

Step Four:

If You Can't Afford Fun, You Can't Afford Your Life

It's time for fun. How much fun? That depends on your tastes. Sarut-day at the lake. Strappy sandals. Tickets to the monster truck rally. A mud bath at the spa. A double Whopper with cheese. A dollar for feeding walrus at the zoo, a hundred dollars for advanced tai chi lessons, or a thousand dollars for a weekend at Mall of America. It doesn't matter. This chapter is about whatever is fun for *you*.

Why do you need a step on how to have fun? After all, no one needs to read a book on how to lick an ice-cream cone or when to laugh in a movie. So why a step for spending your fun money? Because you need to make sure that fun is, well, fun.

If you are like most people, you have probably spent plenty of money that just wasn't fun. There you were, sitting at a restaurant or standing in line at Disney World, and then all of a sudden, it hit. Your stomach turned into a knot as you mentally added up how much you were spending. And you thought to yourself, "Oh-no-I-shouldn't-spend-this-much." All of a sudden, the food turned to chalk in your mouth. Talk about a quick way to ruin a fun time.

If you are feeling stretched right now, if you are worried about cov-

ering your bills at the end of the month, then it may seem crazy to talk about how to spend money on stuff you don't absolutely need. But remember, *All Your Worth* is a lifetime money plan, not some crash diet that falls apart in a few weeks. You are balancing your money for life, and a critical part of balance is having some money to enjoy. We're dead serious when we say that if you don't have any money for fun, then you can't afford the rest of your life. Making the most of your worth is about building wealth *and* having money to enjoy. So it's time to focus on enjoying your fun money.

CONTROLLING YOUR WANTS SPENDING

In the last step, you focused on *what* you spend your Must-Have money on. You concentrated on how much you spend for each of your Must-Haves, and you looked for the best possible deal.

Getting control over your Wants is very different. It isn't about *what* you spend your money on. Nor is it about getting the best deal on everything you buy. (After all, it isn't much fun to go to the cheapest restaurant in town, even if you can get the best deal on a hamburger there!) The key to getting control over your Wants is to ignore *what* you spend your money on, and to focus on *how* you spend your Wants money.

Control over Wants money isn't about what you spend; it's about how you spend.

1. Set a Clear Limit—How Much for Fun

Enjoying your fun money is about giving yourself complete, 100% permission to relax. That permission can come from just one place: the utter confidence that you have *enough*. The confidence that you can cover your bills, the confidence that you have put aside enough for the future. In other words, enjoying your money comes from knowing in

your bones that it is really, truly okay to spend on something you don't need.

That confidence starts by deciding exactly how much you can spend on all your Wants, without worry or guilt. This isn't about budgeting every penny; it's not about long lists where you write down how much for lipstick, how much for a new socket wrench, and how much for a bagel with cream cheese. No, this is about the big picture: giving yourself some freedom to have fun. Instead of a budget entitled Grim and Grimmer, this is a place in your wallet for Fun and Funner.

Spending is most fun when you know
you can afford it.

Calculating how much you can spend on Wants is simple. First, enter your monthly Must-Have expenses, taking into account all the cuts you made in Step Three. Next, take out 20% of your take-home pay, which is earmarked for your Savings. The remainder is your Wants budget.

WORKSHEET 7. MONEY FOR YOUR WANTS

Monthly Must-Have Expenses

Revised monthly Must-Have Expenses (from page 105) \$ _____

Monthly Savings Goal

Monthly After-Tax Income (from page 34) \$ _____

× monthly income by 20% × .2

= Savings Goal = \$ _____

Monthly Budget for Wants

Monthly After-Tax income (above) \$ _____

– Monthly Must-Have expenses (above) – \$ _____

– Savings goal (above) – \$ _____

= Monthly Wants Budget = \$ _____

The last line in Worksheet 7 shows your Wants budget. Cookies or cocktail parties, Cubs tickets or cable TV. This is where you get the money for all the stuff you want, but don't really need.

