



# THE MONEY COACHES



Failure is simply the opportunity to begin again, this time more intelligently.

-Henry Ford

## IF I COULD DO IT ALL OVER AGAIN...

We all make mistakes. Here are some of ours and how we might try to improve on them if we had them to do over again.



If I could do it all over again, I would pursue more education. I've seen over my working life that more education, especially in accounting, would have been very helpful. When you look at a financial statement and cannot understand the very basic language that is used in business that is a bad day.

Every aspect of our financial lives should be clear and simple for us to understand and use daily. This doesn't mean that everyone should have an accounting degree, but simply that the basics should be rock solid in our understanding. Keeping it simple is always the best policy at all levels.

As far as education in general, I consider myself a lifelong learner. If I am not continually learning, I become obsolete. The old saying goes, "He doesn't have 30 years of experience--he has one year's experience 30 times."

Learning new things keeps us engaged in what is changing around us. It seems that change is picking up speed more all the time.

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I would seek out people that could help me invest consistently when I started full time work. That was not the culture that I grew up in and I would love to have a redo on this one.

My first full time job paid \$8000.00 annually. If I would have save 15% of that gross pay per year for 40 years with no pay raise ( glad those came along), and if I could have realized a 6% return on my investment, I would now have around \$200,000.00 in that account.

The amount I would have contributed monthly would be \$100.00 Annually only \$1200 and if I stay with that same 15% over my working career of 40 plus years and increase my contributions as I gain pay increases, well obviously the number would grow considerably.

What if my company matched my \$100.00 per month with a \$50.00 matching contribution? Then my new number after working 40 plus years would be around \$300,000.00 The amazing thing about compound interest is that in this example, I would have only contributed \$48,000.00 to the total of \$300,000.00 over my 40 year savings plan. Yes, I would like a do-over!

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I would spend more one-on-one time with our daughters in their teen years. We all get busy and I've used that as an excuse, but looking back I'd have to admit I missed out on quality and quantity time with the girls.

We bought a business when the girls were in junior high that required too much of our time and attention. It was a dream of mine for most of my teen and adult life to own a business. It turns out the business ended up owning us.

Some jobs can do that without you actually having an ownership in the endeavor, but when you sign on the line everything changes! When you buy a business you put all the cards on the table. It is your name on the bank notes and your personnel problems.

What surprised me most was that I ended up paying for all the mistakes. Paid for my mistakes of course, but also those of my employees, those the customers made, and even those of the companies that we bought products from.

If I were to buy a business again I would do a few things differently. First, I would not buy a farm equipment dealership because it's changing dramatically from the way we operated back when I enjoyed the business. Second, I would hire people that could do 90% of the day to day work and running of the business so that I could spend my time looking for opportunities to improve the business for all parties involved.

Third, I would get help understanding accounting early and often because I lack training concerning accounting, and today more than ever it is critically important.

Last, I would never let customer, employees, or company reps have time that my daughters deserved. Life is too short for someone else to decide how you spend your most precious commodity, time.

Houses are the largest investment most families make and I would do a few things differently if I had to start all over. The first 4 years we were married we rented an apartment in Bloomfield, Indiana and that was a good decision. Then we looked for a house we could afford, and that took me into the country to look at a small old house that did not have a furnace.

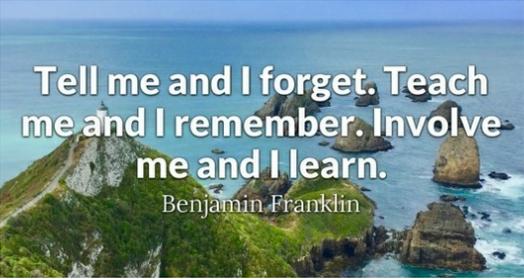
The lending agency would not lend on a house without central heating and cooling so I asked an HVAC company to take a look at what it would take to install a new furnace and central air. The house was on a very shallow crawlspace and so that would have to be excavated.

After we had finished the inspection the local business man asked what I was going to do about the west wall of the house. I was surprised and asked what was wrong with it. He took me inside to show me a wall that was leaning significantly in at the top. I've often thought I should send Macy Stahl a large check for saving me a ton of money and grief. Next we built a house with an FHA loan. That was popular at the time, but when the market went bad a few years later and FHA rules had changed, it became near impossible to get rid of the house when we wanted to move to seek a new opportunity in a distant town.

