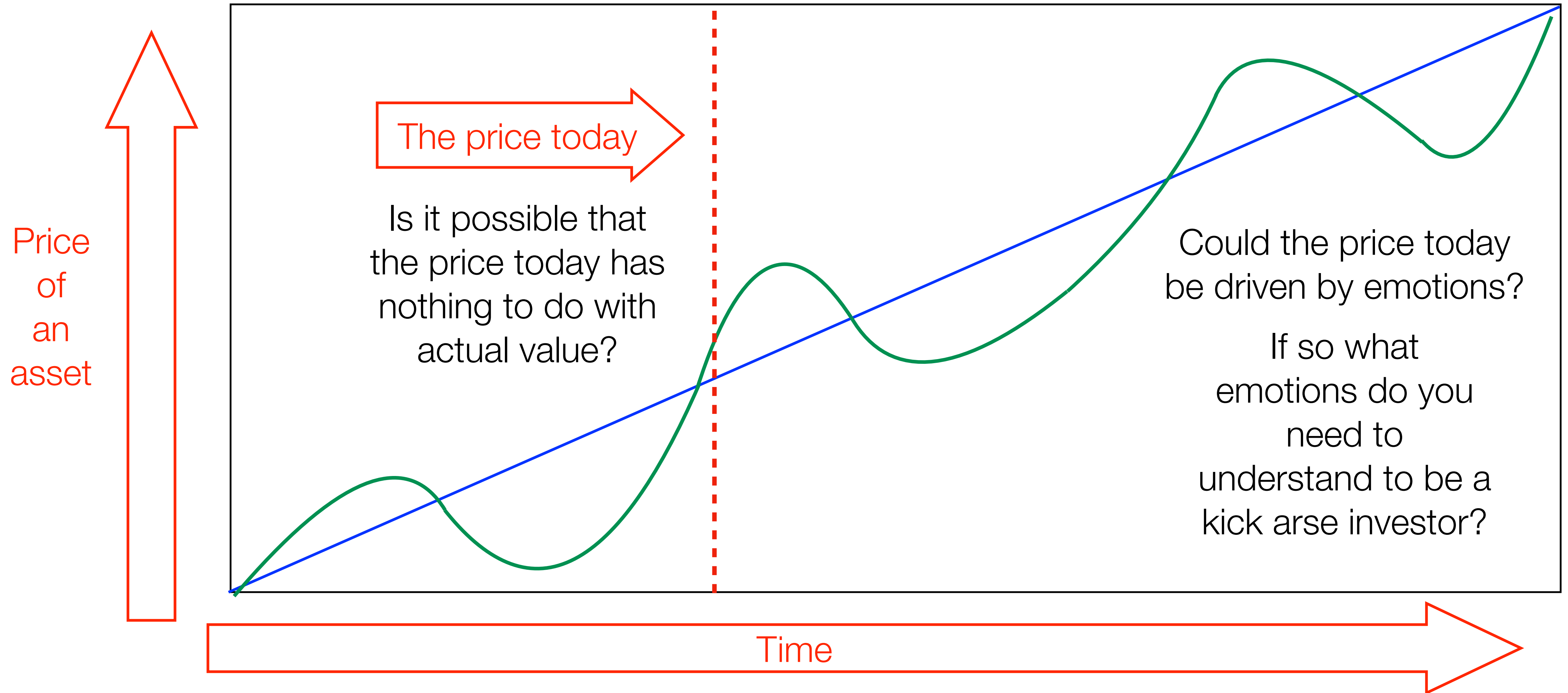
You have to win the internal battle that says there is a better use for the money than sinking it into a place that looks doubtful.

**That internal battle is actually between your logic and your emotions.**

It's not rocket science to know you need to get your money working for you.

