

Radiant Wealth

*Put Your Money
Where Your Heart Is*

Letter from the Editor

March Madness

As we move from winter to spring, it's a good time to get your financial houses in order and possibly do a little cleaning up. We start by taking a look at *Six Steps to Put Your Money Where Your Heart Is*. If you haven't read my book yet, this article gives you a synopsis of some of the basic financial planning techniques you can use to get your financial house in order and find peace of mind. If you have read the book, you'll be happy to know it just won the Silver Award from Axiom Business Books and I'll be accepting the award at Book Expo in New York in May.

Second, I'll help you avoid some of the biggest financial mistakes in *The Top Ten Wealth Management Pitfalls*. I've seen people make all kinds of mistakes and I've made a few of my own along the way. So learn how to avoid buying too much house or mistaking your rate of return for your rate of withdrawal in retirement. Half the battle is just avoid the financial potholes in life.

Next, now that the stock market has recovered dramatically, it's time to take a fresh look at your company retirement plan and see if you need to make any changes. *Review Your Retirement Plan* helps you look at asset allocation, how much you contribute and what to do about company stock.

Finally, you'll find *Seven Financial Feng Shui Tips*. The ancient art of Chinese energy movement can apply to your finances too. Learn about the bagua and how this map of your home or space can help you create positive energy in your life.

Happiness comes when your work and words are of benefit to yourself and others.

--Buddha

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This special edition of Radiant Wealth is brought to you by www.financial-happiness.com. Financial Happiness is all about finding joy in your life and creating a sound financial foundation. It's not just how many zeros are in your net worth, it's about how you use that money to create an inspirational life for yourself and others.

*Financial & Investment Guidance
for Members of
Financial-Happiness.Com*

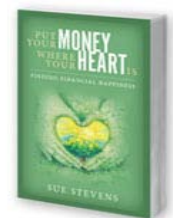
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PUT YOUR
MONEY
WHERE YOUR
HEART IS

Simple, practical guidance
that can help transform
any financial situation

by Sue Stevens

available at » amazon.com

(tinyurl.com/money-heart)

Six Steps to Put Your Money Where Your Heart Is

By Sue Stevens

Accumulating money for the sake of stock piling it will never really be satisfying. At some point, there comes a time when you question why you are working so hard and why you never seem to be happy.

Truth be told, there are many, many people with lots and lots of money who are unhappy. The amount of money you accumulate, in itself, is just not enough.

Add to that, a weak economy, a housing market that continues to deteriorate and not enough jobs, and you might start to feel depressed or even angry about the state of your finances.

But it doesn't have to be that way.

By giving your personal finances some extra attention, you can start to gain confidence in your choices. Those choices can be congruent with how you want to live your life. And that can finally bring you some happiness—no matter what is going on in the world. That's what I mean by "put your money where your heart is."

Step One: Know Where You Stand

Do you know what you're worth, financially speaking? When you add up what you own and what you owe, what's the net effect? Most people don't have a clue.

But that's a mistake. You don't want to add it up so that you can feel superior or inferior to anybody else. You want to add it up so you can take a step back and start to see patterns that will emerge in your Net Worth. From that vantage point, you can start to take action so that you can find more satisfaction with your financial situation.

What kinds of patterns might you see? Well, one of the first patterns that shows up for lots of people is that they spend too much and don't save enough. Sounds simple, doesn't it? Kind of like "eat less and exercise more." All well and good, but deceptively difficult. If your Net Worth shows very little liquidity and lots of other types of assets, you may be cash poor which can be a constant source of frustration. The best way out of that trap is simply to save more in taxable assets. And that usually means spending less elsewhere.

If you don't know where to start, completing a Net Worth Statement can give you an idea of where you stand. I like to look at proportions—balance in everything. When you look at your own Net Worth Statement, see if you have a balance between your cash and investment accounts, your retirement savings and your house. Too much (or too little) in any one area is potentially a red flag. It's the kind of pattern that can scream out "unhappiness." For example, too much house for the overall financial picture is bound to cause pain. Or if you see everything tied up in retirement plans with no emergency funds, it may signal trouble if you were to lose your job.

The first step to an inspired financial life begins with understanding what's most important to you, appreciating what you already have, and setting your intention to financially support a life you love.

Just understanding your Net Worth is the first step in gaining more control over your financial life. Analyzing the patterns you find will give you insight into what may have been holding you back for so long.

