

**Escape from the success paradox<sup>SM</sup>**

*The Success Paradox<sup>SM</sup> described the misery that high income can sometimes bring. Escaping this paradox can be very simple and easy to do. Unfortunately, most people make it very complicated and difficult to do. Escaping The Success Paradox<sup>SM</sup> requires the courage to live according to your own values, not the values of others. Much of the misery brought by success comes as a result of applying that success toward goals that may be contrary to your true values.*

*We are social creatures with a strong drive to conform. We must, at times, fight this drive and find our individual truth. We can only escape The Success Paradox<sup>SM</sup> by applying our success to the pursuit of our true values.*

*The first step in the process is to define the values in which you believe. List a dozen values. Then choose five. You will be forced to eliminate some values you believe in, but you cannot have everything! The five remaining values will be the ones that are truly most important to you.*

**Vision**

*Many of us have a partner in life, and it is rare for two people to share exactly the same values. To build a satisfying life, we must find values that compliment those of our life partner. Dan Sullivan of The Strategic Coach suggests a specific question to facilitate this process. Ask each other: What needs to be true three years from now in order for you to feel happy with your progress? According to Dan, three years is far enough in the future so that you do not feel bound by today's obstacles, but near enough that moving toward that vision has immediate implications.*

*In order to move forward, you and your partner must find a common three-year vision that contains the critical elements of each person's vision. Once you have established a joint three-year vision, you are in a position to establish goals.*

*Is a new house consistent or inconsistent with the vision? Does the vision involve career changes? How does retirement fit within the vision? Many of these questions require economic analysis. Is it economically possible to work less, retire early and build a new house? In many cases the answer is no. Often, you must pick just one or two of your major goals.*

**Goals**

*Much of the misery of The Success Paradox<sup>SM</sup> comes from moving toward goals that are not truly the most important to you. Even if you have not gone through this exercise, you will know deep within when you are pursuing someone else's goals. There will be a gnawing feeling every day when your hard work is not moving you closer to your vision of a fulfilling life.*

*Creating a plan to pursue the goals that are right for you will allow you to leap out of bed, thrilled with the opportunity to make progress toward goals you believe in. Now ask yourself: Would you rather leap out of bed in the morning in your old house, thrilled with the opportunity to pursue*

*meaningful goals, or drag yourself out of bed in your new house burdened by the knowledge that you have a monumental mortgage to pay before you can begin chasing your dreams?*

*Maybe the dream home is the center of a fulfilling life for you. Maybe you would leap out of bed in the morning energized by the opportunity to provide your family with a beautiful environment in which to live. If that is so, your dream home is a goal that is right for you. But if it feels like a burden, there is another goal out there that is more important to you.*

*Once the goals are identified and prioritized, we must develop a plan for achieving them. The plan must be specific. It must have deadlines and should be as simple as possible. Such plans are not difficult to make. There are thousands, perhaps millions, of beautiful financial plans peacefully gathering dust on the shelves of affluent Americans. These plans contain much of what we have just discussed and yet no progress is being made. Why is that? There are two reasons. First, insufficient focus was placed on goal setting, resulting in lack of commitment to the plan. Second, the plans have no daily mechanism for following the plan consistently.*

*We have all heard that a journey of a thousand miles begins with a single step. Nowhere is this more true than in financial life planning. We live little bits at a time. Plans must be followed little bits at a time. It is critical to have a simple system that acts as a guideline for the day-to-day financial decisions we must make. This system must be written, specific and timely. We must know exactly what to do, how to do it and when to do it.*

## **Spending**

*The most critical element of this system is spending. The minute we think of spending, we think of budgeting. But while budgets do not work for most people, anyone can learn to spend only the cash they have. In fact, most affluent people already spend only the cash they have. The problem is that they have a lot of cash! A nice problem to have you may say, but that is The Success Paradox<sup>SM</sup>. Affluence changes the rules. Affluence creates opportunities and privileges, but not without their accompanying problems and challenges. Creating the illusion of less cash controls spending without a budget. Once this illusion has been created, natural adjustments will take over and spending will be consistent with the plan.*

*Moreover, spending will become more enjoyable. Some people have an under-spending problem. These people are racked with guilt any time they spend money. This feeling results from operating without a plan. They do not know if they are saving enough. How could they? They do not know what they are saving for! These people spend less than they can afford and get little or no pleasure from their spending because they are burdened by an overpowering fear of running out of money.*

*An effective cash flow system makes affordable spending clear without a budget by using the natural spending control mechanisms we already have. This ensures that savings is sufficient to achieve future goals and liberates us to enjoy our current spending without guilt or worry.*

## **Investments**

*Next, an appropriate investment plan must be created for growing funds for future goals. There are no good or bad investments. There are only investments that are appropriate or inappropriate for our goals. A client of ours once said: "All investments look good until they don't." This was said in jest, but it is profoundly relevant for financial planning. Maximizing the probability of achieving financial goals does not require investments with the highest possible return if all goes well. Maximizing the probability of achieving financial goals requires a portfolio with the highest possible return if all does **not** go well.*

## **A Plan**

*Finally, ongoing monitoring and record-keeping is necessary to keep the plan on track. Most financial plans that are implemented are not followed long enough to achieve their goals. Plans take time to create dramatic results. Unfortunately, most of us need immediate results to keep us going. Achieving small milestones is a great emotional boost. Visible signs of progress are vital to keep the plan going. Achieving near-term goals motivates us to the next goal. Our small, short-term goals build on one another to create exponential results over time.*

## **Summary**

*Escaping The Success Paradox<sup>SM</sup> requires no magic. Escaping The Success Paradox<sup>SM</sup> simply requires being true to yourself, building a plan and sticking to it systematically.*

*We have developed specific tools in each of the critical areas mentioned above to help our clients avoid The Success Paradox<sup>SM</sup>. Collectively we call these tools The Systematic Financial Solution<sup>®</sup>. The graphic overview on the following page provides a brief summary of each tool. If you would like more information, please contact us.*