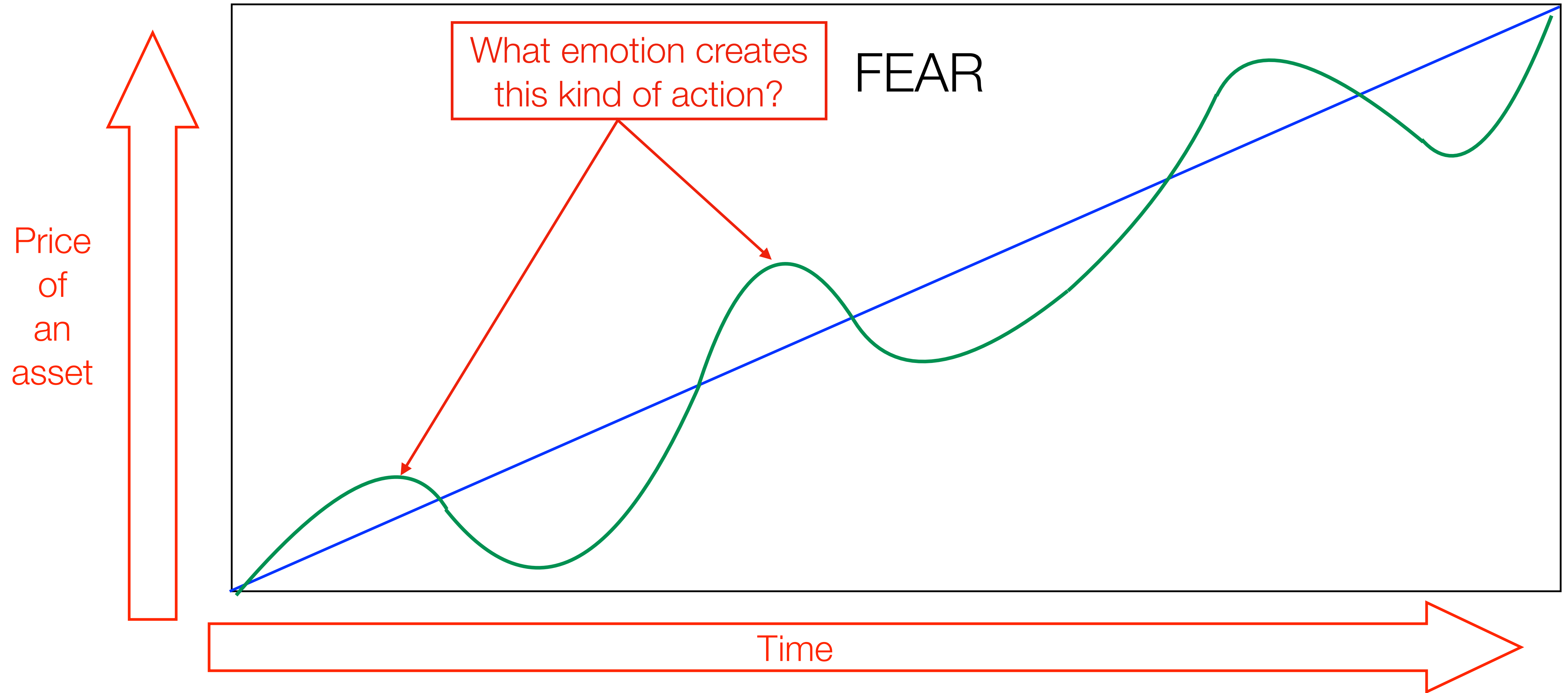


# Emotions & Markets

