

Introduction

Who Are the Money Assassins?

If a team of archeologists began digging below North America's landscape, they would find remnants of past civilizations that prioritized saving over spending, cash over debt, delayed gratification over instant gratification, and a "waste not, want not" lifestyle, as opposed to the convenience of consumerism. Buried deep beneath today's current consumption-oriented, technologically-driven, debt-dependent culture is a lost art form that has the power to bring about a financial, social, and environmental revolution. It is only with the revitalization of the lost art of saving that this potential and explosive power can be realized. However, quietly operating under the radar since the 1970s, the "Money Assassins" have worked hard to destroy the art of saving, eroding the foundation of financial well-being, tarnishing pearls of financial wisdom, and making financial common sense a relic of the past. This assault on financial thought and behaviour has left many with record levels of debt and economically vulnerable as a result of historically low savings.

Since the 1970s, the evolution of consumer society, advancements in technology, and increasing access to debt have helped shape and mold the financial psyche of millions of North Americans. I call the collective but independent work of these three forces the "Money Assassins." My goal throughout the course of this book is to expose the Money Assassins for what they really are: opponents of our financial well-being. These forces have succeeded in assaulting our financial stability by covertly integrating themselves into the fabric of our everyday lives. As we will discover through the chapters of this book, it is only after gaining an understanding and awareness of the role that the Money Assassins play in our lives that we can begin to eliminate debt and create wealth.

There is a degree of irony in the fact that we have a national sav-

ings rate that hovers around 0 percent and record levels of personal debt despite living in the “information age” where we have more financial knowledge and advice at our fingertips than at any other time in history. Countless surveys reveal that people know they should save more, spend less, maximize their retirement savings, and cut up their credit cards. There is some truth to the old adage that “the road to hell is paved with good intentions”; many of us have good intentions, though we have been walking down this financial road for some time. What can explain our failure to choose the right financial path? Why are so many of us aimlessly following this path, even when we know danger lies ahead?

Reviving and mastering the art of saving begins with rediscovering our financial mindset, perspectives, and priorities. Many financial strategies and ideas work well in theory, but given the financial reality created by the Money Assassins, what works in theory appears to be failing individuals and families in their day-to-day financial realities. (1) Financially lost and desperately wanting to get back on track, many of us look for “silver bullet” solutions. While no such solutions exist, we often look to investment analyses, tax strategies, and spreadsheet projections to provide us with financial miracles. The result, however, generally leads to increased levels of frustration and financial disappointment. It is not that these strategies or ideas are inherently flawed, but rather that they fail to connect with our core values and beliefs. These band-aid solutions serve to only temporarily conceal our financial wounds instead of dealing with the underlying problem. In other words, no meaningful change occurs in our financial mindsets and lifestyles. Clearly, then, the challenge at hand is for us to understand and gain awareness of ourselves and our individual financial situations.

It is my hope that gaining this awareness and understanding of ourselves, and of the Money Assassins, will result in a life of financial well-being. The term *financial well-being* is open to much interpretation and will mean something different to each reader. To me it means having the financial ability to create the authentic life you truly desire. Financial ability is inclusive of both one’s monetary and philosophical capabilities. To some this will mean early retirement, paying for their

children's education, becoming debt free, buying recreational property, or having a million dollars. To others it will mean spending more time with family and friends, volunteering for worthy causes, enjoying hobbies, having time for reflection, or achieving peace of mind. I prefer the term *financial well-being* to *financial success* because it gives us permission to broaden the definition of what we are trying to achieve. It recognizes that conditions of happiness or prosperity can, of course, be material wealth, but it also gives consideration to what joy or delight can bring into our lives.

A Journey of Understanding

I got into the financial services industry because I wanted to help people. I believed that my clients, with a little guidance and advice, could significantly improve their financial well-being and achieve financial peace of mind and security. However, I soon realized that with North Americans spending more than they make, incurring record levels of personal debt, and having little to no savings, the issue was not so much about helping my clients with their financial plan, but instead about helping them find the money to commit to their plan. This realization occurred in 2001 while I was working in Vancouver as a product manager with one of Canada's largest financial organizations. I remember discussing the matter with Bruce Campbell, a colleague at the time, and a friend of mine. Bruce and I were puzzled by the following question: "Why can't people save?" We simply could not wrap our heads around why so many smart, well-intended, and hard-working people were struggling with their personal finances; something in the financial industry was awry, but we just couldn't quite put our finger on it.

