

6 Your Money, Your Life

From the Field with Megan Turak

Megan Turak is the daughter of a WWII Army veteran and spouse of a Vietnam era Marine, Executive Vice President and co-owner of The Military Family Network, former Medical Records Manager with the Department of Veteran Affairs, a published writer of informative topics positively impacting the well-being of military families and has over twenty combined years of experience in executive leadership in the financial management and communications industries.

Recently, an acquaintance suggested to me that if he were lucky enough to win the lottery, he'd simply hold on to a few dollars and give the rest of his winnings to a charity. At first I was a bit stunned by this revelation, since I had never really considered this acquaintance as a Mother Theresa type. Although providing for those less fortunate should be reason enough, I continued asking my acquaintance questions to try to understand if he really meant what he'd said. What I learned astonished me. While he certainly cared about those in need, and we both agreed that acts of charity should be a part of everyone's prosperity, it appeared that his primary concern had more to do with his belief that money is the root of all evil and that these winnings would ruin his life.

What he didn't say was more important to me than what he did say. His remarks clearly suggested to me that he possessed a modest understanding of finance and he was not confident about his money management skills.

How like so many of us! We are afraid of what we don't understand and so we respond with emotion instead of reason. When someone talks to us about money, we become overwhelmed. We think it's too complicated and that we won't understand. We refuse to take action and continue on in a state of denial.

Years ago, a friend married a successful and talented businessman and felt that she didn't need to concern herself with the family finances. When some of her husband's business decisions significantly jeopardized their family's well being, my friend suddenly became actively involved, and vowed never to be uninformed and passive again. What

“What we don't understand CAN hurt us.”

she learned is that what we don't understand can hurt us. It is not true that "ignorance is bliss."

Money managers like to say that managing your finances is a way for you to take back control of your life. It's true. Those who understand money understand discipline, restraint, and sacrifice; they understand the delicate balance between desire and need and between now and later. Most importantly, they understand that everything costs something, somewhere, some time; and the keys to succeeding are found through knowledge, self-awareness, practice, and planning. They also know all too well that these tools give you a greater chance of getting what you need and what you want—on your terms!

By mastering the rules of sound money management, you will increase the number of choices available to you so that, unlike my acquaintance's hypothetical response to winning the lottery, you will become more confident, and your financial decisions will become more thoughtful, deliberate, purposeful, and rewarding.



FAQs

Q. So, the big question: If I win the lottery, should I take a lump sum or the annuity payments?

A. *No, the real question is: Why are you buying lottery tickets when the chances of winning are so dismal? You would be much better served investing your money into the stock market. But anyway, let's say that you received this lucky ticket as a birthday present. Should you take the lump sum or the annuity? This is a tricky question and certainly requires the input from a tax and financial advisor. It may also require the expertise of an attorney as well. This is because the answer depends on a number of factors including your life style, your income (both present and future) your age, your money management skills, what you expect to happen in the future (regarding taxes, economy, value of money), the type of winnings you will receive (there are different types of lotteries and annuities used by different states), etc. In general, it has been argued that taking a lump sum allows you to earn a potentially better rate of return than you would if you took the annuity; take the cash when you know the current financial circumstances like interest and tax rates; control your own lifestyle and estate planning, etc. Those who advocate the annuity typically do*

so after performing calculations to see if the rate of return is a better rate than offered in the market place and evaluating criteria about your life and how you will use your money. Regardless of the payout choice, there is a consensus that this once in a lifetime happening that should be treated carefully to receive its fullest value and benefit to your life.

Q. Some months, it seems that I can barely meet my own needs – those bills keep coming and coming. With my head scarcely above water, how can I think about making charitable gifts?

A. *This is a tough situation that certainly requires a delicate touch that only you can provide. It's hard to think of others when you're struggling yourself. It's simply human nature. But there are several compelling reasons why you should give it a try anyway. You've heard the expressions "what goes around, come around" and "in giving you receive" and they speak volumes of truth. The difficulty that most people experience is that they expect to receive from the same place in which they gave. When this doesn't always happen, people feel as if these expressions are not true. This is not the case; the expressions are true, it's just that our expectations are askew. Do good deeds in your life without worrying where it will come back to you, and you will experience wonderful results. You will find yourself paying attention to even the smallest advantages wondering if that is goodwill being returned to you. It can be a lot of fun approaching your life in this manner. It removes your focus from the strain and struggle to the things that are going well in your life.*

See Part 8 on Volunteering and other opportunities

But there are more reasons for being charitable. It makes you feel good. In helping others, we feel good about ourselves. And if we can lend aid to others, then our situations are better than we imagined. They seem manageable. Keep in mind that you don't have to give dollars away to be charitable. You can give some of your time or talents. Maybe you have items like a lawn mower that you can lend out to a neighbor or you are a terrific cook who makes a mean bean soup that you can give to a member of your church going through a difficult time. There are all sorts of ways to get involved.

