

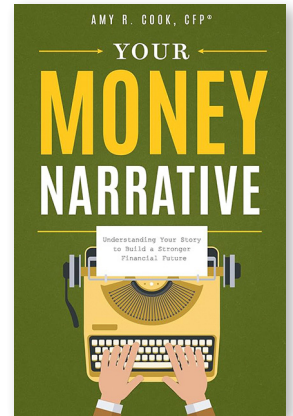


Executive Book Summaries[®]

Your Money Narrative

Understanding Your Story to Build a Stronger Financial Future

by **Amy R. Cook**



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THE SUMMARY IN BRIEF

The story our finances tell us is no different than the plot-lines of our personal lives. The way we manage our money today decides the type of future that's waiting for us tomorrow.

The book *Your Money Narrative: Understanding Your Story to Build a Stronger Financial Future* deftly shows us the many ways that people use and abuse money. Rather than preaching about the dos and don'ts of the financial world, we learn through the interesting stories of young and old, rich and poor, people who are smart with money, and those who aren't.

Author Amy R. Cook simplifies complex financial jargon and delivers wisdom about money we can use throughout our lives. She helps us understand our personal financial narrative, laying out a creative roadmap toward helping us build a stronger future along the way.

IN THIS SUMMARY, YOU WILL LEARN:

- How to analyze your current financial story.
- How to determine your money narrative.
- How to manage your money for a stronger future.
- How to take the emotion out of finances to save and invest smartly.

Introduction: We All Have a Money Narrative

I loved cycling as a kid. At five, I entered a bike race of two and won second place, which came with a trophy. But even at five, I knew that second place in a race of two only meant one thing: there was one winner and one loser, and I lost. My dad told me that I had lost because she had a far lighter and “better” bike than I did and that he couldn’t afford to buy me a bike like that. This experience formed my first money narrative. A couple of years later, my parents hit hard financial times, and as I watched my dad’s incredible stress, I decided that money was again the missing component. Another money narrative.

But my money narrative will be different from yours simply because we all have unique stories and have experienced life differently. This book is a culmination of short stories based on fictional characters with relatable dilemmas you may identify with. You may discover money narratives that changed your life in a positive way or uncover stories that need an update. Either way, by pulling the curtain back and examining your own money narratives, you can determine if they’re aligned with your financial goals and the legacy you want to leave behind.

Chapter 1: The Real Estate Pact

Real estate/home ownership can be a valuable component of your overall investment portfolio. A fixed-rate mortgage provides a consistent payment with the debt decreasing over time, which you will eventually pay off. There are also tax benefits associated with home ownership. If you are conflicted about whether you’re ready to purchase a home, it may be beneficial to consult a financial professional for assistance with a rent-versus-own analysis. If purchasing a home is not feasible at the moment, you can develop a plan to gradually save for a down payment to prepare for the future. Ask yourself:

- Am I planning a large purchase or investment in the next five years?
- If so, have I thought about some of the legal and financial aspects of the story?
- Are there gaps that I’m unclear on that need more research?

Discuss and create a plan for large purchases (house or rental property) before you start the process. Do your due

diligence on the professionals hired and the overall process, including additional unexpected expenses. Ensure you are adequately prepared financially. If not, put a plan in place with a timeline to achieve the goal.

Chapter 2: The Teenage Entrepreneur

Whether you enjoy discussing financial topics or avoid them as much as possible, money plays a part in our lives. If we spend all our money, we end up broke. If we save all our money, we might miss out on things we enjoy doing. But if we take the emotion out of financial topics and put a plan in place that directs our money where to go, we can help our kids set up similar habits so that they can do the same. Ask yourself:

- Do I have basic money management conversations with your kids?
- Am I including them in parts of household finances where they are involved, such as vacations, college planning, etc.?
- Have I asked my financial advisor to talk with my teen/preteen about financial planning basics when they show interest?

Talk to your kids about money and involve them in financial decision-making in areas that involve them. It could be for a family night out or saving up for something. Consider playing age-appropriate board games that involve careers and money and correlate it to real life or people they know. Encourage them to establish their own bank/savings account, list goals, and monitor them together.

Chapter 3: Just Getting Started

If you’re just getting started with your financial planning process, begin with paying off any outstanding credit card debt to free up additional cash flow for investing in other things. Once you pay off your debt, it’s time to establish an emergency fund that can get your family’s basic expenses covered for at least three months. With your debt now cleared and an emergency fund established, let’s say you now want to buy a house in three years.

