## WORKBOOK

# Transforming Your Relationship 

WTTH MONEY Integity, Intelligence, and Independence

## WORKBOOK

## Transforming YOUR Integrity, Intelligence, and Independence RELATIONSHIP with MONEY

## Joe <br> DOMINGUEZ

Sounds True, Inc., Boulder CO 80306
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## IMPORTANT INSTRUCTIONS: READ BEFORE BEGINNING THE COURSE

1. Use this workbook only in direct conjunction with the audio program.
2. Do not read ahead in the workbook.
3. For each session, there is a PREVIEW section and a REVIEW section. Do not listen to the program without having done the appropriate PREVIEW work and referring to the appropriate diagrams. Do not read any REVIEW section before listening to the session it refers to.
4. Write your answers directly in the workbook; space is provided for longer answers or notes. The completed workbook is a tool for reviewing the course.
5. The best way to work this course is to set aside one whole day, with no interruptions. Give the audio portion and additional work your full attention.
6. If a full, uninterrupted day is not possible for you, set aside two, uninterrupted four-hour blocks of time on consecutive days. Do Sessions One through Six on day one and Sessions Seven through Twelve on day two.
7. The only equipment you will need is an audio player (preferably with headphones), a pen, and a calculator.
8. Beyond answering questions in the workbook, it is not necessary to take notes during the first listening. However, you may want to do so on subsequent listenings.
9. Resist the temptation to give the program away to friends or family. Most people who do this course relisten to it, gaining new insights each time.

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## A PERSONAL LETTER FROM <br> JOE DOMINGUEZ (1938-1997), THE CREATOR OF THIS COURSE

Hello! Welcome to this audio course.
The creation of this course is the latest chapter of my own personal "mission," and as such I would like to personally share with you how and why it came about.

Throughout my early years I had a strong sensing that there had to be more to life than devoting the forty prime years of one's life to "making a living." My many jobs as a teenager-from delivery boy to office boy to retail clerkallowed me to observe many levels of society. Two consistent observations emerged: first, the confusion, dissatisfaction, and frustration around money exhibited by so many people at all income levels; and second, the total lack of realistic alternatives to "nine to five till sixty-five."

In 1960, at the age of twenty-two, broke and in debt, I set out to learn all I could about money and personal finances. I chose Wall Street, America's financial mecca, as my laboratory. As I moved up through the ranks, I examined the attitudes, fears, misconceptions, and mistakes of the financially successful-and of the failures. I learned from my own many mistakes and, with my access to the financial programs of thousands of clients, I also learned from their mistakes.

By 1965 I was out of debt, had no assets, and was starting out on a new job with a modest salary-but I had a very strong suspicion that I had learned the basic principles of money and, much more importantly, the basic attitudes and principles of a successful relationship with money. I began to apply those principles with total determination-modifying, adding, deleting, and refining them as I went along-and in 1969, just before I turned thirty-one, I completed the program. Using only the money from my modest salary-no speculations,
no "killings on the market," nothing but paychecks-I had established a safe, steady income, adequate for my needs, for the rest of my life. I was now financially independent, and I resigned from my paid employment.

Since that time I have not accepted money for anything I do. (All profits from this course have gone, via the New Road Map Foundation, to organizations promoting viable, nonpartisan solutions to the world's problems-hunger, education, threat of nuclear annihilation, and so on.)

The years since my financial independence have not been idle. (In fact, they have been filled with a variety of projects, ranging from establishing a center for young people with drug problems to organizing and speaking at conferences.) Being free from monetary problems allowed me to see a larger picture. I saw how many kinds of human problems were subtly linked to money-including using money as an excuse for ignoring or tolerating those problems-and I found myself becoming infinitely more free. With this greatly increased freedom from personal problems came the awareness that the world had many problems. Whether stated biblically as "We are our brothers' keepers" or more contemporarily as "We Are the World," it comes down to the same thing: There is an opportunity to contribute to the larger whole.

Initially, I shared the Financial Independence program with friends (it can be adapted to fit one's own circumstances-singles, couples, families with children, laborers or executives, urban or rural dwellers). As they applied the program, attitude by attitude and step by step, they realized that it really did work-and they enthusiastically shared it with their friends and families.

During those early years (1970s) it became obvious that for the program to work, it had to be communicated accurately and in full detail, and every attitude evaluation and step applied diligently; efforts to create shortcuts resulted in short circuits. While partial application might improve one's financial picture, the program was indeed synergistic-the whole was much greater than the sum
of the parts. Those who heard it from a friend (filtered through that friend's own peculiar financial quirks) or who heard it piecemeal from tapes, without the worksheets or blackboard diagrams, would often end up more confused or skeptical-much to the friend's consternation (and mine, when I'd have to untangle the miscommunications and misunderstandings).

All this led to my reluctant creation, in 1980, of the seminar "Transforming Your Relationship with Money and Achieving Financial Independence." "Reluctant" because I had always been terrified of speaking before an audience (I had slowed my career on Wall Street by refusing to speak at analysts' meeting!!). "Reluctant" because I am basically very shy. "Reluctant" because I could think of a thousand things I'd rather be doing than the radio, TV, or newspaper interviews so often necessary for a successful seminar. "Reluctant" because putting on a seminar means that someone has to sell me-and it's sometimes a thin line between high-quality promotion and hucksterism. "Reluctant" because so many money seminars and workshops are little more than high-priced hustles that fill the pockets of only the presenters and promoters.

The long roster of reluctances was counterbalanced by the number of people who were benefiting greatly from the program-and especially by their new-found ability to contribute to others and to the planet. As the ideas of financial integrity and financial independence were shared, the success of the F.I. seminar grew. Between 1980 and 1985 it was presented in forty cities to as many as 400 people per seminar-most of them there on the recommendation of friends and relatives who had done the seminar previously (no commercial advertising was ever used!). All proceeds from the seminars went to nonprofit organizations.

In line with my commitment to distribute all proceeds, I took no money, not even for travel expenses. My rewards were the visits, letters, and phone calls months and years later from seminar participants-and seeing their
new-found clarity and ease around money, their progress toward full financial independence, their sense of personal fulfillment, and, above all, their desire to use their freed-up energy to make a difference, to actively contribute to the betterment of their planet.

The geometrically increased number of "graduates" brought about further pressure for an even greater number of seminars (there were often as many as ten seminar requests per week); yet seminars had become so large that each one required two months to organize, print materials, rent appropriate facilities, gather and train logistics teams, and so on. Yes, my "mission" is to support as many people seeking freedom from money concerns as possible so that they can move on to discover their particular contribution to life. At the same time, I have a profound reluctance to create an ongoing seminar-producing organization or come under the wing of an existing organization.

So, that is the quandary. Then, let's consider the following.
The end of the twentieth century has seen a dramatic upsurge in the awareness that we as individuals have the opportunity to help resolve the crises of our planet, our community. Whether it be local, personal actions (such as volunteering in under-funded social services), or linking Hands Across America for the homeless, or Live Aid for the hungry people in Africa, or being citizen diplomats, or working to build a world beyond war-we are no longer waiting futilely for "them"-some government or institution or heavenly intervention-to step in and do it. We are responding to the call ourselves! Individuals are making a difference.

As the world adjusts to the necessity of a more humane, peaceful, cooperative model, there will be major economic dislocations: as defense spending is cut back, drastic unemployment may occur; as "conspicuous consumption" becomes less fashionable, whole industries will disappear. The list of hypothetical examples could go on for pages. It is enough to recognize that we are at the beginning of great social and political change that will have
enormous economic implications.
I am not a doomsayer. I am not fostering the How-to-Profit-from-the-Coming-Economic-Collapse type of mentality. I am saying that those people whose relationship with money is at peace, whose income is safe, secure, steady, and independent of employment, are the people who will not have to use all their time and energy scrambling to survive during the economic "dislocations," and instead will be fully available to be part of the solution instead of part of the problem.

To summarize the quandary:

1. The demand for more seminars was greater than my ability to supply them.
2. I feel a need to make this program available as quickly as possible to as many people who want it, before economic conditions change.
One solution is the packet in your hands:

- A do-it-yourself workshop
- A seminar in your own home

This audio/workbook course has a dual purpose and includes all the tools and information necessary to allow you to carry that out:

1. Transforming Your Relationship with Money. The first purpose is to dig into the roots of your financial programming; to make clear what money really is, and thus remove the fog and frustration that surround your interactions with it; to enable you to reclaim the power that you have unconsciously relinquished money; to demonstrate how your values and life view affect your financial world; to encourage you to form a new relationship with money that is simple, relaxed, fulfilling, and spiritually satisfying. A natural and possible outcome of that new relationship is . . .
2. Achieving Financial Independence. The second purpose is to show you how you can be released from the necessity of "making a living" and have a safe, steady income for life, from a source other than your work, that is sufficient to maintain a consciously chosen lifestyle; to open the option of dedicating the many hours released from paid employment to whatever you see as your life work, your purpose, your vocation, contribution to the world-with no concern about money and therefore no need to evaluate if this activity will allow you to meet expenses. To free you from ever again needing to receive money for anything you do.
I have enjoyed sharing with you, in these pages, the process of creating the Financial Independence seminar and this packet. I sincerely hope that you find this program useful and, should you choose to become financially independent, that your life is as fulfilling as mine has been for the past twenty years.
Yours in financial integrity,

Joe Dominguez
(September 1986)
P.S. Please read the PREVIEW for each Session before listening to the program. Refer to the pages between the PREVIEW and the REVIEW for the blackboard work referred to on that Session.

Special note from the publisher: Although the archival seminar contained in this audio program may mention specific financial figures relative to the mid-1980s, the principles behind the data are as valuable and accurate now as they were then.

Before listening to Session One, answer the following eleven questions.

