

Audio Lesson #11 – Recap

It's not a hill, it's a mountain

As you start out the climb...

Hello. My name is Jeff Tyburski. I teach financial literacy to students and young adults, engaging parents in the process. My focus is on helping people *save money and build wealth*. This brief session is *a recap* of *all* of my audio lessons. If I led off with this executive summary, you may not have listened to any others. If you did listen to them all, thank you and congratulations. **I hope you had at least one epiphany moment; those aha moments and bursts of insight that change you in some way. Delivering epiphanies was my goal at the outset.**

What motivated me into action? I believe there is a *potential virtuous* cycle in life – if you achieve your *financial goals*, you can take more control of your path forward, and having more control of your life increases the chances of unlocking and realizing your personal potential. Yet, surveys show approximately 40% of Americans can't raise *even* \$400 for an emergency and about 78% continue to live paycheck to paycheck, even if their income increases. People simply aren't saving money.

As I see it, there are **three problems** preventing people, particularly young people, from setting out to achieve financial goals, and thus initiating the virtuous cycle we just spoke of:

- **Problem 1. Soaring college debt** – You can't even begin to save if you have too much college debt.
- **Problem 2. Career uncertainty** – You can't save if you can't get and hold a good job, particularly a job in which you can grow your income.
- **Problem 3. A general lack of financial literacy** – Even if people are in a *position* to save, that is they *don't* have excessive college debt and *do* have a good job, people often simply *do not know* how to make daily decisions to save money and build wealth.

My mission is to offer solutions for you to combat these three problems; *personal solutions to set you up for success*.

Specifically, my **solution to soaring college debt** is to show you how to attain your career goals with minimal debt. *First, we must define the problem:* the college selection process is a broken system characterized by a self-perpetuating cycle driving and supporting ever higher costs: what are the conditions driving this self-perpetuating cycle? ...1 college is expensive, 2 loans are often required but loans are *exceedingly easy* to obtain, 3 the players in the system do not emphasize the negatives associated with debt nor discourage debt, 4 adding fuel to the fire, in the end students and families often make purely emotional decisions (falling in love with a campus or school name) and choose a school they really can't afford, and finally, perpetuating the high cost of college, schools are enabled by these factors to further raise prices (schools know that those who *can* afford the full price *will* pay it and others will get loans). Schools also overinvest in stadiums, amenities, and administrators and further raise the price to earn a return on that investment; perpetuating the cycle. My proposed solution is to:

- **First, Pursue your passions.** While I want you to get a degree with minimal debt, the real objective and top priority is a job and career! Deeply consider your career goals. Ask what are your passions, interests, skills, talents, gifts? What would you *love* to do? Is college even right for you? Do you *need* college to achieve your career goals? Remember that in the end, your future success likely rests more with *you* than the school you choose.
- **Second, Understand your potential earning power.** Estimate your future income potential associated with your career goals. You pay off debt with your future earnings. Avoid a debt load you *can't possibly* pay back.
- **Finally, Choose a school you can afford,** which I define as **schools requiring a debt level you can payoff, which is approximately 1x your estimated starting salary.** The key is to take the emotion out of the college selection decision. Start by only *looking* at schools you can truly afford. Also, parents and students need to talk openly about finances early in the process. Students should know how much the family has saved for college. My recommended strategy for paying for college is to try to avoid loans by parents and minimize loans to students. College is expensive. We can't change that fact. Yet, it is *your responsibility* to make sound financial decisions that are best for you in the long run.

Moving on to problem #2, career uncertainty. First, defining the problem – career uncertainty is due to changing technology, globalization, limited wage growth, a skills gap, and demographics. ...My **solution to career uncertainty** is to teach how *to proactively stay employable*. Specifically, my proposed solution is to:

- **First, Adopt a mindset that embraces change**. Adopt a realistic perspective. *Realize nobody owes you a career. Staying employed is your responsibility. Own your career like it is a sole proprietorship. Your business is you. Keep yourself marketable and flexible. Position and protect your business to benefit in a changing world because no one else will for you.*
- **Second, Keep investing in yourself --** This entails learning on the job and in life, outside of and beyond school. Demonstrate to others a constant desire to learn. Be proactive, *expecting* to change jobs or even careers. *Expect* to have to be your own advocate, your own brand manager. Craft, and be able to articulate to others *your message* – describing your passions and skills. Understand your degree is not the be all and end all. Keep developing skills in line with your interests and even push the limits of your comfort zone. Know that soft skills (listening, communicating, decision making, leadership) are critical for advancement.

And finally, my **solution to the general lack of financial literacy** is to teach people **why** we *must* save, **how** to save, and **what** to do with savings. Important concepts are:

- **First, Why do we need to save?** We need to save money because we have so many future needs and life events, and it is increasingly our responsibility to support ourselves. We also save because money can grow due to the power of compound interest. What many people don't realize is that we need compounding; you *need* money to grow because we typically can't set aside enough for all future needs. So, save young to give compounding more time.
- **Moving on to How to save...It begins with your mindset.** Mindset is critical because *you* control your mindset. You can literally *choose a lifestyle* of making daily decisions to save.
- **Moving from mindset to methods....** How do you save? Is there a better approach or method than others? I advocate, "Save first", then live off what remains. It really is possible, even life changing, if you are disciplined and have clear savings goals. Follow the formula *Income – Savings – Need = Wants*. Save first, meet your true needs and spend what is left on *some* wants.

- Save and build wealth for the future by saving first. **But don't forget to live today.** Everyone has a *want* they really *need*. *Treating yourself* helps you feel whole and propels you on for sustained financial success.
- **Finally, what do you do with your savings?** Don't be a deer in the headlights. Don't be too intimidated to put some of your savings to work, to grow; that is how you build wealth. I provided an overview of the investing landscape including key terms, and concepts such as savings vs. investing (think protection vs. growth), allocation (think asset mix), and diversification (think risk management by not having all of your eggs in one basket).

Again, thank you and congratulations for listening to my audio lessons. I am excited and confident for you that the time you devoted here will pay dividends. Now go out and put these lessons into practice. Change some behavior. Develop good habits. Ensure you stay in a position to save and then make daily decisions to save and build wealth. See www.yourfinancialsherpa.com for additional resources and to see how to follow me for updates and real-time thoughts.

This concludes my audio lessons.