If your money is in balance, you should have about 30% of your take-home pay left over for your Wants. Of course, the pieces of a balanced budget are interconnected, so if one goes up, another must come down. If you are heavy on Must-Haves, your Wants budget will be skimpier. And if your Must-Haves are lean, it's perfectly fine to spend more on the Wants, so long as you leave 20% for Savings. The calculation is always the same: There should be enough to cover your Must-Haves, enough for your Savings, and plenty left for fun.

Setting Limits: Shane's Story

Shane was one of the poorest kids in a high school full of poor kids. He's proud to have made it out of the old neighborhood, into a respectable job and a nice apartment. A devoted Notre Dame alum, he hopes to settle down someday, but for now he is enjoying the single life. Except for a nagging problem—he worries about his credit card balance, which creeps a little higher every month.

When we helped him calculate his money balance, Shane found that his Must-Haves were under control, but he was having trouble with his fun spending. He lived his own variation on the song: "I'm Just a Girl Who Can't Say No." He *always* dressed nicely, nervous that

his co-workers might think he was "low-class." He *always* paid the entire bill when he asked a woman on a date. And when his buddies invited him to go to a nightclub or to see the Pistons, he *always* said yes—and always paid more than his share of the tab. None of the outings were wildly expensive—\$40 here, \$75 there—but his paycheck wouldn't allow more than a couple a month, and he was saying yes a couple of times a week.

When we worked out the numbers, Shane immediately knew he had to scale back, but it unnerved him. "What will they think if I say no?" So we asked him to practice saying something we've heard rich people say a thousand times: "I can't afford that." We played drama coach. Say it with anger. Put some real heart into it—loud and furious. Now say it with resentment. Fill your voice with bitterness and envy. And we kept it up: Say it with pain. Say it with disappointment. Say it with self-pity. We eventually worked our way to the best one: Say it with good cheer. Laugh out loud about it. Shane said it, and we said it. We listed all the things in the Wants category that we couldn't possibly afford. We named \$2,500-a-day spas and \$1,000 bottles of champagne, and we laughed about them. We named a \$19 bar of fancy soap and \$42 underwear. And then we asked Shane to pick one item every day and then say out loud, "I can't afford that," with a twinkle in his eye and good cheer in his voice. Over time, it got a lot easier.

We got an e-mail from Shane recently. He said that one of the guys at work had suggested a Saturday paintball outing, and Shane replied with a laugh, "Sounds like a lot of fun, but I just can't afford it." One of the other guys spoke up and said, "You know, I can't either." Then another guy said, "What if we watch the game at my place? We can get some pizza." The whole day cost less than \$10, and he had a good time. But the best moment was when Shane had said "no," and no one fainted, walked off, or even raised an eyebrow. Apparently Shane wasn't the only one who thought fun was a little more fun when there were some limits.

SELF-TEST: HOW WELL DO YOU SET LIMITS?

Respond with True or False to the following statements:

I can't resist buying certain things.	True	False
I charge things on several different credit cards.	True	False
It's hard to keep track of how much is in the bank.	True	False
When I go out, I usually end up spending more than I planned.	True	False
When my credit card bill arrives, I am always shocked by how big it is.	True	False
I can never make it through the holidays without spending a lot of money.	True	False
Sometimes I buy things, but when I get them home I think I can't really afford this.	True	False
I don't really want to add up how much I spend; I think I'd rather not know.	True	False
I usually buy what I want, even if I'm not sure I can afford it.	True	False

This audit is designed to give you a quick snapshot of whether you struggle with setting limits over your fun spending. If you responded to two or more statements with "True," you would benefit from putting some tighter controls on your fun spending. If you marked "True" for four or more statements, this should serve as a loud wake-up call that you are on a spending binge that is undermining your financial health (and, in all likelihood, your happiness). Keep reading for some simple,

effective changes that will help you regain control and rebuild your confidence.

2. Shift to Cash—The Key to Confidence

Dry cleaning, \$28. Three frames of bowling and two Cokes, \$32. One hardcover and two paperback books, \$48. Stereo repair, \$124. Dinner and a movie, \$59. Orange sweater and matching pants, \$83 (on sale!). Replacement shutters, \$280. Sunglasses, \$42. New bedside lamp, \$52. Window-unit air conditioner, \$340. Haircut, \$26. Heavy-duty soup pot, \$66.