## SESSION ONE—PREVIEW

1. What prompted you to buy this audio course?
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
2. What do you want to get out of it?
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
3. How do rate your current relationship with money? (check one)
$\square$ Very comfortable (solid, consistent, dependable, free from worry, little or no time devoted to acquiring and managing it)
$\square$ Comfortable (pleasant, easy, few worries, an acceptable amount of time devoted to acquiring and managing it)
$\square$ Neutral (normal, an average amount of time devoted to acquiring and managing it)
$\square$ Bad (clouded with persistent feelings of fear, worry, deprivation, hopelessness, no matter how much time devoted to acquiring and managing it, it's never enough)
4. Fill in the blanks, using items and categories you spend money on (e.g., clothing, gifts) and feelings (such as guilty, virtuous, good, angry, worried, joyful, and so on). You may want to continue this on another page.
a. When I spend money on, I feel
$\qquad$
$\qquad$
$\qquad$
b. When I spend money on, I feel
$\qquad$
$\qquad$
$\qquad$
c. When I spend money on, I feel
$\qquad$
$\qquad$
$\qquad$
d. When I spend money on, I feel $\qquad$
$\qquad$
e. When I spend money on, I feel
$\qquad$ l $\qquad$
$\qquad$
$\qquad$
f. When I spend money on, I feel $\qquad$
$\qquad$
$\qquad$
5. How did you first learn about money? Give your earliest recollections.
6. What were you taught about money?
7. Most relationships break up due to (check one):
$\square$ Irreconcilable differences $\square$ In-laws
$\square$ Sexual problems $\square$ Money
Religious differences
8. True or false? Home economics teachers are clear on personal finances.
9. When was our current paradigm of money and work instituted?
10. True or false? Most employed individuals are making a living.
11. True or false? Most people love money.

Now listen to Session One. When Joe mentions the "nine circles," see page 13.

## The Nine Circles

Connect the nine circles with three straight lines, without lifting pencil from paper. Give yourself about three minutes.


Listen closely to the audio for the solution. Still stumped? See page 132.

After listening to Session One, answer the following nine questions. SESSION ONE—REVIEW

1. "How big is your paycheck?" What is your initial response to being asked this question? $\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
2. What further insights do you have into your early education about money?
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
3. Add to the following lists, using examples from your own life.
a. What Dad/Mom said or did about money

- Dad gave me a quarter to spend on candy when I got good grades in school.
- Mom didn't buy much meat because "We can't afford it."
- $\qquad$
$\qquad$
- 

$\qquad$

- $\qquad$
$\qquad$
b. What I learned or decided at that time
- Money was a reward for doing something that Dad approved of.
- There's never enough; money is scarce.
- 

$\qquad$

- $\qquad$
- 

$\qquad$
c. How it reflects in my behavior now

- Sometimes I feel my partner approved of me when he or she bought me a treat.
- I deprive myself of things I really like because they cost more, even though I can afford them.
- $\qquad$
- 

$\qquad$
4. What sayings about money do you use now? Here are a few examples:

- Squeeze the dollar till the eagle grins.
- Another day another dollar.
- Filthy lucre.
- A penny saved is a penny earned.

List others: $\qquad$
-
-
-
-
$\bullet$
5. True or false? Most people love money.
6. What are your "sacred cows" around money? List them:
$\qquad$
7. When was your current paradigm of money and work instituted?
8. Do you think you are "making a living" or "making a dying?"
9. Is the road map you've been using for money getting you where you want to go?
Is it accurate?
Is it outdated?

> Before listening to Session Two, answer the following ten questions. SESSION TWO——PREVIEW

1. Historically, the average workday was (check one):
$\square$ Three hours
$\square$ Eight hours
$\square$ Twelve hours
$\square$ Sixteen hours
$\square$ Ten hours

2a. List the "labor-saving" devices you use daily (e.g., dishwasher).
$\qquad$

2b. What do you do with the time freed up by these devices? (e.g., read the paper):
3. Check the thought(s) or feeling(s) best describing your response to unemployment.
$\square$ Fearful
$\square$ Beneficial
$\square$ Joyous
Life-giving
Exciting
$\square$ Scary
$\square$ Uncertain
Threatening

4a. What effect do you think increased unemployment would have on you?
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
4 b . On the world? $\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
5. List your possessions under appropriate headings (use additional pages if necessary):
a. Necessary for me to be satisfied with my life (Example: Television in living room)
-
-
-
$\bullet$
$\bullet$
-
-
-
-
-
-
-
-
-
b. Not necessary for satisfaction (Example: Television in bedroom)
6. Do we live in a finite or an infinite material universe?

7a. What do you feel that the world needs most at this time?
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
7b. In the future? $\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
7c. How is your job or profession vital to the welfare of the planet?
8. What does success mean to you? $\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$

