

## **Wealth = Income + Toys, right?**

Tom is a cardiovascular surgeon. He pays taxes on \$750,000 per year. He drives a leased 2010 Mercedes. He has a 15,000-square-foot home overlooking the ocean, owns a spacious condo in Bali and has put his two daughters through private colleges. He has \$100,000 in cash, no retirement savings and is over \$2 million in debt with his house and medical practice.

Roger is in pharmaceutical sales. He pays tax on \$150,000 per year. He drives a 2005 Honda Accord that's paid off. He lives in a 3,500-square-foot home in a quiet, gated community. He enjoys being outdoors with his family and annually splurging on a nice vacation with his wife. He's been saving 15 percent of his income since he started his career 20 years ago and has one year's worth of household expenses tucked away in a money market. He has no debt except for his mortgage that is due to be paid off seven years early.

So, who's wealthier? If you look solely at income and appearances, the answer would be Tom. It's certainly easy to envy his position and lifestyle. But consider this:

*"Wealth is not the same as income. Wealth is what you accumulate, not what you spend."*—  
Millionaire Next Door

Tom's only option in his situation is a drastic change in thinking and lifestyle or to make more money to keep the lie alive. Conversely, Roger has positioned himself to weather financial uncertainties and eventually make work optional. Look at this:

*"Money is significant only to the extent that it allows people to enjoy what's important to them. Not having money worries is a critical component of a happy, fulfilling life."*— Author unknown

Collectively, the nation has undergone a serious evaluation of how we define wealth and happiness. Rather than keeping up with the Jones, people are starting to stay home more and the savings rate has increased. Family and security have trumped consumerism and home equity lines. But for how long?

Using the above quotes, let's put forth a concise definition of wealth:

***Wealth is what one accumulates that allows them to independently enjoy what's important to them in life. Wealth is the true absence of money-related worries and contributes to a fulfilling, happy life.***

Read over the definition several more times. Notice there are no numbers, no dollar signs and no possessions listed. Those are different and vary for each person based on their financial circumstances.

The key words and phrases are *accumulate*, *independent*, *absence of worries* and *fulfilling*. Contrast those words with these: *spending*, *indebted*, *worrisome* and *stressed*. You get the gist.

Videos, music, movies and celebrities do very well at convincing us there are lots of things we are missing from our lives; we should want and need them. I assert that rejecting this fallacy and choosing contentment is a better alternative.

What do you want and need? Have we lost sight of the difference? If we think the two are one in the same, does that keep us from the things we really want? I think so. The medieval writer Maimonides said that all human ills come from wanting what we do not need.

I love technology, but it can be frustrating. When it works, it contributes greatly to our productivity and innovation. When it doesn't work, it can stop all progress. I had a computer that got infected with a virus and caused a major slowdown. It was a daily occurrence, and multiple times I had to restart my hard drive. You may remember a reboot was done by simultaneously holding down CTRL – ALT – Delete. In some way meaningful and lasting way, we need to reboot our thinking about what we're doing financially.

I recently took part in a workshop titled "One Month to Live." The challenge was to zero in on what really matters in life by confronting the question: How would you live if you had just 30 days left? Obviously, this type of exercise prompts you to get rid of all the stuff that you think matters but really doesn't. The unimportant noise simply falls away. You're forced to think about the concept of eternity.

Do you know what I kept coming back to? My relationships with others. I heard it said once that when on their death-bed, no one wishes they had spent more time at the office. As a result of the workshop, I am more focused on the larger picture and my relationships with important people in my life. I am mindful of the choices I make and more inclined to ensure my decisions are aligned with my long-term goals. That is my motivation in the pursuit of wealth.

So what is your motivation? Why are you accumulating wealth? Think about it and write down how you would spend your time if you knew you only had 30 days left. That could be the beginning of a new mindset for you. Wealth as it relates to happiness is purely a means to an end. Money should not be the ultimate goal, but rather a way to achieve the goal.

It's eye-opening when people are polled about their finances and plans for reaching financial independence. More than a few say the lottery is their plan. In today's world after the Great Recession, it's going to take a renewed focus on patience, frugality and discipline to reach our goals.

I feel compelled to say this. You already know it. Money will never completely fulfill you. If your goal is financial independence and you have a plan, it's quite possible you will attain your goal. If your purpose is making money in order to live well, then I think you are sunk. The Greek philosopher Epictetus said wealth was defined by having few wants. In order for history to NOT repeat itself, we're going to need a collective paradigm shift in how we view wealth.