The first step? Establish the dollar amounts you’ll need to fund your monthly goals. Based on that, make a road map toward reaching your home-buying goal. This could include getting a second part-time job, cutting down on dining out, groceries, travel, etc. Some expenses to review

An initial overall review can feel like a big “to-do” list, but it becomes much more manageable when it is broken down into smaller action items.

include your cell phone bill, cable bill, internet, automobile review, and credit monitoring.

Look for employee benefits you might be unaware of, such as RSUs (restricted stock units), NSOs (nonqualified stock options), and ESPPs (employee stock purchase programs). Another element of financial planning to pay attention to is insurance planning. Adequate coverage can protect you, your loved ones, and your assets against unforeseen circumstances. Review insurance types such as auto insurance, renter’s insurance, homeowners’ insurance, life insurance, and disability insurance. Finally, work with a financial advisor for investment planning. This could include tax planning, education planning, estate planning, and more.

An initial overall review can feel like a big “to-do” list, but it becomes much more manageable when it is broken down into smaller action items. The best approach toward this process would be to hire a qualified financial advisor. This step can add value to this process as your planner can serve as an advocate and guide you as you work toward your planning goals.

Chapter 4: The Enlightened Entrepreneur

Financial planning always comes down to the same three variables: what we spend, what we earn, and how much we save. When the numbers don’t add up, we must decrease or increase one of those variables.

When you’re in the early stages of building a business, it’s easy to get lost in the growth of expanding your clientele. However, let’s take a step back and look at some of the core items you need to have established if you want to maintain and protect what you are working hard to build.

Research and identify additional expenses, responsibilities, and opportunities before embarking on a new business venture. Don’t eliminate the opportunity cost and the value of your time spent on the business when reviewing your numbers.

Regularly review your numbers (if you’re already in business)

and seek assistance and guidance as needed to identify gaps and opportunities. Recognize your strengths and weaknesses as a business owner so that you can add support as you grow in areas that can be delegated. Most importantly, separate business and personal bank accounts and credit lines for ease of planning and transparency. Don’t be afraid to seek help with business planning. There are many additional considerations, and a good financial team can make all the difference in how you manage revenue and grow. Finally, remember to add a benefits package for yourself for an extended period of time. If cash flow consistently doesn’t allow for this, an evaluation and deadline should be in place to continue growing the business or move on to something different.

Chapter 5: The Sandwich Generation

College planning and caring for elderly parents will impact the majority of people at some point in their lives. But when we put our own financial health in jeopardy to do this, we aren’t doing our loved ones any favors. If, for example, you pay for a pricey private school you can’t afford, it will create additional stress and future financial problems for your household that will affect the entire family negatively.

Much in the same way we’re told to put our oxygen masks on before our child’s on an airplane, it’s a good idea to put ourselves first financially. Like other financial planning topics, the earlier we address the goal and create a plan, the better.

Ask yourself, “Am I regularly reviewing my personal financial plan to ensure I’m on the right track for my goals?” “Are other expenses potentially putting my financial future in jeopardy?” “Are there areas where emotions may be taking over logic with my financial decisions?”

Have conversations with your partner/family members to express concern without judgment. Don’t ignore a problem that could become a bigger one over time. Instead of panicking about a potential situation, focus on gathering all the facts and options. Write down a “to-do” list to research costs for all options versus guess estimates. Seek professional guidance for assistance if necessary.

Chapter 6: The Broke Millionaire

For some people, when income continues to increase lifestyle expenses rise at a greater pace while dollars disappear. This likely has more to do with overall habits than the need for more money. The stress and angst of living like that are not worth sacrificing your peace of mind and living within your means. Although letting go might initially seem like surrender, it can be empowering to reflect and assess your situation. It can provide a valuable reset, enabling you to position yourself for greater growth than staying on your current path.

Review your income, expenses, and cash flow one to two times per year to monitor and update changes. Don't incur additional debt to keep up with increasing expenses. Instead, consider applying variable bonuses and "extra" income towards goals versus increasing expenses. Quit counting on discretionary bonuses and income for fixed expenses and never avoid addressing the situation if you feel overwhelmed and stressed out. There may be some simple adjustments to shift things in a positive direction. Consider additional guidance if you need help analyzing your overall picture.