9a. Do you feel successful?................. $\square$ Yes $\square$ No
9b. In your job?................................. $\square$ Yes $\square$ No
9c. In your relationships? ................... $\square$ Yes $\square$ No
9d. In your home?............................. $\square$ Yes $\square$ No
9e. In your personal development?..... $\square$ Yes $\square$ No
9f. Place an "X" where you fall on the line of success, with " 1 " being total failure and " 10 " being achievement well beyond your dreams or expectations.

```
1
10. True or false? Logging companies clearcut forests in order to stockpile logs for a rainy day.
Now listen to Session Two. When Joe says "on this axis is money spent," turn to page 25 .

\section*{The Evolution of the Fulfillment Curve}





After listening to Session Two, answer the following six questions. SESSION TWO—REVIEW
1. True or false? One hundred years ago, the world needed more stuff. Now the world needs more consciousness. \(\qquad\)
2. Now that you have heard Session Two, has success taken on a new meaning for you? If so, how would you define it now? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
3. Modify the following business axiom to fit current realities: "To be successful you must provide a product that is needed and wanted by the public."
\(\qquad\)
\(\qquad\)
\(\qquad\)
4. Remember when you first saw a photo of the Earth seen from space? What thoughts/feelings/insights/memories/fantasies did you have on seeing that image?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
5. Study the Fulfillment Curve (page 25). In your own life, what major purchases have you made in the past year? Were they in the category of "survival," "comfort," or "luxury?" Have they proven to be "fulfilling?" Rate them from "zero" (not at all fulfilling) to "five" (totally fulfilling).
a. Purchase:

Category:
Fulfillment Rating: \(\qquad\)
b. Purchase: \(\qquad\)
Category: \(\qquad\)
Fulfillment Rating: \(\qquad\)
c. Purchase: \(\qquad\)
Category:
Fulfillment Rating: \(\qquad\)
d. Purchase: \(\qquad\)
Category:
Fulfillment Rating: \(\qquad\)
e. Purchase:

Category:
\(\qquad\)
Fulfillment Rating:
f. Purchase: \(\qquad\)
Category:
Rating:
g. Purchase:

Category:
Fulfillment Rating:
h. Purchase:

Category:
Fulfillment Rating:
i. Purchase:

Category:
Fulfillment Rating:
6. List some "tunnel number 4s"
a. In your life:
-
-
-
-
\(\bullet\)
-
-
b. In our culture:
-
-
\(\bullet\)
-
-
-
\(\bullet\)
c. In the world:
- -

\section*{Before listening to Session Three, answer the following three questions. SESSION THREE —PREVIEW}
1. Most of us presume that life works from HAVE to DO to BE-that in order to reach our goals, we must go through a process of acquiring tools and skills, and a period of practice/application. For example, in order to BE a skier, I first have to HAVE a good pair of skis and other proper equipment, then I have to DO it by taking lessons and practicing, and finally I'll BE a skier. Fill in a few examples of your own, including your goal of financial independence.

Example:
Objective: To be a skier
Have: Skis, poles, boots, warm clothes, enough money for lift tickets, and so on Do: Ski a lot, take lessons, practice, ski more advanced slopes Be: Selected for the ski team
a. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
b. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
c. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
d. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
e. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
f. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
g. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
h. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
i. Objective: \(\qquad\)
Have: \(\qquad\)
Do: \(\qquad\)
Be: \(\qquad\)
2. True or false? By having enough intention, you will reach your goal.
3. Think of examples in your own life when you set out to do something and didn't accomplish your objective.
a. Goals not reached \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
b. What stopped you?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
Now listen to Session Three. For the discussion of "pyramids," refer to page 34.

Pyramids


After listening to Session Three, answer the following seven questions. SESSION THREE — REVIEW
1. Draw arrows to indicate the direction in which all of life flows:
HAVE
DO
BE
2. Give examples from your life when you operated from HAVE to DO to BE.
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
3. Give examples when you operated from BE to DO to HAVE.
4. "If only I had money, I'd be happy." How is this statement true for you?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
a. Give examples of this attitude in your life. \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
b. List some ways in which you act as if money can make you happy.
5. Draw your own pyramids in the areas of finances, job, health, relationships, or other areas of your life, being honest about whether the pyramid is resting on its tip or on its base, and, if it's upside down, what (if any) props are supporting it.
6. List examples in your own life where you accomplished an objective (building a house, baking a cake, and so on). Notice when each of the steps (Purpose, Intention, Willingness, Consciousness, and Recognition of Achievement) came into play. Perhaps you will notice achievements in your life that you had not recognized as achievements before.
7. Referring back to question \#3 of the Preview for Session Three (examples of failing to meet your objectives and why, p. 33), what stage or stages did you leave out? (Purpose? Intention? Willingness? Consciousness? Recognition of Achievement?)

> Before listening to Session Four, answer the following five questions. SESSION FOUR—PREVIEW
1. When undertaking a task or project, what is your first step?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
a. Do you step back and get an overview of the whole job?
b. Do you plunge right in and start working? \(\qquad\)
2. List some of the major roles you play in your life.
3. Are you a different person depending on the role you're playing (e.g., mother, husband, businesswoman, church committee member, friend, social activist)?
4. Would someone who knows you in one "box" be comfortable with you in another "box?" For example, would your boss be comfortable with how you are as an activist? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
5. "Abundance and prosperity" is a much used phrase in recent years. What is your understanding of this phrase?

Now listen to Session Four.

After listening to Session Four, answer the following four questions. SESSION FOUR—REVIEW
1. Think of a project you have done.
a. Was it successful? \(\qquad\)
b. Were you personally satisfied with how it worked out?
c. Did you have a vision for the project?
d. An overview? \(\qquad\)
e. Does this "Vision/Overview/Strategies/Tactics" model illuminate any past good ideas that haven't worked out? \(\qquad\)
2. Is this course about abundance and prosperity?
a. Why? Why not? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
b. How does this question relate to defining ourselves by our possessions?
\(\qquad\)
\(\qquad\)
\(\qquad\)
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\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
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\(\qquad\)
\(\qquad\)
3. List the times in your life when a paradigm shifted for you. (Some examples might be: discovering there is no Santa Claus; learning that atoms are mostly void, space, and energy-and so are you; seeing that there are no political boundaries on the Earth visible from space.)
4. What differences have these paradigm shifts made in the way you live?
\(\qquad\)
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Before listening to Session Five, answer the following six questions.

\section*{SESSION FIVE—PREVIEW}
1. Would you like to win a lottery? \(\qquad\)
2. Would you want to be rich?
3. How would you define "rich"? \(\qquad\)
4. We define Financial Independence as "having a safe, secure, and steady source of income for life that is sufficient for one's needs and that is independent of the work one chooses to do." Which one statement below best describes what your purpose would be for achieving financial independence? (check one)

Want to quit my job
Want to contribute to others (family, friends, community)
Want to be free to enjoy my life (travel, recreation)
Want to further my education, develop my skillset
Want to dedicate my life to a higher purpose (service, God, planet)
\(\square\) Want to learn, grow, and work on myself
5. How much money per month would you need to be financially independent? \$
6. How would you define "poor"? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)

Now listen to Session Five. When Joe discusses "enough" and "the peak of the fulfillment curve," refer to page 50.

The Fulfillment Curves: Overconsumption, Enough, and Beyond Consumption

Overconsumption


Enough


Beyond Consumption


After listening to Session Five, answer the following five questions. SESSION FIVE—REVIEW
1. Define your life purpose. (You may need extra time and paper for this one!) You may want to define it in two ways:
a. What your ideal is; what you would like to see your life devoted to.
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\(\qquad\)
b. What your behavior indicates your life purpose is-e.g., if you devote all your waking hours to your job, then your purpose is your job, or what your job brings you (security/money/fame/status/support for family).
\(\qquad\)
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\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
2. What would be your purpose for financial independence?

3a. If you had one year to live, what five things would you most want to do? -
-
-
-
-

3b. What five things that you do now would you most want to eliminate from your life?
-
-
\(\bullet\)
-
4. Financial independence means (check one):
\(\square\) Being rich \(\square\) Having enough
\(\square\) Scrimping and saving \(\quad \square\) Letting God provide
5. Rank the following purposes for being financially independent in order from least likely to be achieved (one) to most likely (six):
\(\qquad\) a. Want to contribute to others
\(\qquad\) b. Want to quit my job
\(\qquad\) c. Want to work on myself
\(\qquad\) d. Want to dedicate my life to a higher purpose, God, service, love, mission
\(\qquad\) e. Want to travel, play
\(\qquad\) f. Want to further my education
\[
\begin{aligned}
& \text { Before listening to Session Six, } \\
& \text { answer the following two questions. } \\
& \text { SESSION SIX—PREVIEW }
\end{aligned}
\]
1. Check all of the following statements that you feel are true about money, or that you have at some time said or thought money is.
\(\square\) The root of all evil
A measure of one's worth in the world
A way of impressing others
\(\square\) A measure of one's feeling of self-worth
\(\square\) Not a nice subject to talk about
A perfectly okay motive for behavior
Not okay as a motivating force
A means of proving myself to girlfriend/boyfriend/mate/spouse/friends/ old schoolmates/parents/other
\(\square\) A tool of political repression
\(\square\) A means of buying freedom
The cause of pain and suffering
Always there when I really need it
\(\square\) A way of feeling superior to others
\(\square\) A way of keeping me separate and different from others
\(\square\) A tool to solve my problems
\(\square\) A reward for good behavior
For buying the necessities of life
Something I have to earn for it to be of value
Something I feel guilty spending
\(\square\) A measure of social rank
\(\square\) Something I enjoy giving away
Not important
\(\square\) Dirty
\(\square\) Scarce
\(\square\) Abundant
\(\square\) The cause of divorce
\(\square\) Slippery stuff
\(\square\) A means of security
\(\square\) Happiness
\(\square\) Very difficult to get
Very difficult to keep
\(\square\) Hard to manage
A means to an end
\(\square\) An end in itself
Fun to spend
\(\square\) Something I don't deserve
A means of exchange
Something I try not to think about
Something I feel guilty having
Something to try and do without
Insurance for the future
Hot stuff-burns holes in pockets
A means of buying love
\(\square\) For having fun with
2. What is a universally and consistently true definition of money?
\(\qquad\)
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\(\qquad\)
Now listen to Session Six.

After listening to Session Six, answer the following three questions.