Over the course of my career, I have had the privilege of living and working across Western Canada. This has provided me with the opportunity to discuss many financial questions with a wide variety of professionals. The question that most puzzled me was why people seemed to disregard well-established and sound financial principles, the most basic being "spend less than you make." In discussing the question with many of my colleagues, I was surprised to hear their answers. Their answers struck me as being overly simplistic, ill-in-

formed, and insulting to the intelligence of many individuals. I simply could not believe that our poor financial habits were intrinsically linked to our lack of self-discipline, the poor choices that we made on a regular basis, and financial illiteracy. Unsatisfied with these answers, I set out to find out for myself what was driving the financial behaviour of countless individuals who, in many respects, should have had high levels of financial well-being and financial security. Finding answers to these questions has become a great passion of mine. The fruit of my investigations are found in the pages of this book.

In beginning my journey to understand how and why our financial perspectives and behaviour have changed so profoundly in recent years, I have come to appreciate the complexity of this question. While I was hoping to find clear and basic answers to the problem, I soon realized that my investigation would necessitate a holistic approach to addressing the multiple factors at work that shape our financial behaviour. Former Harvard Professor and author David Korten speaks to the need to address the complexities of such a question. According to Korten, “academia organizes intellectual inquiry into narrowly specialized disciplines. Consequently, we become accustomed to dealing with complex issues in fragmented bits and pieces. Yet we live in a complex world in which nearly every aspect of our lives is connected in some way with every other aspect.” (2) It did not take me long to understand that financial planning and well-being were no different. My journey into understanding the root causes of financial behaviour has taken me many places that I would never have anticipated. My research into this book led me into such fields as philosophy, sociology, marketing, politics, and history, as I quickly realized that the answers I was looking for were to be found by examining combinations of these respective disciplines. Every time I came across new research, I realized that I did not fully understand the problems and challenges people were facing. To find the answers I was looking for, I would need to study society as a whole to understand the relationship between our social, political, and economic environments.

One of the most alarming things I learned from my research is that the financial habits of our society are perceived very differently

by various professions. The more I researched and began writing, the angrier and more frustrated I became, especially at the so-called “experts,” often economists, who continually preached that there is no need to worry about a negative national savings rate and record levels of personal debt. Economists tend to examine savings and debt at the national economic level. What this means is that consumer spending, which is considered to be one of the main drivers of a country’s economic growth, is looked upon pretty favourably. Therefore, from the economist’s perspective, as long as individuals and families are able to continue to spend and make debt payments, everything is okay. However, the reality “on the ground” for individuals and families is much gloomier: longer work days, longer commutes, less sleep, less family time, greater financial hardship, and anxiety over debt. While the “experts” were able to ignore this reality until the recent credit crisis, it became clear to me that there is an urgent need for a financial awakening on the part of society. In my opinion, the dominant financial buzzwords of our day—*consume*, *debt*, and *invest*—needed to be replaced with a vocabulary that included *thrift*, *frugality*, and *saving*. Although these words speak to a lost financial way of life, the adoption of these words into our collective vocabulary is an essential ingredient in the revitalization of our financial well-being. While the lost art of saving may be largely forgotten, this book will help revive it and provide a road map for us to get back on track to the road to financial success and well-being.

Beginning Your Journey

Most of us have been left on our own to survive the financial trappings of our current economy. For many years now, you may have had a gut feeling that something has not been right in your financial life but have been unable to pinpoint exactly what it is. It is a mystery why so many of us have done nothing to stop ourselves from the financial harms we see ahead and instead have continued to move onward. As a collective, we have underestimated the influence of the Money Assassins and their culminating effect on our financial lives. The Money Assassins have become commonplace and have formed the backdrop of our daily lives by creating an economic system that

sets us up for failure. This is a conclusion many will find difficult to accept as we live in a society that blindly promotes the virtues of personal choice, independence, and freedom, yet underestimates the power of persuasion and the fear of social exclusion.

Being open to new ideas about finance and money is crucial if you hope to achieve financial well-being. When reading this book, I ask you to put your guard down and read with an open mind. This is not to suggest that I'm discouraging you from thinking critically or disagreeing with what you read—I encourage both—but you should be open to new ideas and perspectives in order for positive change to take shape. Think of the mind as a cup of tea. If your cup is full of your own ideas, and fresh tea is poured in to the cup, the tea will spill over. You must, therefore, empty some of the tea to make room for the new.

