



Investment Insights

Kevin Kennedy

Can't Buy Me Love

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'Tis the season to be jolly...and spend, spend, spend. The magnetic stripe on your credit card overheats from all the swiping, and you mentally numb yourself to the growing bill that will arrive like a financial hangover in January. Once again, money and finances occupy your thoughts and dreams, elbowing out the visions of sugarplums and chestnuts on the open fire.

Here in the Bay Area, we're blessed with one of the highest average income levels in the United States. Of course, this is also one of the most expensive places in the world to live. It's all too common to see dual income families making \$150,000 a year but spending \$175,000. As the New Year rings in, they look back and wonder where all the money went, why they aren't any closer to being able to retire, and how unsatisfying it is to work as hard as they do without moving closer to reaching their personal and financial goals. As the famous poet E.E. Cummings once said, "I'm living so far beyond my income that we may almost be said to be living apart."

Does this sound at all familiar??

We've all heard the adages about how money can't buy you love, money can't buy you happiness, the more money you have the more worries you have, etc. Clearly not having money is stressful and worrisome, but so is having money? How can this be?

Part of the reason is we've stopped listening to ourselves and let others tell us what's important to our quality of life. We're bombarded with advertisements, presented almost constantly, offering up enticing ways to spend and consume. Instant gratification, fast food, low cost financing, easy credit: are these features designed to benefit you or just to get you to consume more and more? Does acting upon these proposals enrich your life and move you closer to your goals, or does it sap your energy and resources to the point where you have nothing left to pursue what's most important to you?

Most of us have goals and aspirations for our families and ourselves. We have visions of what's truly important to our quality of life. This holiday season, as you're enjoying family and friends and some time off work, think about what's truly important to you, what enriches your life, both today and in the future: coaching your child's baseball team;

volunteering at church; going back to school; donating to a local charity; spending more time with your spouse. Think about whether you've moved closer this year to realizing these goals and living the life you aspire to.

In my mind, money is a means, not an end. Money can enable you to live the life you want to live. Because saving money won't happen without you taking action, you need to take charge of what's important to your quality of life. Tune out the distractions: the ads, the special offers, the peer pressure. Start putting yourself at the top of the list financially. In fact, literally pay yourself before you pay anyone else in 2006. If you don't put yourself at the top of the list, a thousand other things that are seemingly worthy but in the end add little to achieving your personal goals will jump ahead of you.

Determine what it will take financially to support your goals, then develop a plan to achieve success. Start with something small, like paying off a credit card or home equity line of credit. Set up a plan to save enough each month to have it paid off in six months. Then every time you get a paycheck, before you write any other checks (any others!), pay that credit account down. Then pay your mortgage, utilities, whatever other bills you have. If you have money left at the end of the month, enjoy it, for you know you've fulfilled your obligations, both to others and, most importantly, to yourself. You'll have a great sense of accomplishment and be ready to tackle bigger and more meaningful goals to enhance your quality of life.

Kevin Kennedy is president of Kevin Kennedy, LLC, a registered investment advisor firm in Alameda. Reach him at 510-748-1898 or Kevin@KevinKennedyLLC.com. Stocks, bonds, and mutual funds involve risk, including loss of principal. Past performance is no guarantee of future results.