Step Two: Make Conscious Spending Decisions

If you own 80 pairs of jeans, then you're wearing your money. If your credit card statements show big grocery and restaurant charges, then you're eating your money.

But is that really what you want? Couldn't those types of things be masking insecurities about who you are? How would it feel to take a look at all of your spendable money and start over with how you allocate that to your different needs?

I encourage you to do just that. Abraham Maslow created a now famous hierarchy of needs that shows what we all require in these areas: physiological, security, love and belonging, esteem, and self-actualization or transcendence. Why not think about those needs as it applies to your money? If you want to be happy with your life, you need to consider all of those needs.

To do this exercise right, you need to figure out what you're spending your money on now. You will need to look at credit card statements and your check book register to see just where your money goes. Categorize those expenses and then think about how you are meeting each of your hierarchy of needs. If you don't like what you find, then be prepared to make a change. That may not be easy at first.

There are tools you can use to make this process easier and more fun. You will find electronic worksheets at www.financial-happiness.com for both your Net Worth Statement and your Spending Hierarchy of Needs. Mint (www.mint.com) is a free online service that can give you ongoing feedback about your assets and liabilities, your spending by category and overall reports on your progress.

Step Three: Review Your Investments Holistically

Before you get to bemoaning or boasting about your investment performance, take a moment to think about what you really want from life. You may find you've created a big barrier between "your money" and "what you want from life." But I'm telling you, if you want happiness, the two need to go together.

What does happiness mean for you? Think about this for at least 15 minutes (take as long as you like, but don't gloss over this process). Perhaps happiness means spending more time with your family. Or finding the time to contribute to your community. That may mean you need a different job or you just need to cut back on your hours. How could you make that work? Perhaps it means different training for a different job. Or making your money go further with a smaller paycheck. That may be the price for more freedom.

Next, what kinds of money goals do you want to set for yourself in the next year? Think about where you want to go over the next few years and that may help you know what you need to accomplish in the next twelve months. For example, you may want to set a goal about how much debt to pay off over the next three years. Or perhaps you want to tackle saving for a major purchase in the near term. Once you have the goal in mind, you'll find the inspiration to take a fresh look at how you can achieve your dreams financially.

Make sure you think about saving. You need to have money to fall back on—an emergency reserve. That should cover at least six months of expenses in this economy—perhaps more if you are in a higher paying job.

Now look at your mix of investments: how much do you hold in cash types of accounts, stocks and bonds. If you want a balanced portfolio, you'll need some of each. The proportion will vary depending on how much risk you choose to take. If you can stomach more risk, then you can hold more stocks. A very basic rule of thumb is to hold your age in cash and bonds. Investing can be much more complicated than this, but it's not a bad place to start if you want to keep it simple.

Many people are choosing to invest their money in socially conscious companies. That may mean finding a balanced proportion of assets that are invested in environmentally friendly stocks. Or stocks that consider human or animal rights. When you know what your money is invested in, not just some blind pool that you don't care about, it can make the process more rewarding. But you need to do your homework to make sure it's a sound investment too.

Next, integrate your investment picture with the other areas of your financial life. Look at your tax return. How much did you generate in interest and dividends? In this historically low interest rate environment, the answer might be "not much." If you're not happy about that, think about how to change your investment mix of assets within an appropriate level of risk. Perhaps you want to increase dividend-paying stocks. Or use tax-exempt bonds instead of taxable.

Continuing your holistic review, think about your retirement investments. How is the balance of those accounts versus your non-retirement assets? Do you want to change anything? In 2010, anyone can convert a traditional IRA to a Roth IRA. That will benefit some people, but not all. Basically you need to think about paying tax now to be able to convert those assets with the potential benefit of paying no tax in the future.

If you have an estate plan, you need to make sure your investments are integrated in this area too. Check your beneficiary designations to make sure your money goes wherever you want it to. If you have trusts, make sure they are funded.

Step Four: Envision Where You Want to Go and Plan Accordingly

A recurring theme in following your heart through your money is "vision." You need to think about where you want to go and what you want to do. That's true no matter where you are in life.

You don't have to do the same thing throughout your whole life. I've helped many people make bold life changes that took planning and foresight. It can be exciting to make a change, but it takes preparation too.

If you choose to make a major life transition, and this includes the transition to retirement, think about these things:

- Where are you going to live?
- What are you going to do?
- How much will that cost?
- Have you accumulated enough money to take that chance?
- How will you stay connected to the people and communities you love?