Quick! How much did you just spend? If you laid down plastic for all these, you might not realize that you just spent well over \$1000. And that is the point: By using credit cards, it becomes almost impossible for anyone to keep track of total spending. Unless you pull out a notebook and calculator every time you lay down a credit card, you will always be a little vague on how much you have spent.

Money is money, but it does matter *how* you pay. Credit cards, checks, debit cards, cash—the method of payment makes a difference.

Credit cards make overspending very, very easy. They are an open invitation to trouble. Even a card with a low limit won't keep you safe; nowadays, credit card companies routinely let you charge more than your limit allows—just so they can hit you with an "over-the-limit" fee at the end of the month.

Credit cards are an
open invitation to trouble.

Credit cards also make keeping track of what you've spent very, very complicated. Even if you don't regularly overspend, those cards make your financial life more complex and a lot more stressful. Credit card spending is invisible, so you have to keep a running tally on your own (or just wait and pray). Credit cards always leave you guessing whether you have enough or whether you are already in the hole. If you don't keep track, you risk going over what you can really afford. And if you

do try to keep a running total in your head, then you are spending too much time thinking about money, and not enough time having fun.

Credit cards are also ridiculously, unbelievably expensive. Anyone who is working hard to get her money in balance has no business wasting money on these cards. Annual fees? Late fees? Interest charges? Just to spend your own money? That's not smart! If you are someone who clips coupons and refuses to spend more than \$1 for a cup of coffee, then you don't want to throw money down the credit card pit.

At this point, you may be smiling smugly, saying to yourself, "Yes, but my credit card doesn't cost me anything. I don't pay an annual fee and I don't carry a balance on my card." Good for you, but that doesn't mean you'll never pay extra money to your credit card company. And here's why: The credit card companies count on the fact that even people like you make mistakes. A few years ago they figured out that they could boost profits by dingling people with more fees—late fees, minimum finance fees, sent-it-to-the-wrong-address fees, returned-check fees, and any other fee they could think of. And boy, did it work! This year, credit card companies will rack up more than \$100 billion in fees, interest, and other charges. That's about \$900 per household! So give yourself an instant tax cut—don't use credit cards.

Look at it this way: The credit card company makes its profits when you mess up and then pay them for it. You wouldn't agree to carry a bomb into your living room, even if you were pretty sure that it wasn't likely to go off. Using credit cards to pay for the fun purchases is just as dangerous.

But What About the Freebies?

Frequent-flier miles. Ten percent off all your purchases today. A contribution to your favorite charity. A cool T-shirt/cell phone/purple rhinoceros. Come on, you're too smart to fall for that! You wouldn't buy a \$500 set of Ginsu knives just because they offered you the free apple peeler, right? Well, credit card freebies are the same kind of con. There are thousands of sharp business types who have full-time jobs aimed at figuring out exactly what gift or gimmick or lure will get their card into your pocket. You get those "freebies" only if the credit card company

can make a fat profit from getting you to sign up. And so far, they have it exactly right—credit card profits (freebies and all) keep rising every year. So buy your own plane ticket, make your own contributions to the Golden Retriever Rescue Fund, and live without the T-shirt. But don't send your hard-earned money to MasterCard and Visa!

Besides, economists have demonstrated that when people buy with credit cards, they spend more than if they buy with cash.* That's right: the same people buying the same kind of stuff, but give them credit cards and they blow more money. So use that piece of information to your advantage.

What About a Debit Card?

That other piece of plastic in your wallet may be a debit card, which markets itself as being "just like cash." But is it really? A debit card can have many of the same disadvantages as a credit card. It's just as tough to keep track of how much you're spending, since there is no automatic reminder every time you open your wallet. Worse yet, a growing number of banks are charging extra fees every time you lay down that debit card, so it isn't free. And here's the real whammy: A lot of so-called debit cards are attached to a line of credit. This puts you right back in credit card territory—giving your hard-earned money to a bank and risking high fees and high interest. So if you have any doubts about keeping your debit card spending under control, then treat it like one more credit card—leave home without it.

