

FAMILY FINANCES

*Are your habits
keeping your
household poor?*



Tom Corley

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The way a family manages their finances tells a lot about them. It gives clues as to how they plan for the future or don't. It shows what is valuable to a family and what isn't. Most importantly, the way a family manages their money predicts how financially stable they are now and will be in the future.

If your family is financially healthy and the money is being managed well, that's great news. I hope you will keep reading, there will be ideas about how you might improve your daily habits and increase your successes. If you are not satisfied with the way your family's money is managed, this information could be vital to turning your finances around. Rest assured that no matter what your current financial state is, you can improve it. In this eBook you will find a list of daily habits that wealthy individuals use to ensure their financial security and that of their families.

Understanding our Financial Habits

The truth is that we can thank our parents for most of the habits we take into our adult lives. If you were blessed with good mentor-parents you most likely have good daily habits and are doing well in life. However, if you are like most, you have been cursed with bad daily habits. These bad daily habits act like an anchor around your neck dragging

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you down. As a result you will be struggling financially, eking out a living and unhappy.

To make this information easier to use, I have divided the habits I will describe here into Rich Habits and Poverty Habits. Rich Habits are those that are practiced daily by wealthy people. Poverty Habits are those behavior patterns that result in poverty for the individual and their family.

The good news is that there is hope. Now, you can put an end to your family's financial struggles, make more money and be happy. All you need to change is your daily behavior and adopt a few simple, yet powerful, Rich Habits. To accelerate the benefits of the Rich Habits, I recommend identifying and cutting back on the Poverty Habits as much as possible.

As with all families, it might be difficult to engage the other members to start adjusting their habits. Change is usually resisted, however, the best way to help the other people in the family see the light is through your success. As you acquire and practice more the Rich Habits, and leave an increasing number of the Poverty Habits behind, you will see the results of your efforts. As other people see this, they too will want to experience these benefits as well.

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While you are focusing on making changes to your life, and the lives of your family members, people might say you are just getting lucky. You know what. They may be right. When you start to incorporate the Rich Habits into your life, you increase your chances of success, hence your luck. There is a well known saying that says, “The harder I work the luckier I get”.

By following the Rich Habits, every day, the rich “process” luck into their lives. The fact is creating wealth is nothing more than processing success into your life by incorporating into your life certain, specific daily success habits and then waiting for this unique type of good luck to occur.

There are four types of luck:

1. Random Good Luck - This is a type of good luck that you have no control over. This would include things like winning the lottery.
2. Random Bad Luck - Again this type of luck you have absolutely no control over. It includes things like getting struck by lightning.
3. Opportunity Luck - This is the luck that wealthy people create by living the Rich Habits.

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4. Detrimental Luck - This is the luck that poor people create by living bad habits.

The goal here is for everyone, no matter their age, to understand the different types of luck and work to process it into their lives. Any positive luck, whether Random Good Luck or Opportunity Luck, should be acknowledged and celebrated by all members of the family.

Another important part of a family's financial health is goal setting.

What is goal setting actually? A goal is a wish only it is made more specific. Goals are desires that are written, specific, measurable, time sensitive and action oriented. They address the following questions: What will happen? What action is needed to make it happen? By when will it happen? How will it be measured?

Many people believe they have goals but in reality they have wishes. It might be a good idea to have family members set their individual goals and then come together as a family to share them and set group goals for the family as well.

The main goal should be to support and promote everyone's achievement of their individual goals while driving

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the family goals forward. The following information should help you have a better understanding of goal setting.

A Goal is only a Goal when it requires some physical or mental activity! When you define the activity you define your Goal!

So how do we create a goal?

There are four steps required in creating a goal:

Step #1 Wish - Make a wish.

Step #2 Variable Analyses – Define each variable.

Step #3 Action – Identify the specific activity or action you must take.

Step #4 Do ability – Can you perform the activity?

The anatomy of a goal is similar to the anatomy of an artichoke. The artichoke represents the wish, the leaves are the variables and the heart is the action that is required; your goal. In order to get to the heart of the artichoke you need to peel back the leaves. Identifying the goal inside your wish is no different. You need to peel back the leaves of your wish to get to the heart of the activities required in

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order for each variable to be met. Once you identify the activities required that will make your wish come true you have the goal. The only remaining issue is whether or not you have the ability to perform the activity.

Help in Changing Your Family's Daily Habits

In wealthy households parents go to great lengths to teach their children the Rich Habits. This is why the rich get richer. I refer to this as, "the generational cycle of wealth". In wealthy households parents pass on their values, ideals and patterns of behavior... Their habits are clearly communicated to everyone in the household.

In poor households children learn Poverty Habits from their parents. It's not intentional. Poor parents were never exposed to the Rich Habits by their parents when they were children. This is why the poor get poorer. I refer to this as, "the generational cycle of poverty". Unfortunately, this pattern repeats itself from one generation to the next.