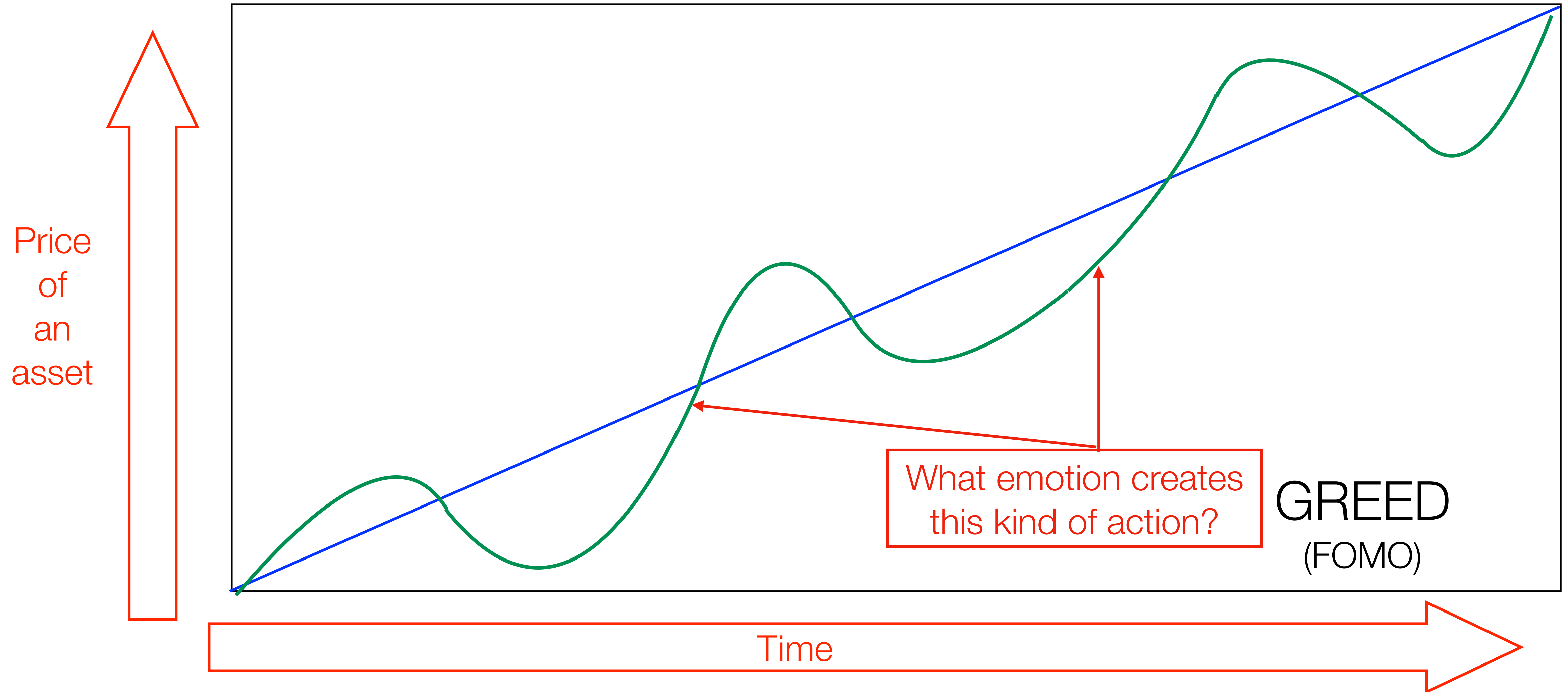




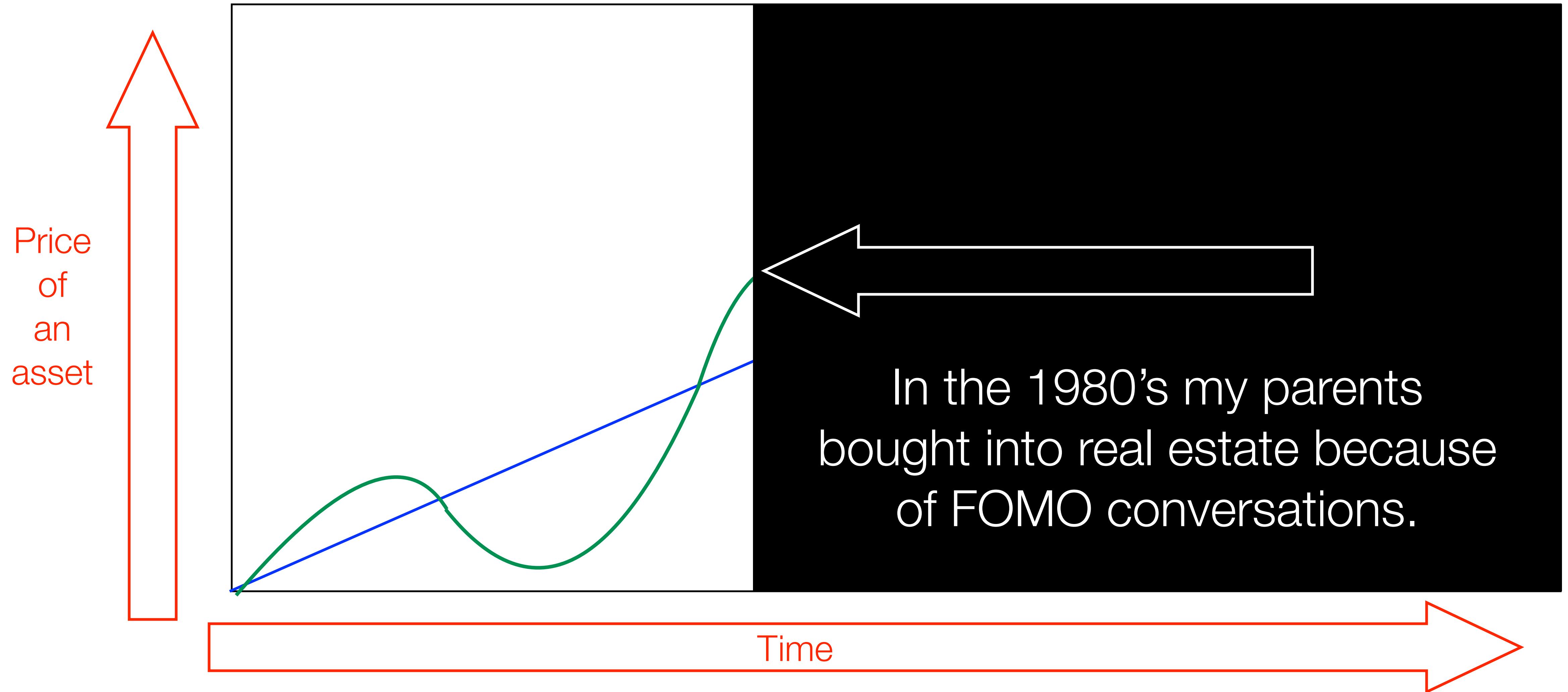