Just Pay Cash

If you are struggling to keep control over your fun money, then just shift to cash. Put the fun money straight into your wallet. When the cash is there, have a ball. And when it's gone, quit spending. If you want to know how much you have, just open your wallet and count.

* Drazen Prelec and Duncan Simester, "Always Leave Home Without It: A Further Investigation of the Credit-Card Effect on Willingness to Pay," *Marketing Letters* (February 2001), pp. 5-12.

No calculator, no complicated record keeping, and no chance to get in a lot of trouble. Simple, neat, old-fashioned.

Cash has worked since Methuselah was a little boy, and it can work today for you. You'll have an automatic budget reminder every time you pull out your wallet because it's right there in front of you—how much you can spend on your Wants. You can know with 100% certainty that you can afford your fun. And you also know ahead of time when it's time to stop. No guesswork, no fudging, and no more running into trouble.

And no more paying someone else for your money. No more late payments because your credit card bill got lost in a pile of newspapers. No more interest payments. No more black marks on your credit report. No embarrassing moments when you get turned down for a purchase. Best of all, cash is accepted everywhere.

THE ADVANTAGES OF CASH:

- ✓ Easy to tell how much you can spend
- ✓ No need to keep complicated spending records
- ✓ No surprises at the end of the month
- ✓ No damaged credit records
- ✓ No billing mistakes or overcharges
- ✓ No late fees or over-the-limit charges
- ✓ No interest charges
- ✓ No risk of going into debt
- ✓ Some merchants will give a discount
- ✓ Accepted everywhere!

"But I have carrying cash." "I could lose it." "I could be mugged." "I don't want to flash a wad of money whenever I'm trying to pay for a loaf of bread." Okay, we get it. The next chapter will explain how your credit card company is about 100 times more likely to rip you off than any mugger in a dark alley. But for now, just stop to consider—is car-

trying cash really that big a deal? Suppose you earn about \$30,000 a year, which would mean your fun budget is roughly \$400 a month. That means you get about \$100 a week for Wants. Is it really too much to carry \$100 in your wallet? If you are still worried, then leave half a week's fun money in your sock drawer, and put the other half in your wallet. Is it really a problem to walk around with \$50 in your wallet?

The point here is to keep it simple. You may need to continue putting business expenses on your business card, or you may decide to continue using a gas card (and paying the bill out of your Must-Have checking account). But for everyday, run-of-the-mill fun stuff, nothing beats cold, hard cash. No surprises, no extra fees, and no complicated budgeting. It's the cheapest, easiest, most efficient way to make sure that your Wants spending stays in balance, every single month.

How to Live Happily Ever After on Cash

"What if I run out?" That's the question we hear most often from folks who are switching to cash. Once you get the swing of things, it will happen a lot less often than you might guess. (After all, your grandparents managed on cash for decades without any problem!)

Even so, you may want to keep an extra \$50 (or so) shoved in the back of your sock drawer, "just in case." This isn't for big emergencies, like an engine overhaul or a trip to the hospital (we'll show you how to handle those in Step Six). This is for life's really small emergencies, and for the fun purchases that can be hard to postpone until the next payday. This is for things like a battery for your watch (no idea that was coming!); Granddad's birthday present (oops, you forgot!); a trip to the vet (Fluffy landed in the briar patch); class pictures for the kids (are those today?); the in-laws come to town (surprise!). That extra \$50 (or so) is there whenever you "need" it (or really, really want it). Just remember to replace that \$50 on your next payday.

You may also opt for a little internal budgeting—tucking away some of the Wants cash so you can save up for a little treat. You may want to put a little aside each week toward your Christmas fund, or

for a trip to the Grand Canyon, or for the new sofa you've been eyeing. You can stick the cash in your underwear drawer, your bank account, or your piggy bank; whatever works for you. When you have enough for that plasma TV, go get a cashier's check and celebrate all the way to the appliance store. This is your money to put wherever you want. But if you prefer to just "go with the flow" and keep it all tucked in your wallet, that's fine too. So long as you keep your Wants spending in balance, you can section it off or lump it together to your heart's content.