We rented again in the new town for a few years, and then started looking for a house we could afford. We found the house we had looked at years before, and found the estate owners to be cooperative in selling on contract. It has had major renovations over the years to the entire house except the kitchen. (I have a very patient and understanding wife). We even moved it in 2006, and then of course we built on like you should not do after the kids move out.

Here's what I would do differently. First, I would *get out of debt completely* while renting. Second, I would make sure our family intended to stay in the same town for at least 5-10 years, and then build a new modest energy efficient house in the best area or neighborhood possible, paying at least 20% cash down. Last, I would take out a 15-year mortgage or less, and pay it off in 10 years or less. Paying it off so quickly would be possible, because it would be my only debt!

# WHERE DO I GO FROM HERE?



Tell me and I forget. Teach me and I remember. Involve me and I learn.

Benjamin Franklin

**A**t this point you may be feeling pretty frustrated. Maybe you relate to some or all of these past mistakes. Maybe you've made some of them very recently and are dealing right now with the consequences of them. If so, the idea of a do over might sound very nice, but it also isn't real.

So what do you do when you're in that position where you've messed up and you don't get a financial do over? The answer is simple, even if it isn't necessarily easy. The best way to begin fixing your financial missteps is to follow the 7 baby steps and start working your way out of whatever mess you're in. Keep in mind that you only start this process after you've decided to make a change and have written out your budget.

## 7 Baby Steps

- 1. Get \$1,000 in an emergency fund ASAP** – If that means selling some of your things, working double shifts, or simply cutting your spending to the bone for a short time, make it happen!
- 2. Pay down your debt using the debt snowball method** – Whatever disposable income you've got left in your budget should be funneled at your smallest debt first. Pay minimum payments on everything else and knock out that smallest debt. Once that's done, use all your disposable income to pay the next smallest and work your way up.

- 3. Fully fund your emergency fund** – A true emergency fund should be able to cover 3 to 6 months of your expenses. Once you're debt free except for your mortgage, use that extra money to boost your emergency fund to that level.

- 4. Begin investing** – Once your emergency fund is in place, it is time to start investing. That means talking with a financial advisor and putting away around 15% of your income into things like Roth IRA's and pre-tax retirement accounts.

- 5. Start college funds** – Begin saving to send your kids to college. It isn't cheap, but if you start saving with a 529 plan early, you'll be able to help send them to school and avoid debt. If you don't have children, or they are already grown up, you can skip right past this one.

- 6. Pay off your mortgage early** – You're on the home stretch! When you have saved for a college fund, paid off your debt, and are investing like you should be, you can dump any extra income toward paying off your mortgage. Once that is paid off, your disposable income should be significantly increased!

- 7. Continue to build wealth and give generously** – This is the best step. When you have done all those other things and set yourself up for great financial health, you'll be in a position to give generously and continue to grow your investments.

For me, the year ahead looks similar to the one we are about to wrap up, until I look a bit inside myself. I never wanted to be the guy with one year of experience 30 times. Rather, I prefer 30 unique years of work. Never be afraid to look change in the eye.

Here is my plan:

First I will read more and listen more carefully than I have in the past. I'll follow through for myself on what I have lived and learned and taught--always be a *lifelong learner*.

Second I'll make sure to get the rest I need to stay healthy, and not fall into a routine that keeps me immobile or lethargic. All of us know that if we sit too long in a car or a chair at home, we get stiff and standing becomes more difficult the longer we sit. Many people are using desks that allow you to stand at least part of your day. We also have scientific evidence that verifies what our bodies are telling us--An object at rest stays at rest and an object in motion stays in motion with the same speed and in the same direction unless acted upon by an unbalanced force. I think Isaac Newton said something to that effect.

Third I want to meet new people that make me think and work more effectively in my profession. I've always been amazed at how many things we have in common with those around us that are accomplishing entirely different work in different industries. If I forget how important people are, all I have to do is take a look at the pictures I took in the past. Once in a while the scenic views might bring back a memory, but it's the people in the picture that help me remember the most important things in life.

*"You will be the same person in five years as you are today except for the people you meet and the books you read."*

— Charlie "Tremendous" Jones

Have a Merry Christmas and a  
Happy New Year!  
Rich Keller



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