It's up to you to break the generational cycle of poverty? Believe it or not it's easy to do. Each one of the Rich Habits was designed to be a Keystone Habit. Keystone Habits are unique habits. They are unique because they affect other habits. One good Keystone Habit, for example, could act to eliminate two or more ordinary bad habits.

Family Budgeting and Financial Planning

1. Live below your means. Make sure you set aside 20% of every paycheck and learn to live off the remaining 80%. Do this no matter how much money you make. If you get a raise or bonus set aside 20% of that raise or bonus in addition to the 20% on your regular pay.
2. Don't spend more than 25% of your monthly net pay on housing. It doesn't matter if you own or rent. Stick to this 25% rule.
3. Don't spend more than 10% of your monthly net pay on entertainment.
4. Don't spend more than 5% of your monthly net pay on auto loans and never lease. Leasing is one of those Poverty Habits you've heard me talk about over the years. Buy your cars and take good care of them.

These habits are instrumental to you and your family's financial well-being. Work hard to instill them into your daily life so those in your household can see that you are serious about incorporating the Keystone Habits into your life.

Likewise, it is imperative that you are acutely aware of those Poverty Habits that are eroding your good work and your family's financial future. This list below should be shared

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with all members of your household. Enlist everyone's help in keeping these poverty habits to a bare minimum.

Bad Habits that are Keeping You Poor

- You watch more than one hour of T.V. a day.
- You spend more than an hour a day on recreational Internet use (Facebook, Twitter etc.)
- You eat more than 300 junk food calories a day.
- You drink more than two glasses of beer, wine or hard alcohol a night.
- You drink more than 12 ounces of non-diet soda a day.
- You don't exercise aerobically a minimum of 30 minutes a day, four days a week.
- Your relationships are on an "as needed" basis. You only reach out to your friends to socialize or when you have problems and need their help. You don't call them just to say hello, happy birthday or to congratulate them or console them when something happens in their lives. In other words, you ignore them unless you need them for something.
- Procrastination is the rule rather than the exception. You don't maintain a daily "to do" list, or if you do,

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you don't accomplish 70% or more of your daily "to do" list each.

- You devote very little time to your career beyond working. You do not read a minimum of 30 minutes a day of career-related reading material.
- You do not network or volunteer a minimum of 5 hours a month.
- You do the bare minimum at work. You have "it's not in my job description" syndrome.
- You talk too much and don't listen enough. You violate the "5 to 1 Rule" (Listening for 5 minutes for every 1 minute of talking).
- Oftentimes, you put your foot in your mouth and say inappropriate things.
- You are not generous with your time or money with respect to your relationships.
- You are a spender and not a saver. You don't save 10-20% of your net income every month. You violate the "Live Below Your Means Rule" (Pay yourself first 10-20% of your net pay and live off of the remaining 80-90% of your net pay).
- You spend more than you earn and your debt is overwhelming you.
- You don't control your thoughts and emotions on daily, loosing your temper often and belittle others.

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- You think a wish is a goal. Goals require a specific physical activity, otherwise they are just wishes and wishes don't come true.

Know that your family's failure, just like their success, is a process. Their daily habits reveal which process they are following in life. Changing the process from failure to success requires that everyone change their daily habits from bad ones to good ones. By adopting the Rich Habits we are literally walking in the footsteps of the wealthy...every day.

This simple system has helped countless people change their habits; change their lives and the lives of their entire family. I sincerely hope it will help you and your family as well. If you achieve success using this plan, please contact me. I would love to hear from you.

Also visit my website. I have lots of valuable information that will help you and your family live healthier, happier, more abundant lives. I also hope that you will share my information with your extended family and friends so they can experience wealth as well.

You can also pick up a copy of my bestselling first book, *Rich Habits*. My second book, *Rich Kids*, is due out Spring, 2014.



ABOUT THE AUTHOR

TOM CORLEY

Tom Corley understands the difference between being rich and poor. At age 9 his family went from being multimillionaires to broke in just one night. He understands the challenges adversity can present but is here to share the good news that we have more control over our luck than we may think!

For five years, Tom studied the daily activities of 233 wealthy people and 128 people living in poverty. He discovered there is a difference the size of the Grand Canyon between the daily habits of the wealthy and poor. During his research he identified over 200 daily activities that separated the “haves” from the “have nots”. The culmination of his

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research can be found in his #1 bestselling book, *Rich Habits – The Daily Success Habits of Wealthy Individuals* (www.richhabits.net).

Tom is a CPA, CFP and holds a Master's Degree in Taxation. He is also President of Cerefice and Company, CPAs, one of the top financial firms in New Jersey.

Tom has shared his insights on The Dave Ramsey Show, WABC, WCCO, KOA, KDKA, and KKOB and more than 1,000 other radio stations, a host of print media publications and many TV shows including CBS Nightly News and Yahoo! Finance's #1 show, Financially Fit with award-winning host Farnoosh Torabi (Today Show, Kelly and Michael, The View).

Tom is currently working on his second book *Rich Kids*, due out in spring 2014.

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