Step Five: Leave a Legacy

It's important to consider what will happen to your assets when you're gone. Anyone with a family, or other people that count on them, needs an estate plan. It can be as simple as a will or it may need to be more complex and include trusts of various types.

It's also equally important to write down where all your important papers and belongings can be found and who to contact. I've seen huge messes when someone died unexpectedly and no one knew what to do.

Force yourself to get past the "procrastination factor." And boy is there one when it comes to thinking about your own demise. But there is a feeling of peace that you'll find when you get this taken care of. Just push yourself to get it done.

Step Six: Choose Radiant Wealth

"Radiant wealth" is all about feeling confident and generous about how you are living your life. If you can take the steps above, you'll have a much better grasp on where you stand financially and where you need to make changes. When you know how your investments integrate with other financial aspects of your life, it can help you move forward.

As you grow in confidence about your finances, you may find that you are in a position to help others. This is true regardless of the amount of wealth you have accumulated. Anyone can give their time or a portion of their money to help someone else. And that so often brings happiness to you as well as others





The Top Ten Wealth Management Pitfalls

By Sue Stevens

Everyone wants to be wealthy, right? That may mean different things to different people, but there are some common traps that none of us want to fall into. Half the battle is just not making the big mistakes that set you back in your quest for financial happiness. Watch out for these pitfalls:

Pitfall #1: Buying More House Than You Can Afford

We've seen a lot of pain in the past few years in the housing market. Living in a culture that encouraged us to spend more than we can comfortably afford has created a situation where many people are now in a very precarious position of owing more than their houses are worth. There may not be much to do about that but wait until values rise again.

So let's not make that mistake again. That may mean doing the math for yourself to see just how much house you can afford instead of relying on realtors or bankers. My own rule of thumb is to watch your debt-to-income ratios. Don't commit more than 22% to house expenses or more than 30% in overall debt. To calculate the ratio of home expenses, take the total of principal payments, interest, real estate taxes and homeowners insurance and divide by your pre-tax income. Don't let that get above 22%. For overall debt, add your housing expenses and any other debt payments and divide by pre-tax income. Don't let that exceed 30%.

Part of the problem in the past has been pushing the maximum dollars to buying a house and forgetting that there are other things you also need in your financial life. By keeping the proportion of how much money you put towards real estate more manageable, you'll stand a better chance of having a more well-rounded financial life.

Pitfall #2 Not Watching the Bottom Line

Perhaps the biggest mistake I see people make financially is just not paying attention. Life gets busy and it's easy to lose track of what's happening with your money. The good news is that there are new tools that can make this process easier in today's lifestyle. Check out www.mint.com to get electronic updates on your investments, debts, spending by category and bank balances.

Another tip that works well in our over-busy lives is automating your saving and debt-repayment goals. If you are saving for a particular goal, set up monthly asset transfers from your checking account to your investment account. One of the real secrets of building wealth is to just slowly and consistently save and invest. The same principle works in paying off debt. Just commit to at least a certain amount that you will pay off each month and have the money moved from your checking account to whatever you are repaying. You'll see steady progress in the right direction if you commit to doing this (and refrain from adding to your debt!).

At least once a month, set aside an hour or more to review the following:

- How much are my assets worth? Is that more or less than one year ago?

Once you know what you want your money to do, you can create a plan to balance risk and reward. And you need at least a basic understanding of economic and financial terminology.

- How much is my overall debt? How much have I repaid over the last year?
- What savings goal am I working on now? How much progress have I made?
- How am I doing on my spending versus my budget? What changes do I need to make?
- What's next to accomplish with my personal finances? Review taxes? Set up estate plan? Fund the kids' college? Run a retirement projection?

Pitfall #3: Failing to Manage Cash

You'd think cash would be the easiest asset to manage. But you could be wrong. In this historically low interest rate environment, you need to think about how much you keep in traditional money markets because you could be earning 0%. Even a Certificate of Deposit (CD) might give you a bit more interest. For those of you with higher cash needs, you may want to think about adding a very short-term bond fund. Just keep in mind that as interest rates start to rise, these types of investments will go down—at least temporarily.

Once you reach retirement, cash management becomes even more important. That's because you are now drawing down your assets to meet your expenses. You need to keep several years' expenses in cash-types of investments so that they are very safe. That may mean having some of your assets pay out interest and dividends to cash accounts so that you can use that money for immediate expenses. If your expenses need to be withdrawn from retirement accounts, you'll need to factor in taxes and required minimum distributions too.