Eating regularly

Food, more than anything else you buy, straddles both the Wants and the Must-Haves. You need it to live. And yet you probably blow a lot of extra money on food that's convenient, or fun, or tasty, or whatever. And that's perfectly fine. This is why you included a modest amount for your basic food needs as part of your Must-Haves. Of course, life isn't that simple: when you go to the grocery store, you aren't going to fill up two separate shopping carts—one with beer and cookies, and the other with dried beans and flour. In reality, you jumble it all into one cart and pay for it all at once. So the easiest solution is to take your food money out of your Must-Haves bank account, and stick it in your wallet along with the fun money. Then just pay the grocery tab in cash, the same way you handle your other fun purchases.

How much cash?

Some of your Wants get paid with a check, instead of cash. The cable bill, your gym membership, your cell phone, and the kids' piano lessons are all Wants. You pay for these items month after month, but you just don't pay in cash, so they need to be accounted for a little differently.

To calculate how much cash to carry in your wallet for fun, you'll need to make a few simple adjustments to account for your grocery money and the Wants you buy with a check.

WORKSHEET 8. CASH TO CARRY FOR FUN

Monthly Wants budget (Worksheet 7, page 113)	\$ _____
+ Basic food budget (page 39)	+ \$ _____
- Wants you pay every month with a check (e.g., cable TV, cell phone, gym membership, long-distance bill, lessons)	- \$ _____
= Monthly Cash to Carry for Fun	= \$ _____

If you're writing so many "Fun" checks that you're left with too little cash to enjoy yourself, this may be a clue about realigning your priorities for your fun money. You may decide that premium channels or a cell phone that comes with a tiny television and a popcorn popper are not quite as much fun as having cash in your pocket. Your choice—so long as your total Wants spending stays in balance.

EMOTIONAL SPENDING

Kevin is tall and soft-spoken, with a habit of stooping as if he is trying not to stand out. Everyone calls him a nice guy, although most people would be surprised to learn just how messy his divorce was. His ex-wife placed the whole blame on him—he didn't appreciate her enough, he didn't know how to have fun, he was cold and dull. The fact that she installed a new boyfriend just six weeks later didn't take any of the sting out of her words. Kevin's sons like the new man, and their cheerful chatter about how "cool" the new guy is and how he "knows car stuff" weighs heavily on Kevin.

Kevin takes his boys every weekend, and he works hard to make each outing "fun." They head for the Sharper Image and computer stores. Movies every weekend, complete with tubs of popcorn and

giant sodas. Hours at the go-kart track. Trips to Six Flags every month or two. The boys ask Kevin for everything they want—new bicycle helmets, backpacks, a basketball hoop—and Dad always says "sure."

Ten months after the divorce, Kevin finally mustered up the courage to ask a pretty co-worker out for a movie. As they stepped up to the box office to buy tickets, he had to go through three credit cards before he could find one that wasn't over the limit. Mortified, he didn't say a word to his date through the entire movie. He took her home immediately afterward and he didn't call back.

When he came to see us, Kevin's hands shook as he kept smoothing out the credit card bills he had laid on the table. We went through the math on his Must-Haves (okay), Savings (none), and Wants (way over the limit). Kevin immediately started talking about how he doesn't see his boys much and how he wants them to have good memories and—We cut him off. Of course he loves his boys. But that's just not the point.