To get the most out of this book, you must journey to the root of your financial psyche, a journey that will undoubtedly be uncomfortable and unsettling at times. Financial anxiety is one of the largest causes of chronic stress in our lives. To overcome this anxiety, we need to address it head-on. Preparing ourselves for this journey requires a great deal of introspection, which is a challenging task for most people. You are going to need the courage to see the truth and to let go of the familiar and secure. A financial turnaround requires both courage and imagination. To lack courage is to accept conformity and, given the record levels of debt and low levels of savings, conforming to the financial reality of the millions of people in our society in troubled financial situations is clearly not a desirable option. We must summon and ignite the courage within us all so we may act in accordance with our true values and beliefs. It is only through concrete action that our financial lives will change and move in the direction of our true desires. The path to freedom, financial freedom in our case, is a road less travelled that necessitates great courage and a commitment to change.

In their book *Your Money or Your Life*, Joe Dominguez and Vicki Robin give their readers permission to feel no guilt or shame about their current financial situation. I would also encourage you to do the same. Regardless of the stage or time in your life that you pick up this book, there is hope to achieve financial well-being, as financial

well-being is not a figure or a measure in years, but rather a mindset and lifestyle. I strongly believe that the financial position that many of us find ourselves in is a result of an economic system designed to promote consumption over financial well-being. With little financial guidance available to help us navigate these new and uncharted waters, it is no wonder that many of us are struggling to keep our heads above the water.

My hope is that you will gain an appreciation for the complex factors that help shape our spending habits and financial decisions. Because there are no easy answers, I would encourage you to read through all of the chapters in the order set out in the book, as each chapter builds on the discussions in preceding chapters. Throughout the book, you will be asked to do some financial calculations to give yourself a clearer picture of your finances. It is critical that you do them, as the results will pinpoint the most important areas in which you must first turn to address your financial situation. To help you with these calculations, a number of financial calculators have been set up at www.moneyassassins.com. After going through the book in its entirety, I would encourage you to return to specific chapters that are most important to your financial plan.

I sincerely hope that after reading *Money Assassins* you will feel inspired to share it with others. Having discovered this new financial plan, you will be able to help friends, family, and colleagues—all of the people that you care about—discover the secret to financial independence. This is a gift that can last a lifetime and influence generations to come. It is the action of others that is the greatest of persuasions; we must be the action and change that others see and admire. Don't keep this book a secret; there is a great deal of urgency in exposing the Money Assassins before they ruin more financial lives. There is no silver bullet to the financial challenges we face, but I hope you will find this book to be a valuable resource and a first step in reviving the lost art of saving.

Organization of the Book

This book is written in two parts. Part one consists of four chapters. These chapters are more descriptive in nature than those in the

second part of the book and provide a commentary on economic changes since the 1970s. These chapters will serve to explain major developments in the construction of your financial belief system, and how certain factors have influenced your financial behaviour. Part two consists of five chapters but is much more prescriptive than the first part of the book. In these chapters, I will provide you with straightforward, proven, and effective financial and lifestyle advice that will serve to help you develop a financial plan that will result in less debt and help create more wealth.

The first chapter of this book, “The Great Forgetting,” takes valuable lessons from the past and applies them to today. I will focus on the period of 1929–1939, the Great Depression, as this period heavily influenced the financial mindsets of successive generations. Barry Broadfoot, author of *Ten Lost Years*, has argued that the vast majority of people know nothing, or very little, about this period, even though it has influenced so much of our world today. (3) This is partly because so few books have been written about this period, especially financial planning books that might use the events of this period to illustrate some important financial lessons that can be learned from it. This chapter will examine how the generation that survived this period became the greatest savers in history, how their experiences during the Great Depression and World War II led to astute saving habits and cultural maxims such as “a penny saved is a penny earned.” Furthermore, it will examine how, for millions of people, their experience during this period shook them to their core, making them seriously reflect on the values of their society and their own personal and financial values. As this chapter will show, the development of rigid financial behaviour and values helped create the strongest middle class in history. This generation of savers accumulated unprecedented levels of wealth without studying financial theory. They distrusted financial institutions, praised thriftiness and frugality, saved money under their mattresses, and equated debt with slavery. In reading through this chapter, I hope you will be able to gain important insights into the first steps of how to rebuild your financial belief structure, learn the value of financial empathy, and see the sharp contrast between the role government played in assisting

individuals with their financial well-being in the past as compared with the present. I strongly believe that developing an awareness of our past is a critical first step to creating wealth and eliminating debt in the present.

In the second chapter, “Wealth, Happiness, and the First Assassin,” we will examine some of the factors that have influenced the changes to our financial belief structure by looking at the evolving nature of our definitions of wealth and happiness. We will explore how the *perception* of wealth has taken over *actual* wealth as the main objective for many. We will also explore concepts such as relativism, social positioning, financial “waste,” and challenge traditional measurements of economic progress. As indicated by the title of this chapter, we will also introduce the First Assassin: technology.