Pitfall #4: Thinking Rate of Return Equals Withdrawal Rate in Retirement

All too often I see retirees make the mistake of thinking they can spend whatever their portfolio returns. When you factor in taxes, inflation, required minimum distributions and other effects, that can be a major miscalculation.

There is an art of finding the correct withdrawal rate in retirement. To clarify, "withdrawal rate" means the amount of money you take from your portfolio divided by your investable assets. That may not equal how much you spend. If you have pension or Social Security income, those offer additional streams of spendable income. Just remember to think about the income after you subtract out tax. And if those streams don't increase each year, you may need to do additional calculations to account for increases in prices over time.

A broad rule of thumb is that you can spend 4% of your investable assets. That tends to apply to age 65, without considering taxes or inflation, to a portfolio that is invested at least 60% in stocks. If any of those factors differs for you, then 4% may not be the right withdrawal rate at all!

Pitfall #5: Stock Overconfidence

Behavioral finance is a hot topic today. It's been discussed widely in the academic community for years. Basically it's the study of why people act irrationally. There are patterns that can be quantified of why we make stupid mistakes over and over.

One of those is overconfidence when it comes to picking stocks. Of course we want to think we have superior knowledge and insight when it comes to choosing the next great stock. If that's all you're using to pick stocks, then it's a pretty good bet that you'll lose money over time. You'll increase your odds if you take a look at the numbers—the fair

value of the stock versus where it is trading currently. You may even want to take a passive—or index—approach to many of the larger asset classes.

Perhaps even more important to stock overconfidence is just finding the right mix of stocks to bonds. If you believe Robert Arnott's arguments, it's possible that bonds will do better than stocks over longer periods. In my opinion, you want to position your portfolio so that it is protected if stocks take another plunge, but it still offers upside should stocks continue their upward climb.

So finding the right mix of stocks and bonds is key to creating wealth over the long-term.

Pitfall #6: Bond Ignorance

When it comes time to discussing bonds, I see a lot of sheepish looks from clients who admit they really don't understand bonds at all. The action has long been in stocks and until the need for preserving portfolios comes along, some people just haven't taken the time to understand bonds.

The bond world is just as complex, if not more so, than the world of stocks. No matter which part of the portfolio you are in, you need to be broadly diversified to manage risk. Bonds tend not to fluctuate as wildly as stocks, but that's not always the case.

What you need to know right now is that bonds move inversely with interest rates. Why is that important? Because interest rates are at a historic low and have nowhere to go but up. That does not mean you should completely avoid bonds now. It means you need to understand what to expect when rates move up.

For that, you can look to the yield curve. This shows a range of bond maturities from short- to long-term. The shorter the maturity, typically the less fluctuation when interest rates move. So if you want to avoid large principal losses in bonds, don't hold long-term maturities now unless you plan to hold them a very long time.

Pitfall #7: Not Knowing What You Own

You take the time to choose just the right car. You buy just the right golf clubs or tennis racket. But do you really know what you own in your investment portfolio? Do you own companies that build bombs? Or do animal testing? Would it bother you if you did?

Turning a blind eye to any part of your life is usually a recipe for unhappiness at the very least. So why should it be any different with your portfolio? Take the time to understand what you own.

If you own mutual funds, you can go to www.morningstar.com and see what the top 25 holdings are. You can click on each of those in turn and see what those companies do. If you don't like what you see for any reason—too much risk or not something you choose to put your money in—there are lots of alternatives.

There's no reason why you can't make money and feel good about how you are doing it at the same time!

Pitfall #8: Dying Without a Plan

Nothing brings out the procrastination factor more than talking about death. Especially your death!

But a major part of wealth management is making arrangements for where that wealth should go when you die. And we all will die—eventually.

You need to do two things: 1) see an estate lawyer and draw up legal documents and 2) complete an inventory of where your important papers and accounts are and who to contact. We've created The Financial Bridge™ for the second part and you can find it at www.financial-happiness.com.

When you see the attorney, they will need to know about your assets and liabilities. If you've done a Net Worth Statement, you'll be able to hand that to him or her. Then they'll ask you about the people and organizations that are important to you and incorporate them into your estate documents. At a minimum you'll need a will and powers of attorney. Powers of attorney spell out who should step in on your behalf if you are disabled.

If you have people who depend on you, get this done right now!