\section*{SESSION SIX——REVIEW}
1. List some mistaken identities in your life, along with their real identities. Here are some examples.
a. Item: microphone \(\qquad\)
Mistaken Identity: writing implement
Real Identity: device to increase voice volume \(\qquad\)
b. Item: new dress

Mistaken Identity: something that will make me look pretty and thus feel better \(\qquad\)
Real Identity: an item of clothing
c. Item: lover \(\qquad\)
Mistaken Identity: self-esteem, status, control, acceptance \(\qquad\)
Real Identity: a person other than myself \(\qquad\)
d. Item: \(\qquad\)
Mistaken Identity: \(\qquad\)
Real Identity: \(\qquad\)
e. Item: \(\qquad\)
Mistaken Identity: \(\qquad\)
Real Identity: \(\qquad\)
f. Item: \(\qquad\)
Mistaken Identity: \(\qquad\)
Real Identity: \(\qquad\)
g. Item:

Mistaken Identity:
Real Identity: \(\qquad\)
h. Item:

Mistaken Identity: \(\qquad\)
Real Identity: \(\qquad\)
i. Item:

Mistaken Identity:
Real Identity: \(\qquad\)
j. Item: \(\qquad\)
Mistaken Identity: \(\qquad\)
Real Identity: \(\qquad\)
k. Item:

Mistaken Identity:
Real Identity: \(\qquad\)
1. Item: \(\qquad\)
Mistaken Identity: Real Identity:
\(\qquad\)
\(\qquad\)
2. What is a universally and consistently true definition of money?
3. How many hours of life energy do you have left? (see table below) Hours: \(\qquad\)

\section*{AGE}

20 years old ................................... 55.7 years or 488,266 hours
25 years old
51.0 years or
or 447,066 hours
30 years old ................................... 46.3 years or 405,866 hours
35 years old ................................... 41.6 years or 364,666 hours
40 years old .................................... 37.0 years or
45 years old .................................... 32.5 years or
50 years old .................................... 28.1 years or 246,325 hours
55 years old.................................... 24.1 years or 210,384 hours
60 years old ................................... 20.2 years or 177,073 hours
65 years old .................................... 16.7 years or 146,392 hours
70 years old ................................... 13.5 years or 118,341 hours
a. Compute how many hours a day you spend on maintenance (eating, sleeping, bathing, earning a living, and so on):

Hours: \(\qquad\)
b. Compute how much of your life energy is available for something other than maintenance:

Hours: \(\qquad\)

> Before listening to Session Seven, answer the following three questions. SESSION SEVEN—PREVIEW
1. Have you kept records of your income over the years?
2. List all past jobs whose income you did not report on your income tax.
-
-
\(\qquad\)
-
-

\section*{-}
-
-
-
-
-
\(\qquad\)
3. Fill in how much money you think you've made in your lifetime. \$ \(\qquad\)
Now listen to Session Seven. While listening, refer to pages 64 and 65 for blackboard work and supplementary material.
Blackboard Work for Session SevenBalance Sheet
ASSETS-What You Own
Liquid assets:
\(\qquad\)
Cash on hand: \(\qquad\)
Savings accounts: \(\qquad\)
Checking accounts: \(\qquad\)
Savings certificates: \(\qquad\)
United States savings bonds: \(\qquad\)
Stocks: \(\qquad\)
Bonds: \(\qquad\)
Mutual funds: \(\qquad\)
Money market accounts: \(\qquad\)
Brokerage account credit balance: \(\qquad\)
Life insurance cash value: \(\qquad\)
Other: \(\qquad\)
Other: \(\qquad\)
Less liquid assets (approximate resale value)
House: \(\qquad\)
Vacation home: \(\qquad\)
Recreational vehicle: \(\qquad\)
Car (s): \(\qquad\)
Motorcycles): \(\qquad\)

Bicycles): \(\qquad\)
Antiques: \(\qquad\)
Art: \(\qquad\)
Computer: \(\qquad\)
Satellite dish:
Sports equipment: \(\qquad\)
Security deposits: \(\qquad\)
Office equipment: \(\qquad\)
Sewing machine: \(\qquad\)
Furniture: \(\qquad\)
Silverware: \(\qquad\)
Jewelry:
Stereo equipment: \(\qquad\)
TVs: \(\qquad\)
VCR: \(\qquad\)
Cameras and photography equipment: \(\qquad\)
Clothes: \(\qquad\)
Furs: \(\qquad\)
Tools: \(\qquad\)
Appliances: \(\qquad\)
Other: \(\qquad\)
Other: \(\qquad\)

\section*{LIABILITIES_What You Owe}

Bank loans: \(\qquad\)
Credit card debts: \(\qquad\)
School loans: \(\qquad\)
Installment purchase balances:
Unpaid bills: \(\qquad\)
Debts to friends: \(\qquad\)
Other: \(\qquad\)
NET WORTH
Total Assets minus Liabilities
equals Net Worth: \(\qquad\)

After listening to Session Seven, answer the following four questions. SESSION SEVEN—REVIEW
1. True or false? Every step of the Financial Independence program is essential.
2. Step 1-A

How much money, total, have you earned in your life? \$

If you live in the United States, send for a copy of form SSA-7004, Request for Social Security Statement. Write to: Social Security Administration / Wilkes Barre Data Operations Center / PO Box 7004 / Wilkes Barre PA 18767-7004; or visit www.ssa.gov for more information. When you receive the statement, compare the sum total of your earnings with how much you thought you had made.
3. Step 1-B
a. What do you have to show for your lifetime earnings now?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
b. Create a balance sheet to determine your net worth (see sample balance sheet, pages 64-65).
4. Give three reasons why making your peace with the past-knowing your lifetime earnings-is useful.
\(\qquad\)
\(\qquad\)
\(\qquad\)
-
\(\qquad\)
\(\qquad\)

\section*{Before listening to Session Eight, answer the following six questions. SESSION EIGHT—PREVIEW}
1. How many total hours a week do you devote to your job/profession/means of income?
hours per week: \(\qquad\)
2a. How much money came into your life last month? \$

2b. That figure is accurate to (check one):
\(\square\) Nearest dollar
- Nearest \(\$ 100\)

Nearest \$50
Only a rough approximation
3. I trade my life energy for \(\qquad\) dollars per hour.
4. Are there monetary expenses associated with your job?

If so, itemize them below:
-
-
-
-
-
5. What are the time expenses associated with your job? List them below: -
-
-
-
-
6. How much money did you spend last week on:

Snacks \$ \(\qquad\)
Newspapers \$
Groceries \$ \(\qquad\)
Transportation \$ \(\qquad\)
Drugstore items \$ \(\qquad\)
These figures are accurate to (check one):
\(\square\) The penny
\(\square\) The dollar
\(\square\) Five dollars
\(\square\) Ten dollars
\(\square\) Twenty dollars
\(\square\) Only a rough approximation
Now listen to Session Eight. When Joe begins the blackboard work, turn to page 71.
\begin{tabular}{|c|c|c|c|}
\hline \multicolumn{4}{|l|}{Blackboard Work for Session Eight} \\
\hline \multicolumn{4}{|l|}{Life Energy vs. Earnings} \\
\hline \multirow[t]{2}{*}{Basic Job (before adjustments)} & Hours/week & Dollars/week & Dollars/hour \\
\hline & 40 hours & \$200 & = \$5/hour \\
\hline Adjustments & Add Hours & Subtract Cost & \\
\hline Commuting & + 5 hours & -\$15 & \\
\hline At-work food & + 5 hours & -\$15 & \\
\hline Job costuming & + 1 hour & -\$5 & \\
\hline Daily decompression & + 5 hours & - \$10 & \\
\hline Escape entertainment & + 5 hours & - \$10 & \\
\hline Vacation & +3 hours & - \$10 & \\
\hline Job-related & & & \\
\hline illness & + 1 hour & - \$5 & \\
\hline Total adjustments & +25 hours & - \$70 & \\
\hline Job, with adjustments & 65 hours & \$130 & = \$2/hour \\
\hline
\end{tabular}
Sample Money Log Book
Friday, August 24 ..... In
Out
Bridge toll to work ..... 1.00
Coffee and Danish at work ..... 1.50
Found in restroom ..... 25
Lunch at work ..... 4.63
Repaid by Jack for yesterday's lunch ..... 5.00
Coffee break (work) ..... 1.00
Office contribution (Di's shower) ..... 5.00
Coke from machine at work ..... 75
Candy bar in machine at work ..... 50
Gas: 16 gal. @ 1.50/gal. ..... 24.00
Circle K: chips, dip, soda ..... 3.65
Circle K: 3-pack blank cassettes ..... 5.89
Paycheck, net (see stub for deductions) ..... 285.40
Saturday, August 25
Safeway shopping ..... 68.14
approximately
Motor oil ..... 4.00
Cassettes, three-pack ..... 2.50
Magazines ..... 3.00
Household ..... 12.00
Toiletries ..... 8.50
Wine ..... 6.00
approximate subtotal ..... 36.00
Groceries ..... 32.14
TOTAL ..... 68.14
KMart \(^{\circledR}\) shopping ..... 46.84
approx.
Household ..... 8.00
Shirt, for work ..... 14.00
Candies ..... 3.00
Photos ..... 10.80
Hardware ..... 4.00
Auto accessories ..... 7.04
TOTAL ..... 46.84
Lunch, Burger King \({ }^{\circledR}\) ..... 3.60
Dinner with friend, China Star ..... 16.20
Dinner, tip ..... 3.00
Movies with friend ..... 12.00

> After listening to Session Eight, answer the following four questions. SESSION EIGHT——REVIEW
1. Step 2-A

Using the Life Energy vs. Earnings table (p. 71) as a guide, establish the amount of life energy you are trading for money.

Basic Job (before adjustments)

Hours/week
Dollars/week
Dollars/hour
\$
\(=\) \(\qquad\)
Adjustments
Add Hours
Subtract Cost
- \$ \(\qquad\)
\(\qquad\)
- \$
- \$ \(\qquad\)
- \$ \(\qquad\)
- \$ \(\qquad\)
\(\qquad\)
- \$ \(\qquad\)
- \$

\section*{\(+\) \\ \(\qquad\)}
- \$ \(\qquad\)
\(+\) \(\qquad\)
- \$ \(\qquad\)
\(\qquad\) \(-\$\)
\(\qquad\) - \$
\(+\)
- \$ \(\qquad\)
\(+\) \(\qquad\) - \$ \(\qquad\)

Total
 adjustments \(+\) - \$ \(\qquad\)

Job, with
adjustments
\(\longrightarrow\)
\(\$ \quad=\) \(\qquad\)
2. I trade my life energy for \(\qquad\) dollars per hour.
3. Every dollar I spend represents \(\qquad\) minutes of my life.
4. Step 2-B

Establish a way to record every cent that flows in and out of your life and commit to doing it. Every cent. (See sample money log book, p.72.)

Before listening to Session Nine, answer the following four questions. SESSION NINE—PREVIEW
1. Recall your purpose for wanting to achieve financial independence.
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
2. What questions do you ask yourself before you decide to purchase something?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
3. Have you ever made a budget? If so, have you kept to it?
4. Estimate how much time you spend each month on handling your personal finances (including running to the bank to cover overdrafts, holding up lines at checkout counters by paying with a check instead of cash, worrying if you'll make it until payday). \(\qquad\)
Now listen to Session Nine. While listening, refer to pages 78 through 86 for blackboard work. The following sample charts (p. 78 and pp. 80-81) are provided as guides to assist in the creation of tables based on your own personal spending patterns.

\section*{Monthly Tabulation with Income and Expenses}
\begin{tabular}{|c|c|c|c|}
\hline \multirow{3}{*}{\[
\begin{aligned}
& 0 \\
& 0 \\
& 0 \\
& \hline
\end{aligned}
\]} & At Home & & \\
\hline & Outside & & \\
\hline & Entertaining & & \\
\hline \multirow[t]{3}{*}{舀
畐
至} & Principal & & \\
\hline & Interest & & \\
\hline & Motels & & \\
\hline \multirow[t]{3}{*}{\[
\begin{aligned}
& \text { 色 } \\
& \text { 落 }
\end{aligned}
\]} & Electricity & & \\
\hline & Phone & & \\
\hline & Gas & & \\
\hline \multirow[t]{3}{*}{\[
\begin{aligned}
& \text { U } \\
& \text { Z } \\
& \text { B } \\
& \hline 8
\end{aligned}
\]} & Necessary & & \\
\hline & Work & & （ \\
\hline & Special & & 1 \\
\hline \multirow[t]{3}{*}{\[
\begin{aligned}
& \text { I } \\
& \text { H } \\
& \text { 㡙 }
\end{aligned}
\]} & Prescrip．Drug & & \\
\hline & Non－Pre．Drug & & \\
\hline & Doctor & & \\
\hline \multirow[t]{4}{*}{Z
Z
Z
H
U
H} & Drugs & & ） \\
\hline & Shows & & － \\
\hline & Hobbies & & － \\
\hline & Booze & & \\
\hline \multirow[t]{4}{*}{} & Gas／Oil & & \\
\hline & Maintenance & & \\
\hline & Public Trans． & & \\
\hline & Tolls／Parking & & \\
\hline OTHER & & & \\
\hline \multirow{4}{*}{\[
\begin{aligned}
& \sum_{0}^{1} \\
& 0 \\
& Z
\end{aligned}
\]} & Paycheck & & \\
\hline & Bonuses／Tips & & \\
\hline & Interest & & \\
\hline & Loans & & \\
\hline
\end{tabular}

Total Spent in Month：
Total Income for Month：
Remainder：
Sample End-of-Month Balancing
Part I
Equation: \$ at START of month + \$ IN during month-\$ OUT during month = \$ at END of month
\$ at START: cash on hand ..... 68.75
+ checking account balance ..... +255.73
+ savings account balance ..... +963.07

\[
\overline{1287.55}
\]
+ \$ IN: + total monthly income (from Monthly Tabulation) ..... \(+1348.17\)
2635.72
- \$ OUT - total monthly expenses (from Monthly Tabulation) ..... -982.46
= \$ at END: = \$ you should have at end of month ..... \(\$ 1653.26\) (A)
Part II
ACTUAL \$ AT END OF MONTH: cash on hand ..... \$94.88
+ checking account balance ..... +369.21
+ savings account balance ..... +1188.07
= \$ you actually have at end of month ..... 1652.16 (B)
Part III
MONTHLY ERROR:
\$ you should have (A) ..... \(\$ 1653.26\) (A)
- \$ you actually have (B) ..... -1652.16 (B)