Chapter 7: Lessons In Collections

We all have our unique interests and things that bring us joy. Some of these things are free, and others can be more costly. This topic isn't about hobbies or interests. Regardless of what your hobby is, it is about how you feel about it. Some people spend money they don't have on things they don't necessarily need, and that is a different story. If you are on track to meet your financial goals and are funding the financial non-negotiables, you have the freedom to allocate and spend money on whatever you want – minus the guilt.

Don't live in guilt for no reason and don't avoid financial planning because you think you will have to give up things you enjoy. Instead, consider establishing a separate account for hobbies, travel, or whatever you want after you have allocated established percentages into the non-negotiable accounts. Talk with your spouse about interests, passions, and hobbies, and write it down so you are on the same page and in agreement. Finally, review your financial plan and goals annually and revise if necessary.

Chapter 8: Dilemma in Divorce

I am a proponent of proactive planning, and divorce is no exception. If you feel divorce may be in your future, take

action now. Let's face it: divorce or the possibility of divorce is not an easy or pleasant thing to think about, let alone prepare for. It might be tempting to ignore it as long as possible, but self-care is one of the only things we can control, and it's especially important when we are going through major life changes and challenges. We've all been presented with ideas for how we can better take care of ourselves. However, we are often directed to yoga, meditation, therapy, etc. Financial organization should be added to that list because it's an important component of our overall health.

Have frequent household financial conversations with your spouse. Plan for the best-case scenario but be prepared for other possibilities. Take action, organize your financial picture, and seek professional guidance if necessary. Don't assume your partner has everything handled and never ignore warning signs that things may be headed downhill.

Chapter 9: An Empty Bucket

Financial planning is unique for everyone, and it is heavily dependent on what stage of life you are in, your habits, and discipline levels. For instance, some people can have a credit card that they religiously pay off every month, racking up points as they go along. And others need to hide their credit card until they build better habits. Financial planning is not a one-size-fits-all process. There are fundamentals that we all need to have in place, which include an emergency fund, proper insurance coverages and investment vehicles, and an estate plan.

Ask yourself: Are there gaps in my financial plan or with those who are close to you (i.e. parents)? If there are big gaps between where you are and where you want to be, bigger shifts and new habits may be necessary. Start a conversation with your partner or loved ones and ask questions. If they do not want to engage, at least you tried. Think about your top three financial concerns right now and write down actions you can take this week to gather more information and take action. Don't hesitate to address topics that are keeping you up at night. It may be easier than you think to explore solutions and positive changes.

Chapter 10: The Unexpected Widow

My personal experience with my dad's passing sparked my interest in learning as much as I could about financial planning, which evolved into a passion for helping others do the same. The thought of losing a loved one or the idea

Periodic reviews are a critical part of portfolio maintenance and are necessary to address unsystematic risks that can be managed.

of our own death can understandably be a topic we prefer to avoid. As Benjamin Franklin famously said, “Nothing is certain, except death and taxes.”

So, have a conversation with your spouse and make sure you are both “in the know” with your household expenses and financial accounts. Don’t assume that your partner knows how to manage things without conversation and review. Put together a financial organization binder and review together. In addition to you and your partner knowing the location of the binder, share the location with an additional trusted friend or family member. The binder may take a few hours to organize but the benefits will be rewarding – a peace of mind in the present and a priceless gift to leave behind for your loved ones.

Chapter 11: Life-Changing Windfall

Whether you work for a startup, a publicly traded company, a non-publicly traded company or you are a business owner, diversification is an important component of your investment plan. As certain asset classes grow or decrease more than others, you may become overweighted or under-weighted over time. Periodic reviews are a critical part of portfolio maintenance and are necessary to address unsystematic risks that can be managed. Investing carries systematic/market risk that is generally unavoidable, but investing through multiple vehicles, industries, and companies can mitigate risks in your overall strategy.

Don’t ignore company benefits such as stock, especially if it is a large percentage of your net worth. Don’t allow concentrated risk to grow and ignore reviewing your strategy. Don’t be afraid to ask questions. Contact your HR department for clarification on any language in your contract that is unclear or confusing. Review your investment and asset allocation regularly and rebalance as necessary. Take the emotion out of highly concentrated positions and focus on your short- and long-term goals. Finally, diversify your investments and have an outside professional review your strategy for feedback.