Pitfall #9: Not Knowing What to Insure

Next to thinking about death, insurance probably tops the list of what people would like to avoid. But insurance plays a valuable role in protecting the wealth you've accumulated.

For those of you in your working years, disability insurance is often more important than life insurance. If your company offers coverage, that's a good place to start. This protects your stream of income if you can't work. Health insurance is even more important. Find the best coverage that you can afford.

The more stuff you buy, the more insurance you'll need. That applies to your home, your car, your belongings—especially the more valuable items. You may need special riders for jewelry or computers or antiques. Make sure you have read your policy and know what it covers and what it doesn't. The more wealth you accumulate, the more need you'll have for personal liability coverage. That protects you if you are sued.

Long-term care insurance covers the cost of nursing homes or home health assistance if you need extended care. This isn't just for the very old. Just think about Christopher Reeve or Michael J. Fox to understand that things happen when we least expect them. This type of coverage isn't for everyone, but you should understand what your options are—especially in your 50s and 60s before the cost becomes prohibitive or your health prevents you from being covered.

Pitfall #10: Overlooking the Details

You've heard God is in the details? Well, it's true for wealth management too. Pay attention to how your accounts are titled. This is important because you want your estate documents to work the way you've set them up. If you have a trust, but don't have assets titled in the name of your trust, that could be a problem.

If your beneficiaries aren't coordinated with your documents (and don't expect the attorney to remind you of this), then all your hard work on estate planning may be in vain.

You need a good check-up once a year to make sure everything is in order in all aspects of your financial planning. You can find a guideline for this review in *Put Your Money Where Your Heart Is* (available at www.amazon.com).

Review Your Retirement Plan

By Patrick McDevitt

Have you taken a look at your 401(k) balance lately? While the stock market has recovered dramatically, you may still need to do some rebalancing. So now is probably a good time to take stock of where you are, and your progress toward your retirement goals.

The rise of defined contribution retirement plans—like the 401(k)—has been a mixed blessing. On one hand, your retirement security is no longer yoked to the long-term stability of your employer. (Ask an airline employee what it's like to see your pension benefits vanish before your eyes.) On the other hand, if you look at the average 401(k) participant's asset allocation and account balance, there's little evidence that the average American has the interest or ability to fund and manage their own retirement account. The fact that you're reading a publication like this one means that you're likely doing better than most, but that doesn't mean that there isn't any room for improvement. Let's take a look at how you might shore up your own retirement plan.

Asset Allocation

The most common problems in this category fall are at the two extreme ends of the spectrum: those who take too little risk, and those who take too much. In the first category are participants who direct a large share of their contributions to a money market or stable value fund. While safe from the stock market's ups and downs, these investments are not designed to provide the sort of returns that you'll need to build a nest egg large enough to fund a lengthy retirement. In fact, it's entirely possible that the return earned in these funds over the long run will not even keep pace with inflation, meaning that your money could actually be worth less in real (after inflation) terms when you take it out than it was when you put it in.

Some investors end up with a large allocation to these short-term investments because they simply never changed their default allocation. Others fled to them after being spooked by a bear market. Regardless of how you might have gotten here, it's important to keep in mind that when you save for retirement, you're saving for the longest of long-term goals. Even an investor retiring today at 65 must plan on funding 30 years of retirement, a time period that fits anyone's definition of long term. And in most instances, long-term investment goals require that some portion of your portfolio be invested in the stock market.

At the other end of the spectrum are the gung-ho investors, those who determined that if stocks provided the best historical long-term returns, then it made sense to pile in and maximize their portfolio's potential growth. But if an argument could be made for such an aggressive allocation in your early working years, it makes sense to dial it back as you age. For one thing, as you draw closer to the point at which you'll start drawing down your assets to fund your retirement, protecting your nest egg starts to draw even with growing it in terms of importance.

Secondly, even the most aggressive investor will begin to question their judgment as they see the impact of a bear market on a large nest egg. If the market slices your \$10,000

Whether you are 40 or 80 or some other age, you have the rest of your life ahead of you. Make every day count by knowing how much you should save or spend, how to factor in health care decisions and how to leave a meaningful legacy.

portfolio in half over the course of a few months, it's relatively easy to shrug it off—after all, that amount can be made up simply by increasing your contributions for a year or so. Losing 50 percent of a \$500,000 portfolio is an entirely different situation. That's real grown-up money we're talking about, and watching it dwindle away could cause you to make a bad situation even worse by fleeing stocks altogether.

