

## Five Little Changes With Extraordinary Outcomes

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Businesses and governments have created accounting and reporting systems that force us to think in terms of monthly and annual obligations. Our utility bills, credit cards and banking obligations are monthly while our PAYE taxes and property insurances are annually. Consequently, we reason about money in large blocks of time, simply for convenience.

Money is usually earned monthly or weekly but it is spent daily. That being the case, it is the changes that we make to our daily financial planning that will have the greatest impact on our financial outcomes. The reality is that money is best managed daily to meet our monthly and annual goals and obligations.

So here are five little changes to transforming your financial future and to propel you to extraordinary financial outcomes:

1. **Compute your daily savings target.** Savings are the foundational blocks for any strong financial future. But for most of us we do not have large tax returns or other large windfalls of funds, so our daily savings are our best vehicle to hitch us on to our future financial dreams. For example, saving at least \$20 a day for the next 365 days is more manageable than saving \$7,300 a year. Both approaches have the same outcome, but I bet you that the daily target will be more achievable since it is more manageable. I dare you to save at least 10% of your income by the end of 2010. What is your daily target?
2. **Make savings automatic.** National Insurance, PAYE, mortgage and other financial obligations are deducted at source and they are mandatory and automatic. Pay yourself first and make it automatic. Along with your normal operating account, setup a savings account with the mandatory deposit from your chequing or from your salary. For example, weekly transfers of \$140 or monthly transfers of \$610 will result in \$7,300 per year. If these transfers continued for at least 10 years, you will have more than \$100,000 based on a return of 7.5% per year.
3. **Pay yourself an allowance.** Is it possible to spend more than you earn? Sure, we can borrow or use credit cards to meet any shortfall in any period. When we do that, we may be sabotaging this month's budget at the expense of next month's

budget. As a matter of fact, we are spending future earnings today. The strategy around overspending is to pay yourself an allowance. By setting a maximum on personal spending, we have more control on the unconscious spending and we will find that over time our savings will increase.

4. **Teach others.** Half of the work is done by starting the process. The other half is staying the course. This is where we all need the most assistance, so hire a financial coach, or link with any accountability partner or group. The absolute best way to apply this information is to teach others, that is, your children, your friends and family. Knowledge and information carry a certain responsibility to be transferred and applied. By teaching, you will force yourself to apply the information, knowledge and skills.
5. **Manage daily.** We cannot manage what we do not measure. We give our employer and business daily attention in order to grow company's shareholders' wealth. How much time are we spending daily managing our own personal wealth creation? It will not grow without the daily attention. All gardens need care and maintenance and in order to be financially fit, we must put in the time and effort to record the transactions, to prune the investments and savings and to control the weeds of bad spending. To be financially fit, we must spend at least 10 minutes per day focusing on our personal finances rather than leaving it to the end of the month or the end of the tax-year when it most likely will be overwhelming. Little by little.

Lest we forget, it is the little changes we make that contribute to a better life. For instance, we are living longer because of the little changes like more attention to diet and daily exercise. Similarly, these five little changes in your daily savings and spending propel us to extra ordinary results in your financial future.