So we helped Kevin work out his Wants budget. It totaled up to about \$140 a week, so he earmarked \$120 for the weekends with his kids. (We thought he ought to keep more back for clothes and dates, but this was Kevin's decision, not ours.) The following weekend, when he picked up the boys, Kevin showed them a stack of twelve \$10 bills. The boys were impressed. It looked like a lot of money. Kevin explained that this was how much the three of them could spend for the weekend, and he wanted them to decide how to spend it. The boys were heady with power. They considered various possibilities, for the first time pausing to ask, "What would that cost, Dad?" During the entire weekend, Kevin never once said no—he just asked, "Is this really how we want to spend our money?" The trip to Sharper Image ended up as "just looking" when the boys realized that some of those gizmos would eat up their whole weekend allowance. Ultimately, they decided to rent a movie so they would have money for go-karts on Sunday afternoon. On Sunday evening, they blew the last of their money on a pizza with everything, calculating that they could afford extra cheese and extra sausage if they drank plain water. The boys were still laughing about their weekend when Kevin dropped them off.

When we saw Kevin two months later, he looked ten years younger. He said he had asked his co-worker out again, and she had miracu-

lously said yes. The bigger miracle, however, is with his boys. He said that after a couple of weeks, the boys asked when they could go back to Six Flags. The three of them talked about the price, and they decided to start setting aside \$40 from each weekend's allowance toward the expedition. Kevin also reported that the boys were getting much more interested in "cheap" fun, combing the papers to find a car club rally or an air show. Kevin says the boys take more responsibility for the weekends now, and they are all having more fun.

Money is a funny thing. You earn it. You pay for your Must-Haves, and put something toward your future. And then . . . The rest should be fun, right?

And yet.

And yet there is money spent because you feel guilty. Money to make up for something. Money to impress others. Money to fight off feelings of sadness or anger or loneliness or disappointment.

The point is, fun money isn't always fun. Money is deeply laden with symbolism and emotion. From the time Granddaddy pulled a quarter from behind your ear, love and money have been intertwined. And ever since punishment for breaking curfew was forfeiting a week's allowance, money has also been about power and punishment. Shane was still trying to fill in the holes left over from adolescence. Kevin felt so much defeat over his failed marriage and so much jealousy toward the replacement dad that he would have blindly spent everything he had for a little relief.

There are no magicians who can wave the wand to make all your emotional baggage disappear. But if you have a problem with emotional spending, then it could be costing you both money and happiness.

Now that you're deep in Wants territory, it's time to ask yourself whether you are really doing what you want—or whether other demons lurk in your spending decisions. You don't have to dive into your unresolved hostility toward your third-grade teacher, but finding financial peace means understanding something about why you spend your Wants money the way you do.

SELF-TEST: ARE YOU AN EMOTIONAL SPENDER?

Respond with True or False to the following statements:

I spend money when I get depressed or lonely.	True	False
When people see me with nice things, they think more highly of me.	True	False
I spend money to relax and relieve stress.	True	False
I worry that people may not respect me as much if I don't have nice things.	True	False
I often pick up the check when I am out with someone so that I look successful or generous.	True	False
It takes a lot of money to look good.	True	False
I spend a lot to make my friends and loved ones happy.	True	False
It takes a lot of money to attract a date.	True	False
Sometimes I am afraid to say no to spending money on someone I care about.	True	False
I am sometimes ashamed or embarrassed by how much money I spend.	True	False
My loved ones expect me to spend a lot of money for gifts at the holidays.	True	False
Sometimes I spend money on things I don't really want because it is expected of me.	True	False

If you marked "True" for two or more statements, you have a problem with emotional spending. It is time for a wake-up call.

Emotions and money are deeply intertwined for you. Sorting through all of it can be very difficult, because it may involve heading into some tough emotional terrain. You can do better—and you will feel better in the long run—once you develop the habit of separating these feelings from your decisions about how to spend your money.

Whatever ails your heart cannot be fixed with money. If you are feeling unhappy, lonely, or insecure, those feelings will linger no matter how much you spend. Spending won't change your feelings about your spouse, your parents, your children, or yourself, and it won't make anyone love or respect you more.

You cannot spend your way out of pain. But you can make every pain worse by trying to treat it with money. Difficulties with money will feed your emotional problems, which will only add more stress to your life. The origin of your problems may lie elsewhere, but out-of-control spending will make the emotional problems worse.

Of course, you already know this. The hard part is figuring out what to do about it.