Chapter 12: The Family Business

Family businesses and small businesses are more likely to ignore succession planning. It may be because they do not have someone to sell the business to, they plan to work forever, or they think there is no significant value attached to the business. But the value of a robust small business can turn into a nice stream of income in retirement if a plan is in place.

Additionally, when hiring others who are solo practitioners and a part of your financial team, ask them what their succession plan is. There are many CPAs, financial advisors, and attorneys who operate as solo practitioners. There is nothing wrong with this, but it is important for you to know what happens if something unforeseen happens to them. For instance, who will step in to manage things in the process, or what will happen to important hard copy documents, etc?

Make sure you do proactive business planning yearly and include debt or disability and succession planning in the long-term picture. Have conversations with family members who work for you if you are considering them as your potential succession plan to ensure everyone is on the same page. Research and hire help if you need it; there are professionals who are trained in this, and many specialize in specific industries. Once you have a succession plan in place, prepare legal documentation or agreements to ensure your wishes and avoid potential conflict.

Chapter 13: A Tale of Two Sisters

Two sisters (let’s call them Ella and Charlotte) received a handsome inheritance. Ella had the good fortune of spending time with her grandfather who shared knowledge that she made good use of and applied to her own life. She also had a natural interest in financial topics. Charlotte, on the other hand, wasn’t very keen on retaining her wealth. Before receiving her share of the inheritance, Charlotte would often take Ella’s help in managing her debts.

Charlotte’s spending habits worried Ella. Although Charlotte had a great opportunity for guidance through the process, she didn’t see the value in it at that time in her

life. But she's still young and hopefully, she'll choose to turn it around for herself and her relationship with her sister. If not, Ella may become resentful if her sister continually asks to borrow money.

We all have a choice over our financial decisions and the legacies we want to leave behind. It won't necessarily happen overnight, but to make positive changes, we must be aware of the financial narratives that might be sabotaging our goals and work to improve them.

Be aware and question financial beliefs that feel natural but are attached to negative emotions that aren't healthy for you or your family. Incorporate any inheritance money into your overall plan after you receive it fully. Don't treat inheritance money like it's "different money" or "not your money." Once you receive an inheritance, it is yours and should be treated like your own money.

Chapter 14: The Importance of Having the Right Team

Whether you are just starting out or are financially savvy, a financial advisor can be a valuable addition to your team to help navigate the ever-changing environment of options and resources.

I recommend interviewing two or three advisors before making a decision. Choose someone you trust and who is willing to spend time explaining things to ensure you are comfortable with the process and decisions you are making. Your financial team serves as an umbrella over your financial picture; as your picture evolves, your team will likely grow too. When you are getting started, you may have a banker and an insurance agent. As the complexity of your plan grows, you can build your team with a tax professional, financial planner, investment advisor, and estate-planning attorney to optimize your growth over time. Here are a few questions to ask a potential Financial Planner:

- How are you registered (investment advisor representative, broker, insurance agent)?
- Will you have a fiduciary duty to me?
- What licensing and professional designations do you hold? What is your investment philosophy? Are there any limitations to the investment options you have access to?
- What services do you offer, and do you engage in comprehensive financial planning? Do you help implement

plan recommendations?

- How are you paid for your services?
- How many clients do you have, and what type of clients do you typically work with?
- How often will we meet or review? Will this be in person, via Zoom, or by phone? Will I be meeting with you or other members of your team?
- If something happens to you, who will manage my accounts?

Conclusion: Your Money Narrative

As you reflect on your own money narrative, consider some of the following questions along with knowing the "why" behind your answers: What is your earliest memory of money? When you were young, were financial topics openly discussed or not discussed at all? Is your money style more aligned with one parent versus the other? Have you ever made a financial decision based on outcomes you witnessed growing up? Do you fear not having enough money? What is the best (and worst) financial decision you've ever made? What is your number one financial goal right now?

I hope this book will spark some great conversations and thoughts around your own money narratives. I wish you the best of luck with your continued financial planning and discovering your own money narrative!



Amy R. Cook's arrival in the financial industry was a serendipitous chain of events that started with her own money narrative and transformed into a success story. While working in the mortgage business at the start of her career, she was exposed to many financial dilemmas and noticed a reactive approach to financial decision-making narrative that runs through our minds. Since then, she has aimed to simplify the process of financial decisions and planning to help her clients reach their goals. Amy is a CFP® and has a master's degree in personal financial planning. She utilizes her education and experience to help clients across all industries and in all stages of life.

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