When I began writing *Money Assassins*, I never would have imagined that a chapter on marketing directed at children would figure so prominently in a book about financial planning. Chapter Three, “Groomed to Consume,” speaks to the important role that child marketing plays on our personal finances. If you were born after 1970 or have children who were born after 1970, you will want to pay special attention to this chapter. This chapter will examine the marketing assault that has been directed at children and the financial consequences that have, for the first time in history, recently come to light. According to marketing professor James McNeal, a leading expert and author on marketing to children, children only started to be considered consumers in the 1980s. It was at this time that companies began realizing that children had not yet been exploited and that children could be spoken to rather than marketing just to Mom. The marketing industry shifted and decided to target them directly. According to a former employee of a major marketing firm, it “was a conscious effort to move to direct kid marketing and not even worry about Mom. Just take her out of the equation.” (4) The financial consequences of a generation of children who have been “groomed to consume” are many. There is an increasing amount of pressure on family spending, and many children grow up with little to no financial education. The frightening part of this story is that many of us do not even know how and by whom our financial beliefs and values

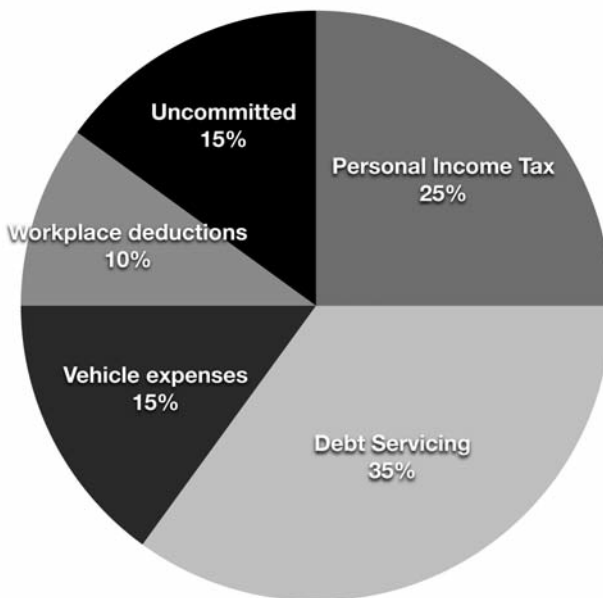
have been shaped. As psychologist and author Robert Cialdini points out, “Once we have made up our minds about an issue, stubborn consistency allows us a very appealing luxury: We really don’t have to think hard about the issue anymore. We don’t have to sift through the blizzard of information we encounter every day to identify relevant facts.” (5) This chapter will assist you in identifying which factors have shaped and are shaping your financial belief structures so that you might attempt to counter their influence in your life.

The fourth chapter, “Spending to Belong and the New Necessities: The Second Assassin,” speaks to a Swedish proverb that states that “If you buy what you don’t need, you steal from yourself.” This chapter is therefore designed to help you stop stealing from yourself. It will expose the second Money Assassin: marketing and advertising. Since the 1970s, the marketing and advertising industries have undergone a significant transformation and now play a major role in both our personal and financial lives. Through intense consumer research, marketers have gained valuable insights into all aspects of our spending, including information on where, what, when, how, and why we buy. In short, marketers understand aspects of our financial psyche better than we do—we cannot escape their agenda and this has not fared well for our bank accounts. In examining the role of marketers and advertisers in our lives, this chapter will also explore their intense branding campaigns, product placements, and secret undercover marketing strategies that make it extremely difficult for us to break free of the social pressures and expectations to consume. After reading this chapter, it will become clear how this social pressure has created the risk and fear of social exclusion. Understanding our consumer society and the new role marketing and advertising play in our lives is a fundamentally important step in breaking free of debt and critical to the achievement of financial well-being.

The central message throughout this book is that many of the financial struggles we face in our lives are the result of our lifestyles and the economic environments in which we live, and not due to our lack of understanding of how compound interest works or some other financial theory or strategy. Don’t get me wrong, it is important to understand the basics of personal financial theory and planning;

however, a prerequisite to a life of financial well-being is a solid and healthy financial belief structure. I have therefore invested a great deal of time and energy in trying to understand and present you with the complex factors that drive our financial behaviour. With this knowledge, awareness, and clarity under your belt, you will be ready to explore the more specific “financial” rules and guidelines, as I have outlined and explained in the second part of this book.