The perfect answer is to solve the emotional problems head-on, and to keep money out of it. But of course, this isn't a perfect world, and if you're like most people, you'll probably be a "work in progress" for many years to come. Which means you shouldn't have to wait to develop the insights of the ages before you get your spending under control. Here are a few practical steps you can take to get strong emotions out of the middle of your spending.

1. Identify where you're vulnerable. Take another look at your answers to the emotional-spending self-test. Do you see a pattern? Is there a particular type of experience that triggers your emotional spending? Maybe you spend when you feel certain emotions, or maybe you spend when you're around certain people. Identifying the exact moment when you are most vulnerable can help you take steps to protect yourself.

For Kevin, it was weekends with his boys. So we worked on finding a way to keep his money balanced during his vulnerable times, the

weekends. For you, the solution may be to avoid the vulnerable situations altogether. Just stay away from the mall or don't go out with the buddies who expect you to pick up the tab. Or you may take Kevin's approach—set some clear limits, and stick with it. You can give yourself a lean budget or a generous one, so long as you make sure to stop when you hit your limit.

2. Protect yourself from temptation. If you have a problem with emotional spending, throw out your credit cards. We know, a lot of people think we're a little extreme about getting rid of credit cards. We talk straight about credit cards because we have seen people in a world of hurt over those little pieces of plastic. If you have a problem with emotional spending, you *must* cut up the cards. Right now, this minute. This may cause some anxiety, because you may be using those cards as a crutch to support your emotional spending. But this may be the most important step you can take to improving your financial *and* your emotional well-being.

Using credit cards for ordinary fun purchases is a bad idea for pretty much everyone. But if you are an emotional spender, a credit card in your wallet is just plain dangerous. It is a constant source of temptation, there whenever you feel a moment of weakness.

Think of it this way. If you were trying to give up drinking, you wouldn't keep a bottle of booze on your kitchen table. If you were trying to quit smoking, you wouldn't keep a pack of cigarettes in your jacket pocket. And if you were trying to lose weight, you wouldn't carry a family-pack of Twinkies in your backpack. It's the same here. If you are trying to get control of your emotional spending, don't carry temptation in your wallet. Throw it away. When Kevin cut up his credit cards, he had a much easier time keeping his boys within budget.

3. Get a little help. When you want to make important, lifetime changes, you are far more likely to succeed if you have a circle of support to nurture and reaffirm those changes. So think about the people you are close to. Is there someone you can talk to about your emotional spending? The simple act of describing your struggles can help put them in perspective. And you may even get some more good ideas about how to solve them. There's no need to be a Lone Ranger. Reach out for a little help every now and then.

Before leaving this section, take one last look at your emotional-spending self-test. There are dozens of variations on how people spend emotionally. Maybe you spend for others, or maybe you spend alone. Maybe money tickles out day after day, or maybe you go on spending binges. The bottom line is the same: If you are spending emotionally, you are trying to fix something that money can never fix.

So go ahead and feel beautiful or angry or guilty or happy or whatever else you need to feel—but keep your money out of it. You can pull out of this. You can separate spending your money from feeling your feelings, and that separation will help you step more strongly on the road toward a richer life. And you may just find that those sticky emotional situations seem a lot less complicated when you take the money out of it.

How to Share Your Fun Money

An evening at the game or dinner and a movie? Cable TV or Book-of-the-Month Club? A new winter coat or a new table saw? Shrubs for landscaping or curtains for the dining room? These questions (or some variation on them) can bring even the happiest couple to blows. Because sometimes what's fun for you is not fun for your mate (and vice versa).

How to solve it? Simple. Fun money for you, and fun money for your partner. And then (and this is really important) *no questions asked*.

Got that? No asking where the money went. No offering advice on how it should have been spent. No justifying why you got a good deal. Think of it as your own personal Don't Ask, Don't Tell policy.