Neither extreme is very healthy. Determining your asset allocation is a process that requires a good deal of thought, reflection, and revisiting over the years.

Company stock

This is an easy one. Company stock has no place in your retirement plan. None. Why? First, a company stock fund is by definition the riskiest investment in retirement plans, simply because it's the least diversified. Second, you already have a lot riding on your employer's long-term financial health simply because they pay your salary. Allocating a large share of your retirement plan assets to their stock simply ups the ante, raising, in turn, the financial hit you would take if you were to lose your job as their share price fell.

Yet according to recent studies, the average participant in a plan in which company stock is offered allocates over 21 percent to this investment option, and 27 percent of participants allocate over 50 percent to company stock. Many end up with such a concentrated position because their employer's stock seems like a familiar option in a plan filled with confusing alternatives. Others know very well the risk they are taking, and hope that outsized returns will accompany the outsized risk they are taking.

But a retirement plan is a place for prudent risk-taking, and staking a large portion of your financial future to a single firm does not fit that definition. So limit your allocation to employer stock to 5 percent or less of your total plan assets, and leave the gambling to your "fun money" account.

Contribution rates

Most experts estimate that employer and employee contributions should total 10 to 15 percent of your salary in order to reach your retirement goals, yet most 401(k) participants fall well short of that goal. Inertia is the biggest villain here, as many participants simply never revisit their contribution rate after initially enrolling in the plan. Others reduce their deferral rates as other financial demands take precedence.

While it may be difficult these days to find the extra money to invest in your retirement plan, you should at a minimum be contributing enough to be eligible for your employer's full matching contribution. Doing otherwise is simply leaving free money on the table, which is never a very good idea. And you should make a commitment to increase your savings rate every year. To battle our inherent tendency to push such decisions off to the future (remember, the most common start date for diets is "tomorrow"), many plans allow you to have your contribution rate increased automatically at a certain point in the future. If your plan doesn't offer such a feature, make yourself a reminder to increase your contribution rate at a date each year that's easy to remember. Consider making a commitment to increasing your deferral rate when your annual raise takes effect. It's an easy date to remember, and a great way to minimize the economic impact.

Expenses

401(k) expenses come in two forms: the expenses charged by the investment options within the plan, and the expenses associated with administering the plan. While the former are fairly straightforward, the latter are notoriously difficult to determine. Plans sponsored by small employers are particularly prone to being weighed down by excessive fees, primarily because they have a much smaller universe of providers to choose from.

So what do you do if you're stuck in a high cost retirement plan? That's a true dilemma, because if you don't participate in the plan, you're missing out on the tax-deferral and employer matching contributions that most plans offer. You might start by talking to your human resources department to see if they might be able to find a way to reduce the plan's expenses. If that doesn't work, consider contributing enough to get the full employer match, and then invest the remainder of your retirement savings in a low cost, broadly diversified mutual fund with low turnover and a history of tax efficiency.

Wrapping up

For better or worse, most of us are now largely responsible for funding our own retirement. And while that responsibility can seem quite daunting when there are so many unknowns swirling around the financial world, there are a few things in which we should find reassurance. First, funding our retirement is a long-term goal, and the longer our horizon, the better equipped we are to ignore the market's interim ups and downs. Second, investing is a field in which simplicity trumps complexity, and passivity trumps activity. So if you focus on a few basic fundamentals—getting your asset allocation right, minimizing your expenses, maximizing your contributions—you'll be well on your way to long-term success, and a retirement you can look forward to.



Seven Financial Feng Shui Tips

By Sue Stevens

Whether you are planting a garden or raising children or building your wealth, you are actively involved with energy. You can feel it when the energy is moving in a positive direction—even if you can't always see it directly.

So let's focus on how you can positively impact the energy of your finances. Here are seven tips to help you:

Tip #1: Observe the Overall Structure

Use your Net Worth Statement to get a bird's eye view of what's happening in your financial picture. Your Net Worth shows you what you own and what you owe. You can find a template at www.financial-happiness.com to help you tally everything up.

You want to see positive energy flow. That means more coming in than going out. That means more assets than liabilities. The proportion of assets is important. You want to see balance between taxable assets, retirement assets and real estate.

Tip #2: Balance Cash Flow

If you think about the entrance to your financial house, you'd see energy coming in and going out. That's your cash flow. You need to pay attention to what direction that's moving. Too much flowing out is a problem—you would be losing financial energy.