= \$ lost or improperly recorded ..... 1.10
Part IV
SAVINGS: total monthly income. ..... 1348.17
- total monthly expenses ..... -982.46
+ or - monthly error ..... \(-1.10\)
= \$ saved this month ..... \$364.61
\begin{tabular}{|c|c|c|c|c|}
\hline \multirow[b]{3}{*}{\[
\begin{aligned}
& 0 \\
& 0 \\
& 0
\end{aligned}
\]} & At Home & & & \\
\hline & Outside & & & \\
\hline & Entertaining & & & \\
\hline \multirow[t]{3}{*}{坔} & Principal & & & \\
\hline & Interest & & & \\
\hline & Motels & & & \\
\hline \multirow[t]{3}{*}{\[
\begin{aligned}
& \text { 魚 } \\
& 3 \\
& 3
\end{aligned}
\]} & Electricity & & & \\
\hline & Phone & & & \\
\hline & Gas & & & \\
\hline \multirow[t]{3}{*}{\begin{tabular}{l}
3 \\
3 \\
3 \\
3 \\
\hline
\end{tabular}} & Necessary & & & \\
\hline & Work & & & \\
\hline & Special & & & \\
\hline \multirow[t]{3}{*}{\begin{tabular}{l} 
I \\
H \\
I \\
I \\
\hline
\end{tabular}} & Prescrip. Drug & & & \\
\hline & Non-Pre. Drug & \(\cdots\) & & \\
\hline & Doctor & & & \\
\hline \multirow[t]{4}{*}{} & Drugs & & & \\
\hline & Shows & \(\square\) & & \\
\hline & Hobbies & - & & \\
\hline & Booze & & & \\
\hline \multirow[t]{4}{*}{} & Gas/Oil & & & \\
\hline & Maintenance & & & \\
\hline & Public Trans. & & & \\
\hline & Tolls/Parking & & & \\
\hline OTHER & & & & \\
\hline \multirow{4}{*}{\[
\begin{aligned}
& \sum_{0}^{M} \\
& 0 \\
& Z
\end{aligned}
\]} & Paycheck & & & \\
\hline & Bonuses/Tips & & & \\
\hline & Interest & & & \\
\hline & Loans & & & \\
\hline
\end{tabular}

Total Spent in Month: \(\qquad\)
Total Income for Month:

\section*{Monthly Tabulation with the Three Questions}
\begin{tabular}{|c|c|c|c|c|c|c|c|}
\hline & & & & & & & \\
\hline
\end{tabular}

Key: Fulfillment = Did I get fulfillment from this expenditure of life energy?
Alignment = Was this expenditure of life energy in alignment with my stated life purpose?
After \(\mathrm{FI}=\) How much might I spend on this category if I didn't have to work for a living?
\(+=\) increase for more fulfillment \(\quad-=\) decrease for more fulfillment \(\quad 0=\) okay as is

\section*{Possible Subcategories for Monthly Tabulation}

\section*{1. FOOD}
- At home, basic meals
- At home, snacks and goodies
- At home, entertaining friends
- At work, basic meals
- At work, snacks and coffee breaks
- Outside, restaurants, for enjoyment
- Outside, fast food, convenience while shopping, and so on
- Health foods, special diet, current fad, and so on
- Junk foods, current addictions
- Special treats-Haagen Daas®, smoked baby clams, and so on
- Vegetable garden supplies - seeds, fertilizer, and so on
2. SHELTER
- Mortgage payment (principal-see category eleven for interest) or rent
- Motel, hotel
- Vacation rental

\section*{3. UTILITIES}
- Electric bill
- Heating fuel
- Firewood
- Propane or natural gas
- Charcoal for barbecue
- Water bill
- Phone bill
- Garbage pick-up and/or dump fee

\section*{4. HOUSEHOLD MAINTENANCE}
- Cleaning materials
- Laundry and drycleaning
- Hardware and repairs
- Bathroom supplies
- Kitchen supplies (nonfood)
- Special services: plumber, maid, lawn mowing, and so on

\section*{5. CLOTHING AND ORNAMENTATION (JEWELRY AND ACCESSORIES)}
- Everyday necessities, clothing to keep the body covered, protected, legal
- Clothing for work
- Recreational clothing (jogging suit)
- Clothing for fashion display
- Compulsive clothes buying
- Psychological and emotional clothing
- Fetish clothing

\section*{6. TRANSPORTATION}
- Commuting to and from work
- Automobile-gas, oil, regular maintenance and repairs
- Automobile-insurance, inspection, registration
- Public transportation, local
- Airplane, train, long-distance bus
- Car rental
- Bicycle repair and maintenance
- Car payments
- Tolls and parking fees

\section*{7. COMMUNICATION}
- Telephone (flat fee, long distance, necessary, social)
- Postage, stationery
- Photocopying, printing
- Telegram, mailgram, facsimile
- Internet service providers, electronic mail

\section*{8. HEALTH}
- Doctor bills
- Dental bills
- Health insurance
- Other health practitioners (chiropractor, psychic healer, and so on)
- Prescription drugs
- Vitamins and supplements
- Medically recommended diets
- Gymnasium or health salon

\section*{9. RECREATION AND LEISURE TIME}
- Alcohol (at home, at bar)
- Tobacco
- Nonprescription, "recreational" drugs
- Sporting events
- Theater, museums, concerts
- Movies
- Audiotapes, CDs
- Videotapes
- Weekends, vacation, resorts, retreats
- Educational-workshops, classes, lectures
- Books, magazines, newspapers
- Hobbies, crafts, art supplies
- Toys
- Sports and camping equipment
- Sports fees (lift tickets, skating rink admission, and so on)
10. GIFTS AND DONATIONS
- Personal gifts
- Church
- Charitable organizations (United Way, Salvation Army, and so on)
- Office collections
- Activists (equal rights, women's lib, antinuclear, and so on)
- Transformational projects (e.g., Foundation for Global Community, and so on)
- Political contributions

\section*{11. INTEREST AND BANK CHARGES}
- Interest on mortgages
- Annual cost of credit cards
- Interest on credit cards
- Car payment interest
- Installment buying charges and interest
- Bank loan interest and charges
- Excess cost of buying gasoline on credit cards vs. cash
- Checking account charges
- Late payment charges

\section*{12. LOSSES}
- Money actually lost
- Money stolen
- Money lost in vending machines and pay phones
- Money lent (when repaid, treat as income)
- Gambling losses, betting pools, and so on
- Lottery tickets
- Shortfalls in monthly accountings

\section*{13. "GAZINGUS PINS"}
- For a partial listing of potential "gazingus pins" consult the current Sears catalog. Every item on every page is potentially one of yours-from art supplies to zoom lenses to zithers.

\section*{14. OTHER EXPENDITURES}

\section*{15. INCOME}
- Wages, salary, tips,—net ("take home")
- Money found
- Loans repaid to you
- Inheritances, gifts
- Interest on savings accounts
- Interest on investments
- Dividends
- Income tax refunds
- Bonuses
- Mail-in rebates (when received!)
- Refunds
- Proceeds from garage sales
- Proceeds from sale of arts, crafts
- Cash prizes
- Gambling winnings

\section*{16. SAVINGS—CAPITAL}
- Bank savings accounts
- Piggy bank, cookie jar, or loose change jug
- Nonspeculative, insured investments-government bonds, certificates of deposit, and so on
- Other investments and speculations
(By the way, it took a lot longer to read this section than it will take you to do your Monthly Tabulation once it has been set up.)

After listening to Session Nine, answer the following four questions.

\section*{SESSION NINE—REVIEW}
1. Keeping track of your expenses has to do with (check one):
\(\square\) Budgeting \(\square\) Deprivation \(\square\) Fulfillment
2. Using a blank piece of paper, make a complete list of expense categoriesone generated from your own unique spending patterns, not from budget books.(See possible subcategories for monthly tabulation, page 82.)
3. Step 3

At the end of each month make a tabulation of expenses in each of your self-generated categories. (See sample Monthly Tabulation.)
4. Step 4
a. Each month, correlate "money spent" to "life energy spent." Use your true hourly wage, as you established in Step Two.
b. Evaluate, without judgment, your spending in each of the categories, asking the following three questions:
i. Did you receive value and fulfillment proportional to this expenditure of life energy?
ii. Is this expenditure in alignment with your stated life purpose?
iii. How would this expenditure look if you were financially independent? \(\qquad\)

Before listening to Session Ten, answer the following eight questions.

\section*{SESSION TEN—PREVIEW}
1. What percentage of your income goes toward paying debts (e.g., mortgage, credit cards, loans, and interest on all of the above)? (check one)
\(\square 0-5 \%\)
\(\square\) 25-49\%
\(\square\) 75-99\%
- \(6-24 \%\)
\(\square 50-74 \%\)
\(\square 100 \%\)
2. Look at the Quality of Life lists below and check the one that best describes your life right now.
\(\square\) Joyous, enthusiastic, fulfilled, perfect, overflowing, love-filled, healthy, sexually ecstatic, powerful, making a difference
Happy, growing, satisfied, productive, relaxed, free of tension, efficient, time available, fun, secure
\(\square\) Content, doing okay, average, acceptable, sometimes happy, sometimes blue, stable, normal, few risks, fitting in
\(\square\) Dissatisfied, seeking, not enough, relationships could be better, coping, getting better, not very productive, need reassurance
\(\square\) Uncomfortable, tired, incomplete, frustrated, health problems, fear, frequently lonely, angry, insecure, harried
3. How do you select which brand of any given item to buy?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
4. Have you read any books on how to save money? \(\qquad\)
5. How much less than (or more than) you earn per month do you normally spend? \$ \(\qquad\)
6. I could easily be spending:
more than I am currently spending
\(5 \%\) less than I am currently spending
\(10 \%\) less than I am currently spending
\(15 \%\) less than I am currently spending
20\% less than I am currently spending
\(\square\) more than \(20 \%\) less than I am currently spending
7. If you didn't have a credit card, what expenses could you not cover?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
8. How much of each dollar you pay on your credit card bill goes to interest? Now listen to Session Ten. While listening, refer to pages 91-92 for the blackboard work.

\section*{Blackboard Work for Session Ten Quality of Life Correlated to Income Level}

Monthly Income (in dollars):

Average of quality-of-life rating for all participants in that income range:
\begin{tabular}{rl}
\(\$ 0-1000 \longrightarrow\) & 2.6 \\
\(\$ 1001-2000 \longrightarrow\) & 2.8 \\
\(\$ 2001-3000 \longrightarrow\) & 2.7 \\
\(\$ 3001-4000 \longrightarrow\) & 2.8 \\
Over \(\$ 4000 \longrightarrow\)
\end{tabular}

\section*{Suggested Size and Layout of Wall Chart}


Sample Wall Chart with Monthly Expenses


After listening to Session Ten, answer the following ten questions.

\section*{SESSION TEN—_REVIEW}
1. True or false? More money means more happiness.
2. What are some of the "gazingus pins" in your life? Some examples might include favorite foods that you continue to buy even though they no longer give satisfaction, antiques, clocks, pens, shoes, and so on. List yours:
\(\qquad\)
3. Step 5

Once you have done Steps Three and Four, make (and keep up to date!) a chart of your monthly expenses. Use large paper (twenty-four inches by thirty-six inches) and hang it on your wall (see sample charts, pp. 91-92).
4. Step 6

Learn and practice intelligent use of life energy ("money"), and lower your expenses:
a. Clear all debts. Don't buy on credit.
b. Get value for every dollar spent-it's your life energy. Being an intelligent consumer is a contribution to the world.
c. Anticipate needs so as to be able to take advantage of sales.
d. Replace money-costing activities with less costly activities that are in alignment with your stated purpose.
e. Learn to save money.
5. List some ways you could consciously eliminate or significantly reduce unnecessary spending.

6a. How is your current relationship with your car?

6b. Your body?

6c. Your credit card? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
7. How could you improve these relationships and reduce unnecessary spending in the process? \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
8. What are your attitudes about thrift stores, swap meets, garage sales, anticipating your needs, shopping the sales, using mail order discounters and discount chain stores, researching before purchasing, and vacations?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
9. As you begin to practice conscious elimination of expenses and conscious consumerism, notice whether or not you are:
a. Willing to totally revamp the attitudes and behaviors around money that no longer serve your purpose
b. Increasing your fulfillment—or living in joyless frugality
c. Denying yourself-or increasing the alignment of your earning and spending with your values and purpose
10. What are your attitudes about yourself, your job or employer, your ability to find a job, or current circumstances that may be holding you back from increasing your level of income?

Before listening to Session Eleven, answer the following five questions.

\section*{SESSION ELEVEN—PREVIEW}
1. Which one of the following statements most closely describes to you the primary purpose of paid employment?