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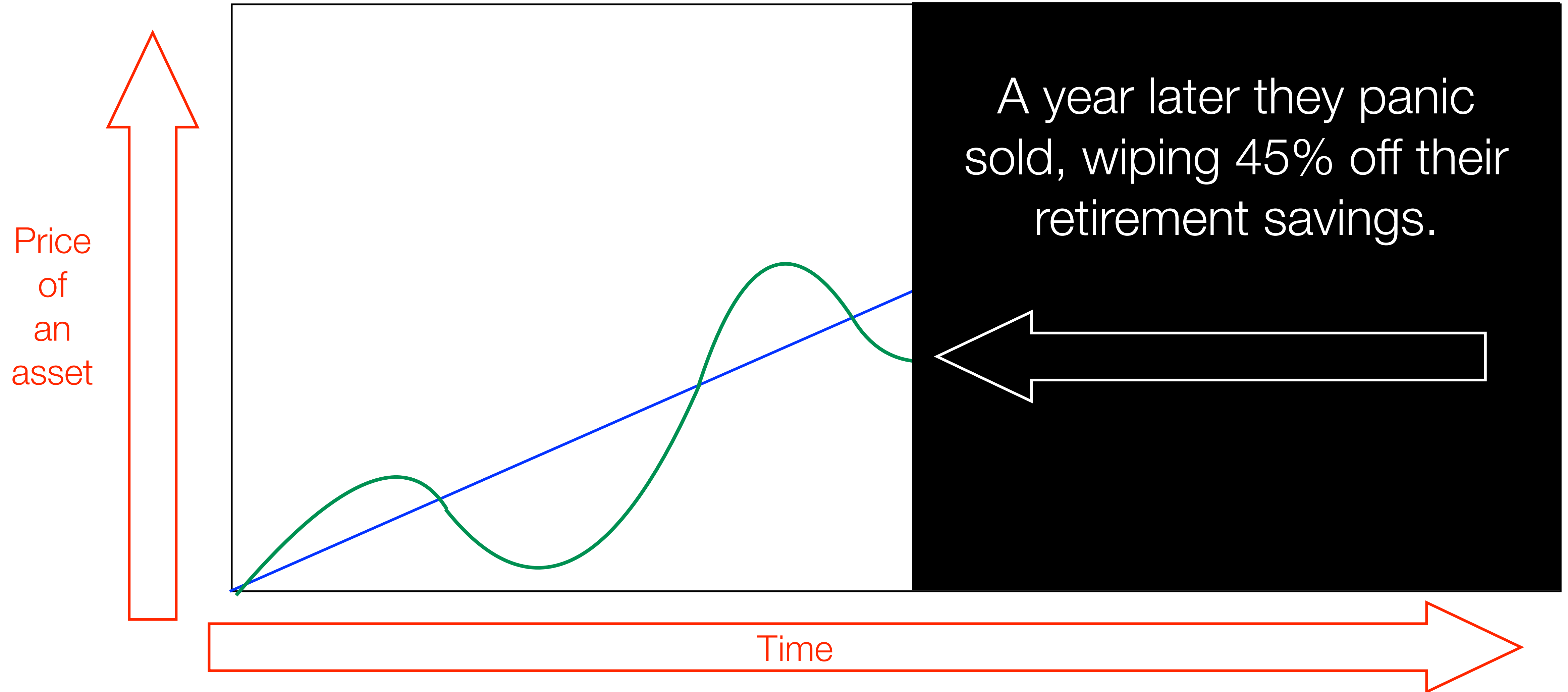