The second part of the book focuses on three specific aspects of your personal finances: your vehicle, home, and personal debt. Part two concludes with a chapter that focuses on pearls of financial wisdom including how much one should be committing to their financial plan and how it should be designed. I have chosen to focus on the vehicle, home, and personal debt in particular because many of us tend to overextend ourselves in one of these areas, making it extremely difficult to find additional money from other areas to help our cash flow. The graph below represents the expenses incurred for a typical family:



In looking at the typical expenses incurred as revealed by the graph, it is easy to understand why many of us, with only 15 percent of our budget left to spend on children, vacations, hobbies, entertainment, food, and our financial plan, are spending more than we make. The result is increased levels of debt and no savings. Throughout the book, you will be asked to calculate your own personal numbers, using the *Money Assassins* website www.moneyassassins.com. This is an important exercise, as it enables you to determine your personal figures and ratios and will help you make improvements where they are needed. As you will note in reading the chapters in the second part of the book, I have outlined specific and practical ways to free up money so that more can be allocated and committed to eliminating debt and creating wealth.

In Chapter Five, “Living Car-Lite: The Discovery of Free Money,” we will examine the costs of vehicle ownership as well as the financial benefits of making the transition to adopting a “car-lite” lifestyle. Contrary to the multi-billion-dollar-a-year automobile advertising campaigns that tell us that a vehicle can deliver prestige, power, and sex, buying or leasing a car can be a disastrous financial move. (6) It also happens to be a mistake that is made repeatedly, with few people fully aware of the true costs of owning and operating a vehicle. Gaining an understanding of the true costs of transportation is one of the easiest and most effective ways of discovering “free” money that will help you achieve your financial goals sooner than you thought possible.

Chapter Six, “Home Cent\$,” addresses perhaps the single greatest determinant of the long-term financial fate of an individual or family: the decision to buy a home. Although this decision has a tremendous impact on our financial well-being, 80 percent of first-time homebuyers never seek professional advice. It is important to note that previous generations were able to raise their families in homes that were half the size of today’s, and at a fraction of the cost. During the 1950s, the “typical single-earner household allocated only 14% of its monthly income for an average middle-class home; starter homes were priced at about twice an average family’s [annual] income.” (7) Today, many garages are the same size as many of the homes were in the 1950s.

With housing expectations outstripping our income by three or four times, it is unrealistic to expect the average income earner to save any money. This chapter brings the financial reality of owning a home back to a responsible level. It provides guidelines on appropriate mortgage-to-income ratios, discusses the benefits of location efficiency, addresses how to manage the emotional buying process, and, for Canadian readers, brings to light the dangers of using the Home Buyers' Plan to fund a down payment. Ultimately, the goal of the chapter is to make the home buying process less overwhelming, less stressful, and more financially prudent.

Since the 1970s, debt has become an increasing burden on the vast majority of people's financial plans and an accepted, yet unnecessary, part of life. Debt is the third Money Assassin, as it kills most financial plans before they even leave the starting gates. The normalization of debt has resulted in financial hopelessness and dejection for many. Chapter Seven, "The Joy of Living Debt Free: Escaping the Third Assassin," explores ways to eliminate current debt and presents ways to avoid debt in the first place. It addresses the root cause of most debt—over-consumption—and guides you through the process of how to rebuild a debt-proof attitude toward your finances. You will be taken through an excellent exercise that will bring clarity to your core financial convictions and beliefs, which will result in a more debt-resistant outlook. We will calculate and have a detailed discussion about the importance of maintaining an appropriate total debt service ratio. I will also help dispel the "good debt" myth and tackle the common question of "Should I save or pay off debt?" Debt is a weight that hangs around the neck of many of us, draining valuable energy and wellness, ultimately preventing you from living the life you dream of creating. The goal of this chapter is to help relieve you of this weight so you can focus your valuable energy on those priorities and initiatives that bring you the most joy in life.

Chapter Eight, "Financial Wisdom," will outline some of the most critical components required to achieve financial success. This chapter will touch on the more traditional concepts of financial planning. It is at the end of this book because it is only of value if you have followed the advice outlined throughout the previous chapters

and you are truly committed to saving the required amount for your financial future. This chapter will discuss the “Heart Attack Graph,” a graph that will give you the most honest look of where you are and provide you with an excellent prediction of your likelihood of achieving financial success. I will also examine one of the most important concepts in the entire book, the investor-saver confusion, which helps us recognize if we have graduated from a saver to an investor. The world of personal insurance is one of the most neglected aspects of a financial plan yet can have severe and dire consequences if left unattended. This chapter will end by looking at why it is crucial that you protect your most priceless financial asset (yourself!) and how to go about doing so.

The book ends with a summary of the key ideas presented in *Money Assassins* and highlights the most important points to take away.

I wish you the courage and strength to defeat the Money Assassins, eliminate debt, and create the wealth and life you desire!

Best wishes,
Chad Viminitz