Prestige/status/power
To earn money
\(\square\) Time structuring
\(\square\) Creativity and fulfillment
Duty/public service/obligation
\(\square\) Enjoyment/stimulation
Social expectation/social acceptance
\(\square\) Role/identity
To buy necessities of life (clothing, shelter, food, and so on)
\(\square\) To have money to travel often (in addition to necessities)
\(\square\) A sense of satisfaction and pride that I can do the work I do well
To build up a large savings so I can enjoy myself in my old age
\(\square\) To build up an estate for my children
\(\square\) To feel important, that I'm making a contribution to society
To delight in my work, and feel that it's an important service I provide
To prove to my parents that I'm not a failure, that I can make it
\(\square\) To interact with others, and have a sense of cooperation and partnership
To support my family and send my kids to college

To maintain a luxurious and comfortable lifestyle without feeling I need to scrimp
To give me a sense of purpose in my life
\(\square\) To feel like I'm part of the team to make this democracy work, to make this world a better place for others
\(\square\) To keep from being bored
So I don't have to stay home and take care of the kids
\(\square\) I don't know
\(\square\) I wouldn't know what to do if I didn't work
2. Check whether your paid employment supports or hinders you in the following areas of your life:
Area of Life Supports Hinders
Personal relationships (family, friends, children, parents)
Personal growth (emotional, intellectual)
Inner peace (spiritual)
Health (physical)
Contribution to community
Service (to Planet, Life, God)

3. What is your evaluation of your current earnings? (check one)
\(\square\) I am overpaid
I am underpaid
My income is appropriate to my effort
4. What is your evaluation of what you are putting into your job?

My absolute best-total integrity
\(\square\) It's a job-I do only what I have to do to keep it
\(\square\) I take as much as I can, give as little as I can
5. How much more money could you easily be earning?

None, I'm maxed as it is
\(\square 5 \%\)
\(\square 10 \%\)
\(\square 20 \%\)
\(\square 30 \%\)
\(\square 50 \%\)
\(\square\) More than 50\%
Now listen to Session Eleven. Blackboard work for Step 7 is on page 100, for Step 8 on pages 100-101.

\section*{Blackboard Work for Step 7}

\section*{Wall Chart with Expenses, Income, and Savings}


\section*{Blackboard Work for Step 8 Wall Chart with Monthly Investment Income}


\section*{Projecting Your Monthly Investment Income}


\section*{Projecting Your Total Monthly Expenses}


\section*{The Crossover Point}


101

After listening to Session Eleven, answer the following six questions. SESSION ELEVEN——REVIEW
1. If you didn't need the paycheck, would you be doing the same job? (Check one) \(\square\) YES \(\square\) NO
2. If you didn't need to be working for money, what would you be doing?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
3. If you knew your paid employment was only for a finite period of time, how might it feel different for you?
4. Step 7

Establish capital
a. Move toward highest possible income and maximum hours, while maintaining health and integrity. Remember, it's just for a finite time.
b. Post your total net monthly income on your wall chart.
c. The difference between your monthly total expenses and your total net income is your capital. Build it.
5. Step 8
a. Apply the following formula to your capital: [Note: Current interest should be gotten from long-term (twenty to thirty year) government bonds; these rates can be found in newspaper financial pages. (Interest rates change with economic conditions, but how much you receive from a bond you've bought remains absolutely steady.)]
Capital X Current Interest Rate \(=\) Monthly Investment
12 months (or Independence!) Income
example: \(\$ 1200 \times 10 \%^{*}=\$ 10 /\) month (each and
12
every month)
b. Post this figure on your wall chart.
6. At the Crossover Point your income from investments equals your expenses, and you have defined "enough."
* Note: Interest rates at the time this course was created were at an historical high of \(10 \%\).

Before listening to Session Twelve, answer the following five questions.

\section*{SESSION TWELVE—PREVIEW}
1. Inflation is ... (check the statements that are true):
\(\square\) Very real, and it is expanding
A force in our economy that is out of control
Keeping me from financial security and/or getting ahead
A necessary and inevitable part of capitalism
\(\square\) An indicator of a healthy economy
2. Disintermediation is (circle one):
\(\square\) A graverobber's problem-solving technique
\(\square\) A disease
A tactic for increasing income
3. For a steady, guaranteed, unchanging, safe, long-term income, you should invest in (check all that apply):
Hupmobiles
\(\square\) Edsels
\(\square\) Yupmobiles
Money market funds
\(\square\) Futures
\(\square\) NASDAQs
\(\square\) Real estate
\(\square\) Pork bellies
\(\square\) Antiques

Tallow
3-year CD's
Krugerrands
New York Stock Exchange
\(\square\) Aynrands
Mutual funds
Tax contempts
\(\square\) Penny stocks
\(\square\) Super NOWS
\(\square\) Gold
Mediocre NOWS
\(\square\) Options
Foreign currencies
\(\square\) Dows
Hogs, Omaha
\(\square\) Dhows
\(\square\) Hogs, Harley
4a. How much money do you currently have in savings "for a rainy day?" \$

4b. How much would you like to have? \$ \(\qquad\)
5. How long could you currently survive if you didn't have a paying job?

Now listen to Session Twelve.

\section*{After listening to Session Twelve, complete the following. \\ SESSION TWELVE—REVIEW}

\section*{1. Step 9}

Establish an investment program. Become knowledge-able, adept, and sophisticated about banking and bond investments.
a. You want absolute maximum safety.
b. Long term-twenty to thirty years.
c. You are not trying to increase capital through risky speculation; you want a steady, guaranteed income.
d. United States and Canadian government agency and government guaranteed bonds are the only investments that meet these criteria. (None of the choices in Preview Question \#3 meet these criteria.)
e. Inflation is not a "boogieman"-consciousness about money increases faster than inflation (none of the answers to Preview Question \#1 are true).
Note: For a discussion of bonds, see Addendum: About Bonds (pp. 119-26) and the Bond Glossary (pp. 127-29).

\section*{FINAL REVIEW}
1. Have you resolved to create more financial clarity in your own life by following the steps of this program?
2. List any new ideas, attitudes, resolves, and changes that have resulted from the process of your doing this audio course. \(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
3. What is the probability of increased financial clarity in your life as a result of this course? (check one)
I am committed to financial independence and to doing all of the steps. I have already started. I expect a complete change in my financial clarity.
\(\square\) I am committed to financial independence but will start later, after I (get divorced/finish school/get a job/get a better job ...)
\(\square\) I am interested in financial clarity but not financial independence. I plan to do the steps.
I will use those few suggestions that apply to my current circumstances.
\(\square\) I expect no improvement or change in my financial clarity.
4a. If you want to be financially independent, describe what financial independence would look like to you in terms of your "work" and your lifestyle, and so on.
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)

4b. What shifts would you make in expenditures of money and time?
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
\(\qquad\)
5. It is important to carefully apply each one of the nine steps. Even if you think financial independence is impossible, the experience of following each step will prove highly beneficial to your overall financial situation.
- The steps are synergistic-the combination of them all is far more powerful than the simple sum of the parts.
- The steps are catalytic-application of them stimulates new possibilities.
- The steps remind you to be conscious in your actions.
- The steps guide you to greater self-esteem.
- The steps save you life energy (money).
- The steps are a guide to greater personal fulfillment.
- The steps empower you to make a contribution, to make a difference.
6. After this Review is a summary of all twelve sessions of the tapes. Use these pages to locate on the tapes points that you would like to review from time to time.

It is highly recommended that you periodically take the time to do a complete review of the tape course, relistening to all the Sessions in conjunction with this workbook.

\section*{SUMMARY OF SESSIONS}

\section*{Session One}

How Big Is Yours?
- Introduction.
- How big is yours?
- Early fiscal education.
- When was our financial road map printed?
- Of cows, hamburger, and unexamined paradigms.
- Nine circles problem (see p. 13).
- Are you making a living-or making a dying?
- If you were a dollar, would you hang around you?

\section*{Session Two}

Who Won the Industrial Revolution?
- Did cavemen do nine-to-five?
- 11th commandments.
- Is more "stuff" needed?
- Solutions to planet's problems-stuff or consciousness?
- Success or fulfillment-public wants or planetary needs?
- Pictures of Earth from space created a new ballgame.
- The fulfillment curve (see p. 25).
- Of rats, humans, tunnels, and cheese.

\section*{Session Three}

How Life Works Is How Money Works
- HAVE > \(\mathrm{DO}>\mathrm{BE}\) or \(\mathrm{BE}>\mathrm{DO}>\) HAVE?
- Problems of propping precarious pyramids.
- Five steps: purpose, intention, willingness, consciousness, recognition of achievement.

\section*{Session Four}

A Larger Vision
- Visions, overview, strategy, tactics.
- Abundance and prosperity-the new materialism.
- Through a glass straightly-the vitality of alignment.

Session Five
Your Purpose and Your Purse
- Your purpose in going for financial integrity/independence.
- Intention as an experiential, numerically defined goal.
- Willingness-poor, rich, and enough - does God dump out Her purse for you?
- Are lottery winners laughing on their way to the bank?
- Enough and the Fulfillment Curve (see p. 50).

\section*{Session Six}

What Is Money?
- Mistaken identities.
- The truth shall set you free.

\section*{STEPS TO FINANCIAL INDEPENDENCE}

Session Seven
Step 1—The Past
- How much have you earned in your life? (see p. 67).
- What have you got to show for it? Create a balance sheet.

\section*{Session Eight}

Step 2-The Present
- Establish, accurately and honestly, how much you are trading your life energy for. Computing job-related expenditures of time and money, calculate your real hourly wage (see p. 75).
- Record every cent that flows in and out of your life. Every cent.

\section*{Session Nine}

Step 3-Monthly Tabulation
- Every month create a table of all income and all expenses with categories generated by your own unique spending pattern (see p. 78).
- Balance your monthly income and outgo totals (see p. 79).
- Convert "dollars" spent in each subcategory to "hours of life energy," using real hourly wage as established in Step 2 (p. 75).
Step 4-Three Questions That Will Change Your Life
- Of each subcategory ask:
1. Did you receive true value and fulfillment from this category in proportion to life energy spent?
2. Is this expenditure of life energy in alignment with your stated life purpose?
3. How would expenditures in this category look after you have achieved financial independence?
- At the bottom of each category, make one of the following marks:
- if you were not proportionally fulfilled by this expenditure or if it was out of alignment, or if you could see this expense diminish.
+ if you feel that upping this expenditure would increase fulfillment, or would demonstrate greater personal alignment, or would increase after Financial Independence.
0 if it feels fine on all counts just as it is (see p. 81).

\section*{Session Ten}

Step 5-Making Life Energy Visible
- Quality of life ratings (see p. 91).
- Create a wall chart using large (approximately 24 " by 36 " graph paper).
- Enter each month's total monthly expenses.

Step 6-Valuing Your Life Energy
- Automatic lowering of expenses will occur painlessly when you recognize those categories where you are not getting proportional fulfillment and those that are out of alignment with your purpose. There is a natural tendency toward greater fulfillment and greater integrity-spending less will feel better.