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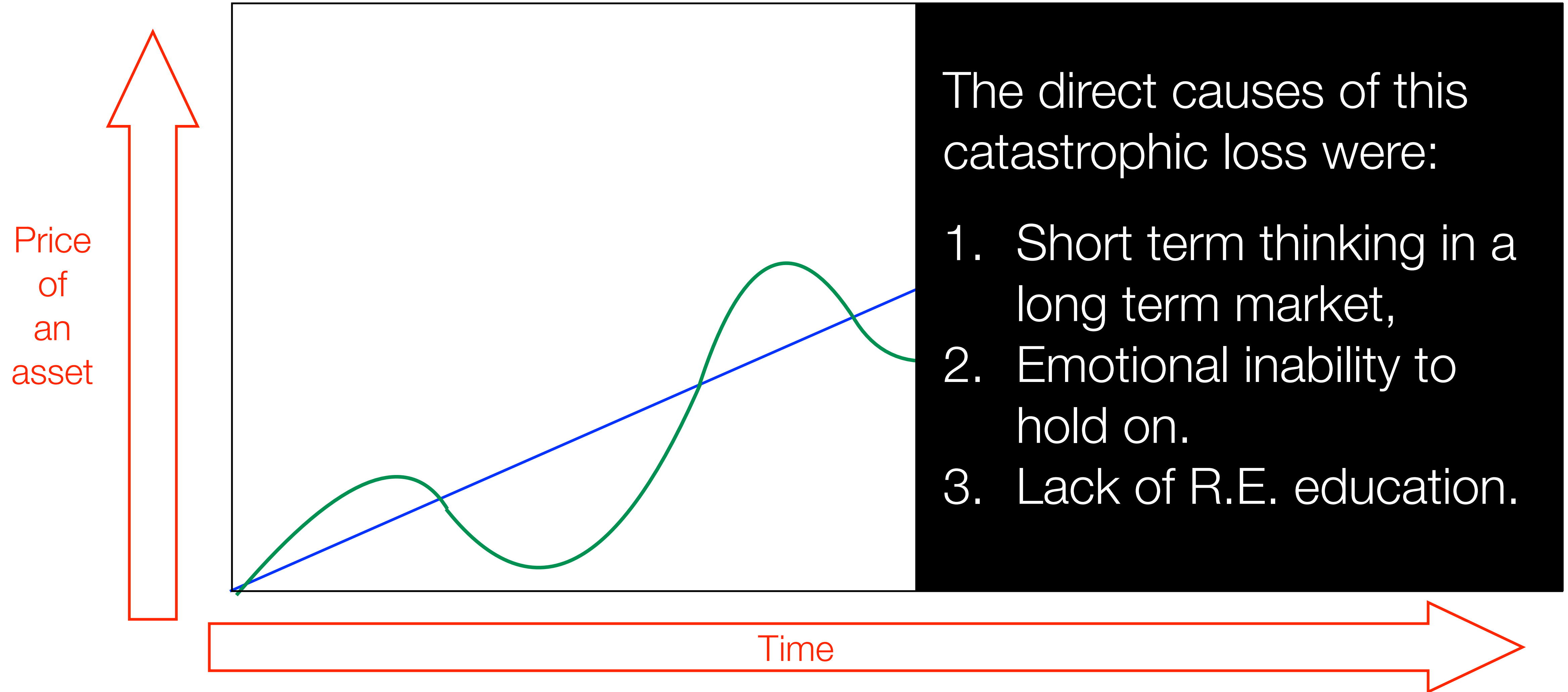