That's where budgeting comes in handy. There are new tools available, like www.mint.com, that can make this much easier to manage electronically. Take the time to really think about where you want your money to go. Next, make sure that all those "wants" fit within the framework of what's coming in each month.

Tip #3: Build Your Wealth Corner

If you are familiar with feng shui, you know that every house, or even smaller spaces like your desk, have a wealth corner. If you want to know where that lies within your house, look at the prosperity section of the bagua (<http://www.fengshuipalace.com/bagua.php>). Line up the entrance to your home with the Career/Life Path section of the bagua.

Pay attention to the energy in your wealth corner. Make sure it is clean and well cared for. Make sure there is not any type of energy drain in this part of your house.

An equivalent section of your financial house would be your attention to savings. To build wealth for the long-term, you need to make a commitment to saving something every month. Ideally, that would be 10% of your take-home pay in addition to whatever you save for retirement. Building up assets is creating positive energy in your finances.

Because money is a form of energy, you need to give it enough attention to stay organized, focused and balanced.

Tip #4: Focus on Fame

Another part of the bagua is the Fame or Reputation area. This energy helps you stand out in some way that is important to you. In the financial arena, this may well be your career or community involvement. It's important to think about how you want to be seen energetically and then put the pieces in place to make that happen.

"Fame" does not need to be on a grand Hollywood scale. It can be a sense of accomplishment that you take pride in. That may mean knowing you can send your kids to good schools or that you can contribute to an organization that is important to you. It may also have implications for how you want to leave a legacy.

Tip #5: Time for Spring Cleaning

Nothing makes you feel better than cleaning up and clearing out your space. Getting rid of what you no longer need just makes you feel lighter.

It doesn't have to be spring for this phenomenon to occur. But it helps if you can open the windows and air everything out.

The same principle applies to your finances. At a minimum, you should clean up your filing system once a year. Throw out what you don't need anymore. Get organized so that you can find what you need when you need it.

I like to take this approach when I'm doing annual portfolio rebalancing. It's a good time to prune out the investments that are no longer serving your needs and cut out that unwanted energy. That process makes way for the new, more energetically positive possibilities.

Tip #6: Be a Helpful Person

As you move around the bagua, you'll find a section for Helpful People. You know who has made your life better. Now turn that energy around and be a helpful person for someone else.

I like to think of this type of energy as Radiant Wealth. You use your own positive financial energy to light the way for others. Nothing makes you feel better. It doesn't have to be a grand gesture. Something simple works just as well.

Plan your charitable donations. If you just cleaned out your space, you may have plenty to give away. Or if your portfolio has grown, see if there's something you could carve out for someone else. If you can teach them something about growing their own wealth, even better.

Tip #7: Live Long and Prosper

As you are balancing your financial energy, you need to plan for how to make that legacy last even beyond your lifetime. Putting an estate plan in place is critical to ensuring that what you've built will be there for your heirs and beneficiaries.

Don't let that legacy just be a financial one. Take the time to write down or record your observations about what has made life meaningful to you. Share your vision. Share your wealth. Watch the positive energy make a difference in your life and in the lives of others.

About Radiant Wealth™

“Radiant Wealth” is a state of mind. When you know you have everything you truly need and you can extend that sense of fulfillment to enrich the lives of others, you will find financial happiness. We invite you to be a part of that process and think beyond the traditional measures of wealth. Join us at www.financial-happiness.com.

Stevens Wealth Management an independent fee-only asset management and strategic planning firm located on Chicago’s North Shore in Deerfield, IL. Our mission is to proactively act in our client’s best interest as a fiduciary. Our goal is to help clients attain peace of mind through a process of visionary, comprehensive investment management and retirement strategies. Contact us at 847-580-4240, www.stevenswealth.com, or info@stevenswealth.com.

Sue Stevens, CFP®, CFA, CPA/PFS, MBA, MS is editor of Radiant Wealth, author of *Put Your Money Where Your Heart Is™*, and owner of Financial Happiness LLC and Stevens Wealth Management LLC. She has twenty years experience working with individual clients on personal finance issues and has been recognized by Forbes/Goldline Research, Bloomberg, Worth and others as a leading wealth manager. Sue was Director of Financial Planning at Morningstar, a senior executive at The Vanguard Group and Arthur Andersen. Sue is also a professional cellist and plays in the Chicago area.

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