- Conscious Elimination of Expenses
1. Eliminate interest charges by paying off debts, credit card bills, and so on.
2. Eliminate bank charges by keeping minimum balances, avoiding overdrafts, and so on.
3. Eliminate costly automotive breakdowns by good auto record keeping and good preventive maintenance.
4. Eliminate costly medical breakdowns by good preventive maintenance.
5. Eliminate money-spending activities and replace with free and more fulfilling alternatives.
6. Eliminate being run by fashions, fads, status, and so on.
- Conscious Lowering of Expenses.
1. Getting more value per unit of life energy (\$) spent. Being a conscious consumer benefits everybody by upleveling quality, value and integrity in the marketplace. To trade a sum of money for a product or service is to honor that product or service with a portion of your most valuable commodity-your life. Being an intelligent consumer is not about being a "penny pincher"; it is about respecting ourselves, honoring our life energy, and ensuring that we receive value for every amount spent. Many books and consumer guides are available.
2. Avoid "Scrimp and Splurge" Syndrome.
3. Move toward "outwardly simple and inwardly rich" lifestyle.
4. None of this is about self-deprivation, budgeting, or sacrifice; it is all about greater fulfillment, satisfaction, personal alignment (wholeness, integrity, inner peace).

\section*{Session Eleven}

Step 7-Income and Work
- The only true purpose of paid employment is to get paid. Any other perceived benefits can be derived from nonpaying activities.
- If you can conceive of having to work for money for only a finite period of time (a few years, not the vague "until retirement age"), then you would be a highly motivated, excellent, dedicated, high-integrity earner.
- For a finite period of time, move toward highest possible income, while maintaining health and integrity.
- Enter your total monthly income on your wall chart.
- As you lower your total monthly expenses and raise your total monthly
income, you will develop "space" between the two lines on your chart. These "savings" are called "capital."
Step 8-Capital and the Crossover
- Each month apply the following formula to your total accumulated capital-get the current interest rate from long-term (twenty to thirty year) United States Treasury Bonds from the Wall Street Journal.
\[
\begin{aligned}
& \text { Capital X Current Interest Rate }=\text { Monthly Investment } \\
& 12 \text { months } \\
& \text { (or Independence!) Income }
\end{aligned}
\]
- Enter the resulting figure on your wall chart, using the same scale established for monthly income and monthly expenses.
- After a number of months of being on this program, your Total Monthly Expenses line will have established a smaller zigzag pattern at a much lower level than when you started. With a light pencil line, project the Total Monthly Expenses into the future on your chart.
- After a number of months of being on this program, your Monthly Investment/Independence Income line will have begun to curve upward (not just slant upward) from the lower edge of the chart (the curving upward is the effect of the magic of compound interest). With a light pencil line, project the Monthly Investment curve into the future. At some point it will cross over the Total Monthly Expenses line. This is the Crossover Point. This means the monthly income from your invested capital is equal to your monthly expenses.
- At that point in time, you will be financially independent.
- You will not have to work for money. You will be totally available to make
your contribution to life with no financial considerations.
* Note: Interest rates at the time this course was created were at an historical high of \(10 \%\).
- Many individuals have realized that what at first seemed impossible or far-fetched became obvious, easy, and attainable by simply following every step of the program with absolute dedication-and they reached their Crossover Point in three to five years!

\section*{Session Twelve}

Step 9—Financial Independence: Tactics
- Establish an investment program. Become knowledgeable, adept, and sophisticated about banking and bond investments.
1. You want absolute maximum safety.
2. You want long term (locked into interest rates for twenty to thirty years).
3. You are not trying to increase capital through risky speculation; you want steady, guaranteed income.
- United States and Canadian government agency and government guaranteed bonds are the investments that best meet these criteria.
- Disintermediation-cutting out the middle man. You invest directly in the same investment instruments that banks would use your money to buy-but you pocket the difference between what the bank gets in interest and what it pays you in interest.
- Cushion-the sum of instantly available cash (bank savings account or interest-bearing checking account) that you do not invest in bonds but use to smooth out the "lean periods" between bond interest payment dates. It is also kept for unexpected emergencies. Inflation is not a "boogieman"consciousness about money increases faster than inflation.

\section*{ADDENDUM: ABOUT BONDS}

In Step 9 we state, "Establish an investment program. Become knowledgeable, adept, and sophisticated about banking and bond investments." This is much easier than most people think. There is a forbidding mystique surrounding this area-but it is only that. Anyone can master the jargon and the simple arithmetic involved.

To get you started we are including this addendum-a basic primer on bonds which includes a glossary of terms used in the business. Most of this material is reprinted from a very fine layperson's booklet, The Bond Book, published by Merrill Lynch, Pierce, Fenner \& Smith. Unfortunately, it is out of print. Check your library for books on bonds.

Note: We are not recommending Merrill Lynch, or not recommending them. We are simply thanking them for their booklet.

Also, nothing in this addendum is to be interpreted as a recommendation of any specific securities.

\section*{What Is a Bond—And Who Creates Them?}

A bond is simply an IOU, the physical proof of a certain sum of money lent for a certain period of time at a specified rate of interest. Bonds are negotiable: after the issuer (the "borrower") sells the original issue to the public (the issue "comes to market"), the bonds can be bought and sold freely until they finally "mature" (repayment of the loan is due, as stated on the bond). Then, as The Bond Book puts it, "the issuer pays the final owner the 'face value' of the bond, as it agreed to do. In the meantime, however-because bonds are bought and sold-the price they can command at any given time depends upon whatever potential new buyers are willing to pay."

Bonds are Senior Securities-they come first and they will be paid off before other forms of investments are paid.

Bond issuers include the following:
1. United States Government
2. Canadian Government and Canadian Provinces
3. United States and International agencies
4. States and Municipalities
5. Corporations

We are concerned with categories 1, 2 and 3 .
The following pages are quoted from The Bond Book:
Why Bonds Exist
... bonds are created to turn a large debt into marketable items like packages on the shelf. These items can then be offered to many different people. Many of these people lend their money by buying bonds, because they want to have interest paid to them over long periods of time. They also want to be able to sell their bonds at any time, rather than wait until the debt is scheduled to be repaid. Fortunately, there is active buying and selling every day in many bonds, because every day some people decide to sell their bonds, while others decide to buy.

Because of this buying and selling, bonds become useful instruments for millions of people. And because of this continually busy market, bonds are the usual way that governments and corporations borrow large sums of money for long periods of time...

\section*{A Bond's Components}

Somebody lending money to a bond issuer usually does it by buying a bond. The bond buyer may be lending money, but the deed is done by purchasing the issuer's IOU So bond buyers shop around for the best buys, bonds that offer the most return on their money and seem most likely to pay them
back. Therefore, the first two significant characteristics of any bond are: its yield-the percentage of the cost of the bond that the bondholder receives in income; and its quality-the credit rating of the bond issuer. Generally, a high quality bond yields less than a low quality bond.

There is also a third important characteristic of any bond: duration. Bond buyers look for the length of time they would have to hold a bond before its issuer will repay their money. Bonds come due for repayment on their maturity date, which is printed on them. These three elements are the building blocks on which all bonds derive their worth.

\section*{Current Yields}

Bonds are bought and sold and their prices change to meet shifting interest rates. Whenever a certain amount of income can be acquired for a different price, the yield changes.

Assume that a new \(\$ 1,000\) bond is issued which promises to pay \(6 \%\) interest each year. Obviously, whoever buys this bond for \(\$ 1,000\) receives \(\$ 60\) a year in interest, so the current yield is \(6 \%\).

But now assume that a year or so later another \(\$ 1,000\) bond is issued by the same company with the same maturity date. The new bond, however, will pay \(\$ 70\) a year in interest, so this bond's yield is \(7 \%\). Clearly the new bond is now a better buy than our old \(6 \%\) bond. The older bond can only compete if it can somehow also yield \(7 \%\). Our older bond cannot change the fact that it pays \(\$ 60\) a year in interest, but it can sell for a lower price. The price might drop from its original \(\$ 1,000\) down to \(\$ 859\), for \(\$ 60\) a year is \(7 \%\) of \(\$ 859\) and so our older bond's current yield is \(7 \%\). (Remember, we're talking about the open market now. Any bond is worth its face value-that original \(\$ 1,000\)-if you can wait until it matures and get your money back from the issuer.)

Now look at what happens if our \(6 \%\) bond runs into lower interest rates, rather than higher rates. Assume that the new bond only pays \(\$ 50\) a year in interest and that buyers are willing to pay \(\$ 1,000\) for it in order to get its \(5 \%\) yield. When this occurs, our older bond's price might rise to \(\$ 1,200\) because our bond only has to yield \(5 \%\) to compete, and \(\$ 60\) is \(5 \%\) of \(\$ 1,200\).

\section*{Maturity}

Any bond has written on it the date on which it matures-when the issuer will repay that IOU. The maturity of any bond is up to its issuer, who has a lot of leeway in the choice. There are long-term bonds that will not mature for twenty or thirty years, or more. There are intermediate-term bonds maturing in five to ten years. There are short-term IOUs that mature in a year or two, or even less time. And there are even bond issues broken down into several choices, each with its own maturity date.

\section*{Yield to Maturity}

Since maturities vary and current yield measures only today's return, the market values bonds on a yield-to-maturity basis. If the discounted \(6 \%\) bond were to really get us a \(7 \%\) yield in the one year of life it has left, it would have to get us \(\$ 70\) in that one year. We could get \(\$ 60\) from its interest payment, so all we would need to get from its market price is \(\$ 10\). Therefore, instead of having a price of \(\$ 859\), our bond would have a price of \(\$ 990\). The changes that occur in bond prices because of changes in competing interest rates always reflect a bond's yield to maturity. This is because a discounted bond will give you back its full par value at maturity, and the extra amount built into any bond selling at a premium will disappear when the bond matures.

Once again, the changes in price can be figured mathematically. The number of years remaining in a bond's life influences how much effect any change in today's interest market will have on that bond's price. The
mathematics actually are far more sophisticated than the simple example we've shown you here.