# Emotions & Markets



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# Emotions & Markets

Most people try to time the market.

They fail in terrifying numbers.

That's why you'll hear hard luck stories every day.

**DON'T try to time the market!**

Understand you need time **in** the market.

It will make you look like a genius.



# Emotions & Markets

You can only manufacture time in the market when you use 'spare' money.

We think money will make us happy.

Generally that is because we know what we would spend it on.

But that thing does **not** have capacity to make you happy.

Most people want to be a millionaire but what they really want is to spend a million.

We think someone driving a \$200,000 car is wealthy but the **only data point** we have is that they have \$200,000 less than when they bought the car.

# The Practical Reality

To create money to invest you can only **increase** your income or decrease your cost of living\*.

There are 1,001 way to increase your income.

*(work a side hustle, mow lawns, pull beers, start a business, do overtime)*

But none of them will work if the extra money goes into your consolidated revenue.

# The Practical Reality

If you put that money to work for you by taking a risk then you only had to ‘work’ for it ONCE.

*(\*If you can't increase income you MUST cut cost of living)*



# Tragically...

Most people can't accumulate faster than inflation erodes.

This makes investing even more important.

Yes - investing is risky.

The only riskier activity is NOT investing.

Yet - minute numbers of people invest.

This is not a risk or returns blockage.

Tragically...

It's purely mindset.

Therefore you must know what your  
money mindset is made up of...

# Exercise:

What were your father's beliefs about money?

What were your mother's beliefs about money?

What was your socio-economic community's beliefs about money?

What are your beliefs about money?

# Exercise:

Write, “Money is.....”

Hold a \$100 bill out the window of your car and let it go:

- How long did you hold on?
- What did you feel?



# Exercise:

What beliefs do you need to change?

What behaviours do you need to start?

What behaviours do you need to stop?

What do you need to learn?

If you don't plan on spending some money on your financial education - you are planning to fail because your only option becomes trial and error.

It's THE MOST EXPENSIVE education on the planet.

But don't worry - you get to pay it off as you go.

# Investment Rules:

Invest in what you love.

Play long term.

Because 'passion' will keep your finger on the pulse - you'll spot a bargain a mile off.

BUYING LOW

AND

You'll know when things are overvalued.

SELLING HIGH

*Or you could just put 10% of your income into an indexed fund.*

# Assignments

|          |   |
|----------|---|
| <b>1</b> | Work through the questions on slide 30.<br>What insights did you find going through that exercise?                        |
| <b>2</b> | Complete the exercises on slide 31. What did you learn?   |
| <b>3</b> | Work through the questions on slide 32.<br>What changes are you going to make as a result of going through that exercise? |