



"Helping clients have a healthy relationship with their financial resources"

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PIERINI ACCOUNTANCY FINANCIAL FITNESS FAVORITES

by Edward Joseph Pierini, CPA, MS (Taxation) – April 1, 2017

The following is a brief discussion sharing some of my financial fitness favorites. It's not comprehensive or necessarily scholarly, but it draws on my 35 years plus doing what I do and observing my clients' financial success.

Seasoned financial fitness jocks constantly striving to take their financial fitness to the next higher level, and who have a healthy relationship with their financial resources, live by many of my financial fitness favorites.

Live below your means

This is easier said than done for many but it always works. I've never seen it fail both in good times and bad times.

Let's say you live 30 percent below your means and the economy goes south. You experience a 20 percent decline in your income and your living expenses increase by 10 percent. Despite this double-edged financial sword, you're still even and living at your means.

Contrast this with someone who lives at their means and now experiences the same financial fate. Absent any crisis-invoked drastic changes, they're now living 30 percent beyond their means.

Living beyond your means must be paid by depleting your financial net worth by either spending down hard-earned accumulated assets or incurring additional debt.

Once again, live below your means.

Measure and monitor your net worth

This doesn't have to be a major undertaking and you don't have to be a CPA "bean counter" to do it. Nor must you prepare a glossy and bound report loaded with pie charts, graphs and pages of statistical information. Heck, you can even pencil it out on a bar napkin because doing it that way is better than nothing.

Did you prepare a 2016 year-end report of your net worth? If not, prepare one now.



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Consider it a historical "selfie" of your financial net worth for a snapshot moment in time. It's also a moving-forward benchmark that'll help you measure and monitor your financial success efforts.

Prepare an annual budget to guide your future financial success efforts

You've heard me say this before and I'll say it again. A budget is your personal financial management tool. It's not a punitive mandate that takes the fun out of living. There's no excuse for not having one, and preparing it doesn't have to be complicated or time-consuming.

A simple Excel worksheet or one prepared using inexpensive and popular computer software programs allows you to track and manage your income and expenses. Years ago, doing this was too darn much work so most people didn't. Now it's easier and still most people don't.

Consider your personal budget as your "MapQuest driving directions" that'll help efficiently get you to your financial destination.

Become debt free

Sooner rather than later is my suggestion. For some, this may seem impossible but in the long-run, all things are possible.

Unfortunately, sometimes an impossible mindset breeds inaction. Know that a debt-free goal isn't an all-or-nothing proposition.

Start by adding an extra \$100 per month to your next home loan payment, build some confidence and go from there. You'll be amazed how "addicting" debt reduction is and how, before you know it, you'll be ramping up your debt reduction efforts.

Read my lips and strive to become debt-free.

Share your prosperity with others

The old saying of what goes around comes around is definitely true. Some of my clients who enjoy peak financial fitness and have a healthy relationship with their financial resources are also the most charitable. They know they've been blessed and are willing to share their financial blessings with others.



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These "others" may be family members, a local charity devoted to helping veterans, or an international ministry working to reduce hunger in third-world countries.

Several years ago, I had a profound charitable experience that left a lasting impression. My wife and I attended an annual fundraising event for a local charity near and dear to our hearts. During dinner, she "announced" we were going to make a big contribution to this organization. It would help them buy an ultrasound machine needed to expand and improve their charitable works. The amount was, shall I say, financially and emotionally challenging for me. I "cried like a baby" while reluctantly telling her "OK".

About one week later, after the financial dust had settled and my numbness wore off, I experienced an amazing epiphany of what we had done and totally embraced our decision.

Sometimes we need to step out of our comfort zone to realize the dormant greatness residing in each of us. If we do so, it'll resonate brightly but only if we respond to the hidden opportunities regularly coming our way.

There's so much more I could say but I'll stop for now before you get bored.

Please call or e-mail if you have any questions.

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