Finally, never forget that competing buyers and sellers are human beings. Their own feelings and calculations about what the interest rates are going to do will also have some effect on the competitive price of our bond. All these conflicting, influential forces subtly affect the price of every single bond you can find on the market on a given day. They affect some bonds differently than others and, as a result, once in a while some bonds may prove to be bargains, compared to whatever else you can find on that specific day. So it pays to shop carefully for bonds.

\section*{Quality}

Completely independent organizations judge the credit rating of any bond issuer, and their judgment is expressed as a quality rating on the issuer's bonds. Because the rating services are independent, an issuer has no direct and immediate control over the quality rating of its bonds. But bond issuers do have a great deal of indirect effect on the quality of their bonds. Efficient profitability for a company can create the assets and earning power to support its credit rating, and a thriving, efficiently run municipality can produce the tax base to support the city's credit quality.

It isn't true, by the way, that the less an issuer needs to borrow money, the better able it is to do so. The biggest corporate borrower in the United States is the Bell System, and it has one of the best quality ratings on its bonds of any corporation. The United States government itself, for that matter, has such a good credit reputation that it is rated AAA by Moody's. And we all know the whopping size of the national debt. But it is true, generally speaking, that the more assets and earning power any issuer has, compared to its debts, the better the issuer's credit rating is likely to be and the higher the quality rating of its bonds.

\section*{How Bonds Pay Interest}

While bonds provide a certain annual yield-that is, they pay their owners a fixed amount of interest every year-the actual payments are usually semiannual. Twice a year, bondholders get one-half of their total annual interest due. The method of payment depends upon the type of bond held. Coupon bonds are printed with a series of coupons attached. To get your interest payment, you must clip off the coupon and surrender it to the bond issuer or its agent. Registered bonds do not have coupons. Instead, the issuer or its agents keep track of owners and send them regular payments.

How does the bond world keep track of who owns the bonds? Keeping track also depends on the kind of bond involved. Bearer bonds are presumed to belong to whoever has them. With registered bonds, on the other hand, the name of the owner of the bond is registered with the issuing corporation or its agents.
Bearer bonds have coupons attached. In fact, nearly all bonds used to be bearer bonds. But as time went by, more and more issuing corporations turned to registered bonds to protect bondholders from theft or loss of their bonds, and to protect corporations from forgeries.

\section*{United States Government Bonds}

There are many different types of United States Government debt instruments. We are concerned chiefly with marketable United States Government Notes and Bonds. (A "note" matures in one to ten years while a "bond" matures in ten years and up; in all other ways they are the same.) We are not discussing here the familiar "United States Savings Bonds" (Series E and Series H).

United States Treasury Bonds and Notes are considered by many experts to be the safest interest-bearing investment in the world. The United States economy and government would have to be in absolute chaos before these investments would be in danger; and in such a case, virtually every other form of incomeproducing investment would be worthless as well.

United States Treasury Notes and Bonds are available in denominations of \(\$ 500, \$ 1,000, \$ 5,000, \$ 10,000\) and up. Buying in such small quantities ( \(\$ 100,000\) is considered a "round lot") would mean paying a slightly higher price than that quoted in your newspaper.

\section*{From The Bond Book:}

As with any bonds, of course, Treasuries' yields in the open market change along with the yields of other competing bonds. But because the United States government has the largest debt of any organization in the country and because a United States government debt is considered the most secure of any in the country, the interest which the United States government will pay on its securities tends to have the greatest impact of all the many competitors wanting to use your money. The government usually pays the lowest rate of all competitors for your money.

\section*{What United States Government Agencies Offer}

Established over the years by successive acts of Congress, some agency issues are backed by the full faith and credit of the United States, while others are
guaranteed by the issuing agency. Sophisticated buyers know one shining fact about these agency bonds: not one has ever defaulted. Historically, agency issues have offered higher yields than Treasury obligations; therefore, some people consider this area of the bond market the government's bargain counter.

Quite a few different government agencies issue bonds. Three of them are concerned with financing America's agricultural industry. They are the Federal Intermediate Credit Banks (FICB), Banks for Cooperatives, and the Federal Land Banks. Then there is the Federal Home Loan Bank system with twelve banks advancing home mortgage credit to some 5,000 savings and loan institutions. The Government National Mortgage Association (GNMA) helps provide the credit to satisfy America's need for homes.

\section*{Canadian Government, Canadian Provincial, and Provincial Bonds}

The third category of bonds that we will be interested in are Canadian. The Canadian government, provinces and province agencies (such as hydroelectric authorities) issue bonds in the United States, payable in United States dollars and exempt from any United States penalty for investing outside of the United States. Many of these issuers have the highest ("AAA") ratings, and such issues are considered as safe as United States government bonds by many experts. These issues yield significantly more than United States government bonds.

\section*{THE BOND GLOSSARY}
accrued interest: interest due from the last interest payment to the present day; when you buy a bond, you must pay the seller the accrued interest, and when you sell, the buyer pays you.
agency bond or note: the IOU of the Federal government, sometimes guaranteed by the government itself.
asked: the price at which bonds are offered to potential buyers; or the price sellers offer to take.
basis point: in quoting yield, a basis point is \(1 / 100\) of a percentage point or \(0.01 \%\). bearer bond: a bond which is presumed to be owned by the person who holds it; the owner's name is not on record with the issuer; such a bond carries detachable interest coupons; interest is collected by presentation of a coupon to the issuer's agent or the bondholder's bank.
bid: the price buyers offer to pay for bonds; the price at which sellers may dispose of them.
bond: a written promise by the issuer to repay a fixed amount of borrowed money on a specified date and to pay a set annual rate of interest in the meantime, generally at semiannual intervals.
coupon: a coupon bond's detachable certificate of interest due on a specific date. coupon bond: a bearer bond carrying coupons for future interest payments; almost all municipal bonds are issued in this form.
coupon rate: the annual rate of interest which the borrower promises to pay the bondholder.
current yield: the percent relation of the annual interest received to the price of the bond.
discount: the difference between the price of a bond and its value at maturity, when the price is lower than the maturity value.
government bond: an IOU of the United States Treasury; considered the safest security in the investment world.
market price: usually the last reported price at which the security actually changed hands.
maturity: the date on which the bond principal or stated value becomes due and payable in full to the bondholder.
new issue: bonds offered to the public for the first time.
note: a short-term bond, generally maturing in ten years or less.
over-the-counter: unlisted securities; those not traded on a major exchange.
par value: the principal amount of a bond; the amount of money due at maturity-usually \(\$ 1,000\) per bond.
point: in bond prices, a point is worth \(\$ 10\) since bond prices are quoted as a percentage of \(\$ 1,000\) maturity value.
premium: the difference between the price of a bond and its value at maturity, when the price is higher than the maturity value.
price: bond prices are generally quoted either in terms of a certain percent of maturity value ( \(98^{1} / 2,103\), and so on) or in terms of yield to maturity.
quotation: the bid and asked prices quoted for a security.
rating: a formal opinion by an outside professional service on the credit reputation of an issuer and the investment quality of its securities; this opinion is expressed in letter values (AAA, BAA-1, and so on).
registered bond: a bond may be registered in the name of the owner as to principal or interest or both; a bond registered as to principal can be
transferred only with the endorsement of the registered owner, but interest is paid by presentation of the appropriate coupon; a fully registered bond provides that interest is paid to the owner by a check from the issuer's agent; most new corporate bond issues are available only in fully registered form.
secondary market: where existing issues are bought and sold by subsequent owners and purchasers; it may be either over-the-counter or through an exchange.
spread: the difference between what a dealer pays for a security and the price at which he offers to sell it.
yield to maturity: the average annual return on an investment based on the interest rate, price, and the length of time to maturity; it differs from current yield because it takes into consideration the increase to par of a bond bought at a discount and the decrease to par of a bond bought at a premium, as well as the reinvestment of coupon income.

\section*{ADDITIONAL RESOURCES}

The following material is available from:
The Simple Living Network
PO Box 233
Trout Lake WA 98650
1-800-318-5725 / www.simpleliving.net
Study Guides for use with Your Money or Your Life:
"A Study Guide for Groups (designed for adult education, book clubs, and workplace study groups)" \$5.00
"A Group Study Guide on Money and Spirit" \$5.00
"A Group Study Guide for Contemporary Christians" \$5.00

\section*{Video:}

Video introducing the above study guides and the study group process, taped in a corporate setting. Features Vicki Robin. 33 minutes / \$20.00

\section*{Books and other materials:}

Dominguez, Joe and Vicki Robin. Your Money or Your Life. New York: Penguin, 1999.

Blix, Jacqueline and David A. Heitmiller. Getting A Life: Real Lives Transformed by Your Money or Your Life. New York: Penguin, 1997. Introduction by Joe Dominguez and Vicki Robin.
All-Consuming Passion: Waking Up from the American Dream. This illustrated booklet of statistics tells the story of our consumption patterns and how they affect both our personal lives and the planetary whole. 24 pages.
"How Earth-Friendly Are You? A Lifestyle Self-Assessment Questionnaire." A tool for examining lifestyle choices in the context of personal values and planetary sustainability.

Solution to the Nine Circles


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\section*{JOE DOMINGUEZ (1938-1997)}
... worked to supplement his family's income from the time he was nine and sensed throughout his early years that there had to be more to life than "making a living." He earned a ticket out of the ghetto by attending Bronx High School of Science and trained for a career as a mechanical engineer at City College of New York. In 1960, broke and in debt, he set out to learn all he could about money and personal finances, choosing Wall Street as his laboratory.

Moving up through the ranks, he examined attitudes, fears, and misconceptions about money, learning from the successes and failures of those around him. By 1965 he was out of debt, with a strong suspicion that he had learned the basic attitudes and principles of a successful relationship with money. Using only his modest salary, he established by 1969 a safe, steady income adequate for his needs for the rest of his life.

Joe Dominguez is the coauthor (with Vicki Robin) of Your Money or Your Life: Transforming Your Relationship with Money and Achieving Financial Independence.
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