There are other advantages, too. Maybe you are looking for new employment or some help with childcare. Maybe someone you come in contact with while in the act of helping (remember it doesn't have to be the person you

are actively helping) has a business lead for you. All sorts of unexpected opportunities arise when you interact with others. Volunteering opens doors to a multitude of benefits.

Q. I don't know a lot about managing money and frankly, I am confused and overwhelmed about how best to handle my finances. In fact, many times, I just don't do anything, because I don't want to make a mistake.

A. *First of all, realize that at some time or another, you are going to make a mistake. We are human and mistakes are going to happen. Your mission is not to avoid making a mistake (because that's just unrealistic), but to avoid making a big mistake or several mistakes. The best way to do this – and to manage your finances effectively – is to become informed. Educate yourself. Read, read, read. You can find resources to help you everywhere from your military installation to your local bank or library. Go online. Visit the financial resources assembled for you by The Military Family Network at www.eMilitary.org/yourMFN.html. Most financial institutions now have online resource and customer education sections. You just need to begin. Start with something really easy. Next time you are in your bank waiting for the teller, pick up one of the bank's brochures. They often offer brief yet easy to digest explanations and definitions. Schedule an appointment with a financial service advisor on base. Or ask a friend if they have a trusted professional you can talk to. Review the different chapters in this section. The DoD takes your financial well-being very seriously. They've launched the Department of Defense's Financial Readiness Campaign and are working hard to bring many educational programs to you. Look for them online at both .mil and .gov websites and within your branch of service. Also, beware of any programs or financial advice that offer returns too good to be true or fast, easy money. Acquiring wealth is typically a steady process of implementing sound financial principles. There is a lot of good information out there and most of it is free. Don't use your hard earned money paying upfront for help or "programs guaranteed to make you rich". By reading and learning more about your money, you should be able to spot legitimate offers from bogus ones. By the way, want to know one of the biggest secrets? Learn the banking jargon. You will find that you already know what the industry is talking about – they just call it by another name.*

Q. My friends and I make about the same amount of money, but their money seems to go so much farther than

my own. For instance, they all drive better cars than I do and have nicer things. I confess that I have a budget and I'm a saver and put money aside each month for emergencies and retirement, but when I look at my bank statements, it doesn't seem that I've saved all that much. It certainly couldn't buy the lifestyle that they are living. What's wrong here?

***A.** There's nothing "wrong" here except your urge to compare yourself with your friends. No two situations are alike. There are a lot of reasons that their lifestyle may look different than yours. For instance, maybe they are in debt over their ears; maybe they have another source of money that they draw from; or, maybe they aren't saving anything for the future like you are. You can't simply assess what is going on by the outward appearance of things. However, from the information that you have provided, it seems like you are responsibly managing your money. Perhaps, you just need to reward yourself for doing a good job and loosen your budget just a bit so you don't feel so left out. You might be trying to do too much too quickly. But it does seem like you have a good sense of now and later. If the above approach doesn't help you to stop making comparisons than try this one: Envision how comfortable you will be in your retirement years while your friends are all working and living on social security. Now that's a vision that should keep all of us motivated!*



Need to Know

Please remember one very important thing: Many people who receive advice on financial affairs object to implementing the advice they receive. It's not that they don't understand the rules of prudent money management or their benefits. It's not that they believe in being unreasonable.

It's simply human nature. You must change your habits and change your lifestyle. This is what makes money management so challenging. Many of us simply don't want to make these changes in our life, because it means that sometimes we might have to tell ourselves "No".

But I assure you, you have one of two choices: You can either choose the manner in which you would like to make changes in your lifestyle, or your finances will choose these changes for you. I guarantee you; most of us will not like the choices that are made for us.



Toolkit

To help you begin to understand the meaning of choices, try the following exercise before you proceed. Take a pen and paper in hand. Think about yourself and your relationship to money and answer these questions:

1. What does money mean to you in 25 words or less?

2. Are you a collector? Do you just like having it? Saving it?

3. Are you a spender? Do you enjoy the things that money can buy?

4. Does it represent security? Or a world of possibilities?

5. Did you have what you needed as a child? Did you get what you wanted?

6. Is money about your independence? Or, is it a way for you to have power over your situation or others?

7. If you had all the money you wanted, what would that feel like to you? Is it relief? Or something else? Why?

8. If the opposite were true and you didn't have enough money, how would that feel?

9. How much money is “enough money” to you?

You get the idea. Think about your feelings. Write these ideas down for yourself; and, if you have a spouse or significant other, invite them to do the same. You might even want to have the kids take a crack at it.

If you have done the above work, you'll understand a lot more about your relationship to money and its motivation in your life. This self-discovery will lead to self-awareness about your spending and saving habits. It will also help you understand how other members of your family feel about money.

This will be a vital source of information as you go through the money management process by helping you to communicate and establish goals, prepare a plan, and identify areas where you can find compromises or make changes that you and the whole family can live with.

