

Nine new rules for winning the Money Game

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Back in 1993, I wrote the Rules of The Money Game[©] in response to the astonishing financial ignorance displayed by so many of those who have called me during

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appearances on WIOD radio and WTVJ/ NBC. The rules were designed to help you not lose money while on the path to increasing your wealth. You see, in The Money Game, along with all the good things that money can buy, are “bad guys” and bad decisions that work to part you from your money.

Thus for this, my final column for the Miami Herald, allow me to leave you with the Rules of The Money Game[©] , newly enhanced from what I’ve learned over these many years.

- 1. You’re ultimately in charge of your own finances, like it or not.** Don’t abdicate the job entirely. Be part of decisions, like you are for your health, and regard the matter as serious. Financial wellbeing is way up there on the ladder of happiness. Own it.
- 2. Live within your means.** You must have more money coming in the door than going out. Period. Credit cards and loans can keep you in the game just so long before you stress out and/or fail. Unhealthy debt is like a cancer. Money really doesn’t grow on trees, and we can’t print it. Don’t get behind, and if you do, work hard to catch up so you can get ahead.
- 3. Don’t envy the guy with the Porsche.** You have no idea what’s really going on behind closed doors. It’s human nature to try to keep up; it’s low self-esteem that makes us need to pretend. If you can well afford it, great. Enjoy. But first, ‘well afford it.’ Trust me when I tell you that you want wealth in your older years. Bypass what will stand in your way of making that happen, no matter how loud the Sirens sing.
- 4. Set realistic goals and follow a plan to reach them.** Planning really works, the earlier the better. Yes, there are always trip-ups along the way. Count on it. Pick yourself up and get back on track. No pity parties. Do the best you can to keep your eye on the ball. That inheritance may be there to bail you out, but not necessarily as much as you wished, and not necessarily in time to retire.
- 5. Be cautious about whom you follow for legal, tax and financial advice.** I’m partial to well-vetted professionals in all areas, and second opinions when needed. Educate yourself, even the littlest bit, to understand the advice you choose to take. If it’s a legal document, don’t sign without a lawyer. If you don’t “get it” or agree with any advice regarding your money, speak up. If you don’t get respect and/or answers, don’t let the door hit you in the rear. Find the “good guys.” Build your team.
- 6. The return OF your money is more important than the return ON your money.** Seriously, if it sounds too good to be true, it probably is. Be aware of when your greed or fear buttons start flashing. (We all have them.) Industries and people exist on their ability to push them. Be forewarned and aware. Discipline and knowledge can be your armor, and this is where a trusted advisor can become your superhero... by talking you off the ledge. Get opinions!

7. Diversify, Diversify, Diversify. Never have too many eggs in one basket. When it comes to your investment portfolio, your risk increases the less you diversify, as does the potential for reward. If you must, do it when you're young enough to recoup, just in case. Recovery's wretched when you're older. Wealth, once you have any, needs to be tended like a garden, not ridden like a stallion.

8. You cannot change another's money personality; you can just change how to deal with it. Cheap is always cheap. Silly spenders have other issues. So do gamblers. Entitlement is ingrained, and envy runs deep. Recognize whose financial wheels you're tied to and act accordingly. Protect yourself, if need be. Don't be the financial enabler hoping for change, be it adult child or partner. Repeat line one.

9. Know when enough is enough. It doesn't take millions to be rich. Rich is when you have more than enough after-tax income to live the life you want to live, with plenty of back up for splurges and calamities, and continued savings if you're still working. Now if you want to own your own jet, multiple houses and yachts, then millions are in order. But if you're grounded and happy with the possibilities within reach, no matter what lifestyle you're living, then I contend you're financially rich. And I congratulate you for winning The Money Game.

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