But we're too broke for me to stand by while he/she blows our money on stupid stuff! It doesn't matter if you are trying to save every penny to buy a new house. It doesn't matter if you think that whatever your mate wants to blow money on is totally ridiculous and dumb beyond belief. Budget an amount you can afford purely for pleasure, and then just let it go. Because *everyone needs fun money*. Period. It may not be much. But no matter how tight the budget, there must be cash for both of you. To spend on whatever you each want, no questions asked.

Even if your budget is tight,
each of you should have your own cash,
to spend on whatever you want.

Why? Because that's the best way to have fun with your fun money. No negotiating over every purchase, no second-guessing each other. And no quarreling over silly little expenditures. It's like personal space; people have different needs, but everyone needs some.

Should it be 50/50? Yes—and no. If your entire relationship is 50/50—if you share the chores, the shopping, the child-rearing, and everything else exactly equally—then go ahead and split your fun money right down the middle. But if things are a little lopsided (which is perfectly normal), then you need to divvy up the cash accordingly. So, for example, if you and your partner have kids, and one parent buys most of the birthday presents, Happy Meals, and new gadgets for the little ones, then that parent should get a larger share of the cash to cover those expenses. Likewise, if one spouse does most of the Wants shopping for both of you—buying a new set of sheets, picking up a pizza, getting Christmas gifts for the entire family—then he should get some extra cash. You may want to set up a cash drawer in the kitchen where you or your partner can grab money that is for the whole family, or you could split the money 50/50 and balance things out as you go. The method doesn't matter. The point here is to find a process for dividing the fun money that feels fair—and a process that works for you. And to make sure that, no matter what, every payday you each get a little cash to spend however you want.

Brandi and Brett, the young couple you met back in Step One, are getting the hang of spending for fun. About two months after working out their Balanced Money Plan, Brandi found a tiny pewter elephant on her pillow. Brandi had collected little elephant statues since high school, but she and Brett had been so strapped for money that she hadn't bought one since their honeymoon. They were still fighting their way out of debt, but they each had their own Wants money—\$20

a week. When Brandi saw the gift, her stomach did a flip-flop. Was Brett backsliding, spending money they didn't have? It wasn't her birthday. Was he losing his mind? After all, there was so much they still needed. But Brett was firm. "You said I could spend my twenty bucks any way I want. And what I wanted was to do something nice for you." Brandi said, "That's when I knew we were going to make it, no matter what."

Brett had crossed over. He had a good money plan, and he had stopped worrying and started living.

Making Room for Fun

Your life is like a big, blank canvas, and you can paint it with whatever colors you choose. The picture is yours. So enjoy your money.

Making the most of your worth is about enjoying life—not thinking about money. *All Your Worth* lets you know how much you can spend on fun, leaving you free to spend it in any way you want. That can make life a lot easier, but it also means it is time to face head-on what spending makes sense for your life. You have a plan that helps you make conscious choices about your money, with no more sweeping everything into a confusion of "gotta-have-it" and "can't-afford-it." You are in the driver's seat, so it's time to decide once and for all what you *really* want.

This may be new territory for you, but if you have come this far—if you have worked through your Must-Haves and thought about your Wants—then you have already moved a long way toward a lifetime of riches. You are ready for the *real* fun to begin.



Step Five:

To Build Your Future, Pay Off Your Past

The medical bills from last year's visit to the emergency room. The second mortgage you took out four years ago. The money you borrowed from Aunt Barbara that has been hanging out there for over a year. The credit card balance that has bounced around for more than a decade.

You don't need a scrapbook. Your bills tell your history.

If debt is a big part of your life, you may be wondering, why have we waited until Step Five to tackle your debt? The answer is: *Because now you know where the money to pay your debts will come from.*

If you've followed *All Your Worth* this far, if you've taken the steps and gotten your money in balance, then you know *exactly* where to find the money to pay your debts. You have trimmed your Must-Haves to 50% (or so), and you've set aside 30% for Wants. That means you now have 20% of your income left for saving for tomorrow. And that is where the money to pay your debts will come from: the money for your Savings.

Wait a minute! Isn't that money supposed to go toward saving for the future? What does a ten-year-old Visa bill have to do with the future?